



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

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Dear Comrades,

27th November, 2018

News of Interest 27th NOV

MOTIVATIONAL QUOTES

“YOUR TRUE SUCCESS IN LIFE BEGINS ONLY WHEN YOU MAKE THE COMMITMENT TO BECOME EXCELLENT AT WHAT YOU DO”.

BRIAN TRACY

HIGHLIGHTS

1. RBI REDUCES HEDGING REQUIREMENTS FOR ECBS OF 3-5 YEARS TO 70% FROM 100%
2. YES BANK'S KAPOOR FAMILY REPAYS RS 4 BILLION TO TWO MUTUAL FUNDS
3. DEBT CONCERNS RISE AS 18 PSU BANKS' WRITE-OFFS SHOOT UP 41.5% TO RS 9,116 CRORE IN Q2
4. RBI AND GOVERNMENT DO NOT HAVE TO AGREE ON EVERY SINGLE ISSUE: ARUN JAITLEY
5. IFCI GETS RS.492 CR FOR BINANI CEMENT RESOLUTION UNDER IBC

Business Standard

1. RBI reduces hedging requirements for ECBs of 3-5 years to 70% from 100%

The hedging reduction would help Indian firms borrow funds relatively cheaply as hedging cost added up substantially to the final cost

Anup Roy | Mumbai

The Reserve Bank of India (RBI) on Monday reduced hedging requirements for external commercial borrowings (ECBs) of 3-5 years to 70 per cent from 100 per cent.

At the time of rollover of the existing hedges, the mandatory limit would be reduced to 70 per cent automatically, the RBI said in a notification on its website.

The hedging reduction would help Indian companies borrow funds relatively cheaply as hedging cost added up substantially to the final cost.

For example, the hedging cost for one-year borrowings would be around 5 per cent, which adds to the interest rate. If 70 per cent of the loan is hedged, a substantial portion of the requirement is saved.

"The RBI is listening to the government, which wanted cost of funds for corporates to come down. This move will certainly help bring down the cost from overseas sources for India companies," said the CFO of a large company asking not to be quoted.

This will particularly help companies with a substantial portion of natural hedging, or those that earn in foreign currency.

The external hedging requirement could become almost zero or thereabout for some of these firms, said a rating agency executive.

Besides, demand for the forward dollars also gets reduced to some extent and may help rupee strengthen in that segment. Hedging is essentially contracting forward dollars.

The RBI wanted companies to be fully hedged as unhedged dollar exposures were a risk for banks' lending to these companies. The RBI had also told banks to make the loans costly for companies that are not fully hedged.

Hence, scaling back the hedging requirement may look surprising, but it is not unusual.

Globally, hedging requirement is around 50 per cent for most emerging market countries that are exposed to global currency swings.

2. YES Bank's Kapoor family repays Rs 4 billion to two mutual funds

Rana Kapoor had said he did not intend to sell his holding in the bank, even after he leaves the bank

[Press Trust of India](#) |

Entities linked to one of the promoters of Yes Bank have paid Rs 4 billion to two mutual funds from whom they had raised funds by pledging shares.

The entities are understood to be linked to the close family members of Rana Kapoor, the chief executive and one of the promoters of the bank.

While Rana Kapoor and his family own 10.7 per cent, Madhu Kapur, his sister-in-law and the widow of the 26/11 victim Ashok Kapur and her family, own around 9 per cent in the fifth largest private sector lender.

The Kapoor family paid Rs 2 billion each to Reliance Mutual Fund and Franklin Templeton Mutual Fund, sources said Monday, adding this was a prepayment of the due amount.

With this payment, the overall outstanding of the promoter group's borrowing has come down to Rs 14 billion, they added.

The promoter group entities are understood to have borrowed by pledging shares for investing in other ventures and have paid off once the adequate liquidity was available, they said.

After the Reserve Bank of India (RBI) in September shot down a three-year-term re-appointment of Rana Kapoor as MD and CEO, to January 31, 2019, the share price of the bank has more than halved, which raised concerns among the mutual funds, as the shares were the primary security against which the loans were given and fund houses feared booking mark-to-market losses.

Kapoor reportedly invited the regulatory ire after the bank had under-reported NPAs worth over Rs 100 billion for consecutive years in FY16 and FY17. The monetary authority officially gave no reason for its decision though.

The overall security cover is valued at Rs 50 billion at the current stock price, which is over three times the outstanding, the sources claimed. Though it is not exactly known at what price the shares were trading when they were pledged or when the money was raised.

Kapoor had said he did not intend to sell his holding in the bank, even after he leaves the bank.

A news report Monday said there was no breach of covenants in borrowing against shares done by the promoters/promoter family and added the scrip may witness choppy trade.

Financial Express

3. Debt concerns rise as 18 PSU banks' write-offs shoot up 41.5% to Rs 9,116 crore in Q2

Indian Bank saw the steepest climb in write-offs that jumped 672% y-o-y to Rs 1,258 cr.

By: [Shritama Bose](#)

Loans written off by a clutch of 18 large and mid-sized public sector banks in the July-September quarter of FY19 rose 41.5% year-on-year (y-o-y) to over Rs 9,000 crore, showed data compiled by FE.

The reduction in non-performing assets (NPAs) due to write-offs stood at Rs 9,116 crore in Q2FY19, against Rs 6,440 crore in Q2FY18.

According to Reserve Bank of India (RBI) guidelines and policy approved by banks' boards, NPAs, including those in respect of which full provisioning has been made on completion of four years, are removed from the balance sheets of banks by way of write-offs.

Write-offs are part of a regular exercise by banks to clean up their balance sheets and avail tax benefits. Borrowers of written-off loans continue to be liable for repayment and banks keep up efforts to recover them. If

recoveries are made from written-off accounts, they get reflected in banks' non-interest income.

Indian Bank saw the steepest climb in write-offs, which jumped 672% y-o-y to Rs 1,258 crore in Q2FY19. It was followed by IDBI Bank, which saw a 475% rise in write-offs to Rs 115 crore during the July-September quarter. State Bank of India (SBI), the country's largest lender, had written off loans worth Rs 13,537 crore during Q2FY19, up 30.5% from Rs 10,371 crore a year ago.

Bank of Baroda (BoB), Bank of India (BoI), Allahabad Bank and Andhra Bank were the only four lenders among the 18 that recorded a y-o-y drop in write-offs for the September quarter. BoB's write-offs stood at Rs 1,287 crore during Q2FY19, lower 27% y-o-y, while BoI's write-offs declined 94% y-o-y to Rs 161 crore.

Allahabad Bank wrote off loans worth Rs 429 crore and Andhra Bank worth Rs 177 crore, down 44% y-o-y and 14% y-o-y, respectively. In August, FE had reported that write-offs made by 21 PSBs rose 57% y-o-y in FY18 and crossed the Rs 1-lakh-crore mark. While it is possible banks may recover some of this money, the write-offs are expected to be sizeable in the current year too. The hits will come following the insolvency proceedings initiated for 40-odd large companies to which lenders have a total exposure of Rs 2.4 lakh crore, and some large power assets.

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Economic Times

4. RBI and government do not have to agree on every single issue: Arun Jaitley

ET Now|

In an exclusive interview with **Times Now**, **Finance Minister Arun Jaitley** says a difference in perspective does not mean an institutional failure. In a democracy, everybody need not agree at the same time on complex issues.

Edited excerpts:

On RBI vs Govt controversy

I do not believe that the central bank and the finance ministry can agree on every issue. They need not disagree on every issue. But by a process of consultation and discussion at various levels, whatever we have done is to ensure that consultations take place. Let me put the record straight. Consultations have taken place at the level of the prime minister on several occasions. They have taken place at my level on innumerable occasions. They have taken place at my level on innumerable occasions. They take place at the level of the secretaries on several occasions.

Let me just define the elements – there are some issues which are completely in the domain of the government; some issues are completely in the domain of the

central bank. There is no dispute. Ultimately after consultation, you exercise your respective functions. In some areas, the policy is laid down by the government. Certain measures have to be taken by the central bank. There has to be a coordination between the two. Therefore, a difference in perspective does not mean that it is an institutional failure. In a democracy on complex issues, everybody need not agree at the same time.

On Raghuram Rajan who was picked by the UPA government

Arun Jaitley: Not in the least. I have maintained utmost courtesies with the institution as also with the individuals who have manned this institution. **But he resigned.**

Arun Jaitley: You are again factually wrong. He had a three-year term. He completed his three-year term. Your colleagues in the media made it out as though he has resigned. He did not resign. He completed his three-year term.

On Urjit Patel, a man NDA government selected.

You may not be on the same page with your co-anchors or colleagues on but that does not mean the institution has collapsed. In democracy, you are meant to disagree on several issues. Otherwise, it will become meaningless.

Now the government's view point is -- we respect and we will always maintain the autonomy within the framework of the laws which have been laid down. At the same time, if there are sectors of the economy which are starved of either liquidity or credit, as a sovereign government which represents the people and which has the larger interest of the economy in mind, we certainly will flag those issues.

The common man feels the government wants RBI's Rs 3.6 lakh crore reserves for financing the election year expenditure.

Who has said this? It can be said only by those who took India's fiscal deficit to 6% when they had the responsibility. We have nothing of this sort in mind. Let us first tell your so-called common man as to what fiscal deficit is. How much does the government collect and how much does the government spend. If you spend beyond your earnings, that is your fiscal deficit because you are borrowing from the markets. You are then going to leave your next generation in debt. During the UPA, it went haywire and went as high as 6%. We inherited a 4.6% fiscal deficit. This government since 1947 in its five-year tenure has the best record of fiscal prudence that any government has had.

Business Line

5. IFCI gets ₹492 cr for Binani Cement resolution under IBC

PTI

Infrastructure term lender IFCI Monday said it has received Rs.492 crore towards security receipts under the IBC resolution plan for Binani Cement.

"On account of resolution of Binani Cement through NCLT, IFCI, which is holding 42,16,850 security receipts of the face value of Rs.1,000 each has received Rs.491.84 crore, net of TDS of Rs.30.55 crore, pursuant to the said resolution," IFCI said in a regulatory filing.

On November 14, Aditya Birla Group firm UltraTech Cement won bid to acquire debt-ridden Binani Cement after the National Company Law Appellate Tribunal (NCLAT) approved its revised Rs.7,950.34 crore bid over an offer by rival Dalmia Bharat Group.

In approving UltraTech's resolution plan for Binani, which was auctioned to recover unpaid bank dues, NCLAT may have set precedence as it favoured a proposal that not just paid the financial lenders but also operational creditors.

With kind regards,

Yours Comradely,



(**N. GOVINDRAJULU**)
GENERAL SECRETARY