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Dear Comrades,

23rd August , 2017

News of Interest 23rd AUG

MOTIVATIONAL QUOTES

“THE PAST CANNOT BE CHANGED. THE FUTURE IS YET IN YOUR POWER.”
UNKNOWN

HIGHLIGHTS

1. BANK EMPLOYEES' STRIKE: ATMS GO DRY, OPERATIONS HIT, TRANSACTIONS DELAYED
2. ORIENTAL BANK OF COMMERCE PLANS TO RAISE RS 1,000 CRORE VIA BASEL-III BONDS
3. BHARATQR, SMSPAY OR EVEN UPI, HDFC BANK LAUNCHES ALL-IN-ONE POS MACHINE
4. ENSURE BANK MERGERS BENEFIT CUSTOMERS, SHAREHOLDERS: ARUNDHATI BHATTACHARYA
5. CANARA BANK STEPS UP LENDING TO RETAIL, MSME SEGMENTS POST DEMONETISATION
6. TWO REGIONAL RURAL BANKS RECORD OVER ₹150-CR PROFIT IN FY17

Business Standard

1. Bank employees' strike: ATMs go dry, operations hit, transactions delayed

Branches of private banks like ICICI Bank, HDFC Bank and Axis Bank were functioning

Press Trust of India

Banking operations were hit today by the nation-wide strike called by employees of public sector banks to protest against the government's proposed consolidation move and to press for other demands.

Operations such as clearing of cheques, money transfer, cash remittances, and deposit and withdrawals at branches were hit across public sector banks and some old generation private sector banks, as per the reports received from various parts of the country.

However, branches of new generation - private banks like ICICI Bank, HDFC Bank and Axis Bank were functioning as usual.

The impact of strike was seen in major business centres like Mumbai, Kolkata, Patna, Chennai, Hyderabad, Bangalore, Ahmedabad, Pune and Jaipur, while some ATMs in small cities went dry, according to reports from various parts of the country.

The Indian Banks' Association (IBA) had already informed customers that functioning of branches and offices may take a hit due to the one-day strike. It had also asked banks to take measures in advance to minimise the impact.

The strike has been called by all unions under the aegis of the United Forum of Bank Unions (UFBU).

The UFBU is an umbrella body of nine unions, including the All India Bank Officers' Confederation (AIBOC), the All India Bank Employees Association (AIBEA) and the National Organisation of Bank Workers (NOBW).

AIBEA General Secretary C H Vekatachalam said government is talking of consolidation, amalgamation and merger of banks at a time when India needs more banking services.

Bank mergers would result in closure of bank branches as is happening in the case of SBI now after the merger of associate banks, he said, adding that creation of big banks through mergers would also increase risks for lenders.

AIBOC General Secretary D T Franco demanded that the government should immediately raise gratuity limit for bank employees to Rs 20 lakh.

Other demands of the unions include no write-off policy for non-performing assets (NPAs) of corporate loans, declaring wilful default of loans as criminal offence and implementation of recommendations of Parliamentary Committee on Recovery of NPAs, NOBW vice-president Ashwini Rana said.

The government should provide overtime for additional work employees did during demonetisation phase, he said.

The UFBU, which claims membership of nearly 10 lakh across banks, requested the government for cost reimbursement of demonetisation to banks.

As many as 21 public sector banks control 75 per cent of the total banking business.

2. Oriental Bank of Commerce plans to raise Rs 1,000 crore via Basel-III bonds

The bank said the bonds issue has an option to retain subscription of up to Rs 500 cr
[Press Trust of India](#)

Public sector lender Oriental Bank of Commerce plans on Tuesday said it will raise up to Rs 1,000 crore by issuing Basel III compliant bonds on private placement basis.

"The bank intends to raise tier I capital through private placement of Basel III compliant additional tier I bonds of Rs 10 lakh each at par aggregating to Rs 500 crore," OBC said in a regulatory filing.

The bank said the bonds issue has an option to retain subscription of up to Rs 500 crore.

The proposed bond issue of the lender has been rated A (Hyb) with a negative outlook by Icra, while CARE has rated it 'A' with negative outlook.

Basel III are the global standard banking grades which are being implemented to mitigate the concerns on potential stresses on asset quality and consequential impact on performance and profitability of banks.

Banks in India have been adopting these standards in phases since April 1, 2013 and are expected to fulfil the norms by March 2019, a little behind the internationally agreed date of January 1, 2019.

Oriental Bank of Commerce shares closed 0.29 per cent down at Rs 119.60 on BSE.

Financial Express

3. BharatQR, SMS Pay or even UPI, HDFC Bank launches all-in-one PoS machine

The bank plans to carry out a software upgrade of its existing base of 4 lakh PoS machines to create what it calls a DigiPoS at no cost to merchants

By: [FE Bureau](#) | Mumbai

HDFC Bank on Tuesday announced a software upgrade to create a single point-of-sale (PoS) machine which will accept payments through Unified Payments Interface (UPI), BharatQR, SMS Pay and the bank's mobile wallet, in addition to the traditional mode of swiping cards. The bank plans to carry out a software upgrade of its existing base of 4 lakh PoS machines to create what it calls a DigiPoS at no cost to merchants. While UPI and BharatQR were launched in August 2016 and January 2017 respectively, they are yet to find widespread acceptance with merchants. Speaking at an event to announce the launch of DigiPoS, Parag Rao, country head for card payment products, merchant acquiring services and marketing at HDFC Bank, attributed the slower adoption of some new-age modes of payment to the multiplicity of devices involved. "The way it typically happens is that somebody comes to the merchant and asks him to download this or that app on his smartphone. When there are so many devices, he is confused," Rao said.

The smart phone as a payment-acceptance device is also an inconvenience as it cannot be carried out of the store and, therefore, there was a need for a single device that would enable all kinds of digital payments and generate a single reconciliation report. The bank aims to close this gap with its latest upgrade. According to data released by the Reserve Bank of India (RBI) for June, HDFC Bank had 4.23 lakh PoS terminals deployed across the country and accounted for over 15% of the total number of PoS machines. The bank clocked 31.4 million PoS transactions in June — about 29% of the total volumes in the banking system.

Rao said the software for DigiPoS has been developed in-house by the bank's engineers. All merchants acquired by the bank henceforth will be brought on board the new platform. The upgraded device will also allow merchants to offer equated monthly instalment (EMI)-based payments using HDFC Bank credit and debit cards. AP Hota, who recently retired as managing director and chief executive officer of National Payments Corporation of India (NPCI), said developments like DigiPoS will help the process of digitisation. "Customers of varying profiles can make use of the same platform. So, merchants need not invest in multiple devices. It is definitely a change for the better and it will be the trend forward," he said.

The one mode of digital payments the upgrade will not encompass is the Aadhaar-enabled payment system (AEPS), launched earlier this year. AEPS requires merchants to attach a biometric authentication device to their smartphones to allow bank account-to-bank account money transfer. The industry is understood to be waiting for the government to standardise the software and hardware to be used for AEPS. Hota said bringing AEPS on to PoS devices is not impossible. "If the biometric device, either external or inbuilt, is part of the system, it can very well do AEPS transactions," he said.

Economic Times

4. Ensure bank mergers benefit customers, shareholders: Arundhati Bhattacharya

State Bank of India chairman Arundhati Bhattacharya, who created history this year by merging six banks at one stroke, on Tuesday said the economy needs bigger banks to meet its growing needs, but they should be nimble in their response.

Joining finance minister Arun Jaitley and Reserve Bank of India governor Urjit Patel in their campaign for consolidation of state-run banks, Bhattacharya said, "Mergers should be such that it should benefit the customers and should also result in adding value to shareholders." Delivering the Nani Palkhivala lecture, she said, "Mergers should reduce dependent of capital resources from the government."

RBI and the government, which is a dominant shareholder in nearly three-fourths of the Indian banking system, are working on merging some of the 22 state-run banks.

Many of these banks have similar product offerings, and often have geographical overlap. Most banks are struggling to deal with increasing bad loans, straining the government's resources.

The RBI governor had in the weekend said the central bank is in dialogue with the government to prepare a package of measures to enable PSBs to shore up requisite capital in a time-bound manner.

"The measures could include a combination of capital raising from the market, dilution of government holdings, additional capital infusion by the government, mergers based on strategic fit, sale of non-core assets, etc" he said..

The SBI chief, however, has warned that mergers driven by the "need to meet the capital adequacy ratio of banks are ill advised". "There are three purpose that a merger should serve — efficiency, market power and better accounting ratios," she said.

According to Bhattacharya, size should not be a criterion for mergers. "Size many not guarantee survival," she said.

Business Line

5. Canara Bank steps up lending to retail, MSME segments post demonetisation

ANIL URS

Post demonetisation, Canara Bank has channelled the huge inflow of deposits to productive sectors such as retail, and micro, small and medium enterprises (MSMEs).

"The funds received have been mainly used for modest credit expansion, especially in retail and MSME lending, and of course, a part was used in investments," Rakesh Sharma, Managing Director and CEO, Canara Bank, told *Business Line*.

Sharma said post demonetisation "the bank received cash deposits of over ₹70,000 crore. In the same period, taking into account withdrawals, the net increase in current account and savings account (CASA) deposits was over ₹24,000 crore."

On the outlook for corporate credit, Sharma said credit growth to the corporate sector remains muted.

"Credit growth to major sub-sectors such as 'infrastructure', 'food processes', 'basic metal and metal products' and 'textiles' has decelerated.

"Debt overhang, coupled with excess capacity, have been the main reasons for low credit demand from corporate. Many of the bigger as well as new corporate have turned to the bond and debt markets for funding," explained Sharma.

However, the demand situation is improving slowly, he said. "We expect the effective steps and co-ordinated actions by the Centre and the Reserve Bank of India, coupled with newer reforms, stability of the economy and investor confidence, will lead to improved credit off take in the corporate sector and overall buoyancy in credit growth during the current fiscal."

Pitching for lowering the Cash Reserve Ratio (CRR), Sharma said: "CRR increases the transaction cost for us. While recognising that it is an important monetary tool, I am of the view that there is still scope for bringing it down. Alternatively, the RBI can consider a system of paying interest on CRR."

6. Two regional rural banks record over ₹150-cr profit in FY17

AJ VINAYAK

Of the 56 regional rural banks (RRBs) in the country, two notched up net profit of over ₹150 crore each during 2016-17. These are among the 49 RRBs that recorded a profit in 2016-17. Seven RRBs suffered losses during the period.

According to the Reserve Bank of India's 'Report on Trend and Progress of Banking in India', 45 of the 56 RRBs earned profits without carrying any accumulated losses during 2015-16.

As the RBI is yet to come out with the 2016-17 edition of the report, *Business Line* put together data from annual reports and balance sheets of 37 RRBs (wherever available) to get a picture of their performance during the year.

As for 19 RRBs, data was taken from the figures compiled by All India Regional Rural Bank Employees' Association.

The three RRBs promoted by Syndicate Bank — Prathama Bank, Karnataka Vikas Grameena Bank, and Andhra Pragathi Grameena Bank — improved their net profit over 2015-16 and emerged in the top league of profit-making RRBs during 2016-17.

These RRBs covered 18 districts in three States with a network of 1,563 branches.

In fact, Karnataka Vikas Grameena Bank and Andhra Pragathi Grameena Bank recorded net profit of more than ₹150 crore during 2016-17.

Baroda Rajasthan Kshetriya Gramin Bank (sponsored by Bank of Baroda), Sarva Haryana Gramin Bank (Punjab National Bank) and Chhattisgarh Rajya Gramin Bank (State Bank of India) crossed the ₹100-crore mark in net profit during 2016-17. Uttar Bihar Gramin Bank (Central Bank of India), Jammu and Kashmir Grameena Bank (Jammu and Kashmir Bank), and Sutlej Gramin Bank (Punjab and Sind Bank) recorded losses during the year.

At the end-March 2017, RRBs had 21,398 branches spread across 676 districts and 28 States.

With kind regards,

Yours Comradely,



**(N. GOVINDRAJULU)
GENERAL SECRETARY**