



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

21st July , 2017

News of Interest 21st JULY

MOTIVATIONAL QUOTES

“THE WEAK CAN NEVER FORGIVE. FORGIVENESS IS THE ATTRIBUTE OF THE STRONG. “
MAHATMA GANDHI

HIGHLIGHTS

1. RAM NATH KOVIND'S JOURNEY FROM MUD HOUSE TO RASHTRAPATI BHAVAN
2. NOW, ICICI CUSTOMERS CAN GET UP TO RS 15 LAKH AS PERSONAL LOANS AT ATMS
3. LOW FORMAL CREDITS REACH TO KEEPS MOST FARMERS OFF LOAN WAIVERS
4. JAITLEY TO LAUNCH PENSION SCHEME FOR SENIOR CITIZENS ON FRIDAY
5. KOTAK MAHINDRA BANK Q1 NET PROFIT RISES 23% TO RS 913 CR
6. 'GST, BANKRUPTCY CODE WILL HELP KARNATAKA BANK POST BETTER PERFORMANCE'

Business Standard

1. Ram Nath Kovind's journey from mud house to Rashtrapati Bhavan

Kovind's ability to keep a low profile was not the only reason that Modi and Shah handpicked him

Archis Mohan

In the fourth week of May, Ram Nath Kovind was called to New Delhi to meet Prime Minister Narendra Modi. The 71-year-old assumed that the meeting had something to do with his gubernatorial assignment in Bihar but was surprised to be told that he was one of the nine names being considered for the National Democratic Alliance's (NDA's) presidential candidate.

Unlike some of the other nominees, Kovind's name was not discussed in the media. Even his closest friends and relatives had no idea that Kovind could succeed Pranab Mukherjee as India's President, until Bharatiya Janata Party (BJP) chief Amit Shah

announced the Dalit leader's candidature following the party's parliamentary board meeting on June 19.

Kovind's ability to keep a low profile was not the only reason that Modi and Shah handpicked him. By making Kovind, a Dalit from Uttar Pradesh, the BJP-led NDA's presidential nominee, Modi and Shah took the Opposition by surprise, which was forced to recalibrate its strategy to name Congress leader Meira Kumar, daughter of Dalit icon Jagjivan Ram, as its nominee.

But the damage was already done to Opposition unity. Kovind's candidature led to a split in the Opposition, with the Nitish Kumar-led Janata Dal (United), Naveen Patnaik's Biju Janata Dal, and several other regional parties announcing they would vote for the NDA candidate.

If the move caused hiccups in the JD (U)-Rashtriya Janata Dal and Congress 'grand alliance' in Bihar, it also contributed to Bahujan Samaj Party chief Mayawati quitting her Rajya Sabha membership. Ever since performing miserably in the Uttar Pradesh Assembly polls, Mayawati has been in search for a cause that could help her reclaim her party's Dalit support base. The choice of Kovind has strengthened BJP's newfound support among non-Jatav Dalits.

On Thursday, the result after the counting of votes was on expected lines. Kovind received 65.65 per cent of the Electoral College votes. Congress leaders claimed Kumar's were the second-highest number of votes that a runner-up had ever received in the 13 previous presidential elections. But there was some embarrassment for the Congress, with some of its legislators in Gujarat having voted not for Kumar but Kovind. There were instances of cross-voting in favour of Kovind in some other states, too.

Kovind would take the oath of office on July 25. He is only the second Dalit, after KR Narayanan (1997-2002), who would become India's head of state.

After the result's announcement, an emotional Kovind reminisced about his journey from a mud-walled house in Paraunkh, his ancestral village in Kanpur Dehat, to become the 14th President of India.

He said he never aspired to be the president, and that "tireless service" to his society and country had brought him to this position.

The President-elect said: "It is raining a lot in Delhi today and it reminds me of days when I would stay in my paternal village. It was a 'kachcha' home of mud walls. The straw roof would not be able to stop water during rains. We all brothers and sisters would huddle around a wall, waiting for the rains to stop.

"There would be so many Ram Nath Kovinds in the country today, getting drenched in rains, doing farm work, labour and sweating it out so that they can get their evening meals. I want to tell them that this Ram Nath Kovind of Paraunkh village is going to Rashtrapati Bhavan as their representative."

With Kovind's election, and M Venkaiah Naidu set to be the vice-president, it will be for the first time in 70 years that the two constitutional heads as well as the head of government, the prime minister, will be associated with the Rashtriya Swayamsevak Sangh (RSS). Kovind is also the first BJP member to be elected the president of India.

Kovind has been a two-term Rajya Sabha member (1994-2000 and 2000-2006). He has also been a BJP spokesperson and the head of its Dalit Morcha. Months before the Bihar Assembly polls in October 2015, Kovind was made the Bihar governor. He has been a lawyer and associated with RSS' Dalit outreach for over 40 years. He has also served as a member on the board of management of Ambedkar University,

Lucknow, and was a member of the board of governors of the Indian Institute of Management, Kolkata.

Kovind is married and has a son and a daughter. His wife, Savita, had accompanied him during his election-related campaign across India over the past one month.

2. Now, ICICI customers can get up to Rs 15 lakh as personal loans at ATMs

Using data from credit information companies, lender will pre-qualify select customers for loans

Press Trust of India

Largest private sector lender ICICI Bank will be selling personal loans of up to Rs 15 lakh through its ATMs that can be availed of by select salaried customers even if they haven't previously applied for one.

Using data from credit information companies, the lender will pre-qualify select customers for personal loans.

Such customers will get a message on the ATM screen after completing a transaction, informing about their eligibility for personal loans.

If a customer chooses to go in for one, she can avail of a five-year personal loan of up to Rs 15 lakh and the amount will be credited instantly into her account, the bank said in a statement today. The service is already available.

A customer is given multiple amounts to choose from and will be informed about other crucial details like the interest rate, processing fee and monthly instalments, before the transaction is completed by crediting the loan amount into her account.

ICICI Bank executive director Anup Bagchi said this will help customers receive money conveniently once they opt for a personal loan.

"We believe this is a compelling proposition as it is a completely paperless procedure and instant disbursement of funds through the ATM," he added.

It can be noted that the resilient retail loan segment has been one of the major forces driving the anaemic loan growth in the bad loans-saddled banking system in the last few years. As a prudent measure, most lenders prefer giving unsecured personal loans to existing customers than tapping corporate borrowers.

For FY17, the credit growth stood at an anaemic 5.1 per cent, the lowest since 1952.

Financial Express

3. Low formal credit reach to keeps most farmers off loan waivers

Large share of non-institutional channels in rural credit is likely to limit the effectiveness of farm loan waivers announced by five states, warns a report

By: PTI

A Large share of non-institutional channels in rural credit is likely to limit the effectiveness of farm loan waivers announced by five states, warns a report. Uttar Pradesh, Maharashtra, Punjab, Karnataka and Madhya Pradesh have announced farm loan waivers amounting to Rs 99,600 crore in recent months, following public outcry over rising number of suicide by indebted farmers. But the move has met with scepticism by key policymakers. "The share of non-institutional sources is significantly higher for lower decile classes of asset holding, which are typically the intended beneficiaries of loan waiver schemes," ICICI Securities said in a report today. The average share of non-institutional credit for the lowest five decile classes of asset holding is over 70 per cent of the outstanding credit for those decile classes,

according to the 70th Round of the NSS Household Indebtedness Survey, the report notes. "Since institutional credit is skewed in favour of households with higher decile classes of asset holding, the latter's overlap with loan waiver beneficiaries is likely to be large," the report adds.

The NSS survey shows that non-institutional channels of credit—professional moneylenders, landlords, friends and relatives and input suppliers among others—constituted nearly 44 per cent of outstanding rural credit in 2012. Mapping agriculture GVA growth with agriculture credit growth in FY13 and FY17 shows that the share of institutional channels is likely to have improved moderately shows the NSS survey. Share of commercial and cooperative banks in total institutional credit is nearly 25 per cent each which add up to 50 per cent of total rural credit. Noting that the classes of banks covered under the waivers are different for different states, the report says while Karnataka has waived off loans from only cooperative banks, other states do not have any such differentiation.

The report further says the effectiveness of loan waivers is likely to vary significantly across the states depending on their level of development. "States with higher share of outstanding institutional rural credit, such as Maharashtra and Punjab, are likely to get the most out of loan waivers. On the other hand, Karnataka, UP and MP are likely to derive limited benefit as they have relatively lower share of outstanding rural institutional credit." it said.

Business Line

4. Jaitley to launch pension scheme for senior citizens on Friday

OUR BUREAU

Finance Minister Arun Jaitley will, on Friday, launch the Pradhan Mantri Vaya Vandana Yojana (PMVVY), a pension scheme exclusively for senior citizens aged 60 years and above.

The PMVVY, which is available from May 4, 2017 to May 3, 2018, can be purchased offline as well as online through Life Insurance Corporation of India.

The scheme provides an assured return of 8 per cent per annum payable monthly (equivalent to 8.30 per cent per annum effective) for 10 years. It is exempt from service tax/GST.

LIC has been given the sole privilege to operate the scheme.

Under the PMVVY, pension is payable at the end of each period, during the policy term of 10 years, as per the frequency — monthly, quarterly, half-yearly or yearly — chosen by the pensioner at the time of purchase.

On survival of the pensioner at the end of the policy term of 10 years, the purchase price along with the final pension instalment will be payable, an official release said.

Loan up to 75 per cent of the purchase price will be allowed after three policy years (to meet the liquidity needs). Loan interest would be recovered from the pension instalments and loan to be recovered from claim proceeds, the release added.

Also, the scheme allows for premature exit for treatment of any critical terminal illness of self or spouse. On such premature exit, 98 per cent of the purchase price would be refunded. On death of the pensioner during the policy term of 10 years, the purchase price will be paid to the beneficiary.

5. Kotak Mahindra Bank Q1 net profit rises 23% to Rs 913 cr

OUR BUREAU

With total income growing at a faster clip than total expenses, Kotak Mahindra Bank reported a 23 per cent increase in first quarter standalone net profit.

The private sector bank reported a net profit of ₹913 crore in the reporting quarter (Q1) ended June 30 as against ₹742 crore in the year-ago quarter.

In Q1, total income, comprising interest earned and other income, grew about 9 per cent year-on-year (y-o-y) to ₹5,563 crore. Total expenses inched up about 4 per cent to ₹3,967 crore.

Net interest income — the difference between interest earned and interest expended — rose 17 per cent to ₹2,246 crore (₹1,919 crore in the year-ago quarter).

Other income rose 24 per cent to ₹907 crore (₹733 crore).

Net interest margin (net interest income divided by average interest-earning assets) edged up to 4.5 per cent (4.4 per cent).

Advances as on June 30 were up 18 per cent to ₹1,42,359 crore (₹1,20,765 crore as on June 30, 2016).

Jaimin Bhat, Group CFO, said there was slowdown in the business banking (catering to trade and financial requirements of small and medium businesses) segment, possibly on account of demonetisation. He said this segment is expected to recover, going forward. As on June-end 2017, deposits increased 17 per cent y-o-y to ₹1,63,518 crore (₹1,40,028 crore as on June-end 2016). Low-cost current account, savings account (CASA) deposits stood at 43.9 per cent (37.4 per cent as on June-end 2016).

Gross non-performing assets as a percentage of gross advances inched up to 2.58 per cent as of June-end 2017 from 2.50 per cent y-o-y.

Dipak Gupta, Joint Managing Director, said the bank has total exposure of ₹236 crore to four of the 12 accounts identified by the RBI for insolvency proceedings. He underscored that the four accounts were inherited from ING Vysya Bank at the time of merger on April 1, 2015.

"Provision for these four accounts is well in excess of the RBI stipulation," he added. Post-provisioning, the net exposure is only ₹46 crore.

Provisions (other than tax) and contingencies were up 13.5 per cent at ₹204 crore. This includes provisions towards advances and investments. On the nearly 59 per cent jump in investment credit substitutes to ₹9,370 crore as of June-end 2017, Gupta explained that in the last six to nine months most of the better-rated corporate have moved from the loan market to the bond market for their resource requirements.

Consolidated results

Kotak Mahindra Bank reported a 26 per cent increase in first quarter consolidated net profit at ₹1,347 crore (₹1,067 crore in the year-ago quarter).

Consolidated net profit also includes profit contribution from subsidiaries: Kotak Mahindra Prime ₹132 crore (₹120 crore in the year-ago quarter); Kotak Securities

₹125 crore (₹60 crore); Kotak Mahindra Old Mutual Life Insurance ₹103 crore (₹71 crore); and Kotak Mahindra Investments ₹45 crore (₹40 crore).

Shares of Kotak Mahindra Bank closed at ₹980.40 apiece, down 1.44 per cent over the previous close on the BSE.

6. 'GST, bankruptcy code will help Karnataka Bank post better performance'

OUR BUREAU

The smooth implementation of goods and services tax and the Insolvency and Bankruptcy Code will help Karnataka Bank to post a better performance, according to Mahabaleshwara MS, Managing Director and Chief Executive Officer of the bank.

Addressing the regional heads of the bank at the regional heads' quarterly review conference in Mangalore on Thursday, he said the bank has set the right tone by posting encouraging results in advances front.

With the consequent increase in operating profit and credit-deposit ratio, the bank is all poised to take a big leap in business in the remaining months of the current financial year, he said.

The fundamentals of the economy are showing signs of improvement and it is hoped that going forward there is likely uptick in credit flow from the banks.

There is a need to continue to adapt to the desirable changes, especially in digital realm, so as to be a trendsetter and pass on a secured digital experience to the customers, Mahabaleshwara said.

A press release said here that all the regional heads of the bank from across the country, departmental heads and other senior executives of the bank participated in the conference.

With kind regards,

Yours Comradely,



(N. GOVINDRAJULU)
GENERAL SECRETARY