



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

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Dear Comrades,

2nd April , 2019

News of Interest 2nd APR

QUOTE OF THE DAY

“STRENGTH DOESN'T COME FROM WHAT YOU CAN DO. IT COMES FROM
OVERCOMING THE THINGS YOU ONCE THOUGHT YOU COULDN'T” – RIKKI ROGERS.

HIGHLIGHTS

1. ARUN JAITLEY TO ATTEND ANNUAL IMF-WORLD BANK MEETING IN APRIL
2. SBI MOVES SUPREME COURT ON NCLAT'S NOD FOR MORE CASH TO STANCHART
3. RBI MAKES NPA DIVERGENCE RULE EASIER FOR BANKS
4. ICICI BANK CUTS LENDING RATES BY 5 BPS ACROSS TENORS
5. THIRD-PARTY MOTOR COVER: NEW RATES LIKELY TO COME INTO EFFECT FROM JUNE

Business Standard

1. Arun Jaitley to attend annual IMF-World Bank meeting in April

RBI governor, finance secy may also attend the meet

Arup Roychoudhury |

It isn't clear which events the finance minister will address and whether he will have bilateral meets on the sidelines with any of his counterparts from other nations

Finance Minister Arun Jaitley will attend the International Monetary Fund-World Bank Spring Meetings in Washington DC later this month, *Business Standard* has learnt.

The meeting will be held from April 12-14 and will be Jaitley's first official overseas trip since his kidney transplant in mid-May last year.

Reserve Bank of India (RBI) Governor Shaktikanta Das and Finance Secretary Subhash Chandra Garg are also expected to attend the meetings, sources said.

Jaitley is expected to leave for Washington DC next week, a day or two before the start of the Spring Meetings. Officials said his schedule was still being finalised and hence it still wasn't clear which events he will address and whether he will have bilateral meetings on the sidelines with any of his counterparts from other nations. "The minister may leave by April 10. The RBI Governor and the Finance Secretary are also likely to go," an official said.

Jaitley underwent a successful kidney transplant in mid-May at the All India Institute of Medical Sciences (AIIMS) in New Delhi. He was on leave since April due to kidney-related problems and chest infection, and took charge of the finance and corporate affairs ministries in late August. In the meantime, Railways and Coal Minister Piyush Goyal had held temporary charge of the finance ministry. In mid-January, he had gone to New York for a medical check-up. He had reportedly undergone a surgery in late January and was advised two weeks rest. In his absence, Goyal was again given additional charge of the Ministry of Finance for the second time in eight months.

Goyal presented his first Budget, the interim Budget 2019-20, in Jaitley's absence. Jaitley continued being active from New York and wrote a number of blogs on various political and policy issues. Jaitley returned to Delhi on February 9 and took back charge a few days later.

Jaitley missed the IMF-World Bank Spring Meetings last year as he was keeping unwell since early April 2018 due to kidney related problems and chest infection. This was just before his kidney transplant surgery.

The Annual and Spring Meetings of the IMF and the World Bank Group each year bring together central bankers, ministers of finance and development, private sector executives, civil society, and academics to discuss issues of global concern, including the world economic outlook, global financial stability, poverty eradication, jobs and growth, economic development, and aid effectiveness.

2. SBI moves Supreme Court on NCLAT's nod for more cash to StanChart

The RP agreed to Standard Chartered's claim to be converted into a secured one based on security of pledge of shares

[Dev Chatterjee](#) |

Standard Chartered had informed the tribunal that it was only getting 1.7 per cent (~60 crore) of its dues, while other lenders are getting 92 per cent, based on ArcelorMittal's payments plan

The Essar Steel's debt resolution battle has reached the Supreme Court (SC) with State Bank of India (SBI) moving the apex court against the National

Company Law Appellate Tribunal (NCLAT) advice to give more cash to Standard Chartered (StanChart), which has made a claim of Rs 3,487 crore against the company.

The SBI action came just days before the NCLAT was to hear the outcome of the committee of creditors (CoC) meeting on April 9. During the NCLAT hearing, SBI had said Standard Chartered was not a secured creditor and should not be allowed to make any additional claim from ArcelorMittal's Rs 42,000-crore offer.

Standard Chartered had informed the tribunal that it was only getting 1.7 per cent of its dues or Rs 60 crore, while other lenders are getting 92 per cent, based on ArcelorMittal's payments plan. But SBI had opposed giving equal treatment to Standard Chartered, saying the bank was not a secured creditor as its loan was not directly to Essar Steel but to a promoter entity.

In July 2, Standard Chartered had asked the resolution professional (RP) of Essar Steel that its claim of Rs 3,487 crore pertaining to its loan to Essar Steel Offshore Limited (ESOL) should be reclassified from unsecured to a secured one on the basis of share pledge made by the promoters. It said the corporate guarantee for the loan was provided by Essar Steel for the ESOL loan.

The RP agreed to Standard Chartered's claim to be converted into a secured one based on security of pledge of shares.

But on 31 August, Essar Steel's lenders, led by SBI, ICICI Bank, IDBI Bank, Edelweiss ARC, Canara Bank, Bank of Baroda, Union Bank of India, Bank of India and Punjab National Bank, objected the re-classification of Standard Chartered loan from unsecured to a secured lender.

The lenders expressed their objection on Standard Chartered being a financial creditor on grounds of execution of guarantee without obtaining no objection certificate (NOC) from them, based on which, the lenders said the Standard Chartered's claim is invalid, unsustainable in law, ultra vires and far beyond Essar Steel's powers and authority.

In this regard, a reply letter dated September 10, 2018, was sent on behalf of the RP mentioning that the RP would suitably record the objections (as set out in the said letter dated August 31) in the list of creditors of ESIL.

Interestingly, last week 70 per cent of the lenders agreed to set aside Rs 1,000 crore more for the operational creditors of Essar Steel as against Rs 200 crore earmarked earlier, according to ArcelorMittal's debt resolution plan. This plan, however, excluded Standard Chartered.

Essar Steel's operational creditors have made a claim of Rs 4,700 crore against the company. The NCLT's Ahmedabad Bench had earlier ordered that lenders must share 15 per cent of ArcelorMittal's upfront cash with operational creditors, while the rest could be distributed to the lenders.

Essar Steel was sent for debt resolution in June 2017 after the company failed to repay its debt worth Rs 54,000 crore to Indian banks.

3. RBI makes NPA divergence rule easier for banks

The central bank has on Monday appears to have diluted the rule a bit without compromising the intent. banking

By *Atmadip Ray* , ET Bureau |

Reserve Bank of India has made life a little bit easier for banks by tweaking the bad loan divergence rule. Banks' disclosure of divergence practice mandated by RBI aims at improving transparency in asset classification and preventing under-reporting of bad loans. The central bank has on Monday appears to have diluted the rule a bit without compromising the intent

"Some banks, on account of low or negative net profit, are required to disclose small divergences which is contrary to the regulatory intent that only material divergences should be disclosed," RBI said.

It told banks to disclose divergence when the additional provisioning for NPAs assessed by RBI exceeds 10% of the reported profit before provisions and contingencies for the reference period, instead of the earlier rule of 15% of the published net profits after tax.

There was no change in the second condition: the additional gross NPAs identified by RBI exceed 15% of the published incremental gross NPAs for the reference period.

"This is clearly in line with substance over form. Some of the state-run banks were needed to report even minor non material differences primarily because they were making losses or hardly making profit on account of large provisioning pressure. This could have led to conflicting signals to the market. The current notification would obviate the need for the same," said Prakash Agarwal, director financial institutions at India Ratings.

Economic Times

4. Icici Bank cuts lending rates by 5 bps across tenors

By: [FE Bureau](#) |

The bank had cut rates by five bps for the three-month, six-month and one-year tenors as on March 1.

Private-sector lender Kotak Mahindra Bank also trimmed the MCLR by 10 bps for a one-year tenor and by five bps for the two-year and three-year tenors to 8.9% and 9%, respectively.

ICICI Bank on Monday cut the marginal cost of funds based lending rate (MCLR) across tenors by five basis points (bps) ahead of the Reserve Bank of India's (RBI) monetary policy meeting later this week.

ICICI Bank cut rates for the overnight, one-month, three-month, six-month and one-year tenors by five basis points (bps) to 8.50%, 8.50%, 8.55%, 8.70% and 8.75% respectively, according to the lender's website. The RBI, in its bimonthly policy review in February, had cut the key repo rate by 25 bps to 6.25%. ICICI Bank's overall advances rose by 12% year-on-year (y-o-y) to nearly `5.64 lakh crore as of December 2018.

"Muted loan growth on the domestic corporate lending side remains a drag as there is a large share of loans that the bank is looking to reduce its exposure," analysts at KIE said. "Loans to domestic corporates were flat y-o-y whereas international lending (mostly wholesale) was down 5% y-o-y, a trend similar to previous quarters. Retail loans, however, continued to witness strong growth at 22% y-o-y," they added.

Growth in the bank deposits at 9.8% y-o-y in the fortnight ended on March 1 slowed down compared with the growth of 10.2% y-o-y, which was highest in one-and-a-half years, in the fortnight to February 15, showed RBI data.

"Lower deposit growth has meant a steady rise in the CD ratio on a stock basis, which is expected to touch 78% by the end of FY19, compared with 74% in FY18 and 73% at the end of FY17," said Crisil senior director Krishnan Sitaraman, adding: "Banks will need to raise at least `19-20 lakh crore of fresh deposits until March 2020."

The RBI in December proposed to change the way banks price their loans to an external benchmark rate like the Repo rate or the 91-day or 182-day treasury bill instead of the MCLR. "The challenge for the banks, not just for us but all the banks, will be how closely correlated the benchmark will be with our actual funding cost. The good thing is that we have to do it on the mortgage portfolio and the MSME portfolio to start with," said Rakesh Jha, CFO, ICICI Bank.

ICICI Bank had last cut its MCLR on one-month, three-month and six-month tenors by 10 bps each to 8.55%, 8.60% and 8.75%, respectively, in December 2018. "ICICI Bank's loan growth at both consolidated book level & standalone levels have been similar; we believe that loan growth at subsidiaries is coming from higher risk-weight asset class," analysts at Jefferies said.

Kotak Mahindra trims MCLR by 10 bps for one-year tenors

Private-sector lender Kotak Mahindra Bank also trimmed the MCLR by 10 bps for a one-year tenor and by five bps for the two-year and three-year tenors to 8.9% and 9%, respectively. The bank had cut rates by five bps for the three-month, six-month and one-year tenors as on March 1.

Business Line

5. Third-party motor cover: New rates likely to come into effect from June

[Surabhi](#)

Third-party insurance policies are mandatory by law and account for nearly 40 per cent of the general insurance market

The Insurance Regulatory and Development Authority of India (IRDAI) may announce the premium rates for motor third-party cover from June, according to sources close to the development.

Last week, in a surprise move, the IRDAI extended the validity of the premium rates set for 2018-19.

"The IRDAI, hereby, extends the validity of premium rates set out in the aforementioned order beyond March 31, 2019, until further notice. In other words, insurers shall continue to charge the rates currently being charged for motor third-party liability insurance cover from April 1, 2019, onwards until further order," it had said.

The move has surprised the industry, which has been expecting at least a 10 per cent hike in rates, in line with rising costs, though most general insurers are keeping silent on the issue.

"It is likely that the IRDAI requires more time to study the report on third-party motor costs for 2019-20, which was submitted some time back.

"Further, with general elections around the corner, it could be possible that it has chosen to hold back the new rates until June," said a person familiar with the development. An executive with a general insurance company said that unlike in previous years, this year, the regulator has not shared the draft report on the new rates.

"There is an expectation that the new rates will be put into effect from June 1, as many companies are finding it difficult to break-even at the current rates," he said.

Third-party insurance policies are mandatory by law and account for nearly 40 per cent of the general insurance market.

Last year, IRDAI had reduced third-party premium for small cars not exceeding 1,000cc, although it had increased rates for bikes with higher engine capacity.

With kind regards,

Yours Comradely,



(**N. GOVINDRAJULU**)
GENERAL SECRETARY