



Banking News

Estd. 20-4-1946

3 AUGUST, 2015

NEWS BULLETIN from *ALL INDIA BANK EMPLOYEES' ASSOCIATION*



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Banks planning a common portal for education loans

K RAM KUMAR MUMBAI, AUGUST 2: BUSINESSLINE



Students securing admission to recognised higher educational institutions will no longer have to run from pillar to post to get education loans. Banks are planning to provide them a common online platform to streamline the loan application and sanctioning process.

The Indian Banks' Association, on behalf of banks, has engaged a third party service provider for setting up and maintaining the online platform/portal, said a senior Central Bank of India official.

Mapping of colleges

Once the portal is up and running, all that a student will need to do is upload details of the admission and make an online loan application to two-three bank branches that have been mapped to each NAAC (National Assessment and Accreditation Council) recognised higher educational institution (HEI).

Since the student has secured admission to a NAAC-recognised HEI, a bank will be quick in processing his/her loan application as it knows that he/she would have approached other banks also.

So, the student has the option of availing loan from the bank which responds first to his/her application.

The official quoted above said as the common online education loan platform is visualised, the student will apply to not one but three banks at the same time for education loan.

Time-saver

“By simultaneously applying to three banks for the loan, the student will save time. The online education loan platform will also help banks in tracking and following-up the loan during its life cycle,” he said.

As the situation obtains now, if one bank branch declines a student’s education loan application, he has to move to another bank branch. This is a time-consuming process.

There have been cases where students have had to forfeit their admission due to the fee not being paid on time on account of delay in the sanctioning of loans.

Banks now have access to a list of about 1,100 top NAAC-rated universities/colleges institutions/technical institutions.

“The list (of NAAC-rated institutions) was provided to banks by IBA and they were asked as to which institutions they would like to get linked with. Each bank has indicated its preference. So, each of these identified institutions is now linked to at least two bank branches and students getting admission in these institutions can avail of education loans in a hassle-free manner,” said a senior Union Bank of India official.

He indicated that the platform is likely to be operationalised by mid-August.

Kerala govt opposes bank's student loan recovery tactic

PRESS TRUST OF INDIA THIRUVANANTHAPURAM, JULY 27:



The Kerala government today criticised the decision of State Bank of Travancore to entrust the recovery proceedings of bad loans in education segment to Reliance Assets and Reconstruction Company, describing it as contrary to the spirit and interest of bank nationalisation.

Replying to a submission on the matter in the State Assembly, Chief Minister Oommen Chandy objected to the public sector bank's decision and expressed hope that the Centre would also oppose the decision.

The matter would be brought to the notice of Prime Minister Narendra Modi and Union Finance Minister Arun Jaitley, he said. Chandy said the SBT's decision went totally against the spirit and interest of the concept of bank nationalisation.

With the cooperation of LDF Opposition, a resolution protesting the decision would be passed in the Assembly and sent to the Centre, he said.

SBT has given contract to Reliance to recover the bad loans in education segment that comes to around Rs 100 crore in the State, Chandy said.

Moving the submission, PC Vishunath (Congress) said the company would get about Rs 50 crore as commission from SBT for recovering the bad loans. The company would employ sub-agents for the recovery, leading to harassment of hapless parents and students who had taken education loans, he said.

Higher provisioning hits Vijaya Bank net expenses

Q1 profit down 11.68% to Rs 142.59 crore; gross NPAs grow 39% to Rs 2,870.71 crore

BENGALURU, JULY 30:

Vijaya Bank reported an 11.68 per cent drop in net profits for the April-June quarter on increase in provisioning for bad loans and higher tax expenses.

The Bengaluru-headquartered public sector bank reported a net profit of Rs. 142.59 crore for the quarter ended June 30, 2015, against a net of Rs 161.46 crore in the corresponding quarter last year.

Net interest income, the difference between interest earned and expended, grew 24 per cent to Rs 662.23 crore (Rs 535.49 crore).

Operating profit

Operating profit for the quarter grew 35 per cent to Rs 392.75 crore (Rs 290.05 crore). The bank increased its provisions and contingencies by 56 per cent to Rs 146.38 crore for the quarter, from Rs 93.52 crore in the corresponding quarter last year.

The provision coverage ratio stood at 60.59 per cent.

Tracking the results, Vijaya Bank shares ended 2 per cent higher at ₹40.15 on the BSE on Thursday.

Deposit growth

Advances were up 10 per cent, while deposits grew 1.52 per cent.

Tax expenses also saw a sharp increase to Rs 103.78 crore (Rs35.07 crore).

The gross non-performing assets (GNPAs) of the bank grew 39 per cent to Rs. 2,870.71 crore (Rs. 2,068.7 crore). The GNPAs as a percentage of total advances increased to 3.39 per cent from 2.68 per cent.

The net NPAs posted a higher growth of 53 per cent at Rs 2,057.63 crore for the June quarter (Rs. 1,347.11 crore).

Net NPAs as a percentage of total loans rose to 2.45 per cent from 1.77 per cent.

SBM net up 26% on lower provisioning

BENGALURU, JULY 30:

State Bank of Mysore (SBM) on Thursday reported a 26 per cent growth in net profit for the June quarter at ₹94 crore, against the previous year period's Rs 75 crore, on higher interest income and lower provisioning.

Net interest income, the difference between interest earned and expended, grew 1.65 per cent to Rs 536 crore (Rs 527 crore). Interest income was up 23 per cent. The bank reduced its provisioning by 23 per cent to Rs 176 cr (Rs 228 crore) on better recovery and decline in fresh slippages.

The bank's MD Sharad Sharma said SBM's continued emphasis on improving asset quality through better recovery has resulted in the reduction of non-performing assets (NPAs) across all segments and sectors.

Gross NPAs down

The gross NPAs declined to Rs 2,214 crore (4.2 per cent of total advances) from a high of Rs 2,490 crore (5.1 per cent) in the corresponding last quarter. The net NPAs declined to Rs 1,077 crore (2.1 per cent) from Rs 1,282 crore (2.72 per cent).

Sharma said the provision coverage ratio improved to 72 per cent (65 per cent). While aggregate deposits grew 12.3 per cent, the advances were up 5 per cent for corporate and industry, 6 per cent for agriculture, and 17 per cent for the personal segment.

SBM, Sharma said, plans to raise Tier II capital of ₹500 crore through a bond offering later this fiscal. It will look at diluting the promoters' stake early next year. SBI holds a 90 per cent stake in SBM.

Shares of SBM ended 3.2 per cent higher at ₹477.80 on the BSE on Thursday.



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