



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

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Dear Comrades,

23rd May, 2018

### News of Interest 23rd MAY

#### MOTIVATIONAL QUOTES

'CHALLENGING THE MEANING OF LIFE IS THE TRUEST EXPRESSION OF THE STATE OF BEING HUMAN. VIKTOR E. FRANKL'

#### HIGHLIGHTS

1. STATE BANK OF INDIA POSTS RECORD LOSS OF RS 77 BN IN Q4; STOCK RISES 3.7%
2. STATE BANK OF INDIA SET TO SELL STAKE IN INSURANCE ARM SOON
3. INCOME TAX: DEADLINE FOR FILING BELATED ITR OF ASSESSMENT YEAR 17-18 IS OVER
4. SERVICES TO BE IMPACTED ON MAY 30-31 IF BANK UNIONS GO ON STRIKE, SAYS SBI
5. UNITED INDIA INSURANCE POSTS ₹ 1,003-CRORE PROFIT IN FY18

#### Business Standard

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#### 1. State Bank of India posts record loss of Rs 77 bn in Q4; stock rises 3.7%

Surge in provisions for NPAs, erosion in value of investments take toll

Abhijit Lele

The country's largest lender, State Bank of India (SBI), posted its highest-ever net loss of Rs 77.18 billion for fourth quarter ended March 2018 (Q4) as asset quality worsened and it made large provisions for bad loans. The higher provisions for the erosion in the value of the bond portfolio due to hardening yields and wage revision, and enhancement in the gratuity ceiling (Rs 9 billion) added to the losses.

This was the second consecutive quarterly loss in 2017-18 for SBI. The bank had posted a net loss of Rs 24.16 billion in the December 2017 quarter (Q3FY18).

Its March 2017 quarter (Q4FY17) reported net profit at Rs 28.14 billion, which however does not include the financials of subsidiaries and Bharatiya Mahila Bank, which were merged into SBI on April 1, 2017. Adjusting for these mergers, SBI's net loss stood at Rs 34.42 billion for the March 2017 quarter. The loss figure for the recently concluded quarter would have been bigger had it not been for the tax reversal of nearly Rs 45 billion.

For the full year, SBI reported a net loss of Rs 65.47 billion, as against a net profit of Rs 104.84 billion in 2016-17. Adjusting for the merger, SBI would have reported a net loss of Rs 18.05 billion in 2016-17.

Rajnish Kumar, chairman, SBI, said, "Financial year 2017-18 has been a difficult year for the Indian banking industry and SBI is not an exception to it. The numbers for 2017-18 reflect the combined performance of parent and merged entities."

The bank has made a one-time provision for mark-to-market (MTM) losses on the bond investments in Q4 and decided not to avail the benefit of dispensation (to spread such provisions over four quarters), Kumar said.

Its asset quality profile took further knock in the fourth quarter as the bank had to reclassify standard restructured loans (about Rs 56 billion) as non-performing assets (NPAs) to meet the Reserve Bank of India's (RBI's) revised norms for restructured loans. The banking regulator, through its circular on February 12, had scrapped various restructuring scheme, including strategic debt restructuring (SDR).

Thus, provisions for NPAs more than doubled to Rs 240.80 billion in Q4, against a comparable figure of Rs 193.23 billion a year ago (adjusted for the mergers). Gross NPA ratio for the quarter was at 10.91 per cent, against 9.11 per cent a year ago and 10.35 per cent in the third quarter.

The gross NPA stood at Rs 2.23 trillion, against Rs 1.99 trillion in the December quarter, indicating slippage of about Rs 242.86 billion in a quarter. At current levels, the gross NPA is a shade lower than SBI's market cap of Rs 2.27 trillion. Gross NPAs were at Rs 1.78 trillion in the year ago quarter. The watch list, reflecting pool of vulnerable loans, which could turn into NPAs, at start of FY19 is Rs 258.02 billion.

After provisioning, net NPA ratio was at 5.73 per cent for quarter ended March, against 5.19 per cent a year ago and 5.61 per cent in the December quarter. The provision coverage ratio (PCR), including written-off accounts, increased to 66.17 per cent as of March 2018 from 61.53 per cent as of March 2017. SBI expect certain big cases referred to the NCLT (National Company Law Tribunal) to get resolved in the next two quarters. The first list of NCLT cases involves an exposure of about Rs 500 billion.

The bank's treasury operations incurred a loss of Rs 33.5 billion in the fourth quarter, against loss of Rs 32.55 billion in the third quarter of 2017-18.

Turning to its earnings from loans, the chairman said net interest income (NII) declined by 5.18 per cent from Rs 210.65 billion in Q4FY17 to Rs

199.74 billion in Q4FY18, contributed mainly by reduction in MCLR & Base Rate (the benchmark lending rates for customers) and increase in NPAs. The bank had to reverse interest income on some loans which were declared as NPA.

The net interest margin (NIMs) in domestic business declined by 26 basis points from 2.93 per cent for quarter ending March 2017 to 2.67 per cent in Q4FY18, while sequentially it went up by 6 bps from 2.61 per cent.

For FY18, NIMs were at 2.50 per cent, down from 2.74 per cent a year ago. With much of provisioning done and growth in loan book, SBI expects NIM to be around 2.75 per cent.

Non-interest income rose by 2.23 per cent from Rs 122.22 billion in Q4FY17 to Rs 124.95 billion in Q4FY18, driven mainly by higher fee income and recovery in written off accounts.

SBI's gross advances were up by 4.91 per cent from Rs 19.52 trillion in March 2017 to Rs 20.48 trillion at end of March 2018. Bank has indicated 10 per cent growth in loan book during FY19 on the back of accelerating economic growth.

While expanding loan book, it will not poach into banks under the prompt corrective action plan, and instead compete hard with private sector players for garnering corporate and retail loans, Kumar said.

Retail loans are among the key highlights, given the 13-15 per cent increase in the loans to segments such as home, auto and personal. Along with SME and agri loans, the retail loan share is 57 per cent and is driving the bank's asset growth.

The deposits showed a year-on-year growth of 4.68 per cent at Rs 27.06 trillion at end of March 2018. SBI is looking at 9 per cent growth in deposits in FY19 with focus on increasing share of low-cost deposits comprising savings and current accounts (CASA). The share of CASA in total deposits grew to 45.68 per cent at end of March 2018, from 44.4 per cent a year ago.

A decline in top-line meant that its cost-to-income ratio inched up in FY18. However, the focus on digital initiatives and a growing loan book should help improve this metric in FY19.

The bank's capital adequacy ratio stood at 12.60 per cent, while its core equity ratio was at 9.68 per cent. It plans to raise upto Rs 200 billion in FY19 through retained earnings, sale of non-core asset and issuing additional tier-I bonds upto Rs 80 billion.

At close of trading, SBI's share price was up 3.7 per cent, to Rs 254 a piece on BSE.

## **2. State Bank of India set to sell stake in insurance arm soon**

The bank is planning to sell its stake in SBI General Insurance, SBI Card and SBI Capital Market

[Press Trust of India](#)

State Bank of India Chairman Rajnish Kumar on Tuesday said the lender is looking to sell stakes in some of its subsidiaries over the next two years.

"All our subsidiaries have done exceedingly well. They hold large value which is waiting to be unlocked. We have plans to unlock that potential in the current as well as in the next year," Kumar said.

The bank is planning to sell its stake in SBI General Insurance, SBI Card and SBI Capital Market, he said.

Last year, the lender had listed its life insurance arm, SBI Life Insurance.

Kumar said the bank is looking to bring in a partner for SBI Capital Markets (SBI Caps).

"This year we will be looking at bringing in a partner for SBI Caps. We will be shedding around 24-49 per cent stake," he said.

The bank is in the process of merging the project advisory business of SBI Caps with the bank.

"There was lot of duplication of project finance business of SBI and SBI Caps. The intent is to eliminate that duplication. We are looking at SBI Caps as a pure investment bank," Kumar said.

SBI's managing director (risk, IT and subsidiaries), Dinesh Khara, said the bank is looking at selling around 3-5 per cent stake in SBI General Insurance this year.

"We have to look at what value we get at that time," he said.

## **Financial Express**

### **3. Income Tax: Deadline for filing belated ITR of Assessment Year 17-18 is over**

Employees need to submit Form 12BB to their employer, mentioning the property owner's name, address and the PAN.

By: Suraj Nangia

\* I am senior citizen. I have some FDs in a bank. I had submitted 15H form in April 2016, but the bank staff has missed that form. In April 2018 I got to know that some money has been deducted as TDS. Can I file IT return online for FY 2016-17?

—S Sudha

In case of deduction of TDS due to failure in filing of the Form 15G/15H or any error at the bank's end, the taxpayer may seek refund of the tax so deducted only by filing the income tax return (ITR). The ITR should be filed electronically within the due date July 31 of the relevant Assessment Year (as in your case). However, if the due date is missed, a belated return can be filed before the end of the relevant assessment year. For AY 2017-18, the taxpayers had to file ITRs before the end of the relevant assessment year, i.e., by March 31, 2018. Thus, the time limit of filing the return of income has expired in your case and there is no procedure to file ITR now. And, manual filing of ITRs was done away with long ago.

\* I was employed till March 2017. Currently, I am not employed and studying. While filling return if I mention rent paid during FY16 and 17 and insurance premium paid, then should I have to send the receipts of rent and premium to income-tax department or to my previous employer?

—Tanmayshelar

The due date of filing of return for the previous year 2016-17 was July 31, 2017. However, a belated return could have been filed by the end of the relevant assessment year, i.e., March 31, 2018. In your case both the time limits have expired and thus, you shall not be allowed to file the return. Further, no documentary evidence for the expenses incurred are required to be submitted to the tax department at the time of filing the return. However, it is advisable to retain the relevant documents in case the tax officer requires it to be furnished during scrutiny assessment.

\* Is it mandatory to submit landlord's PAN to claim HRA?

—Deepak Arora

Employees need to submit Form 12BB to their employer, mentioning the property owner's name, address and the PAN. If you are paying rent of more than ` 1 lakh per annum, it is mandatory to report PAN of the landlord to claim HRA allowance. If the landlord does not have a PAN, a declaration to this effect from the landlord with name and address of the landlord can be submitted. This declaration can only be furnished to the employer if your landlord does not have a PAN and not in any other case.

## **Economic Times**

### **4. Services to be impacted on May 30-31 if bank unions go on strike, says SBI**

PTI

The country's largest lender SBI today said its services may be impacted on May 30-31 if the proposed strike by various bank employees' unions takes place.

The bank unions have been pressing for various demands, including wage revision in the wake of the proposal for a 2 per cent hike in salary.

State Bank of India said the Indian Banks' Association (IBA) has communicated to the bank that the United Forum of Bank Unions (UFBA) has served a notice to go on a nationwide bank strike on May 30-31, 2018.

UFBU is an umbrella body of various bank unions like AIBEA, AIBOC, NCBE, AIBOA, BEFI, INBEF, INBOC, NOBW and NOBO.

"All India State Bank Officers' Federation and All India State Bank of India Staff Federation are members of UFBU. Thus, it is likely that our bank will also be impacted to some extent by the said strike calls," SBI said in a regulatory filing.

According to an UFBU circular, earlier on May 16, it gave a memorandum to IBA followed by demonstrations. It also gave memorandum to the finance ministry and labour ministry.

Tomorrow, it is slated to give a memorandum to the secretary of the Department of Financial Services. Subsequently, demonstrations have been planned at bank branches in all centres before the two-day strike commences at month-end.

The call of the strike among others also opposes IBA's delay in resolving a charter of demands, government's casual approach to wage revision for bank employees, a meagre offer of 2 per cent hike in wage revision.

UFBU has demanded an expeditious and early wage revision settlement, adequate increase in salary and improvement in other service conditions and wage revision settlement to include all officers up to scale VII.

Several others banks, including Bank of Baroda, Canara Bank and Punjab and Sind Bank (PSB), have also said that their services and functioning are likely to be impacted if the strike takes place.

"If the strike materialises, a certain section of the Bank's employees may participate in strike on the said date, in which case, it is likely that the normal functioning of the branches / offices of the Bank may get affected," PSB said last week.

The bank said it is taking all necessary steps in terms of the existing guidelines to deal with the strike and for smooth functioning of Bank's branches/offices.

## **Business Line**

### **5. United India Insurance posts ₹ 1,003-crore profit in FY18**

OUR BUREAU

Cuts underwriting losses by almost half

Public sector general insurer United India Insurance Company (UIIC) has reported a profit after tax of ₹1,003 crore for the year 2017-18, compared with a loss of ₹1,914 crore in the previous fiscal, thanks to significantly lower underwriting losses.

In 2017-18, the underwriting losses fell by almost half to ₹2,542 crore from ₹4,444 crore in 2016-17.

In FY17, the company had to make a huge technical provision at one go, and hence, the underwriting losses were huge, which led to the company reporting a net loss of ₹1,914 crore. In 2017-18, net incurred claims were lower at ₹12,138 crore (₹12,881 crore in FY17), while expenses dropped to ₹2,598 crore (₹2,969 crore). Combined ratio (a measure of insurer profitability) of UIIC stood at 119.77 per cent against 136.94 per cent in 2016-17. Its investment income zoomed to ₹3,770 crore from ₹2,532 crore.

The second-largest general insurer in the country managed to take the solvency ratio to 1.54 per cent (1.5 per cent is stipulated by the regulator) during FY18 against 1.15 per cent as of March 31, 2017.

"This was achieved by measures such as underwriting control, focus on better-priced products and raise of subordinated debt of about ₹900 crore," said MN Sarma, Chairman-cum-Managing Director, UIIC.

Its gross premium income grew by 9 per cent at ₹17,430 crore (₹16,063 crore), while net premium income stood at ₹12,861, up from ₹12,032 crore.

#### Health business

Sarma admitted that company's gross premium income growth was lower than the industry average of about 15 per cent. This was due to the decision to move away from certain group health business where pricing was under severe pressure and that posed a threat to profitability.

The company had to give up about ₹800 crore worth of group health business due to inadequate pricing. But he asserted that health would continue to drive the growth of the company along with motor and crop segments, going forward.

In the health segment, the company is planning to come out with a few products which will have sum assured levels of ₹25 lakh, ₹50 lakh and also ₹1 crore with several features, this fiscal.

During the current fiscal, UIIC is targeting gross premium income growth of 10-12 per cent.

With kind regards,

Yours Comradely,



**(N. GOVINDRAJULU)**  
**GENERAL SECRETARY**