November, 2018

AIRRBOF News Letter

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

The Voice of All India RRB Officers' Federation

Vol - XXV SILIGURI No. 11

EDITORIAL

CLARITY NEEDED

The ongoing heated debate on the 'autonomy' of the Reserve Bank seems to be marked by a lack of clarity on what is expected of the RBI. In keeping with the recent global trend, the RBI turned into an inflation-targeting entity. The moot question is whether this reorientation has led the RBI to overlook the shortfall in liquidity, at least within pockets of the financial system, at a time when NBFCs are badly in need of it. The Centre is within its rights to ask some questions on how the liquidity crisis can be urgently addressed, so that key sectors of the economy are not hurt. It is notable that M3 growth has fallen from 13-14 per cent in 2014 to below 10 per cent now, with a pronounced drop in the wake of demonetisation. At the same time, there has been a decline in capital inflows this year, accompanied by high levels of investment in US Treasuries. US Treasury holdings have increased from $100 billion in 2015 to $140 billion at present. The liquidity shortfall can be theoretically addressed through the following methods. First, the central bank can create money, an option that is considered to be decidedly inflationary and imprudent if it is leads to higher non-productive government spending. Second, it can reduce its Treasury holdings or raise overseas funds through 'masala' bonds. Third, the RBI can relax some of its stringent provisioning requirements so that banks with liquidity but constrained by the rules of the day can release them into the economy. If the Centre is pushing for the third, it should not be misinterpreted to imply that defaulters are being let off the hook. The Centre's fiscally constrained in recapitalising banks, and seeking a solution. The onus rests with the RBI in finding a way out of the liquidity freeze, without going back on the NPA crackdown. It needs to work in tandem with the Centre in ensuring that growth is not destabilised.

If the autonomy of the RBI as the manager of the banking system needs to be respected, that has to be circumscribed within the economic goals set by the elected government. The Centre, while asking legitimate questions, should refrain from invoking desperate clauses or encroaching upon the management of payments and settlements systems.

The current impasse is also an occasion to revisit the inflation-targeting framework. The Bank of International Settlements has conceded that its successes are far from clear, with the developed world struggling to reach its inflation targets, even as asset price inflation tends to exist as a bubble in itself. In a developing world, where 'full employment' does not exist and inflation is a product of multiple factors, the pursuit of a single, immutable objective needs to be reviewed. A debate on how the central bank can, in tandem with the government, pursue multiple socio-economic goals needs to be fore grounded.

All India RRB Officers' Federation
"JGGP HOUSE", Raja Rammohan Road, Hakimpara, Siliguri – 734001(West Bengal)
E-MAIL: 555airrbof@gmail.com/shyamalairrbof@gmail.com
WEB SITE: http://www.airrbof.org

November, 2018
AIRRBOF News Letter
Sky is not the limit, we cover it...
The Voice of All India RRB Officers' Federation
Vol - XXV SILIGURI No. 11

EXCERPTS FROM AIRRBOF CIRCULARS

Circular # 86:2018 1st October 2018

COUNTRYWIDE AGITATION BY OFFICERS AGAINST THE PROPOSED MERGER OF DENA BANK, VIJAYA BANK AND BANK OF BARODA

We reproduce hereunder the text of All India Bank Officers' Confederation Circular No. 68 dated 30th September, 2018.

"Following the announcement by Govt of India for Merger of Dena Bank, Vijaya Bank and Bank of Baroda, immediately on 18th September, 2018 we have made press releases for circulation in all leading newspapers of the Country. We have sent communiqué to individual Board Members of Vijaya Bank and Dena Bank lodging our protest against merger and requested not to agree with the proposal of merger. However, despite our appeal and protest, the respective Boards followed the diktat and endorsed the proposal of merger. We had a detailed discussion on the issue amongst all the affiliates at our 2nd Working Committee Meeting on 27th of September, 2018 where some action programs were formulated. Accordingly, we suggest the following agitation programs for the coming fortnight to be observed throughout the Country.

Date	Agitation Program
01.10.2018	After office (evening time) Demonstration in front of HO/AO/RO of Dena Bank, Vijaya Bank and Bank of Baroda
03.10.2018	After office (evening time) Demonstration in front of HO/AO/RO of Dena Bank, Vijaya Bank and Bank of Baroda
04.10.2018	Press meet at all State Capitals by respective State Unit. Demonstrations will continue as of earlier
05.10.2018	Evening time demonstrations in front of all Head offices and Administrative offices of all Banks
06.10.2018	Members meet to be organised at all major centres by State affiliates
08.10.2018	Signature campaign to commence (draft copy to be sent subsequently), Distribution of pamphlets in local languages
09.10.2018	To join Demonstration under the Banner of UFBU at all State Capitals, District Headquarters, towns
10.10.2018	To seek support from eminent personalities/customers of the three banks to protest against the proposed merger
11.10.2018	Day long dharna at all major centres
12.10.2018	After office demonstration at HO/AO/RO of Dena Bank, Vijaya Bank and Bank of Baroda
14.10.2018	UFBU meeting at Mumbai

November, 2018
AIRRBOF News Letter
Sky is not the limit, we cover it...
The Voice of All India RRB Officers' Federation
Vol - XXV SILIGURI No. 11

All affiliates/State Secretaries are requested to take note of the above programs and ensure full participation of members. For effective observation of the programs following few areas may be explored:

- To involve stake holders from all segment of the society
- To involve other trade union organisations, eminent personalities, resistance groups etc.
- State Units may formulate innovative programs like candle light march, nukkad natak (street drama), songs in local languages against merger etc.
- Hashtag twitter campaign - #SavePublicSectorBank #DownWithMerger tagging @PMOIndia, @FinMinIndia, @IBA_org-in to start immediately from 10.30 p.m. to 11.00 p.m. on a daily basis to make it a trending news

All affiliates/State Units are requested to observe the agitation programs in letter and spirit. Future programs including strike actions will be intimated in due course.

With greetings

Yours sincerely,

(SOUMYA DATTA)
GENERAL SECRETARY"

Circular # 87:2018 1st October 2018

JOINT APPEAL TO ALL MEMBERS FROM FOUR OFFICERS' ORGANISATIONS ON WORK – LIFE BALANCE

We reproduce hereunder the text of All India Bank Officers' Confederation Circular No. 69 dated 30th September, 2018.

"We reproduce hereunder the joint appeal dated 29th September, 2018 issued by the Four Officers' organisations on the captioned subject for your information."

Text of Joint Note dated 29.09.2018

ALL INDIA BANK OFFICERS' CONFEDERATION (AIBOC)

ALL INDIA BANK OFFICERS' ASSOCIATION (AIBOA)

INDIAN NATIONAL BANK OFFICERS' CONGRESS (INBOC)

NATIONAL ORGANISATION OF BANK OFFICERS (NOBO)

November, 2018
AIRRBOF News Letter
Sky is not the limit, we cover it...
The Voice of All India RRB Officers' Federation
Vol - XXV SILIGURI No. 11

Camp: Mumbai
Date: 29th September, 2018

To All Affiliates (For Circulation)

To

All Affiliates of AIBOC/AIBOA/INBOC/NOBO

Dear Comrades,

Observe Work-Life-Balance, in letter and spirit

You are aware that the officers fraternity has been subjected to enormous stress due to ever increasing workload, inadequate staff, continuous pressure from multifarious controllers, over-ambitious targets, mis-placed business priorities, extended working hours et al. This has taken a heavy toll on the efficiency level and is the root cause of frustration and anxiety disorder resulting in depression, helplessness and life-style diseases viz Diabetes, High BP and Cardiac problems etc. Officers are constantly receiving SMS and instructions over WhatsApp messages even at odd hours. This has adversely affected their social and family life. Banking system has forgotten that an Officer is just not an employee of the Bank, but also a spouse/son/father/mother and an integral part of society. This situation has become intolerable as we find Officers are virtually chained to their official duties and have no respite, even while at home.

Work-Life-Balance is the need of the hour. Many top global companies are addressing this sensitive issue through various measures. State Bank of India has issued a comprehensive instruction addressing the need for a Work-life balance. However, the ground reality almost in every institution is that majority of the officers are stressed and do not have a work-life balance, which is attributed specially to the instructions received through sms and WhatsApp.

All four officers organisations have unanimously decided to address this menace. It has been decided to call upon all our Officers ***not to attend/respond to the 'official' SMS/WhatsApp messages, received from their Controlling Authority/Zonal Heads between 8pm and 8am.***

We urge upon our members to respond to our clarion call and implement the instructions in letter and spirit forthwith.

Yours comradely,

General Secretary AIBOC	**General Secretary AIBOA**	**General Secretary INBOC**	**General Secretary NOBO**

Circular # 88:2018 1st October 2018

DISCUSSIONS WITH IBA ON CHARTER OF DEMANDS

We reproduce hereunder the text of All India Bank Officers' Confederation Circular No. 70 dated 1st October, 2018.

AIRRBOF News Letter
November, 2018
Sky is not the limit, we cover it...
The Voice of All India RRB Officers' Federation
Vol - XXV SILIGURI No. 11

"We reproduce hereunder UFBU Circular No.2018/16 dated 01.10.2018 on the captioned subject for your information."

Text of UFBU Circular No. UFBU/2018/16 dated 01.10.2018

CIRCULAR No. UFBU/2018/16 **Date :** 01-10-2018

TO ALL CONSTITUENT UNIONS/MEMBERS

Dear Comrades,

- **Discussions with IBA on our Charter of Demands**
- **IBA proposes Fixed Pay & Variable Pay Scheme/Performance Linked Emoluments based on Operating Profits and Return on Assets**

One more round of Bipartite Discussions were held on 29-9-2018 between UFBU and IBA at Mumbai. In continuation of the last round of discussions, IBA wanted to know our reaction to their offer of 6% hike made in the last round of talks. Responding to their question from our side, we pointed out that their offer is too inadequate and we asked IBA to improve their earlier offer.

However IBA proposed that in addition to 6% hike offered by them which would be common to all Banks, additional wage increase can be worked out through a scheme by which in each Bank annual increase in emoluments can be offered based on Operating Profits and Return on Assets of the individual Bank with a view to add an element of performance linked compensation over and above the uniform pay structure.

IBA detailed their proposal as under:

	% increase YoY in Operating Profit	**Return on Assets - ROA**
Category C	0.01 % to 7 %	- 0.75 to – 0.25
Category B	7.1 % to 15 %	- 0.24 to 0
Category A	Above 15 %	Above 0

No. of days for which Establishment Cost shall be paid out				
Return on Assets				
	Category	**A**	**B**	**C**
Operating Profit (YoY Growth)	A	30	25	15
	B	25	20	10
	C	10	10	5

All India RRB Officers' Federation
"JGGP HOUSE", Raja Rammohan Road, Hakimpara, Siliguri – 734001(West Bengal)
E-MAIL: 555airrbof@gmail.com/shyamalairrbof@gmail.com
WEB SITE: http://www.airrbof.org

AIRRBOF News Letter
November, 2018
Sky is not the limit, we cover it...
The Voice of All India RRB Officers' Federation
Vol - XXV SILIGURI No. 11

Pay Out as % of Establishment Cost				
Return on Assets				
	Category	**A**	**B**	**C**
Operating Profit (YoY Growth)	A	8.2 %	6.8 %	4.1 %
	B	6.8 %	5.5 %	2.7 %
	C	4.1 %	2.7 %	1.4 %

YoY Growth in Operating Profit	Return on Assets	Category	No. of days for which Establishment Cost will be paid out	Pay Out as % of Establish-ment Cost
Above 15 %	Above 0	AA	30 days	8.2 %
Above 15 %	- 0.24 to 0	AB	25 days	6.8 %
Above 15 %	- 0.75 to – 0.25	AC	15 days	4.1 %
7.1 % to 15 %	Above 0	BA	25 days	6.8 %
7.1 % to 15 %	- 0.24 to 0	BB	20 days	5.5 %
7.1 % to 15 %	- 0.75 to – 0.25	BC	10 days	2.7 %
0.01 % to 7 %	Above 0	CA	15 days	4.1 %
0.01 % to 7 %	- 0.24 to 0	CB	10 days	2.7 %
0.01 % to 7 %	-0.75 to –0.25	CC	5 days	1.4 %

IBA sought the reaction of UFBU to their proposal. From UFBU, we have pointed out that their above proposal based on performance/profits of the Banks is not an answer to our demand for increase in wages due to inflation, price rise, cost of living, increased workload and job profile of bank employees and officers. We reiterated that the IBA's offer of 6% hike should be substantially improved upon.

IBA while stating they are not averse to increasing their 6% offer, wanted UFBU to consider their proposal looking to the present varying Operating Profits of the Banks and consequent paying capacity. IBA proposed that UFBU may study their proposal and come out with suggestions or alternative proposals for their consideration. IBA also informed UFBU to revise the demands in terms of total cost in order to arrive at a negotiated solution. It was decided that the issue would be further discussed in the next round of discussions.

Merger of DA with Basic Pay: We proposed that Dearness Allowance upto 6352 points of Consumer Price Index (Quarterly Average of July, August, September, 2017 i.e. DA paid from November, 2016) be merged with Basic Pay for constructing the revised Pay Scales. IBA informed that they would give their reaction in the next round of discussions.

November, 2018
AIRRBOF News Letter
"Sky is not the limit, we cover it..."
The Voice of All India RRB Officers' Federation
Vol - XXV SILIGURI No. 11

UFBU Meeting: In the UFBU meeting held thereafter, it has been decided to hold UFBU meeting on 14th October, 2018 to discuss the proposal of IBA and give our reactions thereupon.

Renewal of Medical Insurance Policy: The Medical Insurance Policy for serving employees and officers of the Banks is being renewed w.e.f. 1-10-2018 based on the revised quotation received UIIC.

With greetings,

Yours Comradely,

(SANJEEV K. BANDLISH)
CONVENOR

Circular # 89:2018 1st October 2018

PROTEST LODGED BY UFBU AGAINST AMALGAMATION OF THREE BANKS

We reproduce hereunder the text of All India Bank Officers' Confederation Circular No. 71 dated 1st October, 2018.

"We reproduce hereunder UFBU Circular No.2018/17 dated 01.10.2018 on the captioned subject for your information."

Text of UFBU Circular No. UFBU/2018/17 dated 01.10.2018

CIRCULAR No. UFBU/2018/17 **Date : 01-10-2018**

TO ALL CONSTITUENT UNIONS/MEMBERS

Dear Comrades,

- **Protest against Government's proposal of amalgamation of Bank of Baroda, Vijaya Bank and Dena Bank**
- **Hold Demonstrations on 9th October, 2018**

In the wake of the Government's announcement to amalgamate Bank of Baroda, Vijaya Bank and Dena Bank, we had immediately asked all our units to hold protest demonstrations on 18-10-2018 and we are happy to observe that the demonstrations were successfully observed in all the State capitals.

Subsequent to that, when we found that the Banks were holding their Board meeting to consider this agenda, we had given the call for holding demonstrations at the station where these Board Meetings were held and for wearing black badges by all employees/officers in these Banks on that day. This programme has also been implemented successfully. It is learnt that in these 3 Banks, the respective Boards have approved the agenda and hence they may proceed further.

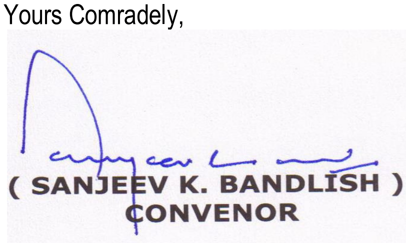
The issue was discussed in the UFBU meeting held on 29-9-2018 and it has been decided to call upon all our unions to hold protest demonstrations all over the country in all State Capitals and in all other towns on 9th October, 2018.

Accordingly, all our unions are requested to hold protest demonstrations in all State Capitals and in all other towns on 9th October, 2018 (Tuesday).

The issue will be further discussed in the ensuing UFBU meeting being held at Mumbai on 14th October, 2018 when further course of action will be decided upon

With greetings,

Yours Comradely,



Circular # 90:2018 3rd October 2018

GENERAL BODY MEETING OF VANANCHAL GRAMIN BANK OFFICERS' ASSOCIATION HELD AT DUMKA (JHARKHAND) ON 30TH SEPT, 2018

The General Body Meeting of Vananchal Gramin Bank Officers' Association was held successfully at the Banquet Hall of Hotel Aditya Residency, Dumka on 30th Sept, 2018. The hall was full with members and other dignitaries. The dias was adorned by Shri Sunil Zode, Chairman, Vananchal Gramin Bank, Com. S. K. Bhattacharjee, General Secretary, AIRRBOF, Com. Srijan Pal, Working President, AIRRBOF, Com. Dhananjay Kumar Singh, GS., Jharkhand Gramin Bank Officers' Association and Vice – President, AIRRBOF, Com. Tripathi Ashok, President and Com. Sunil Thakur, GS of Vananchal Gramin Bank Officers' Association (VGBOA). Incidentally it requires mention that Vananchal Gramin Bank was founded by amalgamation of Santhal Pargana Gramin Bank and Palamau Gramin Bank spread over 10 districts of Jharkhand spanning over more than 700 kms. Under such difficult circumstances officers are working and made Vananchal Gramin Bank a viable RRB. The meeting started with the welcome address by Com. Sunil Thakur followed by lighting of traditional lamp by all dignitaries. Com. Tripathi Ashok, President ably presided over the Meeting.

Com. S. K. Pal, Working President, AIRRBOF in his address touched upon the Pension issue in detail and shared the role played by AIRRBOF in achievement of the issue. He also shared the rightful claim of Gratuity as eligible to all retired officers. He also brought out the success story of their Assn. in Paschimbanga Gramin Bank.

Com. S. K. Bhattacharjee, General Secretary, AIRRBOF covered in his address the importance of Trade Union of officers being maintained as a strong unit, the Management and Officers Association joint effort in strengthening the Bank and the role played by AIRRBOF. He lucidly brought out the development in regard to ongoing Salary Revision talks and all the attack unleashed by Govt. and Management Combine on Public Sector Banks and the evil consequences of merger/amalgamation of Banks.

Shri Sunil Vinayak Zode, Chairman, Vananchal Gramin Bank in the true spirit emphasised on development of the Bank as well as affinity between Management and Association in development of the Bank.

Com. Dhananjay Kumar Singh, Vice – President AIRRBOF shared the position in Jharkhand Gramin Bank and the expectations of officers from Association. He narrated the developments and assured full help and Co operation to officers of VGB.

Thereafter, President declared the conclusion of the open session.

In the delegate session held in the afternoon the Report of the General Secretary and the Statement of Account by Treasurer were placed and deliberated upon. A team of office bearers, committee members and Zonal Secretaries were elected unanimously, the principal of them are as follows:

President	–	Com. T. Ashok
General Secretary	–	Com. S. K. Thakur
Dy. GS.	–	Com. Vinod Mishra
Asst. GS.	–	Com. Kunal Komal
Treasurer	–	Com. N. Islam

& ten Zonal Secretaries for all the districts under area of operation.

Thereafter, the Meeting concluded successfully. AIRRBOF greets the newly elected office bearers, committee members and Zonal Secretaries and wish them success in the ensuing term.

Circular # 91:2018 6th October 2018

AN APPEAL TO HON'BLE MEMBERS OF PARLIAMENT TO OPPOSE THE ILL CONCEIVED AMALGAMATION OF PSBS

We reproduce hereunder the text of All India Bank Officers' Confederation Circular No. 72 dated 5th October, 2018.

"We reproduce our letter no. AIBOC/2018/76 dated 05.10.2018 on the captioned subject, which has been sent to all Members of both houses of Parliament.

We request all our affiliates/State Secretaries to personally meet with as many members of Parliament as possible and hand over a copy of the letter and solicit their support."

Text of letter reference No. AIBOC/2018/76 dated 05.10.2018

Shri/Smt/Ms............
Hon'ble Member of Parliament

Greetings from All India Bank Officers' Confederation (AIBOC), the apex Trade Union of officers' working in various Banks of the country having membership of more than 3,20,000.

You are well aware that the Finance Minister has announced arbitrarily on 17th September 2018 a proposal for merger of three Public Sector Banks viz. Bank of Baroda, Dena Bank and Vijaya Bank grossly bypassing the Parliament, the RBI, Expert Committee, the respective Bank's Board and other stakeholders. The talk of the merger is thicker in the air now than never before and the government is trying to complete the agenda of 'Reverse Nationalisation' before the ensuing General Election in 2019 at the cost of the common man, customers, employees and landing the country's economy in further jeopardy.

2. At this crucial juncture, we, intend to present before the Hon'ble Members of Parliament in the following lines the perils of the proposed merger of the Public Sector Banks, its impact on the banks, the economy and the citizenry for your kind perusal with an earnest request to you as the country's Law Maker, to stall the move ab initio. AIBOC, along with other banking fraternity, believe that merger is not a panacea for the prevailing problems. On the contrary, it would certainly aggravate the situation. It is pertinent to note here for better clarity that NPA (%) has reached a whopping 24.9% (Rs. 16361 crore) in respect of Dena Bank, while it is 13.2% (Rs 56480 crore) and 6.5% (Rs 7526 crore) for Bank of Baroda and Vijaya Bank respectively as at 31st March 2018.

a) Merger brings all sorts of challenges in terms of people, technology, product, branch integration which takes many years to resolve those issues and containing NPAs and recovery from the big corporate houses for the very survival of these banks will be pushed to back seat as the entire management would be bogged down intensively on resolving the merger pangs. Merger will itself result in immediate job losses on account of large number of people taking VRS on one side and slow down or stoppage of further recruitment on the other as huge number of employees will be rendered surplus with closure of umpteen number of branches, administrative offices, Local Head offices, corporate centre, ATMs, processing centres, different cells of the merged banks. Also it is quite true that different banks possess different culture, systems, procedures and merger will lead to clash of organizational cultures. This may lead to discontentment among staff and unhealthy working environment which will affect efficiency of workers. The worst affected would be the farmers, workers, artisans, women, small traders, SHGs, students and the common man as the mergers would lead to closure of hundreds of branches and which would affect the flow of credit especially into the rural areas.

b) We submit that the government is really missing out addressing the core issues and going around the periphery to address the problem. Merging banks will serve little purpose if we have fewer structures with the same blemishes. The Union government is pushing through merger of PSBs with an apparent misplaced notion that fewer stronger banks will be "Too Big to Fail". The fall of Lehman Brothers, the fourth largest Bank of United States, proved the above notion completely wrong. Small banks are the creators of jobs and wealth. In fact, in today's world of banking, it is the small that is beautiful because they have their feet firmly planted in the ground and are thereby robust on their own terms.

c) In a recent note to the Parliamentary Estimate Committee on Bank NPAs, former RBI Governor had termed bank merger as a "non solution" to the present stressed assets crisis of the banks. He has noted,

   "We need concentrated attention by a high level empowered and responsible group set up by government on cleaning up the banks. Otherwise the same non-solution (bad bank management teams to take over stressed assets, bank mergers, new infrastructures, lending institution) keeps coming up and nothing really moves. Public sector banks and some of the newly licensed banks are expanding."

   As per Section 9 (2)(C) of the Banking Companies Acquisition & Transfer of Undertaking Act 1970 with amendment in 1980, views of RBI is mandatory in respect of merger. Government never disclosed the views of RBI to public at large. Hence, the decision of Alternative Mechanism Committee is in total violation of the above section. Views of the Employee/Officer Director which is obligatory whenever there is proposal for amalgamation of banks in terms of the provisions of the said Act is not available as the Government is yet to appoint Employee/Officer Director in the respective bank's Board to smoothen its arbitrary, forced merger. **Moreover, as per Section 9(6) of the said Act, any scheme meant for amalgamation of one/two banks with any other bank has to be laid before each house of Parliament while it is in session for a total period of 30 days.** The statutory provisions stand vitiated in the process adopted.

d) Merging PSBs may be myopic in nature when alternatives exist to strengthen them. Decentralization has been the buzzword when we talk of the rest of banking or even geographic demarcation of our states as they work better. Weak bank can walk the road of narrow banking until such time their books are clean which is preferable to doing things in a hurry as it sounds neat today. For sure, we should delve deeper and introspect.

e) The whole idea of multiplying the system with small and payment banks appears to be against the ethos of creating such big structures; we need to ask ourselves as to whether or not there is a contradiction here. At a later stage, will we opt for merger of these small banks and payment banks, because they would also be facing similar challenges as size will matter?

f) The question is how does creating a new bank with bad loan ratio of 24.9 % (Dena Bank) & 13.2% (Bank of Baroda) respectively genuinely helps any one? What it does is that it sweeps under the carpet the bad state of Dena Bank and BoB. So, the Government has fewer problems to publicly deal with. Nevertheless, it will pull down the performance of Vijaya Bank. In 1993, RBI forced a merger between Punjab National Bank and New Bank of India. As a fall out of the forced merger, PNB suffered a net loss of Rs 96 crore and got entangled with series of litigation particularly on HR issues. A similar fate was met by Oriental Bank of Commerce after merger of Global Trust Bank in 2004.

g) The merger of SBI with Associate Banks also witnessed the same trend. The overall bad loan ratio of State Bank of India as of 31.03.2018 was at 10.9%. The interesting thing is that State Bank of India was not in such a precarious position until March 2017. Yes, it had its share of bad loans like other PSBs, but it was not in the mess that it currently finds itself. The merger of Associate Banks has pulled down the performance of SBI. NPA of the merged entity shot up by Rs 48000 crore as on 31st March 2018. The merger was not only a commercial failure but according to Bloomberg, it also resulted in closing down 1805 branches, fall in staff strength by 15762 due to VRS despite new recruitment of 3211 employees and administrative hassles even though this merger was within associate banks. With proposed merger of the said three banks, the government is repeating the same mistake.

h) Mergers are being touted as the way to have only strong banks which will then have enough depth in their balance sheets to take care of future provisioning needs and also keep lending in a big way to achieve economic growth. But simply merging a weak bank with a strong bank, it will merely create a bigger bank which will be weaker than what it was earlier.

i) Merger of a weak bank (Dena Bank) with a strong bank may always not result into a better bank as the weaknesses of the weak bank may get transferred and the merged entity may become weak. The merger of Global Trust Bank with Oriental Bank of Commerce resulted in the weakening of robust Oriental Bank of Commerce.

j) The other challenge is customer retention. The recent merger of SBI with its Associate Banks saw a chunk of customers of Associate Banks opting to move their business to rival lenders as a result of lack of comfort in banking with the larger parents. The merged entity will face a challenge in retaining customers particularly that of Vijaya Bank which is dominant in South India.

k) The right course of action now should be to embark upon the aggressive recovery measures aimed at chasing bad debts armed with the powers conferred by the Insolvency and Bankruptcy Code and not engage in forced mergers, which will result in the banks getting bogged in administrative issues of merger.

3. In view of the foregoing, the AIBOC appeals to you to prevail upon the Government of India to scrap this anti people, harmful forced merger proposal once and for all like the FRDI bill in the greater interest of our mother land and its citizenry and ensure.

a. Immediate and strict penal action against corporate fraudsters and willful defaulters.
b. Making the bank wise list of all corporate defaulters public
c. Making the IBC process more transparent and effective in order to recover NPAs and stopping drastic haircuts dramatically.
d. Strengthening public sector banks through recapitalization and implementation of appropriate turnaround plan without hampering normal banking operations through unreasonable restrictions under PCA.

We urge upon your good office to take up this issue at the appropriate level so that the retrograde decision of the merger of the three Banks are stalled and also to thwart any move to announce further mergers.

With best regards,

Yours sincerely,
Sd/-
(SoumyaDatta)
General Secretary

Circular # 92:2018 6th October 2018

ATTACK ON BANKERS

We reproduce hereunder the text of All India Bank Officers' Confederation Circular No. 73 dated 5th October, 2018.

"We reproduce our letter no. AIBOC/2018/77 dated 05.10.2018 on the captioned subject, which has been sent to the Chairman, Indian Banks' Association." greetings,

---

Text of letter reference No. AIBOC/2018/77 dated 05.10.2018

Shri Sunil Mehta
Chairman
Indian Banks' Association
Cuffee Parade, Mumbai

Dear Sir,

ATTACK ON BANKERS

At the outset, on behalf of All India Bank Officers' Confederation (AIBOC), we wish to convey our greetings to your good office for being elected as Chairman of Indian Banks' Association.

02. With deep consternation, we wish to bring to your kind attention, the increasing trend of vitriolic attacks by politicians, elected representatives on Banks and Bank employees, thus fomenting public wrath. We place on record our sincere appreciation to the Department of Financial Services, Government of India, for having taken due cognizance of the vulnerability of bank employees and issued appropriate advisory.

03. We are deeply anguished to note the continued attack on the banks and bankers in many parts of the country. Elected representatives have been making derogatory remarks on the officers and have even aired views that officers will be arrested if recovery steps are pursued. In Karnataka, an FIR was filed against a bank officer for initiating recovery measures. In fact, we have come across press statements of elected Representatives threatening action against bankers.

04. We wish to draw your kind attention to another incident of brutal assault on Bank officials that had occurred at Bhopal yesterday (i.e. 04/10/2018), where the recovery team including a lady official of a bank was beaten up ruthlessly by the borrower and guarantor. We have information that one of the officials, a Chief Manager, has been severely injured to the extent that he could lose two of his fingers.

November, 2018
AIRRBOF News Letter
Sky is not the limit, we cover it...
The Voice of All India RRB Officers' Federation
Vol - XXV SILIGURI No. 11

05. Sir, you are aware that officers and staff are bound by the recovery policies framed by each bank. It is a known fact that operating staff have no discretion or freedom to stop recovery measures, unless specific directions are issued to them. If there is any lapse on the part of officers for adhering to extant norms on following up measures, Officers are subjected to disciplinary procedure for lapses. The recovery of loans is deferred only in case of natural calamity, upon proclamation by the respective State Government.

06. It is expected that Governments, elected representatives and persons in responsible positions should initiate appropriate steps to declare calamity to provide relief to farmers and the borrowers. Instead of this, an environment of fear psychosis is being created, threatening the bankers and preventing them from performing their duties and making them vulnerable to attacks. At this critical phase which the public sector banks are traversing, the same is likely to dent the culture of repayment and the very institution of banking, in addition to causing anxiety and uncertainty in banking fraternity. While we emphatically affirm that we are ever-ready to work for the welfare of the farmers, who form the backbone of this country, all Governments should come forward with possible and plausible measures in keeping with the laid down norms.

07. We request your good office to take up the matter with the Finance/Home Ministry to issue appropriate instructions immediately to the State Governments exhorting swift and stringent action against any attempt of threats to banking fraternity and urging government machinery to ensure adherence to the established way of helping the famers and the borrowers by providing relief through restructuring/rescheduling of loans within the norms framed by the Reserve Bank of India.

With best regards,

Yours sincerely,

Sd/-
(Soumya Datta)
General Secretary

Circular # 93:2018 25th October 2018

AIBOC PROGRAMS AGAINST THE PROPOSED MERGER OF DENA BANK, VIJAYA BANK AND BANK OF BARODA TO CONTINUE

We reproduce hereunder the text of All India Bank Officers' Confederation Circular No. 76 dated 25th October, 2018.

"Congratulations to the rank and file for the militant show of strength in every nook and corner of the country against the Finance Ministry's flawed amalgamation announcement. The response to the UFBU call for countrywide demonstrations on 9th October, 2018 and on 23rd October, 2018 was spontaneous and overwhelming. UFBU is likely to meet shortly to chalk out a detailed action program. AIBOC had earlier announced a series of protest actions including demonstrations, candlelight protests and intensive daily Twitter campaigns, all of which also evoked a spontaneous response from members, one that clearly demonstrated the anger and frustration felt by PSU bank officers. We have already filed a writ petition in Delhi High Court, challenging the amalgamation proposal. Our case is slated for hearing on 29th October, 2018. Subsequently, we have been given to understand that a communiqué from DFS has reached all PSU Banks and State Bank of India, seeking completion of formalities for the appointment of both workmen and non-workmen Employee Directors on the boards of all banks.

Comrades, the proposed amalgamation of Bank of Baroda, Vijaya Bank and Dena Bank is only a precursor to the larger plan to destabilize the public sector banking space in India. If it goes through, it will throw the entire banking industry, including all customers and stakeholders into complete disarray. The proposed amalgamated set up of Bank of Baroda, Vijaya Bank and Dena Bank in itself is expected to result in the closure of 1,000 branches/ offices and thereby make at least 10,000 employees redundant. Needless to say, customers of these three banks will be deeply inconvenienced. The resultant exodus to new generation private sector banks and fin-tech companies waiting in the wings will be a prelude to privatisation. We had anticipated such a move when Prompt Corrective Action (PCA) was imposed on 12 banks with disastrous results, and our apprehensions have come true.

Comrades, with the end of Navaratri/Durga Puja/Dussehra festivities, and as we prepare to usher in the Festival of Lights, it is time to rekindle the agitation activities initiated by AIBOC.

Our plan for the weeks ahead includes:
1)Submission of our Memorandum to Members of Parliament, Chief Ministers, Central Ministers and social opinion makers
2) Stepping up the Signature Campaign by appealing to customers and to the general public
3) Submission of the Memorandum to the Prime Minister
4) Intensifying the Twitter Campaign with the following hashtags: **#SavePublicSectorBanks**and**#StopMerger**

We are happy to note that the Twitter Campaign is picking up momentum and that daily tweets have already crossed 35,000. It is imperative that we cross the one lakh mark every day – during the pre-specified time slot, i.e. 2100 hours to 2300 hours – to catch the attention of the media and of the Government. We request all affiliates to gear up for the challenge by creating exclusive Twitter Teams to provide a fillip to the movement. At the same time we urge all our affiliates to focus on the Signature Campaign. We plan to send the signatures collected to the Honourable Prime Minister in tranches of one lakh.

Comrades, you are also aware of the latest developments in the wage revision talks. The talks between IBA and UFBU have hit a roadblock. While the proposal of performance linked pay based on gross operating profits and return on assets has been rejected outright, the issue of fractured mandate has not been resolved. The undersigned has made it abundantly clear that unless the issue of fractured mandate is resolved, the talks cannot progress meaningfully. It is crystal clear that the stand of the IBA will trigger off organisational unrest for which the Government-IBA combine will be squarely responsible.

The 'sudden' announcement of the amalgamation of the three PSU Banks, the issue of fractured mandate, and floating ideas of Performance Linked Pay are all pieces of a broader plan to destabilize the PSU banking space and to weaken the might of bank trade unions, thereby precipitating the large scale entry of the real corporate masters into the Indian banking industry.

Comrades, the battle has begun. The undersigned calls on all affiliates and state units to keep the organisation / units in the highest stage of preparedness to respond to any organisational call, including strike action to combat the intention of the Government of India to disintegrate public sector banks and their trade union movement.

With revolutionary greetings,
Yours sincerely,

Soumya Datta
General Secretary"

Circular # 94:2018 25th October 2018

PENSION TO OFFICERS & EMPLOYEES OF RRBs

We congratulate all our affiliates and membership at large for the unique achievement of clinching at par Pension of RRBs by issue of Govt. of India, DFS letter F. No. 8/20/2010 – RRB dated 23rd Oct. 2018.

While we mention about certain ambiguities/anomalies etc. in the Regulation enclosed with the letter we need to highlight the background of the order. General Secretary, AIRRBOF had a detailed meeting with Shri Suchindra Misra, Joint Secretary (SM & RRBs), DFS, where he pointed out the need for issue of immediate order and even mentioned that in case of further delay AIRRBOF may also knock the door of Honb'le Supreme Court foe implementation of the order dated 25th April, 2018. The meeting had set the trend for fast tracking the order for extension of Pension Parity.

We are writing a letter to Addl. Secretary (DFS) pointing out the anomalies/ ambiguities in the Pension Regulation which need to be amended. The letter to DFS is also circulated. Friends, it is now clear that persistent effects of our Federation had derived the desired result of Pension Parity. We understand the concern expressed by some retired comrades about the effective date of Pension and we confirm that AIRRBOF demands effective date to be 1st Sept. 1987 and we shall pursue the matter.

Addl. Secretary (DFS) shall hold video conference on 25th October, 2018 afternoon and shall elaborate the steps to be taken for implementation of Govt. order. Congratulation once again. We shall share further developments in due course.

Circular # 95:2018 25th October 2018

PENSION TO EMPLOYEES OF RRBS

We reproduce hereunder the text of All India RRB Officers' Federation letter no. 2022:45:2018

dated 25th October, 2018 addressed to DFS for Pension to employees of RRBs.

Text of letter under reference No. 2022:45:2018 dated 25.10.2018

Ref no. 2022:45:2018 25th October, 2018

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

Sir,

PENSION TO EMPLOYEES OF RRBs

We refer to your letter F. No. 8/20/2010 – RRB dated 23rd Oct. 2018 on the captioned subject.

We made a fast reading of the Pension regulation and would like to point out the following anomalies/ ambiguities in the proposed regulation.

1. In Chapter II (Application & Eligibility) Regulation 3(I) (a), (b) and (c), the employees and officers who were in service on or after 1st day of September, 1987 but retired before the effective date have not been covered while Regulation 32 (Payment of Pension or family Pension in respect of certain employees) deals with " Payment of Pension" to an employees who was in service between 1st day September 1987 and 31st day of March 2010 and retired from service of the bank before 31st day of March, 2018 shall, subject to the provisions of these regulations, be eligible for payment of pension from effective date. Hence Para (I) of 32 chapter II needs to be incorporated in the regulation (3) for the proper applicability and eligibility.

2. In Chapter III, regulation 5.(2), it is mentioned that "the retired employees shall continue to receive the amount of pension under EPS,1995 and the balance of the pension under new pension rule shall be paid out of the fund." Thus a huge sum of fund lying with EPFO for EPS 95 would not be transferred to newly constituted Bank's own pension fund causing fund crunch unnecessarily. Further dual source of pension to the retirees is unwarranted.

3. In page 39, point no.(2), it is inter alia stated that "...in the case of employees in the officers cadre who retire on or after the 1st day of July, 2013 but before the 1st day of April 1998,,," It is highly anomalous. It should be "in the case of employees in the officers cadre who retire on or after the 1st day of July, 1993 but before the 1st day of April 1998". Rectification is needed.

AIRRBOF News Letter
November, 2018
Sky is not the limit, we cover it...
The Voice of All India RRB Officers' Federation
Vol - XXV SILIGURI No. 11

We thank all concerned for issuing the necessary framework for payment of Pension to officers and employees of RRBs. We do like to point and that in accordance with the verdict of the Honb'le Supreme Court the Pension Scheme at par with Nationalised Banks is being extended to RRBs and it should be from retrospective date of 1st Sep. 1987, the date fixed by NIT for parity or a date not later than the date of judgement of the Honb'le High Court of Karnataka.

We shall request you to make necessary amendment in the Pension Regulation so that the anomalies and ambiguities can be rectified.

With regards,
Yours faithfully,

(S.K. Bhattacharjee)
GENERAL SECRETARY

Circular # 96:2018 26th October 2018

SEMINAR: MERGER OF PUBLIC SECTOR BANKS –
A STEP TOWARDS REVERSE NATIONALISATION

We reproduce hereunder the text of All India Bank Officers' Confederation Circular No. 77 dated 26th October, 2018.

"We are glad to inform you that a seminar on the captioned topic, the first of a series of such programs to mobilise opinion against the retrograde decision of Bank mergers will be organised by AIBOC in association with Centre for Financial Accountability (CFA) at Dy. Chairman Hall, Constitution Club of India, New Delhi on 2nd November, 2018 at 5.30 p.m. Eminent personalities are expected to attend the program and share their views.

02. We congratulate our Delhi Unit for their excellent effort in organising the program at a very short notice. We request our affiliates/State Units to organise similar programs at all important centres so that we can build up the momentum in mobilising public opinion against the merger and get opinion makers to join our movement.

We request leaders of all affiliates to attend the seminar and make it a success.

With revolutionary greetings,

Yours sincerely,

Soumya Datta
General Secretary"

AIRRBOF News Letter
November, 2018
Sky is not the limit, we cover it...
The Voice of All India RRB Officers' Federation
Vol - XXV SILIGURI No. 11

Circular # 97:2018 29th October 2018

PROPOSED AMALGAMATION OF BOB,
VIJAYA BANK AND DENA BANK – POSTERING CAMPAIGN

We reproduce hereunder the text of All India Bank Officers' Confederation Circular No. 78 dated 27th October, 2018.

"We reproduce hereunder UFBU Circular letter dated 26.10.2018 on the captioned subject for your information."

Text of UFBU Circular Letter dated 26.10.2018

Date : 26-10-2018

TO GENERAL SECRETARIES OF ALL CONSTITUENT UNIONS

Dear Comrades,

- **PROPOSED AMALGAMATION OF BANK BARODA, VIJAYA BANK AND DENA BANK**
- **POSTERING CAMPAIGN**

As decided in our UFBU meeting held on 12-10-2018, we need to start postering campaign and display posters before bank branches.
We are sending herewith the specimen of the poster and all unions are requested to get them printed in large number so that the posters are displayed before each and every bank branch.
Copies of our Letters to Finance Minister, DFS, RBI, IBA , etc. will be sent to you in a few days time.

With greetings,

Yours comradely

(SANJEEV K. BANDLISH)
CONVENOR

PRESS CORNER

WHY MERGER OF PSBS IS NOT A GOOD IDEA

Emboldened by the apparently frictionless merger of the associate banks with SBI, the Ministry of Finance has decided to merge two weak banks with one strong bank, namely, Bank of Baroda, Dena Bank and Vijaya Bank, in the PSB (public sector bank) space. That this should happen exactly 10 years after the Great Recession of 2008, which was triggered by big banks, indicates a certain overconfidence about financial stability in India.

Since nationalisation, Indian banking has grown and exhibited much diversity in size, content and structure, represented by PSBs, regional rural banks, new generation private banks, old private banks, foreign banks, cooperative urban banks, cooperative rural banks, small payments banks, small finance banks, and NBFCs.

Business correspondents support the financial inclusion efforts of banks. Such diversity and effective regulatory oversight contained the contagion effect of the decade-old global recession on the Indian economy. The Narasimham Committee (1994), while arguing for six large globally competitive banks, preferred closing the weak banks to merging them with strong ones.

There have been 39 mergers and takeovers during the post-nationalisation period, which includes the SBI merger. It is important to draw lessons from all these mergers.

While all banks reduced their presence in rural and semi-urban, non-profitable centres post-liberalisation, SBI, post-merger, closed 5,000 branches, thus effectively guillotining the plan to reach the unbanked poor.

Regulator-driven financial inclusion efforts of 2005, board-monitored measures, and Jan Dhan have supplemented the financial inclusion agenda. India Post Bank is the new institution aimed at taking banking services to the doorsteps of the least banked.

Against this backdrop, the latest merger is enigmatic.
Former RBI Governors YV Reddy, D Subba Rao and Raghuram Rajan have, on one occasion or the other, cautioned the government against seeing consolidation as a panacea for the ills of the banking system.

Though the RBI's Financial Stability Report has estimated healthy economic growth of over 7.5 per cent for 2018, it has warned against complacency. And, this comes despite legal and regulatory measures to stem the NPA (non-performing asset) rot in banking through 'market-based resolution plan for insolvency' (IBC), putting 11 banks under surveillance via prompt corrective action plan, and continuing efforts to de-stress the sector.

The government, however, has put together another merger, even before the results of the PCA were known.

Of the three banks — Bank of Baroda, Vijaya Bank and Dena Bank — slated for merger, BoB is on the plate for the second time in the merger exercise. As at the end of 2017-18, BoB was the biggest with a total income of Rs. 50,306 crore, a net loss of Rs. 2,432 crore and net NPA of 5.5 per cent.

Vijaya Bank comes next, with a total income of Rs. 14,190 crore, a net profit of Rs. 727 crore, and net NPA of 4.4 per cent. And, Dena Bank recorded a total income of Rs. 10,096 crore, a net loss of Rs. 1,923 crore, and a net NPA of 11.95 per cent.

Results of a study by Jagadeeswaran *et al* on the pre- and post-merger comparisons of profitability — with the year of merger as base year — in the case of SBI, IOB, BoB, PNB, IDBI and OBC reveal that net profit to total income, net profit to interest income, net profit to total assets and net profit to net worth declined for all except PNB and BoB.

AIRRBOF News Letter
November, 2018
Sky is not the limit, we cover it...
The Voice of All India RRB Officers' Federation
Vol - XXV SILIGURI No. 11

The exception was partly due to the period of merger, when the capital regulations post-Basel did not hit them. Banking is all about financial intermediation.

People are at the epicenter, both in front and behind the counters. The culture of the institutions is intertwined with the culture of the regions. Human resource and cultural issues have impeded the success of mergers across periods and nations.

It is, therefore, important that the big banks think twice before turning into unwieldy conglomerates. Basic banking and customer services cannot be compromised.

The government would do well to start development banks to fund infrastructure projects and, thereby, relieve PSBs of this task. Experience has demonstrated that PSBs are not right channel for the job as it involves their funding long-term projects with short term resources.

Universal banking did enough damage with banks selling more third-party products, eyeing hefty commissions, instead of focusing on core banking operations. Hopefully, thanks to the latest directive from the Finance Ministry, this damage will be minimal, where banks alone will stand to gain, and not the officials selling such products.

While past accomplishments are no guarantee to future success, past failures can serve as good foundation for enduring success. To improve its own stock, the government would do well to concentrate on improving governance in PSBs, pledge not to interfere in loan sanctions, and move a resolution in Parliament that no party would indulge in loan write-offs either for the farm or other sectors unless the areas are affected by severe natural calamities.

Further, higher capital allocation with or without Basel-III cannot prevent bank failures triggered by systems, people and processes.

Both demonetisation and GST had hit not just the MSMEs but also resulted in the lengthening of processing time. Even politically speaking, with elections round the corner, toying with the financial sector with mergers looks faulty, unwise and untimely.

Source – The Hindu Business Line, 4th October, 2018.

BANK LENDING, DEPOSIT RATES TO SOAR

Contrary to widespread expectations of a rate hike, the RBI surprised markets (though not pleasantly) by holding its key policy repo rate.

Even so, borrowers should not rejoice prematurely. Lending rates are set to move higher as banks will continue to take cues from the bond market.

Risks to fiscal slippages, global factors, and depreciating rupee are likely to lead to hardening of yields in the coming months.

Banks have already been raising lending and deposit rates, notably over the past six months. The RBI reversing its neutral stance to a one of calibrated tightening of monetary policy (slightly softer than a hawkish stance) does not rule out rate hikes in the remaining part of FY19.

While the RBI has lowered its inflation projection for the second half of the fiscal – banking on benign inflation – there are multiple upside risks to the RBI's inflation projection.

We expect two rate hikes by the central bank by March 2019.
Even as the RBI has held its key rate, banks are likely to continue raising lending and deposit rates. Even after the RBI's last rate cut in August last year, yields on 10-year government bonds have only moved up.

Taking cues from the bond market, banks have been raising deposit and lending rates since January this year, even though the RBI started to hike rates only in June this year.

While deposit rates have gone up by 25-50 basis points on an average, a few banks have raised interest rates on specific tenure deposits as high as 90-100 bps since January.

Since deposit rate increases immediately reflect on banks' cost of funds under the MCLR, hikes in lending rates have also been much quicker and sharper. The benchmark lending rate – the one-year MCLR – has gone up by 25-35 bps on an average to as high as 60-70 bps in a few banks over the past six months.

But despite such sharp increase, bank lending rates are set to move higher on account of several factors.

One, the recent liquidity crisis after the IL&FS episode will keep market rates on the longer tenure bonds high and sticky. Banks, taking cues from the bond market, may raise lending rates in the coming months.

Two, upside risks to the RBI's inflation projection still leaves the possibility open for more rate hikes. Three, given that the risk perception in the system has turned adverse after recent events, banks will price some of this into lending rates – for lower-rated corporates, in particular.

For retail borrowers waiting on the fence, this may be the right time to shop for the best rates in the market. For existing borrowers, reset clauses under the MCLR structure, will cushion the impact to some extent.

Under the MCLR-based pricing, lending rates are reset only at intervals corresponding to the tenure of the MCLR. Hence, in the case of home loans, which are benchmarked against the one-year MCLR, lending rates will only be reset every year.

However, those who took loans last year, reset in lending rates are likely to pinch them as MCLR has moved up by 30-40 bps in the past one year.

Going by the June quarter results, increase in deposits rates, which bump up banks' cost of funds, have added some pressure on their margins. But for a few banks that have hiked benchmark lending rates by 20-25 bps since August, there could be some easing of pressure in the September quarter.

That said, asset-quality performance remains a critical factor. Sharp slippages and provisioning will continue to weigh on earnings. The rise in lending rates could only accentuate the bad-loan issue. The actual impact of the IL&FS crisis on the banking sector is also yet to be seen.

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

November, 2018
AIRRBOF News Letter
Sky is not the limit, we cover it...
The Voice of All India RRB Officers' Federation
Vol - XXV SILIGURI No. 11

PROTEST AGAINST BANK MERGER

Nearly 500 employees and officers of various banks staged demonstrations against the Government's proposal to merge Vijaya Bank and Dena Bank with Bank of Baroda. The protest was carried out by the United forum of Bank Unions (UFBU), an umbrella body of nine unions. "This merger is neither in the interest of employees nor of the customers. If the Government does not revisit the merger plan, then 10 Lakh bank employees will be left with no option but to go on a strike," said UFBU.

Source – The Hindu Business Line, 10th October, 2018.

PM INJECTS 12 'BOOSTER SHOTS' FOR MSMES

Diwali came early for the Micro, Small and Medium Enterprises (MSMEs) on Friday, when Prime Minister Narendra Modi announced 12 'gifts' to the sector. These include easy and cheaper credit, relaxation in labour laws, easier compliance with environmental rules and changes in company laws.

All these are parts of a Support and Outreach Programme, which will continue for 100 days in 100 districts. The sector contributes over 28 per cent in Gross Domestic Product and over 48 per cent in exports. According to the 73rd round of the National Sample Survey, the MSME sector comprises 633.88 lakh units and has created 11.10 crore jobs.

A dedicated portal for sanctioning loans up to Rs. 1 crore in 59 minutes will be operationalised. All GST-registered MSMEs will qualify for a 2 per cent interest subvention on fresh or incremental loans. Exporters who receive loans in the pre-shipment and post-shipment period will qualify for a higher interest rebate — from 3 per cent to 5 per cent.

To provide relief from 'inspector raj', factory inspections will be sanctioned only through a computerised random allotment, and inspectors must upload reports on portal within 48 hours.

Inspectors have to account for why they went to a factory, Modi said. MSMEs need file just one annual return for compliance with eight labour laws and 10 central rules, he said. An Ordinance has been promulgated to simplify levy of penalties for minor offences under the Companies Act.
The Prime Minister said the government has taken a number of steps to enable access to markets for entrepreneurs. Public sector companies, he said, have been asked to compulsorily procure 25 per cent (up from 20 per cent) of their purchases from MSMEs. OIf the 25 per cent, 3 per cent must be reserved for women entrepreneurs.

More than 1.5 lakh suppliers have registered with the GeM (Government e Market Place), of which 40,000 are MSMEs. Transactions worth more than ₹14,000 crore have been made on the platform. All public sector undertakings must now compulsorily be a part of GeM, Modi said.
Emphasising the importance of tool rooms as a vital part of product design, Modi announced that 20 hubs will be formed across the country, and 100 spokes in the form of tool rooms will be established.
Clusters of pharma MSMEs will be formed, given the sector's importance, with the Centre bearing 70 per cent of the cost of establishing these clusters. Modi also announced a simplification of government procedures to enhance the Ease of Doing Business.

As part of establishing a unit, an entrepreneur needs two clearances, namely, environmental clearance and consent to establish, Modi noted. Going forward, a single consent would suffice under air pollution and water pollution laws.

Moreover, the return will be accepted through self-certification. The Union Cabinet has approved an Ordinance under which, for minor violations under the Companies Act, the entrepreneur will no longer have to approach the courts, but can correct them through simple procedures.

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

TWO YEARS AFTER NOTE BAN, DIGITAL TRANSACTIONS SHOW ROBUST GROWTH

Digital payments have increased manifold after demonetisation came into effect two years ago. It may be recalled that the government had withdrawn currency notes of Rs. 500 and Rs. 1,000 on November 8, 2016, which created a cash crunch that continued for more than a year in different parts of the country. As per data available with the RBI and National Payments Corporation of India (NPCI), the increase in digital payments has been profound in popular channels such as National Electronic Fund Transfer (NEFT) and mobile banking between September 2016 and September 2018.

The value of NEFT transactions had gone up from Rs. 988,000 crore in September 2016 (just two months before demonetisation) to Rs. 14,182,000 crore in September 2017, and to Rs. 18,015,000 crore in September 2018.

The value of mobile banking transactions, too, shot up from Rs. 2,700 crore in September 2015 to Rs. 104,300 crore in 2016, and to Rs. 186,200 crore in 2017.

"If one includes all digital transactions, there has been a 440 per cent increase since demonetisation," R Prabhu, Managing Director & Group Chief Executive Officer, Payswiff, told *BusinessLine* . This growth has been driven by Tier II and Tier III markets, which mostly stayed away from digital transactions before demonetisation, he added.

Demonetisation may be history now. But the trend of increased use of alternative channels in banking has been continuing. SBI has also reported a 502 bps increase in the share of alternative channels at 83.47 per cent as on September 2018 against 78.45 per cent in the year-ago period. In individual segments, internet banking has shown faster growth.

Source – The Hindu Business Line, 6th November, 2018

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

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

All India RRB Officers' Federation
"JGGP HOUSE", Raja Rammohan Road, Hakimpara, Siliguri – 734001(West Bengal)
E-MAIL: 555airrbof@gmail.com/shyamalairrbof@gmail.com
WEB SITE: http://www.airrbof.org