



ALL INDIA UNION BANK PENSIONERS AND RETIREES FEDERATION
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Dear Comrades,

31st July , 2017

News of Interest 31st JULY

MOTIVATIONAL QUOTES

“BE BRAVE. TAKE RISKS. NOTHING CAN SUBSTITUTE EXPERIENCE. “
PAULO COELHO

HIGHLIGHTS

1. RBI MUST CUT INTEREST RATE BY AT LEAST 25 BASIS POINTS: ASSOCHAM
2. CENTRAL BANK OF INDIA Q1 NET LOSS AT RS 576.76 CRORE
3. STATE-RUN DENA BANK Q1 LOSS NARROWS TO RS 132.65 CRORE
4. DEBIT CARD TRANSACTIONS AT POS TERMINALS ON THE RISE
5. ICICI PRUDENTIAL TO TAKE OVER SAHARA INDIA LIFE INSURANCE
6. EQUITAS HOLDINGS POSTS RS 15.59 CR NET PROFIT IN Q1

Business Standard

1. RBI must cut interest rate by at least 25 basis points: Assocham

It made a strong case citing five-year low inflation and deceleration in the factory output

IANS

Ahead of the Reserve Bank of India's (RBI) forthcoming monetary policy review next week, industry chamber Assocham (Associated Chambers of Commerce and Industry of India) has on Sunday urged the apex bank to cut interest rates in view of latest data that shows inflation at a five-year low and deceleration in the factory output.

"Citing inflation at a five-year low and deceleration in the factory output, the Assocham has written to RBI Governor Urjit Patel, making out a strong case for at least 25 basis point cut in the policy interest rate when the RBI Monetary Policy Committee (MPC) meets on August 2," an Assocham said in New Delhi.

"After a long duration of consistency in the repo rate, Assocham believes that the RBI could reduce the policy rate," chamber Secretary General D S Rawat said in his letter to the RBI Governor.

Retail inflation in India during June dropped to a record low of 1.54 per cent, while industrial production data showed that the growth in factory production fell to 1.7 per cent in May, from 8 per cent in the same month a year ago.

"The wholesale price index (WPI) also eased to 0.9 per cent from 2.17 per cent. The case for rate-cut is additionally strengthened by easing of food inflation to (minus)-2.12 per cent from 0.31 per cent. Good monsoon forecasts for the current financial year have additionally created a stance for further reduction in the food inflation," Assocham said.

At its second bi-monthly monetary policy review of the fiscal on June 7, the RBI maintained status quo on its repo, or short-term rate for lending to commercial banks, at 6.25 per cent.

In doing so, the policy statement said the six-member MPC was guided by the risks to inflation. It was the fourth policy review in succession that the MPC had kept the repo rate unchanged.

Since the MPC started setting rates in October last year, this was the first time it did not take a unanimous decision, with five members voting in favour of holding the rate and one opposing.

Three of the six members of the MPC are government nominees, while the others are from the RBI.

2. Central Bank of India Q1 net loss at Rs 576.76 crore

State-run Central Bank of India today reported a net loss of Rs 576.76 crore for the quarter ended June 30, 2017

By: PTI

State-run Central Bank of India today reported a net loss of Rs 576.76 crore for the quarter ended June 30, 2017. The bank had reported a net loss of Rs 599.81 crore in the corresponding quarter a year ago. Total income stood at Rs 6,870.78 crore for the quarter under review, as against Rs 6,662.68 crore in the first quarter of the previous fiscal, Central Bank of India said in a BSE filing.

Its provisioning and contingencies, however, fell to Rs 1,269.02 crore during the quarter from Rs 1,543.66 crore a year ago. Gross non-performing assets of the bank rose to 18.23 per cent from 13.52 per cent, while net NPA too jumped to 11.04 per cent from 8.17 per cent.

3. State-run Dena Bank Q1 loss narrows to Rs 132.65 crore

State-run Dena Bank today reported an improvement with the net loss reducing to Rs 132.65 crore in the quarter ended June 30, helped by decline in NPAs and better net interest margin

By: PTI

State-run Dena Bank today reported an improvement with the net loss reducing to Rs 132.65 crore in the quarter ended June 30, helped by decline in NPAs and better net interest margin. The bank had reported a loss of Rs 279.35 crore in the same quarter

last year. "Our provisions on NPAs have come down which resulted in reduction in loss this quarter. Last year in the June quarter, our NPAs provisioning was Rs 598 crore which has come down to Rs 434.58 crore this year," chairman and managing director Ashwani Kumar told reporters here. The bank's net interest margins improved to 2.44 per cent in the first quarter from 2.02 per cent on a decrease in cost of deposit and increase in yield on advances. Cost of deposit came down by 92 basis points to 5.87 per cent from 6.79 per cent. The total deposits got reduced by 4.61 per cent by shedding bulk deposits, while the advances were down 7.78 per cent. The credit-deposit ratio stood at 70.07 per cent.

In the quarter under review, the PSU lender received interest on income tax refund to the tune of Rs 70.53 crore which helped the net interest income to improve, Kumar said. Net interest income rose to Rs 675.07 crore from Rs 620.88 crore a year ago. Gross non-performing assets increased to 17.37 per cent from 11.88 per cent, while net NPAs stood at 11.22 per cent as against 7.65 per cent. Fresh slippages stood at Rs 954 crore, of which Rs 466 crore were from large accounts with exposure over Rs 10 crore. Kumar said the bank has exposure to nine accounts out of the 12 accounts which the Reserve Bank has asked banks to refer to NCLT under the Insolvency and Bankruptcy Code.

The bank's total exposure to nine accounts is Rs 2,660 crore. It will have to make an additional provisioning of Rs 272 crore on these nine accounts. The bank is looking to raise Rs 500 crore through qualified institutional placement (QIP). "We are in the process of appointing merchant bankers and in next 10 days we hope to appoint them. By September, we hope to do our QIP," Kumar said. The bank may also seek Rs 1,000 crore capital from the government this year.

4. Debit card transactions at PoS terminals on the rise

By Pratik Bhakta

In what could emerge as a major boost to demonetisation, debit card transactions at point-of-sales terminals are growing rapidly while there has been a sharp drop in card swipes at ATMs, latest data from the Reserve Bank of India has revealed.

Debit card swipes at ATMs have slipped 18 per cent to 655 million transactions in May this year, compared with 800 million transactions in October, a month before demonetisation, according to figures released by the central bank.

Though October was the peak festive season with higher transactions, transactions hovered around 750 million on an average in the months preceding demonetisation. But during the first half of this year, the volume has dropped to 680 million on an average.

Simultaneously, point-of sales terminals' debit card usage has jumped 90 per cent to 267.5 million transactions in May this year from around 140.4 million in October, a month before high-value notes were scrapped by the government. But card transactions tapered a bit from its peak of around 320 million transactions in December and January when cash started trickling back into the system.

"We have seen that card spends on SBI PoS terminals have risen 3.4 times from pre-demonetisation days, though they had tapered a bit from an almost 5-times jump in December, but had steadied around that range since then," said Manju Agrawal, deputy managing director, corporate strategy and new business at SBI.

Agrawal said that the bank has deployed around 2.5 lakh terminals in the months following demonetisation.

Industry observers said that a defined push from banks, the government, and increased awareness about digital payments have prompted a lot of people to start using their debit cards while shopping.

Also a sustained effort by banks to enrol merchants to join the digital payments platform has increased the number of card terminals in the country to 27 lakh, compared with around 15 lakh before demonetisation.

While a larger number of terminals have helped in more card transactions, ATMs have remained somewhat constant at around 2.3 lakh.

5. ICICI Prudential to take over Sahara India Life Insurance

G NAGA SRIDHAR

ICICI Prudential Life Insurance Company Ltd will take over Sahara India Life Insurance Company Ltd with effect from July 31, 2017.

The Insurance Regulatory and Development Authority (IRDAI) on Friday issued an order in accordance with Section 52 B (2) of the Insurance Act, 1938 to this effect.

In a first of its kind development in the insurance sector, IRDAI had taken over the administration of Sahara India Life Insurance on June 12, 2017, and appointed R.K. Sharma, General Manager, IRDAI, as administrator to manage the affairs of the insurer.

The industry is of the opinion that IRDAI had managed the situation with no damage to existing policyholders. When asked about the impact of the development, the CEO of a private life insurer said, any insurer, including ICICI Pru, will stand to gain from the distribution network of Sahara.

6. Equitas Holdings posts Rs 15.59 cr net profit in Q1

PTI

Private sector Equitas Holdings Ltd has recorded a steep decline in consolidated net profits at Rs. 15.59 crore for the quarter ending June 30, 2017.

The Chennai-based bank has recorded consolidated net profits at Rs. 61.17 crore in the corresponding quarter last year.

"Given the stress in the micro finance business, the bank has made an incremental provision of Rs. 23 crore during the quarter ending June 30, 2017 towards the micro finance portfolio", a press release said.

For the year ending March 31, 2017 the consolidated net profit was at Rs. 159.36 crore.

Consolidated total revenue for the April-June 30, 2017 quarter grew to Rs. 456.67 crore from Rs. 348.83 crore registered during the year ago period.

For the full year ending March 31, 2017, total revenue stood at Rs. 1,555.49 crore.

Total deposits stood at Rs. 2,255 crore as of June 30, 2017, up from Rs. 1,886 crore registered during the corresponding quarter of last year.

The bank has added 51 new branches during the quarter ending June 30, 2017, taking the total to 335 across the country, the release added.

With kind regards,

Yours Comradely,



(N. GOVINDRAJULU)
GENERAL SECRETARY