



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

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Dear Comrades,

30th April , 2019

**News of Interest 30<sup>th</sup> APR**

*QUOTE OF THE DAY*

"WHAT COMES EASY WON'T LAST, WHAT LASTS WON'T COME EASY".

**HIGHLIGHTS**

1. RBI'S REVISED FRAMEWORK FOR STRESSED ASSETS RESOLUTION LIKELY BEFORE MAY 23
2. ANALYSTS SAY 'NO' TO YES BANK STOCK, CUT 12-MONTH TARGET PRICE BY 40%
3. BANK OF MAHARASHTRA BACK IN BLACK WITH RS 72 CRORE PROFIT IN Q4
4. ROUND 2 OF PSB MERGER: PNB, UNION BANK & BOI MAY GET A CALL
5. MALLYA REPEATS OFFER OF 100% PAYBACK TO BANKS

**Business Standard**

**1. RBI's revised framework for stressed assets resolution likely before May 23**

The RBI is looking into all the concerns raised by various stakeholders including banks and power sector companies

Press Trust of India

The Model Code of Conduct for the Lok Sabha polls is unlikely to have any bearing on issuance of a revised framework for resolution of stressed assets by the Reserve Bank and the guidelines are expected to be announced before May 23, sources said.

Against the backdrop of the Supreme Court quashing an RBI circular, issued on February 12, 2018, a revised set of rules is under works and would be released soon, they said.

Earlier this month, the Supreme Court had quashed the RBI's February 12 circular on stressed loan recognition and resolution of large borrowers over Rs 2,000 crore, terming it as "ultra vires".

"The model code of conduct exempts RBI's monetary policy. It is unlikely to attract any action if the RBI issues the revised (February 12) circular," sources said.

They said the central bank is in very advanced stage and the revised circular should be out before declaration of general elections result.

The counting for the ongoing Lok Sabha elections will take place on May 23.

The RBI is looking into all the concerns raised by various stakeholders including banks and power sector companies and may look to tweak the circular without diluting it completely so that the momentum towards resolution of stressed assets is not affected, sources said.

The February 12 circular had mandated banks to refer an NPA account for insolvency proceedings in case a resolution is not found within 180 days. This was for accounts where the outstanding dues was at least Rs 2,000 crore.

Under the RBI norms, an account is classified as a non performing asset (NPA) if it is not serviced for 90 days.

Sources said various options are being explored for rejigging the NPA framework. One of the options is giving 30-60 days more time in addition to existing 90 days before initiating resolution process for stressed accounts, they added.

While the 90-day period for recognising an account as NPA would remain, the central bank would be looking at providing more leeway for the entities concerned to repay the loans, they said.

Sources said that providing additional time for repayment would help in mitigating hardships faced by micro, small and medium enterprises (MSMEs) to some extent.

In a report last year, the government had favoured additional 180 days to be provided for resolution of 34 stressed power projects with a view to avoiding potential value erosion of operating plants. The Supreme Court quashed the circular following a petition filed by around 70 stressed companies from the power, shipping and textiles sectors.

A parliamentary panel was among the critics of the now impugned circular.

"Although the new guidelines have been termed as harmonised and simplified generic framework, yet they are far from being so," the standing committee on energy said in its report tabled in Parliament last year.

**2. Analysts say 'no' to YES Bank stock, cut 12-month target price by 40%**

Large stressed pool, aggressive accounting practices and weakness in the retail franchise are among the reasons cited by analysts for their bearish stance

Samie Modak

Analysts have downgraded the shares of YES Bank following the announcement of its March quarter results, where it reported a net loss of Rs 1,506 crore. Analysts have cut their 12-month price target by as much as 40 per cent and scaled back their earnings growth forecasts by up to 45 per cent for FY20 and also FY21. Large stressed pool, aggressive accounting practices and weakness in the retail franchise are among the reasons cited by analysts for their bearish stance.

"We and the Street both underestimated risks in structured finance. We cut EPS (earnings per share) by 45 per cent and target price by 40 per cent to Rs 165," says Macquarie in a note "double-downgrading" the stock. "Loan book clean-up, investments in retail business and pivoting of the business model within the corporate segment should keep return ratios subdued for long."

"As YES shifts from its historic focus on structured credit, there are multiple pressures — lower NIMs (net interest margins), fees growth, weaker asset quality and capital. We expect gradual turnaround under the new CEO," says a note by Morgan Stanley, which has cut the price target for the stock from Rs 160 to Rs 125. The stock ended at Rs 238 on Friday and experts say it could drop below Rs 200 when trading resumes on Tuesday.

## **Financial Express**

### **3. Bank of Maharashtra back in black with Rs 72 crore profit in Q4**

By: [Geeta Nair](#)

Bank of Maharashtra (BoM) is back in the black. The bank on Monday posted a net profit of Rs.72.34 crore for the fourth quarter of FY19, against a loss of Rs.113.49 crore in the year-ago period.

BoM's net interest income grew 13.47% to Rs.999.93 crore while the net interest margin increased by 23 BPS to 2.64%.

However, the operating profit was down by 8.35% to Rs.501.14 crore, mainly due to an increase in depreciation on revalued assets by Rs.131 crore as per revised AS 10 guideline.

AS Rajeev, MD & CEO, said the bank has come back to profit and financials improved after structural, systemic and strategic changes were made. Rajeev said the bank will no longer need to make large provisions and there was a momentum in recoveries and slowing of slippages.

He said this performance was sustainable and the bank will perform better in the current fiscal.

Executive director AC Rout said there was a period of despondency at the bank but this performance is a vindication of its true fundamentals and these results are something to cheer about. The bank has rebalanced its portfolio that was earlier skewed in favour of corporate advances, but now it

focuses on retail, agriculture and MSMEs which now account for 50.98% of advances.

Gross NPA decreased by Rs.3,109 crore to Rs.15,324 crore while net NPA reduced by 53% to Rs.4,559 crore as on March 31, 2019. During Q4, gross NPA was at 16.40% while net NPA was at 5.53%, compared to 19.48% gross NPA and 11.24% net NPA, respectively, in the year-ago period.

Total business as of March 31, 2019 increased to Rs.2,34,117 crore with gross advances at Rs.93,467 crore and total deposit at Rs.1,40,650 crore. Retail advances grew 13.65% to Rs.18,805 crore with housing loan accounting for 64% of total retail advances.

Gross investment increased by Rs.16,001 crore to Rs.60,164 crore as on March 31, 2019. The share of CASA to total deposits increased to nearly 50% which reduced interest expenditure by 1.98% and the repayment of high cost borrowings in Q4 led to reduction in interest expenditure.

The bank has reported a 4.23% jump in losses in FY19 to Rs.4,856 crore because of higher provisions on impaired assets. Now that the bank is out of PCA, it will be looking at growing advances to quality corporates, retail agri and the MSME sector.

## **Economic Times**

### **4. Round 2 of PSB merger: PNB, Union Bank & BoI may get a call**

Finmin likely to hold discussions soon; consolidation expected in second or third quarter of this fiscal year

By Dheeraj Tiwari, ET Bureau

The government is soon likely to invite select lenders for discussion on a second round of merger in public sector banks, according to a finance ministry official.

The lenders to be called may include Punjab National Bank (PNB), Union Bank of India and Bank of India (BoI).

"We wouldn't like to wait for too long," said the official, indicating that some merger activity is on the cards around second or third quarter of the current fiscal year. "If the banks are not able to give options then the alternate mechanism (AM) group can make suggestions."

In October 2018, the government had proposed the merger of three banks — Bank of Baroda Vijaya Bank and Dena Bank — to create the country's third-biggest lender through alternate mechanism. Both Vijaya and Dena were amalgamated with BoB on April 1, 2019.

"It need not be a tripartite merger again. We will be looking at various combinations. It has to be organic, besides we will like some of these large banks to further consolidate their balance sheets in the first two quarters," the official said.

Another government official, however, argued that it was not the opportune time for merger in state-run banks. "Bank of India has just come out of the Reserve Bank of India PCA (prompt corrective action) framework.

Union Bank of India and Punjab National Bank are also in early recovery stage," he said.

In February 2019, the Reserve Bank of India had pulled out Bank of India, Oriental Bank of Commerce and Bank of Maharashtra from its PCA framework, which imposes certain lending restrictions on financially weak banks.

A senior executive with a PSU bank said smaller banks have begun consolidating their operations in the same geography by closing overlapping branches and focusing on niche areas.

"Merger is not the antidote for every banking woe. The government should not force mergers only to create too big-to-fail structures," he said.

In an interaction with ET last week, Punjab National Bank managing director and chief executive Sunil Mehta had said that his bank has now made a turnaround and can consider offers for acquiring other lenders. "It all depends on the offers," he said.

## **Business Line**

### **5. Mallya repeats offer of 100% payback to banks**

[PTI London |](#)

Embattled liquor tycoon Vijay Mallya took to social media on Monday to lament the collapse of Jet Airways and repeated his offer of a "100 per cent payback" for state-owned Indian banks to cover his now-defunct Kingfisher Airlines' debt.

The 63-year-old former Kingfisher Airlines boss is currently appealing against his extradition order from the UK to India to face charges of fraud and money laundering amounting to an alleged Rs.9,000 crore.

Mallya drew parallels between the plight of his collapsed airline and that of Jet Airways.

"Several Indian airlines collapsed sadly including Kingfisher. Now, the previously unthinkable has happened with the collapse of Jet," Mallya said on Twitter on Monday.

"Genuine business failures. But I am criminally charged by CBI/ED despite offering 100 per cent payback. Wonder why only me," he questioned.

His latest Twitter statements echo some of his previous social media interventions on the issue, claiming that his offer to pay back the debt owed by his now-defunct airline had been rebuffed by the banks and the Indian government.

"Watched TV debate on the sad collapse of Jet which included unpaid employees and industry veterans. Important issues on unemployment and

suffering, security available to banks, prospects of revival etc. Here I am offering 100 per cent payback of KFA loans which Banks won't take. Why?" he said.

With kind regards,

Yours Comradely,

A handwritten signature in blue ink, appearing to read 'N. Govindrajulu', with a long, sweeping flourish extending to the right.

**( N. GOVINDRAJULU )**  
**GENERAL SECRETARY**