



ALL INDIA UNION BANK PENSIONERS AND RETIREES FEDERATION
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Dear Comrades,

5th December, 2017

News of Interest 5th DEC

MOTIVATIONAL QUOTES

“HE WHO IS NOT COURAGEOUS ENOUGH TO TAKE RISKS WILL ACCOMPLISH NOTHING IN LIFE. “ MUHAMMAD ALI

HIGHLIGHTS

- 1. RBI HAS ROOM TO CUT POLICY RATE: FITCH**
- 2. PNB GETS SHAREHOLDERS' NOD TO RAISE RS 5,000 CRORE**
- 3. NPA CRISIS: PUBLIC SECTOR BANK WRITE-OFFS HIT RS 55,356 CRORE IN LAST SIX MONTHS**
- 4. PSBS LOOK TO FRAME COMMON RULES TO VALUE STRESSED ASSETS**
- 5. NOW, KIRANA STORES TO TURN ATMS FOR PAYTM**

Business Standard

1. RBI has room to cut policy rate: Fitch

Says Q2 growth at 6.3% was weaker than expected

Indivjal Dhasmana

Ahead of the Reserve Bank of India (RBI)'s monetary review on Wednesday, rating agency Fitch on Monday said the central bank had headroom to "keep the policy rate low" to perk up the economy, which grew "weaker than expected" in the second quarter.

There is widespread expectation that the RBI would maintain status quo on the policy rate. Fitch, which assigns its lowest investment grade to India, recalled its

earlier scaling down of India's economic growth estimate to 6.7 per cent for the current financial year from 6.9 per cent.

"Inflation is still running at low levels, weighed down by muted food price inflation. The rupee has also appreciated quite sharply against the dollar since the beginning of this year, despite a narrowing interest rate differential between the US Fed policy rate and the Reserve Bank of India's." These developments give headroom for RBI to keep interest rates low to help lift the economy.

However, retail food price inflation rose to 1.90 per cent in October from 1.25 cent from 3.28 per cent. Inflation was still within the rate of four per cent, plus or minus two, mandated to the Monetary Policy Committee.

Fitch said it expected inflation to rise to 3.9 per cent by this month-end, compared with 3.4 per cent in the corresponding period previous year.

The rating agency said it had revised down India's economic growth to 6.7 per cent for the current financial year from 6.9 per cent in its September outlook. It said economic growth at 6.3 per cent in the second quarter of 2017-18 was weaker than what it expected, though it was a rebound compared with 5.7 per cent in Q1. It had also cut growth forecast to 7.3 per cent for 2018-19, from 7.4 per cent.

"Growth has repeatedly disappointed in recent quarters, although this has partly reflected one-off factors, including the demonetisation programme of November 2016 and disruptions related to the implementation of the goods and services tax in July 2017," it said.

Fitch said gradual implementation of the structural reform agenda was expected to contribute to higher growth in the next two years, as would higher real disposable income.

Recent moves by the government should help support the growth outlook and enhance business confidence, it said. "A two-year large bank recapitalisation plan (worth over Rs 2 lakh crore) for state banks was announced." The details are not clear yet but the package is likely to help address the capital shortages that have hindered banks' lending."

Second, the government unveiled a substantial road construction plan (worth Rs 6,90,000 crore or 4.5 per cent of GDP over five-years). "This may encourage the investment growth outlook," it added.

Financial Express

2. PNB gets shareholders' nod to raise Rs 5,000 crore

Punjab National Bank (PNB) on Monday sought shareholders' nod to raise Rs 5,000 crore through various means, including a qualified institutional placement (QIP) or a rights issue

By: FE Bureau

Punjab National Bank (PNB) on Monday sought shareholders' nod to raise Rs 5,000 crore through various means, including a qualified institutional placement (QIP) or a rights issue. The bank said in a regulatory filing that the agenda of the extraordinary general meeting (EGM) contained "raising of common equity Tier I capital of the bank in aggregating not exceeding Rs 5,000 crore including premium by way of FPO (follow on public offer)/QIP(qualified institutional placement)/rights issue/ESOP (employees stock option plan) and/or any other mode or combination(s) thereof, as may be decided by the board".

PNB said in the statement that its MD & CEO Sunil Mehta informed shareholders on Monday that the voting results will be declared after a consolidated scrutiniser's report, of the votes cast in the poll along with the votes cast in remote e-voting, is received. "The same shall be submitted to the stock exchanges and also placed on the website of the bank and on the website of NSE/BSE within the statutory time limit," he added. The bank reported a net profit of Rs 561 crore in Q2, up 2% from the same period last year. Its capital adequacy ratio under Basel III norms stood at 11.56%, down from 11.64% in the sequential quarter. The government of India held a 65% stake in PNB at the end of the September quarter, data from BSE showed. The PNB stock rose 1% to close at Rs 173.10 on the BSE on Monday. In June, State Bank of India (SBI) had raised Rs 15,000 crore by selling Rs 52.2-crore shares at Rs 287.25 apiece.

3. NPA crisis: Public sector bank write-offs hit Rs 55,356 crore in last six months

Citing data from credit rating agency ICRA, The Indian Express reported that the loans written off by public sector banks surged to Rs 55,356 crore during April-September and are likely to breach Rs 1 lakh crore mark this financial year

By: [FE Online](#)

Seems like letting go the money taken by borrowers is the only way left for the public sector banks to cleanse their balance sheets. Citing data from credit rating agency ICRA, The Indian Express reported that the loans written off by public sector banks surged to Rs 55,356 crore during April-September and are likely to breach Rs 1 lakh crore mark this financial year. The write-offs in the July-September quarter were at Rs 29,783 crore, ICRA's research showed. The write-offs in the last six months is estimated to be 54 per cent higher than the Rs 35,985 crore written off in the corresponding period last year. This comes at a time when banks (especially public sector) are struggling to resolve cases of wilful defaulters and bad debt of corporate defaulters through insolvency proceedings.

The figures obtained by The Indian Express from the RBI through the Right to Information (RTI) Act for the last decade show that banks had written off Rs 2,28,253 crore in nine years that is from fiscal 2007-08 to 2015-16. Responding to a questionnaire from The Indian Express, ICRA said that write-offs amounted to Rs 1,32,659 crore in 2016-17 and the first six months of 2017-18 which means that the total write-off in the last ten years has now gone over Rs 3,60,000 crore.

In banking and finance, the term "write-off" means the bank or lender doesn't count the money borrower owes to it. RBI statement said, "A substantial portion of this write-off is, however, technical in nature. It is primarily intended at cleansing the balance sheet. In 'Technically Written Off' accounts, loans are written off from the books at the Head Office, without foregoing the right to recovery."

Economic Times

4. PSBs look to frame common rules to value stressed assets

By *Dheeraj Tiwari*

The finance ministry is working with state-run lenders to frame a common set of rules for valuation of stressed assets for faster resolution of loans extended by consortia of banks. A senior finance ministry official said a select group of bankers is working to arrive at common rules of valuation.

"It has been observed that in cases of joint lending, banks are unable to arrive at a common valuation, which stalls the resolution process. Further, individually, banks also fear that if they agree to a certain haircut, it may not stand the scrutiny of vigilance agencies," the official said, adding that new norms will address such concerns.

The group was formed during 'PSB Manthan,' a two-day conclave of PSBs and has representation from all leading banks. A bank executive who is part of this group said banks could also get rating agencies empanelled for valuation, which will further strengthen the asset valuation mechanism.

"This will also work as a standard operating procedure (SOP) for all cases which are yet to be resolved through the Bankruptcy Law," he said, adding the need is to get faster compromises and close follow ups. "Effective monitoring will further ensure better recoveries," he said.

Non-performing assets of PSBs have increased to Rs 7.33 lakh crore as of June 2017 from Rs 2.78 lakh crore in March 2015. In a recent report, rating firm ICRABSE 0.17 % said the surge in credit provisioning has adversely impacted capital ratios for public sector banks.

Experts said the common valuation norms will certainly benefit the smaller lenders because they blindly follow the lead bank in a joint lenders forum. "This is good risk management practice. If banks can arrive at a consensus and work out a resolution plan, they may not need to take large haircuts if these companies go into liquidation," said MP Shorawala, a former independent director with Central Bank of India.

The government recently amended the Bankruptcy Code under which any promoter with a non-performing loan for over a year is not eligible to be a resolution participant.

Bankruptcy proceedings have been initiated at the National Company Law Tribunal (NCLT) for time-bound recovery from the 12 largest defaulters in six to nine months in NPA cases to the tune of Rs 1.75 lakh crore.

Business Line

5. Now, kirana stores to turn ATMs for Paytm

PRIYANKA PANI

Paytm Payments Bank is tapping neighbourhood stores to expand its reach. The digital bank, started by Vijay Shekhar Sharma, founder of e-commerce and digital wallet Paytm, plans to tie up with over a lakh kirana stores in the coming months to attract more customers in rural areas and also in B-towns.

For Paytm Payments Bank, the only bank providing zero balance accounts and zero charges on digital transactions, the kirana stores will act as ATMs. These stores will be called Paytm Ka ATM, and will allow customers to open saving accounts and also deposit/withdraw money at their ease.

Renu Satti, MD and CEO of Paytm Payments Bank, said: "The Paytm Ka ATM banking outlets is our step towards ensuring that every Indian has access to banking facilities. This will enable our customers to visit their trusted neighbourhood outlet to open their bank account, deposit and withdraw cash, in addition to getting their Aadhaar linked. We believe this hyper-local model of banking will play a crucial role in enabling hundreds of millions of under-served and unserved customers to gain access to quality banking services."

Bridging the gap

These outlets will play a key role in bringing banking access to smaller cities and towns by ensuring that customers find it easy to locate an access point near them, she said, and added that Paytm has also introduced a dedicated 'Bank' section on its e-commerce app, which offers services from payments to digital debit card to passbook, among others.

To start with, Paytm, which plans to invest ₹3,000 crore over the next three years for offline expansion, has tied up with 3,000 stores in select cities, including Delhi NCR, Lucknow, Kanpur, Allahabad, Varanasi and Aligarh. It is looking to scale up to one lakh retail points across the country next year.

The initiative makes sense for small retailers, including vegetable vendors, and auto rickshaw and taxi drivers, who do not need to wait for a week to deposit their money in the bigger banks.

Paytm Payments Bank is, however, not the first one to come up with this model. Airtel Payments, which already has acquired 10 million customers since launch, has tied up with Hindustan Petroleum Corporation for enabling all its petrol stations as ATM points.

Fino Payments Bank is also looking to tap the network of its partner bank, ICICI Bank, for the same purpose.

With kind regards,

Yours Comradely,



(N. GOVINDRAJULU)
GENERAL SECRETARY