AIRRBOF News Letter
September, 2018
Sky is not the limit, we cover it...
The Voice of All India RRB Officers' Federation
Vol - XXV SILIGURI No. 09

EDITORIAL

UNDERSTANDING THE RISE AND RISE OF MARKETS

There is a trade war simmering, the rupee is on weak ground, crude oil price remains at elevated levels, inflation is rearing its head, interest rates are moving higher and there is growing political uncertainty due to upcoming elections. But despite these growing pile of negatives, the Sensex and the Nifty have been sprinting higher, recording fresh life-time peaks every other day.

This Indian rope trick by the bellwethers has onlookers gaping in disbelief for it is clear that these indices are not representing the true condition in the stock markets.

A sharp correction had gripped the mid- and small-cap stocks since May that had severely eroded investors' portfolios. As a result of this decline, 80 per cent of the 1,850 stocks actively traded on Indian exchanges, have recorded negative returns since the beginning of 2018. More than half the listed stocks have lost more than 20 per cent of their value and around 284 stocks have lost more than 50 per cent. Against the back-drop of this large-scale destruction in value of Indian stocks, the rally in the Sensex and the Nifty strikes a discordant note.

Global equity markets have also been jittery with the foreign investors pulling money out due to tightening liquidity conditions. But while benchmark indices in many Asian countries such as China, Indonesia, South Korea and Malaysia have recorded negative returns in 2018, the Indian bellwethers are defying gravity, despite FPI flows in to Indian equity turning negative this year.

This strange behaviour of the Nifty and the Sensex is largely due to the continuing flood of money that is being pumped in to Indian mutual funds by domestic investors. Fund managers are parking the money in larger stocks, in order to play safe in a turbulent market, thus driving up the Sensex and the Nifty.

Mutual funds have become the largest source of incremental fund flow into Indian equity since 2015. While FPI flows have been declining due to tighter liquidity conditions caused by global central bank tightening, domestic MFs have been awash with funds over the last three years. Thanks to aggressive marketing by AMFI and upbeat market sentiment post-2014 election, Indian savers have been pouring money in to mutual funds through the SIP (systematic Investment Plan) route. But since SIP inflows continue, irrespective of market conditions, funds are now faced with incessant flow of unwanted money. While FPIs net sold Rs. 4,167 crore of stocks so far in 2018, mutual funds have purchased Rs. 73,904 crore of stocks, till the last week of July 2018.

As the inflows have continued, fund managers have been forced to deploy the funds in stocks, despite fewer options available at peak levels. MFs are now chasing a handful of stocks with relatively better prospects, thus driving up the valuations of these further.

Since the Sensex contains 30 of the largest and most traded stocks in the Indian market and Nifty is composed of 50 of the largest, it goes without saying that the stocks that mutual fund managers prefer are part of these benchmarks too.

All India RRB Officers' Federation
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A closer look at the stocks held by all mutual fund houses, across schemes, throws more light on the dilemma that the funds are currently facing. Towards the end of June 2018, MFs held stocks valued at Rs. 9,07,659 crore. Of this, 68 per cent of the holding, valued at Rs. 6,21,250 crore, was parked in large-cap stocks, that are the top 100 stocks, ranked according to market capitalisation. About 18 per cent of the MF assets were invested in mid-cap stocks and only 13 per cent in small-cap stocks.

The relatively conservative profile of the Indian investors would have made more money flow in to large-cap funds, since these are perceived as less risky. It's also possible that given the volatile market conditions since the beginning of this year, incremental investments by fund managers have mainly been in larger stocks.

Within the large-cap universe too, the options have been declining for mutual fund managers. For earnings of a few sectors such as real estate, pharmaceuticals, power, infrastructure and soon have been hurt by cyclical slow-down as well as regulatory issues.

Fund managers have therefore been flocking to select stocks that have been recording good earnings growth despite the tough market conditions. On the whole, mutual funds have invested in around 1,000 stocks.

Of these, the top 20 stocks by market capitalisation have attracted 42 per cent of the MF assets deployed in equity. Almost 58 per cent of the MF assets allocated to equity are, in fact, concentrated in just 50 stocks.

A quick glance at the stocks that top the MF holding list — HDFC Bank (5.87 per cent of equity holding), Infosys (3.67 per cent), ICICI Bank (3.45 per cent), SBI (3.01 per cent) and Larsen and Toubro (2.86 per cent), RIL (2.2 per cent), TCS (1.57 per cent) — shows that these stocks are behemoths that are considered safe bet for the long term. These are also the stocks that drive the Nifty and the Sensex.

Going ahead, the situation could get quite interesting. The flows in to MF SIPs are likely to continue, even if a meaningful correction begins in large-cap indices. For, it has been drummed in to investors that they should continue investing irrespective of market conditions.

This will mean that mutual fund managers will continue to hold investable funds even during market corrections. Deployment of these funds will cushion market declines, leading to shallower corrections in the Nifty and the Sensex.

This is already being witnessed in Indian markets. The Sensex has not witnessed a correction of more than 10 per cent from its peak since February 2016.

The Centre needs to spend some serious thought on increasing the supply of securities in Indian markets to meet this growing demand, otherwise valuations in large-caps could move in to the bubble-zone. Speeding up PSU divestments can help absorb some of these flows. SEBI too needs to pay attention to the imbalance in the demand-supply equation and consider limiting investments by some of the larger institutional investors, if necessary.

September, 2018
AIRRBOF News Letter
Sky is not the limit, we cover it...
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Vol - XXV SILIGURI No. 09

EXCERPTS FROM AIRRBOF CIRCULARS

Circular # 68:2018 1st August 2018

BIPARTITE TALKS WITH IBA

We reproduce hereunder the text of All India Bank Officers' Confederation Circular No. 49 dated 31st July, 2018.

"We reproduce hereunder UFBU Circular No.2018/11 dated 30.07.2018 on the captioned subject for your information."

Text of UFBU Circular No. UFBU/2018/11 dated 30.07.2018

CIRCULAR No. UFBU/2018/11 Date : 30-07-2018

TO ALL CONSTITUENT UNIONS/MEMBERS

Dear Comrades,

Bipartite talks with IBA

Bipartite talks were held today in Mumbai between IBA and UFBU. IBA team was led by Shri R K Takkar, (MD, UCO Bank), Chairman of the Negotiating Committee. UFBU was represented by all the constituent unions.

Gist of Discussions: **IBA revised and improved their offer from earlier 2% to 6% hike in wage bill.** We welcomed their revised offer but informed them that this is not acceptable to us as the same is nowhere near to our expectations. We urged upon IBA to increase their offer to adequate level through further discussions.

To our demand to clinch the Index point for merger of DA to work out the new pay scales, IBA stated that this can be taken up in the next round of meeting.

We demanded that the issue of fractured mandate and inclusion of all officers upto scale VII in the wage accord should be resolved and IBA was requested to pursue the matter with the concerned Banks. We learnt that in Oriental Bank of Commerce, the management has decided to resolve the issue amicably by agreeing to give full mandate.

Regarding our demand for introduction of 5 Day Banking and weekly holidays on all Saturdays and Sundays, IBA wanted further time to react to our demand as the matter involved consultation with higher authorities/other stake holders.

On the issue of renewal of Medical Insurance Scheme, IBA informed that the revised quote on premium has been received from UIIC both for the serving staff as well as for the retired staff and the issue would be discussed with UFBU in an exclusive meeting on 8th August, 2018.

September, 2018
AIRRBOF News Letter
Sky is not the limit, we cover it...
The Voice of All India RRB Officers' Federation
Vol - XXV SILIGURI No. 09

We pointed out that the issues discussed so far in the Small Committee on non-financial issues need to be cristalised and remaining issues to be resolved. IBA agreed that the next round of meeting of the Small Committee would be held with Officers organisations in the forenoon of 18th August, 2018 and with the Workman Unions in the afternoon.

It has also been decided that the next round of meeting of the Negotiating Committee would be held in the last week of August, 2018 to hold further discussions and to take the negotiation forward.

With greetings,

Yours comradely

(SANJEEV K. BANDLISH)
CONVENOR

Circular # 69:2018 1st August 2018

MEETING WITH FINANCE MINISTER

We reproduce hereunder the text of All India Bank Officers' Confederation Circular No. 50 dated 31st July, 2018.

"We reproduce hereunder UFBU letter dated 31.07.2018 on the captioned subject for your information."

Text of UFBU letter dated 31.07.2018

TO ALL CONSTITUENT UNIONS/MEMBERS

UFBU/ 2018 **Date : 31.07.2018**

To General Secretaries of
Constituent Unions
AIBEA, AIBOC, NCBE, AIBOA, BEFI, INBEF, INBOC, NOBW, NOBO

Dear Comrades,

Meeting with Finance Minister

A meeting with the Hon. Finance Minister has been arranged at **12-00 noon on 3rd August, 2018** – Friday in Parliament House.
One representative from each Constituent will take part in the delegation of UFBU.
Please assemble by 10-30 AM on 3rd at State Bank of India Staff Association Office, SBI, LHO, Parliament Street, New Delhi without fail and we shall go together from there to

Parliament house.
We shall submit a memorandum on the following issues:
Expedite wage revision settlement – wage revision to cover all officers upto Scale VII.
Take effective measures to recover bad loans.
Appointment of Workman/officer Directors in all Banks.
Allocation of Staff Welfare Funds based on Operating Profits.
Banks should not be compelled to issue Aadhar Cards.
Withdrawal of restrictions on Dena Bank
Stop harassment of Managers on sanction of Mudra loans.

With greetings,
Yours comradely,

(SANJEEV K. BANDLISH)
CONVENOR

Circular # 70:2018 3rd August 2018

TERRORIST ATTACK ON QAIMOH
BRANCH, STATE BANK OF INDIA JAMMU & KASHMIR

We reproduce hereunder the text of All India Bank Officers' Confederation Circular No. 52 dated 2nd August, 2018.

"We reproduce hereunder our letter No. AIBOC/2018/60 dated 02.08.2018 addressed to the Hon'ble Union Minister for Home Affairs, Government of India on the captioned subject for your information."

Text of AIBOC Letter No.2018/60 dated 02.08.2018

Shri Rajnath Singh
Hon'ble Union Minister for Home Affairs
Government of India
North Block
New Delhi- 110 0031

Respected Sir,

Terrorist Attack on Qaimoh Branch of State Bank of India
Jammu & Kashmir

I extend my sincere regards to your good office and convey hearty greetings from All India Bank Officers` Confederation (AIBOC), the largest apex organization of Bank Officers' representing over 3,20,000 members.

Sir, we wish to bring your kind attention to the incident of terrorist attack on the Qaimoh Branch of State Bank of India, District Kulgam, South Kashmir. It is reported that 6-8 masked terrorists armed with sophisticated weapons including AK-47 rifles had barged into the Qaimoh Branch of SBI on Wednesday (01.08.2018), in broad daylight, threatened the Manager, staff and customers and looted cash from the Bank. The Manager and Staff have shown exemplary courage and presence of mind and did not hand over the keys of cash vault to the terrorists despite their firing of few rounds to terrorise the bank employees. The terrorists finally decamped after looting the cash available in the counters. The life of the Branch Manager, who was beaten mercilessly by terrorists, is reported to have fortunately been saved only due to the timely intervention of some local customers. This ghastly episode has sent shockwaves across the Banking fraternity in the valley.

02. Sir, there have been stray incidents of Bank dacoity across the country; however, we feel that this particular incident in the otherwise chaotic and tumultuous political upheaval in the Valley should be viewed in a different perspective altogether. Following the Government's crackdown on money laundering, we feel that Banks could become targets for the terrorists as potential source of raising financial resources. We apprehend that this could trigger off a spate of similar attacks on Bank Branches across the valley as Bank branches are soft targets being operated with limited and inadequate security arrangements.

03. Sir, you are well aware that branches of Public Sector Banks have been opened in every nook and corner of the country to facilitate access to banking to all the citizenry who have hitherto been deprived of such opportunities. Bank branches have been functioning in places, which are not only situated in the remotest part of the country and in difficult terrains but also are infested by terrorists and extremists. All the employees of the Bank have been serving the nation rising more often than not to the demands of trade, local environment and to fulfill the national priorities and usually without ever making any clamour even when the minimum standards of requirement of physical safety and security are compromised in prevailing threatening situations. While we do not deny our responsibility and contribution to the cause of economic development, social upliftment and overall service to the citizenry, we hope you would surely appreciate that many of our colleagues are facing enormous challenges of different kinds while rendering their service and they particularly become very soft targets for anti-social and anti-national elements in places infected by tumult, upheaval and lawlessness. Such dastardly attacks on our colleagues are undoubtedly going to inject them with fear psychosis and as a result would erode their confidence and bring down their morale. This, if not addressed immediately and effectively will definitely have a discouraging and telling effect on the quality, intensity, extensiveness and priority of all Bank employees. Any unbridled act of such nature will eventually force closure of Bank branches in all such areas which are vulnerable to terrorist attacks and continuous and prolonged law and order problem. This will only deprive our citizenry of all the facilities of service through various banking channels for which we are assiduously striving for.

03. Sir, with a deep sense of anguish, we, All India Bank Officers' Confederation (AIBOC), being the largest representative Organization of Bank Officers in the country, condemn this heinous, cowardly attack and urge upon your good office to bring the culprits to book without any loss of time.

04. We, with angst and with strong feeling of distress, share that there is an urgent and emergent need to look into the safety and security aspects of the bank branches in Kashmir and urge upon your good office to initiate measures to deploy army personnel to all the Bank branches operating in the valley. We also request you to issue suitable direction to the State Administration to ensure adequate and effective armed protection to bank branches to guard against any possible attack and to avoid loss of precious human lives and public property. We apprehend that any lacuna in urgently restoring an environment of safety and security at the bank branches may lead to closure of some more vulnerable branches or may force banks to resort to cashless transaction mode of operation. In that eventuality, the local populace and the Government will suffer the most.

05. We request your good office to meet a small delegation of our Confederation at your earliest convenience to discuss on this issue.

With best regards,
Yours sincerely,
Sd/-
Soumya Datta
General Secretary
Mob no. 9830044737

Circular # 71:2018 4th August 2018

UFBU Delegation to Finance Minister

We reproduce hereunder the text of All India Bank Officers' Confederation Circular No. 53 dated 4th August, 2018.

"We reproduce hereunder UFBU Circular No.2018/13 dated 04.08.2018 on the captioned subject for your information."

Text of UFBU Circular No. UFBU/2018/13 dated 04.08.2018

CIRCULAR No. UFBU/2018/13 **Date : 04-08-2018**

TO ALL CONSTITUENT UNIONS/MEMBERS
Dear Comrades,

UFBU Delegation to Finance Minister:

UFBU Delegation consisting of Com. Sanjeev K. Bandlish, Convenor, Com.C.H. Venkatachalam(AIBEA), Com Soymya Dutta(AIBOC), Com. S. Nagarajan(AIBOA), Com. Sunil

Mehendiratta(BEFI), Com. K.K. Nair(INBOC), Com. O.P. Sharma (INBEF), Com. Ramnath Kini(NOBW) and Com. Sunil Deshpande(NOBO) met Hon'ble Finance Minister Shri Piyush Goyal yesterday. The meeting was arranged by Com. D. Raja, Member of Parliament from the CPI.

We submitted memorandum to the Finance Minister on the following issues:

Wage revision to be expedited
Wage revision should cover all Scales of Officers upto Scale-VII.
Alarming increase in bad loans
Need to withdraw embargo on Dena Bank
Government should not reduce its shareholding in IDBI Bank to less than 51%
Banks should not be asked to issue Aadhaar cards
Stopping harassment of bank officers
Immediate filling up the posts of Workman Directors and Officer Directors
Allocation for Staff Welfare Schemes based on Operating Profits

We explained our views on the above issues and requested his favourable action.

UFBU-IBA Meeting on Medical Insurance Scheme:
As agreed in the last round of meeting, IBA has convened a meeting on 8th August, 2018 to discuss the Medical Insurance Scheme. For continuation of the Policy, United India Insurance Co. has stipulated further increase in the premium and especially in the case of retirees, the proposed hike is steep. We shall discuss these issues with IBA in the meeting as well as the issues raised by us in the previous meeting held on 16.05.2018.

With greetings,

Yours comradely

(SANJEEV K. BANDLISH)
CONVENOR

Circular # 72:2018 9th August 2018

DISCUSSIONS WITH IBA ON MEDICAL INSURANCE SCHEME

We reproduce hereunder the text of All India Bank Officers' Confederation Circular No. 57 dated 9th August, 2018.

"We reproduce hereunder UFBU Circular No.2018/14 dated 08.08.2018 on the captioned subject for your information."

Text of UFBU Circular No. UFBU/2018/14 dated 08.08.2018

CIRCULAR No. UFBU/2018/14 **Date : 08-08-2018**

TO ALL CONSTITUENT UNIONS/MEMBERS

Dear Comrades,

DISCUSSIONS WITH IBA ON MEDICAL INSURANCE SCHEME

As already informed to units, bipartite meeting was held today between IBA and UFBU regarding renewal of our Medical Insurance Policy for serving employees/ officers as well as for the retirees for the ensuing period 2018-19. IBA team was represented by ShriRajkumar, Dy. Chief Executive, Shri S K Kakkar, Sr. Advisor (HR&IR), and Shri K S Chauhan, Sr. Vice President (HR). All our constituent unions were present in the meeting.

IBA informed us that United India Insurance Co. has given their proposal for hike in the premium on the Policies both for the serving employees/officers as well as for the retirees as under:

Serving employees/officers : Increase in premium by 29% over existing rate
Retirees(without Domiciliary) : Increase in premium by 110% over existing rate
Retirees (with Domiciliary) : Increase in premium by 144% over existing rate

We strongly objected to such steep hike in the rate of premium and informed the IBA that especially the hike in premium for the retirees is too exorbitant and not appearing to be relatable to actual claim ratio. We urged upon the IBA to take up with UIIC to drastically reduce the premium.

IBA informed us that they are already seized of the issue and the matter is being taken up with UIIC. We pointed out that the following points be kept in mind while finalizing the issue:

There should be no attempt to discontinue the policy. Policy should be continued and renewed.
The premium rates should be drastically revised downwards.
Pending discussion with UIIC, the Policy for both serving employees and retirees should be extended upto 31-12-2018 with pro rata premium.
Cost of upfront payment of annual premium should be factored in while finalizing the premium rate.
Change in age profile of serving employees and retirees should be taken into account while working out the revised premium rates.
IBA should take up with the Government for exemption of GST on premium amount.
Renewed Policy should include a penalty clause for delayed sanction of bills/ reimbursement.
If broker will not be involved in the scheme, suitable mechanism should be put in place to deal with cases of repudiation of claims, etc.
Uniform guidelines should be given by IBA for sanction of amount under Buffer allocation.
Premium should be worked out on a composite basis by clubbing both serving employees and retirees.
Premium for retirees should also be paid by the managements.
IBA took note of the above points raised by us and assured to keep these views in mind while further dealing with the same.

Next round of Talks on 18-8-2018: Next round of Bipartite Talks (Sub-Committee) will be held on 18th August, 2018. Discussions will be held in the forenoon with the Officers Associations and in the afternoon with Workman Unions.

With greetings,

Yours comradely

(SANJEEV K. BANDLISH)
CONVENOR

Circular # 73:2018 13th August 2018

31ST ANNUAL GENERAL BODY MEETING OF TRIPURA GRAMIN BANK OFFICERS' ASSOCIATION (TGBOA) HELD SUCCESSFULLY AT AGARTALA ON 11TH AUGUST, 2018

The 31st Annual General Council Meeting of Tripura Gramin Bank Officers' Association was organised at Muktadhara Auditorium in the most befitting manner on 11th August, 2018.

The Auditorium was tastefully decorated and the same was brimming with members right from the beginning. The dignitaries and Guests were ushered to the Dias. The dias was adorned by Com. Bibhas Singha, President, TGBOA, Shri Mohendra Mahan Goswami, Chairman, TGB, Com. Mihirlal Das, President AIBOC, Tripura State Unit and Com. S. K. Bhattacharjee, General Secretary, AIRRBOF and Com. Mrinal Bhowmik, GS. TGBOA.

The conference got underway with lighting of Traditional Lamp by the Guests and dignitaries. Thereafter, inaugural song was sung by the artists from the officers of the Bank.

Shri Goswami, Chairman, TGB spoke in detail about the position of the Bank, the expectation of the Management and harped on dovetailing the efforts of the workforce and the Management for quick and sustained development of the Bank Com. Mihirlal Das spoke beautifully about the role to be played by Sponsor Bank Officers' Association and wished the Conference all success. The Leaders of the fraternal organisation, TGBEF and TGBEA, felicitated the Conference.

Com. Bhattacharya, the doyen of RRB Officers' movement detailed the different prespective of save Public Sector Bank Campaign, the sustained efforts to malign the PSBs, the unstinted efforts of AIRRBOF to clinch the Pension issue and position of other issues. He expressed confidence that the at par Pension Scheme shall be introduced shortly and in time to come the same shall be extended to new generation Officers also. He lauded the active role played by TGBOA and expressed hope that by the next year the TGBOA shall be mighty organisation. Thereafter, Vote of Thanks was rendered by Sanjib Deb Barma. The open session ended thereafter.

AIRRBOF News Letter September, 2018
Sky is not the limit, we cover it...
The Voice of All India RRB Officers' Federation
Vol - XXV SILIGURI No. 09

In the post lunch session newly recruited officers were felicitated. Thereafter, General Secretary placed his long report and deliberations by members took place. Large number of members spoke on the Report. In his reply GS. clarified all points. With the adoption of report, statement of Accounts and resolutions the agenda of the open session was concluded. Vote of Thanks was rendered by Com. Partha Banik.

The 31st Annual General Council Meeting remained a great success.

Circular # 74:2018 20th August 2018

SMALL COMMITTEE MEETING HELD
AT MUMBAI AT IBA OFFICE ON 18.08.2018

We reproduce hereunder the text of All India Bank Officers' Confederation Circular No. 58 dated 18th August, 2018.

"Representatives of four Officers' Organisations have met today at IBA office to discuss on residual issues. We reproduce hereunder the joint note dated 18.08.2018 issued by the Four Officers' organisations on the captioned subject for your information."

ALLINDIABANKOFFICERS'CONFEDERATION(AIBOC)
ALL INDIA BANK OFFICERS' ASSOCIATION (AIBOA)
INDIANNATIONALBANKOFFICERS'CONGRESS(INBOC)
NATIONALORGANISATIONOFBANKOFFICERS(NOBO)

Camp: Mumbai
18thAugust, 2018

To
All Affiliates of AIBOC/AIBONINBOC/NOBO
Dear Comrades,

Small Committee Meeting held at Mumbai at IBA Office on 18/08/2018
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A small committee meeting of Officers' Associations with IBA was held today at IBA Office, World Trade Centre, Cuffe Parade, Mumbai at 10-30 AM. The IBA team was led by Shri Prashant Kumar(DMD, SBI), Shri B. Ashok(GM, CBI), Shri Ujjwal Kumar(GM, UCO Bank), Shri LVR Prasad(GM, Canara Bank), Shri Raj Kiran Bhoir(GM, Bank of Maharashtra), Shri B Rajkumar(Dy C.E.O IBA)), Shri S.K. Kakkar(Sr. Vice President, HR & IR, IBA), Shri K.S. Chauhan, Advisor (HR & IR) and other officials of HR Dept. IBA. The four Officer organizations were represented by Com. DilipSaha, Com Soumya Datta(AIBOC), Com S Nagarajan(AIBOA), ComK.K. Nair(INBOC) and Com. V Tikekar(NOBO) in the discussion.

AIRRBOF News Letter September, 2018
Sky is not the limit, we cover it...
The Voice of All India RRB Officers' Federation
Vol - XXV SILIGURI No. 09

On our charter of Demands containing both "Monetary and Non- Monetary" issues, elaborate discussions were held. On matters of issues having linkage of financial bearings, no finality could be arrived at in this meeting. However, on certain issues, they have agreed to place the issues before HR Committee of IBA for appropriate finalization. The IBA has responded positively to our request for convening an exclusive meeting on "Discipline and Appeal Regulations". On certain issues, notes are to be submitted by us within a time bound manner preferably in a week's time. We shall provide updates on further development.

With Greetings,

Yours comradely,

				Sd/-
(DilipSaha)	(Soumya Datta)	(S.Nagarajan)	(V. Tikekar) (K.K.Nair)	
President	General Secretary	General Secretary	General Secretary	General Secretary
AIBOC	AIBOC	AIBOA	INBOC	NOBO

Circular # 75:2018 29th August 2018

IMPLEMENTATION OF ORDER OF HON'BLE SUPREME COURT DATED 25TH APRIL, 2018 IN THE MATTER OF EXTENSION OF AT PAR PENSION IN RRBs

We reproduce hereunder the text of All India RRB Officers' Federation Letter No. 41 dated 29th August, 2018 addressed to DFS New Delhi.

QUOTE

Ref no. 2022:41:2018 29th August, 2018

The Secretary,
Dept. of Financial Services,
Govt. of India,
Ministry of Finance,
Jeevan Deep Bldgs., 3rd Floor,
Parliament Street,
Sansad Marg,
New Delhi – 110001

Sir,

IMPLEMENTATION OF ORDER OF HON'BLE SUPREME COURT DATED 25TH APRIL, 2018 IN THE MATTER OF EXTENSION OF AT PAR PENSION IN RRBs

We beg to refer to our letter no. 2022:34:2018 dated 12th May 2018 and letter no. 2022:37:2018 dated 28th June 2018 on the captioned subject.

We observe with great concern that barring issuing one letter to CGM, NABARD referring meeting at DFS on 7th August, 2018 no steps were taken by DFS to implement the order of the Hon'ble Supreme Court. NABARD on its part advised all Chairman of RRBs seeking certain information within was already available with NABARD.

We, therefore, request you to please take immediate steps to advise all RRBs as per provision of Sec 17 of RRB Act to extend Premium at par with Nationalised Banks immediately.

CC. Chairman, NABARD, Mumbai
CC. Chairman, All RRBs

UNQUOTE

Circular # 76:2018 30th August 2018

RECURITMENT OF PROBATIONARY OFFICERS/MANAGEMENT TRAINEES IN VARIOUS PUBLIC SECTOR BANKS

We reproduce hereunder the text of All India Bank Officers' Confederation Circular No. 60 dated 29th August, 2018.

QUOTE
We reproduce hereunder our letter No. AIBOC/2018/66 dated 29.08.2018 addressed to the Secretary, Department of Financial Services, Govt. of India, on the captioned subject for your information.

UNQUOTE

Text of AIBOC Letter No.2018/66 dated 29.08.2018

The Secretary
Department of Financial Services
New Delhi

Dear Sir,

RECRUITMENT OF PROBATIONARY OFFICERS/MANAGEMENT TRAINEES IN VARIOUS PUBLIC SECTOR BANKS

We wish to bring to your kind attention that the Institute of Banking Personnel Selection (IBPS), which takes care of the process of recruitment of different categories of personnel in all the Public Sector Banks except State Bank of India (SBI), has come out with an advertisement in the recent past for recruitment of Probationary Officers/Management Trainees in different Public Sector Banks within its domain (available in their website www.ibps.in). The selection process spread over different phases for this recruitment is to start from October, 2018 with gradual completion of formalities in this regard. The total number of vacancies declared across the various Banks is 4102, which is pathetically very low judging on all counts. (copy of the advertisement attached)

02. Incidentally, out of the 20 Banks the recruitment of which IBPS has been taking care, 10 Banks have indicated zero vacancy viz. i) Andhra Bank ii) Bank of Baroda iii) Central Bank of India iv) Dena Bank v) Indian Bank vi) Indian Overseas Bank vii) Punjab National Bank viii) United Bank of India ix) Vijaya Bank and x) IDBI Bank. There are 4 other Banks who have not reported any intention of recruitment. These Banks are: i) Bank of Maharashtra ii) Oriental Bank of Commerce iii) Punjab & Sind Bank and iv) Syndicate Bank. Thus, we find that only 6 Banks viz. i) Allahabad Bank ii) Bank of India iii) Canara Bank iv) Corporation Bank v) UCO Bank and vi) Union Bank of India, who have indicated the above vacancies.

03. In reality, the said number is not only abysmally low as against the actual bare requirement of staff strength due to huge number of employees of all categories retiring every month unabatedly across all the PSU banks but also leaves an impression that the people at the helm of affairs are indifferent to the prevalent serious problems all the banks are facing due to shortage of manpower while rendering day-to-day banking services and implementation of various Government policies and schemes on different socio-economic developmental drive every year through the banking channel. In fact, the apprehended burden of staff costs on the bottom line on account of fresh recruitment will be offset largely as the total payout to a new employee will be around 250 per cent lower than that of a retiring employee. It may not be ruled out that shortage of staff has impacted adversely on monitoring, follow up of advances portfolio to a considerable extent, which has made a dent on the interest income due to slippages in asset quality.

04. Sir, you are aware that the essence of inclusive growth basically depends on the ability of extending banking services in the unbanked areas through a net work of large number of branches in the entire geographic spread of the country. Moreover, the focus of the government on socio economic growth through various developmental policies and doubling the income of the farmers by 2022 will undoubtedly necessitate more presence of bank branches at villages and particularly in the unbanked areas requiring increased number of staff. As part of the prudent banking policies since globalization, almost all the PSU Banks have been on the expansion mode in core and non-core areas for its survival. This will entail the need for more and more staff in future. The Regulators should not be insensitive, unconcerned to this practical problem as despite advent of new initiatives in the field of technology, it is quite undeniable that to provide a semblance of normal and smooth basic service of banking to the large number of clientele in the banking industry the need for a decent number of trained, knowledgeable, competent and accomplished bankers are very much essential.

05. Further, the newly recruited employees of today will infuse much needed fresh blood in the work force, who will gradually be groomed as potential leaders of tomorrow. Thus a smooth, efficient and effective succession plan, inter alia, requires continuous supply and availability of adequate number of appropriate persons capable of meeting the challenges of the day, possessing the capability of addressing critical issues keeping in view the economic priorities, social concerns and welfare of the nation.

06. Sir, you are aware that for almost 15 long years – 1993 to 2008 - there was practically no recruitment in clerical cadre in PSU Banks and minimal recruitment of Probationary Officers, which has been detrimental for the Banks. The Banks critically suffered for this decision as it resulted in a monumental gap in the age profile of the workforce which already and also in the years to come will have a significant impact as large number of employees will be retiring from service without proper replacements in their ranks. There will be a gap in passing on the baton to the next line of leadership, who will lack the acumen and experience. The retrograde decision will severely affect the HR policies of the Banks and this would have a telling effect on the future of the Banks. We feel that recruitment for any year cannot be linked to the balance sheet of any Bank for that particular year as human assets form an important factor in the survival of any institution and the continuity has to be ensured as a long term HR policy.

07. We presume that a parochial view in the name of Prompt Corrective Action (PCA) is the likely factor of the decision not to recruit Probationary Officers in the 14 Banks. However, we feel that the prevailing challenges of the Indian Banking industry cannot be tackled by shrinking the scope of employment in the banks. Any austerity measure in respect of recruiting just and adequate number of personnel in the name of cost curtailment drive will definitely pose serious threats to all the banks in future to cope up with challenges that will emerge in the banking industry and extending smooth and satisfactory services to over crores of clientele, who will be demanding world class banking services in future. The employees or would be employees of the industry are the assets every single bank needs to be banked upon to face the colossal challenges the industry faces today in general and in the NPA front in particular. Snatching the liberty and right of the banks in the name of regulatory measures, which are misplaced, irrational and unrealistic, will only push the banks further to the brink.

08. All India Bank Officers' Confederation (AIBOC), the apex organisation of Bank officers, having a membership of over 3,20,000 officers, strongly protest any move from any quarter curtailing the rights of the individual banks to hire people depending upon their needs and solicit your suitable intervention in the matter for thwarting such ill advised manoeuvre.

With regards,

Yours sincerely,

Soumya Datta,
General Secretary

PRESS CORNER

FINMIN OKAYS CAPITAL INFUSION OF OVER RS.11,000 CR IN FIVE PSBS

The Finance Ministry on Tuesday gave its nod for capital infusion of Rs. 11,336 crore in five weak public sector banks to help them tide over any situation of breach of regulatory capital requirements.

The five banks that are to get capital support under this round are Punjab National Bank (Rs. 2,816 crore); Indian Overseas Bank (RS. 2,157 crore); Andhra Bank (Rs. 2,019 crore); Corporation Bank (Rs. 2,555 crore) and Allahabad Bank (Rs. 1,790 crore).

These banks, including PNB, which has been hit by the Rs. 13,000-crore Nirav Modi scam, are facing tough times in servicing the additional Tier-I bonds, which formed part of their capital structure, it is learnt.

The latest round of capital support will come in handy for these banks to meet their obligations to investors of AT-1 bonds, which carry higher interest rates, sources said.

The Government had in October last year announce Rs. 2.11-lakh crore capital infusion programme over two financial years. As per the plan, the public sector banks were to get Rs. 1.35-lakh crore through recapitalisation bonds and Rs. 58,000 crore to be raised by banks from the market.

Of this Rs. 1.35-lakh crore, already Rs. 71,000 crore has been pumped into the banks through recap bonds. The latest round of Rs. 11,336 crore is likely to come out of the remaining Rs. 65,000 crore in the Rs. 1.35-lakh crore window.

Public sector banks are currently reeling under the pressure of the bad-loan mess, which is estimated to be over Rs. 9-lakh crore.

Currently, as many as 11 of the 21 state-owned banks are under the Prompt Corrective Action (PCA) framework of the RBI.

Several of these weak banks are waiting for an opportune time to hit the market to raise capital. A majority of the 21 banks have their board approvals for the capital mop-up from the market.

Source – The Hindu Business Line, 18th July, 2018.

KALYAN JEWELLER'S NEW TV AD MAKES BANK UNION SEE RED

A new TV commercial by Kalyan Jewellers highlighting its "trustworthiness" by Bollywood's leading superstar and his daughter has got bank employees up in arms for showing them in a "derogatory" manner, and has now made the company tender an unconditional apology and add a disclaimer.

The All India Bank Officers' Confederation (AIBOC), the largest association of bank officers, has objected to the Hindi version of the new advertisement by Kalyan Jewellers starring its brand ambassador Amitabh Bachchan and his daughter Shweta Bachchan Nanda.

"We express our strong resentment against the management of Kalyan Jewellers and Amitabh Bachchan, who have manifested a negative and false image of banks in the advertisement for their personal aggrandisement," said the 3.2 lakh member-strong AIBOC.

Seeking an unconditional apology from Kalyan Jewellers and withdrawal of the advertisement, the union had warned that it would otherwise take action, including *dharnas* and litigation.

"Due to various reasons, banks have already got a bad name. The advertisement has further hurt the sentiments. Customer service is our first priority," said Soumya Datta, General Secretary,

AIBOC, adding that public sector banks have been working for nation-building through schemes such as Jan Dhan Yojana, Mudra loans and Aadhaar enrolment.

The union has also complained to the Advertising Standards Council of India.
In a communication to the bank union, Kalyan Jewellers has now promised that a disclaimer would be added within three working days before the advertisement stating: "Characters and situations depicted are fictional. The brand does not intend to disrespect or malign any person or community."

But the union is not happy with the disclaimer. "A letter has been issued by Kalyan Jewellers. But unless they stop airing the ad, it is not acceptable to us," Datta told *BusinessLine* .

The AIBOC is now planning to send a legal notice to the jeweller to withdraw the advertisement. "We are finalising the notice. It will be sent tomorrow," Datta said. The one-and-a-half minute TVC was done by one of the jeweller's creative agencies, L&K Satchi. It shows Amitabh Bachchan as a pensioner, who is accompanied to the bank branch by his daughter, Nanda. After being sent from counter to counter by ineffective bank staff, the duo are referred to the bank manager.

They inform him that Bachchan's pension has wrongly been credited two times in a month, and the manager says that he should party. However, an offended Bachchan and his daughter say that this is against his principles of trustworthiness, making the manager realise his folly.
Incidentally, the advertisement had seen good response on social media, with many commenting that the product placement was subtle yet effective.

Source – The Hindu Business Line, 20th July, 2018

BANKS, FIS COME TOGETHER FOR FASTER RESOLUTION OF STRESSED ACCOUNTS

In a bid to expeditiously tackle stressed assets aggregating Rs. 3.10 lakh crore in the Rs. 50-500-crore category, 24 banks on Monday signed an Inter-Creditor Agreement (ICA) under the aegis of the Indian Banks' Association (IBA).

The ICA will serve as a platform for banks and financial institutions to come together and take joint and concerted action towards resolution of stressed accounts, which have received loans and financial assistance under consortium lending/multiple banking arrangements. Other lenders are expected to execute the ICA via a deed of accession shortly after getting approval from the respective boards, said VG Kannan, Chief Executive, IBA.

Under the ICA, the lead lender (with the highest exposure) is authorised to formulate the resolution plan, which will be presented to the lenders for their approval. The decision-making will be by way of approval of 'majority lenders' – the lenders with 66 per cent share in the aggregate exposure. Once a resolution plan is approved by the majority lenders, it will be binding on all the lenders that are a party to the ICA.

"We wanted to make sure that the agreement was, in letter and spirit, in conformity with the February 12, 2018, RBI circular (on revised framework for resolution of stressed assets). "And this is part of ICA's preamble….The objective is to use ICA for faster facilitation of the stressed assets resolution," said Sunil Mehta, Non-Executive Chairman, Punjab National Bank and head of the committee on resolution of stressed assets.

If a lender is not in agreement with a resolution proposed by the lead bank, then the former has the option to either buy the stressed asset at a certain premium or sell its exposure at a discount. "ICA is protection for everybody. Earlier, there was no real consensus coming into place for all the lenders to decide on the resolution plan. This agreement enables the lenders to move expeditiously. It protects the interests of all lenders," explained Mehta.

He elaborated that the steering committee, which will be formed (independent of the banks) by IBA, will ensure that the resolution process under the ICA is completely kosher. They will ensure that everything that has been done is in the best interests of the banks. "The important thing is to take the baby steps, the right steps. Nobody has the magic wand to do it (resolution of stressed assets) overnight. But if we start moving in the right direction, the task will get accomplished as we move forward," said Mehta. To a question on the status of foreign banks vis-a-vis the ICA, he observed that since the ICA is a board-approved document, these banks have to go to their respective head offices for approval.

"It is a little bit more tedious process for them…But I am quite confident that we will be able to get their respective approvals from their respective head offices. And if some of them can't and they are part of this entire consortium lending, they will come in on transaction by transaction basis," said Mehta.

Source – The Hindu Business Line, 24th July, 2018

RBI STRIKES ANOTHER BLOW IN INFLATION FIGHT

The Reserve Bank of India on Wednesday hiked the repo rate by 25 basis points to rein in inflation pressures that could arise from volatile crude oil prices, a revision in the minimum support price of kharif crops, and hardening input costs reported by manufacturing and services firms.

Members of the Monetary Policy Committee (MPC) voted 5-1 in favour of a hike. This is the second straight 25bps hike in the repo rate even as the central bank persisted with its neutral policy stance. In June 2018, the MPC had unanimously voted to increase the rate. With the latest increase, which market experts see as a 'front-loading' of the rate hike cycle, the repo rate stands at 6.50 per cent against 6.25 per cent earlier. One basis point (bp) equals one-hundredth of a percentage point.

Banks are now expected to further nudge up their deposit and lending rates. RBI Governor Urjit Patel said: "On the domestic front, the MPC took note of the rise in retail or CPI (consumer price index) inflation for the third consecutive month in June. Even though food inflation remained muted, other components recorded moderate to sharp price increases." He observed that the uncertainty around domestic inflation needed to be carefully monitored in the coming months.

Rising trade protectionism, geopolitical tension and elevated oil prices pose a grave risk to near and long-term global growth prospects by adversely impacting investment, disrupting global supply-chains and hampering productivity, he added. On why the RBI has persisted with a neutral stance, Patel said: "Many of the risks that we have cited, which informed our projections, are on both sides...there is a fair bit of uncertainty around the CPI prints going forward and therefore it was important that we kept our options open."

Viral Acharya, Deputy Governor, said the effects of the two consecutive rate hikes would play out only in due course as the transmission operates with a lag and it would take some time to bite on the inflation front. Rajnish Kumar, Chairman, State Bank of India, said the RBI's decision reflects a desire to frontload the rate-hike cycle. The decision to retain its neutral stance points to a willingness to be flexible given the global growth uncertainties.

On the RBI's preparedness to deal with geopolitical risks and trade wars, Patel said: "We have already had a few months of turbulence behind us and it looks like this is likely to continue (but for how long, I don't know)." "Trade skirmishes evolved into tariff wars and now we are possibly at the beginning of currency wars. Given this, we have to ensure that we run a tight ship on the risks that we control to maximise the chances of ensuring macroeconomic stability and continuing with the growth profile of 7-7.5 per cent going forward."

Source – The Hindu Business Line, 2nd August, 2018

RISING BAD DEBTS: PSBS ADD 1,186 MORE TO WILFUL DEFAULTERS' LIST IN 27 MONTHS

Public sector banks have declared more than 1,100 debtors as 'wilful defaulters' during March 2016 to June 2018. In value terms, this is a 67 per cent increase during the period.

RBI's circular defines a loan taker as a wilful defaulter on four grounds — default even if there is capacity to repay, default even if there is capacity to repay but diverted the fund, default even if there is capacity to repay and siphoned off the money, or default even if there is capacity to repay and also disposed off guarantees without the knowledge of the bank / lender.

All banks report about wilful defaulters to credit information companies so that the identified ones cannot take loan from other lenders.

According to the latest figures presented in Parliament, the number of wilful defaulters for 21 PSBs has increased to 9,501 on June 30, 2018, from 8,315 on March 31, 2016. It means an addition of 1,186 wilful defaulters in 27 months which also saw total amount involved go up to Rs. 1.28 lakh crore as on June 30, from Rs. 76,730 crore on March 31, 2016.

A more closer look of data show that 170 loan accounts were added to the list of wilful defaulter during first three months (April-June) of the current fiscal and amount involved increased by over Rs. 6,000 crore.

Sources in the banking industry said that more and more stringent norms for asset quality review has helped in identifying the wilful defaulters. "Most of the cases are related to pre-2014 loans which were being serviced on one ground or other ground despite evidences of intentional non-payment or diversion and even money getting siphoned off," a senior bank official said while adding that now things have changed and that is why the numbers have gone up.

Another banker hoped that with increasing number of legal suits, stronger focus of recovery drive, strict control over new fund dispersal and passage of the Fugitive Economic Offender Bill will help in bringing down number of wilful defaulters.

To deter wilful defaulters, as per RBI's instructions, they are not sanctioned any additional facilities by banks or financial institutions, their unit is debarred from floating new ventures for five years, and lenders may initiate criminal proceedings against them, wherever necessary. As reported by PSBs, as on June 30, 2,348 FIRs have been registered against wilful defaulters, 8,994 suits have been filed for recovery from them, and action has been initiated under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) in respect of 7,471 cases.

According to data reported by PSBs, over the last three financial years, and the first quarter of the current financial year, an amount of Rs. 1.61 lakh crore has been recovered through the recovery mechanism.

Source – The Hindu Business Line, 3rd August, 2018

GOVERNMENT TO EXPEDITE FILLING OF TOP VACANCIES IN PSBS: GOYAL

Government will expedite the process of appointing the chiefs of several public sector banks, positions that have been lying vacant for long, the Rajya Sabha was informed on Tuesday.

Finance Minister Piyush Goyal was responding to a question by senior Congress member Jairam Ramesh who said the government had announced several colourful schemes but one-third of state-run banks were headless for a long time.

"The Banks Board Bureau has completed the process of interviews of candidates... We will expedite the process," said Goyal, adding that the criteria for qualification has been expanded to allow even top officials of private banks to apply for such posts.

"The government has put in place a robust and strict system for the appointment of heads of public sector banks,' said Goyal during Question Hour.

He said earlier the appointments to the posts were held in an arbitrary manner. In reply to a supplementary, he said there was a policy to give autonomy to public sector banks on appointments to various posts, and that the government does not interfere in it.

Goyal said the government has granted managerial autonomy to these state-run banks allowing their board of directors to exercise powers in respect of decisions on remuneration and compensation to officers and staff.

In reply to a query related to frauds at ATMs, the minister said he has sought details to ensure action. He said cyber crime was a global phenomenon.

Source – The Hindu Business Line, 8th August, 2018

RBI STAFF TO GO ON MASS CASUAL LEAVE ON SEPT 5, 6

The United Forum of Reserve Bank Officers and Employees has exhorted members to go on mass casual leave on September 5 and 6 to press the long-pending demand for pension updation and grant of new options.

Prior to this, the United Forum will observe a gate demonstration across RBI centres all over the country on August 20, followed by submissions of memorandum to the respective Regional Directors on August 27.

The demands also include one more option for pension to CPF (Contributory Provident Fund) retainers and allow CPF/APF (Additional Provident Fund) for those recruited from 2012.

The United Forum had met in Mumbai on August 3 after the conclusion of a mass signature campaign and submission of the signatures thus collected to the Regional Directors.
The signatures collected from all over India were scheduled to be submitted to the Governor, who hasn't given his assent for a meeting with the office-bearers of the United Forum.

This is what led representatives of various RBI officer/employee unions to take stock of the situation and chalk out a future course of agitation culminating in the proposed decision to observe mass casual leave for two days.

Among those who attended the meeting were Ajay Sinha, Rajdeep Chakrabarty, Keshav Jagtap, Chitra Patankar, CM Paulsil, MD Sawant, Ajit Subhedar, Xavier Lobo, Pradip Kadam, Samir Wadkar, SV Mahadik, RM Palanade and BF Yerwankar.

Source – The Hindu Business Line, 8th August, 2018

LIC TO HIKE STAKE IN IDBI BANK VIA POLICYHOLDERS' ACCOUNTS

The acquisition of a stake in IDBI Bank is likely to be done under the policyholder's accounts of Life Insurance Corporation of India (LIC) and, hence, even a 51 per cent stake in the bank will not make IDBI Bank a subsidiary of LIC, according to credit ratings agency ICRA.

According to Anil Gupta, Head – Financial Sector Ratings, ICRA: "Being an investment in the policyholder's account, the stake will be transient in nature and LIC will have to reduce its stake in the bank, going forward, and bring it down to the regulatory requirement of 15 per cent."

On June 29, 2018, the Insurance Regulatory and Development Authority of India (IRDAI) gave its approval to LIC's proposal to take a 51 per cent stake in IDBI.

LIC already holds about 7.98 per cent stake (reduced from 10.82 per cent as on March 31, 2018) post share allotment against the capital infusion by the Government of India in March 2018, which is proposed to be increased to 51 per cent in the near term.

Source – The Hindu Business Line, 11th August, 2018

AFTER PUBLIC OUTCRY, GOVT DROPS FRDI BILL

The government has decided to drop the controversial Financial Resolution and Deposit Insurance (FRDI) Bill, thus allowing bank customers to breath easy.

The Union Cabinet, which met on Wednesday, decided to drop this Bill, a senior Cabinet Minister told *BusinessLine.* This means the present system of insurance deposits will continue and customers will not have to worry about the 'bail-in' provision in the proposed Bill.

Since introduction and any change thereafter in the Bill would have required Cabinet approval, dropping the Bill also required it.

The Bill was introduced in the Lok Sabha on August 10, 2017, and then sent to the Joint Committee of the Parliament, which is yet to submit its report. There were two controversial clauses in the Bill: a bail-in provision and an insurance on deposits.

The bail-in provision stipulated that if a bank fails, depositors will have to bear part of the liability. Technically speaking, this provision says, "It amounts to liabilities' holders bearing a part of the cost of resolution by reduction in their claims."

The government repeatedly said that the bail-in provision "may not be required to be used in case of any specific resolution. Most certainly, it will not be used in case of a public sector bank as such a contingency is not likely to arise," Nevertheless, it angered depositors and invited criticism from opposition parties.

Currently, deposits are insured up to Rs.1 lakh. The Bill proposed to delete the legal provision for the present insurance system and defined this protection in a new way. Here, too, the government made it clear that "similar protection would continue under the FRDI Bill and the Resolution Corporation is empowered to increase the deposit insurance amount."

It also said that under the provisions of the FRDI Bill, in case of liquidation of a bank, the claims of uninsured depositors will be higher than those of unsecured creditors and government dues.

Therefore, "the rights of uninsured depositors will be better protected... in the FRDI Bill."
However, the perception was that there would not be any insurance cover, which prompted the opposition attack. Also, many advocacy leaders advised the government to withdraw the Bill as it had not been well-received. "In an election year, it would not be correct to go ahead with such a controversial Bill," a Minister said.

Arguing for the provision, the Finance Ministry had said that there was no comprehensive and integrated legal framework for resolution, including liquidation, of financial firms in India. The power to restructure public sector banks, and regional rural banks was with the Centre.

The current resolution regime is especially inappropriate for private sector financial firms in the light of significant expansion and many of these acquiring systemically important status in India.

With the Insolvency and Bankruptcy Code, 2016, a comprehensive resolution regime for non-financial firms mainly has come in, but there is no such mechanism for financial firms.

This Bill intended to provide a comprehensive resolution regime that would help ensure that, in the event of failure of a financial service provider, there is quick, orderly and efficient resolution in favour of depositors.

Source – The Hindu Business Line, 19th August, 2018

EXCESSIVE REGULATIONS WEIGHING ON PSBS: RAJIV KUMAR

Excessive, 'holier than thou' regulations, brought in as part of an effort to clean up the banking system, are preventing public sector banks (PSBs) from growing out of the stressed asset crisis, NITI Aayog Vice-Chairman Rajiv Kumar said here on Friday.

Addressing corporate chieftains after a 'Breakfast with *BusinessLine*' event, Kumar said: "We have tried to enforce prudential and regulatory norms on the banking sector which are far in excess of what you need. As a result, PSBs are unable to grow out of the crisis. I think it will be a while before you can get a more pragmatic approach in the banking sector."

Drawing comparisons with Chinese banks, he noted that many of them had huge NPAs at one point. But they were supported to go to the market and, as a result, five of them managed to find a place among the top seven banks in the country.

Kumar laid out the path to revive PSBs and their divestment. More than recapitalisation, what they need are major governance measures, he said. While the 'lazy banking model' — where money is lent based on phone calls, without a thorough assessment of credit-worthiness — has been curtailed, governance issues are very critical and require attention, he observed. If this is not done, it will lead to repeated bailouts of PSBs.

"The governance structure or the culture in PSBs comes with zero accountability to performance. The risk-reward equation is skewed in favour of zero risk, and so bank managers are risk-averse," he said.

Asked about the divestment of PSBs, he pointed out that much more clean-up work was required before taking them to the market. Consolidation, clean-up and service improvement are required to be front-loaded. "They will have to be brought to a certain level of efficiency before divestment."

While NITI Aayog has been involved in the process of recommending stake dilution or privatisation of public sector organisations and has brought out five lists so far, it has not included any bank in the list, he pointed out.

Kumar said NITI Aayog was keeping a close watch on the macro-economic situation, and assured that India's macro situation is nowhere near as vulnerable as it had been earlier. Though the rupee has weakened, it has not depreciated beyond the real effective exchange rate level. The current account deficit will be enhanced by capital flows, the fiscal deficit is under control, and the growth rate is improving despite the fact that commercial banks' credit flow to the industry is weak.

He felt that once the ongoing clean-up efforts take effect, commercial banks would resume their duties to lend and there will be an upturn in the business cycle. When the upturn starts, it will last for a long time due to the clean-up, formalisation and efficiency brought into the system.

Source – The Hindu Business Line, 21th August, 2018

ADVERTISEMENT BY M/S KALYAN JEWELLERS
ATTACK ON BANKERS AND BANKUNG SYSTEM

M/s Kalyan Jewellers has brought out a commercial advertisement featuring its brand ambassador Shri Amitabh Bachchan along with his daughter M/s Shweta Bachchan Nanda in the H version. Similar advertisement in other vernacular languages are being displayed in various TV channels and movie theatres featuring other leading Regional actors/actresses. The theme, tone and tenor of the advertisement is disgraceful, derogatory, to say the least and is aimed to create distrust in the banking system, for pure commercial aggrandisement.

The said advertisement portrays Banks in poor light, casting aspersion, hurting the sentiment of millions of personnel, stakeholders and is a direct attempt to ruin the trust and confidence of billions of citizenries in Banks. In the afore-mentioned advertisement, Mr. Bachchan tries to exhibit his honesty by drumming around that 'Honesty doesn't mean when everyone is watching, rather it is about being honest when nobody is looking at you.' But, Mr. Bachchan perhaps was unaware that in the process of doing 50 on screen, he has made a mockery of the entire bankers' community in the ad which is deplorable and culpable. The tone, tenor, theme and the content is disgusting and revolting. This has made the Officers and employees of the Banks to agitate and revolt against the advertisement. Members of the confederation have been voicing their angst and resentment against this advertisement in social public media.

AIBOC, being the largest representative organization of the supervisory cadre in the banking industry, has registered their protest and issued press release also in this regard, which has been widely circulated and we also have served legal notice to the company demanding immediate withdrawal advertisement.

Confederation had taken up the issue with Indian Bank's Association and urged upon then to view the commercial of M/s Kalyan Jewellers being aired in various TV Channels and cinema theatres. The advertisement is inflammatory and has denigrated bankers. It is very pertinent to point out that advertisement does not contain even a single word about the products or services of company. Instead, it portrays banks in poor light, casts aspersion and sullies the reputation of Bankers, which is likely have profound impact on the psyche of the customers, adversely affect the business prospects of Banks and also could foment public wrath against Bankers. Confederation also asked them to lodge protests with the Government, the Jeweller, Advertising Standards Council of India, the agency which conceptualized the ad and the actors featured in it with suitable legal action has to be initiated immediately to restore the prestige of the Banks.

Source – Common Bond, August, 2018

AIRRBOF News Letter
September, 2018
Sky is not the limit, we cover it...
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