



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

Vol - XXII

AIRRBOF News Letter

January 2015



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

SILIGURI

No. 01

HAPPY NEW YEAR

EDITORIAL

THE GREAT UN-BANKED

For most of us — and by ‘us’, I mean the ordinary, urban, salaried middle-class — any statement to the effect that we are underserved by the Banking system might be surprising, or even amusing. After all, most of us hold multiple Banking accounts (never mind how much money is lying in those accounts), have at least a credit card or two, and possibly, a vehicle loan and a housing loan as well. For most of us, a Bank fixed deposit continues to be the primary vehicle for our savings and forms virtually our entire retirement nest-egg.

For the urban customer, Banks are ubiquitous presences, and having to go more than a few minutes to reach one’s branch, or any ATM, is usually pretty rare, and annoying when it does happen. In fact, increasingly for many of us, even the visit to the Bank is becoming rarer and rarer. Between internet-enabled Bank accounts, smart ATMs and cash and cheque deposit machines, and mobile apps on our smart phones, we virtually carry our Bank around with us wherever we go. So to say that this customer segment is poorly served might sound like delirium.

But is it? Have you ever considered what you actually get from your Bank? Yes, the Bank keeps your money and gives you interest on it. It also offers various transaction services. It offers several other financial products, and, when you do need money beyond your immediate resources and capability, Banks also offer loans of different types. Most consumers think this is a full bouquet of services and are quite happy.

But drill down a bit deeper and you will see that all these ‘services’ come at a price. A price that is advantageous to the Bank, not the customer.

An overwhelming majority of retail Bank customers tend to hold a savings account with a Bank. The balance in that account fetches an interest — currently ranging from 4 to 7 per cent. After the introduction of electronic Banking, most of these accounts — except the basic, no-frills ones — come with a debit card, which allows one the ease and convenience of self-Banking, anytime. Further, many of these cards are also linked to a payment services gateway (like Visa or Master), enabling the debit card to double up as an electronic wallet.

All that is pretty good, you would think. Of course it is, and all of this costs money. There is usually a charge for the debit card itself. Use the card for payment and the gateway charges a fee — sometimes absorbed by the merchant, sometimes passed on to you. Use your debit card at your own Bank’s ATM more than five times a month and pays a fee. Pay a fee to check your balance, a fee to transfer funds, a fee to withdraw cash. The interest on your savings account only slows the erosion of your capital value, since it is negative to the real rate of inflation.

All India RRB Officers' Federation.

"JGGP HOUSE", Raja Rammohan Road, Hakimpara, Siliguri – 734001(West Bengal)

E-MAIL: airrbof555@yahoo.co.in / shyamalkb5@yahoo.com

WEB SITE: <http://www.airrbof.org.in>

Other than a few public sector Banks, passbooks are a thing of the past. But if you are not net savvy, you pay for information on your own account — a quarterly summary is free, a monthly (or more frequent) statements cost you. Any additional query costs you. Even those SMS alerts are costing you.

One still wouldn't quibble about this. Most of us are prepared to pay for convenience, and a reasonable charge so that the business stays viable and these services remain available to us is quite okay. But is this all a Banking relationship is about?

No. The fundamental factor in any financial transaction is risk. And Banks take zero credit risk on retail customers. Your savings account will not make you eligible even for a one rupee overdraft, even if your balance runs into crores. Your housing or auto loans are fully secured against mortgaged assets and are further re-secured by your guarantors (who, under the new laws, are fully liable for your debt if you default). And you pay an interest rate substantially more than the Bank's prime lending rate for the privilege! They might lend you against your FDs, but only to the extent of your FD — zero risk again.

Banks do take risk on individuals, when they give them a credit card or a personal loan. But for that, the customer pays moneylender interest rates.

Indian interest rates are among the highest in the world for credit cards, and there is zero differentiation between someone with a great credit history and someone with none. You might have had a savings account for years, but that will not get you a loan to start your dream business. You might not have even delayed paying your phone or electricity bills for decades, leave alone default on loans, but that will not get you even a fractional discount on your charges. Even the amount of credit card risk is low — averages outstanding per card in India are of the order of Rs. 50,000.

Compare that to the amount of dud loans Banks report for industrial and business customers (that's what those 'NPA' numbers are) and you will know who is actually enjoying Bank funding. A lot of blame for this must be laid at the door of the Reserve Bank of India.

As the Banking regulator, it has concerned itself primarily with systemic safety and stability. In the process, the retail customer has got short shrift. That paltry interest paid on your savings account has been used as an excuse by Banks to deny all kinds of services to retail customers — and the RBI has let them get away with it.

It is time the retail banking scenario was shaken up. Simply allowing more Banks in is not enough. We need a clear differentiation between savings products, risk-based loan products and fee-based services. We need transparent pricing in all three sectors, and free and open competition there, not nominal competition with the iron hand of the regulator unsubtly in the background. And above all, we need a separate, retail consumer-oriented regulator.

EXCERPTS FROM AIRRBOF CIRCULARS

Circular # 80:2014

1st December 2014

MERGER/AMALGAMATION OF RRBS – VIEWS HELD BY CCI & CAG

We reproduce hereunder the text of the letter written by the Federation on the captioned subject to The Secretary, Department of Financial Services, Govt. of India, Ministry of Finance, for your information & necessary action.

"We would like to draw your kind attention to the report appearing in The Economic Times of India dated 28th November, 2014 and we reproduce the contents of the report for your ready reference:

The Competition Commission of India is investigating a merger between Regional Rural Banks (RRBs) sponsored by Punjab National Bank and Syndicate Bank for possible breach of norms.

There are allegations that the Finance Ministry forced the merger due to political pressure, a senior CCI official said, but added, "We are, however, examining this case in regard to violation of amalgamation and financial prudence".

The case is being examined under the combination provision of the Competition Act 2002, the official said, requesting anonymity. "We may also look at other RRB mergers wherever necessary permission hasn't been taken", the official said.

In 2013, the Finance Ministry had given its go-ahead to merge Gurgaon Gramin Bank (GGB), sponsored by Syndicate Bank into Haryana Gramin Bank, sponsored by PNB and create Sarva Haryana Gramin Bank.

The move was, however, questioned by the Comptroller and Auditor General of India on the grounds that GGB was financially stronger than Haryana Gramin Bank."It was the state Government which had recommended that GGB should merge into Haryana GB with PNB as the lead Bank," said another official. In a response to the queries raised by the auditor, the regulator for RRBs, National Bank for Agriculture and Rural Development (NABARD) had told the Finance Ministry that there have been instances where financially stronger Banks have been merged with weaker Banks.

"We had informed the ministry that branch network is taken into consideration for deciding on amalgamation," said a NABARD official, who did not wish to be identified. A senior PNB official, however, said that since the other sponsoring bank, Syndicate Bank had given a 'no objection', they did not see any issue with the merger.

The Government has been aggressively pursuing the merger of RRBs, whose number came down as a result to 57 in March 2014 from 82 in 2011. It is also expected to introduce in the ongoing winter session of Parliament the Regional Rural Banks (Amendment) Bill, which seeks to allow RRBs to raise capital from sources other than the Central Government, State Government or the Sponsor Bank. RRBs have a network of over 18,000 branches and are promoted jointly by the Centre, a Sponsoring Bank and the State Government concerned.

Circular # 82:2014

6th December 2014

GRAND SALUTES TO COMRADES
THUNDEROUS SUCCESS OF RELAY ZONAL STRIKES FROM 2ND TO 5TH DECEMBER 2014

We reproduce hereunder the text of All India Bank Officers' Confederation Circular No. 88, dated 5th December, 2014.

"We reproduce, hereunder, the contents of Circular No.: UFBU / 2014 /39 dated 05.12.2014 on the captioned subject issued by Com. M.V. Murali, Convenor, UFBU for your information and circulation.

Revolutionary Salutes to all our constituent Units and the membership *in toto* – The Relay Zonal Strikes started from 2nd December 2014 to till date have seen unprecedented success, displaying the anguish and frustration of the bank employees, who are being denied the reasonable wage revision and also the undue delay on the part of IBA in conclusion of the settlement.

We already informed in our earlier circular about the total success of Relay Zonal Strike observed in Southern Zone on 2nd instant, which had paralysed the banking services throughout the Southern Zone.

We are glad to inform that the Relay Zonal Strikes on 3rd December in Northern Zone, on 4th December in the Eastern Zone and today in the Western Zone, have also ended in grand success.

We have received reports from all over the country that huge number of employees has participated in the mammoth rallies and demonstrations held on the respective strike days at various important centres and made the Relay Zonal Strike in all the zones, a huge success.

We sincerely congratulate our constituent units and members all over the country for the Thunderous Success of the Relay Zonal Strikes from 2nd to 5th instant, which is clearly a wakeup call to IBA with an indication that the total work force is expecting the IBA – Government combine to expeditiously settle a reasonable wage revision to bank employees.

The Relay Zonal Strike has severely hit the banking services all over the country, more particularly the Clearing operations were by and large affected due to the zone-wise non-participation of the Banks on account of Zonal strike on continuous 4 days. Even though it is not our intention to create inconvenience to our esteemed customers and general public, it is just the adamant behaviour of IBA-Government combine, which has compelled us to strike work.

At least now, the IBA should realise the need to substantially improve its offer to meet the just demands of UFBU and finalise the settlement at the earliest. But, any further delay in arriving at a settlement would increase the anxiety amongst the employees and Unions would be forced to decide on further intensification of agitation.

As informed earlier, the representatives of UFBU would meet after proper assessment of impact of Relay Zonal Strikes along with strategies to be adopted while deciding on intensifying the agitation, if needed. As decided earlier, the proforma of appeal to the general public and esteemed customers towards creation of awareness on our genuine demands would be finalised and sent to all constituents for distribution.



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

Vol - XXII

AIRRBOF News Letter

January 2015

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

SILIGURI

No. 01

6 | Page

Comrades, the thundering success of the Relay Zonal Strikes is not the end of our struggle. If the IBA-Government combine is still adamant, UFBU would not hesitate to decide on sustained struggles including indefinite strike. Success shall always be ours – Let us move forward together and stop not till our legitimate demands are achieved.

We place on record our sincerest thanks to all the leaders belonging to various trade union fraternities for their support and solidarity. While we heartily congratulate the entire membership for the total success of One Day Strike on the 12th November 2014 and Relay Zonal Strikes from 2nd December to 5th till date, we appeal to all the comrades to be in readiness for implementation of the action programmes, as decided by UFBU from time to time”.

Circular # 83:2014

12th December 2014

**AIBOC WORKING COMMITTEE PLEDGES
TOTAL SUPPORT TO THE AGITATING COMRADES IN DHANLAXMI BANK**

We reproduce hereunder the text of All India Bank Officers' Confederation Circular No. 89, dated 11th December, 2014.

“Our Affiliate in Dhanlaxmi Bank, Dhanalakshmi Bank Officers' Organisation (DBOO) has been on agitational path since July 2014 against the anti-trade union activities of the Bank's Management. The crisis in IR spurred with the Management's move to recruit officers retired from other banks at key positions in Dhanlaxmi Bank as well as making appointments in different cadres without any policy. Instead of conducting a manpower assessment and recruiting/deploying officers and staff, the Management was pursuing adhoc measures like granting extension to selected officers who had retired from the Dhanlaxmi Bank itself. This created widespread discontent in the Bank as internal promotion process was not held in the last one and half years. DBOO represented this matter, but the Management did not heed to this.

Instead of seeing the reason the management tried to provoke DBOO by violating the bilaterally settled terms of agreement. They started cutting down staff housing loan by non- sanctioning of loans or by enhancing the rate of interest unilaterally. Our affiliate DBOO tried to discuss the matter, however on each such occasion, the Bank's Management used to retract saying that it requires the consent of the Board of Directors for coming to a settlement. This has been going on for some time leaving the issues unsettled, and meanwhile making more provocative actions against DBOO.

Charge sheets were issued to many officers on flimsy grounds. When our affiliate objected this through circulars, the President of the DBOO was transferred to a position from where she could not have pursued her trade union assignments and was even relieved unceremoniously through email when she was on leave. AIBOC leaders intervened through letters and SMSs at this stage. But this did not create any impact on the Management to move to reconciliation. A delegation from our side under the leadership of Senior Vice President Com. C. Rajkumar met the top management of the Bank on 14th October 2014 but was of no avail.

The frequent attempts of both DBOO and AIBOC for an amicable settlement were misconceived as our weakness and the Bank's Management continued their provocative activities. They issued memos and show cause notices to the President and the General Secretary (who is Vice President of AIBOC and President of AIBOC, Kerala State Committee) for pursuing normal trade union activities and communicating to membership through circulars. Within a month the General Secretary was served 5 memos and 2 show cause notices. A responsible top official of the Bank has been making open threats on the General Secretary's life itself which the Confederation has viewed very seriously.

All India RRB Officers' Federation.
“JGGP HOUSE”, Raja Rammohan Road, Hakimpara, Siliguri – 734001(West Bengal)
E-MAIL: airrbof555@yahoo.co.in / shyamalkb5@yahoo.com
WEB SITE: <http://www.airrbof.org.in>



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

Vol - XXII

AIRRBOF News Letter

January 2015



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

SILIGURI

No. 01

7 | Page

Through the efforts of the Kerala State Committee of AIBOC, a discussion with the Management was arranged on 4th December, 2014, where the National leaders Comrades Y. Sudarshan, G.V. Manimaran, N.I. Thomas, Paul Mundadan and Abraham Shaji John participated along with DBOO leaders. Though there was some positive move in a few of the items, the discussion remained inconclusive. It was agreed that the discussion will continue next week on the understanding that there will not be further provocation from both sides.

However, there are reports that the top management personnel are openly coming out in support of a minority Officers' Union, spoiling the spirit of the understanding. They are reportedly threatening and coercing officers to resign from DBOO and to join the minority union. If this is true, it is against the fair practices that are expected of a sound management. AIBOC deplors this move of the Dhanlaxmi Bank management.

It was in this backdrop, the issue was discussed in detail in the Working Committee meeting of AIBOC, which was held at New Delhi on 8th December 2014. The house in one voice criticized the Management of Dhanlaxmi Bank for initiating disciplinary actions against the leaders of DBOO for pursuing normal trade union activities. All of them opined that communication with the membership is the prime duty of any trade union and the Management cannot question such actions of DBOO or attribute any negativism in its exhortation to members. It was decided to extend all sorts of support to our affiliate DBOO in this crucial hour.

Comrades will remember the long struggles the DBOO had to undergo in 2003 and 2004 and the recent one through which they could clinch the historic CTC to IBA conversion. We sincerely hope that the Management of Dhanlaxmi Bank will respect the spirit of mutual discussions and will address the concerns of AIBOC and settle the genuine issues of our affiliate DBOO through dialogues".

Circular # 84:2014

12th December 2014

- ❖ **ADAMANT ATTITUDE OF IBA – GOVERNMENT COMBINE**
- ❖ **FURTHER PROGRAMMES TO FOLLOW**
- ❖ **WARM UP EXERCISE TO COMMENCE FROM 16.12.2014**

We reproduce hereunder the text of All India Bank Officers' Confederation Circular No. 91, dated 11th December, 2014.

"Please refer to the discussions held in Working Committee Meeting of our Confederation held on 8th December, 2014, at New Delhi, wherein, a decision was taken to chalk out programmes to intensify our struggle. Accordingly, the undersigned had a detailed discussion with other three Officers' Organisations for a common programme which can be implemented by all the four officers' organizations. We are pleased to inform that a consensus has been arrived at for a common programme. A joint communication has been issued by all four Officers' Organisations in this regard which is appended here in below:

All India RRB Officers' Federation.
"JGGP HOUSE", Raja Rammohan Road, Hakimpara, Siliguri – 734001(West Bengal)
E-MAIL: airrbof555@yahoo.co.in / shyamalkb5@yahoo.com
WEB SITE: <http://www.airrbof.org.in>



**ALL INDIA BANK OFFICERS' CONFEDERATION (AIBOC)
ALL INDIA BANK OFFICERS' ASSOCIATION (AIBOA)
INDIAN NATIONAL BANK OFFICERS' CONGRESS (INBOC)
NATIONAL ORGANISATION OF BANK OFFICERS (NOBO)**

Dated: 11/12/2014

TO ALL AFFILIATES/STATE UNITS/MEMBERS

Dear Comrades,

12th November 2014, an All India Stay out Strike by the entire workforce had evoked no response from all concerned in the Industry. Forced back to the wall, Association/Union representatives responded to the call of conciliation by Deputy CLC [C] on 01.12.2014 at Mumbai, maintained a reasonable stand to commence the negotiations by IBA. Even to facilitate the IBA to eke out an assurance from the Government authorities, we agreed to meet at 16.00 hours after a brief adjournment.

2. Our responsiveness has been treated as our weakness, it appears. As expected, IBA failed to commit a minimum number at the end of the day and avoid the relay strikes. Unions have been forced to adhere to the call of relay strikes from December 2 to December 5, 2014, once again making it a resounding success, as a disciplined organization / constituents of UFBU.

3. To make our restlessness more pronounced, we have decided to observe the following programmes in all State Capitals and major cities.

16.12.2014

Candle Light March

10.01.2015

Human Chain

19.01.2015

Women Rally

We advise our Units to coordinate and observe the call in a demonstrative manner to draw the attention of authorities at various levels. Further programmes are being decided and shall be advised soon.

Comrades, March forward to non-violence agitation as practiced by Father of the Nation.

With Revolutionary greetings,

Yours comradely,



(HARVINDER SINGH)
GENERAL SECRETARY
(AIBOC)



(S. NAGESARAJAN)
GENERAL SECRETARY
(AIBOA)



(K.K. NAIR)
GENERAL SECRETARY
(INBOC)



DR. S.U. DESPHANDE)
GENERAL SECRETARY
(NOBO)

UNQUOTE

We request all our Affiliates to implement the given programme in **all State Capitals and major cities** and ensure its resounding success. The State Committees are requested to hold meetings to finalise the venues and prepare the membership for the same and coordinate the programmes with other officers' organizations also. Let us all revitalize the action programme and keep the fire of movement alive without any laxity.

All India RRB Officers' Federation.

"JGGP HOUSE", Raja Rammohan Road, Hakimpara, Siliguri – 734001(West Bengal)

E-MAIL: airrbof555@yahoo.co.in / shyamalkb5@yahoo.com

WEB SITE: <http://www.airrbof.org.in>



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

Vol - XXII

AIRRBOF News Letter

January 2015



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

SILIGURI

No. 01

9 | Page

The other decisions including that of a strike for three days, being a sensitive matter shall be discussed with the Constituents of UFBU when we meet them on 17th December, 2014, i.e. the day of Conciliation meeting to be held at Mumbai. We once again appeal all our affiliates and state units to make the programmes grand success jointly with other officers' Organizations".

Circular # 85:2014

16th December 2014

BEREAVEMENTS – TRIBUTES

We reproduce hereunder the text of All India Bank Officers' Confederation Circular No. 92, dated 15th December, 2014.

"V.R. Krishna Iyer No More- Voice of Aam Admi Silenced

Vaidyanathapuram Rama Krishna Iyer, a legend in Indian Judiciary, left for his heavenly abode on 4th December, 2014 at Kochi.

A true comrade of workers and peasants, he took up several agregarian struggle related cases for them after starting legal practice in 1937. In 1952, he was elected member of Madras Legislative Assembly and held portfolios like law, justice, home, irrigation, power, prisons, social welfare and inland navigation and was instrumental in passing several people-oriented legislations during his tenure as a Minister.

After he resumed his legal practice in August 1959, he was appointed as a judge of the Kerela High Court in 1968, later got elevated to Supreme Court Judge in July, 1973 till his retirement on 14.11.1980. He also served as a member of the Law Commission from 1971 to 1973. He was known for his many land mark judgments on issues like human rights and environment protection which were later made into law by Parliament. He contributed significantly to national debates on public policy, during and after he demitted the office.

To him, law was the instrument to secure social justice and in this noble quest, he crossed rigid legalistic boundaries as quoted by former Attorney General Shri Soli Sorabji. His approach to burning issues prompted eminent Jurist Fali S Nariman to say "when Kirishna Iyer speaks, the nation listens". With his demise, we have lost a true humanitarian and a supporter of common man particularly the workers and peasants. He would always be remembered for his support to common people, social justice and working class in particular.

Com. N. Sampath- Loss of A Legendary Icon in Trade union Movement

We lost a veteran leader Com. N. Sampath in recent past, who served one of the largest organization, the All India Bank Employees' Association (AIBEA) for more than six decades and was one of its former President. He was one of the founder leaders of Union in Bank of India and got involved in forming Unions in other banks and bringing them all under banner of AIBEA in Tamil Nadu and thus instrumental in formation of TNBEF in 1953. He got continuously elected as General Secretary of TNBEF since 1958 till 1994 when he voluntarily opted to become the President to enable younger leaders to emerge. Later in 2010, he opted to become the Chairman of TNBEF. He took initiative to form Federation of Bank of India staff unions and was also the Workmen Director from 1973-1986, i.e. till his retirement from the active services. He took a leading role in organizing Co-operative Bank employees besides being actively associated with AITUC activities in Tamil Nadu. His contribution to AIBEA in particular and Trade Union Movement in general would remain immeasurable and invaluable. He transcended the age barrier and mingled with younger generation with ease and continued his learning even at very old age. He remains highly respected by all due to his impeccable uprightness and steadfastness to principles of Trade Union Movement.

All India RRB Officers' Federation.

"JGGP HOUSE", Raja Rammohan Road, Hakimpara, Siliguri – 734001(West Bengal)

E-MAIL: airrbof555@yahoo.co.in / shyamalkb5@yahoo.com

WEB SITE: <http://www.airrbof.org.in>



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

Vol - XXII

AIRRBOF News Letter

January 2015



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

SILIGURI

No. 01

10 | Page

Com. Mohan B. -Another Comrade Succumbs to Undue Pressure

Bankers all over the country were aghast over the tragic and untimely death of Com. Mohan B, former Senior Manager and Branch Head of Federal Bank on 19th November, 2014. FBOA Office Bearers held condolence meetings at all regional centers and held protest strike successfully in Kozhikode Zone, the next day against the prevailing adverse pressure circumstances in the bank. The massive condolence meetings were organised at all regional centres throughout the country at the behest of FBOA on 21st November, 2014 to express deep shock and anguish over the unfortunate incident and to lodge protest against the on-going excessive pressure and ill-treatment by some of the Departmental Executives and Zonal/ Regional Heads. All Affiliates extended their moral support to the protesting comrades of FBOA. The undersigned addressed the condolence meeting held at the National Capital, New Delhi on 21st November, 2014 along with the Delhi State Secretary, Com. Sunil Bansal. We deeply mourn an unfortunate and untimely death of our colleague causing irreparable loss to the whole banking fraternity. His colleagues believe that he committed suicide succumbing to mounting pressure. If it was so, we need to gear up to collectively fight the menace of undue pressure built up by higher authorities in the name of performance and initiate swift remedial actions to avoid occurrence of such unfortunate incidence in future in any bank. The Confederation pledges to fight this mounting evil and to prevent occurrence of any such incidents.

We, on behalf of entire membership, deeply mourn the demise of Sh. V.R. Krishna Iyer, Com. N. Sampath and Com. Mohan B. and pray for the eternal peace for their souls. We also pray to Almighty to grant strength to their family members and loved ones to bear the loss".

Circular # 86:2014

18th December 2014

CANDLE LIGHT MARCH – A STUPENDOUS SUCCESS

We reproduce hereunder the text of All India Bank Officers' Confederation Circular No. 93, dated 17th December, 2014.

"Kudos to all our Comrades! We once again proved our dedication, determination and solidarity!! The joint call of four Officers' Organisations brought an unprecedented response on 16th December, 2014. Candle Light March of Officers of Banking Industry conducted under the joint banner of four Officers' Organisations was hugely successful and imparted a new light to our agitational movement. Thousands of members got together to vent out their anguish with candles in their hands with the renewed hope that the adamant IBA and the Government would come out of the darkness of their rigidity and would see the light of justified demands. The Candle Light March was a grand success at all capitals including National Capital Delhi, Mumbai, Chennai, Bangalore, Kolkata, Thiruvananthapuram, Jaipur, Chandigarh, Patna, Ahmedabad, Bhopal, Lucknow, Ranchi, Guwahati and capitals of other North Eastern states etc. and major city centers including Nagpur, Pune, Muzaffarpur, Bhagalpur, Agra, Surat, Vadodara, Rajkot, Ernakulam, Thrissur, Kozhikode, Kottayam, Alappuzha, Durgapur and Burdwan etc..

We appreciate the efforts made by various State Committees in getting the news covered by press and media. Let us all pledge to make a call of other two programmes viz. Human Chain on 10th January, 2015 and **Women Rally on 17th January, 2015**, a huge success. We wish to clarify that in our Circular no. 2014/91 dated 11.12.2014, the date for Women March was inadvertently mentioned as 19th January, 2015 instead of 17th January, 2015. We request all our members to amend their schedule as per this rectification.

All India RRB Officers' Federation.

"JGGP HOUSE", Raja Rammohan Road, Hakimpara, Siliguri – 734001(West Bengal)

E-MAIL: airrbof555@yahoo.co.in / shyamalkb5@yahoo.com

WEB SITE: <http://www.airrbof.org.in>



11 | Page

Let us all come together to make IBA understand the dignity of working force of Banking Industry and also awaken the Government from its slumber of apathy. We once again appeal to all comrades that our call of 'Withdrawal of Extra Co-operation' must be implemented in right earnest to attain our common goals not only till an amicable settlement is reached but to make it our work culture.

We wish to advise two incidents that need special mention and appreciation. In one such incident, Dindgul District Collector had called the bankers for a Business Review Meeting on Saturday, 20th December, 2014 at 4 p.m. As soon as this came to notice of Central Office, a communication was sent to the State Unit and Senior Leaders to contact the District Collector. They lost no time and contacted him and informed him about the agitation programme of the Organisation going on to express their anguish over delayed Wage Negotiation process. While apprising about the call of 'Withdrawal of Extra Co-operation', he was requested to prepone or postpone the meeting during the working hours. We are happy and thankful to the Distt. Collector who was kind enough to consider the genuinity of our call and responded by preponing the Business Review Meeting to 11 a.m. on the same date. We congratulate and appreciate the Tamil Nadu State Unit leaders for immediately responding to the call of Central Office and taking up the issue with full earnestness.

In another incident, initiative taken by our Comrades in Ahmedabad also deserves huge appreciation. The Comrades of Central Bank of India came to know about Ahmedabad visit of Rajiv Rishi, Chairman, IBA Negotiating Committee on 14th December, 2014 and his scheduled visit to Hotel Patang. At a very short notice, the comrades mostly from CBI and BOI immediately organized a flash Candle Light demonstration in front of the Hotel at 9 p.m. to lodge our protest in a peaceful manner.

We request all other State Committees and all our comrades also to continue our endeavour for a decent wage revision not only by responding to our joint calls but also by utilizing any opportunity that arises for making our programme a huge success".

Circular # 87:2014

20th December 2014

"ARISE, AWAKE, STOP NOT UNTIL YOUR GOAL IS ACHIEVED"- (SWAMI VIVEKANAND)

We reproduce hereunder the text of All India Bank Officers' Confederation Circular No. 94, dated 19th December, 2014.

"We reproduce, hereunder, the contents of Circular No.: UFBU / 2014 /40 dated 18.12.2014 on the captioned subject issued by Com. M.V. Murali, Convenor, UFBU for your information and circulation.

UFBU DECIDES PROTEST STRIKE PROGRAMMES ONE DAY PROTEST STRIKE ON 7TH JANUARY 2015 FOUR DAYS' STRIKE FROM 21ST TO 24TH JANUARY 2015 INDEFINITE STRIKE FROM 16TH MARCH 2015 ONWARDS

CONDEMNS IBA'S DIRECTION TO BANKS TO RE-VISIT THE MANDATE DEMANDS IMMEDIATE AND REASONABLE WAGE SETTLEMENT

At the call of Dy. Chief Labour Commissioner (Central), Mumbai, one more round of conciliation was held at Mumbai on 17th December 2014, wherein the IBA expressed its inability to move upwards in its offer of increase in wages.

All India RRB Officers' Federation.

"JGGP HOUSE", Raja Rammohan Road, Hakimpara, Siliguri – 734001(West Bengal)

E-MAIL: airrbof555@yahoo.co.in / shyamalkb5@yahoo.com

WEB SITE: <http://www.airrbof.org.in>



12 | Page

Further, IBA informed that it has asked all the Banks to revisit the mandate given to IBA earlier to negotiate with unions on wage revision. UFBU firmly protested the action of IBA in calling for re-visiting the mandate and termed it as nothing but a deliberate / unwarranted instigation and provocation, which would further complicate the process of wage negotiations. The conciliation ended inconclusive.

Subsequent to the conciliation process, the representatives of constituent unions of UFBU met to chalk out further course of action. The meeting was presided over by Com. SU. Deshpande (NOBO) as Com. K K Nair could not be present in the meeting.

The meeting observed a minute's silence to condole the deaths of Com. N Sampath, former President of AIBEA, Justice V R Krishna Iyer and the innocent children brutally killed in the inhuman terrorist attack in the Peshawar school in Pakistan.

The meeting placed on record its heartiest congratulations to all the constituent unions and their membership for the massive participation in all the agitation programmes held on the day of one day strike on 12th November 2014 and also in the Relay Zonal Strikes from 2nd December to 5th December, 2014 and for making these strike actions a stupendous success.

The meeting expressed its dissatisfaction on the casual attitude of IBA even to the deep resentment of the employees and officers over the undue delay in settling the demands for wage revision and also expressed its displeasure over the Government's lack of response.

The meeting took serious note of the action of IBA in asking all the Banks to re-visit the mandate given earlier to IBA to negotiate and settle the wage demands of the unions and unanimously decided to lodge its protest immediately by calling for a day's strike on 7th January 2015, as the action of IBA is nothing but a ploy to delay the negotiation process of wage revision.

The meeting also deplored the indifferent and recalcitrant attitude of the IBA in sticking to its offer of 11% increase in pay slip components despite the flexibility shown by UFBU by offering to reduce its demand and further negotiate on the same for the sake of an amicable early settlement. The meeting expressed its displeasure that the commendable contributions of bank employees are being ignored and the legitimate wage revision is being denied even though the workmen and officers work in branches under tremendous pressure due to inadequate staff and also the added responsibility in implementation of various Government sponsored schemes.

The meeting, after a lot of deliberations, decided that agitational programmes have to be further intensified in order to achieve our just demand for an early and reasonable wage settlement and decided on the following programmes:

ONE DAY ALL INDIA STRIKE	7th January 2015
4 DAYS' CONTINUOUS STRIKE ALL OVER THE COUNTRY	21st January 2015 to 24th January 2015
INDEFINITE STRIKE	16th March 2015 onwards

Further preparatory programmes will be worked out and informed to all unions and members. All the unions are requested to plunge into action and make these programmes a success.

Sd/-
(M.V. MURALI) CONVENOR



13 | Page

The following action programme has also been advised by UFBU vide its circular UFBU/2014/41 dated 19.12.2014, as preparatory exercise to our strike of 7th January, 2015.

30-12-2014 – Tuesday	Mass Demonstrations in all centres
05-01-2015 – Monday	Black Ribbon Badge Wearing
06-01-2015 - Tuesday	Mass demonstrations /processions/rallies in all centres

Comrades, we have been receiving lot many queries about the decision of single day strike of 7th January, 2015. We would like to inform the background which led to the decision of one day strike. IBA, vide their Letter No. CIR/HR & IR/XBPS-1/996 dated 2nd December, 2014, had advised the member banks to update their respective Boards on the present status of the wage negotiations developments, its financial implications and if felt necessary, revisit the mandate. This being a very serious development was discussed in the Working Committee Meeting of Confederation held on 8th December, 2014, at Delhi. The Central Office drafted a letter and sent to all its Affiliates for onward submission to the Management of the respective Banks to thwart IBA's tactics of delaying Wage Revision and also to obviate the possibility of tinkering with the earlier mandate. It was also decided that the same stand would be taken by our Representatives on the boards, when the agenda comes for discussion. Comrades, this indeed is a very grave development which cannot be ignored.

The UFBU Constituents met in Mumbai, on 17th December, 2014, subsequent to conciliation talks. One of the constituent of UFBU apprised of having taken a decision to call for one day strike on this issue and wanted other constituents to join the strike. We expressed our view and apprehensions over the effectiveness of one day strike, as the issue would have been placed and discussed in many Bank's Boards by then. Since the Affiliate was firm to go on one day strike in first week of January, 2015, UFBU decided to observe the strike on 7th January, 2015, for the sake of solidarity and to avoid any confusion.

Comrades, the call of four days strike from 21st to 24th January, 2015 is unprecedented and unheard in the history of Banking Industry as a whole. The dates are preceding two holidays as 25th January being Sunday and 26th January a National Holiday. Consequently, the Banking will come to a grinding halt for six days. Our membership have long being demanding an action like this, but comrades, for winning a bigger battle, many small wars have to be won. A lot of preparations are required to be undertaken for making our call a tremendous success. A thorough action programme is required to be chalked out for preparation at the grass root level. Let each one of us make it a mission to make the strike call a huge success so that its impact shakes the walls of apathy of the higher authorities. This is our fervent appeal to each member of ours, to implement all the joint agitational calls given by UFBU religiously.

Comrades, you would appreciate that your Confederation is a very vibrant Organisation and believes in democratic functioning. Based on the various feedbacks of its members and deliberations held in the apex body in the Working Committee Meeting held on 8th December, 2014, at New Delhi, our Confederation had chalked an agitational programme, which was advised to all vide circular no. 2014/91 dt. 11.12.2014. We have already advised that the Candle Light March on 16.12.2014, in all State Capitals and major cities, was a grand success. We once again remind our members to implement the following calls, as already advised, in spirited manner.

All India RRB Officers' Federation.

"JGGP HOUSE", Raja Rammohan Road, Hakimpara, Siliguri – 734001(West Bengal)

E-MAIL: airrbof555@yahoo.co.in / shyamalkb5@yahoo.com

WEB SITE: <http://www.airrbof.org.in>



14 | Page

- 10.01.2015- **Human Chain** in all State Capitals and major city centers,
- 17.01.2015- **Women Rally / Demonstration** at all State Capitals and major city centers.

We also call upon all our Affiliates to make preparations on war footing to make all above programmes a thunderous success and by issuing circulars as well holding meetings, must ensure that:

- None of our member applies for leaves for the strike days. In case any staff has planned or required to go urgently on long leaves, he / she should be advised to submit a letter to his / her respective Bank that he / she should be treated on strike on these days and;
- To ensure that each member of ours must participate in the strike rally/demonstration programme at the venue decided by the state committee of UFBU.

Meanwhile, let us continue and intensify the 'Withdrawal of Extra Co-operation' not only till our demands are met but also to make it our work culture.

Let us with full determination and grit, face this grave situation in which we have been pushed into by the callous and adamant attitude of the IBA and totally apathetic behavior of Government. We must remember that **Power concedes nothing without a demand. It never did and it never will unless we come together to show our resolve to achieve our justified demands.**

Do not relent ! March On !! March On !!!

Circular # 88:2014

24th December 2014

RRB ACT AMENDMENT BILL – MEMORANDUM TO PRESIDENT OF INDIA

The RRB Act amendment bill has been passed by Lok Sabha on 22nd December, 2014. The bill is yet to get the assent of President of India to make it a law. We have devised a memorandum to be submitted to the President of India by mail: pstopresident@rb.nic.in latest by 26th December, 2014 by all affiliates & CC members. Please send a copy of such mails sent to President of India to AIRRBOF (airrbof555@yahoo.co.in).

The 23rd Dec.2014

MEMORANDUM

Sri Pranab Mukherjee,
Hon'ble President of India,
New Delhi.

Re: Gratuitous amendment of Section 5 & 6 of RRB Act 1976 and our appeal to deny Consent to RRB Act amendment Bill 2014, in public interest

Hon'ble Sir,

Regional Rural Banks (RRB) has been established with a view to developing the rural economy by providing, for the purpose of development of agriculture, trade, commerce, industry and other productive activities in the rural areas, credit and other facilities, particularly to the small and marginal farmers, agricultural labourers, artisans and small entrepreneurs, and for matters connected therewith and incidental thereto.

All India RRB Officers' Federation.

"JGGP HOUSE", Raja Rammohan Road, Hakimpara, Siliguri – 734001(West Bengal)

E-MAIL: airrbof555@yahoo.co.in / shyamalkb5@yahoo.com

WEB SITE: <http://www.airrbof.org.in>



15 | Page

In view of above, the capital issued by a Regional Rural Bank under subsection

(1), fifty per cent. shall be subscribed by the Central Government; fifteen per cent. by the concerned State Government and thirty-five per cent. by the Sponsor Bank.

But, by way of amendment of THE REGIONAL RURAL BANKS (AMENDMENT) BILL, 2014

(Bill No. 188 of 2014-tabled in Lok Sabha) it has been forecasted to decrease the Union Government and Sponsor commercial bank's equity, presently 50% and 35% total 85%, is to be brought down to 51% and rest 34% is to be disinvested and it appears Union Govt.'s would retain its equity to 16% only.

In this regard the relevant portion of the Bill is reproduced for ready reference to your honour:

Amendment of section 5.

3. In the principal Act, in section 5,—

(a) for the words "five crores of rupees divided into five lakhs of fully paid-up shares of one hundred rupees each", the words "two thousand crore of rupees, divided into two hundred crore of fully paid-up shares of ten rupees each" shall be substituted;

(b) in the proviso, for the words "twenty-five lakhs of rupees, and the shares shall be, in all cases, fully paid-up shares of one hundred rupees each", the words "one crore of rupees, and the shares shall be, in all cases, fully paid-up shares of ten rupees each" shall be substituted.

Amendment of section 6

4. In the principal Act, in section 6,—

(a) in sub-section (1), for the words "twenty-five lakhs of rupees or exceed one crore of rupees", the words "one crore of rupees" shall be substituted;

(b) in sub-section (2), the following provisos shall be inserted, namely:—

"Provided that in case the Regional Rural Bank raises its capital from sources other than the Central Government or the State Government or the Sponsor Bank, the shareholding of the Central Government and the Sponsor Bank shall not be less than fifty-one per cent.:

Provided further that the Central Government shall consult the concerned State Government if the level of shareholding in the Regional Rural Bank of such State Government is reduced below fifteen per cent.";

(c) after sub-section (2), the following sub-section shall be inserted, namely:—

"**(2A)** The Central Government may, in consultation with the Sponsor Bank and the State Government, by notification, either raise or reduce the limit of shareholding of the Central Government, the State Government or the Sponsor Bank specified in sub-section (2):

Provided that the Central Government shall consult the concerned State Government before reducing the limit of shareholding of such State Government.";

In case the aforesaid Bill takes the form of Act, the basic concept of establishment of RRB would be jeopardized and no private investor would take interest as much as Union Government has been taking for economical welfare and social development of rural people of the country.



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

AIRRBOF News Letter

January 2015

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

Vol - XXII

SILIGURI

No. 01

16 | Page

In view of above, we the employees and Officers of RRB earnestly appeal to your honour to please deny consent to the Bill in larger interest of **Aam Adami** and rural people of the country.

With sincere regards

Yours faithfully

Sd/

(D.N.Trivedi)

General Secretary

AIGBOA

sd/

(S K Bhattacharjee)

General Secretary

AIRRBOF

sd/

(G G Gandhi)

General Secretary

AIGBEA

sd/

(K Rajeev)

General Secretary

AIGBEC

Sd/

(Prakash Soni)

General Secretary

AIGBOC

sd/

(B N Dubey)

President

NCCRBE

Circular # 89:2014

31st December 2014

HAPPY NEW YEAR-2015!

MAY DAWN OF SUCCESS TRANSCEND DUSK OF STRUGGLE!!

We reproduce hereunder the text of All India Bank Officers' Confederation Circular No. 95, dated 30th December, 2014.

Year 2015 is approaching and we all are waiting for the same with a hope of better future for each one of us, our families, our institution, our organization and humanity. Looking back at the year 2014 which is almost gone, we find that it was a period of achievements as well as tribulations, un-fulfilled aspirations and a long wait for "Achche Din". It was projected as year of hopes and 'feel good' factor was created all around. High hopes on all front was created by the political class, having an eye over general elections, promising to bring transformation in the way India is governed.

Hopes have been raised over caring for the common man, the working class, for rejuvenating the institutions, beefing up security along the border, maintaining sound relations with neighbouring countries, cleaning up rivers, augmenting energy, security, massive boost to manufacturing, infrastructure, space research and what not....! We Indians, reeling under indifference in governance for a long time, scams all around, mounting defaults in the big ticket bank borrowings, degradations of institutions, high unemployment, farmers' plight with high incidence of suicide in countryside, defiant neighbouring countries, needed at least hope to bring us out of the morass.

Yes, we had an overdose of hopes and gave the political class of our country absolute majority to govern us only on the basis of high hopes. The "Achche Din" syrup was gulped by majority of Indians and only time will tell whether our ailment will vanish or we will be subjected to continued dose of this syrup of hope. But still, we must have faith in ourselves, stay strong in our resolve to achieve our desired goals, which require patience, perseverance and sound strategy.

We have traversed the year 2014 with several achievements which have brought us enormous pride as countrymen. Our scientific fraternity brought us laurels with the highly successful placing of "Mangalyaan" in

All India RRB Officers' Federation.

"JGGP HOUSE", Raja Rammohan Road, Hakimpara, Siliguri – 734001(West Bengal)

E-MAIL: airrbof555@yahoo.co.in / shyamalkb5@yahoo.com

WEB SITE: <http://www.airrbof.org.in>



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

the orbit of Mars making ISRO the only 4th space agency in the world to achieve the feat after NASA, European Space Agency, and Soviet Space Program. It is a matter of pride that our scientists' achieved this feat in their first attempt unlike other agencies. We take pride in our scientists' achievement in launching GSAT 14 rocket, test firing of Prithvi II high range missiles successfully. No doubt these are institutional achievements and there is need to strengthen such institutions further. After prolonged struggle the state of Andhra Pradesh got carved into two states of Seemandra and Telengana based on the aspirations of people. Let us hope prosperity comes to both the states in the time to come.

The year 2014 saw some action against high profile defaulters/corrupt officials in the financial sector. High profile promoters of big business houses who were earlier thought to be invincible have been arrested and there have been pursuit for recovery in high value defaulters. The Supreme Court of India cancelled 218 Coal Block allocations for fresh round of auctions – the case which was stated to be transparent and clean by the then Government.

In the political front, lot of euphoria and hope for fast development and corruption free administration has been created. Our Hon'ble Prime Minister, on the eve of Independence Day launched the much talked scheme of "Jan Dhan Yojna" and "Swachh Bharat Abhiyan". Bankers nurtured and took care of Jan Dhan Yojna with passion and opened more than 7 crore accounts - much more than what the Hon'ble PM could fathom to be possible in such a short time. PM has acknowledged this feat of banks on numerous occasions. The Swachh Bharat Abhiyan launched in right earnest though, is progressing, but for many people in the political sphere it has become a photo opportunity with least concern for the swachh abhiyan.

On the economic front, the contraction in Industrial Production by 4.20% last month is the sharpest decline in the last 2 years. This requires massive boost for manufacturing activity. The drop to a fresh low of 4.38% in retail inflation, makes a case for rate cut by RBI which eventually will be beneficial for the manufacturing impetus. The Government's push for passing of Insurance Bill and GST shows a concern for mopping of investment and revenue which is much needed in the financial sector.

The economic resurgence requires sustained and productive reforms, a reform which could bring substantial long term investments of permanent nature in infrastructure, primary health, education etc. Government is going ahead with its agenda of Labour Reforms with a speed which is the cause of concern. The banking reforms in particular is an area where we have to be very watchful with every event that unfolds and must remain united to take on any oppressive measures that may come. A retreat 'Gyan Sangam' of all Stake Holders in the Banking Industry has been organized in Pune on 2nd and 3rd January, 2015, to prepare a blue print of reform action plan for Banking Sector. The programme has been announced at such a short notice that we did not have much time to react. However, being a responsible Organisation, we have submitted our written representation along with our views to the concerned departments, asserting that Working Force in the Banking Sector being a majority Stake Holder should not have been ignored and called for participation. All Trade Unions will need to come together to resist any moves which is detrimental to the national economy, common man in general and Banking Sector in Particular.

In the remuneration and service condition front for bankers, the year 2014 has been a year of struggle. There have been protracted negotiations, mass programmes, strike action on four occasions, but, the outcome is not at all satisfactory. Though the Hon'ble Prime Minister has time and again appreciated the efforts of bankers, his departments fail to see valid reason for fair wages and service condition. Comrades, in this time of struggle there may be rumours and miscommunications from various quarters – pay no heed to such mischievous activities and be confident in your strength, have faith in your leadership and the Organisation. We assure you of making best possible efforts for a respectable settlement.

All India RRB Officers' Federation.

"JGGP HOUSE", Raja Rammohan Road, Hakimpara, Siliguri – 734001(West Bengal)

E-MAIL: airrbof555@yahoo.co.in / shyamalkb5@yahoo.com

WEB SITE: <http://www.airrbof.org.in>



As the whole world welcomes a new dawn with hope in their soul and happiness in their heart, I wish you and your family a New Year that realises your dreams and fill your heart with happiness and bliss.

May all the difficulties and negativity end with the end of this year bringing success and desired results with rising of the Sun in the new year"!!

PRESS CORNER:

8 HEADLESS BANKS WILL GET CHIEFS NOV-END: SANDHU

In significant is the selection process for appointment of public sector bank chiefs, three screening committees will now interview eligible candidates on November 13-14. The need for a fresh selection process for appointing CMDs in public sector banks arose as the government had recently scrapped selections made by the previous UPA regime.

An appointment board, headed by RBI Governor Raghuram Rajan, will hold interviews of eligible candidates for the post of CMDs of eight public sector banks on November 13-14, Financial Services Secretary G S Sandhu said on Friday.

"Our efforts would be to complete our Part by November 145 and send the shortlisted names to the Finance Minister for further action. Appointments in these eight positions will be hopefully be over by November-end," he said.

"The selection process would be more objective and transparent as there would be more external members and the selection would be vetted by three sub-committees," he said.

The final selection would be made the appointment board chaired by the RBI Government based on the weighted average marks given by sub committees to ensure objectivity and transparency. Talking about changes made in the selection panels vis-à-vis the earlier one, Sandhu said there would be four external members as against three earlier. Besides, the sub-committee concept has been introduced and a member of one sub-committee would not be part of the other panel, he said. The sub-committee members would be Department of Financial Services Secretary, RBI Deputy Governor and four experts, making it total six members in three sub-committee he said.

The eligibility criteria remain more or less same in the current fiscal. Last time, 19 candidates appeared for interviews for six vacancies of Chairman and Managing Director (CMD).

Now, there could be about 16 eligible candidates for posts of eight CMDs. Following short listing by the high level panel, the names of the candidates would be sent to Finance Minister and subsequently to the Appointments Committee of Cabinet (ACC).

Source – The Hindu Business Line, 1st November, 2014

NEW PROVISIONING NORMS MAY HIT NBFC PROFITS: RBI'S GANDHI

There could be a short-term impact on the profitability of NBFCs due to increased provisioning and on account of the revised asset classification norms, but the phased introduction of these norms is likely to cushion any adverse impact on these companies, said R Gandhi, Deputy Governor, RBI.



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

Vol - XXII

AIRRBOF News Letter

January 2015



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

SILIGURI

No. 01

19 | Page

Addressing a the 110th Foundation Day celebrations of City Union Bank here today, he said there have been some apprehensions pertaining to the asset classification norms being aligned with that of Banks, a higher standard asset provisioning requirement and the reduction in the quantum of deposits that can be accepted by NBFCs.

These fears are baseless. RBI only tells NBFCs to be truthful when they prepare their balance sheet. If a loan is non-performing they cannot recognise income out of that loan.

"We are just doing our best to bring in accounting discipline, so that all stakeholders know the real financial position of an NBFC," he said.

These income recognition and asset classification norms are thus an accounting requirement. These norms do not require that these loans classified as non-performing assets should be recalled or repossessed.

This is a call the NBFCs will take, based on their assessment about the possibility of repayment and the probability of default and not on the mere fact that these assets are classified as NPAs. Regulations are merely aligned to industry practices, and not by the practices of outliers, he added.

Source- The Hindu Business Line, November 24th, 2014

NO CHRISTMAS GIFT, BUT SOME CHEER FOR THE NEW YEAR

The RBI Governor did not add to the year-end festivities by keeping the policy rates unchanged in the monetary policy on Tuesday. India Inc and banks who have been clamouring for lower rates, will have to wait a little longer. But that is not to say that the policy was entirely a non-event.

The RBI now appears comfortable achieving its January 2016 target of 6 per cent, and has signalled a possible rate cut early next year. If this happens, banks will be more ready to cut lending rates as declining deposit rates has reduced their cost of funds.

The rate-cut transmission is also likely to be faster this time around; thanks to the RBI moving away from a fixed repo rate regime, to a target rate for the short-term, early this year.

While the RBI may have disappointed some, by keeping the repo rate (the rate at which it lends to banks) unchanged at 8 per cent, borrowers can still find comfort as interest rates have already started to trend lower in recent months.

Many banks have been cutting rates across different term deposits. This has happened mainly due to ample liquidity and slower credit off-take.

Banks are flush with liquidity, which has given them enough headroom to lower deposit rates. Banks' borrowing through the liquidity adjustment facility (LAF), which helps them to manage temporary mismatches, has been falling sharply in recent months. The borrowing through LAF, which averaged around Rs. 40,000 crore in the first half of the year, has halved since September, indicating ample liquidity in the banking system.

As a result, banks' borrowing costs have come down by 30-40 basis points since January. This has helped few banks tweak their deposit rates.

All India RRB Officers' Federation.

"JGGP HOUSE", Raja Rammohan Road, Hakimpara, Siliguri – 734001(West Bengal)

E-MAIL: airrbof555@yahoo.co.in / shyamalkb5@yahoo.com

WEB SITE: <http://www.airrbof.org.in>



20 | Page

Slowing credit growth has also prompted banks to lower rates on their deposits. With not enough lending opportunities to deploy their funds, banks prefer to shed high-cost deposits to retain margins.

With deposit rates already trending down, a rate cut early next year will see many banks passing on the benefit to lenders. In the past, when the RBI embarked on its easy money policy, banks did not respond readily. This has been because of the ineffectiveness of the fixed repo rate as the policy rate and also due to the prevailing liquidity situation.

By adopting Urjit Patel Committee's Recommendation — to move out of the fixed repo rate regime to a target rate for the short-term, benchmarked against the 14-day term repo — the RBI has also ensured better transmission of its policy action this time around.

By providing funds at market-determined rates, the RBI is now able to control both liquidity and the rate at which it provides such funds. By tweaking the amount of liquidity that it provides to banks at each auction, it has now ensured that rates at the 14-day term repo move in sync with the RBI's target policy rate.

All recent auctions of term repos have happened close to the current repo rate of 8 per cent. Any change in policy stance will quickly reflect on banks' lending rates and benefit borrowers.

Source – The Hindu Business Line, 3rd December, 2014

LEGENDARY JURIST VR KRISHNA IYER PASSES AWAY

Legendary jurist VR Krishna Iyer, who made judicial activism respectable, died here on Thursday afternoon after a lifetime spent fighting for human rights and justice for the weak.

The former Supreme Court judge was in hospital for a week for age-related complications and pneumonia and the cause of the death was renal and cardiac failure. The funeral will be held here at 6 pm on Friday.

'Justice Krishna Iyer', as he was always called, turned 99 last month, and the event was celebrated across Kerala as his centenary because he had entered his 100th year.

Krishna Iyer, whose wife Sarada died 40 years ago, is survived by two sons. Vaidyanathapuram Rama Iyer Krishna Iyer was born on November 15, 1915 at Sekharipuram, a suburb of Palakkad town, to Rama Iyer, a successful lawyer.

Inspired by his father, Krishna Iyer studied law and started practicing at Thalassery, which was an important outpost of East India Company. Soon he became known for his legal acumen and built up a brilliant career.

He successfully defended several communists when the movement was banned. In 1952, he was elected to the Madras Legislature (at the time, northern Kerala was part of Madras Presidency).

In 1957, he was elected to the Kerala Assembly as a Communist Independent and he joined EMS Nampoothirippad's first Communist government in the State as Minister for Home, Law, Irrigation and Prisons.

Though the EMS government lasted only two years, Iyer made a lasting impact as a minister, particularly in the area of prison reforms. His steps to uphold prisoner rights are lauded even now, 55 years after the government was dismissed by the Centre.

All India RRB Officers' Federation.

"JGGP HOUSE", Raja Rammohan Road, Hakimpara, Siliguri – 734001(West Bengal)

E-MAIL: airrbof555@yahoo.co.in / shyamalkb5@yahoo.com

WEB SITE: <http://www.airrbof.org.in>



21 | Page

Though he was a member of the Communist government, Iyer later said he had never been a communist. He did, however, imbibe many of the movement's values.

He has always been considered a communist co-traveller, nevertheless.

Iyer was made a judge of the Kerala High Court in 1968 and became a member of the Law Commission in 1971.

He was elevated to the Supreme Court in July 1973 and retired in November 1980. He was considered an anti-establishment judge.

His Supreme Court days are noted for brilliant judgments on a variety of issues. His judgments on death penalty, public interest litigation and human rights have been lauded the world over. It is said that more than 100 Ph.D. theses have been written on Iyer's contributions to Indian jurisprudence.

"When Krishna Iyer speaks, the nation listens," was how Fali S Nariman once described him.

After his retirement from the Supreme Court, Iyer spent two years in Chennai before moving to Kochi in 1982. Then began a socially-effective phase of his life when he got involved in myriad issues, mainly those related to human rights.

The rights of adivasis, women and minorities; environmental protection; secularism; and religious amity were some of the issues that received his attention. During the last quarter of his life, Iyer used his moral force with the government and the political establishment to correct policies as well as redress people's grievances.

At one time, he was the patron of more than 100 organisations and associations. He also wrote books, mainly on law and justice, and frequently contributed to *The Hindu* on issues related to the judiciary.

Source – The Hindu Business Line, 5th December, 2014.

READING THE TEA LEAVES

India's macroeconomic story since the start of this fiscal has been one of falling growth and inflation — with recent industry forecasts (such as the HSBC's Purchase Managers' Index) relieving some of the gloom on the growth front. Even so, few would have been prepared for the latest factory growth numbers — minus 4.2 per cent in October, against minus 1.2 per cent in October 2013 — coming as it does after a relatively more cheerful figure of 2.5 per cent for September. The 'low base' points to a dire situation, notwithstanding claims by some analysts that the worst is behind us. The IIP (index of industrial production) has been courting negative territory since January 2012, bobbing up and below the 'zero' line ever since then. October 2014 takes us right back to the depths of January-May 2009, after which industry staged a feeble two-year recovery. The consumer price index numbers for November at 4.38 per cent, with food inflation at just 3.14 per cent, are a consolation, but there is no surprise here. The pronounced dip in inflation in recent months is exaggerated by the 'high base' effect, or double-digit rates of inflation last year. Besides, it is worth wondering whether the absence of growth and job creation is exerting a deflationary impact.

That said, it should be kept in mind that the factory index is not the most reliable of indicators. Former RBI governor D Subbarao remarked in 2012 that the IIP numbers were "analytically bewildering". Former finance minister P Chidambaram too has expressed his dismay over wild fluctuations in the past. The issue is to get past the 'noise' in the data to know what's going on. Rather than jump to conclusions on the basis of IIP data, growth data and forecasters' assessments should also be taken into account to arrive at a more rounded view.

All India RRB Officers' Federation.

"JGGP HOUSE", Raja Rammohan Road, Hakimpara, Siliguri – 734001(West Bengal)

E-MAIL: airrbof555@yahoo.co.in / shyamalkb5@yahoo.com

WEB SITE: <http://www.airrbof.org.in>



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

Vol - XXII

AIRRBOF News Letter

January 2015



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

SILIGURI

No. 01

22 | Page

Corporate researchers have observed that while automobiles, cement and metals have shown signs of revival after the first quarter, the same cannot be said for textiles and machinery, hit by sluggish global and domestic demand. Growth data points to a near-stagnation in investment in absolute terms. It has slipped as a share of GDP from 33.3 per cent in the first half of 2013-14 to 32.5 per cent in the first half of this year.

This government has tried its utmost to clear supply bottlenecks, delivering a sentiment-booster for India Inc. But a supply-side push will require support from the demand side. This, however, is not in evidence, at least in agriculture. A downward revision of kharif output is a distinct possibility. Whether or not this pushes up food prices some months later would depend on the government's supply management. If it succeeds, there would be more disposable income for industrial goods. But the impact of a dip in rural demand on industrial output could be significant. With export demand still fickle, the government must push investment in agriculture to revive manufacturing — while the RBI prepares for a rate cut.

Source – The Hindu Business Line, 15th December, 2014

KEEP INDUSTRY PROMOTER, BANKING SEPARATE: PANEL

The decision to allow industrial houses to promote new banks has come in for sharp criticism from a Parliamentary panel, which said it would be "more in the fitness of things" to keep industry and banking separate.

In its report tabled in Parliament, the Standing Committee on Finance "voiced their concerns" on the guidelines permitting large industrial houses to promote new banks, apprehending that industrial or business houses may not be geared up to achieve the national objectives of financial inclusion and priority sector lending.

"...banking, being a highly leveraged business involving public money and welfare, the Committee opined that it will be more in the fitness of things to keep industry and banking separate," the report said.

The committee, headed by senior Congress Leader Veerappa Moily said that as on March 2013, out of 15,630 private bank branches, only 17 per cent were in rural areas.

It further said efforts should be made to extend the geographic coverage of banks and improve access to banking services through new licences. "...this goal of reaching of banking services to unbanked areas should not be lost sight of while granting licences to new entities," it said.

The RBI recently granted licences to two entities –IDFC Ltd and Bandhan Financial Services- to promote banks. One of the major changes in the current guidelines from the earlier one of 2001 is that large industrial houses can apply for banking licence.

Source – The Hindu Business Line, 17th December, 2014

RRBS MAY GET TO TAP MARKETS FOR CAPITAL

Regional rural banks (RRBs) may soon be allowed to tap retail and institutional investors to raise capital.

A Bill to allow RRBs to raise capital from sources other than the Central Government, State Governments and sponsor banks was introduced by the Minister of State for Finance Jayant Sinha, in the Lok Sabha on Thursday. This is significant as RRBs are currently not permitted to raise capital from investors other than Central and State Governments and sponsor banks.

All India RRB Officers' Federation.

"JGGP HOUSE", Raja Rammohan Road, Hakimpura, Siliguri – 734001(West Bengal)

E-MAIL: airrbof555@yahoo.co.in / shyamalkb5@yahoo.com

WEB SITE: <http://www.airrbof.org.in>



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

Vol - XXII

AIRRBOF News Letter

January 2015



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

SILIGURI

No. 01

23 | Page

While allowing RRBs to raise capital from external investors, the Bill has stipulated that in no event can the combined shareholding of the Central Government and sponsor banks go below 51 per cent.

Currently, the Centre's shareholding in RRBs is pegged at 50 per cent, while sponsor banks and State governments hold 35 per cent and 15 per cent, respectively.

The Bill also stipulates that State Governments will have to be consulted if their shareholding in RRBs is reduced to below 15 per cent.

Besides increasing the authorised share capital of each RRB to Rs. 2,000 crore from the existing Rs. 5 crore, the Bill also provides for continuing managerial and financial assistance from sponsor banks beyond the first five years of functioning of such banks.

Source – The Hindu Business Line, 19th December, 2014.

WAGE PACT: BANK UNIONS FOR LONG-HAUL AGITATION

The United Forum of Bank Unions, which has been negotiating with the Indian Banks' Association for wage revision in the banking sector for the past two years, has decided to go on an indefinite nationwide strike from March 16. The decision was taken by the top decision-making body of the UFBU following breakdown of yet another round of conciliation in the presence of the Central Government's Deputy Chief Labour Commissioner in Mumbai on Wednesday.

"We have decided to go on all-India indefinite strike from March 16," MV Murali, convenor of the nine-union UFBU, told BusinessLine. "Before that, the unions will go on a four-day national strike from January 21; and on January 7, there will be a one-day strike."

The UFBU's tough stand follows the logjam in the talks for a five-year wage agreement after a dozen rounds of negotiations between UFBU and the negotiating team of the IBA, which represents the managements of the public- and private-sector banks in the country. Murali said that on Wednesday, the conciliation talks between the team led by IBA's Deputy CEO K Unnikrishan and UFBU leaders ended in an impasse as the IBA stuck to its guns and there was no forward movement on the demands made by the unions. The IBA was willing to raise wages in the banking industry by only 11 per cent.

AK Ramesh Babu, President of the Bank Employees Federation of India (BEFI), a member of the UFBU, told *Business Line* that the January 7 strike was an 'immediate response' to the highly objectionable 'delaying tactics' of the IBA. The IBA had now come up with a new condition that it needed the mandate of the board of directors of all individual banks in the IBA for making any further concessions on wage revision. It had sent circulars to individual bank board's asking them to 'review the mandate.'

According to Vishwas Utagi, General Secretary, Maharashtra State Bank Employees Federation, bank managements are stonewalling employee demands for a wage hike citing profitability constraints, the need to shore up capital to meet new Basel III norms, and provisioning burden due to stressed loans. "Bank employees are not responsible for the bad loans that have accumulated in the banking system. In fact, they have helped banks grow their business and profitability. So, there is no reason why bank managements should deny our demands."

Source – The Hindu Business Line, 19th December, 2014

All India RRB Officers' Federation.

"JGGP HOUSE", Raja Rammohan Road, Hakimpara, Siliguri – 734001 (West Bengal)

E-MAIL: airrbof555@yahoo.co.in / shyamalkb5@yahoo.com

WEB SITE: <http://www.airrbof.org.in>



PF TRUSTEES RETAIN 8.75% INTEREST RATE FOR 2014-2015

The trustees of retirement funds belonging to about eight crore depositors on Friday decided to retain the interest rate at 8.75 per cent for 2014-15. In January this year, the trustees had raised the interest rate for 2013-14 to 8.75 per cent, from 8.5 per cent in 2012-13.

The decision was taken after a meeting of the tripartite Central Board of Trustees of the Employees Provident Fund Organisation (EPFO), chaired by Labour Minister Bandaru Dattatreya, here on Friday.

The decision by the trustees will now be forwarded to the Finance Ministry for clearance, after which it will be notified. The meeting also decided to set up a separate committee to look into the "question of deployment of EPFO funds for low-cost housing, especially matters related to investment," the Labour Minister said.

A mechanism for regulating the investments made by exempted funds will also be worked out by the committee.

It was also decided that to allow EPFO to open accounts with other nationalised banks in addition to State Bank of India to facilitate collection of contributions from employers.

Also, the trustee recommended that the maximum permissible time for EPF claim settlement be brought down from 30 days to 20 days.

Friday's meeting also approved the revised estimates for 2014-15, according to which Rs. 79,377 crore is expected as contribution showing an increase of 14.77 per cent. Out of this, Rs. 59,346 crore is expected as EPF contribution, Rs. 19,000 crore as pension contribution and Rs. 1,031 crore as EDLI contribution.

Meanwhile, trade unions complained that several workers were not getting the minimum monthly pension of Rs. 1,000 announced by the government with great fanfare.

"We told the Minister about several workers not getting a single pie of the minimum monthly pension, which is their right. The Minister assured us that he will write to the Finance Ministry on this," said AK Padmanabhan, a CBT member and president of Centre of Indian Trade Unions.

He said some employers also raised queries about Rs. 5 crore of EPFO funds being spent on the Shrameva Jayete programme, which "even we were not aware of".

Source – The Hindu Business Line, 20th December, 2014.

RBI STAFF TO JOIN BANKING SECTOR STRIKE ON JAN 7

Reserve Bank employees have decided to observe a strike on January 7, 2015, in solidarity with the cause of the United Forum of Bank Unions in the commercial banking sector

The All-India Reserve Bank Employees Association and the All-India Reserve Bank Workers' Federation have urged the RBI Governor to intervene to bring peace in the banking sector, stating that the RBI cannot remain a mute spectator.

The Association and Federation advised units to observe peaceful and organised action in all RBI offices and liaise with units of the United Forum in the run-up to the strike.

All India RRB Officers' Federation.

"JGGP HOUSE", Raja Rammohan Road, Hakimpara, Siliguri – 734001(West Bengal)

E-MAIL: airrbof555@yahoo.co.in / shyamalkb5@yahoo.com

WEB SITE: <http://www.airrbof.org.in>



25 | Page

"We have got an important stake in bank employees' success and achievements. Their settlement has provided us the basis of our wage negotiations, which are pending," said Samir Ghosh and SV Mahadik, RBI employee union leaders.

"Indian Banks' Association has created a desperate situation for bank employees whose patience has run out. The Government is silent, unconcerned about the turmoil in this sensitive sector and the plight of millions of customers."

Bankers have made huge profits in 2012, 2013 and 2014 from the toil and sweat of employees. But they refuse to give them a modest wage increase forcing them to strike work off and on, the leaders noted.

Source – The Hindu Business Line, 23rd December, 2014

INDIA NEEDS AT LEAST 3 LAKH ATMS: NPCI CHIEF

With banks opening millions of accounts and issuing the home-grown 'RuPay' debit cards under the Pradhan Mantri Jan Dhan Yojana, the ATM network in the country could see a ramp-up from the current 1.82 lakh to three lakh in the next one-and-a-half years.

Reason: debit card acceptance infrastructure needs to be created so that they can be used for transactions such as withdrawal of money and remittance. Predicting a jump in ATMs, Abhaya Prasad Hota, MD and CEO, National Payments Corporation of India, said it is important that the card acceptance infrastructure, especially ATMs, is built up.

"How do we build the (card) acceptance infrastructure? That is where the big challenge is...With so many cards being issued, where will they be used unless ATMs are installed? Once the ATM infrastructure is in place, the card usage will increase," said Hota.

The NPCI chief observed that for such a vast country as India, the current 1.82 lakh ATMs is still a small number. The country needs to have a minimum of three lakh ATMs. According to latest World Bank data, in terms of the ratio of number of ATMs per lakh adults, India, at 11.21 ATMs, is way below Brazil (118.60) and South Africa (59.93).

"Ideally, per lakh adults, there should be about 20 ATMs. We have got about 11. So, we have a long way to go," said Hota. As on December 19, banks collectively opened 9.66 crore basic savings bank deposit accounts under Jan Dhan Yojana, which is the Centre's financial inclusion drive for vulnerable groups such as weaker sections and low-income groups.

Kicked-off in August-end, the Yojana seeks to ensure access to financial services, namely, banking/savings and deposit accounts, remittances, credit, insurance and pension in an affordable manner.

Banks collectively have issued 6.92 crore RuPay debit cards to new account holders. RuPay is the home-grown card payment scheme launched by NPCI, the umbrella institution for all retail payment systems in the country, to rival global payments processing giants Visa and MasterCard.

The NPCI chief said the increase in the number of RuPay debit cards will encourage the seven white label ATM service providers (non-bank entities which set up, own and operate ATMs) to ramp up their ATM network.

All India RRB Officers' Federation.

"JGGP HOUSE", Raja Rammohan Road, Hakimpara, Siliguri – 734001(West Bengal)

E-MAIL: airrbof555@yahoo.co.in / shyamalkb5@yahoo.com

WEB SITE: <http://www.airrbof.org.in>



26 | Page

"They (white label ATM service providers) are not making good money. "But now with so many cards coming, possibly their business sentiment would be revived and they would start installing ATMs," he said.

Since ATMs cannot be installed in every village, the services of business correspondents (BCs) are being engaged by banks to reach out banking services to the hinterland. These BCs have biometric hand-held devices that are integrated with the bank's core banking solution platform to enable seamless banking transactions such a withdrawal/ deposit of money, remittance, etc. According to Hota, the new RuPay debit cards which are being issued under the Jan Dhan scheme are PIN-enabled, and wherever Aadhaar number is available, they are also biometric-enabled. So, in rural areas the new hand-held devices which have been introduced can accept Aadhaar as well as PIN authentication.

Source – The Hindu Business Line, 23rd December, 2014

LOK SABHA PASSED BILL TO RAISE CAPITAL OF RRBS TO RS. 2,000 CR.

The Lok Sabha on Monday passed a Bill to raise the authorized capital of regional rural banks (RRBs) to Rs. 2,000 crore and enable them to mop up funds from the capital market. "We are providing flexibility to raise capital. It could be private capital, it could be from the State Government," Minister of State for Finance Jayant Sinha said while piloting the Bill.

The Regional Rural Banks (Amendment) Bill, 2014, was passed voice vote after the House rejected an amendment moved by BJD member Bhartruhari Mahtab. Sinha said at present there are 56 RRBs and they are doing well. The amendment to raise the authorized capital of the RRBs from Rs. 5 crore to Rs. 2,000 crore will strengthen this institution and further deepen financial inclusion.

Responding to the allegation of Mahtab that the Bill will pave the way for privatisation of the RRBs, Sinha said the combined capital of the Central and State Government as well as sponsor banks will not fall below 51 per cent. Moreover, he said, the State Governments would be free to raise their contributions in the RRBs to over 15 per cent, which is allowed under the existing provisions.

According to the provisions of the Bill, the share capital of the RRBs cloud be split into 200 crore equity shares of Rs. 10 each. And according to the existing Act, the Rs. 5 crore share capitals of RRBs is split into five lakh shares of Rs. 100 each. The changes in the RRB Act are aimed at "strengthening the capital base and improve their all capabilities". The amendment envisages that the capital of government entities in the RRBs will not fall below 51 per cent. RRBs were set up following the Regional Rural Banks Act, 1976, to meet the credit needs of the rural sector.

Source – The Hindu Business Line, 23rd December, 2014

ALLOWING REGIONAL RURAL BANKS TO TAP MARKETS WILL STRENGTHEN THEM, SAYS CANARA BANK ED

The Centre wants regional rural banks to access markets for capital. A Bill was recently introduced in the Lok Sabha in this regard. What's your view on this?

We have two RRBs under Canara Bank — one in Kerala, Kerala Grameen Bank, and another in Bellary, Pragati Krishna Grameen Bank. The introduction of the Bill is a good move. Allowing RRBs to access capital from the markets will strengthen them. I believe it will eventually help strengthen the rural as well as the national economy.

All India RRB Officers' Federation.

"JGGP HOUSE", Raja Rammohan Road, Hakimpara, Siliguri – 734001(West Bengal)

E-MAIL: airrbof555@yahoo.co.in / shyamalkb5@yahoo.com

WEB SITE: <http://www.airrbof.org.in>



27 | Page

Yes, the RBI has recently announced the rules. Depending on the requirement of the infrastructure projects, we are going to look at it on a case-to-case basis.

We are going ahead with the QIP (qualified institutional placement) and expect to launch the issue at an appropriate time depending on market conditions.

No, we don't have any exposure to Spic Jet.

Source – The Hindu Business Line, 23rd December, 2014

ALL'S NOT WELL

The Finance Ministry's mid-year economic review has downplayed the risks to the Indian banking system from persistently bad loans. Drawing attention to the 'relatively strong' capital adequacy of Indian banks and comparisons of their gross Non-Performing Asset (GNPA) ratio to global peers, it goes on to suggest that our position vis-à-vis bad loan isn't all that alarming. But the analysis fails to recognise that the official bad loan figures do not reflect the actual stress in the banking system. Yes, the gross NPA number — cases of borrowers who have already defaulted on their dues — is at about 4.6 per cent of total advances (as of September 2014). As Indian banks have capital amounting to 9.8 per cent of their risk-weighted assets, a back-of-the-envelope calculation would suggest that they have sufficient capital to absorb these losses. But it is not just the existing NPAs that can shrink a bank's assets. Restructured loans, where banks unofficially allow large borrowers to delay repayments, will also eat into capital if they turn bad. With this figure at a little over 7 per cent now, the existing capital cushion for banks appears far from comfortable.

Despite the talk of green shoots in the economy, bank asset quality has only worsened in the September quarter. Public sector banks, the biggest contributors to stressed assets, have seen both their NPAs and restructured assets rise. In many instances large slippages into NPAs have come from the restructured loan book. If such slippages continue, it will not be long before inadequate provisions drain the banks of precious capital. For many public sector banks, the total stressed loans are way above 13 per cent, while their core capital ratio is below 8 per cent. They are already stretched very thin on capital adequacy. Given this, the mid-year review's analysis is in stark contrast to the position staked out by the RBI, which has constantly pressed banks to come clean about bad loans. Only this week, the central bank asked banks to identify and share information on 'non-cooperative' borrowers, those who stonewall recovery efforts. By cutting off fresh lines of credit to such borrowers, this move is intended to deter banks from throwing good money after bad.

The report, in its bid to paint a better picture on NPAs, also glosses over differences between Indian and global banks on capital adequacy. US and German banks, for instance, have capital adequacy ratios that are 3 to 5 percentage points higher than ours. The truth is that most global banks, after the 2008 financial crisis, have reduced risky lending, improved their profitability, and strengthened their capital bases. But Indian banks have piled on stressed assets and continued to fund excess capacity creation, thanks to lax credit assessment systems. No doubt, the banking system can be nursed back to health if growth returns. But if Indian banks are to avoid a repeat of their past mistakes, it is necessary that the Centre, and not merely the RBI, acknowledges the gravity of the problem.

Source – The Hindu Business Line, 24th December, 2014

All India RRB Officers' Federation.

"JGGP HOUSE", Raja Rammohan Road, Hakimpura, Siliguri – 734001(West Bengal)

E-MAIL: airrbof555@yahoo.co.in / shyamalkb5@yahoo.com

WEB SITE: <http://www.airrbof.org.in>



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

Vol - XXII

AIRRBOF News Letter

January 2015



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

SILIGURI

No. 01

28 | Page

NEGOTIATE, DON'T AGITATE: IBA TO UNIONS

In the ongoing tug-of-war between unions and bank managements on the issue of wage revision, the Indian Banks' Association has weighed in saying that the previous bipartite wage settlement was an exception as compared to earlier settlements and cannot be quoted as precedent.

This observation by IBA, which is the representative body of banks, comes in the backdrop of the 10th bipartite wage settlement in the banking sector being delayed for more than two years and unions, representing the interests of about 10 lakh employees, deciding to intensify their agitation for a wage hike.

According to the unions' game plan, bank employees will not report to work for five days — January 7, and January 21 to 24 — next month to press their demand for a wage hike. If bank managements do not settle the issue of wage revision in January-February then the unions have threatened to go on an indefinite strike from mid-March. While bank managements are willing to offer 11 per cent wage hike, the expectation of the unions is for a 25 per cent (negotiable to 23 per cent) wage hike.

In the previous (9th) bipartite wage settlement, covering 2007-2012, an average wage hike of around 17.5 per cent was given. Pointing out that in the past seventh and eighth bipartite settlements, the wage increase was between 10 per cent and 13 per cent, the IBA, in a statement quoting its Chief Executive MV Tanksale, said, "The ninth bipartite settlement was an exception..."

"In the current wage settlement, a hike of 11 per cent on salary and allowances has been offered, based on the paying capacity of all the banks, lower profitability, higher requirements for provisions and further capital requirement under Basel-III, translating into 12.5 per cent on the balance sheet cost. This too is unaffordable to some of the banks."

The Association said the issues regarding wage negotiation deliberated in the Negotiating Committee of the IBA were further discussed in a larger forum — Managing Committee of IBA — and the Chairmen of all the banks felt the demand for 23 per cent increase made by the Unions/Associations is unaffordable, illogical, exorbitant and irrational.

While IBA has appealed to the Unions/Associations to give up the agitation and return to negotiations to resolve the wage revision issue, unions don't seem to be in a mood to relent.

Vishwas Utagi, General Secretary, Maharashtra State Bank Employees Federation, said bank managements are stonewalling employees' demands for a wage hike by citing profitability constraints, the need to shore up capital for meeting the new Basel regulatory standard, and the provisioning burden.

"Bank employees are not responsible for the bad loans that have accumulated in the banking system.

In fact, they have helped banks grow their business and profitability. So, there is no reason why bank managements should deny our demands," he said.

Source – The Hindu Business Line, 25th December, 2014

All India RRB Officers' Federation.

"JGGP HOUSE", Raja Rammohan Road, Hakimpura, Siliguri – 734001 (West Bengal)

E-MAIL: airrbof555@yahoo.co.in / shyamalkb5@yahoo.com

WEB SITE: <http://www.airrbof.org.in>



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

Vol - XXII

AIRRBOF News Letter

January 2015

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

SILIGURI

No. 01

29 | Page

WHY CHARGE CUSTOMERS FOR USING ATMS: COURT ASKS RESERVE BANK

The Delhi High Court on Wednesday issued a notice to the Reserve Bank of India (RBI) on a plea against the apex bank's decision to impose a limit of five transactions a month from customers' own bank ATM and charging Rs. 20 a transaction beyond it.

A Division Bench of Chief Justice G Rohini and Justice PS Teji also issued notice to Indian Banks' Association and the SBI and sought their response by February 18 on the PIL.

During the hearing, the Court even raised the question about bank charging Rs. 20 from its own customer after five transactions. "You (banks) are unnecessarily taxing your account holders," the Bench remarked.

The PIL filed by a practicing advocate Swati Aggarwal, through advocate Vivek Kumar Tondon seeks to quash the RBI directive issued in August that limited the number of monthly free transactions at own bank's kiosks to five beyond which banks could charge Rs. 20 a transaction.

The directive came into effect from November 1 and has already been implemented by several banks, including State Bank of India, the largest Bank of India, said the plea.

The RBI also imposed a limit of three transactions a month at ATMs of other banks, located in the six metros – Mumbai, New Delhi, Chennai, Kolkata, Bengaluru and Hyderabad.

The plea alleged that the directive has been issued at the behest of a few banks and the IBA which had approached the RBI seeking changes in the current instructions regarding free transactions at other bank ATMs.

Levying of charges are highly "arbitrary and unjustified" besides being "discriminatory and against good banking practices and a backward move," it added.

Tondon also argued that the RBI decision is against international practices. In almost all modern economies of the world there is no cap on the number of transactions one can make at own bank ATMs, he added.

The plea further added that the RBI decision contradictory to its own earlier circular dated March 10, 2008, whereby the central bank, while relying on international practices relating to the usage of ATM, had "justified and given directions allowing the free usage of ATMs for unlimited number of transactions on own bank ATMS".

Source – The Hindu Business Line, 25th December, 2014

BANKS CAN WITHSTAND STRESS TEST

What will happen to the Indian banking system if it faces severe stress from the economy? Though non-performing assets (NPAs) will shoot up and capital adequacy ratios (CRARs) will fall, the banking system could still be able to reasonably withstand the pressure, reveals the stress test conducted by the Reserve Bank of India.

All India RRB Officers' Federation.

"JGGP HOUSE", Raja Rammohan Road, Hakimpara, Siliguri – 734001(West Bengal)

E-MAIL: airrbof555@yahoo.co.in / shyamalkb5@yahoo.com

WEB SITE: <http://www.airrbof.org.in>



NPAs arise when bank customers stop servicing their installments beyond a specified grace period (usually 90 days), thereby giving rise to stress. And, CRARs indicate the quality of capital that banks hold with them, which enables them to ward off stress.

"These stress scenarios are stringent and conservative assessments under hypothetical severely adverse economic conditions and should not be interpreted as forecasts or expected outcomes," the RBI clarified.

However, if the risks of a severe contraction in GDP growth, a higher fiscal deficit and inflation spiraling, were to materialise, the banking system's assets could come under a spot of bother.

In such a scenario, the gross non-performing asset (NPA) ratio of banks could increase to 6.3 per cent of total advances from about 4.5 per cent at end-September 2014. This stress test takes into account only the performance of scheduled commercial banks — public sector, private, and foreign banks.

"Under such a severe stress scenario, the system level CRAR of SCBs could decline to 9.8 per cent by March 2016 from 12.8 per cent in September 2014," the RBI said in its yearly Financial Stability Report.

Sector-wise, it could be the engineering sector that could possibly account for the highest share of NPAs — 12 per cent of total advances. This could be followed closely by the cement sector at 10.6 per cent of total advances.

The RBI said that the current level of provisions of various bank groups — public sector, private, and foreign banks — as a proportion of their respective total advances were at 3.2 per cent, 1.9 per cent and 3.9 per cent, respectively, as of September 2014.

Among the bank groups, the RBI added that the public sector banks had the highest expected loss at 3.2 per cent of their total advances as of September 2014.

"Though they may meet the expected losses under baseline scenarios they are likely to fall short in terms of having sufficient provisions to meet expected losses (EL) under adverse macroeconomic risk scenarios," the central bank added.

The RBI's bank-wise estimation of expected and unexpected losses shows that 20 banks, with about 29.8 per cent in total advances of select 60 banks, were unable to meet their expected losses with the existing provisions. Also, only two banks are expected to see higher unexpected losses than the total capital.

Source – The Hindu Business Line, 30th December, 2014

POST OFFICES TO ISSUE ATM-CUM-DEBIT CARDS FOR SAVINGS ACCOUNT HOLDERS

Post office savings bank accounts can now be operated through ATMs. The Centre has amended the Post Office Savings Bank General Rules accordingly following the Budget announcement in this regard.

This facility, however, will be available only in post offices that are on core banking solution (CBS) platform. A notification said: "In case of an account standing at any post office with a core banking solution platform in place, the Post office Savings Bank shall issue ATM or debit card to the account holder on payment of such fee as may be prescribed by the Central Government."

All India RRB Officers' Federation.

"JGGP HOUSE", Raja Rammohan Road, Hakimpara, Siliguri – 734001 (West Bengal)

E-MAIL: airrbof555@yahoo.co.in / shyamalkb5@yahoo.com

WEB SITE: <http://www.airrbof.org.in>



31 | Page

Currently, 676 post offices are on CBS. Four head post offices (Delhi, Mumbai, Kolkata and Chennai) have gone live on ATM.

This entire project is part of the Rs. 4,909-crore IT modernisation project of the Department of Posts. The department aims to take the ATM network to 2,800 by 2015.

The notification also mentioned that a savings account holder at a post office linked to the CBS platform will be allowed to deposit money in his or her account at "any other post office with CBS platform within the limits prescribed".

Deposits can be made through the electronic mode as well. New rules also provide for giving a statement of account in lieu of the passbook, but only as an option to the customer.

The IT project also aims to provide customer interaction through multiple channels such as call centres, internet, ATM, mobile banking and net banking for PO savings bank customers.

It will provide an electronic and secure mode of money transfer, including doorstep delivery even in rural areas.

Source – The Hindu Business Line, 31st December, 2014

GOVERNANCE REFORM: CENTRE SPLITS CHAIRMAN, MD POST IN STATE RUN BANKS

In a bid to improve governance, the Centre has separated the posts of Chairman and Managing Director (CMD) in nationalized banks. It has also appointed Managing Director (MD) for four banks, and they will also be designated as Chief Executive Officer (CEO).

Two Reserve Bank committees, headed by AS Ganguly in 2002 and PJ Nayak in 2014, had recommended separation of the post.

According to the Finance Ministry, henceforth, in public sector banks, other than State Bank of India, the chairman will be a part-time board member who would preside over the board meeting but will not be an executive chairman. The procedure for selection of part-time chairmen would be announced shortly, it added.

The four new MDs and CEOs are P Srinivas (United Bank of India), Animesh Chouhan (Oriental Bank of Commerce), R Koteeswaran (Indian Overseas Bank) and Kishor Kumar Sansi (Vijaya Bank). The appointments are for three years or till the date of their superannuation, whichever is earlier.

These banks and four others have been functioning without a CMD. On October 27, the government scrapped the existing selection process for appointment of CMD and Executive Directors in public sector banks and decided to initiate a new process, based on which the four names were selected. A Finance Ministry statement said a replacement for Syndicate Bank

CMD SK Jain, who was suspended following his arrest in an alleged bribery case, is still under consideration and would be decided shortly.

For three large banks – Bank of Baroda, Punjab National Bank and Canara BANK – the Centre has decided to go for a fresh selection procedure, to be announced soon

Source – The Hindu Business Line, 1st January 2015

All India RRB Officers' Federation.

"JGGP HOUSE", Raja Rammohan Road, Hakimpara, Siliguri – 734001(West Bengal)

E-MAIL: airrbof555@yahoo.co.in / shyamalkb5@yahoo.com

WEB SITE: <http://www.airrbof.org.in>



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

Vol - XXII

AIRRBOF News Letter

January 2015



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

SILIGURI

No. 01

32 | Page

JAN DHAN: ENROLLEES OVER 60 SHORT-CHANGED ON LIFE COVER

A RuPay card under the Jan Dhan scheme may not be enough for nominees to get the death benefit of Rs. 30,000 when an account holder passed away. Some nominees found this out recently, to their surprise.

Gowramma (name changed), from Karnataka passed away recently. State bank of Mysore, where she is a Jan Dhan account holder, rejected the nominee's claim for the death benefit of Rs. 30,000 as the deceased was above 60 years of age.

According to the Finance Ministry approved norms for life cover under the Jan Dhan scheme, the eligibility for risk cover ceases when a person turns 60.

These guidelines were framed long after the launch of the scheme and many elderly people had enrolled for the same when it was launched by Prime Minister Narendra Modi in late 2013. Under the current norms, the account holder will have to exit the life insurance scheme the day he or she turns 60.

State Bank of Mysore has till date received four cases each claiming death benefit of Rs. 30,000 under the scheme. Of them, two claims were rejected straightaway as the deceased were aged above 60, sources in the bank said. The claims for the other two cases are being processed through the banks is not clear as to which LIC office claim papers have to be sent for final settlement. Public sector banks are in a state of confusion on the issue of handling claims. Even accident insurance claims are reaching the doorsteps of these banks.

Although the banks have till date issued 8.4 crore RuPay cards for over 10 crore Jan Dhan accounts, they do not want to foot the death benefit bill for the life cover. They are only keen on having a foolproof mechanism to pass on the claims to Life Insurance Corporation. Both LIC and the public sector banks are yet to firm up a seamless mechanism for claims settlement under the life cover promised under scheme.

On Wednesday, representatives of the Finance Ministry, Indian Bank's Association and public sector banks held a meeting to discuss the nitty-gritty of claims settlement for the Rs. 30,000 death benefit promised under the scheme.

There is a need to map LIC branches with those of the banks so that claims could be processed seamlessly, said the chief executive of a public sector bank. Currently, banks are not fully aware about how to take the process forward in case nominees come up with claims.

Indications are that the nominees will not be asked to furnish an affidavit confirming that the deceased was the head of the family or that he/she was an earning member of the family, and in the age group of 18-59.

Source – The Hindu Business Line, 2nd January 2015

NITI AAYOG REPLACES PLANNING COMMISSION

Narendra Modi's 'NITI Aayog', the body which replaces the 'Yojana Aayog' (Planning Commission), will have a three-tiered structure headed by the Prime Minister. NITI stands for National Institutions for Transforming India.

All India RRB Officers' Federation.

"JGGP HOUSE", Raja Rammohan Road, Hakimpara, Siliguri – 734001 (West Bengal)

E-MAIL: airrbof555@yahoo.co.in / shyamalkb5@yahoo.com

WEB SITE: <http://www.airrbof.org.in>



The Centre on Thursday issued a resolution highlighting 13 objectives for the new body, with the focus on providing a 'national agenda'.

The body will have a Governing Council comprising State Chief Ministers and Lt Governors of Union Territories. Regional Councils will address specific issues and contingencies impacting more than one State or a region. There will also be a full-time organisational framework headed by the PM. The three layers will be formed for a specified tenure.

However, Opposition parties criticised the decision to establish NITI Aayog, calling it gimmickry. They said the new body cannot fulfil the Centre's promise of "cooperative federalism" and feared that States would be discriminated against in the new set-up. Regional parties urged the Centre to ensure that the new panel had members specifically for States.

Source – The Hindu Business Line, 2nd January 2015

ANDHRA BANK'S INDIVIDUAL IDENTITY WILL BE PRESERVED: OFFICERS' BODY

Andhra Bank Officers' Union said on Thursday that any proposal to merge it with other banks will be contested in all possible ways.

Responding to news on the merger threat facing the bank in view of high non-performing assets (NPAs), its General Secretary I Haranath said when a similar situation emerged in 1995-96, the bank responded by getting back on the profit path within a span of 30 months.

"Likewise, we will definitely cross the hurdle," he said, adding that if the State governments, as promised, pay back in full the farm loans they have waived, NPAs will not be a problem for the bank.

Also, he said, much of the NPAs are due to high net worth borrowers from the infrastructure sector going bust on account of government policies.

Andhra Bank has 2,200 branches pan-India and is planning to open another 200 by March-end.

Hence, any hasty decision on merger by the Centre or Finance Ministry "will be fought and the identity of the bank will be preserved by taking the support of top management, politicians, stakeholders, and the strong and dedicated 22,000 staff of the bank," he added.

The employees, he said, will stand by the decision of the top management with regard to any action programme formulated for recovery of stressed assets in coming three months.

Source – The Hindu Business Line, 2nd January 2015

ARVIND PANAGARIYA IS VICE-CHAIRMAN OF NITI AAYOG

Noted free market economist Arvind Panagariya will be the Vice-Chairman of newly constituted NITI (National Institution for Transforming India) Aayog.

All India RRB Officers' Federation.

"JGGP HOUSE", Raja Rammohan Road, Hakimpara, Siliguri – 734001 (West Bengal)

E-MAIL: airrbof555@yahoo.co.in / shyamalkb5@yahoo.com

WEB SITE: <http://www.airrbof.org.in>

The body will also have two full-time members, economist Bibek Debroy and former Defence Secretary (R&D) VK Saraswat, an official statement said.

The Government is yet to appoint a Chief Executive Officer for the new body, which came into effect from January 1, replacing the 64-year-old Planning Commission.

Home Minister Rajnath Singh, Finance Minister Arun Jaitley, Railway Minister Suresh Prabhu, and Agriculture Minister Radha Mohan Singh, will be ex-officio members.

Road Minister Nitin Gadkari, Social Justice Empowerment Minister Thawar Chand Gehlot, and HRD Minister Smriti Irani will be special invitees.

Panagariya, 62, is an Indian-American economist. According to his bio-data on Columbia University website, Panagariya is a Professor of Economics and a Non-resident Senior Fellow at the Brookings Institution.

He has been Chief Economist at the Asian Development Bank and a Professor of Economics and Co-director, Center for International Economics, University of Maryland at College Park. He has also worked for the World Bank, IMF, WTO, and Unctad in various capacities. He holds a Ph.D. in Economics from Princeton University. He has written and edited 10 books, including India: The Emerging Giant.

Source – The Hindu Business Line, 6th January 2015



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

AIRRBOF NEWS LETTER
Registered with RNI, New Delhi,
Regn. No. 4L/RV/TO/93
Postal Regn. No. WB/DE/007/2009-2011

EDITORIAL BOARD

Chairman	–	Shri R.G. Makhija
Editor in Chief	–	Shri S.K. Bhattacharjee
Associate Editor	–	Shri C.S. Pal
Members	–	Shri C. Jayakumar Shri Rajesh Kori Shri S.K. Pal Shri K.M. Shukla

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