December, 2013
AIRRBOF News Letter
Sky is not the limit, we cover it...
The Voice of All India RRB Officers' Federation
Vol - XX SILIGURI No. 12

EDITORIAL

RESIST THE SALE OF FAMILY SILVER

Ever since the new RBI Governor, Dr. Raghuram Rajan assumed office, there is a new push to the liberalization process in the banking sector. He is on record that the issue of bank licences should be on tap basis and a Committee headed by Dr. Bimal Jalan, Former Governor has now started scrutinizing the nearly 30 applications received by RBI for new bank licences. Recently Tata Group had withdrawn their application for Bank licence which was duly acknowledged by Reserve Bank of India. The Process is likely to be completed within a few months. But the statement by the RBI Governor in Washington extending a red carpet welcome to foreign banks to come to India and eventually take over Indian banks has sent shock waves among the bank employees and people at large.

The decision to issue licences to new banks was part of the UPA Government's policy to deepen financial inclusion in the economy. Whether the foreign banks will help to achieve this objective is a question that will evade a satisfactory answer. Let us look at the performance of foreign banks in the country in this regard.

As per RBI data of March 2013, out of 89 Scheduled Commercial Banks (SCBs) operating in this country, 43 (48%) are foreign banks. Out of the 92,114 branches of SCBs, the number of branches of foreign Banks is only 334 (0.4%). Most of these branches are located in metro and urban centres catering mainly to their foreign clients. Similarly, the deposits of foreign banks stood at 288.000 crore (3.9%) out of the total deposits of 74,29,532 crores. The advances of foreign banks stood at 263,680 crores for all the SCBs.

In contrast, the performance of Public sector Banks (PSBs) stands out as a hallmark of their commitment to the economic growth of the country. As on March 2013, there are 26 PSBs operating with 75,779 branches (82%) having total deposits of Rs. 57,45,697 crores (77%) and advances of Rs. 44,72,774 crores (76%).

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AIRRBOF News Letter
December, 2013
Sky is not the limit, we cover it...
The Voice of All India RRB Officers' Federation
Vol - XX SILIGURI No. 12

More than 65% branches of PSBs are in Rural and Semi Urban centres, reaching out to nook and corners of the country and serving the common man and are successfully implementing the economic development programmes of the Central and State Governments.

From the above the so called contribution of foreign banks to our national economy can be seen. Further, if one goes through the track record of these foreign banks, it could be found that they were involved in a number of scams and accused of money launderings activities. The foreign banks were levied with penalties for their involvement in the sub-prime loan crisis by the regulators. For example, as part of settlement, J.P. Mogan Chase accepted a penalty of a whopping $13 billion, UBSAG paid $885 million and Citigroup paid $85 million. Similarly in the recent LIBOR rate rigging scandal, Royal Bank of Scotland fined with $612 million, UBS AG with $1.5 billion and Barclay's Bank with $453 million. Such is the track record of the foreign banks. The recent economic crisis in the west has proved beyond doubt that they can play havoc with the economy as being experienced by the economies in the west and Europe as bank after bank failed, ultimately to be bailed out by the State. It is nothing but privatization of the profits and nationalization of the losses.

With such dubious record, one cannot find any reason for extending a warm welcome to foreign banks to our country and facilitate takeover of our banks. When the avowed objective of the issue of new banks licences is to deepening financial inclusion, how the foreign banks are going to contribute towards this objective? When the PSBs are yet to develop a cost effective business model for financial inclusion whether the foreign banks which run their business purely /for profits, will contribute anything towards financial inclusion? Whether the foreign banks operating in this country open "no frills" Saving Bank accounts with zero balance as being done by PSBs? What are their contributions to the Priority Sector of the economy? The answers are obvious.

With the above background, throwing a red carpet welcome to foreign banks and facilitating takeover of India Banks will be like selling the family silver. No right thinking citizen of this country especially bank employees and officers who are major stake holder in the industry can afford to allow such a move. All India Bank Officers' Confederation (AIBOC), United Forum of Bank Unions (UFBU) and Central Trade Unions have already opposed the move of the RBI. We cannot allow hard earned saving of the common masses of this country to be utilized for financing foreign

AIRRBOF News Letter
December, 2013
Sky is not the limit, we cover it...
The Voice of All India RRB Officers' Federation
Vol - XX SILIGURI No. 12

ventures. We as an enlightened group should thwart such ill-advised moves on the part of RBI. By doing so, we will be discharging our historic duty of protecting the family silver. We should resist any attempt to dismantle public sector with tooth and nail. With courage and conviction, our efforts will end only in success. Let us resolve to be active participants in our struggle to protect the family silver.

ENRICH YOUR KNOWLEDGE:

BASIC SAVINGS BANK DEPOSIT ACCOUNT

RBI introduced the concept of Basic Savings Bank Deposit account (BSDBA) in August 2012. Salient features of the account along with clarifications given by RBI are given below:

1. The 'Basic Saving Bank Deposit Account' should be considered a normal banking service available to all.
2. Applicability to Foreign Banks: Foreign banks in India are also required to open BSBDA for customers. RBI instructions/guidelines on BSBDA is applicable to all scheduled commercial banks in India including Foreign Banks having branches in India.
3. Min balance: There is no requirement for any initial deposit for opening a BSBDA. The account shall not have the requirement of any minimum balance.
4. Services available free: The services available free in the account will include deposit and withdrawal of case at bank branch as well as ATMs; receipt / credit of money through electronic payment channels or by means of deposit / collection of cheques at bank branches as well as ATMs.
5. Maximum balance: There is no limit on balance outstanding in these accounts.
6. Maximum number of credit in a month: There is no limit on the number of deposits that can be made in a month in Basic Saving accounts.
7. Maximum amount of credits allowed in a year: There is no limit on the amount of credit in a financial year in Basic Saving Bank accounts.
8. Maximum amount that can be withdrawn in a month: There is no limit on the amount that can be withdrawal from these accounts.

9. Maximum number of withdrawals allowed in a month: Account holders will be allowed a maximum of four withdrawals in a month, including ATM withdrawals. Balance enquiry through ATMs should not be counted in the four withdrawals allowed free of change under BSBDA. Even in certain accounts like NREGA where disbursements are made weekly and if a month has five weeks, it may result in more than four withdrawals, banks are required to provide free of change minimum four withdrawals. The existing facility available in a normal saving banks account of five free withdrawals in a month in other banks ATMs per IBA (DPSS) instructions will not hold good for BSBDA. In BSBDA, banks are required to provide free of change minimum four withdrawals, through ATMs and other mode including RTGS/NEFT/Clearing Branch cash withdrawal/ transfer/internet debits/standing instruction/EMI etc. Beyond four withdrawals, it is left to discretion of the banks to either offer free or change for additional withdrawal/s. However, in case the banks decide to change for the additional withdrawal, the pricing structure may be put in place by banks on a reasonable, non-discriminatory and transparent manner by banks.

10. Withdrawals more than four times in a month: If BSBDA customers have more than 4 withdrawals and request for cheque book at additional cost, it will cease to be a BSBDA. However, if the bank does not levy any additional changes and offers more facilities free than those prescribed under BDBDA accounts without minimum balance then such a/cs can be classified as BSBDA.

11. Facility of ATM card or ATM-cum-Debit Card: Banks should offer the ATM Debit Cards free of change in BSDBA accounts and no Annual fee should be levied on such Cards. ATM debit cards may be offered at time of opening BSBDA and issued if the customer requests for the same in writing. Banks need not force ATM debit cards on such customers. As regards customers who are illiterate or old who may not be in a position to safe keep and use the ATM debit card and PIN associated with it, Banks should educate such customers about the ATM Debit Card, ATM PIN and risk associated with it. However, if customer chooses not to have ATM Debit Card Banks need not force ATM debit cards on such customers.

12. Cheque Book Facility: BSBDA does not envisage cheque book facility in the minimum facilities that it should provide to BSBDA customers. Banks are free to extend any additional facility including cheque book facility free of charge (in minimum balance requirements or charge for the additional facilities like issue of cheque book, it will not be a BSBDA.

13. No charge will be levied for non-operation/activation of in-operative 'Basic Savings Bank Deposit Account'.

14. Charges for Pass Book: BSBDA holders should be offered passbook facility free of charge.

15. Interest rate on 'Basic Savings Bank Deposit Account' will be same as in normal Savings Bank Accounts.

16. Whether banks are free to offer more facilities than those prescribed for Basic Savings Bank Deposit Account? Yes. However, the decision to allow services beyond the minimum prescribed has been left to the discretion of the banks who can either offer additional services free of charge or evolve requirements including pricing structure for additional value-added services on a reasonable and transparent basis to be applied in a non-discriminatory manner with prior intimation to the customers. However such accounts enjoying additional facilities for price will not be treated as BSBDAs.

17. Coverage under "Basic Savings Bank Deposit Account" (BSBDA): All the existing 'No-frills' accounts converted into BSBDA as well as fresh accounts opened as per RBI guidelines on BSBDA should be treated as BSBDA. Accounts enjoying additional facilities under the reasonable pricing structure for value added services, exclusively for BSBDA customers should not be treated as BSBDAs.

18. Conversion of normal SB account to BSBDA: The normal saving bank account can be converted into BSBDA at the request of customer provided such customers give their consent in writing and are informed of the features and extent of services available in BSBDAs.

19. Applicability of KYC norms: The 'Basic Savings Bank Deposit Account' would be subject to provisions of PML Act and Rules and RBI instructions on Know Your Customer (KYC) / Anti-Money Laundering (AML) for opening of bank, accounts. BSBDA can also be opened with simplified KYC norms. However, if BSBDA is opened on the basis of Simplified KYC, the accounts would additionally be treated as "BSBDA-SMALL account" and would be subject to the conditions stipulated for such accounts.

20. Conditions stipulated for accounts which are additionally to be treated as 'BSBDA-Small Account': BSBDA-Small Accounts would be subject to the following

December, 2013
AIRRBOF News Letter
Sky is not the limit, we cover it...
The Voice of All India RRB Officers' Federation
Vol - XX SILIGURI No. 12

conditions: (i) Total credits in such accounts should not exceed one lakh rupees in a year; (ii) Maximum balance in the account should not exceed fifty thousand rupees at any time; (iii) The total of debits by way of cash withdrawals and transfers will not exceed ten thousand rupees in a month; (iv) Foreign remittances cannot be credited to Small Accounts without completing normal KYC formalities, (v) Small accounts are valid for a period of 12 months initially which may be extended by another 12 months if the person provides proof of having applied for an Officially Valid Document; (vi) Small Accounts can only be opened at CBS linked branches of banks or at such branches where it is possible to manually monitor the fulfillment of the conditions.

21. Other Saving Bank accounts of BSBDA holder: An individual is eligible to have only one 'Basic Savings Bank Deposit Account' in one bank. Holders of 'Basic Savings Bank Deposit Account' will not be eligible for opening any other savings bank deposit account including small account in that bank. If a customer has any other existing savings bank deposit account in that bank, he/she will be required to close it within 30 days from the date of opening a 'Basic Savings Bank Deposit Account'. While opening the BSBDA, customers' consent in writing be obtained that his existing non-BSBDA Savings Banks accounts will be closed after 30 days of opening BSBDA. If a customer opens a BSBDA but does not close his existing Savings Bank Account within 30 days, banks are free to close such accounts after 30 days.

22. Other deposit accounts of BSBDA holder: An individual can have other deposit accounts like Term/Fixed Deposit, Recurring Deposit etc., where one holds 'BSBDA'.

23. Status of No Frill accounts: Basic Banking Savings deposits account will replace No Frill accounts which were opened either with 'nil' or very low minimum balance as well as charges that would make such accounts accessible to vast sections of population. The existing basic banking 'no-frills' accounts should be converted to 'Basic Savings Bank Deposit Account'.

24. Whether the 'Basic Savings Bank Deposit Account' can be opened by only certain types of individuals like poor and weaker sections of the population?: No. The 'Basic Savings Bank Deposit Account' should be considered as a normal banking service available to all customers, through branches.

25. Restrictions like age, income, amount etc criteria for opening BSBDA by banks for individuals?: No. Banks should not impose restrictions like age and income criteria of the individual for opening BSBDA.

26. 'Basic Savings Bank Deposit Account' a part of the Financial Inclusion plans of banks: The aim of introducing 'Basic Savings Bank Deposit Account[1] is part of the efforts of RBI for furthering Financial Inclusion objectives. All BSDBA accounts whether new or no frill accounts renamed as BSDBA should be reported in under the monthly report of / the progress of Financial Inclusion plans submitted by banks to RBI.

Source – Latest Banking & Financial Awareness: October 2013.

RTGS SYSTEM

Introduction: The acronym 'RTGS' stands for Real Time Gross Settlement, which can be defined as the continuous (real-time) settlement of funds transfers individually on an order by order basis (without netting). 'Real Time' means the processing of instructions at the time they are received rather than at some later time; 'Gross Settlement' means the settlement of funds transfer instructions occurs individually (on an instruction by instruction basis). As the funds settlement takes place in the books of the Reserve Bank of India, the payments are final and irrevocable.

Minimum and Maximum amount: The minimum amount to be remitted through RTGS is Rs 2 lakh. There is no upper ceiling for RTGS transactions.

However, the timings that the banks follow may vary depending on the customer timing of the bank branches.

Charges charged by RBI to member Banks: From 1st October, 2011, RBI levy service charges for all outward transactions of RTGS members. Inward transactions of the members will not attract any service charges and will continue to be free. The RTGS service charges would have three components (i) membership fee, (ii) transaction fee and (iii) time-varying tariff.

(a) Monthly membership fees for banks will be Rs 4000.

(b) Transaction fee will depend on monthly volume and per transaction fees will be - Rs 0.50 for monthly volume up to Rs 25000; Rs 0.40 for 25001 to 50,000; Rs 0.30 for 50,001 to 100,000; Rs 0.10 for 100001 and above.

(c) Time varying tariff will be as under:

If a RTGS member desires to pass on the time varying tariff to its customers, the charges so levied should not exceed the time varying tariff that RBI is collecting from the RTGS member. Banks should time-stamp all customer initiated payment transfers to avoid any customer claims and disputes in future. Membership fees and transaction fees cannot be passed on to customers.

Processing Charges / Service Charges payable by the remitter: Inclusive of the time varying tariff, the maximum customer charges that can be recovered by a member from its customers (if it so desires) would be as under: Rs 2 lakh to Rs 5 lakh - Rs 25 + applicable time varying tariff subject to a maximum of Rs.30/-. Above Rs 5 lakh – Rs 50 + applicable time varying tariff subject to a maximum of Rs.55.

Difference between RTGS and National Electronics Funds Transfer System (NEFT): NEFT is an electronic fund transfer system that operates on a Deferred Net Settlement (DNS) basis which settles transactions in batches. In DNS, the settlement takes place with all transactions received till the particular cut-off time. These transactions are netted (payable and receivables) in NEFT whereas in RTGS the transactions are settled individually. For example, currently, NEFT operates in hourly batches. There are twelve settlements from 8 am to 7 pm on week days and six settlements from 8 am to 1 pm on Saturdays. Any transaction Initiated after a designated settlement time would have to wait till the next designated settlement time. Contrary to this, in the RTGS transactions are processed continuously throughout the RTGS business hours.

Time taken for effecting funds transfer from one account to another under RTGS: Under normal circumstances, the beneficiary branches are expected to receive the funds in real time as soon as funds are transferred by the remitting bank. The beneficiary bank has to credit the beneficiary's account within two hours of receiving the funds transfer message.

Acknowledgement to remitting customer: The remitting bank receives a message from the Reserve Bank that money has been credited to the receiving Bank. Based on this the remitting bank can advise the remitting customer through SMS that money has been credited to the receiving Bank.

Non credit to beneficiary's account: Funds, received by a RTGS member for the credit to a beneficiary customer's account, will be returned to the originating RTGS member within two hours of the receipt of the payment at the PI of the recipient bank or before the end of the RTGS Business day, whichever is earlier, if it is not possible to credit the funds to the beneficiary customer's account for any reason e.g. account does not exist, account frozen, etc. Once the money is received back by the remitting bank, the original debit entry in the customer's account is reversed.

Essential information to be supplied by the remitting customer to the remitting bank: The remitting customer has to furnish the following information to a bank for initiating a RTGS remittance: (i) Amount to be remitted, (ii) Remitting customer's account number which is to be debited, (iii) Name of the beneficiary bank and branch, (iv) Name of the beneficiary customer, (v) Account number of the beneficiary customer, (vi) The IFSC Number of the receiving branch.

Branches providing RTGS service: For a funds transfer to go through RTGS, both the sending bank branch and the receiving bank branch would have to be RTGS enabled. All the bank branches in India are not RTGS enabled. Presently, there are more than 100000 RTGS enabled bank branches.

Source – Latest Banking & Financial Awareness: October 2013.

EXCERPTS FROM AIRRBOF CIRCULARS

Circular # 33:2013 11th November 2013

HISTORIC 55TH MEETING OF THE CENTRAL COMMITTEE OF FEDERATION AT LUCKNOW ON 10TH NOVEMBER, 2013 – REMAINED GLITTERING EVENT IN THE ANNALS OF RRB OFFICERS MOVEMENT

The city of Lucknow, quite often mystic and privy to many histories, again played host to the Central Committee Meeting of All India RRB Officers' Federation. The 55th session of the Central Committee took place at the BANDHAN HOTEL & BANQUET.

The arrangement of the Meeting was very nicely done by members & volunteers of Gramin Bank of Aryavart Officers' Association led by Com. B.P. Singh, our Federation President and Com. V.S. Chauhan, General Secretary of the Association.

Under the able leadership of Com. T.T. Natarajan, AIBOC Nominee as Chairman meeting got underway with Com. B.P. Singh, President calling the house to order. Com. V.S. Chauhan rendered a spirited welcome address to the leaders of the Federation and the members & observers of the Central Committee. Garlanding of leaders and offering of flower bouquets to members & observers was conducted in the most orderly manner.

The agenda wise discussion started. The proceedings of the 54th Meeting held at Ooty was adopted. General Secretary of the Federation, Com. S.K. Bhattacharjee presented an elaborate report which was widely deliberated upon. Com. Bhattacharjee also expressed his desire to lay down the office of the General Secretary as he had retired on superannuation on 31st October, 2013 from Bank's Service House, however, unanimously rejected his offer end passed the following resolution:

Resolution was placed to admit Com. S.K. Bhattacharjee as Honorary Member as per provision of the Constitution of AIRRBOF with effect from 1st November, 2013 and it was proposed that he would continue as General Secretary as per provision of the same Constitution. The house with thunderous applause passed the resolution.

The house also placed on record its deep appreciation of the services rendered by Com. Nikhilesh Mishra, Treasurer and Com. Swapan Sarkar, Secretary of the Federation as their nomination had been withdrawn by the respective affiliate. The house co-opted unanimously.Com. G.B. Bhattacharya (Uttarbanga Kshetriya Gramin Bank) as Treasurer. The vacancy caused to the post of Secretary Consequent to co-option of Com. G.B. Bhattacharya as Treasurer shall be filled by a Lady Comrade who shall take upon the task of organising Lady Comrades Working in RRBs. The other post of the Secretary shall be filled up in due course. The Central Committee authorised General Secretary to ensure the Co-option at the earliest.

December, 2013
AIRRBOF News Letter
Sky is not the limit, we cover it...
The Voice of All India RRB Officers' Federation
Vol - XX SILIGURI No. 12

During the deliberations on General Secretary's Report and the clarification tendered by the General Secretary the following important points emerged:

(i) Severe disparity between RRB to RRB in regard to other allowances & benefits need to be taken up with Govt. of India, DFS for early resolution.

(ii) Federation shall vigorously pursue with Govt. of India, Dept. of Financial Services in regard to ensure relaxation in experience criteria so that RRB officers can be eligible to fill up the large number of vacancies in higher cadre.

(iii) Federation should take up once again with Dept. of Financial Services to ensure revival of Joint Consultative Council (JCC) and reconstitution of the same at the level of Govt. of India, Dept. of Financial Services.

(iv) All affiliates shall clear their Levy and Subscription dues latest by 15th December, 2013.

(v) AIRRBOF membership all over the country should fully participate in the Action Programme to be chalked out by UFBU/AIBOC to press for early Salary Revision.

Central Committee also resolved to impress upon all affiliates so that newly recruited officers are involved in organisational activities at the Bank level and suitable leadership grooming should take place so that they can occupy niche positions in Federation also.

The Central Committee Meeting came to a successful completion with rendering of Vote of Thanks by veteran leader Com. K.M. Shukla.

The Central Committee Meeting was followed by a brief felicitation programme on completion of 25 years of our Federation. The programme was attended by Com. T.T. Natarajan, Com. B.P. Singh, Com. S.K. Bhattacharjee, Com. A.P. Singh with all the Central Committee Members and members of the Gramin Bank of Aryavart Officers' Association. It was a grand success.

Circular # 34:2013 11th November 2013

FEDERATION TOOK UP WITH GOI, DFS
THE ISSUES INDENTIFIED BY THE CENTRAL COMMITTEE

We reproduce the communication made by the General Secretary, AIRRBOF to Shri Rajev Takru, Secretary, Dept. of Financial Services, Govt. of India on the issues indentified by the Central Committee in its 55th Session held in Lucknow on 10th November, 2013.

"The 55th session of the Central Committee of All India RRB Officers' Federation took place in Lucknow on 10th November, 2013. The session expressed its strong indignation over the apathy of the Govt. of India to resolve the long standing issues of RRB officers. The house resolved to pass resolution calling attention of your kindself to the following issues which need to be resolved by discussion with our Federation, the representative body of over 25000 officers working in Regional Rural Banks.

(i) Wide disparity exists in respect of other allowances & benefits between RRB to RRB of different Sponsor Banks and even RRB(s) sponsored by same Bank. Even in violation of Y.S.P. Thorat Committee Recommendation other allowances & benefits existing in one RRB before amalgamation had been reduced. In the spirit of establishing parity in regard to salary & allowances other allowances & benefits must be fixed at the level obtaining in the respective Sponsor Bank. We urge upon you to direct all Sponsor Banks to immediately ensure rationalization of other allowances & benefits at par with Sponsor Banks.
The Central Committee also resolved to urge upon to ensure issue of suitable circular at the time of next salary revision so the salary & allowances are revised at one go without creation of the situation of disparity.

(ii) The Central Committee urged upon you to ensure relaxation of length of service criteria for officers of RRBs so that they can be made eligible for promotion to fill up large number of vacancies in higher cadres. The similar relaxation is being done by the Public Sector Banks so that vacancies at higher cadre can be filled up by promotion. In this regard all Sponsor Banks be directed by Dept. of Financial Services to extend the same service length relaxation scheme in the respective Banks to their sponsored RRBs.

(iii) Joint Consultative Council (JCC) was constituted with the Chairman, NABARD as its Chairman with members drawn from Govt. of India (DFS), State Govt.s by rotation, Sponsor Banks by rotation and one each from the Apex Level Trade Unions of RRB. JCC is not functioning since last 3years due to lack of interest of then Chairman, NABARD, Shri Prakash Bakshi and non-intervention by DFS. The Central Committee of our Federation in its 55th Session resolved to urge upon you to reconstitute the JCC with following members:

i) Joint Secretary, GOI, DFS - Chairman.
ii) Chairman, NABARD - Member.
iii) Dy. Managing Director, SBI – Member.
iv) Executive Director of one Public Sector Bank by rotation – Member.
v) Special Secretary, Finance of two State Govt.s by rotation – Members.
vi) Two representative each of major Apex Level Trade Unions in RRB – Members.
vii) Chief General Manager, NABARD, IDD - Member Secretary.

The Central Committee also urged upon to complete the task of reconstitution of JCC at the earliest".

Circular # 35:2013 26th November 2013

GENERAL SECRETARY VISITED KASHMIR TO HOLD MEETING, VISIT TO BRANCHES & ASSESS THE PROBLEMS FACED BY OFFICERS OF THE RRBs

The State of Jammu & Kashmir has two RRBs, namely Ellaquai Dehati Bank (EDB), sponsored by State Bank of India and Jammu & Kashmir Gramin Bank, sponsored by J & K Bank Ltd. Both the RRBs have branches spread across the different districts of the State of Jammu & Kashmir. General Secretary, AIRRBOF was invited by our affiliates to pay a visit to the State to understand the problems on the ground level.

During the stay of the General Secretary he held Meeting with the Executive Committee Members as well as members of the affiliates at different locations spread across Kashmir. The biggest problems the officers are facing relates to manpower shortage. It was also narrated by the officers how day in and day out they are serving to keep the wheels of the Bank running. Rising NPA and deteriorating asset quality are other areas of great concern. Required follow up and monitoring of assets are getting affected due to manpower shortage. Both the RRBs are not taken care of by their respective Sponsor Banks & the State Govt. The problem faced by the officers during the long period of turbulence and the migration of a section of them had badly affected the profitability of the RRBs. The management of the RRBs assisted by the officers is trying hard to continue the process of current viability and reduce the volume of accumulated losses. The officers deserve hats off for their unstinted support extended for the betterment of the RRBs.

Recruitment of new officers need to be a continuous process so that newly recruited officers can be replenished due to high rate of attrition. Special attention should need to be given to provide employment to the eligible candidates hailing from Kashmir valley.

The visit of the Federation General Secretary and holding of meetings at different locations provided the required boost to the psyche of the officers. General Secretary pledged full support to our affiliates in the RRBs of J & K and assured to continue the process of taking up the issues with all concerned for their resolution.

Circular # 36:2013 26th November 2013

MEETING WITH REPRESENTATIVES OF DFS, SPONSOR BANKS, RRBs AND REPRESENTATIVES OF UNIONS OF RRBS ON 22ND NOVEMBER, 2013 ON COMPREHENSIVE REVIEW OF ALL HUMAN RESOURCES POLICIES

NABARD convened a Meeting of Representatives of Dept. of Financial Services (Govt. of India), Sponsor Banks, RRBs and Representatives of Unions/ Association of RRBs on 22nd November, 2013 at NABARD, Head Office, Mumbai. AIRRBOF duly presented their views in the Meeting.

The gist of the Meeting is as under:

The meeting was attended by Dy. Secretary, GOI, Senior Research Officer, GOI, CGM NABARD, GM, law, NABARD, Sponsor Bank Officials of SBI, BOI and Canara Bank, Chairmen of Punjab Gramin Bank, Kerala Gramin Bank, Pragathi Krishna Gramin Bank, Vidharbha Konkan Gramin Bank, Marudhar Gramin Bank and representatives of Associations \Unions.

Chief General Manager(IDD), NABARD welcomed the representatives of Associations /Unions and said that they are interested in resolving the issues of RRBs because they feel that welfare of employees is important in development of any Institution. At the same time improvement in health of Institution is also important.

Deputy Secretary to the Govt. of India Shri A.K. Dogra also welcomed all the participants and declared that issue of Inter se Seniority of staff of amalgamated RRBs have been cleared by GOI yesterday and mail has been sent to NABARD.

After introduction of participants, Agenda wise discussion took place.

AGENDA 1. **RATIO OF DIRECT RECRUIT & PROMOTEES IN RRBS – REVISION THERE OF:**

NABARD GM Shri Ramkrishna presented the data of attrition in RRBs. All the participants were unanimously opined that considering the high attrition rate, restriction of 50% for waiting list should be removed. It was decided to raise the waiting list limit up to 100% of vacancies. The sponsor Bank shall submit such demand to Nabard and NABARD will sent it to DFS, GOI for approval.

AIRRBOF pointed out that some sponsor Bank are imposing conditions on recruitment of staff which is contrary to the instruction of GOI. We demanded recruitment of all existing shortfall without any restrictions, considering the retirement to be taken place in next five years, opening of proposed branches etc.

AGENDA 2. **AMENDMENT OF THE THIRD SCHEDULE OF APPOINTMENT & PROMOTION RULES TO MAKE IT SIMILAR TO THAT OF PSB EMPLOYEES:**

Association\Unions demanded Appointment and Promotion rules on par with sponsor Bank. It was also demanded that relaxation in the number of years of services should be given as per sponsor Bank in case of promotions in all grades. The Senior Research Officer, GOI Shri Arya said that the Service Regulations in PSBs are also different from Bank to Bank therefore it cannot be on par with sponsor Bank. He agreed to give relaxations in length of service but not on par with sponsor Bank. He said that some additional relaxation powers may be given to Board of RRBs.

Some organization raised the issue of appointment of Daily wage sepoy and sweepers who are working for last 10-15 years. The Govt. officials clarified that hereinafter no recruitment should be made in sweeper and messengers\sepoy category and these works are to be outsourcers as being done by sponsor Banks. They said that it is very difficult task to identify these daily wage workers. It will also invite litigation and complications therefore a small committee will look into the aspect of appointment of daily wages workers and give suggestions.

A separate committee will be formed to suggest the Amendments in SSR and relaxations for promotions in consultations with sponsor Bank, RRBs and Association\Unions.

AGENDA 3. **<u>REVIEW OF SERVICE REGULATIONS OF RRBS TO MAKE THEM SIMILAR TO PSBS:</u>**

Association\Unions demanded service regulations on par with sponsor Bank. AIRRBOF demanded separate Service Regulations for Officers and Clerical staff. The following disparities were raised in this regards.

i) VRS is not available to RRB staff.
ii) Definition of minor and major misconduct is not defined.
iii) Review of penalty is not available under Disciplinary Proceedings.
iv) Gratuity rules are not clear. Etc.

AGENDA 4. **<u>GUIDELINES FOR APPOINTMENT OF CHAIRMEN.</u>**

AGENDA 5. **<u>FIT AND PROPER CRITERIA FOR DEPUTING STAFF FROM SPONSOR BANKS TO RRBS.</u>**

These two issues were discussed separately with Chairmen and sponsor Bank Officials after lunch.

AGENDA 6. **<u>MAINTAINING DATA CENTER OF RRB OUTSIDE THEIR JURISDICTION:</u>**

Association\Unions pointed out that Data Centers of RRBs are maintained along with their sponsor Bank at metropolitan cities which is outside of their jurisdiction. As per service regulation RRB staff cannot be deputed out of their jurisdiction. The RRB staff posted at these Data centers is not getting deputation allowance and other facilities as available to their counter parts. Therefore RRB staff should also be given deputation and other allowances to compensate with the actual expenses. The Chairman of Punjab Gramin Bank also supported this demand and said that work of RRB staff at Data Center is better than even sponsor Bank officials.

It was clarified by Shri Arya, Senior Research Officer that maintaining of Data Center outside the jurisdiction is essential looking to the disaster risk. However, it is entirely the job of sponsor Bank to manage the functions of Data Center of their RRBs. Therefore individual RRB in consultation with their sponsor Bank has to decide the issue of posting of RRB staff etc.

AGENDA 7. **OTHER ITEMS:**

i) Associations/ Unions demanded that other benefits and allowances are not uniformly provided to RRB staff after amalgamation.
ii) There was no necessity for GOI to go for litigation on pension issue.
iii) JCC Meetings not hold since last two years. The decisions taken in earlier JCC has not been implemented.
iv) Staff welfare fund is to be created as per sponsor Bank.

Shri Arya said that issue of other benefits and allowances is to be discussed with sponsor Bank. Associations unions pointed out that no discussion by any sponsor bank is done in this regard with unions. He assured to look into the matter positively and issue suitable instructions.

The meeting ended with vote of thanks by NABARD Officials.

Further follow up action taken by NABARD / Govt. of India shall be circulated in due course.

Circular # 37:2013 28th November 2013

UNDUE DELAY IN WAGE NEGOTIATIONS UFBU
DECIDES ALL INDIA STRIKE ON 19TH DECEMBER 2013

We reproduce hereunder the text of All India Bank Officers' Conference Circular No. 58, dated 23rd November, 2013.

"We reproduce, hereunder, circular no. UFBU/2013/08 dated 21.11.2013 issued by Convenor, UFBU for your information and circulation among members.

A meeting of the United Forum of Bank Unions (UFBU) was held in Chennai yesterday i.e., 20th November 2013 under the chairmanship of Com. K.K. Nair, Chairman of UFBU and the representatives of all constituent unions/associations of UFBU were present.

The developments in the areas of wage negotiations, reform policies of the Government in the banking sector, the speed with which the Government is proceeding in implementation of reforms were reviewed and extensive deliberations were made on the issues confronting the bank employees.

The meeting noted with concern, the lackadaisical attitude of the Government/IBA in the area of wage negotiations that resulted in inordinate and undue delay in the process of negotiations. Taking into consideration the insignificant progress in the process of negotiations despite a lapse of more than a year since commencement of the process and the financial pressure on employees due to high inflation, the representatives of all constituent unions of UFBU unanimously decided to press the demands through agitation programmes including strike action as there is no positive response from the Government/IBA to settle the 10th Bipartite Wage Settlement at the earliest.

United Forum of Bank Unions

The meeting also expressed its strong protest against the various measures being taken by the Government and Reserve Bank of India (RBI) in the name of financial reforms inasmuch as the proposals like allowing foreign banks to enter India in a big way with near 'national treatment', which would enable them to take over our banks, the discussion paper released by RBI recently on Banking Structure in India and the thinking of RBI to consider granting of licenses to open Private and Foreign Banks under New Bank Licensing Policy, etc., are designed to eliminate the public sector character in the Country which are not in the interests of general public, who have faith and feel more secured with the Public Sector Banks.

Further, the meeting condemned the recent decision of NABARD to convert the Primary Agriculture Co-operatives (PACs) as Business Correspondent (BC) of District Co-operative Credit Banks (DCCBs), thereby around 2.2 lac permanent employees working in PACs would be affected and adopted a resolution extending solidarity support to the agitating employees of PACs.

Considering all the above aspects, the meeting decided to give a call for All India Bank Strike for one day on 19th December 2013 demanding.

- IMMEDIATE WAGE REVISION
- TO STOP BANKING REFORMS

Details of agitation programmes will be issued in due course.

The representatives of all the constituent Unions of UFBU further decided to meet on 23rd December 2013 to review the position and chalk out further agitation programmes, if need be.

Comrades, there is no significant progress in the 10th Bipartite Wage negotiations even though it was initially assured by IBA to conclude the wage negotiation process at the earliest. It is disappointing to note that even the rate of increase is not yet offered by the negotiating authorities despite the lapse of more than a year. We are left with no option except to resort to agitation programmes including strike action.

Comrades, let us march on with all the strength at our command and make agitation programmes a grand success not only to achieve reasonable wage increase at the earliest but also to thwart the anti-public and anti-national moves of the policymakers in the name of financial reforms.

Yours sincerely,
Sd/-
Convener, U.F.B.U.

We request all are constituents to keep their members in readiness and make strike on 19th December, 2013 a grand success".

BANKING ROUND UP:

REPO, REVERSE REPO RATES, BANK RATE

RBI has increased the Repo rate under the Liquidity Adjustment Facility (LAF) by 25 basis points from 7.25 per cent to 7.50 per cent from Sept 20, 2013. The Reverse Repo rate under the LAF will stand automatically adjusted to 6.50 per cent. Further, RBI has reduced the Marginal Standing Facility (MSF) rate by 75 basis points from 10.25 per cent to 9.50 per cent with effect from Sept 20, 2013 and Recalibrated the same to 200 basis points above the policy repo rate under the Liquidity Adjustment Facility (LAF). The Bank Rate has been reduced by 75 basis points from 10.25 per cent to 9.50 per cent with effect from September 20, 2013. Bank Rate and MSF Rate further reduced to 9% w.e.f. 7th October 2013.

Source – Latest Banking & Financial Awareness: October 2013.

CRR – CHANGE IN DAILY MINIMUM
CASH RESERVE MAINTENANCE REQUIREMENT

As per existing instructions banks are required to maintain minimum daily balance with RBI equal to 99% of the required CRR balance RBI has now reduced the minimum daily maintenance of the Cash Reserve Ratio from 99 cent of the requirement to 95 per cent effective from fortnight beginning September 21, 2013.

Source – Latest Banking & Financial Awareness: October 2013.

INCLUSION IN SECOND SCHEDULE TO THE RBI ACT

In July 2004, RBI had decided to not consider for the time being any application from Urban C0-operative Banks, of India Act, 1934. RBI has new decided to consider applications from UCBs which satisfy following criteria for inclusion in the Second Schedule to the Reserve Bank of India Act, 1934.

1. DTL of not less than Rs 750 crore on a continuous basis for one year;
2. CRAR of minimum 12%;
3. Continuous net profit for the previous three years;
4. Gross NPAs of 5% or less;
5. Compliance with CRR / SLR requirements and
6. No major regulatory and supervisory concerns.

Source – Latest Banking & Financial Awareness: October 2013.

A PROFILE OF BANKS: 2012-13: HIGHLIGHTS

Business per employee as well as profit per employee of all scheduled commercial banks at aggregate level increased during 2012-13 vis-à-vis that in 2011-12. Profitability in terms of return on assets of all scheduled commercial banks at the aggregate level declined during 2012-13. At the bank group level, all the bank groups witnessed an increase in return on assets during 2012-13 as compared to the previous year with the exception of public sector banks. Cost of funds of all scheduled commercial banks increased during 2012-13 compared to that in 2011-12. CRAR of all scheduled commercial banks at the aggregate level decreased at end March 2013 as compared to the previous year. Net non-performing assets (NPA) ratio of all scheduled commercial banks at the aggregate level increased at end March 2013 as compared to the previous year.

Source – Latest Banking & Financial Awareness: October 2013.

RELAXATIONS IN BRANCH AUTHORISATION POLICY

1. To enhance the penetration of banking in rural and semi-urban areas, domestic scheduled commercial banks (excluding RRBs) were permitted to open branches in Tier 2 to Tier 6 centres (with population upto 99,999 as per Census 2001) and in the rural, semi-urban and urban centres in North-Eastern States and Sikkim without having the need to take permission from Reserve Bank of India in each case, subject to reporting. With the objective of further liberalizing and rationalizing the branch authorisation policy, the general permission to domestic scheduled commercial banks (other than RRBs) referred above has been extended by RBI to branches in Tier 1 centres also, subject to the following:

a) At least 25 percent of the total number of branches opened during the financial year (excluding entitlement for branches in Tier 1 centres given by way of incentive as stated below in para 2), must be opened in unbanked rural (Tier 5 and Tier 6) centres, i.e. centres which do not have a brick and mortar structure of any scheduled commercial bank for customer based banking transactions.

b) The total number of branches opened in Tier 1 centres during the financial year (excluding entitlement for branches in Tier 1 centres given by way of incentive as stated below in para 2) cannot exceed the total number of branches opened in Tier 2 to 6 centres and all centres in the North Eastern States and Sikkim.

2. Incentive for opening more branches in under banked districts of under banked States: Banks may open branches in Tier 1 centres, over and above their eligibility as defined above, that are equal to the number of branches opened in Tier 2 to Tier 6 centres of under banked districts of under banked States, excluding such of the rural branches opened in unbanked rural centres that may be located in the under banked districts of under banked States in compliance with the requirement as indicated in para 1 (a) above. In case a bank is unable to open all the branches it is eligible for in Tier 1 centres, it may carry-over (open) these branches during subsequent two years, Banks, which for some reason are unable to meet their obligations of opening branches in Tier 2 to 6 centres in aggregate, or in unbanked rural centres (Tiers 5 to 6 centres) during the Financial year/ must necessarily rectify the shortfall in the next financial year.

Detail of tier-wise classification of centres based on population is given below:

Classification of centres (tier-wise)	Population (as per 2001 Census)
Tier 1	1,00,000 and above
Tier 2	50,000 to 99.999
Tier 3	20.000 to 49.999
Tier 4	10,000 to 19,999
Tier 5	5,000 to 9,999
Tier 6	Less than 5000

(ii) Population-group wise classification of centres

Classification of centres (tier-wise)	Population (as per 2001 Census)
Rural Centre	Population upto 9,999
Semi urban centre	from 10,000 to 99,999
Urban Centre	from 1,00,000 to 9,99,999
Metropolitan centre	10,00,000 and above

Source – Latest Banking & Financial Awareness: October 2013.

PRESS CORNER:

DECISION ON FIXED TENURE FOR PSU CHIEFS AFTER STATE POLLS

Senior executives in Central Public Sector Enterprises (CPSEs) will have to wait till elections are over in five States for implementation of the new measures related to their tenure. The election process will end on 9th December.

On August 29, Heavy Industries and Public Enterprises Minister Praful Patel had said that the proposal would be considered by the Government soon. But Business Line has learnt that since some of the reform measures could be considered populist, the Cabinet is now likely to consider the proposal only after the Assembly elections in the five States are over.

The reform proposals include a minimum fixed tenure for the chairman-cum-managing director and extension of service up to two years for extraordinary officials at the level of Deputy General Manager and above. A detailed proposal in this regard has already been cleared by the Group of Ministers headed by Finance Minister P. Chidambaram and is awaiting Cabinet clearance.

Although it is not clear if the decision will be effective from prospective or retrospective effect, many CPSE chiefs are keenly awaiting a decision, as it may pave the way for extension of service. For example, ONGC chief, Sudhir Vasudeva, is slated to retire in February, while the BHEL Chairman, B.P. Rao, will retire at the end of this year.

One of the key provisions of the proposal suggests a minimum fixed tenure of three years for the CMD of a CPSE. At present, there is no fixed tenure.

However, the retirement age is fixed at 60 years, and one important eligibility criteria for executives to become CMD is that they should have a minimum of two years of service remaining on the date of vacancy. Once the proposal is accepted, a CMD can continue even after age 60.

The proposal is based on the recommendations of Government-appointed panel headed by former SAIL Chairman S.K. Roongta. The existing criteria for executives of having a minimum of two years of service remaining on the date of vacancy for functional directors/CMDs will be dispensed with.

"In the absence of adequate succession planning in many CPSEs as of now, several competent executives are not being considered for these positions," the committee had said.

Another provision relates to extension of service for senior officials, which will help CPSEs get over the talent crunch.

Such a provision is required, as due to the gaps in compensation levels vis-à-vis the private sector as well as the demographic profile, some CPSEs lack experienced personnel in critical areas.

As on March 31, 2012, there were 260 CPSEs (excluding seven insurance companies) with a total investment of over Rs 7 lakh crore.

These companies employ nearly 14 lakh people (excluding contractual and casual labour). However, at present only 225 CPSEs are operating, out of which 161 are in profit, 63 in loss and one is a no profit-no loss company.

Source – The Hindu Business Line October 31, 2013.

GOVT APPOINTS FIRST CHIEF OF BHARATIYA MAHILA BANK

The Centre has appointed Usha Ananthasubramanian as the first Chairman and Managing Director of the Bharatiya Mahila Bank, the country's first all-woman bank.

She is currently an executive director at Punjab National Bank, a leading public sector lender.

Besides a post-graduate degree in statistics from the University of Madras, she also has a master's degree in ancient Indian culture from Bombay University.

Bharatiya Mahila Bank is expected to be formally launched at Mumbai on November 19, which happens to be birth anniversary of former Prime Minister Indira Gandhi.

Usha Ananthasubramanian has over three decades of banking experience. She is the wife of Ananthasubramanian, currently the President of the Institute of Company Secretaries of India.

Source – The Hindu Business Line November 12, 2013.

CHAKRABARTY BLAMES PUBLIC SECTOR BANKS FOR SITTING ON BAD LOANS

RBI Deputy Governor K.C. Chakrabarty on Saturday lambasted public sector banks for the rising bad loans, saying they sat on the "menace" far longer than their private sector counterparts.

In a well-researched presentation at Bancon 2013, an annual banking conference, the Deputy Governor also rubbished claims by banks that non-performing assets (NPAs), or bad loans, have been rising because of the economic slowdown.

On the theme of the Bancon 2013 — 'Banks of the future: Gearing up to meet the emerging environment' — Chakrabarty said: "As a regulator, I do not have the luxury to talk about the banks of the future; I am more concerned about the future of the banks. One factor affecting the future of the banks is non-performing assets".

He provided data to establish that NPAs had started rising from 2007, before the financial crisis. He said fresh slippages showed a declining trend from early 2000s, but started rising since 2006-07.

It is not as if the economic slowdown has affected "public sector banks alone". Private sector banks and even foreign banks have been able to deal with the NPA menace better, Chakrabarty added. The key, according to him, was that these banks identified the problem earlier.

The central banker underscored the importance of regulation in dealing with the NPA problem. "Banks ask for softer regulations (for provisions) when NPAs increase, while data show that when regulations are tightened, asset quality improves".

Prudential norms (like higher provisioning) are in the interest of the banks, he said, urging lenders to put in place a contingency plan when they lend to infrastructure-based projects such as coal mining and gas-based plants.

When pointed out that public sector banks face excess stress because they have to lend to public enterprises, Chakrabarty said: "For government companies, the project appraisal has to be more stringent. The more powerful the borrower... your appraisal has to be more stringent".

Responding to the comments, K. R. Kamath, Chairman and Managing Director of state-run Punjab National Bank, said: "We have to learn from the past and utilise the opportunities that are available to us." Kamath, who is also the Chairman of the Indian Banks' Association, termed the deputy governor's speech as "introspective".

On the point about banks pulling the plug on willful defaulters, M. Narendra, CMD, Indian Overseas Bank, said banks are slowly moving in that direction.

Source – The Hindu Business Line November 17, 2013.

RBI FOR DILUTING GOVT STAKE IN PUBLIC SECTOR BANKS

The current level of Government shareholding in public sector banks gives it sufficient headroom for diluting its stake in many of these banks, according to the Reserve Bank of India.

The Government's shareholding in the 21 public sector banks ranges from 55 per cent to 82 per cent.

According to the statute, the Government's shareholding in public sector banks cannot fall below 51 per cent.

The RBI referred to the dilution of Government shareholding in the context of public sector banks requiring additional capital to implement the Basel-III capital regulation. RBI said the Basel III norms lay more focus and importance on quality, consistency and transparency of banks' capital base.

It has estimated that the additional capital requirements of domestic banks for full Basel-III implementation till March 2018 is to the tune of Rs 4.15 lakh crore, of which equity capital will be about Rs 1.4-1.5 lakh crore while non-equity capital will be about Rs 2.65-2.75 lakh crore.

Being the majority stakeholder, the Government has been infusing capital in public sector banks. During the last five years, the Government has infused Rs 47,700 crore.

The Government has allocated Rs 14,000 crore for public sector banks. The capital infusion will ensure that banks have 8 per cent Tier-1 capital (equity capital and disclosed reserves) by the end of the current fiscal.

Banks will allot preferential shares to the Centre in lieu of the capital infusion. After capital infusion, banks will be allowed to raise Tier-1 capital from the markets in proportion to the amount infused by the Centre. This will help maintain the Centre's level of shareholding.

Source – The Hindu Business Line November 22, 2013.

APEX COURT GROUNDS SUBRATA ROY, BARS SAHARA FROM SELLING ANY PROPERTY

Tightening the noose around the Sahara Group for not refunding Rs 20,000 crore of investor money, the Supreme Court on Thursday barred its chief, Subrata Roy, from leaving the country and restrained the Group from selling any of its properties.

The apex court said that its order for handing over the title deeds of Rs 20,000 crore unencumbered properties to SEBI was not followed by the group in "letter and spirit" and prevented Roy along with other directors of the group — Vandana Bhargava, Ravi Shankar Dubey and Ashok Roy Choudhary — from leaving the country.

A Bench of Justices K. S. Radhakrishnan and J. S. Khehar directed that none of the Group companies would part with any of its properties without the court's permission. On the Supreme Court's order of October 28, Sahara had given SEBI documents of two plots of land — a 106-acre land parcel in Versova, a Mumbai suburb, which according to the Group is worth around Rs 19,000 crore, and a 200-acre plot in Vasai, which it estimates at about Rs 1,000 crore. SEBI has challenged the valuation of the properties.

While senior advocate C. A. Sundaram, appearing for Roy, tried to convince the Bench that Sahara has complied with its order, SEBI rebutted saying the Group had overvalued its properties and not handed over all original title deeds of assets worth Rs 20,000 crore.

SEBI's counsel Arvind Dattar told the court that the Versova land had been valued at Rs 19,000 crore though its official value is Rs 118.42 crore. He said that land cannot be used for any development as it falls in the green zone.

The Bench agreed with the contention that such a valuation was not acceptable and asked Sahara to find other properties that could be considered as surety for Rs 20,000 crore. It also passed an order restraining Roy from leaving the country and posted the case for hearing on December 11.

Source – The Hindu Business Line November 22, 2013.

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