



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

163/4, Kutchery Road, Mylapore, Chennai - 600004

E mail i.d: aiubparf@gmail.com/ ubioatnng@gmail.com/ suryanarayananram@gmail.com

Com. P.B. Thomas Chairman Thiruvananthapuram M: 09447177456	Com. Nitin Desai President Ahmedabad M: 097277 60641	Com. S. Bagchi Working President Kolkata M: 0983081586	Com. N. Govindarajulu General Secretary Chennai M: 09841089111
---	--	--	--

Dear Comrades,

3rd September, 2018

News of Interest 3rd SEP

MOTIVATIONAL QUOTES

‘ACTIONS ARE THE SEED OF FATE DEEDS GROW INTO DESTINY. ‘

HARRY S TRUMAN

HIGHLIGHTS

1. SBI HIKES LENDING RATES BY 20 BPS ACROSS ALL TENURES UP TO 3 YEARS
2. SBI TO FORM SEPARATE UNIT FOR MUMBAI METROPOLITAN BUSINESS REGION
3. INDIA POST PAYMENTS BANK TO OFFER DOORSTEP BANKING: RAJNATH SINGH
4. ALL PROPERTY DEALINGS BY KOCHHARS UNDER PROBE
5. RESERVE BANK OF INDIA MAY GO FOR ONE MORE FRONTLOADED RATE HIKE: SBI REPORT

Business Standard

1. SBI hikes lending rates by 20 bps across all tenures up to 3 years

The MCLR for one year, a benchmark rate for most retail loans, increased to 8.45 per cent from 8.25 per cent earlier

[Nikhat Hetavkar & Abhijit Lele](#)

Home loans are set to become costlier as the country's largest lender, State Bank of India (SBI), has raised its marginal cost of funds-based lending rate (MCLR), the floor rate at which banks lend.

The bank increased its lending rates by 20 basis points (bps) across all tenures up to three years. SBI's lending rates range from 8.1 to 8.65 per cent as of Saturday, according to the bank's website. The lending rates previously were in the range of 7.9-8.45 per cent.

The MCLR for one year, a benchmark rate for most retail loans, increased to 8.45 per cent from 8.25 per cent earlier. The equated monthly installment (EMI) per Rs 0.1 million will go up by Rs 14, an SBI executive said.

Saturday's lending rate revision is the third MCLR hike for the lender in 2018 after it hiked MCLR in March (by 20 bps) and June (by 10 bps). An SBI executive said the rate revision took into account factors such as the rise in costs of funds due to a rise in deposit rates and hardening of policy rates.

SBI raised term deposits rates by 45-90 basis points across maturities in 2018. The hike in bulk deposits rates, those above Rs 10 million, has been more (up to 125 basis points).

SBI executives said emerging markets were witnessing more volatility in the past one month due to events in Turkey and Latin America. This was impacting the global currency market and driving the rupee to record new lows, they added. These developments increased risks of further hike in policy rates.

Many banks, private and public, raised their lending rates a few days after the rate hike announcement. These banks included HDFC Bank and Bank of Baroda, among others. SBI, on the other hand, had marginally raised its deposit rates on the first day of the three-day meeting of RBI's Monetary Policy Committee. The RBI, however, in its latest annual report, expressed displeasure on the lack of effective transmission of policy rate to borrowers. The central bank said it would review the MCLR regime, which had been brought in to improve transparency in lending rates.

2. SBI to form separate unit for Mumbai Metropolitan business region

Experience with independent unit for Mumbai region will be basis for taking decision any changes in other states

BS Reporter

State Bank of India is planning to carve out the Mumbai metropolitan business region as a separate business unit to enhance efficiency and tap growing business opportunities. It will be run separately from the Maharashtra and Goa circles. A senior SBI executive said the "bank is not doing away with the entire structure. Maharashtra and Goa circles have become too big. How do we reorganise them is in focus." Each circle is headed by a chief general manager. The bank will review working structures in other circles, too.

Experience with independent unit for Mumbai region will be basis for taking decision any changes in other states, they said.

SBI had set up two new circle – one for Rajasthan and another for Andhra Pradesh\ Telangana - to assimilate branches of associate banks in these states after their merger in April 2017.

Maharashtra and Goa is largest circle under SBI's National Banking group which covers retail, rural and MSME businesses. It has over 2,000 branches with total business (deposits plus advances) in excess of Rs 2 trillion.

If one looks at from point of number of branches in each circle, Chandigarh is bigger than Maharashtra. But the business volumes in Maharashtra are very high. So there is thinking about how we can make working more efficient.

The structures in other states will be reviewed for performance and span of control to enhance efficiency and tap new business opportunities. The conditions and concerns of the region's will get top priority consideration while taking decision on set up. The improvement in efficiency and growth are drivers behind such exercise, SBI officials said.

Financial Express

3. India Post Payments Bank to offer doorstep banking: Rajnath Singh

Union Home Minister Rajnath Singh Saturday launched the payments bank of Indian postal department here, noting that it will take banking services to doorstep of every citizen through the network of post offices.

By: PTI

Union Home Minister Rajnath Singh Saturday launched the payments bank of Indian postal department here, noting that it will take banking services to doorstep of every citizen through the network of post offices.

"The India Post Payments Bank (IPPB) will take banking to doorstep of every citizen through an unmatched network of post offices, postmen and 'Grameen Dak Sewaks'," he said launching the IPPB at the the GPO here.

The India Post Payments Bank (IPPB) will be like any other banks but its operations will be on a smaller scale without involving any credit risk. It will carry out most banking operations like accepting deposits but can't advance loans or issue credit cards.

The freshly-minted payments bank will accept deposits of up to Rs 1 lakh, offer remittance services, mobile payments/transfers/purchases and other banking services like ATM/debit cards, net banking and third-party fund transfers.

IPPB services will be available at 650 branches and 3,250 access points from today but will be quickly scaled to all 1.55 lakh post offices by December 2018. Of these, 1.30 lakh access points will be located in rural areas, taking it to vast untapped market. IPPB also has permission to link around 17-crore postal savings bank (PSB) accounts with its own set up.

Deposits in any account that exceed Rs 1 lakh will be automatically converted into post office savings account.

The government owns 100 per cent in IPPB, which has been set up under the aegis of the Department of Posts, and will offer products and services through multiple channels such as counter services, micro ATMs, mobile banking app, messages and interactive voice response.

IPPB will leverage tech platforms. It will use Aadhaar to open accounts, while a QR card and biometrics will drive authentication, transactions, and payments. Grameena Dak Sewaks will be armed with smart phones and biometric devices to handle transactions.

It will offer 4 per cent interest rate on savings accounts. IPPB has teamed up with financial services providers like PNB and Bajaj Allianz Life Insurance for third-party products like loans and insurance.

Economic Times

4. All property dealings by Kochhars under probe

By Reena Zachariah

The probe into charges against Chanda Kochhar will cover all property dealings by the Kochhar family since she took over as CEO of ICICI Bank. The board has asked Justice BN Srikrishna, who is conducting the investigation, to look into all allegations against Kochhar, said two people familiar with the matter.

It has asked Srikrishna to examine whether properties and assets acquired by the Kochhar family since she took over as CEO were purchased at concessional or lower than prevailing market prices. He will also look into possible banking relationships and the terms of loans or banking facilities enjoyed by builders or sellers of these assets with ICICI Bank.

"That is correct. I am heading an investigation into several allegations made by a whistleblower against her," Justice Srikrishna told ET. Kochhar took charge as CEO of the bank in 2009.

"The audit committee believes that the enquiry be done fully rather than being carried out in instalments," a person aware of the decision told ET.

The board of ICICI Bank ordered an independent enquiry after complaints that Kochhar violated the bank's code of conduct and rules on conflict of interest and was part of quid pro quo dealings with certain bank borrowers.

The audit committee received letters from two persons — a shareholder and an employee. The whistleblower alleged that Kochhar was on the bank's credit committee that sanctioned a loan of Rs 3,250 crore to the Videocon Group in 2012.

Link between Assets & Loans

Its promoter Venugopal Dhoot was one of the first investors in NuPower Renewables promoted by her husband Deepak Kochhar in 2008. Dhoot subsequently sold his stake but firms controlled by him or associates maintained a relationship with NuPower till early 2013, when control was finally transferred to a trust controlled by Deepak Kochhar for a small sum. The lender and Chanda Kochhar have denied any wrongdoing.

The complaint also alleges that the bank has given loans to certain entities and Kochhar has got concessional rates on the property she bought from them.

"The probe will have to establish the link between the assets acquired and the loans that were given to the builders," the second person said. "The audit committee also examined the allegations made by an employee in his whistleblower complaint on hiding of NPAs in the SME accounts. There is no materiality in the allegations. The deviation is far less compared to the size of the balance sheet."

ICICI Bank chairman GC Chaturvedi recently said the Srikrishna panel report was expected in two and a half months.

An email to an ICICI spokesman remained unanswered till press time.

Business Line

5. Reserve Bank of India may go for one more frontloaded rate hike: SBI report

OUR BUREAU

This will lead to sub-7.5 per cent growth for FY19 despite more than 8 per cent growth in Q1

Continued rupee depreciation and the significant costs of RBI intervention in forex market could result in at least one more rate hike, possibly frontloaded, which in turn will lead to sub-7.5 per cent growth for FY19 despite more than 8 per cent growth in Q1, according to State Bank of India's research report 'EcoWrap'.

The Reserve Bank of India had upped the policy repo rate (the interest rate at which it provides funding to banks to overcome short-term liquidity mismatches) twice by 25 basis points each in the June (second bi-monthly monetary policy review) and August (third) bi-monthly monetary policy review to 6.50 per cent.

"RBI's successive rate hikes will have a heavy toll on private consumption expenditure. During FY14, three successive rate hikes led to collapse of private consumption expenditure to 2 per cent in Q3 FY15.

"Thus, continued rupee depreciation and given the significant costs of RBI intervention in forex market could result in at least one more hike, possibly frontloaded. This will lead to sub-7.5 per cent growth for FY19 despite more than 8 per cent growth in Q1. This is going to be most important predicament going forward!," said Soumya Kanti Ghosh, Group Chief Economic Adviser, State Bank of India.

Nominal non-agri GVA (gross value added) has expanded from 11.5 per cent in Q4 (January-March) FY17 to 14 per cent in Q1 (April-June) FY19. During the same period, nominal agri GVA, however declined from 10.9 per cent to 7 per cent.

"We believe that the farm sector, especially crop sector, needs policy support and to supplement the increased MSP (minimum support price), Government should enhance its effort to procure crops.

"Apart from this, we strongly maintain that the agriculture sector needs an immediate intervention like Bhavantar scheme (a price deficit financing scheme whereby the State pays the farmer the difference between the average commodity price at mandis and the MSP) recently launched," said Ghosh.

The SBI report said though the agriculture and allied sector GVA increased to a five-quarter high of 5.3 per cent, this is mostly driven by livestock products, forestry and fisheries component, expanding at 8.1 per cent. Stripping aside this, the agri growth mean reverts to around 2.5 per cent.

"But the worrying sign continues to be agriculture prices which are still languishing at 1.6 per cent for Q1. Additionally, through the current GDP

deflator method, we may be even imparting an upward bias to it," said the report.

GDP growth came in at 8.2 per cent in Q1 FY19 compared with 5.6 per cent growth in Q1 FY18. Industry grew 10.3 per cent in Q1 FY19 from merely 0.1 per cent in Q1 FY18, owing to a significant rise in manufacturing (13.5 per cent) and construction (8.7 per cent), both of which, according to the report, have exhibited growth because of low base and strong Q1 results.

Real estate sector, which was quite disturbed after the GST implementation, seems to be reviving. Services GDP grew 7.3 per cent in Q1FY19 compared with 7.7 per cent in Q4FY18 and 9.5 per cent in Q1FY18. Last year, services GDP had grown at a robust pace due to higher growth of trade sub-segment and professional services because of destocking ahead of GST implementation in July17, and this has now moderated.

With kind regards,

Yours Comradely,



(**N. GOVINDRAJULU**)
GENERAL SECRETARY