



## ALL INDIA UNION BANK PENSIONERS AND RETIREES FEDERATION

(Affiliated to All India Bank Pensioners & Retirees Confederation – AIBPARC)  
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Dear Comrades,

30th July , 2018

### News of Interest 30th JUL

#### MOTIVATIONAL QUOTES

‘A PEOPLE WITHOUT THE KNOWLEDGE OF THEIR PAST HISTORY, ORIGIN AND CULTURE IS LIKE A TREE WITHOUT ROOTS. ‘

MARCUS GARVEY

#### HIGHLIGHTS

1. INDIA POST PAYMENTS BANK TO START OPERATIONS WITH 650 BRANCHES IN AUGUST
2. ICICI BANK POSTS FIRST-EVER QUARTERLY LOSS OF RS 1.2 BILLION ON BAD LOANS
3. WILL RBI CHANGE REPO RATE IN AUGUST MONETARY POLICY MEET? HERE'S WHAT EXPERTS SAY
4. IBA, BANK UNIONS MEET TOMORROW TO DISCUSS WAGE HIKE
5. IOB POSTS NET LOSS OF ₹919 CRORE

#### Business Standard

##### 1. India Post Payments Bank to start operations with 650 branches in August

Customers can access their IPPB account through mobile app but it will have limited services

Press Trust of India

India Post Payments Bank is expected to go live with 650 branches and around 170 million accounts in August, following clearance from Reserve Bank of India to start operations.

"We are looking at launch date. From an operational, technology and market perspective, we are ready to go live," India Post Payments Bank (IPPB) MD and CEO Suresh Sethi told *PTI*.

He confirmed that RBI has given approval to IPPB after testing its entire system. The final approval for the launch of IPPB was pending before the RBI. According to sources in the communications ministry the launch of IPPB is expected in August.

When asked about the launch schedule, Sethi without specifying the timings said: "It is very much around the corner".

IPPB was the third entity to receive payments bank permit after Airtel and Paytm. Payments banks can accept deposits up to Rs 100,000 per account from individuals and small businesses.

The new model of banking allows mobile firms, supermarket chains and others to cater to the banking requirements of individuals and small businesses. It will be set up as a differentiated bank and will confine its activities to acceptance of demand deposits, remittance services, Internet banking and other specified services.

"We have already started testing within closed user group and it is very much running on a national basis. As we speak we are already doing it at around 250 branches," Sethi said.

IPPB will go live with 650 branches in addition to 3,250 access points co-located at post offices and around 11,000 gram in dak sevaks (in rural area) and postmen (in urban area) that will provide doorstep banking services.

"With this, we will provide banking services across 1,700 counters and 11,000 doorstep service. IPPB has permission to link around 170 million postal savings bank (PSB) account with its account. We have received approval for carrying out RTGS, NEFT, IMPS transaction that will enable IPPB customers to transfer and receive money from any bank account. It will facilitate almost full fledged banking," the bank's CEO said.

The payments bank will gradually link all 155,000 post offices in the country to offer the service.

Customers can access their IPPB account through mobile app but it will have limited services.

"Once a customer completes KYC (know your customers) requirement, the app will start offering all the banking service," he added.

IPPB will also launch a mobile app to facilitate online banking service as well as payment for various utilities and services like phone bill, DTH, gas connection, electricity etc.

"There will be 100 plus billers for which IPPB customers will be able to pay from their account. Since IPPB account can hold up to Rs 100,000 deposit so once PSB account will be linked to them, customers will be able to transfer money from PSB to IPPB and vice-versa. Money beyond Rs 100,000 can be kept in PSB," Sethi said.

All the billers that accept payment through Bharat Bill Payments system will be available for IPPB customers from Day 1 of the launch, he added.

IPPB was incorporated on August 17, 2016 under Companies Act, 2013 as a public limited company with 100 per cent Government of India equity under Department of Posts.

## **2. ICICI Bank posts first-ever quarterly loss of Rs 1.2 billion on bad loans**

Higher provisions take toll on bottom line; bank's net interest income rose 9% on YoY basis to Rs 61.02 bn in the current quarter

Nikhat Hetavkar & Shreepad S Aute

Private sector lender ICICI Bank reported its first-ever loss amounting to Rs 1.2 billion for the June 2018 quarter (Q1) on Friday as provisions for bad loans doubled. The bank had made a net profit of Rs 20.49 billion in the same period last year.

The loss would have been higher if it weren't for the Rs 11.1 billion profit on the sale of its 2 per cent stake in the life insurance arm, ICICI Prudential Life Insurance.

This was the first quarter after the bank's MD and CEO, Chanda Kochhar, went on leave due to allegations of conflict of interest in a loan given to the Videocon group. ICICI group veteran Sandeep Bakhshi was appointed as whole-time director and chief operating officer (COO) for five years. He reports directly to the board in Kochhar's absence.

On a standalone basis, the bank's net interest income (NII), or the interest earned minus interest expended, rose 9.2 per cent on a year-on-year (YoY) basis to Rs 61.02 billion in the current quarter, said the bank in a filing with the stock exchanges.

This was due to 11.3 per cent growth in net advances driven by a 20 per cent rise in retail advances.

Moreover, the share of retail advances in the entire loan book increased to 57.5 per cent as of June 2018 from 51.8 per cent in March 2017.

The net interest margin (NIM), at 3.19 per cent, was down 5 basis points (bps) sequentially and 8 bps YoY.

The NIM was aided by interest reversal on one of the NPA accounts, and the management expects NIMs to remain under pressure in the coming quarters.

Though gross non-performing assets (NPAs, or bad loans) as a percentage of total advances rose 82 basis points YoY in the first quarter to 8.81 per cent, it was three basis points lower sequentially.

The bank doubled its provisions over the previous year's quarter from Rs 26.08 billion in June 2017 to Rs 59.71 billion in June 2018 as it made additional provisions of Rs 7.06 billion for bankruptcy accounts.

The bank had outstanding loans of Rs 40.59 billion in the National Company Law Tribunal's (NCLT's) first list and Rs 92.92 billion in the second list.

The bank said it had seen gross additions to NPA at Rs 40.36 billion, which were the lowest in the last 11 quarters.

Recoveries and upgrades from non-performing loans were Rs 20.36 billion for the quarter.

It also provided Rs 2.19 billion for mark-to-market losses on domestic fixed-income securities.

The bank, like others, did not avail of the option to spread these losses across four quarters. "We believe we are at the tail-end of the NPA cycle" said Bakhshi.

However, some further pain is not ruled out as the bank's exposure to below investment grade (BB rated and below) accounts and small and medium enterprises stood at Rs 246.29 billion (4.8 per cent of advances in Q1), which are likely to turn bad. Also, the management expects additional NPA from agricultural portfolio in the coming quarters due to more loan waivers.

Total deposits during the quarter increased 12 per cent to Rs 5.47 trillion.

"Credit cost (provisions as percentage of advances) is likely to remain elevated during FY19 given the exposure to BB and below rated accounts, if resolution process gets delayed. This would keep the bank's profitability under pressure," said Ashutosh Kumar Mishra, analyst at Reliance Securities.

The results came after Indian markets closed for trading. However, the ICICI Bank ADR was trading 3.8 per cent higher on the New York Stock Exchange. On the BSE, the stock closed at Rs 293.30, up 2.62 per cent over the previous close.

## **Financial Express**

### **3. Will RBI change repo rate in August monetary policy meet? Here's what experts say**

The Reserve Bank is likely to maintain status quo on the key interest rate on Wednesday notwithstanding elevated oil prices and government's announcement to steeply hike minimum support price for kharif crops, opined experts

By: PTI

The Reserve Bank is likely to maintain status quo on the key interest rate on Wednesday notwithstanding elevated oil prices and government's announcement to steeply hike minimum support price for kharif crops, opined experts. The central bank had increased the benchmark short term lending rate(repo rate) by 0.25 per cent to 6.25 per cent in its last monetary policy review in June on inflationary concerns. Reserve Bank Governor Urjit Patel-headed Monetary Policy Committee (MPC) will begin its three-day deliberations from Monday in Mumbai to decide on the interest rate.

The decision of the second bi-monthly monetary policy review of 2018-19 will be made public in the afternoon of August 1. The retail inflation, which is factored in by the MPC, spiked to a five-month high of 5 per cent in June on costlier fuel. The government has mandated the Reserve Bank to keep inflation at 4 per cent (+/- 2 per cent). Crude oil prices have come off three year high, but continue to be volatile threatening inflation and current account deficit.

India's largest bank SBI feels that RBI may not go for another round of rate hike at this juncture. "We believe August rate decision is a close call, though we believe status quo rather than a hike looks the best option," SBI said in a research report. The only reason for a rate hike by RBI at this juncture might be to "satisfy the self fulfilling prophecy" of market expectations of a rate hike to stem the rupee depreciation (though rupee depreciated by 3 per cent post June), it added.

In SBI's view, inflation risks are still evenly balanced. While the MSP hike could statistically push up CPI by 73 basis points, such inflation is unlikely to materialise as it is purely subject to procurement by the Central government/State Government. Earlier this month, the Union Cabinet steeply hiked the minimum support price for kharif crops, including Rs 200 per quintal for paddy, as the government looked to fulfil its poll promise to give farmers 50 per cent more rate than their cost of production.

Edelweiss Securities in a research note said: "In the upcoming policy review, we expect MPC to maintain its neutral stance while keeping the rates unchanged". Global financial services major DBS in a research report, however said RBI is expected to go for further rate hikes this fiscal, with the next increase in the August meet. According to DBS, upside risks to inflation and a need to maintain financial markets' stability will keep monetary policy on a tightening bias. "We expect 50 bps more hikes in 2018-19, with the next likely in August," Radhika Rao, an economist with DBS said.

Private sector lender HDFC Bank believes that the decision on rate hike is a "close call" for RBI, but its rate-setting panel will go for a status quo on key policy rates in the upcoming policy review meet. "It's a close call and a tough balancing act, but we expect RBI to tilt in favour of a 'hold'," its house economists said in a note. On the MSP hike, it said there is some uncertainty but it is prudent for RBI to wait and watch as rainfall distribution, procurement for items other than rice and wheat will decide the way forward.

## **Economic Times**

### **3. Meet India's 'best bank': The Indian Bank**

By *Shantanu Nandan Sharma*

Early last year, officials from a Mumbai-headquartered conglomerate, weighed down by its massive debt, sent a top finance executive to Chennai, to work out a big-ticket loan from Indian Bank. The bank weighed the proposal of the highly leveraged company, and said a straight no. The clout of the group's high-profile promoter did not faze the bank officials.

This unrelenting clarity in its approach to lending is one of the factors that has scripted an unlikely turnaround for Indian Bank, the 111-year-old Chennai head quartered institution. Just two decades ago, it was mired in a

corruption scandal and needed a government bailout to survive. Its then MD was jailed. Now, the story has dramatically reversed. It's one of the only two nationalised banks, out of a cohort of 19, which made a profit last fiscal year. It has the lowest non-performing assets (NPAs) in the industry at a time when spiralling NPAs have become a threat to many banks. Its exposure to sectors prone to scandal or business failure, such as gems and jewellery or power, is very low.

It's an instructive tale about sticking to the fundamentals in business.

One of the secrets in Indian Bank's lending arsenal is to demand collateral with sentimental value, such as a promoter's ancestral home, in addition to primary securities such as the deed of the project land and so on. When a loan turns bad, the bank has an additional leverage in negotiations.

Remarkably, Indian Bank has no exposure to a number of companies that have recently lost banks a lot of money, including Vijay Mallya's Kingfisher Airlines and companies such as Essar Steel, Jaypee Infratech, IVRCL, which were referred last year to National Company Law Tribunal (NCLT) under the Insolvency and Bankruptcy Code, for a timely resolution.

Indian Bank's NPA ratio is one of the lowest in the industry. Gross NPA is at 7.37% of gross loans and net NPA is at 3.81% for 2017-18. Low NPA means the bank doesn't have to set aside money to provision for it in its books, allowing it to declare greater profits. In FY17-18, as many as 17 out of 19 nationalised banks were in the red, with only two banks — Indian Bank and Vijaya Bank — bucking the trend. Indian Bank made a net profit of Rs 1,259 crore whereas Vijaya Bank's net profit was Rs 727 crores.

## **Business Line**

### **4. IBA, bank unions meet tomorrow to discuss wage hike**

#### PTI

The apex banking lobby Indian Banks Association (IBA) and bank unions will meet tomorrow to negotiate on salary hikes for over three dozen banks.

Close to 37 banks, including public, private and foreign banks have mandated to IBA to decide on wage hikes for their employees. Bank unions under the banner of United Forum of Bank Unions (UFBU) will represent the employees.

The current wage revision is due from November 2017, after the 10th bipartite settlement ended in October 2017.

In the last round of the talks held on May 5, 2018, the IBA had offered a meagre 2 per cent wage hike, which had irked the unions and they went on a two-day strike starting May 30. "We want banks to improve the previous offer of 2 per cent. Our demand is of 25 per cent, but we are open for negotiations," UFBU convener for Maharashtra, Devidas Tuljapurkar, said.

In the 10th bipartite wage settlement, which was signed in May 2015, for the period between November 2012 and October 2017, the IBA had offered a 15 per cent hike. "So far, the wage revisions have always been in double-digits, which we are okay with, but 2 per cent is not acceptable to us," Tuljapurkar said.

Banks management had justified the nominal hike citing huge losses incurred by in the past few quarters. The unions have said the fall in profit

are on account of higher provisioning towards non-performing assets and the employees are not responsible for that as the employees have been tirelessly working towards implementing various government schemes such as Jan Dhan, demonetisation, Mudra and Atal Pension Yojana, among others.

In the May 2018 round of wage negotiations, IBA had also maintained that the talks on officers demand would be restricted up to scale III officers only. The settlement under the 10th bipartite agreement was concluded after 18 rounds.

## **5. IOB posts net loss of ₹919 crore**

### OUR BUREAU

Indian Overseas Bank (IOB) posted a net loss of ₹919 crore for the quarter ended June 2018, mainly on account of higher provisioning against non-performing assets (NPAs).

Provisions and contingencies for the June quarter rose to ₹2,051 crore from ₹1,276 crore for the same period last year, a 61 per cent increase in provisioning on a year-on-year (y-o-y) basis, according to a statement.

Gross NPA for the quarter rose by 25.64 per cent of the gross advances to ₹38,146 crore against ₹35,453 crore for the year-ago period.

Gross advances for the quarter fell by ₹1,478 crore to ₹1,48,760 crore against ₹1,50,238 crore during the same period last year. The bank's policy to avoid exposure in stressed assets is the reason for the reduction in gross advances, the release said.

Total deposits on y-o-y basis rose by ₹2,420 crore at ₹2,13,168 crore for the June quarter against ₹2,10,748 crore in the previous year.

With kind regards,

Yours Comradely,



**(N. GOVINDRAJULU)  
GENERAL SECRETARY**