



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

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Dear Comrades,

25th April , 2019

**News of Interest 25<sup>th</sup> APR**

QUOTE OF THE DAY

"WE BECOME WHAT WE THINK ABOUT MOST OF THE TIME, AND THAT'S THE STRANGEST SECRET." - EARL NIGHTINGALE

**HIGHLIGHTS**

1. RBI SELLS ENTIRE STAKE IN NHB, NABARD TO GOVERNMENT FOR RS 1,470 CR
2. BIMAL JALAN PANEL ON RBI'S CAPITAL SIZE LIKELY TO SUBMIT REPORT BY JUNE
3. CUSTOMER COMPLAINTS AGAINST BANKS SURGE 25% TO 1.63 LAKH IN FY18
4. SBI APPOINTS EIGHT NEW DMDS AND MANY OTHER CGMS
5. INDIABULLS HOUSING Q4 NET PROFIT DOWN 7% AT RS.1,001 CR
6. BANKS MUST DISCLOSE EXPOSURE TO IL&FS: RBI

**Business Standard**

**1. RBI sells entire stake in NHB, Nabard to government for Rs 1,470 cr**

The central bank sold stake in NHB on March 19, while it sold the stake in Nabard on February 26, the bank said in a statement

Press Trust of India

The Reserve Bank has exited the National Housing Bank (NHB) and the National Bank for Agriculture & Rural Development (Nabard), by selling its entire stakes to government for Rs 1,450 crore and Rs 20 crore, respectively, making them fully government-owned.

The central bank has sold its stake in NHB on March 19, while it sold the stake in Nabard on February 26, the bank said in a statement Wednesday.

"With this divestment, the government now holds 100 percent stake in both these financial institutions," RBI said in a statement.

The move is part of ending the cross-holding in regulatory institutions and follows the recommendation of second Narasimham committee report of October 2001 and the RBI's own discussion paper on the same entitled 'Harmonizing the role and operations of development financial institutions and banks.'

The Narasimham panel had said RBI could not own those entities which are regulated by it.

The RBI said divestment of its shareholding in Nabard was done in two phases. The central bank held 72.5 percent equity in Nabard worth Rs 1,450 crore, of which 71.5 percent amounting to Rs 1,430 crore were divested way back in October 2010 and the residual shareholding was divested on February 26, 2019.

The RBI held 100 percent shareholding in NHB, which was divested on March 19, 2019.

Earlier, based on the second Narasimham committee recommendations, the RBI had proposed to transfer its ownership in SBI, NHB and Nabard to the government in October 2001.

Accordingly, on June 29, the government had bought out the entire 59.7 percent stake in SBI from the Reserve Bank.

The current change in the capital structure of both these financial institutions was brought in by the government through amendments to the Nabard Act of 1981 and the NHB Act of 1987 which were notified on January 19, 2018 and March 29, 2018, respectively.

The Nabard came into existence on July 12, 1982 by transferring the agricultural credit functions of RBI and refinance functions of the then Agricultural Refinance and Development Corporation.

Set up with an initial capital of Rs 100 crore, the development finance institution's paid up capital stood at Rs 10,580 crore as of March 2018.

The decision to establish NHB was announced in the 1987-88 Budget. Following that, the National Housing Bank Bill, providing a legislative framework for the NHB, was passed by Parliament in the Winter session of 1987 and it became an Act on December 23, 1987.

The National Housing Policy of 1988 envisaged setting up of NHB as the apex level institution for promoting the housing sector.

## **2. Bimal Jalan panel on RBI's capital size likely to submit report by June**

**Press Trust of India A high-level panel led by former RBI governor Bimal Jalan, set up to decide the appropriate capital reserves that the central bank should maintain, is likely to submit its report by June.**

The six-member Jalan panel was appointed on December 26, 2018 to review the Economic Capital Framework for the RBI.

"The report is not finalised yet. More meetings will take place. The (Economic Capital Framework) panel is expected to finalise its report by May-June," Jalan said on Wednesday after a meeting here.

The panel has got extension beyond three months term, he said.

The committee was to submit its report in 90 days from the first day of its meeting, which held on January 8.

The other key members of the committee include Rakesh Mohan, the former deputy governor of RBI as the vice-chairman, finance secretary Subhash Chandra Garg, RBI deputy governor NS Vishwanathan, and two RBI central board members -- Bharat Doshi and Sudhir Mankad.

The panel has been entrusted with the task of reviewing the best practices followed by central banks worldwide in making assessment and provisions for risks, which a central bank balance sheets are subject to.

The panel having former economic affairs secretary Rakesh Mohan as its vice chairman will propose a suitable profit distribution policy, taking into account all the likely situations of the RBI, including the situation of holding more provisions than required.

The government and the RBI under previous governor Urjit Patel had been at loggerheads over the Rs 9.6 lakh crore surplus capital with the central bank.

The finance ministry was of the view that the buffer of 28 per cent of gross assets maintained by the RBI is well above the global norm of around 14 per cent. Following this, the RBI board in its meeting on November 19, 2018 decided to constitute a panel to examine Economic Capital Framework.

In the past, the issue of the ideal size of the Reserve Bank of India reserves was examined by three committees -- V Subrahmanyam in 1997, Usha Thorat in 2004 and YH Malegam as late as in 2013.

While the Subrahmanyam panel recommended for building a 12 per cent contingency reserve, the Thorat panel suggested it should be maintained at a higher 18 per cent of the total assets of the central bank.

The RBI board did not accept the recommendation of the Thorat committee and decided to continue with the recommendation of the Subrahmanyam committee.

The Malegam panel said the RBI should transfer an adequate amount of its profit to the contingency reserves annually but did not ascribe any particular number.

According to a report of by Bank of America Merrill Lynch the Jalan committee is likely to identify an excess buffer of up to Rs 3 lakh crore. This includes the excess capital in contingency reserves and also revaluation reserves.

Halving of the contingency reserves to a level of 3.25 per cent from the present 6.5 per cent will release Rs 1.282 lakh crore, the report said, pointing out that the level is still 50 per cent higher than what central banks in the BRICS (Brazil, Russia, India, China and South Africa) grouping have.

Similarly, halving the yield cover hike to 4.5 per cent from the present 9 per cent will release another Rs 1.170 lakh crore, it said.

## **Financial Express**

### **3. Customer complaints against banks surge 25% to 1.63 lakh in FY18**

By: [PTI](#)

In the annual report of the BO scheme, the RBI said a rise in the number of complaints from digital transactions, an ombudsman scheme for digital transactions is proposed to be formulated and implemented during 2018-19.

The percentage of maintainable complaints which were resolved by agreement i.e. through mediation increased to 65.8 percent from 42.4 percent, RBI said.

Customer complaints to the banking ombudsman (BO) increased by a fourth to 1.63 lakh in the year to June 2018, with a majority of them related to unfair practices, the Reserve Bank said Wednesday.

The country's largest lender SBI led the complaint list with close to 47,000 complaints, while HDFC Bank led among the private sector lenders with over 12,000 complaints, and American lender Citibank had 1,450 complaints.

In the annual report of the BO scheme, the RBI said a rise in the number of complaints from digital transactions, an ombudsman scheme for digital transactions is proposed to be formulated and implemented during 2018-19.

In the year gone by, the 21 BO offices received 1,63,590 complaints, marking an increase of 24.9 percent over previous year, and 96 percent of them were disposed.

The major grounds of complaints received during the year was non-observance of fair practices code at 22.1 percent, ATM and debit card issues at 15.1 percent and credit card issues at 7.7 percent, and mobile and electronic banking at 5.2 percent.

Problems relating to pension, levy of charges without notice, loans, remittances, agents involved in direct sales and recovery and mis-selling accounted for 5 percent or less of the total complaints received each, it said.

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The BOs issued 148 awards during the year, of which 111 were implemented, it said, adding this is a huge surge in awards when compared with the 31 issued last year.

In FY18, the BO scheme was revised to enhance the powers of BOs by doubling the amount of compensation for loss that can be granted in an

award to Rs 20 lakh, deputy governor MK Jain said in his foreword to the report.

The average cost of handling a complaint came down to Rs 3,504 in 2017-18 from Rs 3,626 due to an increase in efficiency and economies of scale, it said.

## **Economic Times**

### **4. SBI appoints eight new DMDs and many other CGMs**

SBI is also in the process of identifying about 15 executives who would fill vacant positions as chief general managers, sources said

By Saikat Das, Atmadip Ray, ET Bureau|

State Bank of India (SBI), which accounts for about a fourth of the country's loan market, has elevated eight executives as deputy managing directors (DMD) in one of the biggest recent HR revamps, establishing an organizational structure that can underpin growth in FY20.

SBI is also in the process of identifying about 15 executives who would fill vacant positions as chief general managers, three people with direct knowledge of the matter told ET.

"Some DMD positions have fallen vacant as some executives have moved to other banks while others are set to retire in the course of the next few months," said one of the persons cited above.

The new DMDS are Soma Shankara Prasad, Keshav Kumar T, Ashwani Bhatia, Hare Krishna Jena, Sandeep Tewari, Alok Kumar Choudhary, Janakiraman Swaminathan and Sanjiv Chadha, sources said. Their appointments could not be individually confirmed. A query sent to the Mumbai-based lender remained unanswered until the publication of this report.

Unlike in the past, SBI now begins the annual appraisal process in April itself and concludes it by May 15. Earlier, the exercise would involve manual processing, consuming about six to nine months.

The bank has interviewed 27 candidates for DMD positions, a person said. It conducted interviews for DMD positions last Saturday, while general managers appeared for interviews for selection as chief general managers this Monday and Tuesday.

Simultaneously, interviews are going on for positions of general managers and deputy general managers.

"It has digitised annual appraisals since last year," said another person. Now, the digital mode is used for four-fifths of SBI's yearly promotions and appraisals.

The bank upgraded its internal promotion processes as it seeks to expand business faster after years of bleak earnings, hamstrung as it were by the

mounting pile of bad loans. Lately, it returned to profits after provisioning for bad loans had dragged SBI into losses in the earlier quarters.

SBI reported a net profit of Rs 3,955 crore for the quarter ended December 31 against a loss of Rs 2,416.34 crore in the corresponding quarter last year.

In September, New Delhi appointed 10 senior executives from SBI as managing directors and chief executive officers in other state-owned banks. Half of them were DMDs in SBI.

Mrutyunjay Mahapatra and Padmaja Chundru are among five former SBI DMDs now heading Syndicate Bank and Indian Bank.

Three other DMDs, Pallav Mohapatra, J Packirisamy and Karnam Shekhar, are now at Central Bank of India, Andhra Bank and Dena Bank (now merged with Bank of Baroda, respectively).

## **Business Line**

### **5. Indiabulls Housing Q4 net profit down 7% at ₹1,001 cr**

#### [Our Bureau](#)

Indiabulls Housing Finance posted a near 7 per cent drop in net profit in the fourth quarter of 2018-19. The housing finance company's net profit amounted to Rs.1,001.37 crore for the quarter ended March 31, 2019, down 6.9 per cent from the Rs.1,076.13 crore it posted in the fourth quarter of 2017-18.

"The profit and loss for 2017-18 is not directly comparable with the profit and loss of 2018-19 due to a one-time gain of Rs.542.4 crore from the sale of investment in OakNorth Bank to GIC of Singapore in November 2017," it said in a statement on Wednesday, adding that there was a one-time tax incidence of Rs.291 crore in the second half of last fiscal, which was spread across the third and fourth quarters, due to redemption of long-term units of debt mutual funds.

It posted a robust growth in net interest income at 5.8 per cent in the fourth quarter of the fiscal at Rs.1,591 crore against Rs.1,504 crore in the previous quarter.

Total revenue from operations rose by 5.22 per cent to Rs.4,209.53 crore for the fourth quarter of the fiscal from Rs.4,000.64 crore a year ago.

After the liquidity squeeze last year, the company said it is back on track and disbursed over Rs.7,300 crore in the fourth quarter of the fiscal.

"Disbursals normalised towards February and March; disbursals in the fourth quarter was at 70 per cent of pre-September 2018 regular quarterly run rate," it said.

Gagan Banga, Vice-Chairman and Managing Director, IBH, said: "We are fully back in the growth mode and it is disbursals as usual. We will seek to grow assets under management at 20 per cent levels, and leverage the sell-down route, which has emerged as a strong source of funding in the last six months."

For the full fiscal 2018-19, the housing finance firm posted a 11.8 per cent growth in its net profit to Rs.4,091 crore, against Rs.3,658 crore in 2017-18.

### **Gross NPAs**

Gross non-performing assets were at 0.88 per cent of gross advances for the quarter ended March 31, 2019, against 0.78 per cent a year ago, while net NPAs amounted to 0.69 per cent in the same period.

The board of directors approved raising of Rs.26,000 crore through non-convertible debentures, as well as shifting of the registered office to its corporate and head office situated at Gurugram.

It also approved an interim dividend of Rs.10 per share of face value Rs.2, amounting to 500 per cent.

IBH is the country's second-largest housing finance firm, and is in the midst of a proposed merger with Lakshmi Vilas Bank.

"A dedicated team is also working on the road map to transition the balance sheet to come under banking regulatory norms. Till such time that the merger is effective, IBH will continue to operate as a regular HFC," it said in a statement.

### **6. Banks must disclose exposure to IL&FS: RBI**

#### [Our Bureau](#)

The Reserve Bank of India has asked banks to declare details of their exposure and provisions related to troubled Infrastructure Leasing and Financial Services as part of their quarterly results. In a notification on Wednesday, the RBI said banks and financial institutions, in their notes to accounts, should mention the total amount of exposure, which are non-performing assets as per IRAC norms, and are not classified as NPAs related to IL&FS.

Further, banks should also outline the provisions required to be made and the provisions actually held for the debt-ridden infrastructure firm and its group entities.

The instruction comes after the February 25 order of the National Company Law Appellate Tribunal, which said that no financial institution will declare the accounts of IL&FS, or its entities as NPA, without its prior permission.

With kind regards,

Yours Comradely,



**( N. GOVINDRAJULU )  
GENERAL SECRETARY**