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AIRRBOF News Letter

Sky is not the limit, we cover it...

The Voice of All India RRB Officers' Federation

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EDITORIAL

WHAT THE NEW NPA ORDINANCE MEANS TO BANKS?

With the bad loan book within the banking sector threatening to cross the Rs. 7 lakh-crore mark, the ordinance to empower the RBI to deal with the NPA issue could not have come a day too soon.

While the amendment of Section 35A of the Banking Regulation Act, empowering the RBI to issue directions to banks and set up oversight panels to look into loan recasts, will help resolve one set of issues plaguing the sector, there are several weak links that may impede an effective resolution for the sector as a whole. On the one hand, the proposals can remove several roadblocks in the decision-making process that have until now impeded resolution, particularly in the case of PSU banks fearing backlash by central vigilance agencies; but whether the RBI has the necessary bandwidth to carry out assessment of all accounts across banks and whether banks are in a position to absorb huge losses on account of the RBI's prescribed haircuts, needs to be seen.

All the existing arsenals with the banks to deal with stressed assets — right from joint lenders' forum (JLF), Strategic Debt Conversion (SDR) and Scheme for Sustainable Structuring of Stressed Assets or S4A — that have failed to have a meaningful impact on NPAs, suggest two or three key issues that have impeded resolution.

One is the unwillingness of banks to accept relevant haircuts. This could either be due to lack of decision-making or inability to absorb huge losses on account of haircuts. Structural issues plaguing core sectors such as power is also to blame.

In as far as ironing out the issues in the decision-making process for banks to take haircuts goes, the Amendment of Section 35A of the Banking Regulation Act, can help. Bankers have been reluctant to take decisions fearing backlash in later years and by empowering the RBI to set up oversight panels to look into loan recasts, resolution could move forward.

But while this may help in certain accounts, huge haircuts may not be possible in case of highly-overleveraged companies. Take, for instance, Bhushan Steel which has a total debt of about Rs. 42,300 crore as of FY16. If one assumes a 50 per cent haircut on the existing debt (given the very low interest cover of less than 0.5 times), this is way above the existing market capitalisation of the company which is about Rs. 1,800 crore. The tale is similar for other companies such as GVK Power and JP Associates.

High debt to market-cap levels of some of the indebted companies, may be a stumbling block for banks to take haircuts, even if directed by the RBI.

The other key issue is the poor state of finances of PSU banks.

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The net profit of PSU banks has been shrinking significantly over the past couple of quarters.

Huge haircuts would mean further hit on profitability and the Centre may have to end up footing the bill. Unless the RBI offers some leeway in provisioning (say, apportioning it over a couple of quarters), prescribed haircuts may be difficult to implement.

Also, the other key issue is whether the RBI has the necessary bandwidth to set up oversight committees and do in-depth analysis of each account across banks. The Banks Board Bureau was put in place to do just that. But a year after getting operationalised it has done little to improve governance at PSU banks, as was envisioned by the PJ Nayak Committee.

The RBI, according to the ordinance, can also direct banks to initiate insolvency resolution under the Insolvency and Bankruptcy Code, 2016. Given that the new code is still testing waters, it needs to be seen if it can prove effective where other earlier judicial mechanisms failed.

EXCERPTS FROM AIRRBOF CIRCULARS

Circular # 25:2017 1st April 2017

VIITH MEETING OF THE JOINT CONSULTATIVE COMMITTEE HELD AT NABARD HO, MUMBAI ON 30TH MARCH 2017

After a gap almost 17 months and after our continued persuasion, NABARD convened the VII th JCC Meeting vide its letter dated 16th March, 2017. On behalf of our Federation we have submitted several new HR issues as agenda of the JCC Meeting couple of months back.

The VII th JCC Meeting was chaired by Shri R. Amalorpavanathan, Dy. Managing Director, NABARD in the absence of the Chairman, NABARD. Com. S.K. Bhattacharjee, General Secretary of our Federation attended the JCC Meeting with full preparation. With the welcome address by Dr. U.S. Saha, Chief General Manager, IDD the meeting got underway. Initial address was made by Shri R. Amalorpavanathan, DMD, NABARD. Thereafter, our General Secretary pointed out that it is highly unbecoming of NABARD net to convene JCC Meeting for such a long period and the agenda notes were not circulated. He pointed out that the efficacy of JCC shall only be established when it would have mandatory power to enforce the decisions taken in the JCC. The Chairman and members of JCC appreciated our view point and thereafter agenda wise discussion followed:

The Minutes of the 6th Meeting along with Action Taken Report was marshaled by Shri N.P. Mohapatra, General Manager, IDD, NABARD. On behalf of our Federation we highlighted on the following issues.

(i) The discrimination to officers in regard to the quantum of gratuity fixation need to be ended and officers should be made eligible to receive gratuity on Basic Pay, DA and eligible allowances as per provision of Payment of Gratuity Act, 1972 and not as per Regulation 72 of the Officers and Employees Service Regulations.

(ii) Reimbursement of Conveyance Expenses to officers in line with the Scheme existing in Public Sector Bank so that officers can be further motivated to go to field for Recovery.

(iii) Provision of Rent Reimbursement for accommodation at the place of posting in order to motivate all officers to stay at the HQ for better business development.

(iv) Provision of Staff Welfare Scheme in all RRBs.

(v) Immediate introduction of Health Insurance Scheme in RRBs for both serving and retired officers and employees.

(vi) Introduction of Incentive Scheme for officers in line with the incentive scheme provided to the Chairmen of RRBs.

(vii) Immediate increase in the accommodation of PL upto 270 days which had already been implemented in PSBs.

(viii) We pointed out glaring disparity in regard to eligibility criteria for promotion in different grades of officer vis-à-vis Public Sector Banks to ensure faster career growth for officers.

(ix) We also harped on immediate release of instruction by GOI/DFs on Part B of other allowances as different Sponsor Banks are taking different stand so as to generate discrimination from RRB to RRB.

(x) The RRB Promotion Policy is yet to be notified by Govt. of India for adoption by the RRB Board and subsequent gazette Notification.

Shri R. Amalorpavanathan, Dy. Managing Director, NABARD appreciated all the points raised by our Federation and assured that NABARD shall take up the issues with Govt. of India, DFS for implementation.

The VII th JCC, Meeting concluded with summing up by Shri R. Amalorpavanathan, DMD, NABARD.

Circular # 26:2017 1st April 2017

SLP(C) NO. 39288 BEFORE COURT NO. 12 CORUM JUSTICE ARUN MISHRA AND JUSTICE S. ABDUL NAZEER ADJOURNED ON 31ST MARCH 2017 DUE TO DELAYING TACTICS BY AIBEA/AIGBEA/AIBOA/AIGBOA. COURT DIRECTED EXCLUSIVE HEARING ON 3RD WEEK OF APRIL ON NON MISC DAY

The SLP(C) No. 39288 came up for hearing as item No. 30 before Court No. 12 on 31.03.2017 the Hon'ble Court became furious when Advocate on Record (AOR) of AIBEA/AIGBEA/AIBOA/AIGBOA requested to include them as intervener. The Hon'ble Court rejected their application. The court held that the matter should be exclusively heard on a Non Miscellaneous day that is other than Monday and Friday in 3rd week of April. The Advocate of our Federation as well as that of Pensioners Samity was ready to argue today itself. In view of the orders of the lordship now the matter shall be finally heard in the 3rd week of April, 2017 for a decision. In the instant case AIGBWO/AIGBOO are also not party and only AIRRBOF is the main Respondent/Intervener.

The so called Champion of the Pension Case Com. D.N. Trivedi, General Secretary, AIGBOA is not at all a party to the Pension Case. Their affiliates in different Banks are spreading falsehood and cheating officers and employees. AIGBEA/AIGBOA and a section of leadership of AIRRBEA had made the retired officers and employees of the RRBs to observe Relay Hunger Strike while they are roaming around here and there and only making the retired officers and employees suffer. The Relay Hunger Strike did not have any impact on Govt. of India/DFS/NABARD etc. The programme simply remained a non-starter.

Comrade, AIRRBOF believes on true Trade Union values based on dissemination of correct news and education of Membership. We shall spare no efforts to fight for Pension before Supreme Court by engaging best available lawyers. WIN WE MUST.

Circular # 27:2017 1st April 2017

AIRRBOF DELEGATION HELD MEETING WITH ADDL. SECRETARY, FINANCIAL SERVICES IN NEW DELHI ON 31ST MARCH, 2017 AT 2:30 PM

A delegation of AIRRBOF consisting of President Com. R.G. Makhija, Vice-President, Com. Srijan Pal and General Secretary, Com. S.K. Bhattacharjee held meeting with Shri G.C. Murmu, Addl. Secretary, Financial Services on 31st March, 2017 at 2:30 PM.

We made a presentation before the Addl. Secretary on the Growth trajectory of RRBs vis-à-vis the recent developments and highlighted on the following development agenda.

(i) Besides holding Review Meeting with only RRB Chairmen and Sponsor Banks the representative organisation of officers, i.e., AIRRBOF should be called for an interface between Management and Trade Union to arrive at a consensus to put the RRBs on rail for faster growth.

(ii) We highlighted the negative attitude played by Sponsor Bank to depute more than required number of officers on deputation to RRBs which jeopardize the career prospect of RRB officers.

(iii) We demanded that inspection of RRBs u/s 35 of BR Act be handed back to Reserve Bank of India as was the case before formation of NABARD in 1982 to improve the quality of inspection and regulation of RRBs.

(iv) The choice of statutory Auditors should vest with RBI as per practice of Public Sector Banks to expedite the process and improve the quality.

(v) The present system of formation of Board of Directors in RRBs should be amended by changes in RRB Act to include officer Director and Workmen Director to make the Board of Directors move representative and responsible.

(vi) We also demanded that more manpower is required to improve the recovery of NPA in RRBs as size of the Accounts are small and if need be the same may be handed over to Recovery Agencies to improve the position.

(vii) We demanded for infusion of capital in RRBs to maintain 9% + CRAR in RRBs and for that Govt. of India should start the process.

(viii) We also demanded that RRBs be permitted to open Non-Banking Officers (NBOs) at the respective State Capitals for marketing and liaison activities.

(ix) We pointed out that despite of Govt. of India circular to all State Govt.s to park surplus fund with RRBs they continued to invest in New Generation Private Sector Banks. We requested for monitoring by Govt. of India, DFs to ensure that RRBs get due share of funds of State Govt.

(x) We demanded that Pension should be paid to all officers and employees without any linkage with profit/loss of RRBs.

(xi) We also pointed out that while Govt. of India/ DFs was positive enough to release salary, allowances and other benefits by two circulars the Part B of other allowances should also be dealt by them as Sponsor Banks are playing mischief and advising RRBs to promote discrimination in this regard.

The Addl. Secy. Shri G.C. Murmu highly appreciated our view point and told us that our Federation only came up with development agenda and officers benefits interwoven together. He requested us to write to him giving all inputs we discussed for his consideration. In regard to Pension parity he told us categorically that regardless of decision of Hon'ble Supreme Court he is in favour of extension of Pension Parity to all officers and employees. The Addl. Secretary thanked our delegation for positive interaction and to assured to continue the dialogue process.

Circular # 28:2017 5th April 2017

NOTIFICATION OF REGIONAL RURAL BANKS,
APPOINTMENT OF OFFICERS AND EMPLOYEES RULES, 2017

We reproduce our letter addressed to Shri Girish Chandra Murmu, Additional Secretary (FS), Dept. of Financial Services, Govt. of India, Ministry of Finance on the captioned subject for your information & necessary action.

"We would like to draw your kind attention to the Notification F. No. 7/25/2012 – RRB published in the Gazette of India Extraordinary dated March 29, 2017 which is almost a replica of the Notification F No.7/5/2009 – RRB dated 13th July, 2010. You may kindly recall that our Federation is consistently demanding major modification in the Promotion Rules so as bring the number of years of eligible service for promotion in the officer cadre as per prevalent rules in the Public Sector Banks.

You may kindly appreciate that in view of large scale retirement on superannuation in RRBs positions in higher cadre in the officers grade are falling vacant and if the standard eligibility criteria is followed very few officers in RRBs shall come under zone of consideration of promotion.

We, therefore, demanded that number of eligible years for promotion should be reduced to fill up vacancies and to motivate the young officers to remain in service with RRBs. One of the major reasons for high attrition level amongst RRB officers, recruited of late, is lack of promotional prospect. Incidentally it requires mention that the issue was time and again discussed during our Meeting with officials of DFS as well as in JCC Meeting who appreciated our view points in regard to reduction in years of eligible service in case of promotion.

It is really surprising that the Notification dated 29th March, 2017 was abruptly issued without taking into consideration the view of the Trade Unions and the hopes & aspirations of young officers. We, therefore, request you to rescind the order and call for an immediate meeting of all Apex Level Trade Unions to get the desired input so as make suitable amendment to the already Notified Policy."

Circular # 29:2017 17th April 2017

SEVENTH MEETING OF JCC HELD AT
CONFERENCE ROOM OF NABARD, HO ON 30TH MARCH, 2017

We reproduce hereunder the letter written by Federation on the outline of discussion in the Seventh Meeting of JCC held on 30th March, 2107.

"We beg to refer to your letter NB.IDD/RRCBD/587/JCC (VII)/2016-17 dated 2nd August, 2016 by which you sought us to furnish new issues to be included in the agenda for discussion in the Seventh Meeting of the JCC. We had vide our letter no. 2022:66:2016 dated 5th Aug. 2016 advised you XVIII issues to be included in the agenda. It is queer that for a pretty long time NABARD maintained silent on holding the meeting and only on 16th March, 2017 called for the VIIth JCC Meeting to be held on 30th March, 2017. Despite of our repeated phone calls to Shri N.P. Mahapatra, General Manager, IDD no agenda was circulated in advance.

First time in the history of JCC Meeting no advance agenda was circulated and the same was disturbed only during the Meeting. This is a departure from the existing practice. It is also the first time in history that JCC Meeting was provided over by Dy. Managing Director, NABARD instead of Chairman, NABARD which is the customary practice. In the past the JCC Meeting was rescheduled due to sudden absence of the Chairman. This, we feel, undoubtedly diluted the importance of the JCC. It is also a stark reality that no JCC Meeting took place in the entire year of 2016 whereas the constitution of the JCC stipulates that JCC Meeting should be held at least twice in a year. The Minutes of the Seventh JCC Meeting is yet to be circulated. This all action only indicates to the inevitable conclusion that the importance of the JCC is being belittled by none other than NABARD.

We are, therefore, compelled to advise you a brief out line of points of discussion and the views expressed by our representation, Shri S.K. Bhattacharjee, General Secretary, AIRRBOF.

The Minutes of the 6th Meeting along with Action Taken Report was marshaled by Shri N.P. Mohapatra, General Manager, IDD, NABARD. On behalf of our Federation we highlighted on the following issues.

(i) The discrimination to officers in regard to the quantum of gratuity fixation need to be ended and officers should be made eligible to receive gratuity on Basic Pay, DA and eligible allowances as per provision of Payment of Gratuity Act, 1972 and not as per Regulation 72 of the Officers and Employees Service Regulations.

(ii) Reimbursement of Conveyance Expenses to officers in line with the Scheme existing in Public Sector Bank so that officers can be further motivated to go to field for Recovery.

(iii) Provision of Rent Reimbursement for accommodation at the place of posting in order to motivate all officers to stay at the HQ for better business development.

(iv) Provision of Staff Welfare Scheme in all RRBs.

(v) Immediate introduction of Health Insurance Scheme in RRBs for both serving and retired officers and employees. Some RRBs have not included the retired officers & employees in the health Insurance Scheme in violation of Govt. of India circular. NABARD should advise RRBs to submit a status report in this regard.

(vi) Introduction of Incentive Scheme for officers in line with the incentive scheme provided to the Chairmen of RRBs.

(vii) Immediate increase in the accommodation of PL up to 270 days which had already been implemented in PSBs.

(viii) We pointed out glaring disparity in regard to eligibility criteria for promotion in different grades of officer vis-à-vis Public Sector Banks to ensure faster career growth for officers.

(ix) We also harped on immediate release of instruction by GOI/DFs on Part B of other allowances as different Sponsor Banks are taking different stand so as to generate discrimination from RRB to RRB.

(x) The RRB Promotion Policy is yet to be notified by Govt. of India for adoption by the RRB Board and subsequent gazette Notification.

Shri R. Amalorpavanathan, Dy. Managing Director, NABARD appreciated all the points raised by our Federation and assured that NABARD shall take up the issues with Govt. of India, DFS for implementation.

The VIIth JCC, Meeting concluded with summing up by Shri R. Amalorpavanathan, DMD, NABARD.

Circular # 30:2017 17th April 2017

INTRODUCTION OF MERCHANT ACQUIRING BUSINESS IN RRBS

We reproduce our letter addressed to the Chairmen, all Regional Rural Banks on the captioned subject for your information & necessary action.

"You may kindly appreciate that Hon'ble Prime Minister of India is putting lot of emphasis on Less Cash Economy and for that end Merchant Acquiring Business (MAB) has got huge potentiality. "The big push by Banks to expand MAB is underscored by the fact that they collectively added 630,179 PoS terminals in the 10 months to Jan. 2017. Bulk of the PoS terminal additions, 4,22,133 –happened after demonetisation of Rs. 500.00 and Rs. 1000.00 Bank notes was announced", reported by The Hindu Business Line.

Thus MAB offers great opportunities for RRBs to augment their CASA Deposit and help to expand Less Cash Economy in Rural Areas. We, therefore, request you to explore taking up MAB after getting necessary clearance.

We shall appreciate if you kindly advise us any hurdle you might face in this regard enabling us to take up with respective Sponsor Banks and Reserve Bank of India or NABARD."

Circular # 31:2017 20th April 2017

DISCRIMINATION IN RESPECT OF YEARS OF EXPERIENCE IN RRBS FOR DIRECTLY RECRUITED AND IN CASE OF PROMOTION IN GROUP A CADRE (MMGS –II & MMGS – III GRADE)

We reproduce our letter addressed to the Chief General Manager, IDD & Convenor. JCC for RRBs, National Bank for Agriculture & Rural Development on the captioned subject for your information & necessary action.

"We would like to request you to recall your memory that I had raised the captioned issue in the course of discussion on agenda in the Seventh Meeting of the JCC held on 30th March, 2017. A perusal of RRBs (AP of Officers and Employees) Rules 2010 and Regional Rural Banks (Appointment & Promotion of Officers & Employees) Rules, 2017 reveals that there is wide disparity in the length of service experience required for direct appointment as General Banking Officers in MMGs – II and MMGs – III and in case of promotion from OJMs – I to MMGs – II and MMGs – II to MMGs – III.

We would like to quote from the extant rules to exemplify the matter (Third Schedule) AP Rules 2017:

(i) For Direct Recruitment.

(a) Officer Middle Management (Scale II) Group A

General Banking Officer:

Experience – Two years as an officer in a Bank or a Financial Institution.

(b) Officer Middle Management (Scale – III) Group A

Experience – Minimum five years as an officer in any Bank or Financial Institution.

(ii) For Promotion

(i) OJM – I to MMGs – II

(a) Normal Channel – Eight years as OJM – I on full time or regular basis.

(b) Fast Track Channel – Six years as OJM – I on full rime or regular basis.

Rule 13(3) Relaxation – A onetime relaxation of one year service will be given to such candidates who have passed JAIIB of Indian Institute Banking and Finance both under the normal channel and fast track channel and one more year in case of such candidates who have passed CAIIB of the Indian Institute of Banking & Finance.

You may kindly appreciate the high degree of discrimination in the length of experience between a directly recruited officer in Scale – II or Scale – III and those who are promoted from Scale – I to Scale – II and Scale – II to Scale – III. Further the criteria of experience for directly recruited officers in Scale – II and Scale – III only mentions experience in a Bank or Financial Institution. The term has got wide spectrum and encompass a non-scheduled Bank as well as Private Financial Institutions and NBFCs which are mushrooming in the country.

We deem it appropriate to request you to recommend to Govt. of India, DFS to further modify the Appointment and Promotion Rules, 2017 to end the disparity once for all by defining the Banks as a scheduled Commercial Bank and Financial Institution as Public Sector Financial Institutions excepting NBFCs. Please treat the matter as urgent."

Circular # 32:2017 20th April 2017

GRANT OF SPECIAL LEAVE IN RRBS DURING ANY
MISHAP WHILE OFFICER OR EMPLOYEE IS IN HARNESS

We reproduce our letter addressed to the Chief General Manager, IDD, National Bank for Agriculture & Rural Development on the captioned subject for your information & necessary action.

"We would like to lay before you that it is a common practice in respect of Public Sector Banks that if an officer or employee meet with any accident or fell sick he is entitled to special leave during the period of sickness and convalescence. Accordingly provision has been made in the officers Service Regulation/Award in respect of all Public Sector Banks.

However, even though RRB officers work under more strenuous condition in the remotest rural corners of the country and in some case in areas dominated by separatists and extremist forces no such practice was uniformly followed in RRBs. No provision had been made in RRB Officers & Employees Regulation, 2010 in this regard.

In order to motivate the officers and employees to work under challenging circumstances and get scope for proper treatment & care without bothering leave being debited for sickness while on duty.

We, therefore, request you to issue an administrative order advising all RRBs to provide special leave for accident/sickness during period of duty for the Bank pending suitable amendment in the Service Regulation."

Circular # 33:2017 21st April 2017

TWO DAYS WORKSHOP ORGANIZED BY AIBOC
ON TURN AROUND PLAN FOR 11 IDENTIFIED PSBs

We reproduce hereunder the text of All India Bank Officers' Confederation Circular No. 21 dated 18th April, 2017.

"All India Bank Officers' Confederation (AIBOC) organized a two days workshop at Chennai on 17th & 18th April 2017. The workshop was attended by General Secretaries of PSBs who are recipients of capital support from Govt. of India during F.Y. ended on 31.03.2017. Some past leaders of the Confederation also attended the workshop. Acclaimed experts on the subject contributed to the proceedings. The workshop discussed various parameters based on which the 11 PSBs can have a sustainable growth in their business and profitability. Detailed presentation on each of these Banks performance in each & every parameters was made and so analysis made to prepare a road map on behalf of each affiliate for TAP.

The workshop is of the consensus that all the 11 PSBs have an excellent business performance in the year under review. The only constraining factor is the prevalence of large ticket NPAs in their Balance Sheet. Banks have also faced problems due to slow credit off-take and excess liquidity in the system. This has contributed to higher percentage of NPA and lower NIM. This is not a trend discernible only in the identified PSBs but also in the industry itself. The workshop feels that ailments of so called identified weak PSBs are an extension of the problems which have besieged the industry and not an issue typical of them.

The workshop also feels that the employees' in general and officers' in particular have given their best to their respective Banks. It is required to put in place a stringent executable law for recovery of corporate dues which may obliterate the requirement of capital support. Officers' representation in the Board of the Bank should also have to be ensured immediately before finalization of Turn Around Plan.

The workshop has also decided to extend necessary organizational and structural support to the respective affiliates to help them formulate bank specific Turn Around Plan. This will be a document with necessary technical details. The Confederation strongly believes that such plan will be really helpful to the banks for their turnaround and will be a better option than the one that will be prepared by SBI Capital Ltd.

The workshop and Confederation trust that the Banks will extend necessary support and share data for successful culmination of this novel initiative involving the stakeholders and the experts. Confederation assures of its full support in the endeavour to take the banks to new peak of businesses and profitability. However, any attempt to tinker with staff benefit, is neither required nor will be accepted.

Details of the Turn Around Plan will be discussed and finalized soon. In the meantime, affiliates have been asked to submit another letter to the Managements.
The workshop was addressed by Com. Dilip Saha, President and Com. Franco, General Secretary and Shri R. Krishnamurthy, visiting faculty, IIM Ahmedabad."

Circular # 34:2017 — 21st April 2017

IMPORTANT ACTION PLANS

We reproduce hereunder the text of All India Bank Officers' Confederation Circular No. 22 dated 19th April, 2017.

"Festival Greetings to you.

Glad to share with you that we had a General Secretaries meeting on 10th April, Working Committee on 11th and Executive Committee on 12th April 2017 at Mumbai.

After analysing the situation emerging out of the Govts' proposal for Turnaround Plan for infusing capital, proposal for a Labour Code instead of Labour Laws, the statements of Bank's Board Bureau Chairman Mr. Vinod Rai and the sentiments expressed by our comrades in the General Council we have prepared a detailed action plan. I would like to share with you the important programmes planned and seek your total involvement to make the programme a grand success.

1. Demonstration on every Monday at all state capitals and district headquarters and other important centers, in different forms. (First Demo on 24th April 2017)
2. Poster campaign in multiple languages[Draft will be sent]
3. Rally to the parliament
4. Social Media Campaign
5. Strike action along with UFBU

The demands are

- Appoint board of directors representing the workmen/officers in all PSBs, immediately
- Publish the list of willful defaulters, bank wise
- Reimburse the cost incurred due to Demonetisation exercise & Jan Dhan accounts
- Stop moves towards merger and privatisation.

Other decisions:

- Training for EC members
- Celebrate May Day as Save Public Sector, Save Farmers, Save India Day.
- Sate Secretaries Meeting during the first week of May
- A people's Parliament for Development – From all Districts, State and then to the Capital of the Country. [Training will start in May]
- Seminar on Watal Committee, Digital Banking and Financial Literacy.
- Youth Convention cum Cadre Development in July
- Women's Convention cum Cadre Development in July
- Release of an Alternate Banking Policy (Sept)
- A turnaround Plan prepared by us for 11 Banks after a workshop on 17th & 18th April 2017 at Chennai.
- A model Turnaround Plan with the help of IIM, Ahmedabad as an alternative
- Campaign for Nationalisation of Dhanalakshmi Bank, Catholic Syrian Bank and other Private Sector Banks

We have also formed the following committees for strengthening the Organisation

- Youth Development Committee
- Organisation Revamping Committee
- Housing Development Committee
- Women's Committee
- Research Wing
- Media Wing
- Legal Wing
- RTI Wing
- RRB Sub Committee
- Co-op Sector Sub Committee
- Private Sector Sub Committee
- Sub Committee to study Medical Insurance
- Sub Committee for increasing membership in 4 Nationalised Banks & IDBI
- Save Public Sector Forum
- Advisory Committee of Retd IAS Officers
- Advisory Committee of Retd Bankers
- Education & Training Sub Committee
- Bankers Vidyalaya Sub Committee
- Merger and TAP Sub Committee
- Wage Negotiation Committee
- Technology Sub Committee
- Finance sub Committee
- Cartoon & Short Films Sub Committee
- Superannuation issues Committee

Comrades, Com. Y. Sudarshan, our former President was also nominated as Hon. Chairman of AIBOC. More representation for youth & women has been decided.

Volunteers are welcome to contribute to our action plan and Sub Committees. Convey your interest through your General Secretary.

IBA has invited us for a Preliminary Meeting of Wage Negotiation on 2nd May. We will keep you updated of the developments."

Circular # 35:2017 25th April 2017

2ND BIENNIAL CONFERENCE OF AOPPGB HELD AT BARDHAMAN ON 23RD APRIL, 2017

The Association of Pensioners' of Paschimbanga Gramin Bank Officers held its 2nd Biennial Conference at Lions Club Auditorium, Bardhaman in the State of West Bengal. The venue was overflowing with the enthusiastic presence of the members who had since superannuated from Paschimbanga Gramin Bank.

The dias of the Conference was adorned by Com. S.K. Bhattacharjee, General Secretary, AIRRBOF & Advisor, AIBOC, Com. Srijan Pal, General Secretary, Assn. of Officers' of Paschimbanga Gramin Bank & Vice-President, AIRRBOF, Com. Uday Shankar Adhurya and Com. Swapan Sarkar President & General Secretary respectively of Bangia Gramin Vikash Bank Retirees' and Pensioners' Association, Com. Baidyanath Sarkar, President and Com. Amar Dey, General Secretary of AOPPGB also occupied the Dias.

With the inaugural address rendered by the General Secretary, AIRRBOF the Conference was formally started. Com. Bhattacharjee made detailed presentation on the problems afflicting the Pensioners and the steps taken by the Federation. He elaborated on the progress of the Pension Case, the Health Insurance Scheme for the retirees, the discrimination mated out to the officers in the matter of Payment of Gratuity. He also shared the road map to combat all these problems. Com. U.S. Adhurya and Com. Swapan Sarkar felicitated the conference. Com. Srijan Pal elucidated on the close relation and coordination between AOPBGB & AOPPGB. He narrated the achievements done by the Association both for serving and retired officers and employees. The inaugural session of the Conference ended with vote of thanks by the President. At the outset welcome address was rendered by Com. Amar Dey who also presented the Report of the General Secretary before the close of the inaugural session.

Post lunch the delegate session was conducted. The Report of the General Secretary was deliberated upon and the reply was tendered by the General Secretary. Different resolutions were adopted unanimously. The election to the new body for the next Biennial Term was conducted by the General Secretary, AIRRBOF as the Returning Officer. A team of office bearers and Committee Members were elected uncontested with Com. Baidyanath Sarkar as President and Com. Amar Dey as General Secretary. AIRRBOF extend congratulation to the new team and assures full help & co-operation.

Circular # 36:2017 27th April 2017

CELEBRATION OF MAY DAY

We reproduce hereunder the text of All India Bank Officers' Confederation Circular No. 23 dated 26th April, 2017. "Let us celebrate May Day as Save Public Sector, Save Farmers, Save India Day.

The first day of May is celebrated as the International Workers' Day, also known as Labour Day to honour the struggle of working people throughout the world to establish their rights against their oppressors.

Over the years and more particularly after the neo-capitalist domination of the world for the last three decades there is a lot of discussion among intellectuals, youth and the workers alike about the significance of this day. A very skillfully crafted narrative and dismissive statements accompany such discussion throughout the media which is largely owned by corporate world. But as always, there is a great difference between the reality and what the vested interests want us to believe.

The connection between May Day and the labour movement began in the 1880s in response to the brutal massacre of workers and labour leaders demonstrating for an eight-hour work day in Chicago. The history and meaning of May Day in spite of the many attempts to wipe it from the popular conscience of workforce seems even more relevant today. Presently we are passing through a phase of a great human struggle, namely that between totalitarian trans-national corporations and a globalized work force. The nature of work and the workforce has undergone a change as the technological changes have rendered much of the labour intensive jobs as obsolete. But the fragmentation of workers unity and the number of unorganised workforce have rapidly risen.

The world has seen many changes in the last three decades. Spectacular progress in digital technology has led to increase in material comforts and also the life expectancy of people all around. Almost every year, the boundaries of scientific and technological innovations are being rewritten. Communication is now almost instant across the world for those who are connected. All these are hailed as the achievements of free markets and globalisation by the supporters of the neo capitalism. But what get conveniently suppressed are the facts behind the facade of material well being and progress. The world perhaps faces much more conflict than in the past. A large part of the population of the world still lives in abject poverty and hunger. More telling is the imbalance of wealth concentration that has happened. Lesser number of people now holds more wealth in their hands as compared to before.

The domineering nature of neo-capitalism has evolved from an overbearing and oppressive intervention into a more patient and refined form. Instead of backing or propping up authoritarian regimes, they have successfully transformed functional democracies into plutocracies. The sops of free expression in varying degrees mask the control of oligarchs over the society and nations as a whole. It doesn't matter to the puppeteers, who the puppet is as long as the system is focused on creating more wealth for the few with crumbs and bones of development trickling down below in order of hierarchy.

The unity of workers has obviously been given a short shrift under the new dispensation. In this regard, the misuse of digital technology has been startling. Instead of bringing people together, the digital age has actually done away with the community feeling and rendered people lonelier than before. The sense of social security is becoming increasingly relevant among a graying population on the back of reduced mortality. The notions of association and unified struggle are being discouraged among the youth. These social changes also affect the workers at large.

Coming to our own domain of Banking, we find that on one hand the working conditions have undergone immense stress recently due to the whimsical decisions taken by the government of the day. On the other hand, the viability and the very existence of many PSU banks are at a stake. These are all part of a well concerted plan to privatize the banking sector fully and make it a hand maiden for the big industrial houses.

Comrades, the need for the solidarity of workers was perhaps never been so important, as it is now. We need more of this unity against an ever more repressive state that showers money on the super-rich while targeting workers and the oppressed. And bring back the focus back to socialism and workers' power. And we need a global connection of workers, because capitalism in its highly globalized form cannot be successfully fought city-by-city or region-by-region or country-by-country.

As an organization, we do not favour or oppose any political party or their ideology unless their policies are inimical or regressive for the Trade or the country. Unfortunately it is our experience that ever since the present Government has assumed power at the centre, there has been a steady rise in anti labour activities. Laws are being tweaked to suit the Industrial houses and weaken the Trade Union activities.

We are not surprised that the biggest actions on the economic front have all seen cathartic effects on the banking industry as a whole. Be it Jan Dhan Yojana, Mudra Loans, NPA management , Demonetization, Interest rate policy, Cashless transactions or the upcoming GST regime , it is the employees of the banking sector who have had to bear the brunt of seemingly whimsical and unplanned decisions taken by the government. But behind the apparently populist measures, there has been a steady undercurrent of favour shown to big business particularly to a few well entrenched industrial houses, who owe the Banking system colossal quantum of money.

In December 2015, the Supreme Court ruled that under RTI, and in the interest of transparency, banks must reveal the names of companies who default. Until now, banks have refused to share this information easily. In absolute terms, the gross non-performing assets - loans not repaid by borrowers - owed just to state-owned banks was reported at Rs 3.04 lakh crore. Till date RBI has not disclosed the names of top Corporate willful defaulters.

The Government clearly is on a mission to destroy the Public Sector Banks. They are pursuing the merger agenda with all earnestness. Two recent statements by Mr. Uday Kotak , CEO and founder of Kotak Mahindra Bank Ltd and that of RBI Governor Mr Urjit Patel is an indicator. Both have opined that country needs to have only few banks. It is certain that some planning is afoot in this direction as the plan has been unleashed through the two previous Gyan Sangams. We anticipate that the Govt. could be mulling such a move in the current fiscal.

The task is cut out. On the occasion of May Day, AIBOC EC calls upon the entire workforce to stand united for the sake of protection of the Public Sector, to fight for and safeguard the interests of the common man, to save the farmers and also to launch a countrywide movement to unite the people against the nefarious designs of the Government/IMF/WB.

In the words of Rosa Luxemburg: "The rigid, mechanical-bureaucratic conception cannot conceive of the struggle, save as the product of organization at a certain stage of its strength. On the contrary, the living, dialectical explanation makes the organization arise as a product of the struggle." Therefore it is not enough for the organisation to fight for the rights of the members but it is the duty of the members to shape their organisation through constant struggle. And the struggle is no more for our own rights but it has to be for the whole society and the countless number of workers who are unorganised and do not enjoy any benefits of the struggle which accrue to us.

PRESS CORNER

AFTER GST GETS A TICK, FM LOOKS TO FIX BAD LOANS

With the Goods and Services Tax now "fairly doable", Finance Minister Arun Jaitley said the banking sector will be the next focus area for his team. The Centre and the Reserve Bank of India will soon announce measures to resolve bad loans, he said.

The high non-performing assets (NPAs) in the banking sector is largely because of 20 to 30 accounts, Jaitley said at a 'Breakfast with *Business Line*' programme co-hosted by ITC Maurya here on Sunday. "We have in principle agreed to some issues with the RBI which we will be announcing in a short while. Some tough measures will be required by the banks," he said at the interactive session moderated by *Business Line* Editor Raghavan Srinivasan.

Pointing out that "just because the rich guys haven't paid back", the government has had to use money that could have been spent on irrigation, poverty alleviation and job guarantee scheme MGNREGA , and given it to banks instead.

"You can't have a situation where a very large part of India doesn't get financial supportfrom banks to industrialise merely because 20-30 accounts are holding up most of the money…you expect the government to withdraw the money from the social sector and start supporting the banks…," he said.

Gross NPAs of public sector banks (PSBs) rose to Rs. 6.06 lakh crore by December 2016 as compared to Rs. 5.02 lakh crore at the end of March last year. The Finance Ministry and RBI have held meetings with bankers to finalise further measures to resolve bad loans.

The Budget has provided Rs. 10,000 crore for recapitalisation of PSBs this fiscal.

Jaitley said the government has already taken a number of steps to ensure faster resolution of bad loans including the Insolvency Code, amendments to the DRT and Sarfaesi Acts and more foreign investment in asset reconstruction companies.

"The banks have to have the decision-making ability to settle those accounts. People must behave; they must engage partners: sell out or exit," he stressed, adding that it is "not an impossible exercise" for the economy.

Amendments to the Prevention of Corruption Act once passed, will also help bankers and civil servants in decision making departments like disinvestment and defence purchase.

"In a liberalisation regime, you can't have a 1989 legislation where commercial decisions honestly taken for commercial considerations and in larger public interest — even if it involves a haircut — gets interpreted to be a corrupt decision," he said.

The Minister ruled out privatisation of State-run lenders as "the Indian political system is still not ready". Even the proposed stake sale in IDBI Bank is a "very complicated exercise" and not easy to achieve, he said.

However, the government would work on amalgamation of PSBs after strengthening them.

Source – The Hindu Business Line, 3rd April 2017.

2,800 EMPLOYEES OF SBI'S ASSOCIATE BANKS OPT FOR VRS

About 2,800 employees of the erstwhile associate banks of State Bank of India have opted for voluntary retirement so far, according to SBI Chairman Arundhati Bhattacharya.

Around 12,500 employees (out of the total associate banks' employee strength of about 70,000) are eligible for opting for the voluntary retirement scheme, which was announced in the run-up to the merger of the five associate banks with State Bank of India.

"Employees who have opted for VRS at present are around 2,800. And definitely, we will look at their application and if it falls within the norms we will give them VRS," said Bhattacharya.

The five associate banks — State Bank of Bikaner & Jaipur, State Bank of Hyderabad, State Bank of Mysore, State Bank of Patiala, and State Bank of Travancore — have come out with a golden handshake scheme to provide 'a good opportunity to employees who may genuinely want to retire voluntarily on account of uncertainties related to possible relocation and change of job profile, post-acquisition'.

The VRS is open to all permanent award staff and officers of the bank, except those specifically mentioned as 'ineligible', who have put in 20 years of service or have completed 55 years of age as on November 30, 2016. The scheme closes on April 5.

Bhattacharya said: "Last time when we had done the merger, we saw that there were a few people who wanted to opt out. And, therefore, this time we wanted to give this channel for people who really feel that they would rather do something different.

"There is no force in the matter at all. It is totally their call. And if they have taken it then we fully respect it."

"We don't have any discretion in the matter. If people apply and they are eligible, then we will have to let them go," she said.

To a specific question on whether SBI employees will be offered VRS, the SBI chief said: "At this point no. Going forward, we will see."

Bhattacharya observed that SBI had opened a portal in which employees can give options regarding transfers.

"We had almost 150 people opting to go to the North-East, which is great for us because that is an area where we would like to put more people into.

"Almost 15,000 people from among associate banks have given their transfer options and it will be our endeavour to try and ensure that we are able to keep those requests. We will do it to the extent possible," she said.

The SBI chief emphasised that there will neither be any movement for the sake of movement nor for throwing the weight around of the parent organisation. Whatever movements are going to occur, will take place in a very systematic and well-thought-out manner.

"We are also trying to take this chance of trying to honour transfer requests from our own employees also. So, we are doing a kind of a clearing house for our own employees also," she added.

Source – The Hindu Business Line, 4th April 2017.

KANUNGO TAKES OVER AS RBI DEPUTY GOVERNOR

B P Kanungo took over as a Deputy Governor of the Reserve Bank of India on Monday and will look after the department of currency management and foreign exchange, among others.

The government on March 11 appointed Kanungo, who was holding the position of Executive Director of RBI, as Deputy Governor for a period of three years.

According to the revised portfolio of Deputy Governors, Kanungo will also look after the departments of external investments and operations, government and bank accounts, information technology, payment and settlement systems, internal debt management legal and premises.

Kanungo who replaces R Gandhi, had joined the RBI in September 1982.

Source – The Hindu Business Line, 4th April 2017.

IS CASH LOSING ITS APPEAL POST-DEMONETISATION?

Has demonetisation reduced people's appetite for cash? It seems so if the latest SBI study is any indicator.

Post demonetisation (after December 30), cash withdrawal has been declining rapidly from a peak of Rs. 52,800 crore in the week ended January 13 to Rs. 32,500 crore in March 24.

Even in the one-week of March 17-24, cash withdrawal declined by Rs. 2,000 crore, according to data available with State Bank of India.

It may be noted that withdrawals have fallen even after the removal of caps.

Historically, average withdrawals are generally higher in the first fortnight of a month because people tend to spend more. "However, even that peak has been declining since January," SBI study shows.

AIRRBOF News Letter May, 2017
Sky is not the limit, we cover it...
The Voice of All India RRB Officers' Federation
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"We don't have any discretion in the matter. If people apply and they are eligible, then we will have to let them go," she said."While it may be difficult to ascribe a reason, our estimates indicate that there will be a permanent liquidity injection of at least Rs. 1.7 lakh crore (1.1 per cent of GDP) post demonetisation," the study said.

The data is also reflection of the extent of formalisation of the economy post-demonetisation.
According to a top executive of Vijaya Bank, people could be wary of cash transactions due to tighter vigil by the tax authorities after note-ban.

"It is also possible that big deals like property purchases are happening through cheques/electronic payments. This is resulting in lower appetite for cash," he said.

Non-availability of cash does not seem to be a reason for lower demand for currency.
Enquiries reveal that except in some pockets in Telangana, there is no cash crunch.
So it remains to be seen if demonetisation will dispel John Maynard Keynes' liquidity preference theory, which says people prefer to keep cash on hand.

Source – The Hindu Business Line, 4th April 2017.

'BANKS MUST DEVISE MECHANISM TO DETECT BAD LOANS EARLY'

Concerned over the high level of bad loans in the banking system, a Parliamentary panel has asked PSU banks to devise a mechanism to detect stressed assets early so that urgent corrective steps can be taken.

"The committee intends to caution the management of PSBs (public sector banks) to professionally manage the sanctioning of loans and devise all the requisite wherewithal's to notice early signs of stress on the loans disbursed by them for taking urgent corrective measures," a report of the Parliamentary panel said.

Gross NPAs of public sector banks increased to Rs. 6,06,911 crore while total stressed assets (gross non-performing assets and restructured standard advances) of scheduled commercial banks stood at Rs.9.64 lakh crore as on December 31, 2016.

The panel also asked the Finance Ministry to amend banking laws, including the SBI Act, to provide for disclosure of names of loan defaulters by banks to tackle the menace of mounting NPAs.

Source – The Hindu Business Line, 5th April 2017.

PENSION REGULATOR BULLISH ON NPS PERFORMANCE THIS FISCAL

After witnessing a robust 44 per cent growth in its corpus in the year-ended March, the National Pension System could see a similar quantum of funds flowing in during this fiscal year as well.

With States soon likely to implement salary hikes for employees, and as more companies join the retirement fund, the Pension Fund Regulatory and Development Authority, the regulator of the National Pension System, sees another healthy year ahead.

"Assets under management have now touched Rs. 1.7 lakh crore... this year, we grew by almost Rs. 50,000 crore," Hemant G Contractor, Chairman of the authority, said in an interview. "So maybe, a similar kind of growth (is likely) this year."

As of end-March last year, the NPS had a corpus of Rs. 1.18 lakh crore. Several companies have started showing interest in joining the pension fund for their employees, he said.

"This is a fast-growing segment... 1,061 new corporates signed up this year. We now have about 3,500 corporates with us," Contractor said.

With an addition of about Rs. 10,000 crore from the Central government employees after the new pay panel's recommendations came into force last year, the corpus can get a further boost when State governments follow suit, he said.

The hike in central government employees' salaries, in line with the Seventh Pay Commission's recommendations, was notified by the Finance Ministry last July.

"In case of States, it will be much bigger, because the number of State government employees is much more than Central government... If the packages are on the same lines as the Central government, then we should expect at least around Rs. 15,000 crore additionally," Contractor said.

The pension corpus may also receive additional funds when Tamil Nadu joins the plan.
Tamil Nadu, which agreed to join the NPS in 2003, has yet to pay its contributions. Along with West Bengal and Tripura, it is one of only three States that is not part of the scheme.

As for the returns from the pension scheme, Contractor said, "We have been able to generate good returns last year." He said returns for the non-government and the government sectors were around 11 per cent each for the year.

Contributions of up to Rs. 50,000 a year are exempted from tax under Section 80 CCD for NPS subscribers.

Contractor said lack of portability and tax parity between the Employees' Provident Fund Organisation and the NPS continue to impact the market-linked pension plan.

"One of the major reasons why many of them (companies) are still hesitant to come in is that most of them are members of EPFO. Since they are already members of EPFO, for them to again join NPS is something that many of them think twice about, because this is not mandatory," Contractor said.

The Budget for 2015-16 had proposed allowing employees to choose between the EPF, India's largest non-government provident fund, and the NPS.

To move towards a seamless switch between the two schemes, the government had proposed uniform taxation on withdrawal from both schemes, but the proposal was rolled back for the EPF following opposition from trade unions.

Currently, 20 per cent of a withdrawal from the NPS is taxable, while there is no tax on withdrawals from the EPF.

However, Contractor said the recent move to make onetime transfers from recognised provident funds and superannuation funds tax-exempt will help the National Pension System. .

Source – The Hindu Business Line, 6th April 2017.

MALVIKA SINHA APPOINTED RBI EXECUTIVE DIRECTOR

The Reserve Bank has appointed Malvika Sinha as Executive Director following the appointment of B P Kanungo as Deputy Governor. Sinha took charge on April 3.As Executive Director, she will look after foreign exchange department, department of government and bank accounts and internal debt management wing, RBI said in a release.

Kanungo was Executive Director of the Reserve Bank before being elevated to the post of Deputy Governor.

Source – The Hindu Business Line, 6th April 2017.

IS THE RBI SIGNALLING A RISE IN RATES?

While the RBI Governor reiterated his neutral policy stance, hiking the reverse repo rate, suggests just the opposite. In a bid to align money market rates to the policy repo rate, the RBI has increased the reverse repo rate by 25 basis points.

While this will ensure that call money rates move up, it will also insidiously raise interest rates for a segment of the market. The MCLR structure that has forced banks to lower rates at a faster pace during the rate-cut cycle, is sadly a double-edged sword.

With overnight rates and three-month T-bill rates expected to rise, very short tenure MCLRs are bound to inch up too. Banks publish the MCLR of different maturities — overnight, one-month, three-month, six-month and one-year. Different loans are benchmarked against a particular MCLR. While most retail loans are benchmarked against six-month or one-year MCLR, very short term corporate loans may be benchmarked against a one- or three-month MCLR. With rates on short-term MCLRs inching up, some of these loans may became a tad more expensive. While for now, rates may rise only for a small portion of the market, the party for borrowers is clearly over.

Source – The Hindu Business Line, 7th April 2017.

RBI KEEPS REPO RATE ON HOLD, SHIFTS FOCUS TO EXCESS LIQUIDITY

The Reserve Bank of India (RBI) decided to keep its policy rate on hold in its first bi-monthly monetary policy review for 2017-18, on Thursday, citing the challenging inflation outlook.

The apex bank, however, proposed a mechanism to resolve the weakest bank balance sheets under a revised 'prompt corrective action' framework.

The central bank also allowed banks to invest in Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs) in a bid to spur investments in core infrastructure sectors.

The RBI's stance on the policy rate was widely expected as it works towards achieving the medium-term target for consumer price index (CPI) inflation of 4 per cent, with an upper and lower tolerance level of 6 per cent and 2 per cent, respectively, while supporting growth.

This is the third successive quarterly review in which the central bank has kept its policy rate unchanged at 6.25 per cent.

For 2017-18, the RBI sees inflation averaging 4.5 per cent in the first half of the year and 5 per cent in the second half, with the risks evenly balanced around the inflation trajectory at the current juncture.

The central bank projected that gross value added would strengthen to 7.4 per cent in 2017-18 from 6.7 per cent in 2016-17.

However, the central bank said there are upside risks to the baseline projection — the monsoon's impact on food inflation in the coming year, implementation of the allowances recommended by the Seventh Pay Commission and one-off effects of the Goods and Services Tax.

With banks reeling under a surfeit of liquidity following demonetisation and lack of credit demand, deposit and lending rates have already been cut and banks are unlikely to change the rates any further.

To suck out the excess liquidity, the RBI has raised the reverse repo rate by 25 basis points to 6 per cent. The reverse repo rate is the rate at which the central bank pays banks for parking their surplus funds with it.

Corporates were not enthused by the RBI's stand on the policy rates. "From the industry's perspective, greater transmission of previous policy rate cuts and a further softening of the lending rates of banks are important as this would encourage both consumption and investment demand," said Pankaj Patel, President, FICCI.

RBI Governor Urjit Patel, however, said that "further scope for a more complete transmission of policy impulses remains, including for small savings/administered rates."

On stressed assets, Patel said that after completing the Asset Quality Review of banks, and with several other critical ingredients in place, such as the Insolvency and Bankruptcy Code and the Oversight Committee, the RBI has been preparing actively for an orderly resolution of the issue.

"This will be undertaken concomitantly with resolution of the weakest bank balance sheets under the aegis of a revised prompt corrective action framework and our new enforcement department, which has started its work this week," said Patel.

The RBI said that there was a need for a consensus on the issue of farm loan waivers as this could be seen as undermining honest credit culture. This comment comes in the context of political parties promising waivers to farmers to win polls.

Patel cautioned that such waivers could lead to State governments borrowing more and crowding out private-sector borrowers. "It impacts credit discipline.... waivers engender a moral hazard. It also entails, at the end of the day, transfers from taxpayers to borrowers," he said.

Source – The Hindu Business Line, 7th April 2017.

BANK OF INDIA ON VILLAGE DIGITISATION DRIVE

Bank of India has set each of its 54 zones a target of converting a minimum five villages into 'digital villages' by September 2017.

A digital village is one where transactions in the local economy happen in a cashless mode through use of, among others, credit/debit cards and mobile phone applications/e-wallets.
"Of our 54 zones pan-India, we have already converted 81 villages into digital villages in 49 zones within a period of three months (January to March 2017).

"This year we have given all the zones (54) the target of converting minimum five villages per zone into digital villages by September 2017," said Shyam Sundar Banik, General Manager (Alternate Delivery Channels), Bank of India.

He added that this will be achieved because now the National Bank for Agriculture and Rural Development (Nabard) is subsidising the cost of point-of-sale (PoS) machines and allied digital infrastructure.

"So, we hope now that digitisation will go ahead at a good pace....Merchants getting on to the digital highway will be using the PoS terminal which banks give them.

"A good merchant, if he wants to encourage digital transactions, will offer all three payment modes — swipe and pay (at merchant POS with a card); click and pay (customer uses mobile and scans the merchant's Quick Response code); touch and pay (for those who are not savvy with either card or mobile payments, it will be biometric-based Aadhaar payment)," explained Banik.

Apart from creating digital villages, the public sector bank has floated two schemes — Paathshala and Prayogshala — to create national awareness on digital transactions.

Under Paathshala, students, NCC cadets, NGOs, SHGs, clubs, and so on, are taught the uses of various digital tools.

Prayogshala is targeted at those who are associated with fee or business-based income, by showing them how the Bharat Quick Response code works and how other digital tools operate.

Source – The Hindu Business Line, 14th April 2017.

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