



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

Dear Comrades,

20 th May , 2017

News of Interest 20th MAY

MOTIVATIONAL QUOTES

“READING IS TO THE MIND WHAT EXERCISE IS TO THE BODY. “ JOSEPH ADDISON

HIGHLIGHTS

- 1. SBI Q4 NET ZOOMS 123%, NPA PROVISIONING IMPROVES**
- 2. HOME LOANS TO GET CHEAPER: SBI, HDFC, ICICI BANK, AXIS BANK SLASH RATES**
- 3. PNB MULLING NEW STRATEGY TO CUT TIME TO CLEAR JLF DECISION**
- 4. POS DRIVES SBI'S NON-CASH TRANSACTIONS**
- 5. WHERE A METRO TAG WEIGHS ON SB A/C HOLDERS**
- 6. AXIS BANK MAKES BASIC BANKING 'FEATURE PHONES' READY**

Business Standard

1. SBI Q4 net zooms 123%, NPA provisioning improves

NII rose 17.3% to Rs 18,071 crore in Q4, from the corresponding quarter of FY16

Avishek Rakshit

Led by healthy growth in net interest income (NII), State Bank of India (SBI) posted 122.7 per cent growth in net profit at Rs 2,815 crore for the quarter-ended March 31. In the same quarter (Q4) of 2015-16, it was Rs 1,264 crore.

NII rose 17.3 per cent to Rs 18,071 crore in Q4, from the corresponding quarter of FY16.

The stock closed 1.7 per cent higher at Rs 308 on the BSE on Friday.

Its net interest margin (domestic) declined to 3.11 per cent as of end-March, from 3.27 per cent at the end of FY16.

During the quarter, the main focus of the country's largest lender was on automobile, individual and services loans. Those to engineering, infrastructure and textiles took a back seat. Loans to the automobile segment, nearly 3.5 per cent of the entire portfolio, increased sharply by 21.2 per cent. Home loans, 16.6 per cent of total disbursement, grew 16.8 per cent.

In comparison, the infrastructure segment's telecom, roads and ports sectors showed a decline of 12.2, 15.6 and 9.1 per cent, respectively. Loans to the services sector showed the highest growth, of 37.7 per cent, to Rs 1,49,394 crore. In the near term, the SBI is less likely to disburse loans in sectors which are stressed or with risk of more stress. Its focus areas are going to be the home and automobile segment in the retail (to individuals) portfolio and services.

"If the sector is weak, we'll opt for it after a long process of consideration. The telecom sector, amongst others, is currently under stress," said Arundhati Bhattacharya, chairman.

The bank's numbers for gross non-performing assets (NPAs) show some sign of stability for asset quality. The gross ratio declined from 7.2 per cent in end-December to 6.9 per cent in end-March. It, however, had risen from 6.5 per cent in March 2016.

This ratio fell for the agricultural, retail and international segments but increased substantially in the mid to large corporate one.

Its provision coverage ratio improved to almost 66 per cent, from 60.7 per cent in the year-before period.

Bhattacharya said in the ongoing quarter they'd be taking a closer look at the books of associate banks (recently merged into parent SBI) to understand the slippage into NPAs. This was Rs 28,419 crore in FY17; the watchlist on slippage totalled Rs 20,576 crore.

Its capital adequacy ratio was 13.11 per cent, with tier-I capital of 9.82 per cent at end-March. SBI plans to raise equity capital up to Rs 15,000 crore. It would use different routes in the current financial year for this.

2. Home loans to get cheaper: SBI, HDFC, ICICI Bank, Axis Bank slash rates

For self-employed, rates for home loan up to Rs 30 lakh have been revised to 8.40 per cent

IANS

Following other prominent banks, the country's third largest private sector lender Axis Bank on Thursday announced 30 basis points (bps) reduction in its home loan interest rates to promote affordable housing finance.

"Taking forward its commitment towards affordable housing finance, the bank has revised its rates for home loans up to Rs 30 lakh for the salaried segment to 8.35 per cent, the lowest in the industry," the bank said in a statement here.

For self-employed, rates for home loan up to Rs 30 lakh have been revised to 8.40 per cent.

The revised rates will be available with effect from May 16.

Axis Bank Executive Director Rajiv Anand said, "There is a large, genuine and mostly unmet need for affordable housing and the government's thrust and commitment towards this is noteworthy. The bank has been at the forefront of fostering an

ecosystem for credit delivery to this segment and believes that the current downward revision in its rates will help more people realise their dream of buying a home."

Private sector lender ICICI Bank on May 15 reduced its interest rates by up to 30 bps for home loans of up to Rs 30 lakh.

HDFC reduced its rates for women borrowers to 8.35 per cent and others to 8.40 per cent for home loans of up to Rs 30 lakh.

HDFC said that for rates for home loans between Rs 30 and Rs 75 lakh has been fixed to 8.50 per cent and above Rs 75 lakh to 8.55 per cent.

On May 8, the country's largest home loan provider State Bank of India (SBI) announced a reduction in the home loan rates by 25 bps from 8.60 per cent to 8.35 per cent per annum.

Financial Express

3. PNB mulling new strategy to cut time to clear JLF decision

PNB's asset quality improved in Q4, with its gross NPAs as a percentage of total advances standing at 12.53%, down 117 bps sequentially. Net NPAs stood at 7.81%, down 28 bps sequentially.

By: [FE Bureau](#)

Punjab National Bank (PNB) plans to cut the time taken to clear a decision of the joint lenders' forum (JLF) by dividing loans into two categories – one where it is the lead bank and in other where it is not, newly-appointed MD & CEO Sunil Mehta said. "In accounts where we are just a member of the consortium, we do not have a decision making authority since we will have to fall in line with whatever decision is made by majority of the members," he said, adding that in accounts where the bank is the majority lender, it will actively work with other lenders to quickly resolve the stress. According to Mehta, JLF meetings are mostly attended by junior-level officers who do not have the right to take a decision on the bank's behalf. "When they (junior officers) go back to their offices, they are told that it cannot be agreed upon," he said, adding that it delays the decision making process.

"To prevent it, as a leader, we will first analyse it at a grassroots level and immediately call a meeting of senior officials with a proper mandate and discuss it among ourselves and then call the borrower," Mehta said. He added that the bank plans to take a collective decision to resolve stress in such accounts so that the time lag between the first JLF and the final decision is reduced. With a view to facilitating consensus, the RBI lowered the threshold needed for implementing a corrective action plan (CAP) – decisions agreed to by a minimum of 60% of creditors by value and 50% of creditors by number will now be valid. Earlier, 75% of the lenders by value and 60% by number were needed to sign off on a CAP.

Once a decision is taken, the RBI said, it would be binding on all the others and must be implemented without any additional conditionality. If a lender wants to exit, it can do so by resorting to the substitution option. But if it fails to exit within the given time, it would need to go along with the decision taken. The asset quality at PNB improved in the March quarter, with its gross non-performing assets (NPAs) as a percentage of total advances standing at 12.53%, down 117 bps sequentially. Its net NPAs stood at 7.81%, down 28 bps sequentially. PNB's cash recoveries and upgrade in the March quarter stood at Rs 10,677 crore and Rs 2,981 crore, respectively.

Business Line

4. POS drives SBI's non-cash transactions

ABHISHEK LAW

Non-cash transactions among customers of SBI have seen an increase since the Centre announced its policy to demonetize higher-denomination currency in November last year.

Available figures suggest that while mobile banking is not popular and has remained stagnant at 3 per cent, the use of POS and Internet banking have risen considerably.

Net banking is the most popular mode, accounting for 27 per cent of the total number of transactions, up from 23 per cent in March 2016. On the flipside, there has been no growth in Internet banking share during the last two quarters (sequential).

POS, on the other hand, is the new growth engine. Over the last year, SBI doubled its merchant base to 1.63 lakh from 82,000. Debit card spending increased 132 per cent to ₹96,629 crore in FY17 from ₹41,681 crore in FY16.

Transactions through bank POS rose 2.5 times — to ₹59,000 crore from approximately ₹23,000 crores. The spending has risen 10 per cent in the last quarter.

Credit card

According to Dinesh Khara, Managing Director (Associates & Subsidiaries), anticipating future potential in the cards business, SBI has decided to increase its stake in the credit card subsidiary, SBI Cards, from 60 per cent to 74 per cent.

The share acquisition from JV partner GE Capital will cost ₹1,600 crore.

5. Where a metro tag weighs on SB a/c holders

LN REVATHY

It generally pays to be the resident of a metro. There are better educational and health amenities, more lifestyle options, better transport facilities (although often undone by heavier traffic) and more connectivity. So, a Tier-I city or an urban centre that is conferred a 'metro' status may normally have much to look forward to. However, occasionally it can give rise to considerable amount of misgivings too.

A recent move by State Bank of India is a case in point.

The bank had apparently included the city of Coimbatore as a metro in an internal circular and this was not exactly something that elated the denizens of this expanding town.

In fact, there was considerable consternation among the bank's loyal clientèle with a good number of them calling up the bank or visiting the branches on receipt of a message that said they would have to maintain a minimum monthly average balance of ₹5,000 in their savings bank account. Under its latest rules effective from April 1, 2017, the minimum balance to be maintained by customers in a metro is ₹5,000, while it is ₹3,000 in urban areas, ₹2,000 in semi-urban areas and ₹1,000 in rural areas, failing which penalty would be recovered from the respective accounts.

Bank sources, preferring anonymity, maintained that they were not sure from where the message had been sent out but confirmed that there were anxious calls from customers.

A cross-section of customers whom *BusinessLine* spoke to said that they were not informed of maintaining a minimum average balance of ₹5,000 at the time of opening the account.

"We live on a hand-to-mouth existence. How can we possibly have a four-figure average minimum balance?" asked Raju, a cart-puller, wondering if he had taken a wrong decision in opening a bank account in the first place.

Sivakumar, a security guard in a private company, said he was not informed of maintaining any minimum balance when he opened the account four years back, so was confused when he received a message from the bank which read "your SB account XXXXX....balance in April 2017 is below the required minimum monthly average. Please restore in 30 days to avoid charges in June."

"My account is in a city branch. Am not too sure about the minimum balance as nothing is mentioned in the message. In any case, if they impose a charge, I will close my account and look for options elsewhere," he said, worried about the charge he would have to pay.

An SBI spokesperson clarified that as per RBI guidelines "Coimbatore is correctly classified as a metro. Any centre where the population is more than 10 lakh is a metro."

The Commissioner of City Municipal Corporation here said he was not aware of it. "We do not know on what basis the bank has classified Coimbatore as a metro. The classification is within the jurisdiction of the government."

Meanwhile, the Secretary of Coimbatore Consumer Cause, K Kathirmathiyon, has in a communication to the Chairman of SBI urged immediate intervention. He has requested that the wrong be set right immediately and customers advised accordingly.

Customers would expect that, even if it means losing the 'metro' tag.

6. Axis Bank makes basic banking 'feature phones' ready

K.R. SRIVATS

You now don't need a smartphone to get basic banking services from Axis Bank. This private sector bank has solved a problem that prevented millions of Indians without access to either Internet or physical branches from availing basic banking services through digital channel or otherwise.

Taking basic banking services to the estimated 400 million Indians with some or no access to data, Axis Bank has now come up with a mobile app — Axis OK — that works on feature phones even without Internet. At present, this app is available only to Android users.

"The biggest thing about Axis OK is you don't require data. You are using the USSD (Unstructured Supplementary Service Data) & SMS platform. Data in India has two problems — it is expensive and patchy (in interior India)," Rajiv Anand, Executive Director, Axis Bank, told *BusinessLine*.

Anand highlighted that nearly 250 million smartphone users are already using data for availing banking and other services. "It is the other 400 million who have some or no access to data that we are targeting with this Axis OK app. We have a huge population that is yet to make the digital journey.

"For Axis OK, we have masked the complexity of USSD at the back-end and created a simple lite app (less than 1 MB in size) at the front-end which will work on feature phones also," Anand said.

The Axis OK app is also expected to come in handy for the urban poor who cannot yet afford smartphones despite their prices coming down in recent years.

Axis OK is a multi-lingual mobile app that recognises English, Hindi, Marathi, Tamil, Malayalam and Gujarati.

"Our launch of Axis OK will help expand our customer base, as our ability to acquire new customers will improve," Anand said. Currently, Axis Bank has 1.8 crore customers with 33 per cent already on Internet mobile banking.

On digital adoption, Anand said that the value of transactions put through the Axis mobile app is about ₹12,000 crore a month and growing exponentially.

"It took 18 months for the first million customers, while only four months to grow from three million to four million," he said.

With kind regards,

Yours Comradely,



(N. GOVINDRAJULU)
GENERAL SECRETARY