



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

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Dear Comrades,

14th November , 2018

News of Interest 14th NOV

MOTIVATIONAL QUOTES

'LET ME DEFINE A LEADER. HE MUST HAVE VISION AND PASSION AND NOT BE AFRAID OF ANY PROBLEM. INSTEAD, HE SHOULD KNOW HOW TO DEFEAT IT. MOST IMPORTANTLY, HE MUST WORK WITH INTEGRITY. '

A. P. J. ABDUL KALAM

HIGHLIGHTS

1. RBI MAY KEEP REPO RATE UNCHANGED IN REST OF FY19: REPORT
2. UNION BANK OF INDIA TURNS 100
3. CORPORATION BANK REPORTS □ 103-CR PROFIT IN Q2
4. PM MODI TO LAUNCH BANKING SOLUTION FOR 2 BILLION PEOPLE WITHOUT BANK ACCOUNTS GLOBALLY; KEY THINGS TO KNOW
5. RBI MAY PULL OUT NOMINEES FROM PSBS IF GOVT SEEKS EASY PCA RULES

Business Line

1. RBI may keep repo rate unchanged in rest of FY19: Report

PTI

With headline inflation expected to remain benign in the second half of the current fiscal, a report on Monday said that the Reserve Bank of India (RBI) is likely to keep repo rate, or the rate at which it lends to the banks, unchanged in the rest of the fiscal.

The Consumer Price Index (CPI)-based inflation fell to a one-year low of 3.31 per cent in October 2018, from 3.7 per cent in September 2018 and 3.58 per cent in October 2017.

The retail inflation number is the lowest since September 2017 when it had touched 3.28 per cent.

"Given the strong focus of the MPC (monetary policy committee) on the headline inflation print, which should remain benign for the rest of second

half of FY19, we see limited scope for rate hikes in the rest of FY19," the Kotak Economic Research report said.

It expects headline inflation to be in the range of 2.8-4.3 per cent.

It can be noted that the apex bank had maintained a status quo in its October policy review after two consecutive rounds of rate hikes of 0.25 per cent each. The repo rate currently stands at 6.5 per cent.

The report, however, said it remains watchful of the upside risks to inflation emanating from pass-through of Minimum Support Prices (MSPs), adverse movement in crude oil prices, volatility in global financial markets, lagged impact of the Rupee weakness on input prices, adverse implications from fiscal slippage and staggered impact of HRA increases by states and its second-round impact.

"However, the seemingly structurally benign food inflation along with softening growth should help in capping the upside pressures, thereby providing the RBI the comfort of staying on pause mode in the foreseeable future," it noted.

CPI inflation eased to 3.31 per cent in October, primarily led by contraction of 0.9 per cent in food inflation amid sharp drop in prices of vegetables and pulses.

On a sequential basis, food inflation contracted by 0.5 per cent month-on-month after contracting by 1.1 per cent in September.

Prices of fruits, vegetables, pulses, sugar and eggs continued to fall on a monthly basis.

Core inflation (including petrol and diesel) hardened to 6.1 per cent in October from 5.7 per cent in September due to increase in prices in segments such as household goods and services, health and personal care.

2. Union Bank of India turns 100

OUR BUREAU

Union Bank of India on Sunday celebrated its 100th Foundation Day in Mumbai. Established on November 11, 1919, the bank's corporate office in Mumbai was inaugurated by Mahatma Gandhi.

Inaugurating the centenary year celebrations through video-conference, Union Finance Minister Arun Jaitley recalled the history of the bank and commended its role in nation building.

Maharashtra Chief Minister Devendra Fadnavis, Union Minister of State for Finance Shiv Pratap Shukla, and Additional Secretary in the Department of Financial Services, Dakshita Das, attended the celebrations.

India Post released a postal stamp to commemorate the centenary year of Union Bank of India while Fadnavis released a coffee table book *A Century of Trust* issued by the bank.

The bank also launched two new variants of debit and credit cards, a new mobile banking app and a web and tab-enabled module for credit to the MSME sector.

3. Corporation Bank reports ₹103-cr profit in Q2

OUR BUREAU

Corporation Bank registered a net profit of ₹103.01 crore in the second quarter of 2018-19 as against a loss of ₹1,035.2 crore in the corresponding period of 2017-18.

The bank's unaudited (reviewed) financial results for the second quarter, which was submitted to the stock exchanges, put the provisions (other than tax and contingencies) at ₹808.32 crore (₹2668.81 crore). Of this, the provisions for non-performing assets (NPAs) were at ₹728.56 crore (₹2535.95 crore) during the period.

Provision coverage ratio of the bank was at 65.47 per cent as on September 30.

The gross NPA increased to ₹21,714.16 crore during the second quarter of 2018-19 from ₹20,684.87 crore in the corresponding period of the previous fiscal. The net NPA stood at ₹13,534.01 crore (₹13,082.59 crore).

In percentage terms, the gross NPA stood at 17.46 per cent (15.28 per cent), and net NPA at 11.65 per cent (10.24 per cent) during the second quarter.

The net interest income of the bank stood at ₹1,457.60 crore during the quarter against ₹1,239.04 crore. The other income came down to ₹246.23 crore (₹718.10 crore).

The bank recorded a net profit of ₹187.97 crore in the first six months of the fiscal 2018-19 as against a loss of ₹975.05 crore in the corresponding period of the previous fiscal.

On Tuesday, the scrip of Corporation Bank closed at ₹27.40 on BSE, up 0.92 per cent, against the previous close of ₹27.15.

Financial Express

4. PM Modi to launch banking solution for 2 billion people without bank accounts globally; key things to know

By: PTI

Prime Minister Narendra Modi will address some 30,000 people at the world's largest gathering of financial technology companies in Singapore this week and launch a banking solution for two billion people without bank accounts worldwide. Prime Minister Modi will be in Singapore from November 14 to 15 to attend a series of summits, including the East Asian summit and ASEAN meetings.

He is scheduled to speak at the Fintech Festival which has the largest gathering of global Fintech companies and delegates ranging from the industry leaders to smaller start-ups. He will address 30,000 people at the festival, the biggest event of its kind in the world, the organisers said.

India with 400 exhibitors is the largest contingent at the event. Modi will launch APIX, a banking technology designed to reach two billion people worldwide who are still without bank accounts.

Designed by software experts based in Hyderabad, Colombo and London, APIX is a sophisticated technology by Boston-headquartered Virtusa, especially for smaller banks, Tier 3 and 4, to reach out to people in the remote regions.

The Prime Minister will be launching the technology at the invitation of Monetary Authority of Singapore, the International Finance Corp of the World Bank and

the ASEAN Banking Association, said Nikhil Menon, Virtusa's senior vice president and Asia regional head.

APIX will support banks to reach out to those without bank accounts in 23 countries including the 10 ASEAN members as well as major markets such as India, and small nations including Fiji, said Menon. Supporting Modi's presence at the festival is India Pavilion of 18 companies. Eight of these companies are from Mumbai. The Pavilion is organised by the state-owned Maharashtra Information Technology Corp Ltd (MahaIT).

Mumbai Fintechs at the festival are seeking opportunities in the global markets, said MahaIT Fintech Officer Suniti Nanda. "Mumbai, as a financial hub, is also a gateway for international fintech companies to enter the Indian market," Nanda said, adding that the festival gives opportunities both to understand global market requirements and present the potential of large-scale Indian consumers.

Malaysian fintechs have expressed interest in joining Indian fintechs to venture into India, according to Tushaar Shankar, co-founder of Mumbai-based Phi Commerce which is presenting PayPhi, a three-year old cashless system of making payments. PayPhi is a socio-economic platform enabling the simple villager to dweller in metro to make payment, he said.

The Malaysians want to tap the online buying power for Indian consumers, he said. "We are also participating in the festival to get deeper understanding of the global market," said Shankar. He also highlighted that India has been drawing global fintechs' interest as it has emerged as one of the largest system-based payment markets.

Economic Times

5. RBI may pull out nominees from PSBs if govt seeks easy PCA rules

By Dheeraj Tiwari

The Reserve Bank of India may seek to withdraw its nominees from the boards of public sector banks, reiterating its earlier stand, if the government insists on loosening the prompt corrective action (PCA) framework imposed by the regulator on stressed state-run lenders.

The government is likely to push for an easier PCA framework at the November 19 RBI board meeting, along with lowering of capital requirements to align them with global norms so that banks have an additional Rs 6 lakh crore to lend, giving an impetus to credit offtake and driving growth and job creation.

"If the government wants a relaxation on all fronts, the central bank should be at an arm's length from the functioning of the executive, and any results thereafter," said an official aware of deliberations between the two sides ahead of the meeting.

ET reported earlier that the government has raised nearly a dozen issues citing Section 7 of RBI Act, under which it can give directions to the regulator, after consulting the governor, in public interest. The section of the Act has never been used before, reflecting the degree to which relations have deteriorated.

NOMINEE DIRECTORS

RBI nominees on the boards of state-run banks are on the management committees that decide on credit proposals above a threshold.

Earlier this year, Reserve Bank governor Urjit Patel had told a parliamentary committee that the central bank was in talks with the government on withdrawing its nominees from the boards of state-run lenders.

It was of the view that RBI nominees should not be on the management committee to avoid conflicts of interest, said a government official, adding that the finance ministry had turned the proposal down. Patel had also reportedly told the committee that the RBI didn't have adequate powers to regulate state owned lenders.

CAPITAL RULES

The government is expected to seek the alignment of capital regulatory norms with Basel III norms, reasoning that RBI's guidelines are stricter than the international framework by 100 basis points, or one percentage point. The minimum common equity (CET) tier-I ratio as prescribed by RBI is 5.5% against 4.5% under Basel norms.

The government estimates that this could free up Rs 6 lakh crore for lending without any additional requirement for provisioning, said people with knowledge of the matter. The government will cite a 2015 report of the Basel Committee on Banking Supervision (BCBS) that said "several aspects of the Indian framework are more conservative than the Basel framework."

These include higher minimum capital requirements and risk weightings. For instance, consumer credit loans including personal loans and credit cards have been assigned a maximum of 125% risk weight as compared with 75% in the Basel framework. Also, the Basel norms apply to internationally active banks, while India has it for all scheduled commercial banks.

As per BCBS, India has only four internationally active banks that have more than 10% of assets in the overseas book.

The government has maintained that higher capital norms translate into additional capital requirements, restricting lending potential and income generation.

The Basel norms also allow public sector enterprises to be treated on par with banks or sovereigns but the Indian regulator puts them at par with other corporates in terms of risk weights.

Besides, the Basel norms require a capital conservation buffer (CCB) to be built up in times of normalcy while RBI required Indian banks to build their buffer from FY16, a period of stress. Banks are required to build up a CCB of 2.5% by end of FY19.

With kind regards,

Yours Comradely,



(**N. GOVINDRAJULU**)
GENERAL SECRETARY