



**ALL INDIA UNION BANK PENSIONERS AND RETIREES FEDERATION**  
(Affiliated to All India Bank Pensioners & Retirees Confederation – AIBPARC)  
163/4, Kutcheri Road, Mylapore, Chennai - 600004  
E mail i.d: [aiubparf@gmail.com](mailto:aiubparf@gmail.com)/ [ubioatnng@gmail.com](mailto:ubioatnng@gmail.com)/ [suryanarayananram@gmail.com](mailto:suryanarayananram@gmail.com)

**Com. P.B. Thomas**  
Chairman  
Thiruvananthapuram  
M: 09447177456

**Com. Nitin Desai**  
President  
Ahmedabad  
M: 097277 60641

**Com. S. Bagchi**  
Working President  
Kolkata  
M: 0983081586

**Com. N. Govindarajulu**  
General Secretary  
Chennai  
M: 09841089111

**Dear Comrades,**

**26th April , 2017**

**News of Interest 26th APR**

**MOTIVATIONAL QUOTES**

**“FOR EVERY COMPLEX PROBLEM THERE IS AN ANSWER THAT IS CLEAR, SIMPLE, AND WRONG.” H. L. MENCKEN**

**HIGHLIGHTS**

- 1. INDIAN BANK REPORTS 278% PROFIT GROWTH IN Q4 OF FY17**
- 2. IDFC BANK NET RISES 6.6% IN Q4**
- 3. PRIVATE ARC WILL TACKLE NPAS BETTER, SAYS NITI AAYOG VICE CHAIRMAN ARVIND PANAGARIYA**
- 4. BANKS LEVY NUMEROUS FEES ON CUSTOMERS FOR SERVICES. IS IT COST COVER OR EASY MONEY?**
- 5. PUBLIC SECTOR BANKS MERGER COULD HELP BANKING SYSTEM: URJIT PATEL**

Business Standard

**1. Indian Bank reports 278% profit growth in Q4 of FY17**

Total income rises to Rs 4,601.88 crore from Rs 4,512.18 crore in March quarter of previous year

T E Narasimhan

Indian Bank has reported a 278.39 per cent growth in net profit for the quarter ended March 31, 2017, to Rs 319.40 crore, compared with Rs 84.49 crore in the year-ago period.

"The bank is planning to come out with follow-on offer. As per regulations, government must bring down its stake to 75 per cent. Currently, the government holds 82% in the bank. We will look at follow-on offer and may look at raising around Rs 1,000-1,200 crore. We should be able to do this before September-October," said Kishor Kharat, new MD & CEO of Indian Bank. He said this would help Bank's business growth.

On fourth quarter performance, he attributed the performance to increase in net interest income that rose by 22%, funds management, increase in other income by 22-25%.

Indian Bank's total income rose to Rs 4,601.88 crore during the quarter from Rs 4,512.18 crore in the March quarter of the previous year.

On way forward, Kharat said the bank had set a target to grow its total business by 11.5-12 per cent in 2017-18.

The bank also set a target of bringing gross non-performing assets to less than five per cent, from 7.47 per cent and net NPA to less than three per cent from 4.39 per cent.

Net interest margin would be increased to three per cent from 2.6 per cent in 2017-18, said Kharat. "With sound financial ratio we are set to take the growth journey," said Kharat. His visions for the next five years yo transform the Bank from Good Bank to Great Bank.

## **2. IDFC Bank net rises 6.6% in Q4**

Acquisitions in microfinance space on cards

Anup Roy

India's newest full commercial lender IDFC Bank reported a 6.6 per cent rise in its fourth quarter profit, as it continued to incur heavy expenses to improve its presence across the country.

The bank has chalked up aggressive expansion plans, including acquisitions of entities dealing with retail clients, mostly in the microfinance space, said Managing Director Rajiv Lall in an interaction with reporters.

Profit for the quarter ended March 31 was Rs 176 crore, against Rs 165.1 crore in the year-ago quarter. In the December quarter, the bank had posted a net profit of Rs 191.2 crore.

The bank aims to be a "mass retail bank," from its history of being a term lending institution heavily invested in infrastructure. The share of retail should be half of the total loan book in 24 months, said Lall.

The bank said in a statement: "After it transitioned into a bank, IDFC has successfully reduced the concentration risk it earlier carried as a mono-line financial entity focused on infrastructure. As on March 31, 2017, one-fourth of the IDFC Bank's funded credit was reutilised."

Lall said corporate loans would be important but those from the non-infrastructure space. Even in the corporate space, the bank would focus on working capital loans and other fee-based products.

The share of infrastructure in bank's total loan was still heavy at about 54 per cent. That was an aggressive reduction from 72 per cent in the December quarter. Part of this reduction was achieved by selling 14 infrastructure loans for a net of Rs 2,000 crore to asset reconstruction companies in the quarter under review, the bank's Chief Financial Officer Sunil Kakar said.

"We are not growing our infra book," Lall said, "but that doesn't mean we are not building our corporate business. Most of our incremental lending is to corporates outside the infra sector."

Gross non-performing assets (NPAs) as a percentage of advances were three per cent and net NPAs were 1.1 per cent for the quarter under review. This is a significant improvement from the third quarter, when the bank's gross NPA was 7 per cent. The reduction was achieved mostly due to the sale of assets to ARC.

In the next three years, the bank plans to take its customer base from 1.4 million to 10 million. In the same period, the bank plans to increase its 74 branches to 200, about 350 banking outlets (set up through corporate business correspondents) to 2,000 and total payment touch points to 100,000 from 8,000, Lall said.

The bank is also aggressively hiring, and has improved its headcount by 62 per cent in a year to 3,906 direct employees.

While the lender will focus on digital, it will also step up efforts to reach customers through traditional means, to increase the retail share of the bank. Inorganic growth is also on the cards. "We are evaluating everything under the sun. We are actively evaluating several inorganic growth opportunities," Lall said.

IDFC had acquired South India-based microfinance lender Grama Vidiyal last year and Lall said the bank was exploring acquisitions in the microfinance space to improve its retail share.

Net interest margin of the bank was at two per cent, down from 2.2 per cent in the year-ago quarter. For the full year, NIM was at 3.2 per cent. Capital adequacy ratio was at a healthy 18.9 per cent.

Financial Express

### **3. Private ARC will tackle NPAs better, says NITI Aayog Vice Chairman Arvind Panagariya**

NITI Aayog Vice-Chairman Arvind Panagariya today made a case against the idea of bad bank, saying it will be a difficult proposition and a private asset reconstruction company could do a better job.

By: [PTI](#)

NITI Aayog Vice-Chairman Arvind Panagariya today made a case against the idea of bad bank, saying it will be a difficult proposition and a private asset reconstruction company could do a better job. "A bad bank is a difficult thing to do... Public-owned ARC is often called the bad bank. Private-owned ARC ultimately can be more effective," Panagariya said in a press conference.

Recently, Chief Economic Advisor Arvind Subramanian had said the idea of setting up a state-owned asset reconstruction company (ARC) or bad bank to deal with mounting NPAs is gaining traction and it needed to be created quickly.

To address the festering twin balance sheet problems — corporate debt and bad loans — the Economic Survey for 2016- 17 had suggested creation of state-owned ARC called Public Sector Asset Rehabilitation Agency (PARA). The two issues were taking a heavy toll on health of public sector banks, the survey had noted.

As on September 30, 2016, gross NPAs of PSBs rose to Rs 6.3 lakh crore as against Rs 5.5 lakh crore at the end of the June quarter. This works out to an increase of Rs 79,977 crore on a quarterly basis.

Economic Times

### **4. Banks levy numerous fees on customers for services. Is it cost cover or easy money?**

## **BY PRATIK BHAKTA & SALONI SHUKLA**

When State Bank of India announced penalties for customers breaching average minimum balance limit in their accounts last month, there was outrage on social media on how Indian banks are turning into vampires. Like many a social media storm, this one too passed, but the dust it raised is yet to settle.

Banks aren't feeling the pinch of customer bitterness yet, but it has drawn the attention of the Reserve Bank of India and the government has got into the act as well. Everyone wants to benefit without sacrificing anything. This is probably a strange case where the government is on the same side as the consumer. The digital-obsessed state doesn't want to fritter away the tax compliance benefits from demonetisation. Banks, the essential channel to execute the vision, are looking to extract their pound of flesh.

Consumers believe that banks are taking them for a ride with charges even as banks' mainstay is their deposits. There's another stakeholder too – the vendors who supply technology and make many services possible. "The point that we make is that there is a cost to this network that we have created," says Rajiv Anand, head of retail at Axis Bank. "We want to be adequately compensated and it should be meaningful. Otherwise, why should we do this business?"

### **MULTIPLE STAKEHOLDERS**

Banks levy numerous fees on customers. It begins with the minimum balance below a threshold, to charges whenever one swipes the debit card at a merchant or even withdrawing more than a specified number of times at the ATM. Every payment transfer from your account leads to fees. Be it credit card or debit card, the banks end up earning a fee either from the customer or from the merchant.

Business Line

### **5. Public sector banks merger could help banking system: Urjit Patel**

PTI

RBI Governor Urjit Patel has said the Indian banking system could be better off if some public sector banks are consolidated to have fewer but healthier entities, as it would help in dealing with the problem of stressed assets.

"As many have pointed out, it is not clear that we need so many public sector banks. The system could be better off if they are consolidated into fewer but healthier banks," Patel said while delivering the Kotak Family Distinguished Lecture at Columbia University here.

He said since there were cooperative banks and micro-financial institutions to provide community-level banking, "some banks can be merged, as a quid pro quo for timely government technical injection".

Patel said a challenge that India's central bank was grappling with was the large stressed banking sector balance sheets.

He noted that a series of measures have been taken in the past year on resolving the problem of the non-performing assets (NPAs), including completion of a comprehensive asset quality review of the banks.

Patel said in the instance of the insolvency and bankruptcy code, the Reserve Bank of India (RBI) has been preparing actively for the next step in an orderly resolution and this will be undertaken concomitantly with the resolution of the weakest bank balance sheets under the aegis of a revised prompt corrective action framework.

“One of the things that the public sector banks need to do is to raise private capital from the market and not rely on government largesse,” he said.

Public sector banks have to be required to share the burden of recapitalising, Patel said.

This will be a good way to restore some market discipline and get the banks and their shareholders to more seriously care about management decisions, he said.

Patel also said that consolidation of banks could also entail sale of real estate where branches are redundant as well as offering voluntary retirement schemes to manage headcount and adding younger, digital—savvy personnel.

“The weaker banks are losing market share (and) that is a good thing,” Patel said.

“The stronger banks are gaining market share, which is a good thing, particularly the private sector banks. In a way it is working; those who need to shrink are shrinking.

“Lenders who are stronger are gaining more market share.

I think there is a nice shift happening and we need to work with that to resolve this,” he said.

Patel said that divestment in public sector banks would have a positive role for the sector.

“Divestment measures would improve overall banking sector health,” he said.

Improved market valuations would create an opportune time for the government to divest some of the ownership in the restructured banks and this would reduce the overall amount that the government needs to inject into them to deal with the problem of NPAs and stressed assets, he said.

Patel said that across the nation, forces were gathering critical mass for the launching of reforms that will help the country achieve a higher growth.

“The materialisation of reforms in the form of rollout of the GST, the institution of Indian Insolvency and Bankruptcy Code and the abolition of the Foreign Investment Promotion Board should boost investor and investment confidence,” he said.

Looking ahead, Patel said India’s economic growth was getting a boost with domestic drivers and was poised to be 7.4 per cent in 2017—18.

“India will remain among the fastest growing economies,” he said, adding that its growth acceleration was reflective of its resilience.

Patel said that inflation was below target, the current account deficit was about one per cent of GDP and fiscal deficit was on path of consolidation that will take it down to three per cent by 2018—19.

He noted that recent sharp decline in inflation was essentially the result of supply shocks.

Giving a comprehensive view of the demonetisation process undertaken by the government, Patel said its positive spillover was reflected in higher financial reintermediation.

The share of low cost current account and savings account deposits in aggregated deposits with commercial banks went up to about 39 per cent, which is a four percentage increase relative to pre—demonetisation period.

“That is a large number on a large base. Financial reintermediation could be one of the biggest collateral benefits of this exercise, but time will tell. It’s too early to tell but initial statistics are interesting,” he said.

In the wake of demonetisation, conventional and unconventional steps undertaken like issuance of short term cash management bills and using the large size of RBI balance sheet helped the central bank to “manage this, otherwise interest rates would have collapsed”, the RBI governor said.

He said there seems to be very little evidence of hysteresis following demonetisation.

“If we had hysteresis, it would have meant some of the bad implications in terms of lower GDP growth etc. but as the demonetisation shock was overtaken by the remonetisation, things have come back to normal,” he said.

Patel stressed that the collateral benefit of demonetisation was faster transmission of monetary policy, which strengthened in the second half of 2016—17.

“Accumulating evidence points to effects of demonetisation being transitory contrary to general perception. GDP slowdown was cushioned by robust consumption and government spending,” he said, adding that despite the demonetisation shock, the GDP growth remained at 7 per cent in Q3 and Q4 as compared to 7.2 per cent and 7.4 per cent in the preceding year.

Patel said it was important to keep in mind that credit was more important than currency.

“Credit was not affected at all. The demonetisation was essentially one mode of payment being temporarily not available to the full extent” but cheque payments were not affected, the mode of payment that banks use to settle their balances was not affected, he said.

“In retrospect, it (demonetisation) would not affect the economy that much because currency while important is still a small part of the transaction instrumentality that is used in a modern economy,” he said.

“So the call market, GSecs market, GDP growth, inflation and stock market all showed transitory impact of the demonetisation and the recovery in all these indicators has been swift,” he said.

With kind regards,

Yours Comradely,



**(N. GOVINDRAJULU)**  
**GENERAL SECRETARY**