



AIBEA's *Banking News*

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NEWS BULLETIN FROM ALL INDIA BANK EMPLOYEES' ASSOCIATION

FINANCIAL PERFORMANCE OF PUBLIC SECTOR BANKS AS ON 31-3-2018

Rs in crores

BANK	OPERATING PROFIT	PROVISIONS FOR BAD LOANS & CONTINGENCIES	NET PROFIT / NETLOSS
1. Indian Bank	5001	3925	+ 1259
2. Vijaya Bank	3098	2114	+ 727
3. Punjab & Sind Bank	1145	1740	- 744
4. Bank of Maharashtra	2191	5457	- 1146
5. United Bank of India	1024	3971	- 1454
6. Dena Bank	1171	4350	- 1923
7. Bank of Baroda	12005	14796	- 2432
8. Syndicate Bank	3864	8252	- 3223
9. Andhra Bank	5361	10822	- 3413
10. Corporation Bank	3950	10631	- 4054
11. Canara Bank	9548	16109	- 4222
12. UCO Bank	1334	5761	- 4436
13. Allahabad Bank	3438	10029	- 4674
14. Central Bank of India	2733	10629	- 5105
15. Union Bank of India	7540	14181	- 5247
16. Oriental Bank of Commerce	3703	9798	- 5872
17. Bank of India	7139	15772	- 6044
18. Indian Overseas Bank	3629	12261	- 6299
19. State Bank of India	54075	75039	- 6547
20. IDBI Bank	7904	20497	- 8238
21. Punjab National Bank	10294	29869	- 12283
TOTAL	1,50,149	2,86,004	- 85,370

Corporates make 73% of public sector bank bad loans

The Finance Ministry directed smaller PSBs to cut their corporate loan exposure to 25 per cent of their risk-weighted assets over the medium term and focus more on retail lending.

Sunny Verma | New Delhi |

March 31, 2018 THE INDIAN EXPRESS

Loans to services and agriculture sector accounted for 13.21 per cent and 8.89 per cent respectively of the gross NPAs, the data shows.

Corporate loans corner the lion's share of rising bad loans in public sector banks while retail loans have a far superior track record when it comes to timely repayment, according to the latest available Reserve Bank of India data.

Even as public sector banks lent about 37 per cent of their total credit to the industry sector, the corporate and industry loans accounted for over 73 per cent of the total non-performing assets (NPAs) of the banking sector in 2016-17, according to an analysis of the data by *The Indian Express*. Retail loans, which are 22.83 per cent of the overall credit, comprised only 3.71 per cent of the gross NPAs.

Banking analysts say that factors such as business failure, inadequate risk assessment while sanctioning corporate credit and loan frauds by companies are some of the main reasons for the high level of NPAs in loans to industry given by the banks.

In contrast, retail loans such as home loans, car loans and personal loans have a much better repayment track record. Loans to services and agriculture sector accounted for 13.21 per cent and 8.89 per cent respectively of the gross NPAs, the data shows.

THE TRACK RECORD	
CATEGORY	GROSS NPA (%)
Industry ₹ 4,70,084 cr	73.33
Agriculture ₹ 57,021 cr	8.89
Services ₹ 84,686 cr	13.21
Retail ₹ 23,795 cr	3.71
Total ₹ 6,41,056 cr	100*

SOURCE: Reserve Bank of India,
data as on March 31, 2017
*Rounded off

In absolute terms, out of Rs 6.41 lakh crore worth of total gross NPAs of PSU banks, Rs 4.70 lakh crore worth of NPAs were due to loans extended to industry as on March 31, 2017, the data shows. As for retail loans, Rs 23,795 crore worth of such loans turned into NPAs.

To put PSU banks in order, the government initiated a plan in January to turn some of the smaller PSBs into national retail banks and regional retail banks, while limiting the corporate loans business primarily to large banks such as the State Bank of India, Punjab National Bank and Bank of Baroda.

The Finance Ministry directed smaller PSBs to cut their corporate loan exposure to 25 per cent of their risk-weighted assets over the medium term and focus more on retail lending.

For a number of PSBs, the corporate loan exposure is around 50 per cent or higher, while retail exposure is around 15 per cent. In the roadmap towards reaching the 25 per cent corporate loan exposure mark, the government has asked smaller banks to first cut their corporate loan exposure to either below 40 per cent by March 2019 or by at least 15 per cent from the September 2017 level.

A closer look at the data shows that within the industry, large corporates account for a bigger chunk of NPAs. The gross NPAs under the industry-large category for scheduled commercial banks, which were Rs 1.23 lakh crore as on March 31, 2015, ballooned to Rs 5.27 lakh crore in December 31, 2017. In 2015, the RBI initiated its Asset Quality Review in order to have fully provisioned bank balance-sheets by March 2017. This transparent recognition of bad loans showed the actual picture of stressed assets in the economy.

In terms of the Gross NPA ratio for large industry as on December 31, 2017, Indian Overseas Bank had the highest ratio of 44.29 per cent, IDBI Bank had a ratio of 42.69 per cent, State Bank of India 25.09 per cent, Allahabad Bank 36.94 per cent, Bank of Maharashtra 36.58 per cent, ICICI Bank 20.83 per cent. This means that for every Rs 100 loan given to a large corporate by Indian Overseas Bank, as much as Rs 44.29 turned into NPA.

In contrast, private lender HDFC Bank, which focuses on retail lending, had a Gross NPA ratio of only 0.74 per cent for large corporate loans. Another private lender Yes Bank, which focuses on corporate loans, had a gross NPA of 3.28 per cent for its exposure to large corporates.

The government has announced that it will follow a differentiated strategy of capital infusion, which means that the size of smaller banks will be reduced, gearing them towards lending primarily to retail with asset swaps and pruning the number of unprofitable branches.

Allahabad, Dena Banks' corporate borrowers told to find new lenders

The Reserve Bank of India banned Dena Bank from advancing any fresh loans while Allahabad Bank has been asked to restrict expansion of risk weighted assets and reduction in exposure to unrated and high risk advances.

Sunny Verma | New Delhi | : June 1, 2018 THE INDIAN EXPRESS

Corporate borrowers of Dena Bank and Allahabad Bank, which have been restricted from providing fresh loans, are being asked to switch their banks in order to ensure that lending to companies, especially MSMEs, does not come to a sudden halt, sources in the finance ministry said. With financial performance of the two lenders deteriorating sharply in 2017-18, the Reserve Bank of India banned Dena Bank from advancing any fresh loans while Allahabad Bank has been asked to restrict expansion of risk weighted assets and reduction in exposure to unrated and high risk advances.

These restrictions mean even the existing borrowers of these accounts cannot get any credit facilities such as working capital loans and cash credit. "While there are lending restrictions, these two banks are working with borrowers to switch them over to the other banks to ensure that credit facilities continue smoothly," a senior finance ministry official said. The government had earlier directed the smaller public sector banks to consider switch or sale of corporate loans to other banks.

Earlier this month, the RBI "restricted Dena Bank from assuming fresh credit exposure and recruitment of staff." Apart from lending restrictions on Allahabad Bank, the RBI also directed it to restrict creation of non-banking assets and to restrict accessing/renewing wholesale/costly deposits and certificate of deposits. These restrictions affect small and medium scale companies which have running credit facilities with limited number of banks.

OUTSTANDING CREDIT

Sector	Dena Bank	Allahabad Bank
Agriculture	13,347	27,782
MSME	10,898	31,547
Large industries	26,817	38,764
Retail loans	13,240	20,375
Total advances*	74,239	1,66,436

(data in `cr; as on March 31, 2018)

**Includes other types of credit such as food credit as well*

Source: Dena Bank, Allahabad Bank

As on March 31, 2018, Dena Bank has outstanding credit exposure of Rs 10,898 crore to MSMEs while the same for Allahabad Bank is Rs 31,547 crore. The two banks had lent a total of Rs 26,817 crore and Rs 38,764 crore, respectively, to large corporates. Lending to small and large corporates account for around 51 per cent of the total advances of Dena Bank, while for Allahabad Bank the same is around 42 per cent. As part of the Rs 2.11 lakh crore of capital infusion plan for the PSU banks, the government in January allocated Rs 3,045 crore to Dena Bank and Rs 1,500 crore to Allahabad Bank.

“Since corporate borrowers, especially the small and medium enterprises, have past business relations with these banks, any sudden halt in credit can adversely affect the companies. So we are working on companies switching over to the other banks to ensure smooth transition of the PCA (Prompt Corrective Action) banks as well as their borrowers,” the official said. Apart from corporate borrowers, these restrictions also affect the borrowers in the agriculture sector, who would also need to switch banks to raise any fresh loans.

A total of eleven state-owned banks are currently under the RBI’s PCA framework, which kicks in when banks breach any of the three key regulatory trigger points i.e. capital adequacy ratio, net NPA and Return on Assets. PCA banks are restricted from increasing the size of their loan book, paying dividend and opening new branches, among others.

Allahabad HC stays central bank circular on NPAs in power sector

Stressed assets to the tune of over Rs 1.8 lakh crore in the power sector have been a cause of concern for most lenders.

Moneycontrol News @ moneycontrol.com

The Allahabad High Court has stayed Reserve Bank of India’s February 12 circular on a resolution on non-performing assets (NPAs) in the power sector.

According to a CNBC TV18 report, the high court has said that no action will be taken by banks against power companies, except willful defaulters.

A circular released by RBI in February suggested that banks must come up with a resolution plan for all NPAs within 180 days of default on the banks' books, failing which the assets must be sent for resolution to the insolvency courts under the Insolvency and Bankruptcy Code (IBC).

Stressed assets to the tune of over Rs 1.8 lakh crore in the power sector have been a cause of concern for most lenders as a numerous policy and approvals had delayed certain projects which had led to defaults in many cases.

Taking cognizance of the parliamentary panel report on NPAs in the power sector, the high court directed the ministry of finance to hold a meeting with the power producers in June.

On Thursday, Power Finance Corporation (PFC), a state-owned financier to the sector, said it is working with State Bank of India (SBI) to come up with a resolution plan for 11 projects.

PFC is in talks with state governments to allow a power developer to take over control and manage operations through the sustainable portion of the debt, thereby reviving power firms.

GDP Growth – Its Back To Square One!

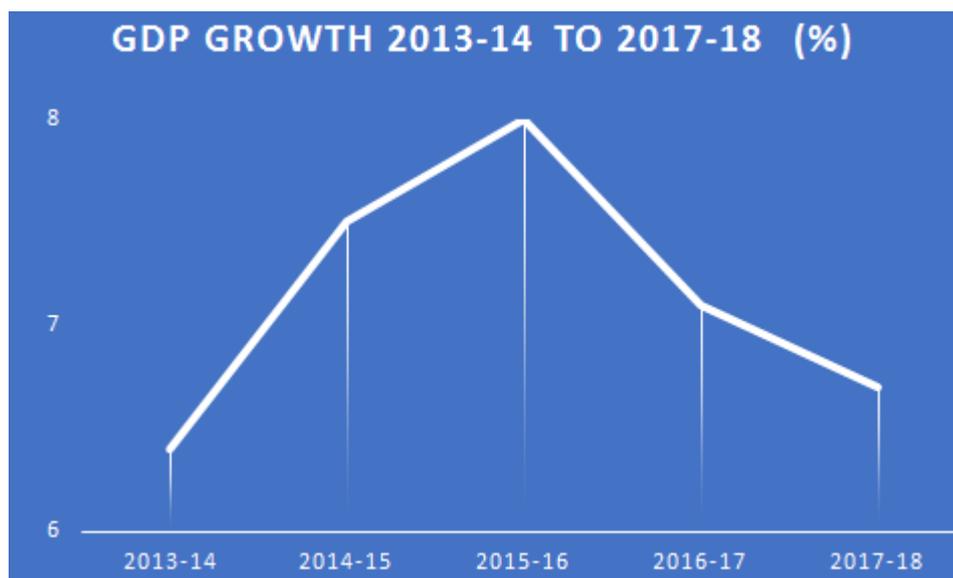
Latest figures shows that in fourth year of Modi Sarkar GDP growth is back to where it was in UPA-2's last year.

[Subodh Varma](#) 01 Jun 2018



It doesn't really matter as far as people's welfare is concerned, but GDP growth figures for 2017-18 released by the govt. yesterday show that things are back to where they were before the present Modi govt. took

over. In 2017-18, the economy registered a growth of 6.7%, the lowest in four years under the Achche Din Sarkar. Its now almost the same as in 2013 when it was 6.4%.



Remember – BJP had promised in its 2014 manifesto that they will ensure higher and more inclusive growth. There had been much euphoria and mutual back slapping in the past three years over the higher growth rates, 7.5% in 2014-15, 8% in 2015-16 and 7.1% in 2016-17. All that is over now.

Agriculture grew at a measly 3.4% in 2017-18, down from 6.3% in the previous year. Manufacturing grew at an anaemic 5.7% compared to 7.9% in 2016-17. The only sector that showed some signs of revival was construction, where growth rate picked up from just 1.3% in 2016-17 to 5.7% in 2017-18.

GDP growth rates, as Indians well know, are not reflective of any tangible benefits for common people. During a decade of UPA rule (2004 to 2014) average growth rate of the economy was about 8% but jobs grew at just about 2%. That's why it was called "jobless growth". In fact it was this that propelled Modi to power since he promised at least 1 crore jobs per year during his energetic 2013-14 election campaign.

But in his four years in power, the story has been the same – and now sliding to worse. Job growth is estimated at less than 1%, and there have been significant job losses in several sectors. Despite two consecutive

good monsoons, agriculture growth is very low and farmers have been agitating against mounting debt and unremunerative harvest prices.

Govt. data shows that private consumption spending is slowing down, the growth rate slipping from 7.3% last year to 6.6% this year. Meanwhile investment by industry, as reflected in gross fixed capital formation, too has slipped from a growth of 10.1% in 2016-17 to 7.6% in 2017-18. RBI figures confirm that bank credit to industry has shown the lowest growth in 60 years.

The twin blows of demonetisation and GST have some contribution to make to this slow down, although BJP apologists have been endlessly claiming that these are historic measures with far reaching positive changes.

Be that as it may, for now, Modi sarkar's achche din and sabka saath, sabka vikas have turned out to be brutally empty promises.

Farmers in 7 States Call 10-Day Strike, Vegetable Prices Spike



Farmers in seven states have announced a 10-day strike, starting 1 June. The farmers, under the banner of the Rashtriya Kisan Maha Sangh, are protesting to demand loan waivers and implementation of the MS Swaminathan Committee recommendations.

- Farmers have called a 10-day strike in Haryana, Rajasthan, Punjab, Jammu and Kashmir, Madhya Pradesh, Maharashtra, Karnataka and Kerala
- Daily supplies such as milk and vegetables are likely to be hit over the course of the strike

Mandsaur Farmers Serve Kheer to Villagers



Farmers sit in protest in Mandsaur, MP
Farmers in Mandsaur, MP, who have gone on the 10-day 'Kisan Avkash' strike prepared Kheer and distributed it among villagers. The farmers continued to maintain that during the ten-day strike, they are not supplying vegetables, fruits, grains and milk to cities.



Protesting farmers prepared kheer to serve to villager in Mandsaur, MP

**There Are No Protests, Farmers Are Happy with CM's Schemes: MP
Agriculture Minister**

Just hours after farmers in Ludhiana took to dumping vegetables on the streets in protest, Madhya Pradesh Minister for Agriculture Balkrishna Patidar said that there were no protests. He added that the farmers in the state were happy with the chief minister's schemes for farmers.

Balkrishna Patidar, Minister for Agriculture, Madhya PradeshIts 2 June today, where is the strike happening? No farmers are participating in the strike. Farmers are happy with the schemes Chief Minister Shivraj Chouhan has launched for them.They have faith that the state & central govt will solve their problems

**Farmers Have No Issues, They're Focusing on Unnecessary Things: Haryana
CM Khattar**

Haryana Chief Minister Manohar Lal Khattar, in response to the farmers' protest, said that the farmers were "focusing on unnecessary things" and that "they don't have any issues."

Farmers Continue Protest on Day 2; Vendors Lament Price Rise



Farmers dump vegetables on the streets in Ludhiana, Punjab

Farmers continued their protest on the second day of the 'Kisan Avkash', dumping vegetables on the streets, ANI reported. Meanwhile, in the capital, vegetable vendors have said that prices have risen sharply on account of the protest.

Farmers Dump Vegetables on Road in Punjab

Balbir Singh Rajewal, president, Bhartiya Kisan Union (BKU), claimed good response from farmers in Punjab.

"Farmers have stopped bringing vegetables, milk and other items to the cities for sale," he told PTI.



Farmers throw vegetables on a road during a state-wide protests, at Bagha Purana in Moga district of Punjab.

At some places in Punjab, farmers dumped vegetables and milk on road as a mark of protest.

AIKS Holds Protests Across Maharashtra

The Left-affiliated All India Kisan Sabha (AIKS) today held protests across Maharashtra, accusing the BJP government of not keeping the promises it had made to farmers last month. Farmers' organisations also called for a

10-day agitation to protest the state government's apathy towards farmers.

"Protests were held in 23 districts in Maharashtra today," AIKS general secretary Ajit Navle told PTI.

The AIKS had led a march of thousands of farmers from Nashik in north Maharashtra to Mumbai earlier this year to press demands such as complete and unconditional loan waiver and transfer of forest land rights to tribals.

Centre to Take up Protesting Farmers' Issue With States

Amid ongoing farmers' protest in several states, Agriculture Secretary S K Pattanayak on Friday said many of their issues are local in nature and the Centre will take it up with respective state governments.

Asked about the ongoing protest by PTI, Pattanayak said, "Many issues are local in nature, which need to be tackled locally. We will take it up with the respective state governments."

He said that his ministry will definitely look into the issues which required to be addressed by the central government.

No Untoward Incident: Mandsaur SP

The Mandsaur SP said no untoward incident was reported in the district so far.

"Five companies of the Special Armed Force (SAF) of MP police are keeping a vigil across the district," he said.

Farmers To Announce Bharat Bandh on 10 June: Farmers' Body

Rashtriya Kisan Mazdoor Mahasangh (RKMM) convenor Shivkumar Sharma told reporters in Bhopal that the "Gaon Band" stir is being held across 22 states.

"The cultivators have been asked not to come to the markets in urban areas to sell their farm produce, including milk," Sharma added.

On the last day of the protest on June 10, the farmers' bodies will organise 'Bharat Bandh', he said.

Government Not Addressing Farmers Issues: Ashok Gehlot

Senior Congress leader Ashok Gehlot slammed the government on Twitter for "not taking any steps to address the grievances of poor farmers."

Banking services remain suspended for second day



A branch of SBI, India's largest public sector bank, remains shut in Ramanathapuram, in Tamil Nadu, on Thursday - THE HINDU

More employees join strike; PSBs to resume normal operations from today

MUMBAI, MAY 31. SURABHI/ BUSINESSLINE

Banking services remained interrupted across the country for the second day on Wednesday with over 10 lakh bank employees going on strike against a proposal for a meagre wage hike of 2 per cent.

"The strike had greater participation today with more employees across the country joining in," said CH Venkatachalam, General Secretary, All India Bank Employees Association.

Operations at public sector banks are set to become normal on Friday after the two-day strike disrupted over ₹40,000 crore of cheque transactions.

Other services, including fixed deposits, government treasury operations and money market operations, were also impacted.

“The strike was extremely successful in the eastern, southern and north-eastern States. There will be a huge backlog of cheques to be cleared on Friday as services came to a complete halt,” said S Nagarajan, General Secretary, All India Bank Officers Association. The strike coincided with the month-end when salaries are credited. While some organisations are understood to have credited salaries before the strike, others stuck to the schedule and paid wages on Wednesday.

Bankers said that some companies have also decided to delay payments by a day, while in the private sector, salaries are credited on the first day of the month.

Nine bank unions under the umbrella United Forum of Bank Unions (UFBU) had decided to strike work after talks with the Indian Banks’ Association for wage negotiation failed. The IBA had proposed a wage hike of 2 per cent, which the bank unions termed ‘meagre’.

Bank unions are hoping for further negotiations with the IBA in June.

AIBEA THIS DAY MAY 3	
1955	Allahabad Bank Employees Union launches direct action against Manager Findlay’s anti Indian remarks, 32 charge sheeted.
1977	First President of AIBEA K C Neogi passes away.



ALL INDIA BANK EMPLOYEES' ASSOCIATION

Central Office: PRABHAT NIVAS

Singapore Plaza, 164, Linghi Chetty Street, Chennai-600001

Phone: 2535 1522 Fax: 2535 8853, 4500 2191

e mail ~ chv.aibea@gmail.com

Web: www.aibea.in