



**ALL INDIA UNION BANK PENSIONERS AND RETIREES FEDERATION**  
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Dear Comrades,

24th May , 2019

### News of Interest 29th May

#### QUOTE OF THE DAY

“PEOPLE WHO ARE CRAZY ENOUGH TO THINK THEY CAN CHANGE THE WORLD, ARE THE ONES WHO DO.” – ROB SILTANEN

#### HIGHLIGHTS

1. RBI EXTENDS TIMING FOR FUND TRANSFER THROUGH RTGS TILL 6 PM FROM JUN 1
2. SBI TO SELL RS 230-CRORE NPAS WITH UP TO 79% HAIRCUT
3. LAKSHMI VILAS BANK Q4 NET LOSS NARROWS TO RS 264 CRORE
4. INDEPENDENT DIRECTOR JANAKIRAMAN RESIGNS FROM IL&FS UNITS
5. FOCUS ON INDIA'S BANKING AND INSURANCE
6. PHYGITAL IS THE WAY FORWARD FOR BANKS TO ATTRACT, RETAIN CUSTOMERS

#### Business Standard

##### 1. RBI extends timing for fund transfer through RTGS till 6 pm from Jun 1: RBI

The minimum amount to be remitted through RTGS is Rs 2 lakh with no upper or maximum ceiling

#### Press Trust of India

Timings for fund transfer through RTGS have been extended by one-and-a-half hours to 1800 hrs for the general public from June 1, the Reserve Bank of India said Tuesday.

Under Real Time Gross Settlement (RTGS) System, there is a continuous and real-time settlement of fund-transfers, individually on a transaction by transaction basis (without netting).

The RTGS system is primarily meant for large value transactions. The minimum amount to be remitted through RTGS is Rs 2 lakh with no upper or maximum ceiling.

"It has been decided to extend the timings for customer transactions (initial cut-off) in RTGS from 4:30 pm to 6:00 pm," the RBI said in a notification.

The extended window for RTGS will be applicable from June 1.

Besides, National Electronic Funds Transfer (NEFT) is another popular form of fund transfer. There is no limit for the minimum/maximum for fund transfer. However, NEFT operates in hourly batches. Currently, India's largest bank SBI provides 12 settlements from 8 am to 7 pm on weekdays and five settlements from 8 am to 1 pm on Saturdays.

## **Financial Express**

### **2. SBI to sell Rs 230-crore NPAs with up to 79% haircut**

By: [Shritama Bose](#)

Bad loan accounts put on sale by banks in the March quarter of FY19 rose to over Rs 27,000 crore as lenders hastened to book cash recoveries ahead of the end of the financial year 2018-19, according to sale documents put up by banks.

State Bank of India (SBI) on Tuesday put on sale four non-performing assets (NPAs) worth Rs 230 crore on a 100% cash basis, with reserve prices implying haircuts of up to 79% for the accounts.

The four assets are Lovely International and Lovely Enterprises (Rs 95 crore), Abhijeet Ferrotech (Rs 89 crore), Trichy Tanjavur Expressway (Rs 24 crore) and Madurai Tuticorin Expressway (Rs 22 crore). The reserve prices for the four accounts suggest that the haircuts SBI is prepared to take stand at 79%, 63%, 48% and 43% respectively.

"Besides the amount outstanding under any disbursed loans, bank shall notify the purchaser details of any un-devolved LCs (letters of credit)/ BGs (bank guarantees) yet to be invoked/ installments of DPGs (deferred payment guarantees), which are not yet due, in respect of the NPA accounts being offered for sale by the Bank," SBI said in a bid document.

The bank shall retain pari-passu charge on the securities relating to un-crystallised non-funded facilities. In case of crystallisation of non-funded facilities after the sale, that portion will be converted to funded exposure and

sold by SBI to the same buyer who buys the funded exposures currently on sale.

Bad loan accounts put on sale by banks in the March quarter of FY19 rose to over Rs 27,000 crore as lenders hastened to book cash recoveries ahead of the end of the financial year 2018-19, according to sale documents put up by banks. Delays in resolution through the Insolvency and Bankruptcy Code route may have also forced banks' hand.

Among the large exposures on the block in Q4 were Bank of Baroda (BoB) and IDBI Bank's exposures to Reliance Communications (RCom) — Rs 1,838 crore and Rs 1,056 crore respectively. The other large accounts banks are trying to palm off are those of Bhushan Power & Steel and Alok Industries. These two are yet to be fully resolved in the insolvency courts and banks' provisioning burden against them shot up to 10% in the March quarter.

While the market for cash-based NPA sales to asset reconstruction companies (ARCs) was robust through most of FY19, bankers spoke of a slackening in Q4. For instance, Union Bank of India sold bad loans worth `700 crore in FY19, though only Rs 38 crore of this came in the fourth quarter. Rajkiran Rai G, managing director and chief executive officer, Union Bank, told reporters: "Last quarter, we didn't see much interest. Now we will have to gauge the market again for sales."

### **3. Lakshmi Vilas Bank Q4 net loss narrows to Rs 264 crore**

By: [PTI](#)

On yearly basis, the bank saw widening of loss to Rs 894.09 crore in FY 2018-19, against Rs 584.87 crore in the previous year.

Private lender Lakshmi Vilas Bank Tuesday reported a lower net loss of Rs 264.43 crore for the quarter ending March 2019 compared to Rs 622.25 crore in the year-ago period due to a decline in provisioning for bad loans.

Total income of the lender fell to Rs 739.73 crore during the January-March quarter of 2018-19 from Rs 740.91 crore in the same quarter of the preceding fiscal, the bank said in a regulatory filing.

The asset quality of the bank worsened as the gross non-performing assets (NPAs) hit 15.30 per cent of gross loans at the end March 2019, as against 9.98 per cent by March 2018. Net NPAs or bad loans too shot up to 7.49 per cent from 5.66 per cent.

In absolute term, gross NPAs were at Rs 3,358.99 crore by the end of 2018-19, higher than Rs 2,694.21 crore year ago. Net NPAs rose to Rs 1,506.29 crore from Rs 1,457.89 crore.

However, provisions for bad loans and restructured accounts were restricted to Rs 301.24 crore during the last quarter of fiscal ended March 2019 from Rs 880.40 crore provision year ago.

On yearly basis, the bank saw widening of loss to Rs 894.09 crore in FY2018-19, against Rs 584.87 crore in the previous year.

Total income during the fiscal fell to Rs 3,090.21 crore against Rs 3,388.43 crore.

Net interest margin (NIM) of the bank stood at 1.73 per cent for the March quarter against 1.34 per cent in the year-ago period. For the full year, the NIM stood at 1.65 per cent, down from 2.38 per cent year earlier.

Post the board approval for merger between Indiabulls Housing Finance Ltd (IHFL) with Lakshmi Vilas Bank in April this year, the lender said that the scheme is subject to receipt of approval from the Reserve Bank and other regulatory nods.

## **Economic Times**

### **4. Independent director Janakiraman resigns from IL&FS units**

Janakiraman, a former managing director of State Bank of India, was also head of the risk management committee at ISSL and had been part of the panel for more than a decade

By Rashmi Rajput | ET Bureau|

Venkataraman Janakiraman, independent director of IL&FS Securities Services Ltd. (ISSL), resigned last Friday for personal reasons at a time when scrutiny of the roles of the compliance team and independent directors has intensified.

Janakiraman, a former managing director of State Bank of India, was also head of the risk management committee at ISSL and had been part of the panel for more than a decade, people aware of the matter said. He also stepped down as independent director of ISSL Settlement & Transaction Services Ltd, another group firm.

The Ministry of Corporate Affairs had advised the government-appointed board of Infrastructure Leasing & Financial Services (IL&FS), the parent company, to investigate if the compliance heads and team faulted in their responsibilities and failed to flag wrongdoing that led to alleged fraud in the group, they said. SM Mukhopadhyay, chief risk officer and compliance officer of ISSL, is also likely to step down, the people said.

Janakiraman resigned last week owing to some personal reasons. His decision has been communicated to the Registrar of Companies as mandated under the Companies Act," an official said. "While Mukhopadhyay is likely to step down soon, another senior officer from the senior management who is a part of the

compliance team has been asked not to handle the matters of ISSL so as to ensure that the forensic audit is conducted without any prejudice.”

IL&FS group chief communication officer Sharad Goel declined to comment on the matter. ISSL recently moved the Securities Appellate Tribunal to direct the Securities and Exchange Board of India to annul certain transactions carried out by Allied Financial Services. ISSL argued that Allied Financial had carried out fraudulent mutual fund transfers on behalf of its clients Dalmia Cement and OCL India, among others.

The regulator had banned Allied Financial and others for misappropriating client securities and a host of other violations. Sebi also barred them from disposing of or alienating any assets or creating or invoking any charge on them without permission.

## **Business Line**

### **5. Focus on India's banking and insurance**

There was a time when people could avail of a bank's services only between 10 am and 2 pm, and only at their specific branch. Today, digital banking and ATMs have ensured that people can bank any time, anywhere. And yet, people still like doing a little banking at their branch. That's why many banks are choosing to go 'phygital'.

While some banks have taken this hybrid approach, others are focussing on broadening their digital footprint, and this has opened new avenues for a host of financial technology entities, creating thousands of jobs along the way.

Just as banking has evolved, so has insurance, particularly health insurance. Today, the incidence of cancer among Indians is growing by the day. Thankfully, there is a range of insurance options people can choose from to cope with the humongous costs that go with treating this disease. Motor insurance, too, is evolving rapidly.

In today's issue of *BusinessLine*, we feature a series of articles on the transformation of India's banking and insurance landscape. We take an in-depth look at challenges as well as the plethora of opportunities before the growing number of contenders in this niche space. Look out for the highlighted pieces.

### **6. Phygital is the way forward for banks to attract, retain customers**

[Surabhi](#)

Lenders can become far more effective through both digital and physical presence

It's not just mobile and digital channels, but brick and mortar branches too continue to remain a top focus of banks.

Most bankers point out that since 2011, mobile and net banking have seen a huge upswing due to improved Internet connectivity and accessibility but concur that physical branches give confidence to customers.

In fact, a strong branch network across the country is not just a requirement for public sector banks that are primarily responsible for financial inclusion, but private lenders are also catching up as they are keen on customer acquisition and increasing their deposit base.

Annual plans of most banks for 2019-20 have an equal play for both digital and physical channels even as they innovate and experiment on the mobile and Internet banking platforms that have seen huge positive customer response.

"Branches are the prime channel for customer acquisition and a large branch network gives a sense of confidence to the customers. Digital channels complement branch network to help them acquire new customers and give better customer service. At Federal Bank more than 75 per cent of the branch transactions have been migrated to digital channels. The bank has a very strong pan-India presence and we haven't opened any new branches in the last three years, but may do very selectively in the coming year. Digital at the Fore, Human at the Core is our philosophy and we will continue to be phygital," said Jithesh PV, Deputy Vice- President and Head of Digital, Federal Bank.

Phygital is a concept that is also used by Uday Kotak, MD & CEO, Kotak Mahindra Bank. In an interview with *BusinessLine* in January, he had said banks can become far more effective through the combination of digital and physical presence.

Take for instance, State Bank of India's YONO app, which has become extremely popular with 73.49 lakh registered users as on March 31, 2019 and total transactions valued at Rs.7,301.5 crore in the fourth quarter of 2018-19.

Similarly, ICICI Bank, which has a number of instant products like credit cards, has in recent months unveiled features such as digital and paperless sanctioning of auto and home loans. Other lenders like Kotak Mahindra Bank and HDFC Bank have added new features or upgraded their mobile banking apps.

Prakash Sundaram, Chief Strategy and Digital Innovation Officer at Fincare Small Finance Bank, said that banking is about customer experience as it can become boring around products. "Whether it is branches or customer premises that is "assisted digital" or "self service digital", retail customers expect it as hygiene without which many would never engage with a bank," he noted.

But, as the retail head of a bank said: "Branches just can't be wished away although they can be smaller with less people deployed. The younger generation does not want the hassle of visiting a bank branch and find mobile and online banking much more convenient. But slightly older customers, say above 45-50 years of age, still prefer to visit a bank branch."

Branches are also required for high net worth individuals who need a locker facility or personalised wealth management services, he further said.

Private sector lender HDFC Bank opened its 5,000th branch in February while Axis Bank inaugurated its 4,000th branch in March.

### **Adding branches**

While planning a number of digital innovations, Axis Bank's MD and CEO Amitabh Chaudhry had told *BusinessLine* in a recent interview that the lender has been adding 400 branches annually and intends to add 400 branches every year until it reaches about 5,500 branches.

Even smaller and mid-sized lenders such as RBL Bank have seen a steady increase in its network from 265 branches as on March 31, 2018 to 324 own branches on March 31, 2019.

However, public sector banks continue to rule the roost in terms of branch network. According to data with the Reserve Bank of India, PSU banks had a total of 90,821 branches as on June end, 2018 compared to a mere 28,805 branches of their private sector peers.

Thanking you,

Yours Comradely,



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