AIRRBOF News Letter
August, 2014
Sky is not the limit, we cover it...
The Voice of All India RRB Officers' Federation
Vol - XXI SILIGURI No. 08

EDITORIAL

NAYAK COMMITTEE REPORT – A TROJAN HORSE

The report of the Committee appointed by Reserve Bank of India (RBI) under the Chairmanship of Sri P J Nayak, former Chairman and CEO of AXIS Bank and former Country Head, Morgan Stanley India, Mumbai has generated a heated debate. The Committee was appointed by RBI on 20th January this year:

1. To review the governance of Boards of Banks in India and to review central bank regulatory guidelines on bank ownership, ownership concentration and representation in the Board.

2. To analyse the representation on Bank boards, examine Board compensation guidelines and any other issues relevant to the functioning of the banks' Boards and the governance.

The Committee first met on 18th February and submitted its report on 12th May (less than 3 months!).

While the reform lobbyists are crying out for implementing the recommendations, the trade unions and those who believe in public sector have already lodged their protest against the recommendations. Now let us examine the major recommendations.

The recommendations of the Committee are basically in two areas; first, regarding Board functioning and its constitution and second, regarding ownership structure and Board Governance.

In order to improve the Board Governance, the Committee recommends:

1. The Government to transfer the ownership to a Bank Investment Company (BIC) constituted under Companies Act by repealing the SBI Act and Bank Nationalisation Acts and later reduces its stake below 51 % so as to create a level playing field with private sector banks in Board constitution and functioning. The Committee observes that this will bring the PSBs out of the ambit of CVC, CBI and RTI and help improved decision making without fear of these institutions.

2. Govt. should stop issuing instructions to PSBs in pursuit of development objectives and any such instructions should be issued after consultation with RBI, by the regulator.

3. Constitution of a Bank's Board Bureau (BBB) consisting of three senior bankers of high standing, in order to professionalise board appointments including whole time Directors who are professionals of high standing and quality.

4. Minimum tenure of 5 years for CMDs and 3 years for EDs.

5. RBI nominees to step down from Bank Boards, unless a Bank is troubled, or raises special concerns.

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6. To create a new category of investors called Authorised Bank Investors (ABI) comprising of all diversified funds which are discretionally managed by Fund Managers. ABI to be permitted to take 20% stake without regulatory approval or 15% stake if it has a seat on the Bank Board. All other investors should be permitted upto 10%.

7. To permit private equity funds including sovereign wealth funds to take controlling stake upto 40% and to make principle of proportionate voting rights as part of regulatory bedrock to foster good governance.

Everyone will agree on the need to make Banks' Boards empowered so that Public Sector Banks become more efficient commercial entities and also discharge their developmental role. The premises on which the Committee has made their recommendations are:

a) Weakening of Public Sector Banks due to lower profitability and productivity ratios than their private sector competitors.

b) Deterioration in Asset quality during 2012-13.

c) Steep erosion in asset quality and demonstrated uncompetitiveness of Public sector banks over varying time periods.

However, the RBI data gives a contrary picture.

YEAR	RETURN ON EQUITY		RETURN ON ASSETS	
	PUBLIC SECTOR BANKS	PVT. SECTOR BANKS	PUBLIC SECTOR BANKS	PVT. SECTOR BANKS
2003	**20.21**	16.86	1.00	1.04
2008	**17.15**	13.43	0.99	1.13
2012	**15.33**	15.26	0.88	1.53
2013	13.24	**16.46**	0.78	1.63

[Source: RBI: Statistical Tables relating to Banks]

It could be seen from the above table that during the past 10 years PSBs have generated higher ROE than Private Sector Banks. RoA was also almost nearer to private sector banks till 2008 and thereafter it started declining for obvious reasons i.e. increase in NPAs due to economic slowdown which affected the manufacturing, infrastructure etc. to which PSBs have huge exposure. Hence, the observation that the "Central Government has suffered deeply negative returns over decade" is contrary to facts.

Now let us take productivity ratios like Ratio of Operating Expenses to Average Total Assets and Ratio of Staff Expenses to Average Total Assets.

YEAR	Operating Expenses to Average Total Assets		Staff Expenses to Average Total Assets	
	PUBLIC SECTOR BANKS	PVT. SECTOR BANKS	PUBLIC SECTOR BANKS	PVT. SECTOR BANKS
2003	2.37	2.10	1.68	0.89
2006	**2.18**	**2.34**	1.05	0.91
2012	**1.59**	**2.08**	**1.01**	**1.01**
2013	**1.57**	**2.10**	**0.99**	**0.99**

[Source: RBI: BIS Central Banker's Speeches – Address by Dr. K.C. Chakrabarty 13-08-13]

It is very clear that PSBs have improved the productivity in terms of operating expenses since 2006. In respect of staff expenses also PSBs are on par with its private sector counterparts in spite of large scale outsourcing by private banks the expenses of which do not reflected in staff expenses. "**PSBs have performed better than the new private sector banks and foreign banks on various benchmarks**" said Dr. Chakrabarty, then Dy. Governor of RBI in his address at FIBAC, 2013. It is strange that still the Committee concludes that PSBs has lower profitability and productivity ratios.

The whole proposition of the Committee is based on the deterioration of Asset quality of PSBs during 2012-13. This is a myopic view as the performance of PSBs during the last decade in management of NPAs speaks otherwise:

YEAR	GROSS NPAs				NET NPAs			
	PUBLIC SECTOR BANKS		NEW PVT. SECTOR BANKS		PUBLIC SECTOR BANKS		NEW PVT. SECTOR BANKS	
	Amt.	%*	Amt.	%*	Amt.	%*	Amt.	%*
2001	54672	12.4	1617	8.9	27977	6.7	929	3.1
2006	41358	3.6	4052	1.7	14566	1.3	1796	0.8
2009	44039	2.0	13815	2.8	21033	0.7	6253	1.3
2012	117800	3.3	14500	2.0	59300	1.5	3000	0.4
2013	165000	4.1	15800	2.2	90000	2.0	3900	0.4

[Source: RBI: Trends and Progress of Banking in India]

It could be seen that PSBs have done better than new private sector banks in NPA management during the period. Further, the economic slowdown has affected PSBs more than the private sector banks as private sector banks are choosy in the area of credit. The PSBs have also made huge provisions which are reflected in the NNPA ratio. Hence, the alarmist view on NPA front needs to be dismissed.

The Committee's observation that PSB Boards are dysfunctional and private bank Boards are empowered and professional is biased. The professionalism and empowerment is ownership neutral. It all depends upon the owner and the caliber of the people who are appointed on the Board to manage the Banks. We have seen how the poster boy of new generation banking "Global Trust Bank" was managed by a "professional Board" and became bankrupt, ultimately forcing a PSB to take it over. We also have the recent example of Kerala-based Dhanalakshmi Bank which is suffering from the mismanagement by a Board headed by high profile CMD who was earlier with the financial arm of a Corporate House and who ultimately left the Bank creating huge losses.

The Committee has gone into the domain of policy making by suggesting scrapping of Nationalisation Act and also suggesting to stop Govt. giving policy directions to PSBs directly.

What is really needed to make PSB Boards professional is giving them autonomy in all aspects and Govt. restricting its role to policy making and without engaging into micro management. The Committee's recommendation to have fixed tenure of 5 years for CMDs and to make selection of Board Members including CMDs and EDs through a transparent selection process is worth considering. This has been the demand of All India Bank Officers' Confederation (AIBOC) which is reflected in its resolution in its last General Body meeting held at Trivandrum in March this year.

On the whole, it appears that the Committee wants to privatise PSBs through back door. Its recommendations to repeal nationalization Acts, reducing Govt. stake below 51%, allowing private equity to take major stakes, allowing proportional voting rights as a principle etc. points towards this. The composition and working of the Committee certainly adds to this belief as there was no professional serving banker in the Committee and the views of the major stake holders like depositors, employees etc. were not heard by the Committee. The entire report is a Trojan horse to dismantle public sector banking and hand it over to the private corporates who have failed to secure bank licences. If the country has to progress with financial stability and reach the goal of financial inclusion, PSBs needs to be supported and strengthened further.

Enrich your knowledge:

SEXUAL HARASSMENT AT WORKPLACE

On sexual harassment, the provisions are available under Indian Penal Code, 1860 as amended till date, but this writing is concerned with, the sexual harassment at workplace. In view of gender equality, fundamental rights and Human Rights, it is moral and constitutional duty of every citizen, employers and State functionary to protect the dignity of women employee in any organisation irrespective of sector i.e. private, public, Joint or even the Government Organisation. Sexual harassment of women at workplace results in violation of fundamental right of gender equality and right to life and liberty as enshrined under Articles 14, 15, 19 and 21 of the Constitution of India.

The phrase “sexual harassment” is visualised and recognised in our civilized society, though it is not clearly defined. In common parlance sexual harassment at workplace means to annoy or to tease the opposite sex on the issue of sex at workplace where women or girls are subjected to sexual and psychological abuse. Hon’ble Apex Court of India, (Larger Bench) in “Vishaka and other v. State of Rajasthan and others have elaborately defined the phrase as under:-

For this purpose sexual harassment includes such unwelcome sexually determined behaviour (whether directly or by implication) as:-

(a) Physical contact and advances,
(b) A demand or request for sexual favour,
(c) Sexually coloured remarks,
(d) Showing pornography (obscene writing, painting etc.),
(e) Any other unwelcome physical, verbal or non-verbal conduct of sexual nature.

Where any of these acts are committed in the circumstances where under the victim of such conduct has reasonable apprehension to the victim’s employment or work, whether she is drawing salary or honorarium or voluntary, whether in Government Public, private enterprise, such conduct can be humiliating and may constitute a health and safety problem. It is discriminatory also, for instance when the women employee has reasonable grounds to believe that her objection would disadvantage her employment or work including recruitment or promotion or when it creates a hostile work environment. Adverse consequences might be visited. If the victim does not consent to the conduct in question or raises any objection thereto.

The term "sexual harassment at workplace" has again been clarified in *Apparel Export Promotion Council v. A.K. Chopra* that the conduct against moral sanctions which did not withstand the test of decency and modesty and which projected unwelcome sexual advances would be covered by the term sexual harassment. Hon'ble Apex Court has emphasized the violation of Human Rights, international instruments and conventions on the subject specially the convention on the "Elimination of all forms of discrimination against women"-1979 (CEDAW), the Beijing Declaration and ILO convention at Manila in 1993 etc. must be honoured and to be given due regard by the Courts for construing domestic laws of the country, more so when there is no inconsistency between them occupying the field.

Even Article 253 of the Constitution of India gives power to the Parliament to enact any law for implementing any treaty, agreement or convention with any other country or any decision made by any international conference, association or other body. This Provision must be read with Item 14 of Seventh Schedule under Article 246 of the Constitution of India. There are various decision of such international organisation on the issue of gender equality which are to be honoured. Considering the gravity and seriousness of misconduct of sexual harassment and sexual exploitation at workplace Hon'ble Apex Court in *chopra* case (supra) has declined to interfere in the penalty imposed on the guilty.

The ratio of above decisions has again been followed by Hon'ble High Court Allahabad (D.B.) in *"R.B.S. Chauthan v. Reserve Bank of India and others,* has held that in the case of sexual harassment, actual assault of touch by offender is not essential. Outrageous remarks had sexual overtones and as such the offender cannot be condoned and as such Court refused to interfere under Article 226 of the Constitution of India. In view of the definition and *Vishaka* guidelines which is now law of the land under Article 141 of the Constitution of India, the Hon'ble Apex Court in Criminal Writ No. 173-177 of 1999 *Medha Kotwal Lele and others v. Union of India and others decided* on 19.10.2012 has again cautioned to ensure the guidelines and norms given in *Vishaka* case. While decaling the case Hon'ble Apex Court has given serious remark that justice for women is yet to be fully achieved in the country. The guidelines and norms have to be honoured in substance and spirit to make available safe and secure environment to women employee at workplace in every aspect and thereby enabling the working women to work with dignity, decency and due respect. Hon'ble Apex Court has further directed for proper implementation to the State functionaries to amend the Conduct Rules and Standing Orders certified under Industrial Employment (Standing Orders) Act, 1946. Even more the Hon'ble Court has taken a serious view on the issue and held that in case of non-compliance or non adherence to the *Vishaka* guidelines and orders of the Apex Court, it is open to the aggrieved person to approach the respective High Court for effective consideration and redressal of grievances of sexual harassment and sexual exploitation of women at work place.

For effective compliance regarding sexual harassment of women at workplace Hon'ble Apex Court in *Vishaka* case has given following norms and guidelines to be followed until a comprehensive legislation is enacted for the purpose in view of the definition given by Hon'ble Courts, Human Right under section 2(d) of Protection of Human Rights Act, 1993 and the fundamental right enshrined under the Constitution of India regarding gender equality as well as right to life and liberty:-

1. Preventive Steps

(a) Express prohibition of sexual harassment defined as above at workplace should be notified, published and circulated in appropriate wags.

(b) The rules, regulations of Government and public sector bodies relating to conduct and discipline should include rules and regulations prohibiting sexual harassment and provide for appropriate penalties in such rules against the offender.

(c) As regards private employers steps should be taken to include the aforesaid prohibitions in the standing orders under Industrial Employment (Standing Orders) Act, 1946.

(d) Appropriate work conditions should be provided in respect of work, leisure, health and hygiene to further ensure that there is no hostile environment towards women at work places and no woman employee should have reasonable grounds to believe that she is disadvantaged in connection with her employment.

(e) Awareness of the rights of female employees in this regard be created in particular by prominently notifying the guidelines (and appropriate legislation when enacted on the subject) in a suitable manner.

2. Corrective steps

(a) Criminal proceedings should be taken where such conduct amounts to a specific offence under the Indian Penal Code or under any other law, the employer shall initiate appropriate action in accordance with law by making a complaint with the appropriate authority. In particular it should ensure that victims, or witness are not victimized or discriminated against, while dealing with complaints of sexual harassment. The victims of sexual harassment should have the option to seek transfer of the perpetrator or their own transfer.

(b) Disciplinary action must be initiated where such conduct amounts to misconduct in employment as defined by the relevant service rules.

(c) An appropriate complaint mechanism should be created in the organization for redress of the complaint made by the victim. Such mechanism should ensure time bound treatment of complaints. Complaint committee should be headed by a workman and not less than half of the members should be women. Further to prevent the possibility of any undue pressure or influence from senior levels, such complaint committee should involve a third party, either NGO or other body who is familiar with issue of sexual harassment. Special counsellor or other support services including the maintenance of confidentiality should be considered.

The Committee must make an annual report on the compliance to the Government department concerned. Even the employer and the person in charge will also report on the compliance to the complaint committee and to the Government department.

(d) For proper performance employees should be allowed to raise the issue of sexual harassment at workers meeting and in other appropriate forum and it should be affirmately discussed in the employer-employees meetings.

3. Third Party harassment should also be taken care. Some time the incidence of sexual harassment may occurs as a result of an act or omission by any third party or outsider the employer and person incharge will take all steps necessary and reasonable to assist the affected person in terms of support and preventive action.

The gravity and seriousness of the guidelines and norms may be visualized by the directions given by Hon'ble Apex Court that the Central and State Government are to adopt suitable measures including suitable legislation to ensure that tile guidelines must be followed by all sectors irrespective of Government, public and private sectors, in all workplace for the preservation and enforcement of the right to gender equality of the working women. It is further directed that these directions would be binding and enforceable in law until complete suitable legislation is enacted to occupy the field. It is noteworthy that the "Protection of Women against Sexual Harassment at Work Place Bill, 2010 is pending before the Parliament.

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In this regard the provision of Article 51-A(e) of the Constitution of India is also relevant because this provision imposed a duty on every citizen of India to renounce practice derogatory to the dignity of women. It may be an important tool to protect the dignity of women irrespective of working or non-working. But in spite of all efforts and direction of Hon'ble Courts, constitutional mandate various statutory provision, international conventions and treaties, lack of seriousness in implementing agencies are still to be strengthened and sensitized. It is felt that civil services conduct rules, service rule governing the service and working condition and standing orders on this important issue are still silent in most of the organisations. *Yishaka* guidelines have remained symbolic only. For effective implementation, the trade unions, social welfare organisations, N.G.O's and other social institutions working in the field can also play vital and an effective role on the subject to combat with this serious problem. But the author of this write-up is of the view that the action in such cases must be initiated very honestly so that the opportunity of employment of women is not hampered in this male dominated society.

Courtesy – Labour Research, May–June, 2014.

EXCERPTS FROM AIRRBOF CIRCULARS

Circular # 36:2014 5th July 2014

FORMATION OF AIRRBPF AT THE NATIONAL LEVEL

In an ongoing process hundreds of officers and employees working in different RRBs are retiring on superannuation every month. In view of paltry post retrial benefit and negligible Pension the economic position of such retirees are dismal. While AIRRBOF is striving by all means to secure a better package for the retirees the need of the hour is united and sustained struggle.

The Central Committee of AIRRBOF in its 56th Meeting held at New Delhi on 10th February, 2014 unanimously resolved to spearhead the movement for an all cadre Retirees and Pensioners Federation having affiliation with AIRRBOF. Exploratory works have been started by Com. B.P. Singh, Ex-President of our Federation.

In order to accelerate the process and organise Foundation Conference of All India RRB Pensioners' Federation (AIRRBPF) at the earliest Com. B.P. Singh, stationed at Lucknow, have been nominated as Convenor of AIRRBPF.

We wish Com. B.P. Singh and his team shall herald a live and vibrant organisation for Pensioners of RRBs.

Circular # 37:2014 17th July 2014

MEETING WITH IBA ON DISCIPLINARY AND VIGILANCE PROCEEDINGS

We reproduce hereunder the text of All India Bank Officers' Confederation Circular No. 49, dated 16th July, 2014.

QUOTE

Our members have been advised that an annexure on disciplinary and vigilance proceedings was also submitted with the Charter of Demands to IBA on 30th October, 2012. AIBOC has been following up with the IBA for consideration of our views and demands as contained in the annexure. We are happy that on our persuasion, IBA invited the representatives of the Officers' Organisations on 14th July, 2014 to have discussions with a three member Committee of IBA to look into the issues of disciplinary rules and procedures. The meeting was attended by Shri K. Unnikrishnan, Deputy Chief Executive, IBA, Shri Prabir Moulick, Advisor, Shri Shailesh Verma, CGM, SBI, Shri B.P. Roy, GM HR, PNB, Shri A.P. Thorat, DGM Law, SBI and Shri K.S. Chauhan on behalf of IBA. Com. Y. Sudarshan and the undersigned represented AIBOC while Shri S. Nagarajan, General Secretary, AIBOA, Shri K.K. Nair, General Secretary, INBOC and Com. V.V. Tikekar, NOBO represented their respective organizations. In two hours long discussion, the following issues were deliberated:

1. Classification of misconduct into minor and major,
2. Abuse of the omnibus conduct Rule (unbecoming of an officer),
3. Authority for imposing Major Penalties,
4. The delay in disposal of disciplinary cases and appeals,
5. Provision of copy of CVC / CVO advice with full correspondence,
6. Provision of personal hearings after the inquiry,
7. Interpretation and effect of various types of penalties,
8. Period of debarment from promotion,
9. Sanction of prosecution / arrest of the officers by police and other authorities,
10. Suspension and subsistence allowance,
11. Permission to defend more cases to one Defence Representative,
12. Agreed list – LODI,
13. Stoppage of disciplinary proceedings after retirement,
14. Procedural discrepancies and attitude of enquiring authorities and presenting officers during enquiry,
15. Bringing out Scale V and Scale VI officers from the jurisdiction of CVC.

We expressed our views and concerns on all above issues giving examples. IBA representatives while appreciating all our concerns and views assured to look into all issues and asked the Officers' Organizations to submit a detailed note on these issues.

We shall be submitting our note within next week to the IBA and keep you appraised on the developments.

UFBU MEETING ON 15TH JULY, 2014 AT MUMBAI

The meeting of the United Forum of Bank Unions was held at Mumbai on 15th July, 2014, to take stock of the situation on Salary Revision front and decide its further course of action. The meeting was attended by all the nine constituents of the UFBU. Circular issued by the Convenor of the UFBU on the discussions and decision taken in the meeting is quoted below:

The representatives of Constituent Unions of UFBU met on 15th July 2014 at Mumbai, subsequent to the submission of Memorandum to the Hon'ble Minister of Finance on 27th June 2014, to discuss and decide on the strategies to be adopted for early conclusion of wage settlement.

The meeting observed a minute's silence as a mark of tribute and paid homage to Shri Ajay Sehgal, Chief Manager of Punjab National Bank, who committed suicide by jumping in front of a train due to the humiliation and constant harassment by his senior officials. The meeting also passed a unanimous resolution condemning the humiliation and harassment meted out to Shri Ajay Sehgal that resulted in his untimely death and irreparable loss to his family members.

Thereafter, it deliberated at length on the future course of action and strategies to be adopted for expeditious wage settlement.

The meeting expressed its unhappiness on the silence of IBA despite a lapse of more than a month since last meeting on wage negotiations and noted with concern the lackadaisical attitude of IBA in not conducting the meetings on wage negotiations regularly.

The representatives of constituent unions extensively discussed on all the major issues concerning wage revision such as wage components, method of arriving at the cost and other issues such as Five-day banking, regulated working hours for officers, Health.

Insurance, improvements in pension/family pension schemes, etc. and unanimously decided to approach IBA with a consensus view on all the issues.

Subsequent to the meeting with Shri Arun Jaitley, Hon'ble Minister of Finance, Government of India by the delegation of UFBU on 27th June 2014, keeping in view the pre-occupation of the Government on account of parliament session, submission of budget and requirement of reasonable and sufficient time to examine our issues, the representatives of constituent unions felt that UFBU shall approach the Government once again for its intervention in the matter for early wage settlement.

The meeting also deliberated upon the reforms in the banking industry, more particularly arising out of recommendations of P. J. Nayak Committee, such as reduction in Government share holding, merger of banks, etc. and decided to consolidate views and express concerns to the Government and decide further course of action thereafter.

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The meeting unanimously decided as under:

(i) To send a communication to IBA for conduct of Meeting on wage negotiations immediately without any further delay and also for conduct of such meetings at frequent intervals;

(ii) To approach Government once again seeking intervention of Hon'ble Minister of Finance towards expeditious wage settlement;

Comrades, the impediments in wage negotiations are known but nothing can stop us from achieving a respectable wage revision. Let us march ahead with full determination and commitment to reach our goal. Let us be in readiness always for further agitation programmes, if need be, including strike actions.

As per the decision taken in the meeting of the UFBU, as stated above, a communication has been sent to IBA on 16/07/2014. Text of the letter is annexed herein below:

The Chief Executive,
Indian Banks' Association,
World Trade Centre Complex,
Centre 1, 6th Floor, Cuffe Parade,
MUMBAI

Dear Sir,

TENTH BIPARTITE WAGE REVISION NEGOTIATIONS

The meeting between the Negotiating Committee of IBA and the representatives of UFBU was last held on 13th June 2014 and was inconclusive on account of contradictory views in the matter of percentage increase in wages. Despite the assurances of IBA during the conciliation meeting held on 13th January 2014 that further meetings shall be held at regular intervals, say fortnightly, to settle an early wage revision, the holding of wage negotiation meeting with us is being unduly delayed.

1. The above issue was seriously considered in the UFBU Meeting held yesterday, i.e., 15th July 2014, in Mumbai and the UFBU expressed its unhappiness over the undue delay in the wage negotiations. We, therefore, request for conduct of wage negotiation meeting at the earliest and also to ensure conduct of such meetings at frequent and specified intervals for early conclusion of wage revision settlement.

2. Please acknowledge receipt of this communication and advise us the developments in this regard.

UNQUOTE

Circular # 38:2014 21st July 2014

27TH ANNUAL GENERAL BODY MEETING OF TRIPURA GRAMIN BANK OFFICERS' ASSOCIATION AT AGARTALA ON 20TH JULY, 2014

Tripura Gramin Bank Officers' Association (TGBOA) was founded on 25th January, 1987 at Agartala to fulfill the Trade Union aspiration of the officers. The TGBOA continued to hold its Annual Conference every year. True to its rich tradition, the organisation held its 27th Annual General Council Meeting on 20th July, 2014 at the Head Office premises of the Bank. The General Council Meeting was well attended and literally the hall was overflowing with enthusiastic members.

With the rendering of welcome song by Ms. Nita Goswami open session of the Conference got underway. Com. B.P. Saha, President gave the welcome speech. The Conference was formally inaugurated by lighting of Traditional lamp by Shri Upendra Sabar, Chairman, Tripura Gramin Bank. In his inaugural address Shri Sabar narrated his prespective about the development of the Bank and shared his expectations.

Thereafter, Com. C.K. Taran, General Secretary, TGBOA laid before the house the role played by TGBOA and future road map. General Manager in charge, NABARD, Tripura R.O., who happened to be an officer of TGB in early 1980's, dwelt at length the great role played by TGB led by the Officers' Organisation. The Conference was thereafter felicitated by General Secretary, TGBEF, Com. Narayan Bhattacharyaa. The Conference was also felicitated by Shri Ishan Chandra Dandapat, General Manager, TGB. Com. Swapan Kumar Sen, Secretary, AIBOC, Tripura State Unit in his brief but spirited address enlivened the Conference.

The star attraction of the Conference Com. S.K. Bhattacharjee, General Secretary, All India RRB Officers' Federation and Advisor, AIBOC recounted the history of RRB Officers' Movement and the role played by AIRRBOF. He also brought out before the audience the role played by Public Sector Bank and the RRB in development of the country s a whole and rural areas in particular. He demanded immediate restructuring of RRBs by merger with Sponsor Banks. Com. Bhattacharjee voice his resentment over Govt. of India's negative role in extending other benefits & terminal benefits to the officers. He exuded his confidence that AIRRBOF shall be able to clinch the issue of Pension legally and organisationally.

Curtain was drawn on the open session by rendering of vote of thanks by Com. Subhasis Bardhan, Dy. General Secretary, TGBOA. Delegate session of the 27th Annual General Council started after lunch break. General Secretary, Com. C.K. Taran laid out before the house a detailed report. The report was unanimously approved thereafter. On the issue of organisational developments several members presented their view points and suitable resolution was passed Statement of Accounts was placed before the Conference and approved.

27th General Council Meeting of TGBOA came to a great close with shouting of full throated slogans. The programme was ably compeered by Com. Jeet Bhattacharyaa.

Circular # 39:2014 23rd July 2014

DEVELOPMENTS DURING GENERAL SECRETARY'S NEW DELHI VISIT

General Secretary of our Federation undertook meetings with GOI, DFS officials, discussed with Advocate, Supreme Court and held Meeting with General Secretary, AIBOC during his visit to New Delhi.

On the morning of 22nd July, 2014 Com. General Secretary held Meeting with officials of Dept. of Financial Services where Dy. Secretary, Shri A.K. Dogra was present. Shri Alok Tandon, JS(Ps) attended the Meeting for a brief period. We pointed out that widespread resentment had set in amongst officers over the issue of Pension and the DFS should take a positive view before the Supreme Court. The officials pointed out that they had already submitted the position of the Govt. of India on the issue of Pension through an affidavit. Now the matter needs to be adjudged before the Supreme Court. On the issue of relaxation of service length in case of promotion and other amendments in Service Regulation and Promotion Policy, it was clarified by the officials that certain queries raised need to be reexamined and the matter to be resolved by suitable gazette notification. We expressed our concern over the issue and urged for early notification. It was decided that the rest of the issues shall be discussed in the next Meeting to be held after Budget Session of the Parliament.

General Secretary met Senior Advocate of Supreme Court in regard to the development of the case. We are assured by the Advocates that all steps are being taken to get the matter heard by the designated bench of the Supreme Court as early as possible.

General Secretary held meeting with Com. Harvinder Sinh, General Secretary, AIBOC & Federation of Bank of India Officers' Association in regard to share latest development. Com. Harvinder appraised that Shri Arun Jatley, Finance Minister was quite positive during the Meeting with UFBU. It is understood that agitational programme need to be initiated to put pressure on IBA for early salary revision. Com. Hravinder exuded confidence that UFBU is capable to conclude salary revision talks within reasonable period.

BAKING ROUND UP:

STATUTORY LIQUIDITY RATIO (SLR)

RBI has decided to reduce the Statutory Liquidity Ratio (SLR) of Scheduled Commercial Banks and Local Area Banks from 23.0 per cent of the Net Demand and Time Liabilities (NDTL) to 22.5 per cent with effect from the fortnight beginning June 14, 2014.

EXPORT CREDIT REFINANCE FACILITIES

As per extant guidelines, eligible limit of export credit refinance (ECR) facility for schedule banks (excluding RRBs) is 50 per cent of the outstanding rupee export credit eligible for refinance as at the end of the second preceding fortnight. RBI has decided to reduce the eligible limit of ECR facility from level of 50 per cent of the outstanding rupee export credit eligible for refinance as at the end of the second preceding fortnight to 32 per cent with effect from 3rd June 2014.

FORECLOSURE CHARGES ON FLOATING RATE TERM LOANS

RBI had advised banks in June 2012 not to charge Foreclosure charges/ Pre-payment penalty on Home Loans at floating rates. Now, RBI has advised that banks will not be permitted to charge foreclosure charges/ pre-payment penalties on all floating rate term loans sanctioned to individual borrowers.

TREAT GOLD DEPOSITS AS PART OF CRR/SLR

Bankers want the Reserve Bank of India to include a portion of their gold deposits to meet the statutory pre-emption requirements relating to either Cash Reserve Ratio (CRR) or Statutory Liquidity Ratio (SLR), both of which Banks consider as nonproductive.

HIGH INFLATION REMAINS A THREAT FOR ECONOMY

As per RBI, high inflation and the consequent low real rate of return on financial assets may force savers to take excessive risks in their search for better returns. In its 9th Financial Stability Report, the RBI said low domestic growth and high inflation continue to have an adverse effect on the savings investment dynamics. Households' financial savings as a percentage of the GDP declined from about 12% in 2007-08 to about 7% in 2013-14. Expenditure on valuables has risen from about 7% to about 10%.

RBI NOT FAVOUR OF TWO STRUCTURES FOR REGULATIONS

According to RBI Governor, Raghuram Rajan, regulators must be given the flexibility and freedom to regulate as too much of checks and balances could completely vitiate the flexibility afforded. The Financial Sector Legislative Reforms Committee (FSLRC) Report has suggested that almost everything the regulator does should be subject to legal appeal. It has suggested the creation of a Financial Sector Appellate Tribunal.

STATE BANK TO RAMP UP POS TERMINAL NETWORK

SBI will ramp up its point-of-sale (POS) terminal network by 1.20 lakh each year over the next two years. Banks install POS terminals at merchant outlets to facilitate acceptance of payments from customers by swiping their debit/credit/prepaid cards on the terminals. Towards April end, ICICI Bank had the largest network of POS terminals (2,90,898), followed by Axis Bank (2,47,392), HDFC Bank (2,12,748) and SBI (1,40,628). Already, SBI has the largest network of ATMs (44,062 of April end) in the country. With the ATM network of SBI's five Associate Banks put together, the State Bank Group has 51,753 ATMs.

KYC - ONE DOCUMENTARY PROOF OF ADDRESS

Reserve Bank has been receiving representations/ references from various quarters' especially migrant workers, transferred employees, etc. regarding problems faced in submitting a proof of current/permanent address while opening a bank account. Accordingly, RBI has decided to simplify the requirement of submission of 'proof of address' as follows:

(a) Henceforth, (June 9, 2014) customers may submit only one documentary proof of address (either current or permanent) while opening a bank account or while undergoing periodic updation. In case the address mentioned as per 'proof of address' undergoes a change, fresh proof of address may be submitted to the branch within a period of six months.

(b) In case the proof of address furnished by the customer is not the local address or address where the customer is currently residing, the bank may take a declaration of the local address on which all correspondence will be made by the bank with the customer. No proof is required to be submitted for such address for correspondence / local address. This address may be verified by the bank through 'positive confirmation' such as acknowledgment of receipt of (i) letter, cheque books, ATM cards; (ii) telephonic conversation; (iii) visits; etc. In the event of change in this address due to relocation or any other reason, customers may intimate the new address for correspondence to the bank within two weeks of such a change.

PM'S CALL TO IMPROVE WORK CULTURE EXTENDS TO BANKING SECTOR

Prime Minister's fiat to Central ministries and departments to ensure "improved work culture and work environment" has been extended to all financial sector regulators, chiefs of public sector banks, financial institutions and public sector insurance companies. Finance Ministry has advised banks to initiate immediate action to improve work culture and work environment in all their offices, branches, premises or any other spaces in their organisation. As part of this exercise, the ministry wants the workspace cleared and spruced up and filed/papers neatly stacked so that a positive work environment is created. The financial sector regulators and financial intermediaries are required to identify forms that are in vogue and shorten them to one page. For quick turnaround in decisions, the ministry said decision-making layers should be whittled down to a maximum of four. The entire organisation should work as a team, with every level being encouraged to provide inputs and value-addition. The regulators as well as the financial intermediaries have been asked to ensure effective and timely resolution of public grievances. In the case of financial sector regulators, the ministry wants them to identify at least 10 rules or processes and even archaic laws, which are redundant and not lead to any loss of efficiency, so that they can be repealed. There are five financial sector regulators — Reserve Bank of India, Securities and Exchange Board of India, Insurance Regulatory and Development Authority, Pension Fund Regulatory and Development Authority, and Forward Markets Commission — in the country.

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USE OF BUSINESS CORRESPONDENTS

Mor Committee had recommended accelerating the flow of credit to those at the bottom of the pyramid and enlargement of catchment area of the Business Correspondents (BCs), including through possible inclusion of new entities as BCs. Accordingly, the existing guidelines on appointment of Business Correspondents (BCs) have been reviewed by RBI as under:

(i) Eligible individuals/entities: As per extant instructions, Non-banking Finance Companies (NBFCs) are not allowed to be appointed as Business Correspondents (BCs) by banks. RBI has now decided that banks will be permitted to engage non-deposit taking NBFCs (NBFCs-ND) as BCs, subject to the following conditions:

(a) It should be ensured that there is no comingling of bank funds and those of the NBFC-ND appointed as BC.

(b) There should be a specific contractual arrangement between the bank and the NBFC-ND to ensure that all possible conflicts of interest are adequately taken care of.

(c) Banks should ensure that the NBFC-ND does not adopt any restrictive practice such as offering savings or remittance functions only to its own customers and forced bundling of services offered by the NBFC-ND and the bank does not take place.

(ii) Distance criteria: As per extant guidelines, with a view to ensuring adequate supervision over the operations and activities of the retail outlet/sub-agent of BCs by banks, every retail outlet/sub-agent of BC is required to be attached to and be under the oversight of a specific bank branch designated as the base branch and the distance between the place of business of a retail outlet/sub-agent of BC and the base branch should ordinarily not exceed 30 kms in rural, semi-urban and urban areas and 5 kms in metropolitan centres. In case there is a need to relax the distance criterion, the District Consultative Committee (DCC)/State level Bankers Committee (SLBC) could consider and approve relaxation on merits in respect of under-banked areas etc. With a view to providing operational flexibility to banks and in view of the technological developments in the banking sector, RBI has decided to remove the stipulation regarding distance criteria. The banks should, however, while formulating the Board approved policy for engaging BCs, keep in mind the objectives of adequate oversight of the BCs as well as provision of services to customers while deciding how to modify extant distance criteria.

EXPORT AND IMPORT OF CURRENCY (June 19, 2014) As per extant guidelines, any person resident in India may take outside India or having gone out of India on a temporary visit, may bring into India (other than to and from Nepal and Bhutan) currency notes of Government of India and Reserve Bank of India notes up to an amount not exceeding Rs. 10,000. In view of the evolving economic conditions and with a view to facilitating travel requirements of residents travelling aboard as well as non-residents visiting India, RBI has decided to allow all residents and non-residents (except citizens of Pakistan and Bangladesh and also other travellers coming from and going to Pakistan and Bangladesh) to take out Indian currency notes up to Rs. 25,000 while leaving the country. Accordingly, any person resident in India:

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(i) May take outside India (other than to Nepal and Bhutan) currency notes of Government of India and Reserve Bank of India notes up to an amount not exceeding Rs.25,000; and ii) who had gone out of India on a temporary visit, may bring into India at the time of his return from any place outside India (other than from Nepal and Bhutan), currency notes of Government of India and Reserve Bank of India notes up to an amount not exceeding Rs.25,000.

Any person resident outside India, not being a citizen of Pakistan and Bangladesh and also not a traveller coming from and going to Pakistan and Bangladesh, and visiting India:

(i) May take outside India currency notes of Government of India and Reserve Bank of India notes up to an amount not exceeding Rs. 25,000 while exiting only through an airport.

ii) May bring into India currency notes of Government of India and Reserve Bank of India notes up to an amount not exceeding Rs. 25,000 while entering only through an airport.

LIBERALISED REMITTANCE SCHEME (June 3, 2014) As per extant guidelines, resident Individuals are permitted to remit fund abroad up to USD 75000 in financial year. RBI has now decided to enhance the existing limit of USD 75,000 per financial year (April-March) to USD 125,000 with effect from June 3, 2014. Accordingly, AD Category -I banks may now allow remittances up to USD 125,000 per financial year, under the Scheme, for any permitted current or capital account transaction or a combination of both. The Scheme should not be used for making remittances for any prohibited or illegal activities such as margin trading, lottery, etc.

SPECIAL TERM REPO AUCTION (June 4, 2014) RBI has decided to introduce special term repo auctions of 28-day tenor for a notified amount up to 0.25 per cent of net demand and time liabilities (NDTL) of the banking system. The 28-day special term repo auction will usually be conducted on non-reporting Fridays.

Courtesy – Latest Banking & Financial Awareness: July, 2014.

PRESS CORNER:

EMPLOYERS CAN REGISTER ONLINE, GET PF CODE

Employers will no longer have to chase officials and files to get a PF code with the Employees Provident Fund Organisation. They can registeronline and obtain a PF code number, said Labour Minister Narendra Singh Tomar, who launched the online system here on Monday.

"This will clear hurdles and hopefully portability of the code number will also happen soon," he said.

At present, establishments have to file physical applications to register and get a PF code number, which takes at least 20-25 days.

The portal contains the instructions for filling up of the form along with checklists. On registering, the PF code number will be allotted online after verification of the PAN number within a day.

Source – the Hindu Business Line, 1st July, 2014.

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TREAT GOLD DEPOSITS AS PART OF CRR/SLR: BANKERS

Bankers want the Reserve Bank of India to include a portion of their gold deposits to meet the statutory pre-emption requirements relating to either Cash Reserve Ratio (CRR) or Statutory Liquidity Ratio (SLR), both of which banks consider as non-productive.

"Is it possible that the regulator can treat a little bit of our gold deposits as CRR or SLR? After all, gold is also a store of value," said Arundhati Bhattacharya, Chairman of State Bank of India, at a Gem and Jewellery Export Promotion Council banking summit in Mumbai.

With gold imports being the main reason for the widening of the current account deficit in the recent past, there is a greater need to make use of gold available in the country and make it more liquid, she said. Bhattacharya said that as one of the largest players in the gold deposit scheme segment, SBI is not able to deploy the available idle gold deposits into productive assets.

"We also find that we are not able to deploy the entire gold that we get. There is really no incentive for us to go ahead and get more of these deposits now so as to make gold more liquid," she said.

The RBI has mandated statutory pre-emption of banks' funds in the form of CRR and SLR to provide safety to depositors and other stakeholders. These funds are blocked and cannot be used for giving loans.

CRR, at 4 per cent now, is the slice of deposits parked by banks with the Reserve Bank of India that earns no interest. SLR, at 22.5 per cent, is the portion of deposits that bank have to mandatorily invest in recognised securities, such as government bonds. Currently, banks do not earn any interest on the CRR.

However, the average SLR holding in the system is 27 per cent as banks make use of treasury play to boost their bottom lines when loan growth is sluggish and bad loans are increasing. Agreeing with Bhattacharya, Bank of Baroda Chairman and Managing Director SS Mundra said it "makes sense" to treat a part of banks' gold deposits as CRR and SLR. "When banks are holding gold, it is of value. I think it makes sense to bring them under CRR/SLR. It also fits the larger pattern that ultimately we are talking about unearthing the gold and bringing it to productive sectors in the economy as a whole. The gold that is readily available can be brought under recognition," Mundra told reporters.

Speaking at the event, Financial Services Secretary, GS Sandhu acknowledged that the Ministry has received several representations on ways to better utilise gold deposits and it is actively looking into the matter. He stressed the need to monetise gold held by the public to help reduce imports of the yellow metal, which can be a drain on the nation's foreign exchange resources and lead to a wider current account deficit (CAD). Curbs on gold imports by the previous government helped narrow the CAD to 1.7 per cent of GDP at $32.4 billion in 2013-14 from 4.7 per cent at $87.8 billion in 2012-13. "So much gold is lying idle. In some ways if we can monetise this, maybe our imports will come down drastically. Something in that direction we will have to think of," Sandhu added.

Source – The Hindu Business Line, 1st July, 2014.

USING ATMS OUTSIDE THE HOME BRANCH NETWORK MAY COST YOU

The Reserve Bank of India is in the process of deciding if banks can charge a fee for using automated teller machines (ATMs) to withdraw money outside the home bank ATM network.

Home bank network means ATMs of the bank in which you have an account.

The Indian Banks' Association (IBA) has suggested to the RBI that customers who withdraw money from other banks ATMs should be charged.

A Krishnakumar, Managing Director, State Bank of India, said, "The IBA has made a request to the RBI to rationalise ATM charges in urban and metro areas."

If accepted, this would mean that customers will have to pay a fee for using ATMs other than the home branch ATM for withdrawing money from the very first transaction (against five free transactions allowed in a month now at other bank ATMs). According to estimates, this charge could be as high as Rs. 20 per transaction.

This issue took centre-stage late last year after the law enforcement authorities directed banks to provide security at their ATMs, after a woman was attacked in Bangalore.

When the noise for providing security got shriller, banks came together and proposed to increase the charges on ATM transactions to meet their "expenses."

After a hue and cry, it was decided that the IBA will further study the issue and make appropriate recommendations to the RBI for approval.

India's largest lender, the State Bank of India, has over 42,000 ATMs in its network. According to Krishnakumar, the bank's ratio of ATMs to debit cards is 1:2,500. The corresponding average for other banks is 1:1,700.

This shows that there is a marked shortage in the number of ATMs in the country, where only 40 per cent of the population has access to formal banking services.

Even if banks intend to scale up their ATM networks, it appears that there are not too many ATM makers.

"There are a limited number of ATMs made in the country. We may have aspirations but what can we do if there is not enough supply," Krishnakumar said.

People often go to ATMs of other banks for reasons of proximity, ease of operation and operability. It is in this backdrop that the proposal to hike charges for ATM transactions should be viewed.

Source – The Hindu Business Line, 2nd July, 2014.

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QUEEN MAXIMA HAILS INDIA'S FINANCIAL INCLUSION GOALS

Despite the uncertainty on the exact definition of poverty, Reserve Bank of India, Governor, Raghuram Rajan, said there should not be a choice between people when it comes to providing financial services — whether poor or not. "There is so much demand for financial services in this country that you don't need to delineate that …you get it and you don't…everybody needs it," Rajan told reporters at a conference after hosting a lunch for Queen Maxima of the Netherlands.

The Queen, who is the UN Secretary General's Special Advocate for Inclusive Finance for Development, was on a visit to India to promote the need for financial inclusion globally.

Explaining to the Dutch queen, Rajan said there is a fair amount of discussion on where the poverty line is in India, and whether it is set at an adequate level and "who the poor really are." "Just creating an environment in which it can expand is enough. We have to work on creating that environment. But we don't need to choose between people. Whoever can benefit, they should get it," Rajan added. Queen Maxima appreciated India's efforts and mentioned the extensive use of mobile phones and prepaid cards, one of the channels to reach last mile connectivity.

"India has a lot of learning already. I am happy to see the good work being done in the direction of financial literacy to achieve the inclusion goals," the queen said. She called for more innovative efforts at the delivery channel side and making financial products available to low-income households.

Former RBI Governor and ex-chairman of the Prime Minister's Economic Advisory Council, C. Rangarajan, on Monday submitted a report on the Suresh Tendulkar Committee's methodology of estimating poverty to the Planning Commission.

Source – the Hindu Business Line, 3rd July, 2014.

PUBLIC SECTOR BANKS FACE IDENTITY CRISIS

If you have seen one, you have seen them all! So monochromatic are the commercial banks in India in their activities that there is very little to distinguish one from the other. All of them accept deposits, both retail and bulk, lend for purposes ranging from housing to small business to large industry to big-ticket infrastructure, and deal in areas as diverse as dairy farming and international banking.

The public sector banks particularly are like country-cousins. Despite common ownership by the Government, they vie for the same pie, most often undercutting each other in the rush to boost the top line. The fact that the number of managerial posts at all levels, including that of general manager, is linked to the total volume of business according to Government of India norms and not to the bottom-line, does not help matters either.

The idea of differentiated banks — banks which focus on certain specific areas and try to develop expertise in those segments — is relevant in this context. Can the Indian banking landscape evolve to sprout differentiated banks which have succeeded elsewhere in the developed world like the Sparkasse in Germany, the savings and loan banks in the US or the POS Bank in tiny Singapore?

There is no time like now for a few Indian banks, especially the smaller ones, to think in terms of diversifying into differentiated banks. Most of them are paying the price for unrestricted lending to all spectra of activity without really having the wherewithal to monitor or manage the risks. Most of the credit decisions have been on a herd instinct, when the going was good.

These smaller banks did not have the skill sets to appraise independently the risks associated with, say, a large steel project or a road project based on annuity payments and they depended largely on the expertise of the bigger banks. It is no secret that credit departments in different banks used the appraisal memorandum of the lead bank to "copy and paste" their own proposals.

"Competitive lending" by banks and, possibly, a perverse element of the "animal spirits" among entrepreneurs, led to high leverage in the system itself as equity or own funds were not coming in proportionately. One steel major currently has Rs. 36,000 crore loans and the company's sales last year was just Rs. 10,000 crore. What sort of magical EBIDTA would enable the company even to service the interest on the debt, not to speak of repayment of the principal?

As the tide in the corporate sector has turned, these smaller banks are now at the receiving end. The options are to go with the majority for a restructuring under CDR or sell these assets to the ARCs. Most of these bankers privately concede that there was no sense in taking large exposures in businesses they did not fully understand.

This trend also led to the small businesses and services sector being ignored in the process. The Nachiket Mor Committee Report has quoted sources to estimate that close to 90 per cent of small businesses in India have no links with formal financial institutions and a large part of the economy is dependent on the informal sector.

As Nobel Prize winner Muhammad Yunus said, it was a case of "the more you have, the more you get and conversely, if you don't have it, you don't get it". Against a contribution of 57 per cent to GDP by the services sector, the deployment of credit to this sector is only 23 per cent whereas industry which contributes 25 per cent to economic output garners 45 per cent of bank credit.

There is a large untapped potential for banking growth in the micro, small and medium segments of industry/services which the relatively smaller banks can tap meaningfully. Anecdotal evidence suggests that most of these entrepreneurs take loans offering good collateral too. Most importantly, these are exposures whose risks can be assessed and managed by the smaller banks.

At last count, there were at least 16 public sector bank "clones" with individual loans outstanding of less than Rs. 1, 50,000 crore. The way forward for these banks would be a merger/consolidation among peers as is being talked about in government circles now. Alternatively, their survival will depend on their conversion into differentiated banks, lending to enterprises which they understand.

For good fortune, you need not necessarily go to the bottom of the pyramid. Even the middle would yield handsome dividends.

Source – The Hindu Business Line, 3rd July, 2014.

NO PLAN TO DILUTE STAKE IN PSBS TO BELOW 50%: GOVT.

The Government said on Tuesday that there is no proposal to dilute its ownership in public sector banks (PSBs) to below 50 per cent.

"Major bank trade unions have protested against the implementation of the recommendations of the PJ Nayak Committee, including dilution of Government ownership. There is no proposal with the Government to dilute its ownership in PSBs below 50 per cent," Minister of State for Finance Nirmala Sitharaman said in a written reply in the Rajya Sabha.

The Nayak Committee, in its report submitted to the Reserve Bank, had recommended reduction of Government stake in PSBs to less than 51 per cent.

Other suggestions of the panel include elimination of dual control over PSBs, upgradation of the quality of board deliberation and setting up of a Bank Investment Company (BIC), she said.

In response to another question, Sitharaman said gross NPA (non performing assets) of PSBs increased by 39 per cent to Rs. 2,16,739 crore at the end of March 2014 from Rs. 1,55,890 crore a year ago.

At the same time, private sector banks witnessed 13.6 per cent rise in gross NPA to Rs. 22,708 crore at the end of March 2014 from Rs. 19,986 crore a year ago.

The Financial Stability Report of June 2014 had noted that gross NPA as a percentage of total gross advances for the entire banking system declined to 4 per cent in March 2014 from 4.2 per cent in September 2013, she said.

Source – The Hindu Business Line, 9th July, 2014.

BUDGET PROPOSALS WILL HELP CAPITAL INVESTMENT IN FARMING: NABARD

Rural development lender NABARD on Thursday welcomed Budget proposals for farm sector terming them "very positive and timely" that will help rural economy.

"It is a very positive Budget which addresses the needs like those of smaller landholdings, and getting capital investment into agriculture," National Bank for Agriculture and Rural Development (NABARD) Chairman, HK Bhanwala told.

Welcoming continuation of earlier measures such as allotting additional resources under the rural infrastructure development fund (RIDF), he stressed that it is the new set of measures which are the most encouraging.

Bhanwala specifically pointed to the Rs.200 crore allocations to producer organisations, saying it is the need of the hour, given the reducing landholdings and the need for the smaller farmers to come together. On the Rs. 5,000 crore allocations for long-term farm credit, he said going beyond the short-term credit is also a very welcome move and will make farming much more productive. Apart from that the target to form 5 lakh more joint liability groups of farmers will also be very helpful given the fact that the number of landless farmers is increasing.

“We have already formed over 4 lakh such groups and will have to more than double it now. Coming together helps farmers access credit from banks," he said.

The stress given on storage of grains through the proposals on warehousing like allocating Rs. 5,000 crore for the warehousing infrastructure fund is also welcome, given the needs around food security, he said.

Bhanwala also welcomed the ten-fold increase in the corpus under the short-term cooperative rural credit refinance fund to f 50,000 crore, saying this will help NABARD avoid its high cost of borrowings.

Source – The Hindu Business Line, 11th July, 2014.

WHEN JAITLEY TOOK A ‘CRAMP’ BREAK

Finance Minister Arun Jaitley’s first Budget presentation seemed a staid affair till the proceedings stopped for a brief while. A visibly uncomfortable Jaitley, who had been sipping water throughout, sought a five-minute break, saying he had a shoulder cramp.

This perhaps is the first time that the Budget presentation was halted for reasons other than disruption.

In the morning, as Jaitley started reading out his speech, the atmosphere was dull, with Opposition benches looking listless, barring the occasional shouts from Trinamool Congress MPs.

This was unlike earlier, when the BJP as the Opposition made it a point to shout down or interject quite often during Budget presentations by the UPA Government.

Perhaps, it was because of the lack of interjections and disruptions this year that Jaitley got no break during his over two-hour-long speech. The 61-year-old Minister, said to be a diabetic, has had no respite from work since he took charge of the key portfolios of Finance and Defence.

During the break, a medical team rushed in for assistance, but the Finance Minister refused help and said he just wanted some rest.

Just before Jaitley resumed his speech sitting, after seeking permission from the Chair, his Cabinet colleague Sushma Swaraj was seen mixing some tablets in water and offering it to him.

Incidentally, in 2009, Pranab Mukerjee, as acting FM, was seen eating chocolates during a 10-minute break during the Interim Budget presentation, as his sugar level had reportedly dropped. Mukherjee got the much-needed break, as veteran Janata Dal (Secular) MP took unwell.

Many BJP members wore yellow clothes on Thursday. While Jaitley himself wore a yellowish jacket, his wife and daughter, who were sitting on the upper gallery, were dressed in yellow salwar suits.

The Budget presentation was also witnessed by industrialist Rahul Bajaj, former Rural Development Minister Jairam Ramesh, Janata Dal's Rajya Sabha MP, Pavan Verma — they were seen taking down vigorous notes.

Among others spotted in the upper gallery was well-known lyricist Javed Akhtar.

Source – The Hindu Business Line, 11th July, 2014

UNIONS, NGO ACTIVISTS SLAM BUDGET PRIORITIES

Various trade unions and social organisations, including the RSS-backed Bharatiya Mazdoor Sangh (BMS), criticised the first Budget of the Narendra Modi Government. The BMS, though expressing overall satisfaction with the Budget's direction, condemned the decision to increase foreign direct investment limit in defence and insurance. "It seems that Jaitley has forgotten the former NDA Government's assurance to Parliament that the FDI limit in insurance will not be increased. We condemn the move to raise FDI limits in defence and insurance sectors. The decision to disinvest public sector banks will hamper the economy," senior BMS leader CK Saji Narayanan said.

The CPI (M)-backed All India Kisan Sabha said the Government seems totally oblivious and cluelessregarding the drastic deficiency in rainfall and fall in kharif sowing thus year as well as the possible adverse impacts of the El Nino. Environment activist Sunita Narain said Jaitley has ignored theconcerns of ecologists. "Budget 2014 allocates Rs. 200 crore for a statue and Rs. 50 crore for 50 million people who depend on the handloom sector. What does this say of its priorities?" she asked.

A representative of NGO Child Rights and You said the total child budget was is far from encouraging.

Source – The Hindu Business Line, 11th July, 2014.

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