



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

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Dear Comrades,

2nd May , 2019

News of Interest 2nd May

QUOTE OF THE DAY

'FAILURE WILL NEVER OVERTAKE ME IF MY DETERMINATION TO SUCCEED IS STRONG ENOUGH. ' OG MANDINO

HIGHLIGHTS

- 1. YES BANK'S PROFITABILITY TO REMAIN UNDER STRAIN FOR 12-18 MONTHS: MOODY'S**
- 2. KOTAK MAHINDRA BANK CONSOLIDATED Q4 NET PROFIT UP 13.9% AT RS 2,038 CRORE**
- 3. THIS HOUSING BANK, ONCE OWNED BY RBI, IS NOW GOVT OWNED ENTITY; HERE'S WHY**
- 4. SHAKTIKANTA DAS SEEN AS SAFE NO MATTER WHO WINS 2019 GENERAL ELECTIONS**
- 5. MOST CUSTOMERS UPSET OVER SERVICE CHARGES LEVIED BY BANKS: RBI STUDY**

Business Standard

1. Yes Bank's profitability to remain under strain for 12-18 months: Moody's

The lender is profitable on a full-year basis; provision for stressed loans much lower than other banks

Abhijit Lele

Global rating agency Moody's today said the profitability of private sector Indian lender Yes Bank will remain under strain for the next 12-18 months as it provides for the stressed loans.

The country's fourth largest lender booked a net loss of Rs 1,500 crore for the quarter ended March 2019, the first financial loss since its inception in 2004. The loss was driven by higher credit costs incurred non-performing loans (NPLs) and the creation of a contingent provision against a pool of identified stressed assets.

Its provision coverage ratio, at 33 per cent of total stressed loans, is significantly lower than the loss-given default experience of other Indian banks. The coverage includes existing provisions for NPLs, provisions for standard assets and contingent provisions for stressed assets, Moody's said in a statement.

The bank's overall stressed assets are about eight per cent of its gross loans, taking into account this new disclosure. This includes reported NPLs of 3.2 per cent of gross loans, net standard restructured loans and security receipts of 0.8 per cent of gross loans, and the classified BB-and-below rated exposure of about four per cent of gross loans.

The bank is profitable on a full-year basis. Its return on assets was 0.5 per cent in the fiscal year ended March 2019 (FY19) as against 1.4 per cent in fiscal 2018.

Moody's said There will be near-term weakness. Yet, the change in corporate behaviour under the new bank leadership will be credit positive after the de-risking is complete.

In late January 2019, the bank appointed Ravneet Gill as its managing director and CEO, after the Reserve Bank of India restricted the bank's founder and long-time managing director and CEO, Rana Kapoor's term until January 2019. Ravneet Gill joined as MD & CEO on March 01, 2019.

In the next three years, the bank will slow loan growth to about 20-25 per cent a year, from an average of 34 per cent between fiscal 2014-19, it added.

2. Kotak Mahindra Bank consolidated Q4 net profit up 13.9% at Rs 2,038 crore

Total consolidated income rose 27 per cent year-on-year to Rs 13,823 crore

Nikhil Hetavkar

Private lender Kotak Mahindra Bank reported a 13.9 per cent rise in its March 2019 quarter (Q4) consolidated net profit on account of higher net interest income.

Profit after tax at the consolidated level rose to Rs 2,038 crore in the fourth quarter of financial year 2018-19 from Rs 1,730 crore in the year-ago period (Q4 FY18).

Total consolidated income went up 27 per cent year-on-year (YoY) to Rs 13,823 crore, said the bank in a filing to the stock exchanges on Tuesday.

At the standalone level, the bank reported a 25 per cent rise in net profit to Rs 1,408 crore from Rs 1,124 crore in the year-ago quarter.

For the full year, the bank's consolidated profit stood at Rs 7,204 crore in FY19, up 16 per cent from Rs 6,201 crore in FY18.

Gross non-performing assets (NPAs), as a percentage of total advances on a consolidated basis, fell to 1.94 per cent for the March quarter, against 1.95 per cent in the year-ago quarter, but was five basis points higher than in the December 2018 quarter.

The bank's management said that the spike in NPAs came from all the sectors and was not due to any chunky exposure. The bank said that it is still cautious about lending to the real estate sector and would review further lending to auto companies.

The bank's managing director and CEO Uday Kotak said that the next six months would be challenging for the financial industry. "Overall liquidity has been reasonably tight for a while and this has taken away easy money from the financial sector. There will be a significant challenge for the financial sector as liquidity reduces," he said.

He added that the challenge is to ensure that the financial sector does not impact the real sector, the way that the real sector has impacted the financial sector for years.

The bank's net NPA stood at 0.7 per cent for the March quarter, against 0.86 per cent in the year-ago quarter and 0.67 per cent in the December quarter.

Standalone net interest margin (NIM) for the March 2019 quarter stood at 4.48 per cent, against 4.33 per cent in the year-ago quarter. The bank guided towards NIM in the range of 4.2-4.5 per cent for FY20.

Consolidated capital adequacy ratio stood at 17.9 per cent in Q4 from 18.4 per cent a year ago.

Advances, on a standalone basis, as on March 2019, were up by 21.2 per cent to Rs 2.06 trillion against Rs 1.7 trillion as on March 2018. The management said the bank plans to grow its loan book by 20 per cent or more.

Deposits grew 17 per cent from Rs 1.93 trillion in Q4 FY18 to Rs 2.26 trillion in the March 2019 quarter at the standalone level with low-cost current and savings accounts (CASA) deposits at 52.5 per cent from 50.7 per cent a year ago.

With regard to the bank's case against the central bank regarding promoter shareholding, Kotak said, "As you are aware, the matter is in the courts. We truly believe that we have fully complied with the law of the land, both on paper and in spirit."

Financial Express

3. This housing bank, once owned by RBI, is now govt owned entity; here's why

By: [FE Online](#)

The National Housing Bank (NHB), once a wholly-owned subsidiary of Reserve Bank of India (RBI), has now been taken over by the government. The taking over of the Bank has been notified by the government on Tuesday after buying complete stake for Rs 1,450 crore from the central bank. RBI held 100 per cent stake in the Bank, the housing finance regulator said.

The decision has been taken to end the cross-holding in the regulatory institutions. The move also follows Narasimhan-II committee report's recommendation and discussion paper by RBI.

A finance ministry notification dated April 29 stated that subscribed capital to the tune of Rs 1,450 of NHB has now been transferred to the government on payment of the face value of the subscribed capital to the central bank with effect from March 19, 2019. The central bank can't hold ownership stakes in the entities that are regulated by it, Narasimham panel had said.

In October 2010, RBI has sold its stake in National Bank for Agriculture and Rural Development (NABARD) as well. The entity is a development financial institution in India, headquartered at Mumbai with regional offices all over India. The central bank divested 71.5 per cent of 72.5 percent equity amounting to Rs 1,430 in it. The remaining shareholding was divested on February 26, this year.

Meanwhile, a few days back, the Supreme Court came down heavily on RBI for not releasing information on bank inspection reports. The apex court had also hit the central bank hard for not making public the names of loan defaulters.

In January this year, the supreme court had issued contempt notice to the central bank for not disclosing annual inspection report of banks under right to information (RTI).

Economic Times

4. Shaktikanta Das seen as safe no matter who wins 2019 general elections

As an ex-career bureaucrat, Das has worked under governments led by both the ruling BJP and the opposition Congress

Bloomberg

Reserve Bank of India Governor Shaktikanta Das has built up support on both sides of the political divide, making his position relatively safe under a new government no matter who wins the election.

As an ex-career bureaucrat, Das has worked under governments led by both Modi's Bharatiya Janata Party and the opposition Congress. He's likely to stay in his post after India concludes its election process on May 23, central bank watchers say.

That should be a relief to investors who had to grapple with a fair bit of upheaval at the Reserve Bank of India late last year. Urjit Patel resigned abruptly as governor in December after tussling with Modi's government over a number of issues. Das was appointed shortly after for a three-year term that ends in December 2021.

"Das has worked with distinction with both governments and therefore the probability of his continuing and completing the tenure should be extremely high," said Ashok Chawla, a former top government official who worked with Das in the finance ministry.

Before becoming governor, Das was economic affairs secretary in Modi's government, and the public face of the prime minister's controversial decision in November 2016 to ban high-value currency notes.

Since his appointment at the central bank, he's taken a number of steps to support the economy and that helps Modi's regime: he's lowered interest rates,

relaxed lending norms for banks to increase credit flow, and named a panel to consider transferring the RBI's excess capital to the government.

Comfortable Working

He's just as comfortable working with a Congress-led government. As an official in the finance ministry under then Prime Minister Manmohan Singh, he was instrumental in preparing general budgets, working closely with then-Finance Minister P Chidambaram.

"He's a close follower of Chidambaram, so he will be comfortable" in a Congress-led government, said Subramanian Swamy, a lawmaker from Modi's party. Even so, Chidambaram's Twitter post following Das's appointment as RBI governor suggested he wasn't too happy with the decision.

Das was moved to the fertilizer ministry in December 2013 after a five-year stint at the finance ministry under the then Congress-led government. Modi brought him back to the finance ministry soon after coming to power in mid-2014, appointing Das to head up the tax department, which was trying at the time to win back investors' confidence.

Addressing Concerns

Modi's government has tried to show it's more business-friendly, and Das has taken a more conciliatory approach toward banking sector regulations compared to his predecessor. He has been meeting with bankers to hear their concerns about liquidity constraints in the economy, and given more leeway to small and medium scale enterprises with regard to their loan repayments.

Patel, who wanted to clean up a banking system saddled with the worst non-performing loan ratios among the world's major economies, had repeatedly clashed with the government about relaxing lending rules for some weak state-run banks. Das has eased those curbs in recent months, including allowing weak banks to lend again.

"The decision by the RBI to remove a number of public sector banks from the strict lending restrictions relatively soon after the new Governor's appointment does suggest a softer approach towards central bank regulatory supervision of the troubled public sector banks," said Rajiv Biswas, APAC chief economist at IHS Markit, Singapore.

Business Line

5. Most customers upset over service charges levied by banks: RBI study

More than 30% of the respondents said that information about service charges was not shared by banks at the time of a/c opening

A majority of customers are upset over the service charges being levied by banks under various categories.

This is one of findings of a pilot study commissioned by the Reserve Bank of India on charges levied for basic banking services.

More than 25 per cent of the respondents expressed their discontent over charges such as penalty on non-maintenance of minimum balance, cash deposit charges at home and non-home branches, cheque return charges (deposited by the customers), and for signature verification.

The study revealed that 72 per cent of the respondents felt the frontline staff of the branch was the main source of information in this regard.

No transparency

There is a need for greater transparency on the quantum of charges being levied. More than 30 per cent of the respondents indicated that information about service charges and fees was not shared by the banks at the time of opening an account. Any subsequent changes were also not informed to them.

The findings of the study, revealed by the RBI last week, have also been corroborated by the quantum of complaints received by the banking ombudsman during 2017-18, which was released by the central bank last week. Complaints on 'non-observance of fair practice code' continued to account for the highest share of total complaints received across the country at 22.1 per cent.

This, along with other grounds, such as 'failure to meet commitments' and 'non-adherence to BCSBI codes', constituted 31.3 per cent of the total complaints.

"Focussed action by banks is necessary in this regard to ensure that the staff, especially at customer touch points, are equipped with the requisite skills and are adequately trained," the RBI said.

The purpose of the pilot study, conducted in Mumbai city, was to ascertain customer feedback and need for rationalisation of charges.

Penalty collected

During 2017-18, public sector banks and major private sector banks collected nearly ₹6,000 crore as penalty for non-maintenance of minimum balance charges, as per the data available with banks.

If ATM withdrawal charges and cash transaction fees, among others, are also included, this escalates to an even bigger amount.

With kind regards,

Yours Comradely,



(**N. GOVINDRAJULU**)
GENERAL SECRETARY