



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

# AIRRBOF News Letter

June, 2017

**The Voice of All India  
RRB Officers' Federation**

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## **EDITORIAL**

### **WHERE THE JOBS ARE PUBLIC SPENDING AND ECONOMIC POLICY NEED TO BE MORE ATTUNED TO EMPLOYMENT CREATION**

News reports over the last few weeks suggest that the Central Government may finally be starting to think seriously about jobs. Chief Economic Adviser, Arvind Subramanian recently pointed to the need to achieve higher economic growth, in the range of 8% to 10%, to solve the problem of jobless growth. In particular, he flagged the underperformance of the information technology, construction and agricultural sectors, which earlier served as huge job-creators for the economy. It is worth noting that India added just 1.35 lakh jobs in eight labour – intensive sectors in 2015, compared to the 9.3 lakh jobs that were created in 2011, according to Labour Bureau figures. The rate of unemployment grew steadily from 3.8% in 2011- 12 to 5% in 2015- 16. Union Labour and Employment Minister Bandaru Dattatreya has downplayed the gloomy job situation as being a temporary one. His focus instead is on the new National Employment Policy which, he says, would be released later this year and focus on the shifting jobs from the informal to the formal sector. NITI Aayog too has dismissed concern over jobless growth, saying the real problem is underemployment. Nevertheless, this month the Government set up a high- level task force headed by NITI Aayog Vice Chairman, Arvind Panagariya to obtain reliable data on employment trends to aid policy making.

The focus on jobs is obviously vital. However, higher economic growth alone will not solve the jobs problem. Jobs can be created when growth comes from the transition of labour from informal sectors like agriculture to the more formal manufacturing and service sectors. Such extensive growth, however runs the risk of stagnation once the available stock of informal labour is exhausted – as some Southeast Asian countries found out the hard way in the late 1990s. On the other hand, growth can come about without any substantial job-creation in the formal sectors of the economy, but through improvements in productivity. The growth record of several developed economies even after the modernisation of their labour force explains such intensive growth. India should aim at growth that is driven both by improvements in productivity and modernisation of its labour force - especially since better jobs are crucial to improving the lives of millions who are employed, indeed underemployed, in low-paying jobs in the farm sector. Ironically, achieving both those objectives will first require labour reforms - ones that can both boost labour mobility within the formal sector and bring down the barriers businesses face in hiring labour. But incremental labour reforms alone won't work unless these are combined with a step-up in government spending on asset and job-creating areas such as infrastructure, which in turn inspires private investment. Job-creation needs to be an essential axis along which economic and social policies are formulated.

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## **EXCERPTS FROM AIRRBOF CIRCULARS**

Circular # 37:2017

5<sup>th</sup> May 2017

### **IBA COMMENCES WAGE REVISION NEGOTIATIONS**

We reproduce hereunder the text of All India Bank Officers' Confederation Circular No. 24 dated 4<sup>th</sup> May, 2017.

“We reproduce hereunder the full text of UFBU Circular No. **UFBU/2017/06** dated 3<sup>rd</sup> May 2017 on the above subject for information of all concerned.

All our unions and members are aware that our present wage revision settlement for employees and officers will come to an end by October, 2017 and hence the next wage accord has to commence from 1<sup>st</sup> November, 2017. Since negotiations are taking unduly long time to arrive at the final settlement, we have been desiring timely settlement. Government had also advised the IBA and Banks to complete the negotiations early and commence the settlement from the due date i.e. 1-11-2017.

Hence we have been asking the IBA to commence the negotiations early and this was one of the prominent demands in our All India strike on 28<sup>th</sup> February, 2017. Earlier to that we had submitted the broad summary of our common demands for employees and officers respectively.

In this background, Indian Banks Association had invited UFBU for commencing the negotiations and accordingly the meeting was held yesterday i.e. on 2-5-2017 at IBA Office in Mumbai. IBA was represented by its Chairman Shri Rajeev Rishi, CMD, Central Bank of India, Mrs. Arundhathi Bhattacharya, Chairman, SBI, Shri Arun Tewari, CMD, Union Bank of India, Shri Ashwinikumar, CMD, Dena Bank, Shri R K Takkar, MD, UCO Bank, Mrs. Usha Subramanian, MD, PNB, Shri Shyam Srinivasan, MD, Federal Bank, Shri P S Jayakumar, MD, Bank of Baroda and Shri Rakesh Sharma, MD, Canara Bank.

UFBU was represented by leaders of our 9 constituent unions in the discussion.

In his opening remarks, Shri Rajeev Rishi observed that bilateralism has been the hallmark in the banking industry for the past 50 years when successive bipartite settlements have been signed. He particularly referred to the 9<sup>th</sup> BPS and 10<sup>th</sup> BPS under which benefits like one more option for pension, Full Day Off on 2 Saturdays in a month, medical insurance scheme for employees and retirees, etc. were achieved due to the collective efforts of the management and the unions. He urged upon the unions to keep the present health of the Banks and their constraints in mind while negotiating the demands and help to conclude the Settlement early, preferably before Diwali festival this year.

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He informed that since some of the Banks have given mandate to IBA for negotiations would be confined only upto Scale III Officers.

He further informed that IBA has set up a Negotiating Committee as under:

Shri R K Takkar, MD, UCO Bank – Chairman  
Shri Rakesh Sharma, MD, Canara Bank,  
Smt. Usha Subramanian, MD, PNB  
Shri P S Jayakumar, MD, Bank of Baroda  
Shri Prashant Kumar, Dy. MD, SBI  
Shri Shyam Srinivasan, MD, Federal Bank

Responding to the observations of the IBA, from our side, we thanked the IBA for initiating the process of negotiations and assured that we shall extend our best possible co-operation to conclude the settlement as early as possible and suggested holding of regular and continuous meetings for this purpose. We also reiterated our commitment to bipartism and settling the demands amicably through mutual discussions. We also conveyed to the IBA that given the increasing stress and heavy workload under which employees and officers are working in the Banks, they deserve satisfactory wage revision and improvement in their service conditions. We also informed the IBA that our Unions are equally conscious and concerned about the present challenges faced by the Banks and would be willing to work with the managements to overcome these challenges successfully.

We strongly conveyed to the IBA that the negotiations in respect of officers should not be restricted upto Scale III and must cover upto Scale VII as hitherto.

In the conclusion, it was decided that the Negotiating Committee will shortly fix up the date for starting the negotiations when formal talks on our demands will commence. We shall keep our unions and members informed of further developments.”

Circular # 38:2017

11<sup>th</sup> May 2017

### **CELEBRATION OF MAY DAY**

We reproduce hereunder the text of All India Bank Officers' Confederation Circular No. 28 dated 9<sup>th</sup> May, 2017.

“International Workers' Day which is often referred to as May Day is a celebration of labourers and the working classes and it is promoted by the international labour movement. May Day is an occasion that pays tribute and respect to workers and their contribution towards making our lives easier. A cause close to the heart of men May Day celebrates and honours workers. It is a public holiday of much importance to labour rights' activists.

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The Tamilnadu State Unit of AIBOC marked a hilarious celebration of historical May Day with day packed programmes ranging from hoisting of May Day flag to mass gathering, meetings, press conferences and also demonstration in front of RBI Office, Chennai condemning the statement made by its Governor and Deputy Governor as regards to Public Sector Banks. They also provided letters to 21 children of farmers who died this year undertaking to take care of their entire education expanses up to college level. In tune with the same, all other State Units of AIBOC also celebrated this remarkable day of workers by convening meetings, hoisting flags, shouting slogans and organizing demonstrations at the respective cities. The celebration of May Day 2017 by all the affiliates under the banner of AIBOC has been a great success.”

Circular # 39:2017

11<sup>th</sup> May 2017

### **MEMBERS MEET AT ERNAKULAM**

We reproduce hereunder the text of All India Bank Officers' Confederation Circular No. 29 dated 10<sup>th</sup> May, 2017.

“AIBOC convened a meeting of all the State Secretaries of AIBOC on 06.05.2017 at Ernakulam to strengthen and co-ordinate the activities in the field level. On the eve of the meeting Com. DilipSaha, President was felicitated by AIPNBOA, Ernakulam unit. This was his maiden visit to Kerala after taking over the post of National President. Members in large numbers from AIPNBOA and other affiliates of AIBOC attended the function in spite of the day being a working day. Com. K Sreekumar, Circle Secretary, AIPNBOA delivered the welcome address and the greeted all the participants.

Com. Abraham Shaji John, Kerala State Secretary, AIBOC, Com. Maymol Mathew, Gen. Secretary, CSBOA, Com. Manoj S, Gen. Secretary, DBOO, Com. Jose Parecattil, Former Vice-President, AIPNBOA, Com. V Murali Krishnan, AGS, AIPNBOA, Com. K Sreekumar, Circle Secretary, AIPNBOA and Com. N B Viswan, Organising Secretary, AIBPARC attended the function, and deliberated on the issues concerning the banking industries.

Com. Abraham Shaji John, State Secretary, AIBOC, in his deliberation, pointed out that the Banking industry is facing multifarious challenges and the new team led by Com. DilipSaha and Com. D T Franco has already initiated steps to revitalize the Organization in the right earnest to face these challenges.

While addressing the meeting, Com. DilipSaha strongly condemned the RBI Dy. Governor's statement to privatize loss making Public Sector Banks. He told that the Government should stop using Banking machinery for political purposes. He gave a detailed insight into the issues regarding Capital infusion in Public Sector Banks, turnaround plan for 10 Nationalised Banks, Policy of Government to protect top Bosses of PSU Banks, License given to small Private Banks, Merger of Public Sector Banks etc. He also narrated the details of the meeting held with IBA for wage revision negotiation and called upon all members to be ready for any sort of agitation.

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Com. S George, President, AIPNBOA Ernakulam Circle proposed vote of thanks and the meeting ended on a high note with National Anthem.”

Circular # 40:2017

11<sup>th</sup> May 2017

### **AIBOC STATE SECRETARIES MEETING HELD AT KOCHI**

We reproduce hereunder the text of All India Bank Officers' Confederation Circular No. 30 dated 10<sup>th</sup> May, 2017.

“The General Secretary convened the first meeting of all the State Secretaries of AIBOC and it was held at Hotel Airlink Castle, Kochi on 6<sup>th</sup> May, 2017. This was the first time such a meeting was held in the state of Kerala. To mark off the meeting, Com. Paul Mundadan, Senior Vice President, AIBOC and General Secretary of Federal Bank delivered the welcome address and greeted the participants of the meeting. The participants who attended from different parts of the country were also allowed to deliberate, introspect and suggest ways to counter the challenges posed by the government at the centre to destabilize the PSBs and the trade unions.

Com. DilipSaha, President, deliberated on various issues concerning the public sector banks. He updated the participants about how the issue of “Turn Around Plan” proposed for eleven banks by the Government was handled by the newly elected team on the very first day of assuming office and the positive results achieved by way of amendments/changes introduced in it by the govt. He also outlined the importance of funding the state units adequately to make them vibrant and assured that the new committee would take care of that.

After an introduction General Secretary Com. D.T. Franco deliberated on various issues. To start off his speech, Com. Franco congratulated the landmark judgment in the “Nirbhaya” case as it would serve as a warning to the perpetrators to indulge in crime against women. He went on to deliberate on the issues like ordinance to amend the section 35.A of Banking Regulation Act, the rising NPAs of the public sector banks due to the wrong policies of the government and the RBI, the turn-around plan as proposed by the government, pro-privatization policies of the RBI.

The General Secretary also raised question on the recent appointment MDs & CEOs in seven public sector banks. He also elaborated on the current scenario in Jammu & Kashmir where branches are closed and emphasized on winning over the people only through education. He informed the house that the ‘Charter of Demands’ has already been prepared and would be submitted very shortly and added that the management is trying to divide the workforce by its proposal of restricted mandate. General Secretary also presented his report which contained future plans and a model of the proposed “People’s Parliament. All the state secretaries also came up with various suggestions in order to make the Confederation more vibrant and powerful.

All the State Secretaries spoke in detail.

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The General Secretary in his response touched upon various suggestions, demands in general as well as in particular. He also congratulated the Gujarat State Unit for the formation of a “Task Force” and advised all the states to emulate the Gujarat Unit in the formation of “Task Force” to deal with typical situations. He said that it is intended to involve every strata of the society in our effort to broad base our agitation. It is also important to educate the general public about the various schemes and products of the bank. From Now onwards, the weekly agitation programme would be conducted on behalf of the UFBU as a fortnightly programme.

The meeting ended on a high note with the vote of thanks proposed by Com. PS Jadeja of Gujarat Unit praising the arrangements made by the Kerala unit for the state secretaries meet. After the meeting the Sate Units have become very active through Whatsapp groups and the photos of demo on 9<sup>th</sup> show good participation.”

Circular # 41:2017

25<sup>th</sup> May 2017

**MEETING WITH NABARD, BANK OF INDIA &  
IBA EXECUTIVES ON 25<sup>TH</sup> MAY, 2017 IN MUMBAI**

**INDIAN BANKS ASSOCIATION (IBA):**

General Secretary held Meeting with Shri D.K. Malhotra, Sr. Advisor, Indian Banks Association (IBA) at Stadium House Office, Mumbai on 25<sup>th</sup> instant morning. ShriMalhotra was flanked by ShriSubodh Kumar Singh, Advisor. Host of issues affecting RRBs were discussed. We raised the issue that despite of all RRBs except those sponsored by State Bank of India had become Associate Members of IBA, an effective platform is yet to be put in place at IBA Level for taking up the issues of RRBs. The Banks require active support of Govt. of India in both financial and logistic front which is not forthcoming. We iterated our stand that AIRRBOF should be privy to all discussion at IBA Level regarding RRBs and Meeting should take place with all the Chairmen of RRBs to list out the issues and taking up the same at the appropriate level. ShriMalhotra requested us to write to the Chief Executive Officer, IBA pointing out the issues and raising the demand at the appropriate level. AIRRBOF is continuously harping at IBA Level to make the forum an effective one.

**NABARD:**

A prescheduled structured Meeting had taken place with NABARD at the Conference Room on 25<sup>th</sup> May, 2017 at 3:00 PM. NABARD was represented by Dr. U.S. Saha, Chief General Manager, ShriNirajVerma, General Manager, Shri P.C. Lenka, Dy. General Manager and Shri P.K. Banerjee, Asst. General Manager, IDD. Our General Secretary raised the following issues:

(i) Immediate abolition of discriminatory provision in Appointment & Promotion Rules in regard to length of experience for promotion from Scale I to II and Scale II to III vis-à-vis the directly recruited officers in RRBs.

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(ii) Providing Level Playing field between RRBs and Payment Banks/ Small Finance Banks so that non remunerative social banking responsibilities should not only be handled by RRBs and all such function should be duly compensated by Govt. of India. There should be a cap on interest charged by NBFC arm of Payment Banks and all such agencies so that customers can avail uniform rates.

(iii) We demanded that the Recovery function of RRBs should be appropriately handled and steps to be taken to provide door step service to the borrowers to provide better service in extension of credit and recovery of dues.

(iv) We also raised the issue that Selection of Chairmen of RRBs should be through an independent body and be delinked from Sponsor Banks. RRBs should be managed by a team comprising of Chairman whose nomenclature should be changed to MD & CEO and appointment of General Managers at Board Level by Govt. of India to provide continuity in Management culture and discontinue the one Man show of Chairman.

(v) We decried that RRBs falling in line with Govt. of India directives towards Social Banking while the Private Banks like Bandhan Bank and IDFC Banks are offering higher rate of interest to depositors and lending at exorbitantly high rate of interest which is affecting the market place in the rural areas.

(vi) We demanded that RRB boards should be really autonomous and Chairman only should not dictate the terms which can be possible by active involvement of representatives of NABARD and RBI on the Board.

(vii) We also demanded that the promotion be effected in all vacant positions of Scale IV and Scale V officers and the posts of Regional Managers and General Managers in RRBs be filled by RRB officers only.

(viii) Recapitalisation of RRBs is the need of the hour. Unless Govt. of India comes forward to provide funds to RRBs the CRAR requirement cannot be met and hence RRBs shall face several limitations in their functioning. The restrictions imposed by Reserve Bank of India in regard to internet Banking for the customers of RRBs need to be taken up by NABARD.

(ix) We told the NABARD Executives that JCC Meetings should be held regularly so as to try to arrive at solutions of HR issues which remained pending for years together.

(x) We requested NABARD Executives to relentlessly pursue with Govt. of India for release of Compassionate Appointment, accommodation of PL upto 270 days, abolition of discriminating restriction on Gratuity Payment to officers, anomaly in availing of casual leave in RRBs vis-à-vis Public Sector Banks and all other Pending issues.

The Meeting remained highly fruitful.



- (iv) The Meeting of the Core-Committee shall take place in New Delhi, Hotel Chanchal on 10<sup>th</sup> July, 2017 at 7 PM. to review developments.
- (v) The issue of effecting promotion from Scale IV to V should be pursued by the Federation so as to fill up the vacancies of all General Managers in RRBs.
- (vi) Federation should demand that the minimum incumbency of Chairman of RRBs should be that of Dy. General Manager and that of GMs by Asst. General Manager. The post of General Managers should be filled by promoting officers of RRBs to scale V after ascertaining the vacancies on Pan India basis.
- (vii) All affiliates should clear subscription and levy dues latest by 30<sup>th</sup> June, 2017 so that Federation can defray the expenses of Pension Case.

The following vacancies in the office bearers and Central Committee were filled up by Co-option:

- |                                |   |   |
|--------------------------------|---|---|
| 1) Vice-President              | - | a) Com. J.M.B. Raju, Saptagiri Grameena Bank<br>b) Com. MahendraArdeshna, Saurashtra Gramin Bank  |
| 2) Jt. General Secretary       | - | Com. Dhananjay Kumar Singh, Jharkhand GraminBank  |
| 3) Dy. General Secretaries     | - | (a) Com. BiplabNath, Assam VikashGramin Bank<br>b) Com. Prem Kr. Sharma, Uttarakhand Gramin Bank  |
| 4) Central Committee Members - | - | a) Com. BiswajitChattopadhyay, Uttarbanga RRB<br>b) Com. S.S. Rawat, UttarakhandGramin Bank<br>c) Com. Bholadani, Jharkhand Gramin Bank |

It was resolved that Com. R.G. Makhija, President who is superannuating from Bank's service on 31<sup>st</sup> May, 2017 shall continue as President till the next Triennial Conference. The 64<sup>th</sup> Central Committee Meeting shall be held at Bellary (Karnataka) in Nov. 2017. The date to be confirmed by Com. P.N. Madhusudan to Federation Central Office immediately. The 11<sup>th</sup> Triennial Conference of the Federation shall be organised by Association of officers of PaschimbangaGramin Bank in Feb. 2018 at a suitable venue.

After deliberation on all the agenda of the Meeting Central Committee felicitated Com. A.G. Suryavanshi of KVGB and Com. ChinmoyMajumdar of PaschimbangaGramin Bank who are superannuating from Bank's service respectively on 31<sup>st</sup> May and 30<sup>th</sup> June, 2017. Thereafter, vote of thanks was rendered by Com. A. Prakash who placed on record due thanks and gratitude to all concern. Thereafter, the 63<sup>rd</sup> Meeting of the Central Committee came to an end.

Circular # 43:2017

29<sup>th</sup> May 2017

**3<sup>RD</sup> TRIENNIAL CONFERENCE OF VIDARVHA KONKAN  
GRAMIN BANK OFFICERS' ASSOCIATION SUCCESSFULLY  
HELD AT HOTEL ORIENT TAIBAH, NAGPUR ON 28<sup>TH</sup> MAY, 2017**

One of the oldest affiliated Unit of our Federation, VidharvaKonkanGramin Bank Officers' Association held its 3<sup>rd</sup> Triennial Conference at the city of Nagpur on 28<sup>th</sup> May 2017 in a grand style. The Bank underwent three phase merger and amalgamation during the last ten years. However, our affiliates with its mighty strength guided the officers to sail through and keep the organisation in a strong position.

The 3<sup>rd</sup> Triennial General Body Meeting was attended by galaxy of Leaders from AIBOC and AIRRBOF as well as the Management of the Bank. Com. A. N. Chippa, President of the Association presided over the Meeting. The Meeting was formally inaugurated by lighting of the traditional lamp by all the dignitaries present. The welcome address was rendered by Com. AvinashMahale. Thereafter all the dignitaries were offered floral tributes as a mark of felicitation to them.

Brief address to felicitate the audience was made by ShriAshokeDubey, General Manager and Shri S. B. Narnawar, Regional Manager, Bhandara RO of the Bank. Com. AnantKulkarni, General Secretary, AIBOC, Maharashtra II Unit and The Bank of India Officers' Association, Nagpur in his address briefed the audience on the recent developments at the Banking Industry Level. Shri S.D. Carapurkar, Chairman VidarvhaKonkanGramin Bank shared with the officers present the present state of affairs of the Bank and also the role expected to be played by the officers.

Com. S. K. Bhattacharjee, General Secretary, AIRRBOF in his spirited address traced his long standing relationship with VKGBOA and its earstwhile Units. He presented a detailed account of the problems faced by PSBs and RRBs and the continuous vituperative attack by Govt. of India and Management combine on the officers and employees. He also shared the developments regarding our issues and expressed his confidence that with the ongoing fight by our Federation we shall be able to clinch our issues including Pension. Com. R.G. Makhija, General Secretary of VKGBOA and President of Federation also rendered a highly rejuvenating address. Com. A.N. Chippa presented his Presidential address. The open sessions came to and end with vote of thanks rendered by Com. Ramesh Bhusari.

The business session took place post lunch. Report of the General Secretary and statement of accounts were presented and approved. The election to the post of office bearers and Committee Members for 2017-2020 was conducted. Com. A.N. Chippa and Com. R.G. Makhija were re-elected as President and General Secretary respectively.

AIRRBOF wishes VKGBOA members and new leadership all success in the ensuing years.

## **PRESS CORNER**

### **GOVT. BEGINS TO WALK THE TALK ON GOVERNANCE IN PSU BANKS**

To prime public sector banks (PSBs) to hold their own against nifty private sector rivals and also prepare them for possible mergers in the future, the Bank Boards Bureau (BBB) has drawn up an elaborate Governance Reward and Accountability Framework (GRAF).

The GRAF seeks to ensure that corporate governance at PSBs is in keeping with various pieces of legislation, including the Companies Act, 2013, Banking Regulation Act, 1949, and Securities and Exchange Board of India (listing obligations and disclosure requirements) Regulations, 2015.

Further, the framework abides by the guidelines of the Basel Committee on Banking Supervision on corporate governance principles for banks. Among others, the principles deal with the board's overall responsibilities, board qualifications and composition, senior management, risk management function, compliance, internal audit and compensation.

The BBB was set up last year to make recommendations for selection of the chiefs of PSBs and financial institutions and help them develop strategies and capital-raising plans.

The Bureau has evolved a code of conduct and ethics that can be enforced across all PSBs to ensure the right behaviour.

It has also come up with compensation reforms so that best practices can be introduced in PSBs on the lines already prevalent in Central Public Sector Enterprises.

The BBB has evolved a relative performance rating system to assess the performance of PSBs, its directors and employees; and performance evaluation system based on which decision-making for the extension/termination of a whole-time director can be undertaken objectively.

Later in the fiscal, the Bureau will advise the government on evolving training and development programmes for management personnel in PSBs and help banks develop a leadership succession plan.

The BBB's GRAF move comes in the context of PSBs facing challenges on various fronts, including competition from new entrants, aggressive private banks and NBFCs eating into their market share on the loans front, and jump in bad loans.

The Bureau was operationalised after Finance Minister Arun Jaitley called for PSBs to be competitive, in his Budget speech of 2016-17. He had also said that a roadmap for consolidation of PSBs would be spelt out.

Probably taking a cue from the Finance Minister's observations, SBI made its move in that direction, merging with itself five associate banks and the Bharatiya Mahila Bank from April 1.

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In January 2016, the then RBI Governor Raghuram Rajan said “...as bank health recovers, the issue of PSB mergers can be addressed...At the same time, some banks could benefit from governance help to deal with their current problems.”

**Source – The Hindu Business Line, 15<sup>th</sup> April 2017.**

### **UNIONS FEAR TAKEOVER OF 4 PRIVATE BANKS IN KERALA**

Bank labour unions have expressed concern over the possibility of a move to take over four old-generation private banks in Kerala.

Bank Employees Federation of India (BEFI) said that “any such attempt would have far-reaching consequences.”

Established in the first half of the 20th century, Dhanlaxmi Bank, South Indian Bank, Catholic Syrian Bank and Federal Bank have played a vital role in the society, especially in extending initiatives such as mass banking and imparting financial literacy for the well-being of the rural folk.

BEFI said that certain large corporate banks are eyeing these banks, which is evident from the accumulation of shares in bulk. Alleging that a major part of the shares now being purchased are by NRI investors whose interest is only in trading profits, T Narendran, president, BEFI-Kerala, said this assumes greater significance in the context of the merger of associate banks with State Bank of India. He said there are hardly any legal bottlenecks in the country for merger of banks in the existing framework. Besides, the Centre’s decision to increase NRI participation in private banks to 74 per cent has made things easy, he added.

BEFI also alleged that the Centre is going ahead with its plan to merge the remaining 22 public sector to create six large banks. He said BEFI has chalked out a strong action plan against, among others, the closing down of branches and outsourcing work to third parties.

**Source – The Hindu Business Line, 25<sup>th</sup> April 2017.**

### **AFFORDABLEHOMELOANSGREW 23% IN LAST FIVE YEARS, SAYS TRANSUNION CIBIL**

Loans meant for affordable housing (ticket size less than Rs. 10 lakh) have shown a robust 23 per cent compounded annual growth rate (CAGR) over the last five years.

A report by TransUnion CIBIL said the growth has come while keeping the delinquency rate firmly under control at around 1 per cent.

Further, the average ticket size has been decreasing from Rs. 4.8 lakh in 2009-10 to Rs. 4.1 lakh now, possibly suggesting the credit industry’s success in the financial inclusion drive.

The report also pointed out that the accounts opened in the last five years have shown a steady pace of growth with an average increase of 23 per cent from 2012 to 2016.

In total, the new accounts opened in the last five years have been close to 3.5 million. In the year 2016, approximately Rs. 30,400 crore of loans was sanctioned in the affordable housing segment.

The report also noted that Maharashtra, Madhya Pradesh, Gujarat, Tamil Nadu and Andhra Pradesh are the top five States with the highest number of loan accounts meant for affordable housing opened in the last five years.

The five States contribute 55-60 per cent of the total accounts opened and hold roughly the same share in total amount sanctioned.

Maharashtra holds the top spot with the highest number of accounts opened at over 6.53 lakh, followed by Madhya Pradesh at 5.60 lakh; Gujarat at 3.13 lakh; Tamil Nadu at 2.65 lakh and Andhra Pradesh at 2.28 lakh.

**Source – The Hindu Business Line, 4<sup>th</sup> May 2017.**

### **CABINET APPROVES NPA 'PACKAGE' FOR BANKS**

The Union Cabinet on Wednesday approved a set of key measures to tackle the non-performing assets (NPA) mess in the banking system.

Briefing newspersons on the key decisions, Finance Minister Arun Jaitley said the measures would be sent to President Pranab Mukherjee for approval.

Indications are that the measures — widely expected as a new NPA resolution policy — may involve amendment to the Banking Regulation Act. The amendment is being made through an ordinance route.

The Prime Minister's Office, the Finance Ministry and the Reserve Bank of India had recently arrived at a consensus on a new NPA resolution policy.

Under the agreed policy, the oversight committee (OC) will have special powers to resolve NPAs.

The RBI had set up an oversight committee under the Scheme for Sustainable Structuring of Stressed Assets (S4A).

It was primarily tasked with overseeing the loan restructuring process in a transparent manner.

Indications are that the new policy will allow banks to take a haircut within permissible limit. A new formula to give effect to this is being put in place.

The OC will recommend the extent of haircuts that banks can take using this formula.

**Source – The Hindu Business Line, 4<sup>th</sup> May 2017.**





“Through this ordinance, the RBI will have powers to take a look at such cases and direct the banks to initiate insolvency resolution process,” the official added.

On the appointment of Committees, as provided for in the ordinance, the official said the entire system of having such panels, making a reference and getting advice is to supplement the bank’s judgement as to whether due process has been followed or not.

“It is more of a validation. The resolution mechanism comes from RBI guidelines. The committees will not decide the resolution mechanism that has to be followed. The panel would only advice if the mechanism followed by banks is in line with the RBI guidelines or not,” the official said.

**Source – The Hindu Business Line, 9<sup>th</sup> May 2017.**

### **DEPOSIT GUSH: CA INSTITUTE BATS FOR SPECIAL AUDIT**

The CA Institute has urged the Finance Ministry and the Reserve Bank of India (RBI) to allow its members to undertake focused “special audit” of deposit flows into the banking system during the demonetisation period, which started on November 8 and ended on December 31 last year.

There is a need to assess the demonetisation impact at each of the bank branches vis-à-vis the RBI circulars on this issue and gauge the extent of compliance, Nilesh Vikamsey, President, Institute of Chartered Accountants of India (ICAI) told *BusinessLine* in an interview here on Wednesday. “Whether the compliance with RBI circulars or government intent has happened or not in each branch is something that needs to be assessed and a focused special audit of demonetisation is the need of the hour,” Vikamsey said.

The CA Institute also plans to take this suggestion on “special audit” to the Central Board of Direct Taxes (CBDT), he added.

Banks had reportedly conveyed to the Income-Tax Department that there were more than 91 lakh cases where the amount deposited in banks had exceeded Rs. 2 lakh in each case during the demonetisation period.

“We have members all over the country including small towns. If a specific scope is made out, we can help the RBI help the government and regulators in whatever they want to identify and verify,” said Vikamsey.

Meanwhile, Vikamsey said that as many as four public sector banks (PSBs) have approached the CA Institute to develop software that could be used for centralised appointment of branch auditors in a bank. “The whole idea is to improve the auditor appointment process and ensure that there are scientific criteria and no adhocism or arbitrariness,” he said.

This follows the recent RBI directive to banks to have a centralised appointment of branch auditors through software.





If government insiders are to be believed, these two banks had put a spanner in the works of the Joint Lenders' Forum (JLF), thwarting quick resolution of stressed corporate debt. The JLF is the preferred mechanism for credit decisions above Rs. 100 crore.

What perplexed many was the absence of transparency on the Central government's part, as the Boards of both these banks and even the Banks Board Bureau (BBB) were not part of this decision. There is even speculation that HN Sinor, a member of the BBB, quit because of this.

There is still no official confirmation about Sinor's exit. Speaking to Business Line, BBB Chairman Vinod Rai said: "Yes, all kinds of rumours are floating around. I have not been contacted as yet. He is travelling abroad right now."

Government officials maintain that Ananthasubramanian is an upright and honest officer, but issues have been cited in her decision-making approach.

PNB insiders, however, feel that Ananthasubramanian's independent thinking may have proved to be her undoing. This included the bold decision of being the first bank to declare Vijay Mallya a "willful defaulter", early in 2016.

Last fiscal, PNB recovered as much as Rs. 20,000 crore from NPA accounts, which is a no mean feat, said a bank official. But, this definitely was not enough to please the government, if the recent transfers are anything to go by, say banking industry observers.

CH Venkatachalam, General Secretary, All India Bank Employees Association, said that shifting of bank MDs without transparency will send wrong signals. All this is playing out at a time when stressed assets in the Indian banking system have reached unacceptably high levels — at last count, they had exceeded the Rs. 8-lakh crore mark.

With one or two banks repeatedly succeeding in vetoing JLF decisions, the government and the RBI were compelled to find a solution to make the debt resolution process effective, say government officials.

So much so, that the government had to issue an ordinance to enable the Reserve Bank of India to tweak the JLF norms, among other things. From a level of 75 per cent of lenders earlier, a debt-resolution package under the JLF can now go through if 60 per cent of the lenders approve it.

**Source – The Hindu Business Line, 13<sup>th</sup> May 2017.**

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