

'We can quickly reach pre-Covid levels'

Keeping the bank's operations up and running in the last six months has been the most challenging period for **RAJNISH KUMAR**, who retired as chairman of SBI, in his 40-year career. The financial system in India has managed the situation well but needs fixing, Kumar tells **Abhijit Lele**. Edited excerpts:

After the pandemic struck, life has been challenging for people and banks. What are your thoughts about the last six months?
First thought is about keeping operations up and running in a challenging time like this when personal safety and security become very important. We have been able to do it. The morale of the staff and courage shown by those working in SBI have not been allowed to go down. The communication and steps taken for employees' personal safety and hygiene played a very critical role. In these times, emotional connect with staff matters a lot. That is what we have been able to do successfully.

With a career spanning over 40 years in SBI, how would you describe this phase of your life?
These six months have been the most challenging part of my career. The rest were financial challenges but this was very different. This was true for every organisation across the globe. We have been able to negotiate with the situation effectively.



RAJNISH KUMAR
Former chairman, SBI

Banks and the financial system managed the pandemic challenge quite well. Is the time ripe to have concrete plans to get the economy back on track as it will also make life easy for banks?
I believe that the Reserve Bank of India (RBI) and the government of India have done a lot. The government has already given direct assistance (money) to those in need. On the monetary front, things have been managed effectively. Some people say there can be more fiscal support. It has costs. Even if the government puts more money in bank accounts, people are not spending. You have to also keep in mind that bank deposits also rose because money that came into accounts was not spent fully.

When would we be back to the level before the pandemic so far as banking and the economy are concerned?
A lot of recovery has already happened. Currently, I am not seeing too much stress on the bank's books. That is the situation with SBI. With some degree of variation, that would be the position for other banks also. This quarter, the recovery has been higher. That

means the position seems to be better. So, I hope we continue on this track. And if we continue like this, then I think we can quickly come back to pre-Covid levels.

This period also comes with extreme stress, raising risks of defaults. Would we see the bad non-performing asset (NPA) levels like 2017 and 2018?
No way. There was lot of accumulation at that point of time (2017 and 2018). There is no accumulation now.

Besides the pandemic, the YES Bank saga also tested your grit. Was the option to merge feasible?
The option of merger was not at all feasible. That would have been a big mess. Merging a banking entity of YES Bank's size would not have been an issue for SBI. But culturally we are poles apart. Cultural integration would have been almost impossible.

There is discussion about further reforms in the financial and banking sector. Which aspects

should get priority?
We have to fix the financial system, definitely. Unless, public sector banks – which have 60 per cent share in the banking business – are strong, the financial system cannot be strong. As for priority, the issues are about corporate governance and recruitment policies in banks. The structure is very rigid but today you have to be very flexible. We need that flexibility. It is high time that they (banks) stand on their own and the government continues to stay invested. But there should be freedom, particularly in human resource-related issues.

Post retirement, how are you going to keep yourself engaged?
Will keep myself physically fit and do things that keep me mentally fit.

What are the many things you wanted to do but gave little attention and now would like to devote time to? Where will you settle?
For the last three years, I did not get a chance to take even one-day leave. So, I would relax for the first two months and then think about the days ahead. I am settling in Delhi as all my relatives are in and around the capital city.

SBI GREW IN SIZE AND STATURE UNDER RAJNISH

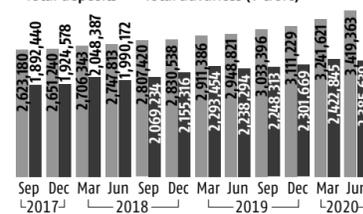
Amidst the uncertainties and challenges the banking sector and Indian economy experienced, State Bank of India's (SBI's) performance under the leadership of Rajnish Kumar is noteworthy. Deposits and advances are up 26-30 per cent since September 2017. Net interest margins are 80 basis point higher than levels when Kumar joined. Operating profit is down though, mainly due to the fluctuating other income that includes treasury income. Notably, since September 2017, gross net non-performing assets (NPAs) have fallen from ₹1.86 trillion to ₹1.3 trillion at the end of June 2020. With SBI providing over ₹1.56 trillion for bad loans over the past 11 quarters, net NPAs have shrunk to below ₹43,000 crore, less than half the ₹97,000 crore figure Kumar inherited. Thus, the net NPA ratio is now under 2x. Yet, profit before tax has averaged at over ₹4,900 crore in each of the past five quarters, with provisioning coverage ratio at all-time high of 86.3 per cent. Most notably, during these three years, the value of SBI's investments and subsidiaries has more than doubled to ₹1.52 trillion, which is a little lower than SBI's market capitalisation of ₹1.71 trillion.



COMPILED BY ABHIJIT LELE

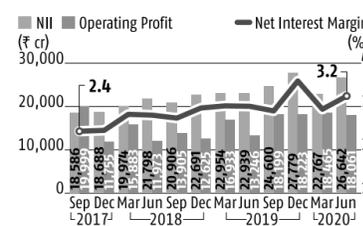
RISE IN DEPOSITS

Unlike its PSU peers, SBI has done well on the business front with steady rise in deposits, advances



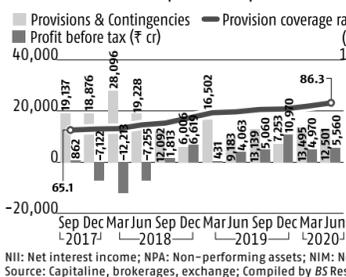
STEADY OPERATIONAL PERFORMANCE

Operational performance has been steady despite uncertain business environment



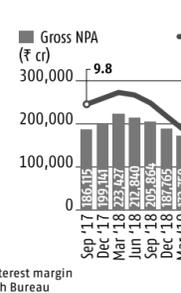
BAD LOAN PROVISIONS MOVING SOUTH

Provisions for bad loans are trending south, while provisioning coverage ratio is at an all-time high and quarterly pre-tax profit on an average now hovers between ₹4,000 and ₹5,000 cr



GROSS NPAs DOWN

Gross NPAs are down over 40% from peak; net NPA was below ₹43,000 cr in June '20 quarter



VALUABLE INVESTMENTS

Subsidiaries/investments, valued at ₹50,000-₹75,000 crore in 2017, are far more valuable now

Subsidiary/Investment	Value (₹ cr)
SBI Life insurance*	46,214
SBI Cards*	54,980
SBI AMC & SBICAPS	22,000
SBI General Insurance	10,000
YES Bank**	10,004
UTI MF**	2,800
Regional rural banks**	6,000
Total value	151,998
SBI market cap	170,996

"MERGER OF YES BANK WITH SBI WAS IMPOSSIBLE. CULTURALLY, WE ARE POLES APART"

"WE HAVE TO FIX THE FINANCIAL SYSTEM. WITHOUT ROBUST PSBs THE FINANCIAL SYSTEM CANNOT BE STRONG"

WTO revises forecast for goods trade to 9.2% fall

INDIVJAL DHASMANA
New Delhi, 6 October

The World Trade Organization has revised its forecast to a 9.2 per cent decline in world merchandise trade volume for 2020, followed by a 7.2 per cent rise in 2021. These estimates are subject to an unusually high degree of uncertainty as they depend on the evolution of the pandemic and how governments respond to it. The forecast suggested a projected decline for the current year that is less severe than the 12.9 per cent drop foreseen under the more optimistic of the two scenarios outlined in the WTO's April trade forecast.

Strong performance in June and July has brought in some optimism for overall trade growth in 2020, WTO said.

Trade growth in Covid-19 related products was particularly strong in these months. Conversely, the forecast for next year is more pessimistic than the last estimate of 21.3 per cent growth, leaving merchandise trade well below its pre-pandemic trend in 2021.

Trade performance year-to-date exceeded expectations due to a surge in June and July as lockdowns were eased. The pace of expansion could slow sharply once pent-up demand is exhausted and business inventories have been replenished. More negative outcomes are possible if there is a resurgence of Covid-19 in Q4, WTO said.

In contrast, gross domestic product (GDP) fell more than expected in the first half of 2020, causing forecasts for the year to be downgraded.

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CIN: L24246MH2000PLC129806

NOTICE
NOTICE is hereby given that the Board of Directors of the Company will meet on Thursday, November 5, 2020, inter alia to take on record the unaudited financial results for the quarter ended September 30, 2020.
By order of the Board of Directors
For Godrej Consumer Products Ltd
V Srinivasan
Chief Financial Officer & Company Secretary
Mumbai, October 7, 2020

NESCO UTILITY
Head Office : Januanji, Balasore-756019
Email-purchase@nescoodisha.com

NOTICE INVITING TENDER
Tender Notice No. NESCO Utility/ Elephant Corridor / 13/19-20/ 7750 Dt. 06.10.20
For and on behalf of NESCO Utility, Sealed tenders are invited in duplicate in two part bidding system from eligible bidders, who comply with the terms & conditions and specification laid down in the tender documents for "Execution of various electrical works of infrastructure development in Elephant Corridor" on Turnkey basis to avoid electrocution of Elephants inside Elephant Corridor in Balasore, Mayurbhanj & Keonjhar District of Odisha.
Last date of submission of Bid : Dt 28.10.20 upto 3.00 PM, Date of opening of Bid : Dt 28.10.20 at 3.30 PM. For details please visit our website- www.nescoodisha.com.
Corrigendum/Addendum/ Information if any will be published in the website only.
Sd/-
General Manager (C&M)

पंजाब नैशनल बैंक Punjab National Bank
...सरसे का प्रतीक! ...the name you can BANK upon!

Law Division : Head Office, Plot No 4, Sector-10, Dwarka, New Delhi-110075 Email : law@pnb.co.in

NOTICE FOR SUBMISSION OF BIDS FOR SELECTION OF LAW FIRMS/LEGAL ADVISERS FOR ADVISING BANK IN RAISING EQUITY CAPITAL THROUGH QUALIFIED INSTITUTIONS PLACEMENT (QIP)/ FURTHER PUBLIC OFFER (FPO)

PUNJAB NATIONAL BANK invites sealed bids for selection of Law Firm/Legal Adviser for advising the Bank in raising equity capital through Qualified Institutions Placement (QIP)/Further Public Offer (FPO) from eligible bidders.
For detailed information, please refer RFP document on our website : <https://www.pnbIndia.in/Tender.aspx>
Interested bidders may submit their bids to the Divisional Head, Law Division, Punjab National Bank, Plot No. 4, Sector 10, Dwarka, New Delhi – 110075 on or before 28th October 2020 latest by 1500 Hrs. (IST) (for online as well as offline mode).
Any corrigendum/Extension of date/ clarification in respect of the above shall be released only at our website <https://www.pnbIndia.in/Tender.aspx> which may be visited regularly by the intending bidders.
06.10.2020 Divisional Head, Law Division
New Delhi (011-28044222)

DREDGING CORPORATION OF INDIA LIMITED
R.O. Core 2, 1st Floor, "Scope Minor", Plot No. 2A & 2B, Laxmi Nagar District Centre, Delhi - 110091
Corporate Office: Main Road, H.B. Colony, South East Delhi, Vikas Puri, New Delhi - 110022.
Email : sreekanth@dcil.co.in, Tel No. 0891-2322330 Fax No. 0891-2559361, website : www.dredging-india.com

NOTICE
FOR ATTENTION TO THE EQUITY SHAREHOLDERS OF THE COMPANY
Sub: Transfer of Equity shares of the Company to the Investor Education and Protection Fund (IEPF)

Attention is drawn to the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (the "Rules") (as amended till date) and pursuant to Section 124(6) of the Companies Act, 2013 ("The Act") in respect of transfer of unpaid or unclaimed dividend to IEPF and shares thereon.
Year-wise details of all un-paid/un-claimed dividends and full particulars of shareholders, including their folio number or DP-IP Client ID whose shares are liable to be transferred to the IEPF have been made available in the website of the company www.dredge-india.com. A communication in this regard was also sent to all the shareholders by the Company on 17/7/20 wherein shareholders were requested to claim by submitting requisite document by 17/8/20.
Shareholders may note that shares held both in physical as well as in dematerialised form are liable to be transferred to the IEPF. However, such shares along with any accrued benefits on these shares, if any, can be claimed back from the IEPF following the procedure mentioned in the Rules.
It is reminded that in case no communication is received from the concerned shareholders whether holding shares in physical or in dematerialised form by 23rd October, 2020 the company shall initiate such steps as may be necessary to transfer those shares to the IEPF following the method prescribed in the Rules.
Shareholders having query in this regard are requested to contact the Registrar and Share Transfer Agent of the Company, KFin Technologies Private Limited, Ms. C. Shobha Anand at Karvy Selenium Tower B, Plot No. 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad - 500032. Tel No. (91-40) 67162222; Toll Free: 1800-345-4001; Fax No. (91-40) 23001153; e-mail : einward.ris@karvy.com / K.Aswini Sreekanth, Company Secretary and Compliance Officer, Dredging Corporation of India Limited, e-mail: sreekanth@dcil.co.in
Visakhapatnam For Dredging Corporation of India Limited
Date : 07/10/2020 (K. Aswini Sreekanth) Company Secretary
DCIL FOR BUILDING SEAWAYS

Rapid rail: Centre in talks with World Bank, JICA to raise \$3 bn

SHINE JACOB
New Delhi, 6 October



The total project cost for the Delhi-Alwar route is likely to be around ₹36,000 crore

The ministry of finance is in talks with the Japan International Cooperation Agency (JICA) and the World Bank to raise around \$3 billion for funding the second Regional Rapid Transit System (RRTS) planned between Delhi and Alwar.
The project is a three-stage one and sources indicate that funding will be for the first stage of 107 km from Sarai Kale Khan to Shahjahanpur-Neemrana-Behror (SNB) urban complex.
The first RRTS – Delhi-Ghaziabad-Meerut – is already under implementation. "The second corridor between Delhi and Alwar is already in the rolling plan of the JICA. The ministry of finance has already fixed that but the World Bank is also keen to take some portion of that," said a source aware of the development.

Out of the \$3-billion funding for the project, India is looking to get around \$2 billion from JICA and another \$1 billion from the World Bank.
The total project cost for the Delhi-Alwar route is expected to be around

₹36,000 crore. The National Capital Region Transport Corporation (NCRTC) has already prepared a detailed project report (DPR). The DPR has been approved by all the three states (Delhi, Haryana and Rajasthan). The proposal is being taken up by the central government for Cabinet approval. However, for some works like road widening, tree cutting and pre-con-

struction activities, Haryana has already given ₹100 crore.
For the first RRTS between Delhi and Meerut, around 60 per cent of the ₹30,000 crore projected cost is being met through multilateral funding.

Of the total funding of \$2 billion, \$1 billion is from Asian Development Bank (ADB), \$0.5 billion from Asian Infrastructure Investment Bank (AIIB) and \$0.5 billion from New Development Bank (NDB). The interest rates for the loans are attractive – between 2 and 2.5 per cent. The Centre and state governments are putting in the remaining amount.

Of the eight corridors planned by the NCR Planning Board in its transport plan for 2032, three were considered a priority corridors back in 2006.

These three corridors – Delhi-Meerut, Delhi-Panipat and Delhi-Alwar – are already under implementation. The third route between Delhi and Panipat will see an investment of around ₹30,000 crore. For this corridor, the NCRTC board has approved a DPR. It is awaiting approval from the governments of Delhi and Haryana.

COMMENT

Room squeezed out



INDRANIL PAN
CHIEF ECONOMIST,
IDFC FIRST BANK

The Reserve Bank of India (RBI) is faced up with a challenging situation of a surge in inflation coming alongside a sharp contraction in growth conditions. After the August meeting, we have seen two more retail inflation prints and both have been adverse – July number at 6.73 per cent and August at 6.69 per cent. We expect no comfort to the headline CPI numbers for September, given the repeat spurt in vegetable prices. Core

inflation has also remained sticky. Post the MPC meeting in August, we came to know that the GDP numbers for the first quarter was at a worse-than-expected level of -23.9 per cent.

What is important is that headline CPI inflation will now be higher than the upper band of the inflation target for six months in succession and the trailing 12-month headline CPI averages at 6.22 per cent. Minutes of the last meeting did indicate the MPC's worry on the inflation trend, with one MPC member arguing that India's adverse supply shocks appear to be more severe than the demand side shocks. Importantly, the prices of protein-rich items such as meat and fish and eggs remain elevated. It would be hard to tell immediately if the increase in the prices of protein items is due to a demand spurt or supply shortages.

Price trends for non-food categories, on the other hand, is also faced with uncertainties. While tax increases led to an increase in the prices of petroleum products, this could lead to broad-based cost push pressures through the transportation channel. On the other hand, there might be another round of increase in telecom tariffs (already signalled by the telecom companies) while any sustained significant reduction in gold prices, another factor that led to the firmness in retail core inflation, is ruled out. While the inflation story is extremely dynamic, our current inflation assessment points towards the fact that headline CPI inflation could continue to remain above the 6-per cent mark for a couple of months more and moderate below 6-per cent thereafter. However, given the opposite pulls from the supply and the demand

inflation trajectory, it may be risky for the RBI to take a call to cut the repo right away. Importantly, July survey of household inflation expectations continue to indicate elevated levels of expectations one year ahead. This implies that the newly crafted MPC would, in most likelihood, play safe and continue to remain on a wait-and-watch mode.

While we expect the next policy to be a non-event so far as rates and liquidity measures are concerned, the RBI must make public its views on growth and inflation for the year, something that the RBI has desisted from doing till now. Further, the role of the RBI in the current atmosphere is likely to be challenging from other aspects, including maintaining financial stability, and that is where the critical focus of the market has to be and not merely on the rate-setting exercise.

Above reflects personal views