



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

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Dear Comrades,

16 th May , 2019

News of Interest 16th May

QUOTE OF THE DAY

'LIFE SHRINKS OR EXPANDS IN PROPORTION TO ONE'S COURAGE. – ANAIS IN

HIGHLIGHTS

- 1. RBI'S VISION 2021 LOOKS AT A 'CASH-LITE' SOCIETY, CYBER SECURITY, AND MORE**
- 2. UNION BANK PLANS TO RAISE UP TO RS 4,900 CRORE IN EQUITY IN H2FY20**
- 3. JAMMU AND KASHMIR BANK Q4 NET RISES 7-FOLD TO RS 215 CRORE**
- 4. RBI TIGHTENS VIGIL ON YES BANK WITH EX-DEPUTY GOVERNOR ON BOARD**
- 5. KARUR VYSYA BANK Q4 PROFIT UP 19% AT RS.60 CR**

Business Standard

1. RBI's vision 2021 looks at a 'cash-lite' society, cyber security, and more

Highlights need for a self-regulatory organisation in the digital payment space

Nikhat Hetavkar

The Reserve Bank of India (RBI) on Wednesday released its statement on 'Payment and Settlement Systems in India: Vision 2019–2021', which outlined the measures that the central bank will undertake to foster innovation, cyber security, financial inclusion, customer protection, and competition.

The Payment Systems Vision 2021 envisages achieving a 'highly digital' and 'cash-lite' society through the goalposts of competition, cost-effectiveness, convenience, and confidence, said the RBI.

Based on inputs from various stakeholders and guidance of the Board for Regulation and Supervision of Payment and Settlement Systems, the report consists of 36 specific action points with 12 specific outcomes.

The RBI has highlighted the need for a self-regulatory organisation for the digital payment space, which can serve as a two-way communication channel between the players and the regulator. The organisation will also work towards establishing minimum benchmarks, standards, and help discipline rogue behaviour.

The number of digital transactions is expected to increase more than four times, from 20.69 billion in December 2018 to 87.07 billion in December 2021. The digital payment transaction turnover vis-à-vis gross domestic product (at current market prices) is expected to further increase to 10.37 per cent in 2019, 12.29 per cent in 2020, and 14.80 per cent in 2021.

The RBI expects accelerated growth in individual retail electronic payment systems, both in terms of number of transactions and increased availability. Payment systems like Unified Payments Interface/Immediate Payment Service are likely to register average annualised growth of over 100 per cent and National Electronic Funds Transfer at 40 per cent over the vision period, it said.

The RBI will take measures to increase the penetration of acceptance infrastructure in the country. The infrastructure will be upscaled to at least six times of the present levels in the next three years' time, it said.

The central bank will finalise a framework to encourage competition in existing payment systems and a review would be undertaken to consider authorisation of new players including one/few pan-Indian umbrella organisations.

The RBI said it will release a framework that will specify the minimum entry requirements for any payment organisation. It said that the policy for payment system authorisation has been liberal since it was at a nascent stage, but entry conditions are necessary due to the growth of the digital payment space. The central bank will also look into the need for existing authorised payment players to essentially have a physical presence in India for operating payment systems.

In order to have a coordinated approach towards regulation, the RBI shall engage with the other sectoral regulators — Securities and Exchange Board of India, Insurance Regulatory and Development Authority, Telecom Regulatory Authority of India, etc to remove friction in regulation and ease system operator and customer comfort, it said.

The RBI will also consider implementation of e-mandates/standing instructions for retail payment systems, subject to customer protection and adequate safeguards like authenticating payment instrument registration, mandating transaction limits, segments, etc.

2. Union Bank plans to raise up to Rs 4,900 crore in equity in H2FY20

Shareholders' nod for raising equity capital will be sought at its annual general meeting on June 28

Abhijit Lele

Union Bank of India plans to raise up to Rs 4,900 crore in equity in the second half of the current financial year to support its loan growth plans.

The board of directors approved its capital-raising plan for FY20 at its meeting on Wednesday.

Rajkiran Rai G, managing director & chief executive of the bank, said the board had set an overall capital-raising limit of Rs 6,000 crore for FY20. With this limit, the lender also has the option of raising up to Rs 4,200 crore through additional tier-I and tier-2 bonds.

Shareholders' nod for raising equity capital will be sought at its annual general meeting on June 28.

Rai said the bank might not need capital in the first half ending September 30, 2019. It might look at tapping the market in the second half. It could tap routes like follow-on public issue, rights offering or Qualified Institutional Placement (QIP).

The bank's global advances rose 3.7 per cent to Rs 3.25 trillion in FY19. It has guided for 9-11 per cent growth in loans during the current financial year.

Meanwhile, Union Bank's shares declined over 10 per cent after the company's net loss widened to Rs 3,370 crore in the fourth quarter of FY19.

Its net loss stood at Rs 2,583 crore in January-March 2018. The stock closed 10.03 per cent lower at Rs 71.30 on the BSE.

The bank posted a net loss due to higher provisions it had to make in the fourth quarter as the RBI asked the bank to reclassify existing gross non-performing assets (NPAs) from a back date. These loans were already treated as NPAs by the bank.

Financial Express

3. Jammu and Kashmir Bank Q4 net rises 7-fold to Rs 215 crore

By: [FE Bureau](#)

Jammu and Kashmir Bank on Wednesday reported a seven-fold year-on-year (y-o-y) increase in net profit to Rs 214.80 crore in the March quarter, led by strong operational performance. The bank posted a net profit of Rs.28.41 crore in the same quarter previous fiscal.

The March quarter net profit contributes to almost half of the total net profit of ` 464 crore in FY19.

Total income of the bank grew 40% y-o-y to Rs.2,473.47 crore in the quarter ended March 31 from Rs.1,764 crore. Operating profit stood at Rs.600 crore in Q4FY19 against Rs.266 crore in the year-ago period.

Net interest income (NIIs) rose to Rs.931.26 crore in the March quarter, 42% higher than Rs.655 crore in Q4 FY 18 and 5.6% more than Rs.881.63 crore in Q3 FY 19.

Economic Times

4. RBI tightens vigil on Yes Bank with ex-deputy governor on board

R Gandhi's appointment may help the Yes Bank management face investor queries on its attempt to put the bank back on track

By [Shilpy Sinha Joel Rebello](#) , ET Bureau

With the appointment of former deputy governor R Gandhi as additional director on the Yes Bank board, the Reserve Bank of India has backed the clean-up efforts of the management.

Gandhi's appointment may help the Yes Bank management face investor queries on its attempt to put the bank back on track after a regulator-driven exit of its previous chief executive, and the circumstances which led to its chairman's resignation.

Yes Bank shareholders fear further value erosion with the lender set to dilute equity to provide for bad loans. The bank's shares fell 8% to a multi-year low of Rs 143.65 on Wednesday on the BSE.

"This is a little pre-emptive move because this is a large bank and it requires the right kind of people on the board to ensure that depositor interests are protected and things can be kept in check," said Suresh Ganapathy, research analyst, financials, at Macquarie Securities.

"This is the right thing to do because any adverse impact on the bank or a run by depositors could have system-wide implications.

It is clear that the bank's balance sheet is stretched and NPA recognition is an issue."

Gandhi headed the vital department of banking operations and development at the RBI. His appointment is the third similar action by the central bank in recent years.

It had earlier appointed directors on the boards of Dhanlaxmi Bank and Lakshmi Vilas Bank.

Yes Bank appointed Ravneet Gill as the chief executive after RBI denied a fresh term to founder Rana Kapoor as the CEO in the wake of corporate governance issues. Brahm Dutt took over as chairman after Ashok Chawla resigned earlier this year.

The bank reported a loss of Rs 1,506.64 crore for the quarter ended March 31 on a spike in provisions and contingencies. Provisions jumped to Rs 3,661.70 crore in the fourth quarter from Rs 399.64 crore a year ago.

The bank had recognised nonperforming assets (NPA) of Rs 3,480 crore from airline, infrastructure and real estate. It had identified standard stressed assets of Rs 10,000 crore from corporate groups in real estate, entertainment

and infra sectors. Analysts are worried about Yes Bank's large exposure to Anil Ambani's Reliance ADAG and Essel Group of companies.

An anonymous letter from a bunch of employees is doing the rounds in Yes Bank, accusing the new management of changing business plans and recalling sanctioned loans. It also said the clean-up is hurting the investors.

"Some of the actions here will be on segregate risk functions and credit approval, reduce portfolio concentration, especially in real estate and project finance, conservative accounting norms, especially on fees and provisioning and much stricter early warning system for portfolio control," said Pritesh Bumb, analyst at Prabhudas Lilladher.

Gill said after the quarterly results that the bank was now being led by liabilities, and not assets. It will hire someone to lead the liabilities division as this is an important area of focus.

"This (Gandhi's appointment) is an extraordinary move by RBI because this is a large frontline bank, unlike those which received a similar RBI diktat previously," said Lalitabh Srivastawa, AVP, research at Sharekhan, a unit of BNP Paribas. "This has to be read in conjuncture with other recent moves like a cut in the credit rating by agencies and is not a good sign of the bank's health. We are cutting the bank's rating to 'hold' from 'buy'."

The bank is under pressure to raise capital with core equity Tier I at 8.4% to be able to grow the loan book.

It is aiming for a 15-20% growth in the coming quarters. The bank has approval from the board for raising equity capital of Rs 7,000 crore. Top-rated banks have core equity Tier I capital of 13%.

Business Line

5. Karur Vysya Bank Q4 profit up 19% at Rs. 60 cr

[PTI New Delhi |](#)

Karur Vysya Bank on Wednesday reported a rise of 18.7 per cent in March quarter net profit at Rs.60.02 due to healthy income from retail banking even as bad loans spiked.

The bank clocked a profit of Rs.50.56 crore during the corresponding January-March period of 2017-18, as per a regulatory filing.

Total income in the latest quarter rose to Rs.1,746.04 crore from Rs.1,699.53 crore in the year-ago period. Income from retail banking was higher 4.6 per cent to Rs 967.23 crore.

For full 2018-19 financial year, the bank posted a decline of 39 per cent in net profit at Rs.210.87 crore as against Rs.345.67 crore in 2017-18, it said.

Income during the year increased to Rs.6,778.59 crore from Rs.6,599.58 crore in 2017-18.

Bank's asset quality deteriorated during the year with gross non-performing assets (NPAs) hitting 8.79 per cent of gross advances as on March 31, 2019, as against 6.56 per cent by end-March 2018.

Net NPAs rose to 4.98 per cent from 4.16 per cent.

In absolute value, gross NPAs were Rs.4,449.57 crore by end of 2018-19, compared to Rs.3,015.76 crore a year ago. Net NPAs amounted to Rs.2,420.34 crore as against Rs.1,862.83 crore earlier.

Even though bad assets were on the rise, the provision for bad loans and contingencies for March 2019 quarter came down to Rs.352.34 crore from Rs.394.17 crore a year ago. During March quarter 2019, the bank issued Basel III compliant tier II bonds to the tune of Rs.487 crore, it said.

The bank also informed that "since the divergence for the year 2017-18 is lower than the threshold prescribed (by RBI), no disclosure on divergence in asset classification and provisioning for NPAs is required with respect to RBI's annual supervisory process."

The bank's board also proposed dividend of Rs.0.60 per equity share for 2018-19, it said.

Provision coverage ratio was 56.86 per cent as on March 31, 2019.

Karur Vysya Bank stock was trading at Rs.75.85 apiece on BSE, down 4.59 per cent from previous close.

With kind regards,

Yours Comradely,



(N. GOVINDRAJULU)
GENERAL SECRETARY