

Lower interest rates may see flight of bank deposits to equity markets: SBI

Fall in rates since 2015 has also impacted pensioners badly, says EcoWrap report

OUR BUREAU
Mumbai, November 18

As the Indian economy moves to a lower interest rate regime, there could be a flight of bank deposits to the equity markets as evident from the increasing participation of retail investors from April 2019, albeit with some volatility, according to State Bank of India's research report EcoWrap.

The report underscored the trend of a relatively lower pace of increase in time deposits, compared to the participation of individuals (retail and high networth individuals) in the NSE cash market.

"We are now in a regime of lower interest rates with the Reserve Bank of India cutting

the rates steadily from February 2019 till October 2019. We, however, reiterate that the impact of a declining interest rate regime since 2015 is also being felt by depositors and pensioners.

"The falling interest rate regime since 2015 has severely impacted pensioners, who have lost interest income of ₹5,845 annually," said Soumya Kanti Ghosh, Group Chief Economic Adviser, SBI.

It is imperative that in a country where less than 5 per cent of the population has access to social security, bank depositors are compensated with sufficient positive real rate of return and are treated



In a country where less than 5 per cent of the population has access to social security, bank depositors must be compensated with sufficient positive real rate of return, said the report

on a par with borrowers, too, he added. Further, considering that there are more than four crore pensioners who have average term deposits of ₹3.34-lakh per account, the net impact on private final consumption expenditure

(PFCE) due to low interest income could be a decline of 30 basis points. Ghosh suggested that the government could provide a tax exemption to the Senior Citizens Savings Scheme (SCSS). This move will have a min-

imal impact of 2 basis points on the fiscal deficit. The March 2018 outstanding under SCSS was ₹38,662 crore.

It would be fair if this amount is given full tax rebate as the revenue foregone by the government could be just 3,092 crore, Ghosh added.

A senior citizen can deposit ₹15 lakh in SCSS, which offers an interest rate of 8.6 per cent. However, the interest on SCSS is fully taxable, which is a major drawback of the scheme (the interest amount on a ₹1 lakh deposit for five years is around ₹51,000, which is taxable), the SBI report said.

The structure of term deposits has gradually shifted to lower interest rate buckets in recent years.

Individuals' share of term deposits with interest rates above 8 per cent declined from 82.2 per cent in March 2015 to 11.8 per cent in March 2019, according to RBI data.

'Early declaration of results by big banks, an indication of improving asset quality'

OUR BUREAU
Mumbai, November 18

The early declaration of quarterly results by some of the big banks could be an indicator of the improvement in asset quality cycle, according to State Bank of India's research report EcoWrap.

According to the available results of public sector banks for Q2 FY20, the gross non-performing asset (GNPA) ratio is around 11.7 per cent, lower than the overall March 2019 ratio of 12.6 per cent. "So, pushing forward of the result date could act as an indicator of banking sector asset quality. However, more data remains to be seen, going forward," said Soumya Kanti Ghosh, Group Chief Economic Adviser, SBI.

To establish such a correlation, SBI's research team took the Q4 and Q2 results of 12 PSBs that will remain after the recent bank mergers.

The time period considered for the study was from Q4 FY10 to Q4 FY19. Its results show that the two are positively correlated, with a correlation coefficient of 55 per cent.

As the asset quality review was initiated in 2015, the dates of bank results went well beyond their usual timing, which usually is till April 30 for Q4 and October 31 for Q2.

"Over the years, it has been seen that bad results prompt companies to push their results date earlier. We tried to see the movement of bank GNPA in relation to bank results declaration date," said Ghosh.

However, recently, macro-stress tests for credit risk of RBI indicate that under the baseline scenario, scheduled commercial banks' GNPA ratio may decline from 9.3 per cent in March 2019 to 9 per cent in March 2020.

Sundaram BNP changes name to Sundaram Home Finance

OUR BUREAU
Chennai, November 18

Sundaram BNP Paribas Home Finance Ltd's name has been changed to Sundaram Home Finance Ltd with effect from November 18.

The development comes following the receipt of all regulatory approvals related to the acquisition by Sundaram Finance of BNP Paribas Personal Finance's stake in Sundaram BNP Paribas Home Finance.

Sundaram Finance now holds 100 per cent stake in Sundaram Home Finance, thus making the company a wholly-owned subsidiary, according to a statement.

In June 2019, Sundaram Finance and BNP Paribas Personal Finance reached an agreement, whereby the former will buy a 49.9 per cent stake of the latter in Sundaram BNP Paribas Home Finance.

This transaction was completed on September 30 after receiving all regulatory approvals.

Srei Infra to focus on co-lending, leasing to scale up revenue

The NBFC is awaiting regulatory clarity on converting into a bank: Vice-Chairman

SHOBHA ROY

Kolkata, November 18

Srei Infrastructure Finance, which is exploring the possibility of converting into a bank to give the much-needed push to its business, is awaiting regulatory clarity on the same. Meanwhile, it will focus on leasing and co-lending businesses to scale up its revenue.

According to Sunil Kanoria, Vice-Chairman, it is exploring the possibility of entering into a partnership for its asset financing and leasing business. "We had attempted that (converting into a bank) in the pas-

...we will look at it if the regulatory system allows that. But at the moment, not assuming anything of that sort happens, we have to put our house in order, and that is what we are working on for the last one year," Kanoria told BusinessLine.

With a view to consolidating its lending operations into one entity, Srei Infrastructure Finance had recently hived off its lending business into subsidiary company, Srei Equipment Finance. The aim was to grow the equipment finance business and reduce the infra-

structure loan portfolio.

The move would also help Srei Equipment attract strategic investors and prepare the company for conversion into a bank as and when the Reserve Bank of India decides to allow systematically important NBFCs to convert into banks, the company had said earlier.

Merging NBFC into a bank would help mitigate the systemic risk and also aid in scaling up growth.

Citing instances of some NBFCs such as Capital First, which merged with IDFC Bank, and Gruh Finance, which is set to be merged into Bandhan Bank, he said the regulator should proactively



Sunil Kanoria, Vice-Chairman, Srei Infra DEBASISH BHADURI

push it just like the government pushed the merger of public sector banking system to strengthen them and rationalise the cost structure. "An NBFC is like a caterpillar and a bank is a butterfly, so if you have to fly you have to transform into a butterfly and

the ecosystem should allow that transformation," he said.

Co-lending business

Srei, which has been reducing its focus on infrastructure financing, would continue to sell assets, thereby releasing capital and focus more on asset financing and leasing business.

"We believe there is a strong value proposition for that (asset finance and leasing). We will look at partners, whether domestically or globally," he said.

Srei Equipment had BNP Paribas as its JV partner till around 2015 after which it exited the JV in lieu of a 5 per cent stake in Srei Infrastruc-

ture. Asset leasing, which was earlier not considered a very lucrative business due to tax-related issues, is now a viable model.

The company started growing its leasing portfolio after GST kicked in and has a book of around ₹6,000 crore, when compared with Srei Equipment's AUM of around ₹46,500 crore as on September 2019.

"We are building that (leasing business) up. At the moment we face challenges in regulatory environment, but if that ecosystem builds up, I would love to write more leases. Our core focus would be to become a 90 per cent leasing company," he said.

ICICI Lombard, Fino tie up to offer sachet insurance products

OUR BUREAU
Mumbai, November 18

ICICI Lombard General Insurance Company and Fino Payments Bank will launch a dengue and malaria policy that covers treatment up to ₹10,000 at a premium as low as ₹49.

This policy is aimed at addressing the specific needs of Fino's customers spread across the country.

ICICI Lombard has been partnering with Fino to offer non-life insurance solutions to its customers since 2017.

Targeting other significant segments such as two-wheelers, the two partners, in a statement, said they would in-

troduce comprehensive insurance for bikes and scooters, thereby giving Fino's customers access to ICICI Lombard's range of motor insurance solutions.

Rishi Gupta, MD and CEO, Fino Payments Bank, said: "There is huge potential for sachet insurance products among low income households and rural masses which take care of specific needs."

Our per day recovery rate has improved dramatically in Q1: Syndicate Bank CEO

VSAJEEV KUMAR

Kochi, November 18

Mrutyunjay Mahapatra, MD and CEO, Syndicate Bank, is bullish on achieving the ₹5-lakh crore business target this fiscal on the back of strategies adopted by the bank in a competitive environment. In an interaction with BusinessLine, he said: "We are looking at 12 per cent growth in deposits and 10 per cent in advances as the bank has started showing signs of growth in sectors such as retail, agri and MSME."

Mahapatra, who was in Kochi for the inauguration of the Ernakulam-based zonal office, said there has been good response to the recently introduced 'housing loan takeover dhamaaka'. NBFCs have been given a special credit line on lending term loans. Excerpts:

Can you brief us on the progress of NPA recovery at Syndicate Bank?

All kinds of recovery that are in the pipeline have gained traction. During the last quarter, our gross NPA ratio has come down from 11.78 per cent to 11.46 per cent and net NPA has remained the same at 5.96 per cent. The provisions are still below the RBI's threshold for PSBs. We are aggressively pursuing measures such as DRT, contractual cases, SARFAESI, and one-time settlement offers, among others. All these measures have started yielding results as the per day recovery rate has improved dramatically to ₹26 crore from ₹18 crore in the first quarter.

We are expecting ₹30 crore per day recovery rate, which is the sweet spot. Our aim is to



We are expecting ₹30 crore per day recovery rate, which is the sweet spot. Our aim is to keep the net slippage at zero MRUTYUNJAY MAHAPATRA MD and CEO, Syndicate Bank

keep the net slippage at zero. We are in the banking business and some loans may go bad.

We would be able to contain slippages in four out of nine zonal offices to the March 2019 level. In others, there is a small increase, but we believe it will come below the level soon.

We have a specialised vertical for stressed asset management. But we have given specific instructions to employees to be more empathetic to small and medium enterprises when it comes to recovery as part of the social commitment of PSBs.

What about the merger with Canara Bank? Has it affected the morale of the staff?

The process has already started and the time-frame set for the amalgamation proposal was April 1, 2020. The proposal is still with the Cabinet and, till then, it is business as usual for the bank.

We have assured employees that there would be no closure

of branches or realignment of workers. Their benefits will remain the same. Later on it will be business as usual after two or three years.

There could be some emotional issues, but the employees' morale is high. There were a lot of reward recognition programmes, such as special leadership training, personal effectiveness, and organisational effectiveness. We are also doing an HR transformational exercise with KPMG as consultants.

What steps have been taken to reduce interest rates?

Right now retail loans are linked to repo rates. Whenever the RBI reduces rates, repo-related loans get reset automatically at the end of the month.

Do you foresee any signs of economic recovery and growth in the country?

The credit pick-up is yet to start. Thanks to good monsoon, the agriculture sector is back on track. The service sectors, especially IT and BPO, are also doing well. There are also positive developments in the MSME sector, especially in the ancillary sector and export-oriented MSME.

However, capacity expansion is not happening in the manufacturing sector as people are on a wait-and-watch mode. Sectors such as cement, power, iron and steel are yet to pick up.

Can you clarify on the issue raised by BMS' union over a fraudulent activity involving a builder and some executives of the bank that has resulted in an NPA?

This is an old NPA case that is going through all the usual methods of recovery. It is one of the

NPAs and there are thousands of NPA accounts.

There is no substance in getting it further investigated. It is purely 'mud slinging' between two groups of senior executives who are making unsubstantiated statements to put others in controversy.

Government of Kerala
Published Tenders from 11-11-2019 to 17-11-2019
Department of Electrical Inspectorate

Tender ID: 2019_CEI_320873_1 * Chief Electrical Inspector * Lamper Proof Polycarbonate Seal * Closing Date: 26-Nov-2019 * PAC: Rs1850000

Department of Animal Husbandry

Tender ID: 2019_DAH_321515_1 * Director, IAHVB, Palode * Purchase of Plastic Items for Mastitis Kit in IAHVB, Palode * Closing Date: 16-Dec-2019 * PAC: Rs1554000

Fisheries Department

Tender ID: 2019_FISHR_321802_1 * Deputy Director of Fisheries, Kollam * Installation of Floating GI Cages * Closing Date: 07-Dec-2019 * PAC: Rs1800000

Directorate of Technical Education

Tender ID: 2019_DTE_321598_1 * The Principal * Purchase of Tool and cutter grinding machine, Ram turret mill * Closing Date: 02-Dec-2019 * PAC: Rs1500000

Tender ID: 2019_DTE_320340_1 * The Principal * - Purchase of furniture for various departments in Government * Closing Date: 30-Nov-2019 * PAC: Rs2019589

Drugs Control Department

Tender ID: 2019_DCD_320335_1 * Analyst Grade I * Supply and Installation of Gas Chromatograph and Accessories * Closing Date: 20-Nov-2019 * PAC: Rs2000000

Stationery Department

Tender ID: 2019_STY_320680_1 * Stationery Controller * Supply of Maplitho Paper 75 gsm, 86 cm Reel * Closing Date: 09-Dec-2019 * PAC: Rs855400

Tender ID: 2019_STY_320812_1 * Stationery Controller * Supply of Kraft paper 110 Gsm, 28.9kg, RAI * Closing Date: 03-Dec-2019 * PAC: Rs4800000

Visit <https://etenders.kerala.gov.in> for more details.
Ro.No:11-17/Nov2019/PRD(N)/15

TATA MUTUAL FUND
NOTICE CUM ADDENDUM

This notice cum addendum sets out changes to be made in the Scheme Information Document(s)(SID) and Key Information Memorandum(s)(KIM) of all the Scheme(s) of Tata Mutual Fund. Corporate Office of Tata Asset Management Ltd. (TAML) Address: 1903, B Wing, Parinee Crescenzo, G Block, Bandra Kurla Complex, Bandra East, Mumbai 400 051 is an additional transaction point of Tata Mutual Fund.

Mutual Fund Investments are subject to market risks, read all scheme related documents carefully.
Corporate Identity Number: TAML - U65990-MH-1994-PLC-077090

Karnataka Water and Sanitation Pooled Fund Trust
KUIDFC, Nagarabhirvidhi Bhavan #22,17th 'F' cross, Old Madras Road, Indiranagar 2nd Stage, Near BMTC Bus Depot, Bengaluru-560038
Phone No.080-25196124 Mobile: 9448853651 e-mail: info@kuidfc.com
Notification No: KWSPFT/MBs/NKUSIP/2019-20 Date: 18.11.2019

Invitation for quotations from Banks and Financial Institutions for implementation of North Karnataka Urban Sector Investment Programme for additional borrowing of Rs.174.10 crore of funds to complete the spill over work During the Financial Year 2019-20.

Karnataka Water and Sanitation Pooled Fund Trust is a Government of Karnataka Trust registered under Trust Act 1882. It is designated as a State Pooled Finance entity for execution of Pooled Finance Development Funding (PFDF) scheme by Govt. of India, process to mobilize of Rs.174.10 crore during 2019-20. The funds raised is used for financing to complete spill over works under North Karnataka Urban Sector Investment Programme, (NKUSIP) (ADB) project. Karnataka Urban Infrastructure Development and Finance Corporation (KUIDFC) is the Fund Manager of KWSPFT Trust.

The Trust has an excellent track record of payment under the above borrowing programmes borrowed Rs.2955 crore since repayment of the loan both principal & interest has been prompt and timely on due dates.

- The Trust now proposes to borrow Rs.174.10 crore in the single tranche as a part finance of the projects out of the total loan of Rs.260.32 crore to be raised for lending to complete the spillover work of NKUSIP through KUIDFC. The loan funds will be used for executing completion of spill over works under North Karnataka Urban Sector Investment Programme, (NKUSIP) (ADB) project at a cost of Rs.174.10 crore, in the single stage against the budgeted amount of Rs.260.32 crore. The proposed Rs.174.10 crore borrowing structure and repayment has been rated by ICRA as AA-(CE) free SFC outlook. The repayment of the loans will be through securitization of (lien) stable SFC allocations made as per the State Finance Commission's recommendations. These SFC allocations representing the revenue share in the state levies of these ULBs and made according to constitutional provisions, would accrue through securitization of these allocations for repayment of the Term loans. GoK would enter into a Tripartite Agreement with the Trust and Lender to undertake that necessary provisions will be made in the Annual Budget for SFC allocations and also in the event of shortfall, provide a shortfall undertaking for the deficit. Devolution will be routed through the dedicated non lien escrow accounts with the lending bank.
- The total repayment period shall be 8 years with a moratorium of 2 years. Interested Banks and Financial institutions may submit their expressions of Interest (EOI) by quoting their lowest rates for the Term Loan along with any other terms and conditions including charges if any. The Quote shall be given by Banks / Financial Institutions individually and not in consortium with other Banks. The banks should offer specific MCLR Yearly rate and should not quote in ranges. The banks who quote rates in ranges will not be considered for evaluation.
- The banks who quote the lowest rates will be identified and proposal for regular sanction of the loan will be submitted there-upon. The loan would be drawn in installments after execution of documents. It may be noted that loan repayment schedule shall be fixed for the entire sanction amount and not for each installments drawn.
- The last date for submission of offers is on 25.11.2019 on or before 5.00 P.M. Sealed quotation should be super scribed as "Quotation for Term Loan from Banks / Financial Institutions for implementation of Urban Infrastructure Projects in ULBs of Karnataka" and submitted to Trust's address as mentioned above. A pre-bid conference will be held at 3:00 P.M. on 26.11.2019 at the office of the KUIDFC, as mentioned above and quotations will be opened at 3:00 P.M. on 28.11.2019 in the presence of Bidders and evaluated. Bidding Banks/Financial Institutions may send their representatives when the evaluation process is conducted. (Contact details: vishnuvarman@kuidfc.com/chaiyabba@kuidfc.com)

Sd/- Member Secretary, KWSPFT Trust

GOVT. OF NCT OF DELHI EXECUTIVE ENGINEER (SW)-III Sector-VII, R.K. Puram, New Delhi-110022 Phone No. 011-26167618 N.I.T. No. 50 (2019-20) SW III				
S. No.	Description	Amount Put to Tender, Earnest Money and tender fee	Date of release of tender in E-Procurement solution	Last Date / Time of receipt of tender Through E-Procurement Solution
1	Making arrangement of sewer line for Munirka Enclave to taxi stand CBI colony under SW-III	Rs. 44,27,526/- Rs. 89,000/- and Rs. 500/-	15.11.2019 Tender I.D. No. 2019_DUB_183895_1	03.12.2019 At 2:00 P.M.

Further details in this regard can be seen at (<https://govtprocurement.delhi.gov.in>)
ISSUED BY P.R.O. (WATER)
Advt. No. J.S.V. 538/2019-20
EXECUTIVE ENGINEER (SW) III