

EDITORIAL

ALONG EXPECTED LINES

Amidst creeping inflation and a falling rupee, it would seem that the Monetary Policy Committee (MPC) was left with little option but to hike the repo rate by 25 basis points. India is not anywhere near the situation it faced in September 2013 when taper tantrums roiled the rupee and led to FIIs rushing for the exit door, but there are some troubling similarities. FIIs have been net sellers in recent months, exiting out of emerging markets to the safety of the dollar, with the Euro Zone decelerating and exhibiting signs of financial instability. Meanwhile, the US is normalising its monetary policy. If FII outflows have created pressure on the rupee, rising crude prices have added to it. A 12 per cent rise in oil prices since the last MPC meet in April to \$76 a barrel has played a role in pushing the rupee down by 5 per cent since its January value, to Rs. 67 today. It is notable that the rupee and the Indonesian rupiah have been among the worst-performing Asian currencies. Meanwhile, Moody's 'external vulnerability index' — the ratio of short-term debt, maturing long-term debt and NRI deposits over a year to forex reserves — has been valued at 74 per cent in the case of India and 51 per cent in Indonesia's case. With exports growing by just 3 per cent, and imports at over 10 per cent, the MPC needed to take steps to restore confidence in India's external account. However, in future, the Reserve Bank could consider other ways to manage rupee demand, such as a forex swap window for oil companies.

It is clear that in an inflation-targeting arrangement, the MPC cannot be seen to be taking a lax view of rising prices. Hence, it has taken cognisance of the fact that projected inflation at 4.7-4.8 per cent for the remaining part of this year is above its medium-term target of 4 per cent. However, it is intriguing that the MPC chooses not to invoke its mandated 2 per cent elbow room, at a time when green shoots of growth are making their appearance. Indeed, inflation numbers for the better part of this calendar year need to be discounted for their base effects. It is hoped that the MPC, after raising rates this time, gives due consideration to growth in its subsequent assessments. With 10-year benchmark yields already ruling above 7.5 per cent, a further hardening of rates can make access to credit that much harder for MSMEs in particular. The MPC should not lose sight of the fact that inflation that is cost-push in nature can co-exist with a situation of demand constraint.

However, the RBI's move to ease credit terms for now to MSMEs not registered under GST is laudable. A balanced approach to growth, inflation and fiscal consolidation can see India through periods of turbulence.



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EXCERPTS FROM AIRRBOF CIRCULARS

Circular # 44:2018

1st June 2018

MEMORABLE 2 DAYS STRIKE CONGRATS TO ALL COMRADES

We reproduce hereunder the text of All India Bank Officers' Confederation Circular No. 29 dated 31st May, 2018.

"The two day strike has been a great success. Rallies and demonstrations saw excellent participation. This was due to the Unity of UFBU. The media has also stood with us and covered the agitations well. Demos have taken place in remote corners of the country also.

Let us continue the struggle by the following immediately:

- Prepare pamphlets in Local languages and distribute to customers why we are on agitation.
- Interact with media contacts to write articles on our demands based on COD and our notes on LFC, Five Day Week, Child Care Leave etc.
- Organise seminars to discuss what is happening to Banking Sector based on the report I have circulated.
- Join the AIPCOC rally at Delhi on 19th June 2018 which covers our demands.
- Keep circulating our inputs in the social media by taking contents from www.reclaimtherepublic.com. Every day we will upload new contents.

Once again, Congrats to you all."

Circular # 45:2018

2nd June 2018

JUDGEMENT OF HON'BLE HIGH COURT AT ALLAHABAD ON EXTENSION OF COMPASSIONATE APPOINTMENT TO THE DEPENDANTS OF DECEASED OFFICER/EMPLOYEE IN RRBS

We reproduce our letter addressed to the Joint Secretary(SM), Govt. of India, Dept. of Financial Services on the captioned subject for your information & record.

"We would like to draw your kind attention to the attached order of the Hon'ble High Court at Allahabad in Service Single No. 16890 of 2018 and in the matter of Jitendra Vs. Union of India & ors.

In the light of the such order where the Hon'ble High Court upheld the right to compassionate appointment to the dependent of the deceased employee/officer who died in harness, we shall request to issue order to all RRBs to introduce the compassionate appointment scheme as existing in Public Sector Banks with immediate effect."



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Court No. - 23

Case :- SERVICE SINGLE No. - 16890 of 2018

Petitioner :- Jitendra

Respondent :- Union Of India Thru. Secy. Min. Of Finance Banking Div.& Ors

Counsel for Petitioner :- Om Prakash Pandey

Counsel for Respondent :- A.S.G., Neerav Chitravanshi, Vinay Shankar

Hon'ble Rajesh Singh Chauhan, J.

Heard Sri Om Prakash Pandey, learned Counsel for the petitioner.

Notice for opposite party No.-1 has been accepted by the office of learned Assistant Solicitor General of India and Sri Neerav Chitravanshi learned Advocate has accepted notice on behalf of opposite party no.-2 whereas Sri Vinay Shankar learned Advocate has accepted notices on behalf of opposite party nos.-3 to 6.

By means of this petition, the petitioner has submitted that the competent authority of Government of India, be directed to implement the scheme of compassionate appointment in the Regional Rural Banks as it has been introduced in the Public Sector Banks.

The aforesaid averments of the petitioner reveals that it is in the knowledge of the petitioner that scheme of compassionate appointment is not available in the respondent bank, therefore, no direction at this stage can be issued to the bank to provide any suitable appointment to the petitioner under dying in harness rules.

However, since the scheme of compassionate appointment has already been introduced in the Public Sector Banks, therefore, the competent authority of Government of India shall introduce and implement the scheme of compassionate appointment in the Regional Rural Banks also. Therefore, liberty is given to the petitioner to prefer a representation to the Secretary, Government of India, Ministry of Finance, Banking Division, New Delhi, pleading his grievance that on account of non implementation of scheme of compassionate appointment in the Regional Rural

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Banks, the incumbents who are in dire need of any suitable appointment under dying in harness rules are being deprived from said benefit.

The petitioner is also aggrieved on account of aforesaid reason as his father died on 12.8.2014 and so as to look after the entire family, any suitable appointment is required for the petitioner.

In view of the above, this writ petition is disposed of finally directing the competent authority of the Government of India to implement the scheme of compassionate appointment in the Regional Rural Banks in a same manner, which has been implemented in the Public Sector Banks at the earliest, so that the real needy persons could get an appropriate appointment as per scheme.

If the scheme is implemented in the respondent bank, petitioner would be at liberty to apply for any suitable appointment under compassionate appointment. But at this stage, looking into the facts and circumstances of the case, no relief can be granted.

With the aforesaid observation, writ petition is disposed of finally.

(Rajesh Singh Chauhan,J.)

Order Date :- 31.5.2018

Jyoti/-



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Circular # 46:2018

4th June 2018

**AIRRBOF DELEGATION HELD DISCUSSION
WITH SHRI RAVI MITTAL, ADDITIONAL SECRETARY,
BANKING, GOVT. OF INDIA IN NEW DELHI ON 4TH JUNE, 2018**

A delegation of AIRRBOF comprising of Com. Srijan Pal, Working President and Com. S.K. Bhattacharjee, General Secretary held detailed discussion with Shri Ravi Mittal, Addl. Secretary (Banking), DFS, Govt. of India in his office on 4th June, 2018.

Memorandum containing all related issues was handed over to Addl. Secretary by our General Secretary. The issues highlighted in the Memorandum were as follows:

- (i) Representation of officers.
- (ii) Prompt Corrective Action on RRBs imposed by NABARD.
- (iii) Strengthening the JCC Forum at NABARD.
- (iv) Early introduction of Pension Scheme in line with Commercial Banks in RRBs.
- (v) Relaxation in Eligible Years of Service in Promotion Process.
- (vi) Uniform other allowances in RRBs.
- (vii) Stoppage of Deputation of officers at the level of Scale IV by Sponsor Banks to RRBs.
- (viii) Amendment of Service Regulation in RRBs to bring Parity in the matter of Payment of Gratuity.
- (ix) Appointment of officer and Workmen Directors in the Board of RRBs.
- (x) Amendment of Service Regulation to provide for Accumulation of PL upto 270 days.

We attach the detailed memorandum for information of our members. We touched upon all the issues during discussion Addl. Secretary gave pertinent hearing to the issues raised by us. In regard to Pension issue he confirmed that the Supreme Court order is being examined by Law Dept. and early action to implement the same shall be taken. We harped on avoiding any adhoc amalgamation of RRBs to which the Addl. Secretary replied that the concerned State Govt.s are being sounded in this regard and Govt. shall take an objective view in the matter.

The Meeting remained fruitful.

Encl. The Memorandum



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Date: 4th June, 2018

To
Shri Ravi Mittal,
Additional Secretary (Banking),
Dept. of Financial Services,
Govt. of India,
Ministry of Finance,
Jeevan Deep Bldgs., 3rd Floor,
Sansad Marg,
New Delhi – 110001

Sir,

MEMORANDUM ON ISSUES CONCERNING RRBs

We would like to introduce ourselves as the largest organisation of the officers working in RRBs. Our Federation is affiliated to All India Bank Officers' Confederation (AIBOC).

Sir, we would like to draw your kind attention to the following issues concerning officers working in RRBs.

(i) Representation of Officers – In accordance with the provision of Regulation 32 of RRB Officers & Employees Service Regulation 2010 “no officer shall 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”. Hence all RRBs should strictly adhere to the service regulation and withdraw check off facility extended to Associations/Unions of officers at RRB level who are affiliated to Trade Unions having workmen as also members. We request you for your early action.

(ii) Prompt Corrective Action Imposed by NABARD in RRBs – We have vide our letter no. 2022:19:2018 dated 16th April, 2018 drawn the attention of DFS to the infirmities of the PCA imposed by NABARD. A detailed analysis was done by us. We enclose a copy of our correspondence for your taking up the issues with NABARD.

(iii) Strengthening the JCC Forum at NABARD Level – Joint Consultative Council at NABARD Level headed by Chairman could not be an effective forum as the body remained only a recommendatory authority. The JCC should be suitably revamped to include the representative of DFS so that minor issues can be resolved at JCC Level and major one is referred to DFS with clear cut recommendation.

(iv) Early Introduction of Pension Scheme in Line With Commercial Banks in RRBs – With the order of the Hon'ble Supreme Court on 25th April, 2018 decks are cleared for early introduction of Pension Scheme in RRBs in line with Commercial Banks. In view of the fact that considerable time is required to firm up the scheme, formation of Trust Board at RRB Level and initiation of the Pension Payment we shall request you to advise all RRBs to start the preliminary work at the earliest.



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(v) Relaxation in Eligible Years of Service in Promotion Process – In order to accelerate the promotional scope for officer of RRBs we shall request you to suitably modify the APR, 2010 so as to provide greater promotional scope to officers of RRBs to arrest the attrition of officers to other Banks.

(vi) Uniform Other Allowances in RRBs – Despite of issue of order of DFS dated 20th Oct. 2016 in most of the RRBs other allowances were not revised by Sponsor Banks or revised at varied rates. It is, therefore, imperative that DFS should issue instructions to RRB to revise other allowances at par with Sponsor Banks without any further reference to Sponsor Banks.

(vii) Stoppage of Deputation of Officers at the Level of Scale IV by Sponsor Banks to RRBs – Some Sponsor Banks continue to depute officers even at level of Scale IV to RRBs whereas sufficient number of officers are available at that level in RRBs. DFS should issue strict advisory to Sponsor Banks to stop deputation of officers at level of Scale IV or below for posts other than that of General Manager to RRBs.

(viii) Amendment of Service Regulation in RRBs to Bring Parity in the Matter of Payment of Gratuity – According to Regulation 72(3) of RRB (Officers & Employees) Service Regulation, 2010 an officer on superannuation is entitled to gratuity based on last pay drawn whereas as per the proviso of the same Regulation in case of employees it is calculated on pay, dearness allowance, special allowance and officiating allowance.

This provision is highly discriminatory and needs to be amended so that both officers and employees are entitled to gratuity on the basis of BP, DA & other eligible allowances. We seek your kind positive action in this regard.

(ix) Appointment of Officer and Workmen Directors in the Board of RRBs – At present the Regional Rural Bank Act, 1976/2015 does not contain any provision for appointment of officer and workman Director in the Board of Directors. The Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 do have provision for appointment of officer and workman Directors in Nationalised Banks. In order to make the Board of Directors of RRBs more representative the Board should also include officer and workman Directors by suitable amendment in the relevant Act.

(x) Amendment of Service Regulation to Provide for Accumulation of Privileged Leave/Earned Leave – Regulation 61(4) of RRB Officers & Employees Service Regulation, 2010 only provide for accumulation of Privileged Leave (PL) upto 240 days. However, during the last salary revision in Public Sector Banks the accumulation of PL have been increased to 270 days. We shall request you to please make suitable amendment in the RRB Service Regulation to amend the provision of accumulation of PL to make it 270 days.



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Circular # 47:2018

5th June 2018

**PURPORTED LETTER ISSUED BY RLC(C) – HQRs TO CONVENER,
UFRRB ON AN ISSUE ALREADY DECIDED BY HON'BLE SUPREME COURT**

We reproduce our letter addressed to the Chief Labour Commissioner (Central), Govt. of India, Ministry of Labour on the captioned subject for your information & record.

“We would like to draw your attention to the letter no. 21(03)/2018 – IR purported to have been issued by Shri Avijeet Kumar, RLC(C) – HQRs to the Convener, UFRRB for holding a Conciliation Meeting on 11th June, 2018 only on the issue of extension of pension to officers and employees of RRBs at par with Commercial Banks. In enclosing the purported letter we would like to point out that Hon'ble Supreme Court in its order dated 25th April, 2018 directed the Union of India to implement the Pension in RRBs in line with Commercial Banks within 3 months from the date of order.

It seems queer that RLC(C) – HQRs had fixed a Conciliation Meeting on 11th June, 2018 with only one Union without any reference to any strike Notice or dispute. Be it please be noted that our Federation is the largest legally recognised Trade Union of officers working in RRBs and we lodge strong protest in the matter. If the letter is really issued by RLC(C) – HQRs he should be directed to either cancel the conciliation process or call all other Unions in the conciliation.

You may appreciate that to maintain industrial peace in RRBs our suggestion should be accepted immediately.”

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URGENT
SPEED POST/E-MAIL
Immediate

No. 21(03)/2018-IR
Government of India
Ministry of Labour & Employment
Office of the Chief Labour Commissioner (C)
New Delhi

Dated 4.06.2018

To

1. Chairman of All Regional Rural Banks (By e-mail),
2. CMDs/MDs of Sponsor Banks of All RRBs (By e-mail)
3. Convenor of United Forum of RRB Unions,
Abhinav Apartments,
Belbanwa, Motihari-845401.
4. Chairman, NABARD, Mumbai (By e-mail),

Subject: **Implementation of benefits of Pension in 56 RRBs at par with Commercial Sponsor Banks (NCBs) in full compliance with NIT Awards-1990.**

Sir,

With reference to the conciliation proceedings held on 21.3.2018, it is stated that the undersigned has fixed the next date of discussion at **11.30 A.M. on 11.06.2018 in Room No.606, 6th Floor, Shram Shakti Bhawan, Rafi Marg, New Delhi.**

You are advised to attend the Conciliation Proceedings on the above scheduled date, time and venue either personally or through authorized representative well conversant with the facts of the case alongwith your comments and other relevant papers.

Yours faithfully

(Signature)
(Abhijeet Kumar)

Regional Labour Commissioner (C)-Hqrs



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Circular # 48:2018

11th June 2018

**WEST BENGAL STATE COMMITTEE MEETING &
MEMBERS' MEETING AT BANKURA ON 9TH JUNE, 2018**

AIRRBOF General Secretary visited the town of Bankura in West Bengal on 9th June, 2018 in connection with State Committee Meeting and the Meeting of General Members.

In the spacious Banquet Hall of Nigamananda Lodge, the meeting of the State Committee commenced at 10:30 AM under the Presidentship of Com. Tushar Kanti Hazra, General Secretary, BGBOA. State Secretary, Com. Srijan Pal at the outset presented the proceedings of the last Meeting held at Burdwan. He thereafter presented the oral report of the Secretary. All the representative of the affiliated RRBs in the State namely Bangia Gramin Vikash Bank, Paschimbanga Gramin Bank and Uttarbanga Kshetriya Gramin Bank participated in the Meeting and deliberated at length on the developments in the respective Banks. President of the Meeting Com. Hazra summed up the deliberations. Com. S.K. Bhattacharjee shared with the participants the developments that had taken place around the RRBs of the country. He also narrated the outcome of the recent discussion he had with the Addl. Secretary (Banking), Govt. of India. Thereafter, the Meeting ended with vote of thanks to the chair and the participants.

In the afternoon an overwhelmingly large number of members of BGBOA assembled in the Auditorium and activity participated in the General Meeting. The Meeting started with welcome address, followed by address of Com. T.K. Hazra, General Secretary, BGBOA. The Meeting was address briefly by Com. Srijan Kumar Pal, State Secretary and General Secretary of AOPBGB. The principal speaker of the Meeting was Com. S.K. Bhattacharjee, General Secretary, AIRRBOF. In his brief but spirited address Com. Bhattacharjee congratulated the membership for the covered order of the Hon'ble Supreme Court on 25th April, 2018 extending Pension in line with the Commercial Banks in RRBs. He stressed on the point that our struggle is still on to get the order of the Apex Court implemented. He called for new membership enrollment and their development. He also expressed confidence that like Paschimbanga Gramin Bank in the two other RRBs we shall achieve overwhelming membership. The Meeting was also felicitated by Com. Nikhilesh Mishra, Chairman, AIRRBOF and Com. U.S. Adhurya, President, BGBRA.

The Meeting ended with a proper vote of thanks and with the successful fervour.

Circular # 49:2018

11th June 2018

**CONVENTION ON PENSION PAYMENT IN RRBS
ORGANISED BY BNAGIA GRAMIN BANK RETIREES'
ASSOCIATION AT ICMRD, KOLKATA ON 10TH JUNE, 2018**

Bangia Gramin Bank Retirees' Association organised a convention on Pension Payment in RRBs at par with Public Sector Banks at ICMRD Conference Hall, Kolkata on 10th June, 2018.

With the introductory remarks by the President, Com. U.S. Adhurya Meeting got underway. Com. Suprita Sarkar, General Secretary, AIBPARC presented his views and congratulated the



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AIRRBOF and serving & retired officers for clinching the historic verdict of the Hon'ble Supreme Court in granting extension of Pension to the officers of RRBs at par with Public Sector Banks on 25th April, 2018. He opined that relentless fight by the AIRRBOF & Retirees Associations should be on to get the Pension implemented.

Shri Samar Sengupta, Ex-General Manager, United Bank of India and Ex-Chairman of Bangia Gramin Vikash Bank brought out before the participants the detailed modalities of Pension Payment, the nitty/gritty of Pension calculation and other aspects. He also entered into question/answer session with the participants and cleared their doubts.

Com. S.K. Bhattacharjee, General Secretary, AIRRBOF in his hard hitting speech presented graphic description of AIRRBOF fight before the Supreme Court in the Pension Case. He clarified that it was AIRRBOF who steadfastly pursued the case and clinched the victory.

Com. Srijan Pal, Working President, AIRRBOF presented his detailed speech before the audience. Other dignitaries present in the Conference felicitated the audience.

The Meeting remained highly fruitful.

Circular # 50:2018

15th June 2018

**EXPANSION OF AIRRBOF MEETING OF SUB COMMITTEE
MEMBERS & GENERAL SECRETARIES OF SPONSOR BANKS**

We reproduce hereunder the text of All India Bank Officers' Confederation Circular No. 30 dated 15th June, 2018.

"The meeting of the Sub Committee members of RRBs and the General Secretaries of Sponsor banks was held at Kolkata on 30th April 2018. We append below the minutes of the meeting for your information:

Minutes of the Meeting:

The General Secretary welcomed the gathering and requested Com S Roy Chowdhury to preside over the meeting.

Com Roy Choudhury shared his concern on the less participation of members in the meeting. He recalled that during Com Godbole's tenure there was focus on RRBs in AIBOC. Sponsor Banks should have focus for expansion of AIRRBOF. Since RRBs are well spread and connected with the grass root any initiative of AIBOC can reach to its logical end through RRBs only. He then requested Com Shyamal Bhattacharjee, General Secretary, AIRRBOF to carry the meeting further.

"The expectation of grassroots is that support should be from the sponsor Banks" remarked Comrade Bhattacharjee. He also said they used to get lot of support from United Bank of India earlier but off late they are not getting the desired support. He also appreciated Dena Bank for initiating some discussion which may help in further expansion of AIRRBOF. He stressed the need to be more focused and appealed to the General Secretaries of the sponsor Banks to help AIRRBOF in bringing the 48000 officers to their fold which will help the AIBOC immensely. He also shared his concern on the absence of the representatives of sponsor Banks and remarked



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that in the absence of discussion with General Secretaries of Sponsor Banks the AIRRBOF cannot make much progress.

The General Secretary, Comrade Franco appraised the house about the priorities of the affiliate General Secretaries and requested the representatives of AIRRBOF to understand the compulsion and priorities of both the sides. He also appraised that in Delhi meeting so many State Secretaries and General Secretaries attended the meeting but our experience is that many a times the representatives of the sponsor Banks heading the RRBs tend to behave like management and ignore their own leaders. He also placed the following suggestions for further deliberation:

1. We are in a better position because of the court case and we should make use of it. We should go with a focus.
2. Concentrate on Banks where already we have good presence. Campaign material should be used. Next two months we have to double the membership.
3. There are some RRBs where we don't have presence but our affiliate is the sponsor Bank such as Central Bank, Indian Bank, IOB. In J&K we have strong presence and we can make some inroads. Where SBI is the sponsor bank we will request our affiliates. Union bank of India in Uttar Pradesh can help us.
4. Let us concentrate on non members first. There are 23000 plus out of 48000 who are non members. Once we increase membership we will be the force to reckon in the joint consultative committee.

Comrade Soumya Datta in his deliberation made the following remarks: "There is a genuine ground for RRB Organisations to feel that they are not treated on equal terms be it wage revision or other. There is weakness in many State Committees and unless there is focused attention by AIBOC the membership cannot be increased. We need to have data of officers in RRBs and a dedicated team to plan and execute our plans."

Comrade R.G. Makhija requested that all state units should have dedicated representatives for expansion of AIRRBOF.

Comrade Srijan Kr. Paul while analyzing the challenges before the AIRRBOF and RRBs made the following observations: "The perks and benefits if made equal we can win members. Only 5-6 RRBs out of 56 are getting benefits at par. RRBs are not having uniform norms Recently NABARD has announced that PCA will be invoked in RRBs and if it is done there will be more issues. RBI Circular excludes RRBs on NPA provisioning norms. Taking advantage of that in few RRBs the management presents a rosy picture which hampers the credibility of the other. Risk weightage for AAA bond is 102 % whereas for commercial banks it is 20%. We can also decide to form five zones for expansion of AIRRBOF such as East, West, South, North and Central zone and form small committees which will be more effective."

"Unless the AIRRBOF do something from their side we cannot expect sponsor Banks to solve our issues. Support will be there but the representatives of AIRRBOF should put their energy behind" remarked Comrade S. Roy Choudhury.

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“Unless the AIRRBOF do something from their side we cannot expect sponsor Banks to solve our issues. Support will be there but the representatives of AIRRBOF should put their energy behind” remarked Comrade S. Roy Choudhury.

Comrade Shyamal Bhattacharjee stressed the need to target the new recruits to increase membership rapidly.

Comrade Biswaranjan Roy in his deliberation remarked “Where sponsor banks is not very active the RRBs will not pick up. AIBOC have very little role but the representatives of AIRRBOF and Sponsor banks should work in tandem. We have to look at the national perspective.”

The House then decided on the following action points::

- 1. To prepare pamphlets highlighting:**
 - a. Brief background & Achievements of AIBOC.**
 - b. Highlights of Charter of demands for RRBs.**
 - c. How RRBs came into existence and where they are now.**
 - d. Success stories of RRB federation.**
 - e. Supreme Court recent Judgement.**
 - f. Benefits of joining a trade union movement.**
- 2. Cooption in State level AIBOC units.**
- 3. The RRB Federation Office Bearers should tour various places and meet and address the members.**
- 4. Website of AIRRBOF**
- 5. Wherever our affiliates are strong we will have different strategies using the sponsor bank which will be the catalyst for growth of AIRRBOF.**

Comrade S. Roy Choudhury thanked the participants and requested the office bearers of AIRRBOF to give more impetus to reach the desired goal.

We request our affiliates to take note of the action points decided upon and also to extend more support to the representative of AIRRBOF to achieve the goals set by the confederation.”

Circular # 51:2018

15th June 2018

UFBU MEETING HELD ON 12TH JUNE, 2018 AT CHENNAI

We reproduce hereunder the text of All India Bank Officers' Confederation Circular No. 31 dated 15th June, 2018.

“We reproduce UFBU Circular dated 14.06.2018 on the above captioned subject for information.

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Text of UFBU Circular dated 14.06.2018

Dear Comrades,

UFBU MEETING HELD ON 12TH JUNE, 2018, AT CHENNAI

A meeting of the United Forum of Bank Unions was held at Chennai on 12th June, 2018, in the background of the successful two days' strike on 30th and 31st May, 2018. The meeting was attended by representatives of all the constituent unions.

The meeting noted that the participation of employees and officers in the All India Strike on 30th and 31st May, 2018, was total and the massive turnout of our members in the rallies, demonstrations and processions was impressive and encouraging. The meeting congratulated the entire rank and file of our unions for making this strike action a stupendous success and as a befitting reply to the paltry offer of 2% hike by the Indian Banks' Association.

The meeting reviewed the developments during the course of our agitation including the discussions held before the Chief Labour Commissioner (Central), Ministry of Labour, Government of India, on 28th May, 2018. The meeting observed that despite the clear advise of the CLC (C) to IBA to withdraw the 2% offer and give a revised percentage of wage hike, the IBA did not come forward with any concrete proposal or offer to enable reconsideration of the strike call. The meeting took note that in deference to the observations of the CLC (C), the IBA has written to the concerned Banks to re-examine their decision on restricted mandate to the IBA but the issue still remains as we can not agree with the fractured mandate. There were threadbare discussions regarding the further course of action to be decided by the UFBU to pursue our Charter of Demands and its resolution. After full-fledged discussions, the meeting decided as under:

- a) Attempts should be made to meet higher authorities like Finance Minister, Secretary, Department of Financial Services, Chief Labour Commissioner (Central), Chairman, IBA, etc., with a view to impress upon them the need to resume the discussions in order to find amicable solution to our demands. It was decided to meet these officials at the earliest to explore the possibilities of an enhanced offer from the IBA in order to take the negotiations forward.
- b) In the event of unsatisfactory response from these authorities to resume the talks and to ensure expeditious settlement with adequate increase in wages and satisfactory improvement in service conditions, it has been decided that UFBU will undertake further strike actions during the months of July and August, 2018. The duration of the strikes and the dates etc., will be decided looking to the response of the IBA and the Government. It was also decided that these strike actions would be further intensified including the need for giving a call for continuous and indefinite strike actions.
- c) The meeting further decided to undertake various preparatory programmes preceding the strike actions in order to ensure full mobilization of our members.
- d) The meeting observed that the IBA's paltry offer of wage hike is ostensibly due to the losses incurred by the Banks on account of increasing bad loans and consequent higher provisions and write-offs. The meeting reiterated that the wage expenses of the Banks as a ratio to the total expenses has actually declined over the years and hence, denial of fair wage revision cannot be accepted. It was also reiterated that all the Banks without exception have been consistently earning operating profits year after year and in the last five years, from 2013-14 to 2017-18, the total operating profits were Rs.7,12,150 Crores and hence, to plead inability to offer better wage revision is totally retrograde.

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- e) The meeting felt that the burden on the huge bad loans contributed by the corporate defaulters is sought to be put on the shoulders of the employees, on the one hand and on the Banking public, on the other hand. The meeting took note that all these problems are as a result of the Government pursuing the policies of Banking reforms like privatization, consolidation, appeasement to corporate defaulters, new mechanism to relieve the corporate defaulters from their liabilities under the guise of Insolvency and Bankruptcy Code FRDI Bill etc. Hence, the meeting felt that alongside our agitation for wage revision, we should also build up campaign and protest actions against the Banking reform policies of the Government which are harmful to the interests of the banking public.
- f) 19th July, 2018, marks the commencement of 50th year of Bank Nationalisation. In the background of the increasing attacks on Public Sector Banks and Social Orientation of our Banks, it was decided to observe "Defend Bank Nationalisation Week" from 16th July, 2018 to 21st July, 2018, through observance of week-long programmes like Mass Meetings, Public Meetings, Seminars, Badge Wearing, Demonstrations, Press Release, Postering etc.
- g) The meeting observed that recently the Ministry of Electronics and Information Technology has given instructions to the Banks that from July, 2018, onwards, Banks must undertake Aadhaar Enrollment services. Keeping in view that already so many Government schemes are thrust on the Banks leading to avoidable stress on the employees and officers at the branches, the meeting decided that our members will not undertake the job of Aadhaar Enrollment.
- h) It was brought to the notice of the UFBU that Mr. Hansraj Ahir, Union Minister of State for Home, had issued instructions to some District Magistrate that annual increment should be stopped for Bank Managers, who have not completed the target to sanction Mudra Loans. The meeting took serious objection to such high-handed instructions and decided to take up the matter with the Government to rescind these instructions.
- i) The meeting also took note that in continuation of the PCA norms clamped on some of the Banks, recently, the RBI had issued directives prohibiting sanction of loans by Dena Bank and stopping all further recruitments in the Bank. Like any other Bank, the problem of Dena Bank is only on account of the huge Bad Loans and the remedy lies in taking stringent measures to recover these loans from the defaulters. On the other hand, prohibiting sanction of loans by the Bank will choke the Bank to ultimate death. Hence, the meeting took objection to the RBI's action and demanded its immediate review and withdrawal. It was decided to take up the matter with the RBI.

Comrades, if our attempts to meet higher authorities to resume the discussions in order to find amicable solution to our reasonable demands of wage revision are spurned, UFBU will come out with the agitation programmes including strike actions in July/August 2018 followed by intensified strike actions to achieve our just demands. Alongside we shall also protest against the banking reform policies of the Government and the hardship the banking clients are put to.

Comrades, Banking Sector is passing through critical times. In order to safeguard the Banks, which represents the hard-earned savings of the people and in order to protect and promote the interest of the workforce in the Banks, strengthening our unions is our utmost priority. Unity and struggles alone will be the guarantee against these attacks. We call upon all our unions and members to close up their ranks and prepare themselves to meet these offensives and challenges effectively.

- **Let us fight for better and early wage revision**
- **Let us fight against restricted mandate for officers**
- **Let us fight against anti people Banking reforms**
- **Let us get ready for further strike actions**

With Greetings,
Yours Comradely,
K.K. NAIR
CHAIRMAN



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UNITED FORUM OF BANK UNIONS

(AIBEA-AIBOC-NCBE-AIBOA-BEFI-INBEF-INBOC-NOBW-NOBO)

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K K NAIR
Chairman

SANJEEV K. BANDLISH
Convener

Circular to all Constituent Unions

14.6.2018

Dear Comrades,

UFBU Meeting held on 12th June, 2018, at Chennai

A meeting of the United Forum of Bank Unions was held at Chennai on 12th June, 2018, in the background of the successful two days' strike on 30th and 31st May, 2018. The meeting was attended by representatives of all the constituent unions.

The meeting noted that the participation of employees and officers in the All India Strike on 30th and 31st May, 2018, was total and the massive turnout of our members in the rallies, demonstrations and processions was impressive and encouraging. The meeting congratulated the entire rank and file of our unions for making this strike action a stupendous success and as a befitting reply to the paltry offer of 2% hike by the Indian Banks' Association.

The meeting reviewed the developments during the course of our agitation including the discussions held before the Chief Labour Commissioner (Central), Ministry of Labour, Government of India, on 28th May, 2018. The meeting observed that despite the clear advise of the CLC (C) to IBA to withdraw the 2% offer and give a revised percentage of wage hike, the IBA did not come forward with any concrete proposal or offer to enable reconsideration of the strike call. The meeting took note that in deference to the observations of the CLC (C), the IBA has written to the concerned Banks to re-examine their decision on restricted mandate to the IBA but the issue still remains as we cannot agree with the fractured mandate.

There were threadbare discussions regarding the further course of action to be decided by the UFBU to pursue our Charter of Demands and its resolution. After full-fledged discussions, the meeting decided as under:

- a) Attempts should be made to meet higher authorities like Finance Minister, Secretary, Department of Financial Services, Chief Labour Commissioner (Central), Chairman, IBA, etc., with a view to impress upon them the need to resume the discussions in order to find amicable solution to our demands. It was decided to meet these officials at the earliest to explore the possibilities of an enhanced offer from the IBA in order to take the negotiations forward.





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Circular # 52:2018

20th June 2018

**FORMATION OF DENA GUJARAT GRAMIN BANK
OFFICERS' ASSOCIATION IN THE MEETING HELD ON 17th JUNE
AT HOTEL PATHIKASHRAM, GANDHINAGAR (GUJARAT)**

The Banquet Hall of Hotel Pathikashram, Gandhinagar was tastefully decorated and beaming with attendance of overwhelming number of members right from the morning.

The Meeting got underway around 10:30 am with ushering of guests to the dias viz. Com. S.K. Bhattacharjee, GS, AIRRBOF, Com. S.S. Prasad, GS, All India Dena Bank Officers' Federation (AIDBOF), Com. Rajendra Bhavsar, President, AIDBOF, Shri B.S. Luthra, Chairman, Dena Gujarat Gramin Bank, Com. Kamal Kadri, General Secretary, AIBOC, Gujarat State Unit, Com. C. Shivshankar, Chairman, AIDBOF, Com. P.S. Jadeja, Ex-General Secretary, AIBOC (Gujarat Unit) who were felicitated by flower bouquets and memento.

The prayer was invoked and lighting of traditional lamp was done by the dignitaries. With the welcome address the meeting was formally got underway. Shri B.S. Luthra, Chairman, Dena Gujarat Gramin Bank gave a befitting speech highlighting the hard work done by the officers of the Bank and the resultant positive results. He wished the foundation conference all the best. Com. P.S. Jadeja felicitated the Conference. Com. Kamal Kadri, General Secretary, SBIOA (Gujarat Circle) and Secretary, AIBOC Gujarat State Unit in his brief address lauded the efforts of AIDBOF for launching the new Association in RRB. Com. C. Shivshankar felicitated the Conference. Com. Rajendra Bhavsar, the spirit of enunciating the cause of the Foundation Conference in his spirited address complimented the efforts of DGB officers to unite and foster a Trade Union of officers of the Bank. He pledged full help & co-operation to the new Association on behalf of AIDBOF. Com. S.S. Prasad, General Secretary, AIDBOF in his address covered all relevant aspects of the Trade Union, the onslaught of the Govt. and Management combine, the fight Dena Bank Officers under AIDBOF and extended his full help & support to the officers of DGBOA. Com. S.K. Bhattacharjee in his inimitable style spoke at length the futility of the amalgamation process, the Govt.s effort to paint the PSBs and RRBs with losses and the great fight by AIBOC leadership. He congratulated the officers of DGB for the right decision to form Officers' Association which have already been affiliated by AIDBOF, AIRRBOF and AIBOC. He called for membership enrolment and their development to ensure emergence of DGBOA into a vibrant unit of AIRRBOF.

In the Business Session the constitution of DGBOA was approved and Nomination of Auditors was done. The Election Commissioner was appointed and election of office bearers and Executive Committee Members were conducted. All the office bearers and EC Members were declared elected as unopposed.

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We give below the name of office bearers.

Sl.No	Designation	Name
1.	President	Shri K.K.Patel
2.	Vice President	Shri ArunBhargav
3.	Vice President	Shri T. L. Chauhan
4.	General Secretary	Shri Nitin Bhalgama
5.	Joint Secretary	Shri J. R. Patel
6.	Joint Secretary	Shri B. A. Parmar
7.	Organization Secretary	Shri P.K. Solanki
8.	Treasurer	Shri AjaysinhDabhi
9.	Regional Secretary - Bhuj	Shri Chetan Chauhan
10.	Regional Secretary - HMT	Shri Jayesh Patel
11.	Regional Secretary - MEH	Shri M. L. Brahmbhatt
12.	Regional Secretary - PTN	Shri M. D. Solanki

AIRRBOF, pledges full help & support to the new Unit of DGBOA all help & support.

Circular # 53:2018

20th June 2018

GENERAL SECRETARY VISITED MUMBAI & HELD DISCUSSION WITH DIFFERENT OFFICIALS

In the course of the visit of General Secretary of AIRRBOF to Mumbai on 19th June, 2018 he held discussion with the following officials:

NABARD – Discussion held with Mrs. Sarita Arora, Chief General Manager, IDD and Shri Niraj Verma, General Manager, IDD. General Secretary get appraised of the latest developments and exchanged views. He stressed on NABARD for taking up the issue of formulation of Pension Scheme and release of Pension at par with Public Sector Banks at the earliest.

Dena Bank – Discussion took place with Shri H.K. Deo, General Manager, Priority Sector and RRBs on early release of promotion proposal of Dena Gujarat Gramin Bank. He also emphasised on release of Part – II of other allowances of the RRBs by Sponsor Bank. In view of the preoccupation of Shri Deo due to Board Meeting in the brief interaction Shri Deo assured appropriate action.

Central Bank of India – In the absence of General Manager discussion took place with Shri Sundeep Gulati, Dy. General Manager. We insisted that Part – II of other allowances be released at the earliest. Shri Gulati assured that the other allowances shall be released shortly.

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PRESS CORNER

BANK LOANS WORTH Rs. 5-LAKH CR TURNED INTO NPAS IN FY18: CRISIL

As much as Rs. 5-lakh crore of bank loans deteriorated into the non-performing asset (NPA) category in fiscal 2018, according to credit rating agency Crisil. But the tide seems to be turning, given the sharp reduction in SMA (special mention account)-2 cases and better NPA recovery prospects, it added. An SMA-2 account is a stressed account where the principal or interest payment or any other amount, wholly or partly, is overdue between 61 and 90 days.

Crisil said the total slippages in the past three fiscals amounted to Rs. 13.6-lakh crore. It assessed that about a fifth of the slippages last fiscal (FY2018) was due to the withdrawal of various structuring schemes by the RBI in February 2018 after the Insolvency and Bankruptcy Code (IBC) process came into force.

As a result, gross NPAs increased to about Rs. 10.3-lakh crore, or about 11.2 per cent of advances, as on March 31, 2018, compared with Rs. 8-lakh crore, or about 9.5 per cent of advances, as on March 31, 2017.

Underscoring that the tide is slowly turning, Crisil said it expects a moderation in slippages, better recoveries from NPAs, and improved provision coverage to bode well for banks.

For example, SMA-2 accounts have more than halved to 0.8 per cent of advances as of last fiscal-end, compared with 2 per cent a year earlier, indicating a considerable reduction in stressed loans that can regress into NPAs.

Crisil Senior Director Krishnan Sitaraman said: "Further, prospects of recovery from stressed accounts referred to the National Company Law Tribunal (NCLT) are improving. More than a quarter of the Rs. 3.3-lakh crore worth of cases referred to NCLT for resolution are from the steel sector, which has seen heightened bidding interest due to improving prospects for the sector." Consequently, Crisil expects gross NPAs in the banking system to peak at around 11.5 per cent this fiscal and then start reducing.

Last fiscal, the banking system reported a net loss of Rs. 40,000 crore because of the sharp rise in NPAs and the resulting increase in provisioning costs. PSBs bore the brunt of this; their provisioning costs were nearly twice the pre-provisioning operating profits; this resulted in a net loss of about Rs. 85,000 crore.

Crisil Director Rama Patel said: "The banking system's provisioning cover (excluding write-offs) for NPAs increased to 50 per cent as on March 31, 2018, against 45 per cent a year ago; this is expected to improve this fiscal." However, the agency assessed that higher provisioning and the resultant losses have eroded the Rs. 1.2-lakh crore of capital raised by PSBs last fiscal, of which Rs. 90,000 crore was from the government. PSBs depend on the government for capital to meet Basel III norms.

Given the higher-than-expected losses last fiscal, probable loss in the current fiscal, and recall of the Additional Tier 1 instruments by a few PSBs, Crisil said the Rs. 2.1-lakh crore recapitalisation programme announced in October 2017 may be insufficient to meet the capital requirements of PSBs by this fiscal-end.

Source – The Hindu Business Line, 6th June 2018.

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GROWTH, INFLATION OUTLOOK
PROMPTS 25-BPS REPO RATE HIKE, FIRST IN 4 YEARS

After a prolonged pause, the six-member Monetary Policy Committee of the Reserve Bank of India voted unanimously in favour of a 25-basis points hike in the policy repo rate to 6.25 per cent even as it kept the monetary policy stance neutral.

The last rate action was in August 2017, when the MPC cut the repo rate — the interest rate at which banks borrow funds from the central bank to overcome short-term liquidity mismatches — from 6.25 per cent to 6 per cent. The hike on Wednesday is the first in four years.

Seen as a pre-emptive move by market participants to rein in inflation, the rate increase comes in the backdrop of rising inflationary pressures arising from volatile crude oil prices, increase in other global commodity prices and recent global financial market developments. However, the RBI has kept its policy stance neutral.

The repo rate hike may prompt banks to further raise their deposit and lending rates. In the past couple of weeks, State Bank of India, Punjab National Bank, Bank of Baroda and ICICI Bank increased their deposit and lending rates.

Asked if the rate hike and the neutral policy stance were contradictory, RBI Governor Urjit Patel said: “A neutral stance leaves all options open. The committee felt that there was enough uncertainty for us to keep to the neutral stance and yet respond to the risk to the inflation target that has emerged in recent months.”

The Governor underscored that in May, households reported a significant rise in inflation expectations. Manufacturing firms reported input price pressures and increase in selling prices. The cost of farm inputs and raw material costs have risen sequentially.

“Since the MPC’s meeting in April, the price of the Indian basket of crude surged from \$66 a barrel to \$74. This, along with an increase in other global commodity prices and recent global financial market developments, has resulted in a firming up of input cost pressures and persistence in the higher CPI (consumer price index) projections for 2018-19,” explained Patel.

Madan Sabnavis, Chief Economist CARE Ratings, said: “Going ahead, inflation will be guided by the progress and spread of the monsoon. We expect one more interest rate hike of at least 25 basis points this year, and in fact cannot rule out the possibility of two rate hikes by the end of FY 2018-19, which will depend on the developments at the global front with regard to oil prices and its likely impact on domestic inflation.”

The RBI revised the projected CPI inflation for 2018-19 to 4.8-4.9 per cent in the April-September (H1) period against the earlier projection of 4.7-5.1 per cent. The projection for the October-March (H2) period has been upped to 4.7 per cent from 4.4 per cent earlier.

The MPC said it is important that public finances (borrowings by Central and State governments) do not crowd out private sector investment activity at this crucial juncture. Adherence to budgetary targets by the Centre and the States – which appears to be the case thus far – will also ease upside risks to the inflation outlook considerably.

The GDP growth for 2018-19 has been retained at 7.4 per cent as in the April policy.

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Welcoming the monetary policy stance, Economic Affairs Secretary Subhash Chandra Garg said he believed that the current assessment did strike a balance among growth, inflation and external situation and expectations. Railways Minister Piyush Goyal tweeted to claim that the RBI action policy “confirms that economic activity is on the upswing.”

The Sensex and the Nifty gained close to 1 per cent as traders took a cue that the rupee may not weaken sharply further. The Sensex rose 275 points or 0.8 per cent to close at 35,178. The Nifty rose 91 points or 0.86 per cent to close at 10,684. After five consecutive days of falls, the BSE MidCap and SmallCap indices gained 1.28 per cent and 1.53 per cent, respectively.

Source – The Hindu Business Line, 7th June 2018.

CENTRE PLANS AMALGAMATION OF RRBS AT THE STATE LEVEL

The Centre is planning another round of amalgamation of Regional Rural Banks (RRBs). The number of RRBs is proposed to be brought down to 38 from 56.

A road map for the same has been prepared and it envisages the amalgamation of RRBs at the State-level. About 33 RRBs, currently spread across 11 States, will be brought together into fourteen banks. The exercise is being done in consultation with NABARD.

For instance, three RRBs in Gujarat – Dena Gujarat Gramin Bank, Baroda Gujarat Gramin Bank and Saurashtra Gramin Bank – operating under the sponsor banks, Dena, Bank of Baroda and State Bank of India, will now be brought under the aegis of SBI. Whereas in Tamil Nadu, Pallavan Grama Bank and Pandyan Grama Bank, operating under their respective sponsors – Indian Bank and Indian Overseas Bank – will now come under Indian Bank.

The road map envisages that there will be some give and take among the various sponsor banks in different States. SBI, for instance, will take over six RRBs, which are currently under other sponsor banks, under its fold, while shedding four RRBs to other banks.

The amalgamation process is being done ostensibly to enable RRBs cut overheads, improve their capital and use technology, besides helping them draw better scale-efficiency, higher productivity, improved financial inclusion and greater credit flow to rural areas.

RRBs were established originally with these goals in mind and with the hope of getting the best mix of credit co-operatives as well as commercial banks. They were intended to serve the credit needs of backward areas.

On a consolidated basis, they have about Rs. 2-lakh crore loans outstanding given mainly to the priority sector, predominantly agriculture. They contributed about 16 per cent of the accounts that were opened under the Pradhan Mantri Jan Dhan Yojana. This is the third round of RRB restructuring that is being undertaken. The first round was in 2005 when RRBs of the same sponsor bank within a State were consolidated. This reduced the number of RRBs drastically from 196 to 82.

In the second phase of consolidation in 2012, RRBs, which were near each other (even if they belonged to different sponsor banks), were brought together. This further reduced the number to 56.

Source – The Hindu Business Line, 13th June 2018.

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The unearthing of the fraud in January has not only exposed shortcomings in the management of PNB, but has also undermined confidence in India's state-run banking sector, which controls over two-thirds of the nation's bank assets. The damning conclusions of the report stand in contrast to the lack of regulatory action taken by the authorities since the fraud was reported. No penalty has been imposed on PNB as a result of the fraud and there has been no senior management shake-up.

A PNB spokesman told Reuters the bank "cannot share details on a sub-judice case". He added: "We must reiterate that we will not spare anybody who is found guilty irrespective of the level or position in the bank," he said.

PNB did not respond to a question about what action was taken against the "erring" officials mentioned in the report.

The Reserve Bank of India and the Banking Secretary, Rajiv Kumar, did not respond to requests for comment.

The report does not say whether the PNB investigators believe those involved in the monitoring failures were aware of the fraud.

Significantly, they said one of the reasons the fraud went undetected for years was because of lapses within some of the bank's critical areas at its New Delhi headquarters, such as its credit review and international banking units.

The epicentre of the fraud was PNB's Brady House branch, housed in a building with an imposing colonial facade in downtown Mumbai. From there, deputy manager Gokulnath Shetty for years issued fraudulent credit guarantees over the SWIFT interbank messaging network, the bank and prosecutors have alleged.

Using those guarantees, companies controlled by Nirav Modi, whose jewellery creations were once adorned by global celebrities, and Choksi, received credit from banks overseas to fraudulently fund their businesses, PNB alleges.

Modi and Choksi, both of whom left India before PNB filed its first police complaint on January 29, have denied any wrongdoing.

Shetty's lawyer has said his client is not guilty. As per protocol, the daily reconciliation reports should travel up the chain to PNB's headquarters in New Delhi. Along the way, they would be signed off by the Brady House branch head and sent each month to a Mumbai city regional office that would issue all-clear certificates for the branches it controls.

But despite receiving just two of the 12 monthly reports from the Brady House branch last year, the regional office signed off on a "false" compliance certificate, signaling a clean bill of health for the branch, the report said.

Shetty joined the forex division at Brady House in April 2010. In March 2011, the branch issued the first fake credit guarantees of \$15.5 million to Modi's firms through SWIFT messages, bypassing the internal banking system, the PNB investigators said.

Over the coming years, Shetty authorised more than 1,200 fraudulent credit guarantees, the report added.

Source – The Hindu Business Line, 21st June 2018.

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ARREST OF BANK OF MAHARASHTRA OFFICIALS UNWARRANTED: IBA

Terming the arrest of top Bank of Maharashtra (BoM) officials as 'unwarranted', the Indian Banks' Association (IBA) on Friday said it would present a memorandum to the highest government functionaries next week to seek, among other things, the formation of an independent committee that will have to approve the initiation of criminal proceedings against senior executives of banks, and for directions to prevent recurrences of such incidents.

According to VG Kannan, Chief Executive (CE), IBA, all bankers unanimously expressed anguish and concern over the arrest of the BoM officials for bonafide decisions taken in the discharge of official duties. Senior officials of the bank have been arrested for criminal conspiracy and violation of the Maharashtra Protection of Interest of Depositors in Financial Establishment Act, 1999.

Underscoring that the Act is not applicable to banks, Kannan explained the banker is not concerned with the activity of taking and repayment of deposits by the company (DSK Developers in the case of Bank of Maharashtra). Hence, the arrest (of the MD & CEO and ED) is unwarranted.

At the meeting, bankers were of the view that credit is very critical for the growth and development of the economy and that they are very much committed to it.

"An environment conducive to growth needs to be ensured and maintained by the government, whereby the decision-making process in banks is not adversely affected. Concern was also expressed that simultaneous investigations by different authorities, reviewing the same decision of bankers, has resulted in adversely affecting the regular banking operations of bankers," said Kannan.

The bankers also felt that officials under investigation for decisions taken in discharge of duties should be provided with legal assistance while in service or thereafter. Banks also decided to determine the possibility of obtaining insurance cover to take care of costs incurred in defending themselves.

Banks also proposed to suggest to the government that an independent committee, probably with a central bank senior representative, be formed to individually give clearance for initiating criminal proceedings against senior executives of banks, so that the smooth functioning of the banking industry is ensured. "In the meeting, it was also discussed that as per the RBI guidelines, frauds involving amounts exceeding Rs. 25 crore are to be handled only by the CBI. And assuming that there is a fraud in the case, we are unable to understand how the matter has been taken by the State police," said Kannan.

BoM had sanctioned Rs. 100 crore to DSK Developers and released 16 per cent of their share pending release of the consortium limits. The total limit for the particular project was Rs. 600 crore. Of this, BoM's share was Rs. 100 crore. In addition, BoM had sanctioned a short-term loan of Rs. 10 crore. This was sanctioned to the company against specific property of Rs. 15 crore.

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LENDING BY BANKS TO MSMEs VIA NBFCs A WIN-WIN FOR ALL STAKEHOLDERS: FIDC

Active bank funding of NBFCs for onward lending to MSMEs can be a win-win situation for all stakeholders, the Finance Industry Development Council (FIDC) has suggested.

Besides the banks being able to lend to the desired segment (MSMEs), this would ensure a steady fund flow to small and medium NBFCs, that are facing a funding crunch, FIDC said in a letter to Finance Minister Piyush Goyal. The Finance Industry Development Council (FIDC) is a representative body of asset-financing Non-Banking Finance Companies (NBFCs).

The letter comes on the heels of Goyal's remarks last week that public sector banks (PSBs) will identify and speed up lending to "genuine" and "performing" companies whose total borrowings are less than Rs. 2,000 crore.

It also comes at a time when the state-run banks are facing a huge NPA mess that has weakened their balance sheets and put 11 of the 21 banks under prompt corrective action of the RBI. Of the 21 state-owned banks, only two banks — Indian Bank and Vijaya Bank— have paid dividend (Rs. 444 crore) to the Government.

Routing the money through NBFCs would help channelise the funds to the targeted segment (MSME) in a coordinated manner and the recovery from the ultimate borrower would be the responsibility of the NBFCs who have a proven track record in this regard, FIDC Chairman Raman Aggarwal said in the letter.

Aggarwal said that NBFCs by virtue of their deep rooted understanding of the local market dynamics relating to various assets, geographies and class of borrowers, coupled with the flexibility of their operations, have mastered the art of funding MSMEs who may not have any track record to prove their credit worthiness. This has been further boosted by adoption of latest technological advances, the FIDC has said.

FIDC is of the view that bank lending to NBFCs for onward lending to MSMEs is an ideal model that would have a multiplier effect.

As compared to a bank lending to one company, if a bank lends to one NBFC, the NBFC then lends to a number of entities, thereby creating a multiplier effect. This expands the reach to a larger section of the MSMEs, spread across the country. This will significantly reduce the operating costs for banks, which is the need of the hour, the FIDC letter said.

Source – The Hindu Business Line, 25th June 2018.



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