



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

AIRRBOF News Letter

September, 2017

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

Vol - XXIV

SILIGURI

No. 09

EDITORIAL

POST THE MERGER WITH SBI, DISCONTENT BREWING AMONG ASSOCIATE BANK STAFF

State Bank of India's mega merger with its associate banks, announced on April 1 this year, has been anything but smooth for some of the latter's employees.

Officers and clerks working for the erstwhile associate banks feel they have been given a raw deal with several instances of arbitrary transfers and many officers losing out on their seniority post the transfer.

"We are being treated as second-class citizens at SBI. The management has not been hearing the issues being raised by us. We are hopeful of a solution with the management without having to go to the courts," said KS Krishna, former General Secretary, State Bank of Travancore Employees Union.

The Associate Bank Officer's Association (ABOA), Hyderabad unit, had moved the court in April this year highlighting issues related to PF, allowances, increments, and rate of interest benefit (staff loans) not being extended to associate bank employees.

The association also flagged lack of clarity on service conditions such as seniority of officers post merger.

A senior official of the association said the employees are facing increased working hours as the servers at SBI are unable to handle the traffic, and they (the staff) are still adjusting to the new working conditions.

The Hyderabad High Court, in its interim order dated April 10, 2017, had directed State Bank of India not to finalise options available to the employees till June 15.

Aggrieved, SBI had filed a counter petition arguing that it was strictly complying with all the stipulations and safeguarding the interests of the employees of the associate banks and denied all allegations.

In its hearing on June 15, the judge took these submissions into consideration and vacated the interim order granted earlier.

While disposing of the case, the judge granted liberty to the officers and staff of the associate banks to have consultations with the SBI and gave a three-month deadline to sort the issue amicably.

Going by the developments, it seems there has been no headway.

All India RRB Officers' Federation

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Many employees of the former associate banks have expressed disappointment over the treatment they have faced during the initial phases of this mega merger.

There have been several instances of arbitrary transfers with allegations that SBI has not been following the rules governing transfers.

A circular, dated May 18, 2017, distributed by the All India State Bank Officers Association mentions that SBI employees were intimidating associate bank staffers with transfers if they joined a particular union.

“Since the merger, several of the associate bank employees above the Scale 4 grade have lost out on their seniority when compared to their peers at SBI,” said an officer on conditions of anonymity.

“If SBI is going to promote its own officers at the cost of the associate bank employees, I see no reason for me to continue working in the bank as there would be no career growth,” said a Scale 5 officer who was not considered for a promotion despite being due for one this year.

The Kerala government has been exerting pressure on the Centre to address the issues arising out of the merger of State Bank of Travancore with SBI.

Chief Minister Pinarayi Vijayan, while replying to a submission to the Assembly, said: “Post-merger, SBI is preparing to close down 300 branches across Kerala while the employees are being indiscriminately transferred. For customers, it has resulted in a hike in service charges.” He added, “It is widely feared that SBI would adopt corporate-friendly policies that go against the interests of the larger public.”

EXCERPTS FROM AIRRBOF CIRCULARS

Circular # 58:2017

3rd August 2017

SUB - COMMITTEE FOR OFFICERS - MEET AT MUMBAI

We reproduce hereunder the text of All India Bank Officers' Confederation Circular No. 45 dated 1st August 2017.

“We reproduce hereunder the full text of Circular No. Joint Cir. 1/2017 issued by the four officers' Organisation dated 1st August 2017 on the above subject for information of all concerned.

(D.T. Franco)
General Secretary



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TEXT

Comrades,

SUB – COMMITTEE FOR OFFICERS – MEET AT MUMBAI

As advised by IBA, the Sub-committee constituted to discuss demands relating to service conditions of officers which are Non-financial in nature met today at IBA office at 11:30 a.m. The IBA Sub-committee was headed by its Chairman Shri Prashant Kumar, Dy.MD, SBI along with Shri S.K. Chaudhury, GM (BOB), Shri B. Ashok, GM (CBI), Shri K. Virupaksha, GM (Canara), Shri Ujjal Kumar, GM (UCO), Shri Biswal, GM (BOM) and Shri V.G. Kannan, CEO, IBA with HR Dept. functionaries.

Our representatives Com. Dilip Saha, Com. Y. Sudharshan (AIBOC), Com. S. Nagarajan (AIBOA), Com. K.K. Nair (INBOC) and Com. Sunil Deshpande (NOBO) participated in the meeting. As the terms of reference is on non-financial demands, we presented the following issues viz. 5 day week, Regulated working hours, Accountability Policy, Improvements and uniformity in the matter of discipline and Appeal Regulations, Compassionate grounds appointments and Branch Categorization. We also raised issues such as Family Pension and 100% DA neutralization for the pre-November 2002 pensioners.

We are happy to inform that the Chairman of the Sub Committee was positive in his approach and expressed to resolve the issues for the benefit of the banking fraternity as a whole. He also emphasized the need to keep the position of industry in mind.

Members of the Sub Committee contributed for the healthy exchange of the views to arrive at a fair and transparent decisions at the end of the exercise.

It was agreed to form a Small Committee to address the problems encountered in the matter of Discipline and Appeal Regulation (which is pending from the last wage revision) and uniform Accountability Policy to take forward for appropriate action by authorities at various levels.

With regard to categorizations of Branches the management representatives reiterated that the same should be left to the individual banks. On the matter of “Negotiation restricted up to Scale- III” only their stand was unchanged. We, however, urged upon them to again take up with the concerned Bank Managements for full mandate as this could be a breaking point.

On our part, we expressed our collective wish to take this meaningful exercise forward to the logical end for the benefit of our community but firmly expressed that the decision of the management committee of IBA should not provoke the situation and create stands-off between us and IBA.

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We are happy to state that the meeting indeed was good and meaningful start in a positive direction. Let us await for the next meeting.

Yours Comradely,

(Dilip Saha)
President,
AIBOC

(S. Nagarajan)
Gen. Secretary
AIBOA

(K.K. Nair)
Gen. Secretary
INBOC

(Sunil Deshpande)
President
NOBO

Circular # 59:2017

7th August 2017

NEWS ROUND UP

The 1st ever Convention of the All India Public Sector and Central Government Officers' Confederation (AIPCOC) was held at Com. K. Sitaram Hall, SBOA School & Junior College, Chennai on 5th August, 2017. The convention was participated by the following leaders of several Central Govt. and Central Public Sector undertaking Officers' Organisations:

Com. Chandrasekaran, INTUC, Com. Saji Narayanan, BMs, Com. A. Soundarajan, CITU, Com. Ravi, RBIOA, Com. Moorthy, AITUC, Com. Baby Thomas, NCOA, Com. Sebastian, Telecom Sector, Com. Alok Roy, Oil Sector, Com. S. Mohan, CCGGOO, Com. V.P. Rao, Power Sector, Com. S. Venkatapathy, Railways Sector, Com. H.M. Mallesh, Defense Sector, Com. Subramani, Pharmaceutical Sector, Com. Sanjai Wasnik, RCF, Fertilizer and Chemicals, Com. Dushyant Chauhan, NABARD, Com. Jothi Muhammed, NLC, Coal Sector, Com. Salaivasan, ITDC, Com. Dilip Kumar Saha, Banking Sector, Com. Chandramouli, GST & Central Excise, Com. Raj Kumar, LIC Officers' Federation, Com. Vasudevan, GIC Officers' Association, Com. K. Ravichandran, Indian Defense Ordinance Factories, Com. K. Arunachalam, BHEL, Com. Geeta Sunatkari, Masogan Dock, Com. Sanjiv Kumar, AIREF, Com. J.S. Tuli, FCI, Com. R. Kothandapani, CPWD and others.

The Conference was inaugurated by the welcome address by Com. K. Sekharan, State Secretary, AIBOC, Tamilnadu Unit with the introductory remarks by Com. D.T. Franco the Conference got underway. All the Organisations' leadership felicitated the Convention by their speeches. The summing up was done by the Chairman of the Convention, Com. Baby Thomas of NCOA. The following resolutions were passed unanimously in the Convention.

1. Labour Law Reforms – An Attack on Trade Unions.
2. Five Day Week.
3. Recruitment of Sports Persons.
4. Crèche Facilities for Babies.
5. New Pension Scheme (NPS).

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6. Health Check Up Scheme for all our Officers and Members of the family.
7. Income Tax on Perquisites.
8. Reimbursement of cost of spectacles.
9. Outsourcing of Regular Work.
10. Attempt of Re-Privatisation of Public Sector Banks.

Thereafter a Committee of Office bearers were elected unanimously with Com. Baby Thomas as President & Com. D.T. Franco as Secretary General. The vote of thanks was formally rendered by Com. Harshavanrdhan M.

The Convention was a grand success.

2. The 85th Executive Committee Meeting of AIBOC was held at SBOA School & Junior College on 5th August, 2017 from 6:00 PM. The Meeting was presided over by Com. Srinivasan, Sr. Vice-President in the absence of the President. The proceeding of the last Meeting was approved unanimously. Thereafter, General Secretary placed his oral Report. Discussion on the report followed. General Secretary, AIRRBOF mentioned that in the salary revision process there in no system of obtaining mandates from RRBs which lead to issue of separate letter by Govt. of India, DFS which deprives RRB officers and employees to avail equal allowances & benefits like their counterparts in Sponsor Banks. Several important decisions were taken in the EC Meeting.

3. AIBOC decided to hold Youth Convention in Kolkata on 26th & 27th August, 2017. The eligibility criteria is that the officer should be a member of an affiliated organisation of AIBOC having age not over 35 years. The nominations are to be submitted by the respective affiliates of AIRRBOF to GS, AIRRBOF along with fees. The delegate fee is fixed at Rs. 1000/- per delegate. All affiliates are free to nominate minimum 2 maximum 10 delegates. All delegates have to reach Kolkata by 25th August, 2017 as the programme shall start from 26th August, 2017 morning. The list of delegates should be in the following format:

Name of the Association	Name of the delegates	Age	Email Id	Mobile No.

The delegate fee can be remitted to AIRRBOF A/c No. 0444000100177073 with Punjab National Bank, Hill Cart Road Branch, Siliguri, IFSC Code: PUNB0044400, MICR Code: 734024002.



Circular # 60:2017

7th August 2017

NOTICE OF STRIKE TO BE OBSERVED ON 22ND AUGUST, 2017

We annex the Strike Notice issued by our Federation to Govt. of India copy to all concerned.

All our affiliates should actively participate in the Strike programme. No. separate Notice need to be issued to the Chairmen of the RRBs. A copy of our Strike Notice should be handed over and duly receipted by Head Office of the Bank.

Ref no. 2022:82:2017

31st July 2017

To
The Secretary (Financial Services),
Govt. of India,
Ministry of Finance,
Jeevan Deep,
Parliament Street,
New Delhi – 110001

Madam,

NOTICE OF STRIKE TO BE OBSERVED ON 22ND AUGUST, 2017

In line with the Strike Notice issued by United Forum of Bank Unions (UFBU), the officers working in all 56 RRBs who are members of the affiliates of our Federation shall observe one day strike on 22nd August, 2017 in support of following demands:

1. Do not privatise Public Sector Banks.
2. Stop plans of mergers and consolidation of Banks.
3. Do not write off corporate Non-Performing Assets(NPAs).
4. Declare willful Default of Bank loans as criminal offence.
5. Implement recommendations of Parliamentary Committee on recovery of NPAs.
6. Ensure accountability of Top Management/Executives for bad loans and put in place stringent measures to recover bad loans.
7. Withdraw proposed FRDI Bill.
8. Abolish Banks Board Bureau.
9. Do not pass on the burden of corporate NPAs on bank customers by hiking charges.
10. Do not increase Service Charges in the name of GST.
11. Reimbursement of cost of demonetization and other Government Schemes to Banks by the Government.
12. Settle issues of Employees and Officers connected with demonetisation scheme.

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13. Immediately fill up posts of Employee/Officer Director(s) in Bank(s).
14. Implement Compassionate Appointment Schemes in Banks as per Government guidelines.
15. Removal of Gratuity Ceiling under Payment of Gratuity Act, 1972 & Total Exemption of Income Tax on Gratuity and Leave Encashment on retirement.
16. Pension related issues Improvements in pension Scheme similar to RBI / Central Govt. including for past retirees – Extension of erstwhile Pension Scheme in Banks in lieu of NPS – Follow up of Record Note dated 25.05.2015.
17. Adequate Recruitment in all cadres.
18. Introduction of Pension in RRBs at Par with Public Sector Banks.

Kindly treat the letter as Strike of Notice.

The details of the programme are furnished herein below.

With regards,
Yours faithfully,
(S.K. Bhattacharjee)
GENERAL SECRETARY

PROGRAMMES

03.08.2017	Centralised Demonstrations & Rallies at all Centres
10.08.2017	Centralised Demonstrations & Rallies at all Centres
15.08.2017 to 21.08.2017	Press Meet at all State Capitals
Between 5 th Aug. to 22 nd Aug. 2017	Mass Conventions in Mumbai, Delhi, Kolkata and Chennai. Dates to be finalised locally.
16.08.2017	Centralised Demonstrations & Rallies at all Centres
18.08.2017	Dharna at all State Capitals.
21.08.2017	Badge-wearing and Lunch Hour/after office hours Demonstrations at all Centres.
22.08.2017	ONE DAY ALL INDIA BANK STRIKE
15.09.2017	Morcha & Dharna at Jantar Mantar, New Delhi and Procession to Parliament House, New Delhi
October / November 2017	2 DAYS' STRIKE

Circular # 61:2017

11th August 2017

**MEMBERSHIP DATA & BYE LAWS OF APEX
TRADE UNIONS IN RRBS SOUGHT FOR BY IDD, NABARD**

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

“We draw your kind reference to your letter no. NB.IDD/555/JCC C(5)/2017-18 dated 8th August, 2017 issued by Shri P.C. Lenka, Dy. General Manager(IDD) copy of which is annexed for your ready reference.

In this regard we would like to point out that the letter written by IDD to National Level Trade Unions / Associations is itself erroneous as the Membership data of the respective Union were sought for officers as well as Group B (Multipurpose Office Assistants) & Group C (Multipurpose Office Attendants). In this regard we draw your kind reference to Regulation 32 of Officers & Employees Service Regulations applicable to the Officers & employees working in RRBs.

We quote Regulation 32 of Officers & Employees Service Regulations applicable in RRBs for your ready reference.

“32. Prohibition against joining certain Associations, strikes, etc. (1) No officer, who is not a workmen within the meaning of the Industrial Disputes Act, 1947 shall, -

- (a) Become or continue to be a member or office bearer of, or otherwise directly or indirectly associated with any Trade Union of the employees of the Bank who are workmen within the meaning of the Act, or a Federation of such Trade Unions”.

Hence, the letter issued by IDD seeking the Membership Data & Bye Laws was done in violation of Officers & Employees Service Regulations applicable in RRBs which is a subsidiary legislation of Regional Rural Bank Act 1976. We, therefore, request you to advise your concerned officials to call back the letter & send a properly worded communication to National Level Trade Unions/ Associations in RRBs seeking the Membership data & Bye Laws.

In view of the fact that we are the only exclusive officers' Trade Union in RRBs and deem to command 100% membership of the officers working in 56 RRBs our Federation should be recognised as the only Officers' organisation in RRBs at the National Level. It also need to be noted that check off facility for collection of subscription is not uniformly applicable in all 56 RRBs and hence, no verification of membership cannot be done in a proper way. It also need to be noted that large number of officers are non members and do not belong to any Trade Union. In compliance with the IDD letter quoted above we give data of Membership in a separate sheet, a copy of which is also annexed for your ready reference.”

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Circular # 62:2017

28th August 2017

**NATIONAL YOUTH CONVENTION SUCCESSFULLY
HELD IN KOLKATA ON 26TH & 27TH AUGUST, 2017**

Under the auspices of AIBOC, the first ever National Youth Convention took place at the Auditorium of EZCC, Salt Lake, Kolkata on 26th & 27th August, 2017. The officers under the age limit of 35 were permitted as delegates. Large number of delegates from all over India participated in the convention. As many as 34 delegates from different affiliates of AIRRBOF participated in the conference enthusiastically.

The inaugural session of the Convention started with ushering in the Dias of leaders of AIBOC namely Com. D.T. Franco, General Secretary, Com. Prakash Karotya, Vice-President, Com. S. Roy Choudhury, Advisor, Com. S.K. Bhattacharjee, Advisor, Com. Rajendran, Vice-President, Com. Manoj Wadnekar, Vice-President along with Com. Soumya Dutta, President and Com. Sanjay Das, State Secretary, AIBOC, WB Unit. Welcome address was rendered by Com. Sanjay Das followed by felicitation by Com. Prakash Karotya. Thereafter, Com. Franco elaborately spoke on the challenges before the officers, the chosen path, the objective of the Youth Convention and the task ahead Dr. Rohit, Centre for Economic Studies & Planning, JNU delivered his well spelt out inaugural address.

The inaugural session was followed by Panel Discussion on 70 years of Independence and its pros and cons. Different panelists viz. Ms. Mahua Moitra, Com. Dipankar Mukherjee, Com. Srijan Bhattacharya, Shri Arunangshu Paul delivered their arguments vociferously. The Panel discussion was moderated by Dr. Shantanu Basu.

Post lunch group discussion of 16 groups drawn from delegates took part.

On the 2nd day of the Convention in the pre lunch session spanning over 5 hours the 16 Groups who held group discussion amongst themselves day before made their elaborate presentation summarising the views of the group. The presentation brought out the commitment, Zeal and determination of the group members on the following topics.

1. NPS – Myth, Reality & Future
2. Privatisation – End to Social Responsibility or Panacea?
3. Synergising Technology, Banking and Unions – generation Yway
4. Decoding Non Performing Assets
5. Cost of Company – Benefits and Perils
6. Performance Based Incentive – What the Z generation thinks?

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7. Inclusive and Sustainable Unions – Steps ahead
8. Train the brain of young cadre- connect the Dots
9. Ethical Banking and cross Selling
10. How to move out of NPAs
11. Work Life Balance – How?
12. New and Alternative ways to resistance
13. Demonetisation – net Result
14. RBI-IBA-BBB-DFS-Consultants – Autonomy for Banks?
15. New ways of Banking – A blue print for future
16. Decoding Banking Sector Reforms

It was an wonderful exercise.

In the 2nd Panel discussion held in the afternoon session of the 2nd Day eminent speakers dealt out the focus on contemporary topics related to Public Sector Banking and its future. In the last session witnessed beautiful conclusions on the lessons learnt followed by valedictory and oath taking. The first ever National Youth Convention came to an end with rendition of the National Anthem.

In the side lines of the Convention, an emergent meeting of available State Secretaries & EC Members of AIBOC took place at Hotel Monotel. Elaborate discussion took place in regard to our strategies in the face of Govt. offensive of Merger, Amalgamation and Privatisation. Several important decisions took place. The next Meeting of the Executive Committee shall be held at New Delhi on 30th August, 2017.

PRESS CORNER

CABINET CLEARS ALTERNATIVE MECHANISM TO OVERSEE PSU BANK MERGERS

Setting the stage for more mergers, the Union Cabinet on Wednesday approved an alternative mechanism to oversee proposals of amalgamation of public sector banks.

“The proposals received from banks for in-principle approval to formulate schemes of amalgamation shall be placed before the Alternative Mechanism (AM),” said Finance Minister Arun Jaitley, adding that the decision will be based only on commercial consideration by the boards of the banks involved.

After getting in-principle approval, the banks will take steps in accordance with the law and SEBI requirements. “The final scheme will be notified by the Central government in consultation with the

Reserve Bank of India,” he told newsmen after the Cabinet meeting.

Jaitley said the decision will help “create strong and competitive banks that can absorb shocks and have the capacity to raise resources without depending on the state exchequer”.

The alternative mechanism will include a panel of ministers, whose members will be decided by the Prime Minister. But it is expected to include Jaitley and Minister of Road Transport and Highways Nitin Gadkari.

At present, there are 20 public sector banks, apart from State Bank of India, which recently merged with five of its subsidiaries and the Bharatiya Mahila Bank.

The proposal of fewer but stronger state-run lenders was originally mooted in 1991, but in recent years, the Finance Ministry has been hoping to bring down the number of public sector banks to about a dozen to create economies of scale and improve their functioning.

Jaitley, however, said the government is not targeting any fixed number of consolidations in the sector.

While bank unions struck work on Tuesday protesting against privatisation and amalgamations, analysts have said that mergers and consolidation will help in faster resolution of bad loans of public sector banks.

“Public sector banks will benefit from operational and functional synergies, resulting in better efficiencies. Merger amongst similar performing banks can also result in effective resolution of non-performing assets across lenders,” said Krishnan Sitaraman, Senior Director, CRISIL Ratings.

Source – The Hindu Business Line, 24th August, 2017.

LET SOME BANKS DIE: SUBBARAO

Duvvuri Subbarao, former Governor of the Reserve Bank of India, on Wednesday said consolidation of banks is necessary to strengthen the banking system, and the government should be bold enough to “let certain banks die” in the process.

“Consolidation should be done keeping in mind the interest of minority shareholders and bring in greater autonomy for banks. You should let certain banks die. You should have the boldness to cut the flab, reduce staff and branches,” Subbarao said.

He was talking during an interaction after delivering a lecture at the second anniversary celebrations of Bandhan Bank here on Wednesday.



Reiterating that the primary objective of demonetisation was to attack black money, he said the success of demonetisation can only be measured by the increase in income tax collection as a percentage of GDP over the next three years.

“Income tax collection as a percentage of GDP is at 5.7 per cent at present. It should go up by 1 per cent this year and 0.5 per cent a year for the next two years. Unless that happens, we can’t see the cost benefits of demonetisation,” he said.

Referring to the May 5th ordinance amending the Banking Regulation Act, Subbarao said the banking regulator should not step into the day-to-day activities of banks, as it does not have the expertise to manage a bank’s business.

The RBI had identified 12 accounts, representing about a quarter of the gross bad loans in the banking system, that would be eligible for immediate reference for bankruptcy proceedings.

The former central bank governor also said the RBI intervention was the “least bad decision” to check the rising NPAs in banks. Also, such extraordinary powers should come with a sunset clause.

“The government should have put a sunset clause so that it becomes clear that this is an extraordinary measure,” he said.

Source – The Hindu Business Line, 24th August, 2017.

RBI READIES FRESH LIST OF DEFAULTERS

The Reserve Bank of India is ready with a second list of defaulters which will be referred to the the National Company Law Tribunal (NCLT) under the Insolvency and Bankruptcy Code. The list is understood to have named of 35-40 companies which may have defaulted in loan repayments.

In June, the central bank had identified 12 large stressed accounts which collectively owed about Rs.2 lakh crore, accounting for 25 per cent of the bad loans in the Indian banking system.

This included Essar Steel, Bhushan Steel, Bhushan Power, Alok Industries, Electrosteel Steels, Monnet Ispat, and ABG Shipyard.

The fresh list also contains companies from the infrastructure and power sectors. According to sources, these companies will be sent to the NCLT if the debt issue is not resolved by mid-December. The list is likely to be formally released in September. *BusinessLine* is refraining from naming the defaulters till the official list is sent out to the lenders.

But share prices of Visa Steel, Videocon Industries, and Uttam Galva slipped on the stock exchanges after some TV channels named them as being the potential companies on the new list of defaulters. SEL Manufacturing, Unity Infra, Ruchi Soya and Nagarjuna Oil also saw a decline in share prices.

The IBC is touted as a speedy process for early identification and resolution of financial distress of companies and limited liability entities, if the underlying business is found to be viable.

The Tribunal will act as the adjudicating authority and deal with the cases related to insolvency, liquidation and bankruptcy.

When a firm defaults on its debt, control shifts from the shareholders/promoters to a Committee of Creditors, who have 180 days (which can be extended by a further 90 days with NCLT approval) to evaluate proposals from various players about resuscitating the company or taking it into liquidation.

In February, RBI Deputy Governor Viral Acharya had observed that most of the assets remain laden with such high levels of bank debt that their interest-coverage ratio is lower than one; they have little or no capacity to raise funding for working capital and capital expenditure, or to attract private investors to turn them around.

Original promoters — who rarely put in any financing and primarily provide sweat equity — have had somewhat of a field day, facing limited dilution, if any, of their initial stakes nor much of a threat of being outright replaced, he added.

Source – The Hindu Business Line, 30th August, 2017.

NUMBER OF WILLFUL DEFAULTERS CONTINUES TO RISE STEADILY

Even as the Centre and the RBI have been pushing for quick resolution of banks' existing stockpile of bad loans, fresh defaults by erring promoters continue to rise.

Data put out by CIBIL show that willful defaulters with outstanding loan balances of over Rs. 25 lakh (where suits have been filed) owed banks around Rs. 1.09 lakh crore as on March 2017, a jump of 46 per cent over the previous year.

A year back, in 2015-16, loans due by willful defaulters had grown 31 per cent over the previous year, after increasing 44 per cent and 55 per cent in 2014-15 and 2013-14, respectively.

The steady rise in willful defaults despite the RBI tightening the noose around promoters over the past couple of years is worrisome.

The RBI lays down four scenarios under which a person or company can be declared a wilful defaulter.

One, the borrower fails to meet his dues even if he has the ability to pay.

Two, the borrower has diverted the money away from the intended purpose.

Three, the money is siphoned off and used by the borrower for purposes which are unrelated to his operation.

Finally, if the borrower sells off the asset which he bought with the loan taken, without the knowledge of the bank. Banks are required to submit the list of wilful defaulters with outstanding loan balances of over Rs. 25 lakh (where suits have been filed) to credit information companies such as CIBIL.

As of March 2013, willful defaulters owed banks around Rs. 25,000 crore, which has quadrupled over the past four years to over Rs. 1 lakh crore in 2016-17.

Among the top willful defaulters as on March 2017 are Kingfisher Airlines, which owes SBI about Rs. 1,200 crore, followed by Beta Naphthol that owes Kotak Mahindra Bank about Rs. 1,199 crore.

Of the top 10 willful defaulters, two were borrowers of Kotak Bank, while five were from Vijaya Bank, owing the bank a total of around Rs. 4,800 crore as of March 2017.

In many cases, borrowers have defaulted across banks. For instance, aside from Kingfisher Airlines, Zoom Developers is also named a willful defaulter by multiple lenders — Corporation Bank, Andhra Bank, Dena Bank, Bank of Baroda, PNB and Federal Bank, among others.

Zylog Systems, Winsome Diamonds, ABC Cotspin and REI Agro are some of the others that have been declared willful defaulters by multiple banks.

While a chunk of the large defaulter accounts pertain to public sector banks, private banks too appear to be grappling with such freeloaders.

While Deccan Chronicle Holdings, Shree Ganesh Jewellery and REI Agro owe Axis Bank a few hundred crores, Kemrock Industries and Geodesic, among others, have been named wilful defaulters by ICICI Bank.

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HDFC Bank, which has one of the lowest delinquency rates in the sector, also appears to be dealing with some one-off cases. Indian Technomac Company, Shree Minal Oil & Agro, Gee Ispat, and Sri Mappillai Vinayagar Spinning Mills are some of the borrowers that have been declared wilful defaulters by the private lender.

Source – The Hindu Business Line, 30th August, 2017.

WAGE TALKS: IBA, STAFF UNIONS DIFFER IN WARM-UP ROUND

Indian Banks' Association (IBA) and staff unions failed to find common ground on most of the outstanding issues in a warm-up session ahead of the 11th bipartite settlement talks. A sub-committee of the IBA negotiating committee had held a round of talks with the unions (AIBEA, NCBE, BEFI, INBEF and NOBW) in Mumbai on August 23.

CH Venkatachalam, General Secretary, AIBEA, told *Business Line* that IBA had tried to sell the 'cost-to-company' concept and also alluded to the need for fixed-cum-variable pay and performance-related wages to recognise efficiency and performance.

It suggested that the new system can be made to apply for future employees with an option extended to existing employees. But the unions raised apprehensions, and said discussions should instead focus on further improvement in efficiency of the workforce as a whole and the manner in which to incentivise it. On further rationalisation of special pay posts, the unions were willing to discuss any concrete proposal. But they reiterated the demand that the existing duties and powers need to be revised with suitable increase in the quantum of special pay.

The minimum qualification for recruitment of clerical staff in banks made for an important topic for discussion.

The IBA case was that since the minimum qualification set now was graduation, the additional two increments given under this head should be scrapped. The unions rejected it saying there was a need to peg back the minimum qualification to 12th standard.

Source – The Hindu Business Line, 30th August, 2017.



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AIRRBOF NEWS LETTER
Registered with RNI, New Delhi,
Regn. No. 4L/RV/TO/93

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Edited & Published by
Shri S.K. Bhattacharjee on behalf of AIRRBOF

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