



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

Vol - XXV

AIRRBOF News Letter

June, 2018



SILIGURI

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

No. 06

EDITORIAL

FRAUDS IN THE BANK

Post independent India saw many scams and fraud committed by people in high places including business magnets on financial institutions in the country. High value defaulters especially by big corporate contribute major chunk of NPA's that is haunting the banking sector in the country, in the recent times. After nationalisation the bank becomes a political tool for political class. Dismantling of Public Sector units which were responsible for managing the core sector of the economy, the Private Sector stepped in that requires huge capital. The steel, iron, coal, textile, cement, power etc, requires working capital in large scale. The banking system had taken up this responsibility and in the process a large portion of the deposits were locked in the form of working capital in those corporate units. Accordingly Banks were made to lend to big corporate and industrial houses many of them have become NPAs. According to recent report PSB' bad loans scored from Rs 2.67 trillion on 31st March 2015 to Rs 6.98 trillion as on 30th June 2017 of which India firms and individuals owned Rs 4.1 trillion which is overdue. Volume of such individual defaulters such as Vijay Mallya, Nirav Modi, Mehul Choksi etc, were exposed only after they left the country, till such time they were most favorites among banking industry and business circles. There was no practice of impounding the passport of such fraudsters until recently, that was enforced only after those fugitives left the country after creating the damage, hoodwinking the enforcement authorities.

While the whereabouts of Nirav Modi and Mehul Choksi who have committed one of the biggest fraud in the industry in recent times, authorities could locate only Vijay Mallya in UK and got a favourable order from a London court for attachment of his assets in UK after a long legal battle. It is ruled by the British High court that an India judgment by Debt Recovery Tribunal (DRT) at Bangalore dated 19th January 2017 against Mallya case legally be enforced against his assets in UK. The UK enforcement is now expected to take steps to seize and sell off Mallya's assets in England and Wales. This ruling well helps a consortium of 13 Indian Banks led by State Bank of India. According to DRT order Mallya owes to the bank Rs 6203 crores plus interest, totaling Rs 9863/- crores that can be legally be registered in England. This case also sets a strong precedent for banks to secure a worldwide freezing order against willful defaulters. However an extradition petition against Vijay Mallya filed by Enforcement authorities to face trial on serious criminal charges in India is still pending in a UK court. Now it is up to the bank to enforce the order. Still the banks may have to go a long way to enforce the order as it is likely that Mallya may file appeal against the order in the higher court though it was declined by the lower court.

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The fraud committed by Nirav Modi and Mehul Choksi in connivance with the bank staff and its top brasses is a glaring example of how our system can be violated through their clandestine operation and support, inspite of tight control in the system. The recent charge sheet filed by CBI against former MD and CEO and four others of PNB in divesting their power for criminal breach of trust, causing wrongful losses to the bank under the provisions of Prevention of Corruption Act only point finger against the lack of transparency and the method of appointment of top brasses in the banking sector by the Bank Board Bureau (BBB) and expose the political interference in such appointments. It is a practice that after every such violation of rules new rules used to be introduced to tighten the Control without looking into, where was the failure. What we saw was that fraudsters escape through the net by hook or crook or with the connivance of the authorities, creating heavy damage to the system.

In order to tighten the recovery process, a Debt Recovery Tribunal (DRT) was introduced followed by Insolvency and Bankruptcy Code. But the process is not moving as expected as many large borrowers still failed to pay on various technical grounds. The unfortunate part of the Insolvency and Bankruptcy resolution is the difficulty in sale of the assets of the defaulters. While the default create irreparable damage to the banking system and the national economy it also disturb the social equilibrium when it create a large scale of unemployment, as thousands of employees are getting out of their job for no fault of theirs, unless they are taken over by companies getting thrown resolution under the Insolvency and Bankruptcy Code. This must be one of the reasons why the company courts in the country that deals with the winding up process art cautious in passing the winding up under which is considered as a last resort.

Defaulters are of two types-One willful default and the other default by circumstances or application of force majeure. There is an element of mens rea in every willful default which is an anti social activity of a person especially from upper strata of the society in their profession or business and is generally known as white collar crime. Deviation from morality and accepted business practice are some of the causes for such crimes. The present day life style and highly competitive environment makes people to try to earn more by hook or crook utilizing the public fund. Large sums of money coming suddenly into one's life makes them vulnerable to commit mistake or commit fraud unless the funds are applied cautiously while maintaining honesty and integrity. Ultimate suffers art the unfortunate employees who would have given their ardent support by working hare for the growth of the organization.

Thomas Stanly and William Denko the famous writers and economists, in their book titled. "The Millionaire Next Door" had stated that an average self made millionaire in US has invested twenty two years of hard work, sacrifice, reversals, difficulties and failures to reach that amount of wealth. This is unlike what we see among many millionaires in our country, who commit willful default of public fund to become a millionaire and escape from their liability.

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EXCERPTS FROM AIRRBOF CIRCULARS

Circular # 29:2018

2nd May 2018

SELF STYLED UFRRBU INDULGES IN AIRRBOF BASHING TO HIDE THEIR FRUSTRATION

The so called Convenor, D.N. Trivedi of self styled UFRRBU issued a communication running into couple of pages whose only object was to malign AIRRBOF and its General Secretary, Com. S.K. Bhattacharjee. The reason is none other than their frustration over the Supreme Court Judgement and basting of their balloon of achievement. The Union to which the so called Convenor, D.N. Trivedi belongs to is not a respondent or Intervener before the Hon'ble Supreme Court. Therefore, they have no legal presence before the Court.

I never aspired to stoop that low level of the so called Convenor to rebuff his allegations but to make the record straight I propose to narrate the fact. The total number of officers in 56 RRBs as on 31.03.2018 is 48263 and not 42000 as told by the so called Convenor Trivedi. In accordance with provision of Regulation 32 of Officers & Employees Service Regulation no officer "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 Workman within the meaning of the Act, or a Federation of such Trade Unions".

All the other officers Association/Organisation in RRBs namely AIGBOA is affiliated respectively to AITUC, AIGBOC to INTUC, NFRRBO to AIRRBEA and AIGBOO to BMS who are having workmen as member. Accordingly, AIRRBOF is the only legal officers Trade Union in RRBs. The self styled UFRRBU is riddled with internal bickering and NCCRBE (having one member), AIGBEC & AIGBOC are not totally part of UFRRBU and their signatures are included without their consent or disclosure of the contents of the Circular.

AIRRBOF is the first Trade Union to file Writ Petition before High Court of Delhi vide No. 486 of 2008 and no discussion took place in the JFRRBU in the matter. Trivedi is one hundred percent liar and misrepresented facts. We do not like to resort to eye for an eye campaign and, therefore, only say that the mudslinging by the so called Convenor may continue but better we should ignore them. IA No. 9/2016 was filed by AIRRBOF for the interest of staff of RRBs and it was in accordance with the decision of the Central Committee.

I shall only conclude my rebuff to the vituperative campaign by the words of Poet Sauthe "NEVER EXPLAIN, YOUR FRIENDS DO NOT NEED IT & YOUR ENEMIES SHALL NOT BELIEVE IT".

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Circular # 30:2018

3rd May 2018

MEETING AT DFS TODAY – 2ND MAY 2018

We reproduce hereunder the text of All India Bank Officers' Confederation Circular No. 15 dated 2nd May, 2018.

“The Finance Ministry invited us for a discussion based on the memorandum we had submitted to Department of Financial Services and RBI. The meeting took place at the Office of Mr. Ravi Mittal, Additional Secretary Finance. Mr. Amit Agarwal, Joint Secretary, DFS also joined.

Discussions were held on the following issues:

1. Wage Revision:

The talks have resumed but the issue of Mandate and Quantum has to be settled. Lady Officers issues were to be taken care.

The response was positive. The addl. Secretary said “Your arguments are well taken. We will see what best can be done”

2. Appointment of Officer Director / Employee Director:

The response was that steps have been taken.

3. Implementation of the recommendation of Parliament Standing Committee on NPA:

The response was that the Standing Committee is going to come up with fresh recommendations soon.

4. Levy for Tax on Net Profit:

The response was that it will be explored with the concerned ministries.

5. Tax on CRR:

The response was that it is an issue RBI has to decide.

6. Reimbursement of Expenditure on Govt Schemes:

No response

7. Cross Selling:

The response was very positive. The officials are also of the opinion that the income should be credited to the Banks commission account.

8. Review of RBI Policies; PCA, NCLT etc:

Now no proposal for Bad Bank. The issues are to be taken up with RBI.

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There is widespread disenchantment with the salary structure. Recently Karnataka, Andhra Pradesh and Telengana Govt.s have given a good salary hike. Hence, we request your intervention for a decent wage hike without looking at the Net Profit as Banks are instrumental in implementing the Govt. schemes without any compensation. Moreover, in the last 3 years Banks have written off Rs. 241000 Crores and our Wage Revision cost will be negligible in comparison. Without employee satisfaction the Banks can't grow. The starting basic of an officer in Govt. is Rs.56100/-
The starting basic of an officer in RBI is Rs.35150 /-
The starting basic of an officer in LIC is Rs.33745/-
The starting basic of an officer in Bank is Rs.23700/-
Basic Pay is crucial for everything including superannuation. Hence we request that it should be similar to that of the Central Govt. Officers as presented by the Pillai Committee.

Our other demands are

- i) Five Day Week
- ii) Regulated Working Hours
- iii) Child care leave for ladies with salary
- iv) Crèche facility
- v) Assured Pension etc.

[Copy of Charter of Demands & Further Notes submitted to IBA enclosed]

- ❖ Appointment of Officer Director / Employee Director
- ❖ At present no Public Sector Bank has an Officer Director or Employee Director.
- ❖ Implementation of the Recommendation of the Parliament Standing Committee on NPA.
- ❖ If the recommendations are implemented the entire Banking Industry can be saved. (copy of the Report enclosed)
- ❖ Please don't levy tax on Gross Profit. The tax should be on net profit.
- ❖ RBI should provide interest on CRR which at present is almost one lakh crores. This will help the Banks.
- ❖ Reimburse Expenditure on Govt Schemes.
- ❖ The expenditure on Jandhan, Pension Yojana and other Govt Schemes if reimbursed will help the Banks.
- ❖ Stop Cross Selling
- ❖ In the name of Universal Banking we have allowed Banks to sell insurance, Mutual Funds & other products. The huge incentive has lead to misselling. Please intervene. (Note Enclosed)
- ❖ Review PCA
- ❖ The 11 banks under PCA have not improved their performance. Hence a review is needed.
- ❖ Review IBC & NCLT

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Both have created lot of problems. They are not helping Banks but benefit the defaulters and new purchasers of the companies. Urgent steps are needed.

Yours faithfully,
Sd/-
D.T. Franco
General Secretary
Encl: As above

Circular # 31:2018

4th May 2018

BOOK RELEASE

We reproduce hereunder the text of All India Bank Officers' Confederation Circular No. 16 dated 3rd May, 2018.

"I am forwarding a circular drafted by our comrades of Corporation Bank Officers Association for your information please."

TEXT

Book Release – Reforming the Indian Public Sector Banks – The Lessons and Challenges

"The burning issue today in the country is banking. The unions need to be bold and articulate on issues related with banking. They have to play the role of the whistle blower effectively.

We have seen three self-congratulatory pieces of writing intended for self-glorification authored by three of former Governors of RBI. In contrast, the book that has been released today is bold, candid and has come at a time most relevant," said Smt. Sucheta Dalal, Founder Trustee, Moneylife, Mumbai. She was addressing a distinguished audience consisting of bankers from various PSBs, functionaries and veterans from bank unions, present and former top brass of a few PSBs at a programme organized by Corporation Bank Officers' Organisation at the Speakers Hall at Constitution Club of India, New Delhi after releasing a book titled 'Reforming the Indian Public Sector Banks – The Lessons and the Challenges', which has been authored by Sri T R Bhat.

"Banking industry is suffering due to huge NPAs because the Corporate India has not been repaying their loans. Privatisation is not a solution for this. There is no accountability on these borrowers. Depositors must demand accountability as their funds are at stake. Write off of loans is a biggest scandal and tax-payers' money is misutilised to recapitalize the banks after these write-offs and huge provisions. AIBOC is a powerful union. It takes proud and strong stands on relevant issues. One such issue is Aadhaar – which is not a banking task at all," she said further.

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The function held on 9th April was presided over by the President of CBOO, Ekanath Baliga. Satish Shetty, General Secretary, CBOO and EC Member of AIBOC explained the background under which the programme was organised. Sri Bhat has authored an autobiographical experience in Kannada on the days he was leading CBOO. The book was released in a function organized by CBOO in 2015. There was a request to translate it into English for enabling a larger readership. The present book is a compendium brought out of his rich, three decades of experience in banking as emerging from a trade union angle. This could be an effective reference book in future, he said.

General Secretary of AIBOC, Franco D T was the Guest of Honour. Addressing the audience, AIBOC General Secretary congratulated Mr. Bhat for bringing out a relevantly documented book on the developments in the banking industry along with valid suggestions to take the industry forward.

“At a time when a few of the Western educated/influenced ideologues express apathy over the Public Sector character of Indian banking, the book is an eye-opener on the relevancy of Public Sector Banks, the strengths of PSBs and their enormous contribution to the nation. The latest development of the Reliance Jio Payment Bank with State Bank as a junior partner, is a danger in the banking Industry. A group which owes the banking industry more than Rs.1,76,000/- crore will convert the name of State Bank of India into Reliance Bank of India one day, if one reads the history of Indian Petro Chemical Corporation Ltd., which lost its very identity within years of ceding a minority share to the Reliance group.”

“A few years ago, when negative information was spread twice, there was a near run on ICICI Bank and State Bank and other PSBs were marched to save the ICICI Bank. But either when three PSBs were declared weak a decade back or when Nirav Modi fraud struck PNB, there was run on these banks. This depicts the confidence of the public in PSBs and the public sector character of banking in India will stay,” he said.

The author of the book, Sri T R Bhat, former Vice President of AIBOC and former Chairman of CBOO explained the background with which the book was brought out with the support of the publishers, M/s. Gyan Publishing House, New Delhi. “It is necessary to know what transpired during earlier reforms. The actual commencement of banking reforms was 1968 as a result of which Bank nationalization took place in 1969. The banks owned by the Government have contributed to the economic growth enabling easy access to finance. But failures in bank administration were manifest through scams and frauds. Successive Governments did not act on the reports and recommendations of committees set up after the scams and frauds.

Reforms have not been translating the goals into reality. Consolidation of banks is not a solution for the present crisis as size is not a guarantee for quality or stability. Utterances of privatization are knee-jerk reactions. These proponents of privatization seem to have forgotten the GTB

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(declared as a model for future banking by the then Finance Minister, Sri Manmohan Singh) experience. Present developments at the ICICI Bank are an eye-opener. 10 private sector banks have lost their existence after the reforms set in motion after 1991- most merged with Public Sector Banks. There is a lot of strength in PSBs which Government has not harnessed properly. The Government must prioritise attending to the governance issues especially appointment of Directors more specifically Officer and Workmen Directors and honest introduction of (the missing) autonomy for the PSBs,” he said.

Ekanath Baliga, President of CBOO expressed his happiness for being a part in the launching of the book at the capital city. At a time when some vested interests are threatening the PSB concept, the book throws light on the relevance of it, its history and growth and the failures of the owner to do better.

“A malicious campaign is let lose against the PSBs. When a massive fraud took place in the stock market, it was named as Harshad Mehta Scam. When another similar fraud was inflicted, it was called Ketan Parekh Fraud. But in respect of the present mis-hap, it is publicized as PNB Fraud and not Nirav Modi Fraud. In quite contrast, when it come to ICICI Bank, the same media, press and authorities call it as ‘ICICI Bank- Vediocon Loaning irregularities!’ This is the mindset to degrade the PSBs.

Even the Government is not acting straightforward. They want PSBs for implementing Government schemes – be it Jan Dhan, APY, Bima Yojana or Demonetization. But it does not support the PSBs with same righteousness. On the one side, Government is tacitly supporting the voices for privatization – they want to hand over banking to private sector. On the other, they want PSBs to undertake Aadhaar enrolment as they do not believe the private agencies which have been doing it till now. A copy of the present book must be sent to the PSB baiters like Nandan Nilkeni, Arvind Panigariya and Aravind Subramaniam apart from DFS and Finance Minister so that they will understand the evolution of Public Sector and other relevant aspects of Indian banking,” he said.

Vice President CBOO and Vice President, Delhi State AIBOC, Sri Anil Pahwa welcomed the gathering in the beginning. Sri Munna Raja, Circle Secretary, CBOO proposed vote of thanks. Sri Anil Wats, Corporation Bank compered the programme.

Former President of AIBOC, Sri K D Khera, former General Secretary of AIBOC, Sri Harvinder Singh, Former Chairman & Managing Director of Corporation Bank, Sri S R Bansal, Executive Director of Punjab & Sindh Bank, Sri Fareed Ahmed formed a part of the audience apart from Sri Debashish Ghosh, Senior Vice President, Sri Sunil Bansal, State Secretary, Sri Ravindra Gupta, Joint General Secretary, Sri Prakash Karotia, President, Syndicate Bank Officers Association and Sri Pankaj Kapoor, BOIOA.

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Circular # 32:2018

5th May 2018

AIBOC GUEST HOUSE AT SRINAGAR-KASHMIR

We reproduce hereunder the text of All India Bank Officers' Confederation Circular No. 14 dated 26th April, 2018.

"It gives us immense pleasure to inform our esteemed members that the decision taken in the Executive Committee meeting of AIBOC has come to fruition by starting a Guest House facility for its members in Srinagar city of The Kashmir Valley.

Kashmir, The Heaven on Earth, is the dream destination of every tourist, domestic and foreign alike. What better way to describe its pristine beauty and abundance of Nature than to quote a few of the world famous and time tested quotations which go thus:

"Gar firdous bar-ru-e-zameenast, hameenasto, hameenasto, hameenast."

Translation: If there is heaven on earth, it is here, it is here, it is here.

- **Jahangir, the fourth Mughal Emperor.**

"The Valley is an emerald set in pearls: a land of lakes, clear streams, green turf, magnificent trees and mighty mountains where the air is cool and the water sweet, where men are strong and women vie with the soil in fruitfulness."

- Sir Walter Lawrence, First Settlement Commissioner of Kashmir and the author of "The Valley of Kashmir"

The Guest House facility, which has been commissioned from the 1st of April 2018, is made available by hiring on lease **five double bedded rooms, well furnished with attached bath rooms**, in Hotel Naqash Residency, located near the world famous Shalimar Garden. Other Mughul Gardens such as The Nishat, The Chesmashahi, The Harwan and the famed DAL LAKE too lie in close vicinity.

The points of interest to be seen are:

- Dal Lake
- Mughal Gardens
- Shalimar Bagh
- Nishat Bagh

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- Char Chinar
- Shikara Ride
- Indira Gandhi Memorial Tulip Garden
- Wular Lake
- Yusmarg
- Baramulla
- Nehru Garden
- Pari Mahal and many more

The Guest House is located at the following address:

**Hotel Naqash Residency,
MiraqShah Road, Shalimar, Srinagar**

The Guest House facility is available for all existing/ retired members of AIBOC and their dependent family members. Rooms can be booked by contacting AIBOC Central Office or State Secretary, AIBOC, J&K Unit. The contact details of State Secretary, AIBOC are as follows:

Com. Suresh Wali
State Secretary, AIBOC, J&K Unit
Dy. General Secretary, SBIOA (Chandigarh Circle), J&K Module
C/O State Bank of India, Administrative Office, Rail Head Complex, Jammu
Ph: 0191-2478181, Tele fax: 0191-2471140, Mobile: 9419408609

After blocking the rooms for desired dates, the members will be issued a confirmation slip after depositing the room rent of Rs.500/- per room per day in advance. It can directly be credited to the Guest House account, the details of which are as under:

A/C Name: AIBOC JK UNIT, Guest House Account
A/C No: 376 2456 2902
Bank and Branch: State Bank of India, Karan Nagar Jammu
IFSC Code: SBIN0007970

We welcome our esteemed members to avail this exciting opportunity of a comfortable stay at affordable price in the lap of Mother Nature.

Come- Kashmir beckons you all

We are in the process of establishing more Guest houses for the benefit of our members.”

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Circular # 33:2018

10th May 2018

DECISIONS OF THE EXECUTIVE COMMITTEE

We reproduce hereunder the text of All India Bank Officers' Confederation Circular No. 18 dated 11th May, 2018.

"The 88th Meeting of the Executive Committee of AIBOC was held at Port Blair on 10th May 2018. Congratulated the membership for the excellent participation in the demos conducted on 8th & 9th May 2018.

The following decisions were taken:

- To suggest to the UFBU to have strike days preceded or followed by Holidays so that the impact will be better.
- Without settlement of the mandate issue there will not be further negotiations with IBA
- Residual issues to be settled based on the record note and recent court Judgements.
- The formula used for the Pay commission for Minimum Wage and Decent Wage has to be adopted for Banking Sector, as demanded in the Charter of Demands.
- Have a meeting of 4 Officers Organisations meeting at Chennai on 11th to plan our strategies.
- Prepare material to educate our membership on the issues of Wage Revision.
- Circulate material to create awareness among public and media how the officers and employees of Banking Sector are underpaid and over worked.
- Plan for novel methods of agitation
- Protest against Aadhar enrolment and boycott Aadhar enrolment.
- Write to CVC on interferences of CVOs on Disciplinary matters
- Launch a Social Media Campaign on Banking Sector and Wage Revision
- On Medical Insurance, attend the meeting with IBA on 16th and propose adoption of the SBI Model of medical reimbursement for self and family with 100% reimbursement without any ceiling.
- Join the other Trade Unions for a common struggle for Assured Pension for all.

Mobilize good participation for the May 14th Dharna of All India Public Sector and Central Govt. Officers Confederation at all State Capitals and March to PMs House at Delhi on June 18th.

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- Strengthen the People's Parliament for Unity and Development as detailed below.
- ✓ Immediately constitute State Committees and District Committees where not constituted. Please involve Public Sector Trade Unions, Farmers Organisations and Women's Organisations.
- ✓ May 21-25 2018- Organise Customers meet at all Branches involving farmers, Women, Traders, Youth & Students. Listen to their opinion. Explain what is happening in Banking Sector. Seek their support. A booklet is getting ready.
- ✓ June 2018- State Conventions where ever possible.
- ✓ June end – One Day National Convention with 1000 participants. This convention should release our agenda for
 - Finance Minister
 - RBI
 - Farmers
 - Women
 - Youth
 - Traders &
 - Students
- ✓ July 2018 onwards – Setting up support centres in each District by the District Committee & a website for every District AIBOC Unit.”

Circular # 34:2018

12th May 2018

**IMPLEMENTATION OF THE ORDER OF
HON'BLE SUPREME COURT OF INDIA DATED 25TH APRIL, 2018**

We reproduce our letter addressed to the Secretary, Govt. of India, Dept. of Financial Services on the captioned subject for your information & record. The certified copy of the Judgement is also attached.

“We would like to enclose a certified copy of the judgement of Hon'ble Supreme Court of India Coram Hon'ble Mr. Justice Kurian Joseph and Hon'ble Mr. Justice Mohan M. Shantanagoudar dated 25th April, 2018. In the capacity of an Intervener respondent we shall request you to please implement the order and extend Pension in RRBs as per the scheme prevailing in Public Sector Bank since 1995.

We trust that within the directed period of three months you shall implement the order in its true letter and spirit.

Please acknowledge receipt.”

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Circular # 35:2018

15th May 2018

STRIKE ON 30TH & 31ST MAY 2018

We reproduce hereunder the text of All India Bank Officers' Confederation Circular No. 21 dated 13th May, 2018.

"The decisions for 2 days strike was taken in the UFBU meeting on 5th May at Mumbai. As I explained in the EC meeting the proposal was for one day but on our proposal it was made two day. Though AIBOC suggested to have on 28th & 29th, some constituents stated that members will take it as 4 days holiday and there will be poor attendance in demo. Hence the dates were decided as 30th & 31st and the convener was asked to send a letter to the Finance Ministry and after waiting for some time issue the strike notice. I clearly mentioned in the EC that as per the sentiments of the EC members we will try to change the dates but if we can't we will continue with this strike and in future we will insist on combining the Holidays.

As decided on 10th May EC I proposed and convinced the Officers Organisations to agree to our proposal of 28th & 29th and quickly communicated to the convener. Unfortunately he had already issued the Circular & Notice. I spoke to him and he said that as he will be away for few days and the dates were already decided and this was the second notice of strike the content was ready and he issued the Notice of Strike along with programmes of action. On getting our letter he has replied that as the Notice has been already circulated all over the country now changing it will be difficult and create confusion. Moreover it will require a discussion with all 9 Constituents. Hence the dates are final now i.e. 30th & 31st May 2018.

Under this circumstances I am of the opinion that there is no disrespect to AIBOC and the Notice of Strike clearly has stated our demand for Wage Revision upto Scale VII. An united struggle will be more powerful than we alone going on strike separately. Larger Unity is always better and UFBU was created by us and there is no reason to break it now. Our endeavour should be to ensure 100% participation, prevent clearing houses from functioning and mobilise massive demo and other actions.

There strike will not be withdrawn without achieving our demand.

In the 4 Officers Organisation we have also discussed about our COD and the principles for a decent wage in terms of the CPC formula and we have decided we will have another sitting with ground work to arrive at our formula to achieve the same.

We have also decided that if need be we will have a strike by 4 Officers Organisations.

The Govt., IBA and some Managements want to divided us. Let us show them our Unity and Solidarity. I appeal to all our EC members to convey this to all our members and have a positive campaign to ensure 100% success.

We will prove our Capability, Strength and clear approach to achieve our goal."

All India RRB Officers' Federation

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Circular # 36:2018

15th May 2018

**AN APPEAL TO OUR YOUNG AND SENIOR
COMRADES – STRIKE ON 30TH & 31ST MAY 2018**

We reproduce hereunder the text of All India Bank Officers' Confederation Circular No. 22 dated 13th May, 2018.

“You were the back bone of the organization and built up the strong edifice and you continue to be the pillar.

The Govt. and Management will try their age old game of divide and rule. I am sure you will understand and act.

Q. Why we demand Wage Revision upto Scale VII

The 7 Scales were the outcome of the Pillai Committee Recommendations. After the PCR we have all along had Wage Negotiations upto Scale VII. Even in the last Wage Negotiation IBA insisted on restricting negotiations upto Scale III. Some Managements also gave restricted mandate. But we turned it down and achieved our target. We also got an additional increment for Scale IV. Though we tried the same for Scale V also we could not achieve the same. But we had been ensuring decent wage hike for all.

Q: What will happen if the WR is restricted to Scale III in Bipartite?

The individual Managements will have the freedom to decide. Uniformity will be lost. Relativity will be given a go by. Performance will be made criteria but performance mark will be decided by the Boss. Unless you please the boss you will not get better pay or promotion. You will be left to the mercy of the Management. Discrimination will increase. Humans are not perfect. Performance depends on the environment. Already in some banks this is happening and the resentment is increasing day by day. Hence this will only lead to divide and rule and later the officers will be left to the mercy of the Management.

Today the Associations are the watch dogs which Protest & Protect.

A rich man had 2 dogs which were guarding the house watchfully in the night. One day a friend told him that he is wasting so much of money to feed the dogs. So the rich man gave away the dogs. Sold for a price. Within a week robbers came. They looted all his money and jewels. Now the rich man cried. Regretted that he did not realize the role of the watch dogs.

Same will be our position. When the role of the Association is taken away the Management atleast most of them will bounce on you. Step by step, stage by stage. By the time you will realize, you will be at great loss.

Q. What are the arguments of AIBOC for continuing these scales?

1. The Pillai Committee Recommendations and the acceptance of the same by Govt. & Banks.

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*“Wise we are we think our parents fools
Wise will be our children – They will think us so”*

I was a student leader, I have lead agitations, I have gone to jail as a student leader. As an Award staff, I closed down my branch when a colleague was attacked by a customer and police did not arrest him. When my Federation was under attack by the then Chairman, I went to Court. I got the Charge sheet issued to the President & General Secretary quashed. When the Chairman withdrew the check off I got a stay from Court. When the stay was not implemented I filed a contempt petition and succeeded. I got a stay restraining visit to a foreign country enroute Indian destination on LFC and till date officers are availing LFC and going abroad. This stay was for AIBOC also. I have been in the Trade Union Movement for 40 years. I have always supported Govt. policies where needed as a leader of the Organisation and criticized when needed. We have strengthened the State Units. We have brought visibility to AIBOC. We prepared alternate Turn Around Plan for 11 Banks. We brought out the book. “Laudable Performance of Public Sector Banks- Facts and Lies” . We campaigned against FRDI Bill. We appeared before the Joint Parliamentary Committee. The bill is not passed because of our efforts to mobilize public opinion against it. We have brought out a book, “Indian Banking Current Challenges and Alternatives for Future” & Banking Sector Reforms – Killing the Golden Goose. We have mobilized all Public Sector and Central Govt. Officers together under All India Public Sector and Central Govt. gazetted Officers Confederation.

I was personally involved in the preparation of Charter of Demands for the 10th Bipartite and the present Charter of Demand. I have read the report of 6th & 7th CPC in full. The 6th CPC gave good increase but introduced New Pension Scheme and killed Assured Pension Scheme. In the 9th Bipartite we were forced to accept NPS for getting 2nd option for pension. The 7th CPC gave only 12% increase. The seventh CPC did not implement the Aykroyd formula for nutrition and 15th Labour Conference formula for minimum wage which should have been Rs.24000 but fixed it at Rs.18000/-.

However there are positive formula in the CPC for a Minimum Wage and Decent Wage which we have covered in our COD and we are pursuing the same.

All along the Govt.s have forced us to go on strike and delayed settlements upto 34 months. They had refused even minimum increase saying Banks are not doing well, they had demanded Wage Revision upto Scale III in the last 2 settlements also but our perseverance and struggles under UFBU yielded results.

This time we have discussed the non monetary issues, demanded settling issues of the record note of previous wage revision on superannuation benefits and want a wage revision in comparison to the market wages. We have given many notes. We will pursue to get what we demanded in the COD. The success depends on our Unity, Lobbying, Perseverance and agitations.

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We are a matured organization with more than 50 years History and Experience. We also understand the aspirations of the youth. That's why we have focused on quality of Life and Work Life Balance. Our demand for 5 Day Week, Creech Facility, Child Care Leave etc are aimed towards that. We also want an assured Pension Scheme for which there is a need for larger struggle.

The present strike is for 2 days. This is only a wakeup call for the Govt. Only 2 demands – Wage revision upto Scale VII and Decent Wage Revision. Our Charter of Demand is what we are pursuing. Though IBA asked us to mention a percentage whole UFBU opposed it. So we will pursue the goal with utmost sincerity and solidarity. We will go on indefinite strike if needed.

You may read my book, "Glimpses of the Historic Indefinite Strike -1969". I was a participant in the 2006 Indefinite strike in SBI as an Office bearer.

UFBU is unique. That Uniqueness is our strength. We have difference of opinion at times. we will never sacrifice the interest of our members. There are serious efforts to break UFBU, serious efforts to break AIBOC. So be watchful. Beware of what is happening around. What are the intentions? Who are behind the efforts to disrupt.

Let us remind us of the stories of 4 Bulls as well as the Birds and the Hunter. Our forefathers taught us Unity through the moral stories.

Let me end with my favorite story. Once upon a time, Long Long ago in a Village in Greece, a Philosopher was invited to speak to the Public. Everyone was saying that he knows everything and he can answer every question correctly. A smart young boy couldn't believe it. He wanted to prove it wrong. No one could answer every question correctly he said. When the wise man was brought to the stage under a banyan tree, the boy ran to him and greeted him. He said, 'Sir, I am glad you are here. They say you can answer all questions and doubts correctly. I have a question'. The man queried "Yes my dear Young boy, what is it? The boy showed a small little humming bird within his fingers and palm and asked, "Sir, tell me whether it will live or it will die?" The boy was sure of proving the wise man wrong. The wise man replied in a second, "My dear young boy, it is in your hands. Whether it lives or dies depends on your hands."

My beloved comrades, the same way the future of Wage Revision, future of AIBOC, Future of the younger Generation, Future of Banks, Future of the Nation is 'In your hands'.

I am sure with your wisdom, courage, confidence and above all UNITY we will achieve our Goals. Together we can – We will.

'The young man knows the rules but the old man knows the exceptions' –Oliver Wendell Holmes"

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Circular # 38:2018

15th May 2018

NOTICE FOR STRIKE ON 30TH & 31ST MAY, 2018

We reproduce the Notice issued to Dept. of Financial Services to observe strike on 30th & 31st May, 2018. All Affiliates/Members are requested to note that all the members belonging to AIRRBOF/AIBOC shall be participant to the strike.

“We hereby give you notice that in accordance with the decision of the United Forum of Bank Unions (UFBU), all the officers working in RRBs shall observe two days strike on 30th & 31st May, 2018. Details of the issues are being advised shortly.

Please treat the letter as Notice for strike.”

Circular # 39:2018

19th May 2018

IBA MEETING ON MEDICAL INSURANCE-16.05.2018

We reproduce hereunder the text of All India Bank Officers' Confederation Circular No. 24 dated 17th May, 2018.

“The UFBU constituents had a meeting with IBA on their invitation to discuss the Medical Insurance Scheme.

We pointed out various problems faced by Officers and retirees. We reiterated that our Officers should not be asked to go to TPA or Insurance Agency. They should have a Cashless Scheme which has to be paid by the bank. The Banks can have their arrangements if need be. We have demanded improvement in the scheme for serving Officers and retirees. Our demand is 100% reimbursement for self and family without ceiling.

The IBA team appreciated our suggestions and accepted that in every bank there should be a nodal Officer upto Regional level to handle the claims.

They assured to take up our suggestions. We will advice you of further developments.

After the meeting UFBU met and discussed other issues and decided to mobilize everyone in all forms of agitation and make the strike 30th & 31st May 2018 a total success.”

Circular # 40:2018

22nd May 2018

**FORCIBLE IMPOSITION OF AADHAR ENROLMENT ON BANKERS
- AIBOC CALLS FOR BOYCOTT OF THE WORK**

We reproduce hereunder the text of All India Bank Officers' Confederation Circular No. 25 dated 19th May, 2018.

“Members' attention is called towards our earlier circulars communicating AIBOC letters to IBA and DFS on the subject. You are aware that AIBOC has been opposing the unilateral imposition of Aadhaar Enrollment work on the bank workforce as the same is totally a non- banking activity. In

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the 88th Executive Committee Meeting of AIBOC held at Port Blair on 10th May, it has been unanimously decided to oppose the Government move to thrust the Aadhaar Enrollment work on the bank officers. AIBOC has also demanded that the subject work be allotted to the retired bank employees and officers. Accordingly, we have sent a communication to the DFS, MoF which is enclosed herewith for your information.

We call upon all our members to stand united and not to involve in Aadhaar Enrollment work. Similarly, the affiliates shall also write a letter to their respective managements informing AIBOC's call."

Text of Letter No: AIBOC/2018/33 dated 19.05.2018

The Secretary,
Department of Financial Services,
Ministry of Finance,
NEW DELHI

Dear Sir,

**Sub: Aadhaar Enrolment Work Thrust on the Employees of PSBs.
AIBOC's Decision to Boycott the Enrolment Work**

We invite your attention towards our letter No. AIBOC/2017/61 dated 21/10/2017 addressed by us to you on the subject. We had also addressed a letter to IBA (Letter No. AIBOC/2018/26 dated 12th April 2018) copy of which is enclosed herewith. It may also be recalled that IBA too was not well convinced of the decision of the UIDAI and DFS and had accordingly, written to them to reconsider the instructions given. As informed already, the Aadhaar Enrolment work is straining the manpower and financial resources of the Public Sector Banks for a non- banking activity and AIBOC had been opposing the move since the beginning.

The recently held Executive Committee of the Confederation (at Port Blair on 10th May, 2018) again discussed on the subject issue. The EC was unanimous in its view that the subject work shall not be imposed on the Public Sector Banks for the following reasons:

- a) Most of the PSBs are presently passing through a strenuous journey in the industry caused by unabated increase in NPAs – more specifically from the corporates, negative impact of Prompt Corrective Actions, stipulated by RBI, lack of business growth as experienced by several banks and also serious manpower shortage in almost all the banks. Banks are also forced to invest in infra-structure and space for the subject work which is apparently avoidable financial burden to PSBs.
- b) The sole intention of the Government appears to be only finding scapegoats by fixing accountability in case of erroneous and accidental issuance of Aadhaar Cards to ineligible individuals for which the bank officers come as a very handy and easy target. This is very insulting to the community of bank officers.

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- c) When substantial enrollment work is already accomplished by the assigned agencies in the private sector (as claimed by a few Government agencies), the sudden decision of the UIDAI/DFS to load the enrollment work to bank employees does not appear to be logical.
- d) The UIDAI is unwilling to permit even the retired employees and officers of the banks to conduct this work which appears suspect of its intentions towards serving workforce of the PSBs.

Accordingly, the Executive Committee has unanimously decided to call upon the members not to undertake the Aadhaar Enrolment work. We have also communicated the members of AIBOC not to undertake the subject work.

It is suggested that the same may be entrusted to retired employees/officers of the PSBs, with suitable checks and cautions. We request you to direct the concerned to act accordingly. We are also willing to call on you for discussions, necessary if any, on the subject.

Thanking you,
Yours faithfully,
Sd/-
[D T FRANCO]
GENERAL SECRETARY

CC To:
1. The Governor,
Reserve Bank of India,
MUMBAI
2. The Chairperson,
Indian Bank's Association,
MUMBAI

Circular # 41:2018

25th May 2018

**WHY WAGE NEGOTIATION UPTO SCALE VII?
WHY ITS IMPORTANT TO JOIN THE STRIKE?
WHY SENIORS SHOULD STAND UP?**

We reproduce hereunder the text of All India Bank Officers' Confederation Circular No. 26 dated 24th May, 2018.

"Let us revisit the pages of history before we ponder over the pertinent questions that have assumed profound importance for the ensuing Wage Revision talks. The plight of the officers' community was pitiable before the formation of the Officers Associations in various Banks. Firstly, there was no uniform scale of Pay, no Casual Leave, no fixed working Hours, no transfer Policy, no promotion policy, no Loans on Concessional Rate, no leased accommodation facility, no LFC, no

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Conveyance allowance, no Officers Service Conditions at all. The details have been highlighted in the book 'Glimpses of the Historic Indefinite Strike 1969' published by AISBOF. There was glaring inequality of salary. There was overtime for award staff but no overtime for Officers. So the clerical staff were earning more income than the officers on account of overtime while Officers were under mercy of the superiors for any pay related issue.

It is pertinent to note that for Central Gov't Officers, Pay Commission covers up to the rank of Cabinet Secretary. Hence, Pillai Committee recommended introduction of four bands and seven scales of pay in 1974 for Bank Officers. There were protests and strong opposition against it by All India Confederation of Bank Officers Organisations (AICOBBO). Thereafter, it was discussed, amended and approved by the Gov't and IBA and was implemented in 1979. Till date, the seven scales continue and Officers organizations negotiate the Wage Revision with the IBA. In the last 5 settlements, there were concerted efforts to take away these rights. The Gov't and IBA combine had tried to divide the Associations and Unions. However, we had stood firm against all allurements and provocations. It was because of the Unity of UFBU these efforts were scuttled and I am confident this time too we will succeed to negotiate up to Scale VII.

What will happen if it is restricted to Scale III?

It is a deliberate attempt of the Gov't and IBA to drive a wedge between the Officers community by alluring the Scale IV to VII Officers with a tantalising carrot of higher pay scales. However, the Senior Management Grade officers will be left to the mercy of the Individual Bank Managements as was the scenario prior to formation of Officers Associations. It is a certainty that Performance based salary will be introduced for them. Uniformity and parity will disappear. The Officers will be under pressure to perform beyond their capabilities. There would be Cut throat competition. Perform or Perish will be the rule. Survival of the fittest will be the Mantra. Non performers will be isolated and paid less. They would be transferred, denied promotion and even forced to resign. Remember, that this Gov't has terminated even IAS Officers who were branded as non-performers. Choice posting will go to favourites who will appease the bosses. Women Officers will be terrorized. The working hours will become unlimited. Holidays will be gone. This has happened in many industries. It is happening in IT Industry even today. That's why IT sector employees and Officers have started coming together to form platforms and join Trade Unions.

While interacting with a Ola driver, I came to know that he was in IT sector earning Rs.1 lakh a month. One evening the HR Dept gave him an envelope. It had a letter stating that his performance was not up to the mark and he is not needed any more. With Rs.40 lakh Housing Loan, Rs.8 Lakh Car Loan and 2 kids in Schools he was forced to become a Taxi Driver. There are thousands like this man. That's why even now people are leaving companies like CTS, Wipro, Infosys and joining Public Sector banks. I have interacted with hundreds of young Officers who have joined the Bank for job security. Without Association there won't be any job security. This will not happen overnight. Once we are divided, we are weakened. Then slowly the process would set in.

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Today our top bosses in Banks and Finance Ministry are called to Davos and other exotic locations, to attend conclaves where they are tutored by foreign consultants and HR agencies that competition is important. On the other hand Niti Ayog, Fin Techs, Nandan Nilkenis etc. want brick and mortar Banks to disappear to enable the Fintechs to take over. They don't want Unions and Associations to come in the way. They want Privatisation of Public Sector Banks. They want access to the huge data of Banks to make them richer and richer.

So they are building a big web of deceit. The beginning is the effort to divide us and show that Senior Officers are not in strike. So there will be no wage negotiation for them. They will divide Scale IV & V, then they will divide Scale VI & VII. Once this is done, the CGMs and above will also be affected. Their Scale of pay also will become less as they would be forced to accept the version that the Banks are not doing well, so they have to sacrifice. Nobody will be safe without the watchdogs – Associations and Unions.

Remember the story of Four Bulls and the Lion. Remember the story of the Father and sons and a bundle of wood.

Some may ask “Why Individual letters are issued? Why Association can't stop it?”

They will continue to issue this letter. It is statutory. In 1969, Shri R.K. Talwar, then Chairman, SBO, a towering personality issued similar letters to individual Officers. In 1997, Finance Ministry asked Banks to advice that Scale IV and above should not be in the Association. But we have our fundamental rights enshrined in our Constitution. We have Trade Union rights. For a collective action of a Trade Union individual members cannot be punished. So there are General Managers in our Associations and there are AGMs who are Association Leaders. We have benevolent funds, housing societies / schemes, Educational Trust, Co-operatives, sports wing, Youth Wing, Guest Houses etc. for Officers irrespective of scale. Our service conditions are up to Scale VII. It is the Association which defends all Officers when unfortunate situations arise. Let us stand united. Unity is our only strength. Let me end with a story.

There was a competition for wood cutters. One old man and one young man reached the finals. They were allotted different areas in the jungle. They had to cut trees. From morning they were cutting. In between, almost every one hour the young man used to notice that there was no sound of cutting from the old man's side. So he was happy. “Old man is resting due to age” he used to think and continued cutting without rest. At the end of the day the judges announced that the old man is the winner. The young man asked the old man, “Every one hour you were taking rest. How you could cut more?”. The old man said, “My dear young man, I was not only taking rest to recuperate myself but I was also sharpening the Axe. That's why I could win”

Beloved comrades, the Association is like the old man, who possesses Wisdom, Experience, and who can visualize the future. So stand by the Association. Stand United. We are not only fighting for our Wage Revision; we are fighting to safeguard the hard earned rights, service conditions and the social responsibility of the Banks.

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March on to 30th & 31st Strike.

The woods are lovely dark and deep
But I have promises to keep
And Miles to go before I sleep
And Miles to go before I sleep.
-Robert Frost”

**No Deputations, No taking over,
No Clearing House Operations
during the Strike**

Circular # 42:2018

25th May 2018

**DEMONSTRATIONS AT DELHI AT PARLIAMENT STREET ON 28.05.2018
AGAINST RBI POLICIES DESTROYING THE BANKS**

We reproduce hereunder the text of All India Bank Officers' Confederation Circular No. 27 dated 24th May, 2018.

“You are aware that 11 Banks are under PCA and none of them have improved their performance as the PCA norms are such. The turnaround plans submitted by us have not been implemented properly. Now RBI has instructed Dena Bank to stop lending. Without Lending can a bank exist? Allahabad Bank has been asked to restrict lending. More Banks are being projected to fall in this line like PNB, Canara Bank, Andhra Bank etc. We have been representing to RBI & Govt. on these policies which are destroying the image of the Banks. IBC & NCLT are helping borrowers to go scot free and companies taken over by other Corporates at throw away prices. Banks take huge haircuts. RBI has no accountability.

We have decided to organize a massive demonstration at Delhi at Parliament Street against the RBI policies affecting Bank. Kindly mobiles.”

PRESS CORNER

PSBS MAY SEEK EARLY RECAP ON NEW NPA RULE

The Reserve Bank of India's revised framework for resolution of stressed assets may lead to Public Sector Banks calling for an earlier recapitalisation by the Government. Banks are making huge provisions after asset downgrades in the January-March 2018 quarter, when the new framework was implemented.

The resolution framework does not brook even a day's default in loan repayment. In case of default, banks are required to set in motion a resolution action, which has provisioning implications.

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On February 12, the RBI announced its revised framework for resolution of stressed assets, after the Government, on January 24, said it would infuse Rs. 88,139 crore into PSBs. This is in addition to the budgetary outlay for FY19 (announced on February 1) of Rs.65,000 crore.

The loan-loss provisioning has stoked fears among bankers about the possibility of PSBs hitting, if not breaching, the minimum regulatory (Common Equity Tier-1 or core) capital threshold.

Banks are required to maintain a core capital of 7.375 per cent of their risk-weighted assets (RWAs) as on March-end 2018. Depending on the riskiness of an asset class (assigned in the form of a risk weight), a bank maintains different levels of capital to protect itself from potential loan losses.

Breaching the CET-1 threshold has implications for banks: Their wholesale borrowing cost goes up in the domestic and international financial markets. Among the seven PSBs that have declared results so far, Allahabad Bank, with a CET-1 ratio of 5.57 per cent, has breached the minimum threshold. The CET-1 of Oriental Bank of Commerce (7.46 per cent) and Union Bank of India (7.60 per cent) are a shade above the regulatory requirement of 7.375 per cent. "In FY18, PSBs received capital infusion from the Government towards the end of the financial year. But, now, with some of these banks either breaching or coming close to the breach point, they will need to raise capital early this financial year (FY19).

"Given their weak financial position, tapping the capital market at beaten down valuations is not a good option. Hence, the government will need to chip in with the budgeted monies upfront this year to shore up the PSBs' CET-1 ratio," said a senior public sector bank official.

"The RBI's announcement in February came after the government had already budgeted for capital infusion in PSBs. The Government may, thus, have to revisit the budgetary allocation for PSB capital support for a possible enhancement," said a credit rating agency official.

Source – The Hindu Business Line, 14th May 2018.

RBI BARS DENA BANK FROM FRESH LENDING, HIRING

The Reserve Bank of India, which had initiated Prompt Corrective Action against Dena Bank, has now barred the lender from giving fresh credit and recruiting staff.

The RBI's latest directive was put before the bank's board at its meeting on May 11, the lender said in a filing to the stock exchanges.

It may be recalled that RBI had in May last year initiated prompt corrective action against Dena Bank and imposed certain restrictions, in view of high net NPA and negative Return on Assets.

Dena Bank had on Friday reported a net loss of Rs. 1,225 crore for the fourth quarter ended March 31, 2018. The loss was much wider than the net loss of Rs. 575 crore recorded in the same quarter last year. For the financial year 2017-18, Dena Bank had clocked a net loss of Rs.1,924 crore. This is the third consecutive year that the bank has posted a net loss. Gross non-

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performing assets (GNPAs) rose Rs. 2,192 crore to Rs.16,361 crore as on end March 2018. GNPAs increased to 22.04 per cent. Net NPAs were up 11.95 per cent at Rs. 7,838.78 crore.

For 2017-18, the bank's ROA stood at (-) 1.59 compared with (-) 0.67 a year ago.

PTI report adds: After Dena Bank, the Reserve Bank is likely to impose certain restrictions on couple of more public sector lenders under the Prompt Corrective Action (PCA) mechanism due to worsening asset quality, a source said.

Already, there are 11 banks, out of 21 state-owned banks, under the PCA of the Reserve Bank because of their weak financials.

One or two more banks may face PCA like Dena Bank if their quarterly numbers indicate further erosion of capital and unabated rise in net NPAs, a senior official of a Public Sector Bank said.

Source – The Hindu Business Line, 14th May 2018.

APGVB NET PROFIT UP 43% AT RS. 503 CR ON DECLINE IN NPAS

Andhra Pradesh Grameena Vikas Bank's (APGVB) net profit increased 43 per cent at Rs. 503 crore in the financial year ended March 31, 2018, compared to Rs. 352 crore in the previous year.

Announcing the results at press conference here on Tuesday, its Chairman V Narasi Reddy said better management of non-performing assets (NPAs), increase in current account, savings account (CASA) and strong performance in treasury operations, among others, resulted in the increase in net profit.

The total business of the bank increased by 13.75 per cent at Rs. 28,650 crore. Deposits and advances grew 11.82 per cent and 15.75 per cent, respectively.

"Net NPAs have come down to Rs. 28 crore from Rs. 87.57 crore, which translates to a reduction to 0.20 per cent from 0.72 per cent," said Reddy. The net worth of the bank increased to Rs. 2,252.82 crore from Rs. 1,749.81 crore last year, registering an increase of 28.75 per cent.

On the proposed plans for initial public offer (IPO), Reddy said: "The valuations are currently under way and modalities are being worked out; we may go for it during this financial year."

APGVB is among the four regional rural banks (RRBs) identified by the Government of India in the Union Budget 2018-19 for listing on stock exchanges.

While the government has a 50 per cent stake in APGVB, SBI holds 35 per cent. The remaining 15 per cent is held by the governments of Andhra Pradesh and Telangana.

Source – The Hindu Business Line, 16th May 2018.

BANKS WANT RBI TO EXTEND ONE-DAY NPA CLASSIFICATION NORM TO 30 DAYS

Bankers are hoping the Reserve Bank of India will provide some procedural clarity on its recent guidelines for early recognition of stressed assets.

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High on the agenda is to move the one-day non-performing asset classification guideline to at least 30 days as well as a methodology to convene some kind of a joint lenders forum.

Sources said the Indian Banks' Association has been writing to the RBI for clarification on a number of procedural issues, even as lenders have realised that the norms will not be diluted.

"We are no longer looking for a review, but banks need clarity from the RBI on various issues on the February 12 circular," said a person familiar with the development, adding that they are hopeful the central bank will revert by the month-end.

Bankers are also awaiting clarity on applicability of the circular to loans given by foreign banks to Indian entities. They are also looking for directions on bad loans of less than Rs. 2,000 crore and those given to small and medium enterprises.

The RBI had notified a revised resolution framework for stressed assets on February 12, under which banks will have to disclose defaults even if the payment is overdue by one day. It had also discontinued restructuring schemes, such as corporate debt restructuring (CDR), strategic debt restructuring (SDR) and scheme for sustainable structuring of stressed assets (S4A), which would in effect trigger a resolution process.

Earlier, the IBA had written to the RBI calling for a relaxation of the circular, as it could affect loan accounts, and the one-day classification norm could lead to a further rise in bad loans.

However, last month, the RBI, Deputy Governor, NS Vishwanathan had strongly defended the new framework and had said it would prevent mistakes of the past.

"Data shows that a large number of borrowers, even some highly-rated ones, have failed on the one-day default norm. This has got to change. If borrowers fail to pay on the due date because of a cash flow problem, banks should see that as an early warning indicator warranting immediate action," he had noted on April 18.

Source – The Hindu Business Line, 16th May 2018.

CAN PSBS SURVIVE IF \$7 B MORE OF BAD LOANS COME TO LIGHT?

Bad loans at India's five biggest state-run banks were about \$6.8 billion more than the lenders had assessed.

Audits by the regulator for the year ended March 31, 2017, revealed the discrepancies, triggering large losses as the banks increased provisions.

If you add IDBI Bank, which does not feature among the biggest but got the largest chunk of a public bailout, the figure rises to about \$8.3 billion.

Hidden bad debt is a blow to the sector given that half of India's 22 Government controlled banks are already under the Reserve Bank of India's strict Prompt Corrective Action programme that restricts lending and expansion.

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Asset quality may worsen as tighter regulations kick in this year and stress rises in the crucial power sector.

A few of the banks undergoing PCA may find it hard to survive, said the RBI's former Deputy Governor, SS Mundra.

That increases reliance on loan recoveries from India's new bankruptcy process, which reported its first big success this month but is running behind schedule amid multiple legal and logistical challenges.

Shares of Bank of India, which became the latest to report the divergence, closed at Rs. 101.6, down 5.8 per cent on the BSE on Tuesday.

Bank of India now needs a favourable outcome – loan recoveries of about 50 per cent – from the bankruptcy process, Ravikant Bhat, an analyst at Emkay Global Financial Services, wrote in a note to clients. With conflicting reports on likely outcomes for the so-called dirty dozen large delinquent firms undergoing the process, our estimates continue to factor in higher haircuts, he said.

Source – The Hindu Business Line, 30th May 2018.

DAY 1 OF BANK STRIKE IMPACTS MORE THAN RS. 21,700 CRORE OF TRANSACTIONS

Banking services at state-owned banks will be hit on Thursday with PSU bank unions set to continue their two-day strike.

“We will continue our agitation as planned,” said CH Venkatachalam, General Secretary, All India Bank Employees Association.

Operations of private banks such as ICICI Bank and HDFC Bank were normal. But the strike at PSU banks on Wednesday is estimated to have held up over 39 lakh cheques involving Rs. 21,700 crore, according to Venkatachalam.

Industry body ASSOCHAM had estimated that as much as Rs. 20,000 crore of customer transactions would be hit by the two-day strike.

PSU banks had asked customers to use digital banking systems and had also promised sufficient cash in ATMs.

Banking transactions are expected to see a bigger hit on the second day of the strike as it coincides with the end of the month and could hold up salary withdrawals from ATMs.

Other activities, including deposits in bank branches, renewal of fixed deposits, government treasury operations and money market operations, are also expected to be impacted by the strike.

“Our intent was not to make the customers suffer but the strike has been successful,” said Ashwini Rana, Vice-President, National Organisation of Bank Workers, adding that the unions will meet later to discuss the next phase of their agitation.

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Over 10 lakh PSU bank employees are participating in the two-day strike, which was called by the United Forum of Bank Unions (UFBU) following failure of talks with the Indian Banks' Association for wage negotiation. The IBA had proposed a wage hike of 2 per cent, which the bank unions termed meagre.

Sources said the bank unions and IBA are likely to hold another round of wage negotiations in June. "However, there has been no confirmation from the government or the IBA on whether they will agree to a higher revision in wages," said the source.

Source – The Hindu Business Line, 31st May 2018.

BANKING SERVICES REMAIN SUSPENDED FOR SECOND DAY

Banking services remained interrupted across the country for the second day on Wednesday with over 10 lakh bank employees going on strike against a proposal for a meagre wage hike of 2 per cent.

"The strike had greater participation today with more employees across the country joining in," said CH Venkatachalam, General Secretary, All India Bank Employees Association.

Operations at public sector banks are set to become normal on Friday after the two-day strike disrupted over Rs. 40,000 crore of cheque transactions.

Other services, including fixed deposits, government treasury operations and money market operations, were also impacted.

"The strike was extremely successful in the eastern, southern and north-eastern States. There will be a huge backlog of cheques to be cleared on Friday as services came to a complete halt," said S Nagarajan, General Secretary, All India Bank Officers Association. The strike coincided with the month-end when salaries are credited. While some organisations are understood to have credited salaries before the strike, others stuck to the schedule and paid wages on Wednesday.

Bankers said that some companies have also decided to delay payments by a day, while in the private sector, salaries are credited on the first day of the month.

Nine bank unions under the umbrella United Forum of Bank Unions (UFBU) had decided to strike work after talks with the Indian Banks' Association for wage negotiation failed. The IBA had proposed a wage hike of 2 per cent, which the bank unions termed 'meagre'.

Bank unions are hoping for further negotiations with the IBA in June.

"Wage revision of bank employees was pending since November 2017, and the unions had submitted a charter of demands in July last year. After the strike, we will decide the future course of action and it may be a long strike, including indefinite strike," said Ashwini Rana, Vice-President, National Organisation of Bank Workers.

Source – The Hindu Business Line, 1st June 2018.

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