



ALL INDIA UNION BANK PENSIONERS AND RETIREES FEDERATION
(Affiliated to All India Bank Pensioners & Retirees Confederation – AIBPARC)

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Dear Comrades,

31st July , 2018

News of Interest 31st JUL

MOTIVATIONAL QUOTES

'TRUE INDEPENDENCE AND FREEDOM CAN ONLY EXIST IN DOING WHAT'S RIGHT. '

BRIGHAM YOUNG

HIGHLIGHTS

1. AXIS BANK SEES FURTHER RECOVERY AFTER LESS-THAN-EXPECTED PROFIT DROP IN Q1
2. SBI CUTS SHORTER TERM BULK DEPOSIT RATES, INCREASES LONGER TERM RATES
3. SALARY HIKE REJECTED! AFTER OPPOSING MINUSCULE 2% HIKE, BANK UNIONS NOW REJECT IBA'S THIS REVISED OFFER
4. RBI INTEREST RATE SETTING PANEL STARTS 3-DAY MEET
5. FORMER RELIGARE CEO'S NBFC RAISES RS 1,000 CRORE FROM UHNIS
6. CENTRAL BANK OF INDIA LOSS WIDENS TO ₹1,522 CR

Business Standard

1. Axis Bank sees further recovery after less-than-expected profit drop in Q1

In the June quarter, Axis Bank saw a 74 per cent fall in incremental bad loans to Rs 43.37 billion, compared with the March quarter

Reuters

India's Axis Bank Ltd expects a further revival in the second half of the year after reporting a smaller-than-expected drop in first-quarter net profit and an improvement in asset quality on Monday.

Net profit for the three months to June 30 fell 46 per cent from a year earlier to Rs 7.01 billion (\$102.14 million), but was ahead of the Rs 5.56 billion expected by analysts.

The latest results follow a Rs 21.89 billion loss in the March quarter, the first loss in the bank's history.

Chief Executive Shikha Sharma, who is due to step down at the end of December after being at the helm of Axis Bank for nine years, said the rate of growth in bad loans had moderated significantly, loan recoveries were coming in, and the bank's risk ratios were also moderating.

"We continue to feel positive about our belief that we should see normalisation of the risk environment in the second half of this year," she told a news briefing after the results.

While more than 86 percent of India's \$150 billion non-performing loan pile is held by the country's state-backed lenders, Axis and its bigger rival ICICI Bank account for the biggest chunk among the private-sector lenders.

In the June quarter, Axis Bank saw a 74 per cent fall in incremental bad loans to Rs 43.37 billion, compared with the March quarter.

Gross non-performing loans as a percentage of total loans fell to 6.52 per cent at the end of June from 6.77 per cent at end-March, although that was still higher than the 5.03 per cent a year earlier.

Loans grew 14 per cent from a year earlier, driven by retail and small-and-medium enterprise divisions, leading to a 12 per cent rise in net interest income.

Provisions, including those for bad loans, totalled Rs 33.38 billion in the June quarter, compared with 23.42 billion a year-ago, but sharply lower than Rs 71.8 billion in the March quarter when the bank's bad loans had zoomed.

The bank said earlier this month it had recommended names of three candidates to succeed Sharma as CEO, and was awaiting the central bank's approval to take a final decision.

2. SBI cuts shorter term bulk deposit rates, increases longer term rates

Since the bank adjusted its rates in both directions, a clear rate signal is not evident

Abhijit Lele

On the first day of a three-day meeting of the monetary policy committee (MPC), the country's largest lender, State Bank of India (SBI), moved to hike its long-term deposit rates, albeit marginally.

SBI also slashed its shorter term bulk deposit rates (Rs 10 million to Rs 100 million) by 25-45 basis points (bps), while increasing the longer term bulk deposit rates by 5 bps to 60 bps.

One bps is a one-hundredth of a percentage point. The Reserve Bank of India (RBI) announces its monetary policy decision on Wednesday, August 1.

Since the bank adjusted its rates in both directions, a clear rate signal is not evident other than the fact that the bank has plenty of short-term liquidity, while it is suffering from some liquidity shortage in the longer tenure.

A deposit rate hike is usually followed by a lending rate adjustment, but in this case that may not be evident immediately. Indeed, SBI kept its marginal cost of funds-based lending rate intact at 8.25 per cent in July.

The realignment of rates on term deposits has been done "keeping in mind the liquidity conditions and the maturity of deposits in some buckets," a senior SBI executive said, adding the liquidity profile of the bank remains comfortable. The new rates are effective Monday.

The liquidity in the banking system has tightened significantly in the past few days and SBI's rate adjustment could be an indicator of that. System liquidity would be an important input point for the six-member MPC.

The net liquidity deficit increased from Rs 257.66 billion on July 21 to a four-month high of Rs 714.11 billion as of July 25, CARE Ratings noted. The liquidity deficit moderated in the second half of the week and was Rs 387.99 billion, the rating agency added.

This is the third consecutive week that the banking system liquidity is in deficit mode.

In order to infuse more durable liquidity in the system, since May, the RBI has purchased Rs 300 billion worth of bonds from the secondary market. The expectation is that the central bank would do many such buybacks in the coming days to aid liquidity. But till the system liquidity normalises, banks will have to do such finer adjustments with their deposit profiles.

For retail deposits up to Rs 10 million, SBI's revised rate for 1 year to less than 2 years is 6.7 per cent, against 6.65 per cent earlier. For 2 years to less than 3 years, it raised rate by 10 bps to 6.75 per cent. It did not change the rate for short-term maturity buckets (up to 1 year).

Tweaking the bulk deposits rates, SBI said the new rate for 45-179 days' bucket would be down by 45 bps at 6.25 per cent. In 1 year to less than 2 years, the revised rate would be down by 30 bps at 6.70 per cent. The bank jacked up the rate for 5 years to less than 10 years.

SBI's term deposits stood at Rs 14.12 trillion at the end of March 2018. Its cost of deposits declined to 5.30 per cent in March 2018, from 5.84 per cent in March 2017.

Financial Express

3. Salary hike rejected! After opposing minuscule 2% hike, bank unions now reject IBA's this revised offer

In the May 5 round of negotiations, the IBA had offered a meagre 2 per cent wage hike. Banks unions did not accept the offer and went on a two-day strike starting May 30

By: PTI

Apex banking lobby Indian Banks Association (IBA) today offered to increase the wages of over three dozen bank employees by six per cent, compared with the two per cent hike offered earlier, bank unions said today. However, unions, under the banner of United Forum of Bank Unions (UFBU), rejected the offer again, but said they are open for further negotiations.

"IBA improved the offer from two per cent to six per cent. UFBU has rejected the offer but have agreed to continue to negotiate," UFBU convener for Maharashtra, Devidas Tuljapurkar, said after the 13th round of wage negotiations with IBA today.

He said bank unions are demanding a 25 per cent hike and the IBA has agreed to have fresh discussions on the issue by the end of August. Close to 37 banks, including public, private and foreign banks, have mandated the IBA to decide on wage hikes for their employees.

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

In the May 5 round of negotiations, the IBA had offered a meagre 2 per cent wage hike. Banks unions did not accept the offer and went on a two-day strike starting May 30. Banks' management had justified the nominal hike citing huge losses incurred by in the past few quarters.

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

4. RBI interest rate setting panel starts 3-day meet

The 6-member Monetary Policy Committee (MPC), headed by RBI Governor Urjit Patel, started three-day deliberations here today to decide on the key interest rate amid elevated oil prices and inflation hovering around 5 per cent

By: PTI

The 6-member Monetary Policy Committee (MPC), headed by RBI Governor Urjit Patel, started three-day deliberations here today to decide on the key interest rate amid elevated oil prices and inflation hovering around 5 per cent. Experts are divided in their opinion about the likely action of Reserve Bank of India on the benchmark lending rate. While some said the central bank will maintain status quo on Wednesday, others did not rule out another rate hike. The MPC is meeting for the third bi-monthly Monetary Policy Statement for 2018-19.

The resolution of the MPC will be made public in the afternoon of August 1. RBI had increased the benchmark short term lending rate (repo rate) by 0.25 per cent to 6.25 per cent in its last policy review in June on inflationary concerns. 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). Experts also opined that the government's decision to substantially hike the minimum support price for Kharif crop will have adverse impact on inflation. While crude oil prices have come off the three year high, they continue to be volatile threatening inflation and current account deficit.

In a research report, India's largest bank SBI said that the 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," it said. The only reason for a rate hike by RBI at this juncture might be to "sate 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/state governments.

Edelweiss Securities 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.

Economic Times

5. Former Religare CEO's NBFC raises Rs 1,000 crore from UHNIs

By Indulal PM

Chokhani Securities, controlled by former Religare chief executive Shachindra Nath, has raised about Rs 1,000 crore by selling stakes to large private equity firms, ultra high-net worth family offices and some long-only institutional investors in a sign of global appetite for Indian financial services businesses.

Samena Capital, New Quest, EIP Global Fund, which was founded by former JP Morgan executive Sridhar Chitalya, Citigroup and Wells Fargo have invested in Chokhani. Family offices of the erstwhile promoter of Luminous, Rakesh Malhotra, former Standard Chartered ace banker Jaspal Bindra and Aditya Himatsingka of the Himatsingka family also invested in this round of fund raising.

"The funds will be used for building an SME Focused business for select segments of the SME lending market," said Nath, founder and managing director at Chokhani Securities. "The fund raising will create a great capital base. Some of the large globally recognised high-quality family institutions have backed us," Nath said. Financial services witnessed a total investment of \$1.3 billion in 2017, nearly doubling from \$713 million raised during the same period a year ago, according to data compiled by Thomson Reuters.

Some other investors in Chokhani include Manoj D Rajani, the Taparia family office of the erstwhile promoters of Famycare, and Chattishgarh Investment, the investment vehicle of Kamal Sarda of Sarda Energy and Mineral. This capital raise is among the largest ever done by a professional entrepreneur

in NBFCs built by local talent. Among the others are those set up by Anshu Jain, Global CEO of Detuche Bank led Incred, and Gunit Chaddha's APAC. This is the first in the form of a listed NBFC.

For last two years, Shachindra Nath has been running his own investment firm Poshika through which he has done investments in fintech firms. Poshika acquired control as the new promoter of Chokhani Securities from its erstwhile owners and made an open offer to public shareholders. The deal also involves the merger of the lending business of another NBFC, Asia Pragati Capfin, with Chokhani via an all-stock transaction. The company is currently raising capital through a QIP, which opened on July 10 and is expected to close soon, sources said.

Business Line

6. Central Bank of India loss widens to ₹1,522 cr

OUR BUREAU

A sharp jump in loan-loss provisions and lower 'other income' widened Central Bank of India's net loss to ₹1,522 crore in the first quarter ended June 30, 2018, against ₹577 crore in the year-ago period.

While other income was up 26 per cent year-on-year (y-o-y) at ₹1,678 crore in the reporting quarter, other income declined 68 per cent y-o-y to ₹213 crore.

Loan-loss provisions more than doubled to ₹2,538 crore in the reporting quarter, against ₹1,029 crore in the year-ago quarter.

During the quarter under review, the public sector bank's gross non-performing assets (GNPAs) increased by ₹647 crore to ₹38,778 crore.

Cash recovery

While GNPAs rose to 22.17 per cent of gross advances as of June-end 2018 against 21.48 per cent as of March-end 2018, net NPAs declined to 10.58 per cent of net advances against 11.10 per cent earlier. The bank said it made a robust cash recovery of ₹1,414 crore in the reporting quarter, against ₹943 crore in the year-ago quarter.

Up gradation in assets was higher at ₹535 crore (₹85 crore in the year-ago period).

Deposits, advances

Total business, including deposits and advances, was up a shade at ₹4,68,535 crore as of June-end 2018, against ₹4,66,360 crore as of June-end 2017.

With kind regards,

Yours Comradely,



(N. GOVINDRAJULU)
GENERAL SECRETARY