



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,

9th October , 2017

NEWS OF INTEREST 9TH OCT

MOTIVATIONAL QUOTES

“PRACTICE DOES NOT MAKE PERFECT. ONLY PERFECT PRACTICE MAKES PERFECT.”
VINCE LOMBARDI

HIGHLIGHTS

1. ORIENTAL BANK PUT UNDER CENTRAL BANK'S CORRECTIVE ACTION OVER BAD LOANS
2. RBI UNLIKELY TO CHANGE INTEREST RATES FOR REST OF THIS FISCAL: REPORT
3. RBI TO SOON LAUNCH FINANCIAL LITERACY DRIVE IN 9 STATES
4. THE LEGACY OF ARUNDHATI BHATTACHARYA: HOW SHE KEPT SBI UNSCATHED IN THE MOST TESTING OF TIMES
5. DHANLAXMI BANK TO RAISE UP TO RS. 150 CR VIA BONDS
6. RETAIL LOANS ALSO SEE SPIKE IN BAD LOANS: REPORT

Business Standard

1. Oriental Bank put under central bank's corrective action over bad loans

The bank posted a net loss for the June quarter, with net NPA rising to 9.56%

Reuters | MUMBAI

Oriental Bank of Commerce Ltd, a mid-sized Indian state-run lender, said the nation's central bank has initiated "prompt corrective action" against the bank over its high amount of net non-performing assets (NPA).

Oriental Bank is the seventh state-run lender to be put under a corrective action plan, which requires a bank to enact curbs on hiring, branch expansion and taking on new loans.

"This action will not have any material impact on the performance of the bank and will contribute in an overall improvement in its risk management, asset quality,

profitability and efficiency," the lender said in a stock exchange filing late on Saturday.

The bank posted a net loss for the June quarter, with net NPA rising to 9.56 per cent.

2. RBI unlikely to change interest rates for rest of this fiscal: Report

RBI is expected to keep interest rates on hold over the coming months

Press Trust of India | New Delhi

No change in interest rates is likely over the rest of this fiscal, as the Reserve Bank of India is expected to adopt a 'wait and see' approach due to rising inflation and downside pressure on the rupee, says a report.

According to BMI Research, headline consumer price inflation (CPI) is likely to head higher over the coming months, largely owing to rising food and housing prices.

"The Reserve Bank of India left its benchmark repo rate steady at 6.00 per cent in its October 4 monetary policy meeting, and we expect no changes to interest rates over the rest of the fiscal year," BMI research, a Fitch group company said in a note.

The report said the government's plans for fiscal spending to support economic growth along with farm loan waivers at the state level, which could top Rs 3.2 trillion, pose significant inflationary risks that are likely to prevent the RBI from adopting a looser monetary policy stance.

Additionally, the RBI is expected to keep interest rates on hold over the coming months in an effort to maintain the country's real yield advantage to prevent significant currency weakness due to capital outflows.

The rupee is currently hovering around Rs 65 level against the US dollar.

Financial Express

3. RBI to soon launch financial literacy drive in 9 states

The Reserve Bank will soon launch a financial literacy drive in 80 blocks in nine states on pilot basis to educate people on e-transactions, formal sector borrowings and insurance purchases

By: PTI | New Delhi

The Reserve Bank will soon launch a financial literacy drive in 80 blocks in nine states on pilot basis to educate people on e-transactions, formal sector borrowings and insurance purchases. Six NGOs registered with the Depositor Education and Awareness Fund — CRISIL Foundation, Dhan Foundation, Swadhaar Fin Access, Indian School of Micro Finance for Women (ISMW), Samarjit and the PACE Foundation — have been selected to execute the pilot project in collaboration with banks. "The Reserve Bank is initiating a pilot project on financial literacy at the block level to explore innovative and participatory approaches to financial literacy," RBI said while inviting expression of interest from agencies to conduct impact assessment of Pilot CFL (Centre for Financial Literacy) Project.

The pilot project, RBI document said will be commissioned in the 9 states of Maharashtra, Chhattisgarh, Bihar, Odisha, Karnataka, Telangana, Andhra Pradesh, Haryana and Uttar Pradesh across 80 blocks by the 6 NGOs in collaboration with the sponsor banks. The total cost of the pilot project over a period of three years is Rs 18.40 crore.

The aim of the CFL is to inculcate the habit of making a household budget and recording financial transactions, encourage transactions in savings accounts, and active saving by depositing in banks through fixed deposits and recurring deposits.

Besides, the pilot project aims to ensure people borrow from formal finance institutions and approach banking Ombudsman for redressal of their grievances. It will also "encourage e-transactions through electronic means viz NEFT, RTGS, IMPS, Internet Banking, Mobile Banking, UPI (Unified Payment Interface) etc", the document said.

The NGO will be educating people to buy life insurance and pension products.

Economic Times

4. The legacy of Arundhati Bhattacharya: How she kept SBI unscathed in the most testing of times

By *Saloni Shukla*

Most bank chairmen would want to demit office when the going is good, but it might not be the same for Arundhati Bhattacharya, who steps down after a four-year term as the chief of State Bank of India

For the best part of her tenure, the first woman boss of the country's biggest lender was busy battling the rising pile of bad loans, and she leaves amid hope that things turn better for her successor sooner than later. Yet, despite all odds, Bhattacharya leaves behind a rich, transformational legacy. Through a mix of technology, consolidation, and team work, she leaves behind a more nimble organization.

And the four-decade banking veteran says that she is still not ready to hang up her boots.

"I don't think I'll continue in the area of banking but obviously I am not just going to hang up my boots," Bhattacharya said in her last address to reporters as the SBI chief. "In today's times, 60 is too early. Of course, I'm past 60 but that does not matter. There is so much to do and if you have the energy and willingness to do it, then I think you can. So, definitely I will be around and active but may not be directly in banking."

During her tenure, she oversaw two major developments – the demonetisation and the implementation of the Goods and Services Tax. Although she emerged as one of the strongest supporter of demonetisation, she did not hesitate to dissent with the government on farm-loan waivers and the central bank on higher provisions for bad loans.

Not only she had the distinction of being the first woman to head the bank, but she also did not mind being designated as chairman since the SBI Act did not have the provision for a 'chairwoman'. Also, she earned a rare one-year extension in the top job.

Bhattacharya is credited with successfully wading through the messy mergers of five associate banks and the Bharatiya Mahila Bank, taking SBI to the top 50 banks globally. The merged entity has about one-fourth share of the deposit and loan markets at nearly 23%. But the mergers have also brought a lot of stress to the bank's financials, leading to deterioration in asset quality and delays in transmission of policy rates.

Among the IT initiatives she launched, the e-wallet SBI Buddy garnered the largest market share in mobile banking. SBI also introduced the position of chief ethical officers and introduced SBI Samadhan that allowed customers to give feedback on bank services.

"Initially, when I came in, it was not something that I had not thought of," Bhattacharya said. "I had thought of it and I had discussed it as well. But it was felt at that time the priority was to get the bank on solid ground, . we went for it."

In her four years at SBI, Bhattacharya combed through the mammoth Rs 17-lakh crore balance sheet (now over Rs 41 lakh crore) and worked methodically to identify problems and fix them. She ventured into new businesses with the likes of Amazon and Snapdeal, leveraging technology to help transform SBI from a staid state-run lender into a customer-friendly and competitive bank.

During her tenure, the bank divested its stake in SBI Life Insurance, and introduced the work from home scheme for women. During her term, shares of SBI rose 57%.

Yet, Bhattacharya cited another list of unfinished business.

"We were supposed to deliver on the digital front something that was really different and that was supposed to be sometime in July," she said. "Now it has got delayed a little because the scope of the project has widened as we have gone along. This is something which will be delivered to you within the next month."

Bhattacharya also believes that despite the improvement in monitoring risks and improving the credit underwriting standards, credit growth was not where she wanted it to be.

Not one to be daunted by the 35% fall in profit that greeted her when she began her tenure, Bhattacharya improved the net profit from Rs 2,375 crore in September 2013 to Rs 3,879 crore in the September 2015 quarter. But after the asset quality review announcement from the RBI in December 2015 the financial performance took a beating. In the latest earnings posted after the merger of the associate banks, SBI recorded a net profit Rs 2,006 crore. Net interest margins, too, fell to 2.4% after the merger from over 3% during most of her tenure.

"Going forward, you will see the results of the work we have done in the last few years," she said. "You will appreciate the amount of changes that we have brought within, which probably are not yet reflected but I am sure will definitely come."

In her first two years as chairman, gross non-performing assets went from 5.6% in September 2013 to 4.2% in September 2015. In the June 2017 quarter, gross NPAs touched 10%, reflecting clearly the negative fallout of the mergers.

"Through my tenure, all of you have repeatedly asked whether we are at the bottom, and I have kept saying that we are already there," she said. "I can tell today that we are there and we should see good results going forward. The fact remains that every other indicator points that way. And, therefore, we are quite confident of seeing an uptick in the economy."

5. Dhanlaxmi Bank to raise up to Rs. 150 cr via bonds

PTI

Private sector Dhanlaxmi Bank today said it will raise up to Rs. 150 crore by issuing bonds in one or more tranches within a year.

The decision was taken at the bank's annual general meeting that was held on September 30, the bank said in a regulatory filing.

The shareholders authorised the board of directors to issue redeemable secured/unsecured non-convertible debentures in one or more tranches subject to an aggregate limit of Rs. 150 crore within a period of one year from the date of approval of this resolution, the bank said.

In the fiscal ended March 2017, Dhanlaxmi Bank reported a net profit of Rs. 12.38 crore. The bank had made a net loss of Rs. 209.45 crore in 2015-16.

The bank's gross non—performing assets (NPAs) stood at 4.78 per cent of the gross advances as on March 31, 2017 while net NPAs, as a percentage of net advances at the end of March this year, came in at 2.58 per cent.

The respective figures stood at 6.36 per cent and 2.78 per cent as of March 31, 2016.

6. Retail loans also see spike in bad loans: report

PTI

Even as banks continue to focus on retail loans, as they keep away from the large corporates due to their poor credit quality, a study has found an uptick in non-performing assets across many sub-segments of small loans in the year to March 2017.

Education loans and commercial vehicle loans reported one of the biggest spikes in the proportion of NPAs, while the auto segment saw a dip in bad loans, says a report by credit information company Crif High Mark.

The housing loan portfolio of banks as a whole clipped at 18.27 per cent in fiscal 2017, but the gross NPAs in this segment also grew to 1.77 per cent from 1.44 per cent a year ago, says the report.

The educational loans portfolio grew 6.13 per cent but the quantum of NPAs shot up to 11 per cent from 8.09 per cent in the week before, the report said.

In case of commercial vehicle loans, the book grew by a whopping 45 per cent during the year, but was accompanied by a surge in NPAs as well, which rose to 6.32 per cent from 4.26 per cent earlier.

Similarly, the property loans portfolio grew nearly 40 per cent but this high growth was accompanied with a spike in NPAs too, which rose to 3.29 per cent from 2.63 per cent in the previous year, it said.

The only segment that showed some immunity to the broader trend of surging NPAs in the retail lending book was auto loans, where the portfolio grew by over 24 per cent but the proportion of NPAs came down marginally to 4.44 per cent from 4.56 per cent in the year-ago period, it said.

Since fiscal 2015, it can be noted that, there has been a massive slowdown in corporate credit, both due to the demand side as private investment slows down and also a reluctance from the NPA-wary bankers to lend to the segment which has contributed a bulk of the current pain.

This has forced banks to concentrate on the retail lending book where demand continues to be strong and the asset quality troubles have not been so high, so far.

With kind regards,

Yours Comradely,



(N. GOVINDRAJULU)
GENERAL SECRETARY