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Dear Comrades,

2nd May , 2017

News of Interest 2nd MAY

MOTIVATIONAL QUOTES

“JUDGE A MAN BY HIS QUESTIONS RATHER THAN HIS ANSWERS. “

VOLTAIRE

HIGHLIGHTS

1. SBI CUTS TERM DEPOSIT RATES BY UP TO 50 BPS FOR AMOUNT BELOW RS 1 CRORE
2. PNB LOANS TO GET CHEAPER AS BANK CUTS MCLR RATES FROM MAY 1
3. REVEAL NAMES OF TOP CORPORATE WILFUL DEFAULTERS: BANK OFFICIALS
4. LAKSHMI VILAS BANK TO REVISE MCLR FROM MAY 1
5. OFFICERS' BODY OBJECTS TO RBI GOVERNOR URJIT PATEL'S REMARKS ON WEAK BANKS
6. IBA INVITES BANK UNIONS FOR WAGE REVISION TALKS
7. LAKSHMI VILAS BANK LOOKING AT ACQUISITION OPPORTUNITIES

Business Standard

1. SBI cuts term deposit rates by up to 50 bps for amount below Rs 1 crore

The rates have been revised for medium and long term deposits and for amount below Rs 1 cr

[Press Trust of India](#)

Country's largest lender State Bank of India has cut its term deposit rates by up to 50 basis points for various maturities.

The rates have been revised for medium and long term deposits and for amount below Rs one crore.

According to the new structure, for two to less than three years deposits, SBI will offer a rate of 6.25 per cent as compared to 6.75 per cent earlier, the bank said. For the similar maturity, the deposit rates for senior citizen have been cut to 6.75 per cent from 7.25 per cent.

For deposits maturing between three years and 10 years, the rates have been lowered by 25 basis points to 6.50 per cent.

The lender will be offering the new rates for fresh deposits and renewals and are applicable from April 29, 2017.

The short term deposits that are, for deposits maturing between seven days to less than two years, the rates have been left unchanged.

The bank is offering highest rates of 6.90 per cent for one year to 455 days term deposits.

SBI has also not changed its marginal cost of funds based lending rates. Its one-year MCLR is at eight per cent.

2. PNB loans to get cheaper as bank cuts MCLR rates from May 1

Revised lending rate will be 8.35% for one-year credit, as against 8.45% currently

Abhijit Lele

Public sector lender Punjab National Bank has decided to cut its marginal cost of funds-based lending rate (MCLR) by 10-15 basis points across different maturities from May 1.

The revised MCLR, the internal benchmark for pricing loans, will be 8.35 per cent for one-year credit from May 1, as against 8.45 per cent prevailing in April 2017.

The rate for overnight credit will be cheaper by 15 basis points at 8.05 per cent in May, down from 8.20 per cent in April. For five-year loans, the new rate will be 8.65 per cent as against 8.75 per cent in April, PNB said in a statement today.

Fresh loans and renewal of existing credit will be done at revised rates.

The downward revision in rates comes after a gap of four months. The Delhi-based lender had cut MCLR by 70 bps across all maturities in January 2017, taking benefit of a sharp drop in cost of funds after demonetisation.

The MCLR regime came into effect from April 01, 2016, replacing the old base rate regime to improve transmission of policy rates and transparency in fixing rates.

PNB has reduced MCLR by 105 basis points since April 2016 on one-year bucket and by 110 basis points for overnight credit.

Financial express

3. Reveal names of top corporate wilful defaulters: Bank officials

The position of non-performing assets (NPAs) of public sector banks will worsen if the names of corporate wilful defaulters are not published immediately.

By: IANS

The position of non-performing assets (NPAs) of public sector banks will worsen if the names of corporate wilful defaulters are not published immediately, leaders of bank officers' union said on Monday. "The Reserve Bank of India (RBI) has been steadfastly refusing to divulge the names of top corporate wilful defaulters. In the

days to come, the position of NPAs will worsen if the names of wilful defaulters are not published immediately and treated as criminal offenders," All India Bank Officers Confederation's (AIBOC) West Bengal unit Secretary Sanjay Das told the media here.

He said, "The government and the RBI failed to bring in any stringent act or regulation to deal with wilful large corporate borrowers which account for more than 60 per cent of public sector banks' NPAs." The bank union leaders said the Reserve Bank of India Governor said Indian banking system could be better off if some public sector banks are consolidated to have fewer and healthier entities.

Opposing the attempt of merging "weak banks", union leader Soumya Dutta said, "Every state unit of AIBOC will meet Chief Minister of respective states to oppose any move to merge public sector units." Condemning RBI Governor Urjit Patel for his comment on consolidation of some public sector banks, Das said: "The RBI cannot shirk off its responsibility of the huge NPAs as all the banks' boards have RBI nominees as director."

"We do not understand how it is possible. He (Patel) opined the public sector banks to raise private capital from the markets and not rely on the government for that. He has not asked the government to compensate the PSU banks for the opportunity cost of 'Jan Dhan' exercise and for the entire period of demonetisation which adversely affected the bottom line of the banks," Das said.

Taking a swipe at Patel for his public comment on weak banks, the union leaders said a weak bank reveals a weaker regulator. They said public sector banks are making "operating profit" but due to stringent provision norms prescribed by the RBI, against big ticket corporate loans, the net profit has come down.

Economic Times

4. Lakshmi Vilas Bank to revise MCLR from May 1

BY PTI |

Private sector Lakshmi Vilas BankBSE 2.44 % will revise the Marginal Cost of funds-based Lending Rates (MCLR) following the RBI guidelines, with effect from May one, 2017.

The revised rate for overnight MCLR has been fixed at 9.40 per cent while for one month it is at 9.45 per cent, the Tamil Nadu-based bank said in a statement.

For three-month period, MCLR rates have been revised to 9.50 per cent and for six-month period it is fixed at 9.60 per cent.

The rate for one year is fixed at 9.70 per cent.

Loans and advances disbursed will be priced with reference to the new MCLR benchmark from May 1, it added.

Business Line

5. Officers' body objects to RBI Governor Urjit Patel's remarks on weak banks

OUR BUREAU

The All India Bank Officers' Confederation has objected to Reserve Bank of India Governor Urjit Patel's comment that weaker banks are losing market share and "that is a good thing".

The General Secretary of AIBOC Thomas Franco asked: "Who made these banks weak? What is the role of the RBI representative on the board of these banks? When the deposits, advances and gross profit steadily increase, how can he call them weak?"

The central bank's role is to develop a robust banking sector and not destroy it, he said, adding the RBI and the government have received good returns by way of dividends and taxes from these banks. There is no justification in stating that the weak banks should be sold, Franco said.

Making such a statement at a time when the AIBOC is preparing a turnaround plan for the 10 weak banks to make them profitable, is "unpatriotic", Franco said and asked "Why can't the regulator prepare a turnaround plan for one bank and prove its capability?"

He said the confederation is capable of turning around all the weak banks into profit-making ones, if the government and the RBI took some serious action on the NPAs as recommended by the Parliamentary Standing Committee on Finance.

"We also demand that the RBI reimburse the cost of demonetisation to the banks, as this would help augment their capital," Franco said.

He recalled that between 1960 and 1969 there were 48 compulsory mergers of private banks, 20 voluntary amalgamations, 17 mergers with State Bank of India, 125 transfer of assets and liabilities — all involving 210 private banks.

6. IBA invites bank unions for wage revision talks

K R SRIVATS

The Indian Banks' Association (IBA) has invited the bank unions for initiating the negotiations for the next wage settlement in the banking industry.

Talks between IBA and the bank unions under the banner of United Forum of Bank Unions (UFBU) are to be held at Mumbai on May 2, according to C H Venkatachalam, General Secretary of the All India Bank Employees Association (AIBEA).

Rajeev Rishi, Chairman of IBA, will head the talks from the management side.

The talks are expected to lead to the 11th bipartite settlement on wage revision. Venkatachalam sees the May 2 meeting as a "formal introductory" exercise and noted that the actual negotiations would start thereafter.

"AIBEA would like to expedite the settlement on time. We deserve a good revision in our wages to catch up with the market as well as commensurate with the increased work load in banks of late," Venkatachalam said.

So far, 10 industry level bipartite settlements have been signed by IBA with the bank unions since 1966.

The 10th bipartite settlement on wage revision for 10 lakh bank employees and officers was signed in May 2015 covering the period from November 2012 to October 2017. The next wage revision is due from November 2017.

7. Lakshmi Vilas Bank looking at acquisition opportunities

K RAMKUMAR

Lakshmi Vilas Bank will rely on its nine-decades experience in weathering business cycles and its handling of nine bank acquisitions to position itself as an acquirer in the banking space. Further, the private sector lender plans to double its business every three years, according to a top official.

NS Venkatesh, Executive Director of the South-based old generation private sector bank, underscored that his bank, during its 91-year journey so far, has acquired nine banks (between 1961 and 1965).

"We have the experience of actually handling nine mergers and acquisitions on our own. So, we would rather be acquiring some bank than opening ourselves to an acquisition," he said.

While Lakshmi Vilas Bank (LVB) has embarked on a transformation path based on organic growth, Venkatesh emphasised that the bank's management has not taken its eyes away from the market (for possible acquisition opportunities).

"We are scanning the environment. We are quite confident that if there is something (acquisition opportunity) which comes our way and meets our criteria of synergy and enhancement in our shareholders' value then we will not shy away from taking over some bank," he said.

Referring to the transformation underway at LVB, Venkatesh explained that his bank is trying to grow in the right direction with more thrust on loans to RAM (retail, agriculture and micro, small and medium enterprises) and commercial banking segments.

"We are moving away from large corporates, which is not our cup of tea... We are a smaller bank. So, it is better to concentrate on smaller advances, where we have local knowledge and local understanding of the businesses. So, we believe that is where we have the DNA. And we are trying to leverage on that DNA," he emphasised.

Currently, 50.8 per cent and 49.2 per cent of the bank's loan portfolio comprise loans to large corporate, and RAM and commercial banking segments, respectively. This bank plans to change the loan mix between large corporate, and RAM and commercial banking to 25: 75.

With kind regards,

Yours Comradely,



(N. GOVINDRAJULU)
GENERAL SECRETARY