



## Banking staff threatens strike on Aug 22 over mergers, NPAs

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Employees of public sector banks have threatened to go on a day long **nation-wide strike on August 22** against the government proposal to merge state-owned lenders.

Besides, they want the government and the Reserve Bank to declare wilful default as a criminal offence and desist from writing off of corporate non-performing assets (NPAs) or bad loans, United Forum of Bank Unions (UFBU) said.

An umbrella body of 9 unions, UFBU has also asked the government not to increase service charges in the name of GST.

Goods and Service Tax (GST), which will be effective tomorrow, has raised tax from 15 per cent to 18 per cent for all services offered by banks.

Government has recently merged five associates with SBI and there are talks of the second round of consolidation among state-owned banks which may materialise by the end of the current fiscal.

The government wants to create five large banks of global size using the inorganic route. There are 21 state-owned banks in the country at present.

Indias banking sector is saddled with NPAs or bad loans amounting to Rs 8 lakh crore, of which around Rs 6 lakh crore is accounted for by the state-owned banks alone.

"Instead of taking urgent remedial measures to recover the alarmingly increasing bad loans which are threatening to drive the banks into a serious crisis, the government is taking steps like MOU, PCA, NPA Ordinance and IBC that are only aimed to cleaning the balance sheets at the cost of the lenders who represent hard earned savings of the people," **AIBEA** General Secretary C H Vekatachalam told PTI.

**All India Bank Employees Association (AIBEA)**, an affiliate of UFBU, said very tough measures are required including criminal action on wilful defaulters to recover the huge bad loans given to the corporate houses, big business and top industrialists.

It was also observed that the burden of the corporate NPAs are put on the shoulders of the common public and banking clientele in the form of hike in fees, charges and penalties, for every type of normal banking services, he said.

Vice President of National Organisation of Bank Workers (NOBW), an affiliate of Bharatiya Mazdoor Sangh, Ashwani Rana said: "Merger is not panacea for all pains in the bank and merger doesnt provide guarantee that NPA will be eradicated."

Rather government should talk to all the stakeholders including unions and shareholders to find out solutions, Rana said.

The unions unanimously pitched for ensuring accountability of top management for bad loans and put in place stringent measures to recover bad loans and abolishing Banks Board Bureau.

## **SBI urges government to ease provisioning**

BY DHEERAJ TIWARI/ ECONOMCI TIMES

NEW DELHI/MUMBAI:

The country's largest bank, the State Bank of India, has written a letter to the finance ministry raising concerns over the stringent provisioning norms for companies under the Bankruptcy Code, which will eat into its profit margins. The lender is reluctant to meet these norms and has sought the ministry's intervention on the matter.

A senior executive with the lender confirmed the development and said that the government is expected to hold discussions with the Reserve Bank of India, state-run lenders and the Bankruptcy Board. An email sent to both SBI and RBI did not elicit any response till the time of going to press.

RBI, in a circular issued to banks on June 15, had stated that for accounts identified for resolution under the Insolvency and Bankruptcy Code, 2016 (IBC), lenders will need to make a minimum provision of 50% for the secured portion of the outstanding amount, plus an additional 100% on the unsecured portion.

Last month, RBI identified 12 stressed accounts, each having more than Rs 5,000 crore of outstanding loans and accounting for 25% of total NPAs of banks for immediate referral for resolution under the bankruptcy law.

“Under IBC, banks can initiate proceedings at the first instance of default to preserve the value, but if they are referred to National Company Law Tribunal (NCLT) then, under the recently issued guidelines by the regulator, we will have to make at least 50% provision, while the account is standard in our books,” the above quoted SBI official said. Under RBI rules, a loan becomes nonperforming if the interest or installment of principal remains overdue for more than 90 days.

“So, if a bank is making the existing standard asset provision of 1%, it will be reluctant to refer the account to NCLT early because of the high provisioning requirement,” this executive said.

The bank has also said that post any resolution under the IBC framework, banks should be permitted to upgrade the sustainable portion of debt to standard and should not need to make any further provisions. “Banks should rather be allowed to reverse any such provisions made earlier as this will free up more capital and take on more such cases for resolution,” said another executive with SBI aware of the correspondence between the bank and the finance ministry.

The bank has also demanded that if any other creditor takes the NCLT route, no additional provisioning should be mandated on that particular account. Experts, however, disagree with the banks and say that the provisioning requirement of Rs 50,000 crore as being projected is on the higher side.

“The concerns raised by the bank are short term and perhaps narrow,” said Sumant Batra, managing director – insolvency at Kesar Dass B & Associates.

Banks should not tie themselves on the provisioning issue but rather look to maximise the value that they may get by moving quickly under IBC, he added. “Also, these 12 cases will not form the benchmark given the fact that going forward we will have other kind of cases, which may not be under joint lenders forum, and the dynamics of these cases will be different from the existing ones,” he said

## **ICICI Bank-led consortium concludes largest asset resolution; JP assets sold**

By Rahul Oberoi/ ET Markets.com/ 29 6 17

In one of the largest asset resolution in the country so far, an ICICI Bank-led consortium of banks on Thursday concluded the sale process of the debt-ridden Jaiprakash Associates (JAL) and Jaypee Cement to UltraTech Cement.

The decision to sell the cement business to reduce JAL and JCCL’s debt was taken more than a year ago. The transaction was valued at Rs 16,189 crore.

According to statement from ICICI Bank, with this sale, part of the debt of Jaiprakash Associates and Jaypee Cement has been transferred from a stressed account to an AAA rated company.

“This is the largest asset resolution in the country so far and I hope this landmark transaction will pave the way for more such resolutions. This is the largest transaction in India’s cement industry, thus far,” Chanda Kochhar, Managing Director and Chief Executive Officer, ICICI Bank, said in a release.

Shares of JAL rose 12.22 per cent to Rs 22.50 in Thursday’s trade. On the other hand, UltraTech Cement slipped 0.33 per cent to Rs 3,945.

For the quarter ended March 31, 2017, Jaiprakash Associates reported a net loss of Rs 1882.40 against a net loss of Rs 1,387.30 crore reported for the corresponding quarter last year.

Net sales of the company for the quarter under review slipped 9 per cent on a year-on-year basis to Rs 1,720.45 crore

# Reddy prefers PSB stake sale over recast

Sidhartha | TNN | Jun 28, 2017  
**THE TIMES OF INDIA**

NEW DELHI: Former Reserve Bank of India governor Y Venugopal [Reddy](#) on Tuesday said that the government should sell its stake in public sector banks instead of waiting to consolidate and restructure them, while also suggesting that farm loan waivers were more transparent than loan write-offs for companies.

"The government says it will give irrigation, power, quality seeds, and assures prices in the market, everything is uncertain and there is huge risk. The farmer goes about doing his business... The credit culture argument cannot be confined to agriculture. If you look at the totality of the burden, it is more transparent as it comes from the government. Whereas there (loan settlements for industry) it comes from banks. That is why I always said that when a poor man gets government money, it's called subsidy, when a rich man gets government money, it's called incentive," Reddy told TOI in an interview.

When the 2007 loan waiver was announced by the [UPA](#), the veteran policymaker, who handled the balance of payments crisis as joint secretary in the finance ministry, had flagged his concerns and got the government to pay for the write-off directly instead of getting banks to reschedule those loans. In his book, *Advice & Dissent*, Reddy talks about the incident.

Asked about public sector banks, Reddy, whose book also elaborated on his troubled relation with then finance minister [P. Chidambaram](#), said it will be a good idea to privatise some of the banks. "The idea that you consolidate, restructure and sell is wrong. We are having a problem in managing them, how do you think you can restructure better than the other fellow? Plus, the person who is buying will have the option to restructure. He has the capacity to optimise. So, if you sell now, you will get a lot of money for the simple reason that whatever restructuring is to be done the markets know better."

He warned that the other problem would be that the "restructuring exercise" would also involve large write-offs. "Best is to sell on an as is where is basis," Reddy said, while suggesting that the government could use some of the funds from the sale in the banks to finance financial inclusion in the less-banked regions. "That money can be used for a bank

that is active in [Uttar Pradesh](#) or Bihar. So once that flexibility comes, there is incentive to improve the efficiency . It will not be privatisation. It will be a true mixed economy -the mix between private and public shareholding. The mix will be based on the dynamic requirements of the economy."

## **Provisioning norms: Bankers fear tough norms will harm ability to find buyers at a good price**

BY SANGITA MEHTA MUMBAI:

ECONOMIC TIMES 29 6 17

Banks are set to lobby with the Reserve Bank of India to scale down the strict provisioning norms announced by the regulator last week for accounts referred to the country's bankruptcy courts. Bankers fear that such high provisioning will harm their ability to find buyers at a good price.

Two senior bank officials said they would convey to RBI that steep provisions will result in prospective buyers having an advantage in terms of bids.

Last week, RBI shocked banks by asking them to set aside 50% of the loan value as provision on cases that are referred to the National Company Law Tribunal. The provisions increase to 100% if the company goes for liquidation. This comes a week after directing lenders to initiate resolution process on 12 large defaulting companies that account for 25% of total bad loans. Bankers fear that once a prospective buyer becomes aware that banks are setting aside 50% provision, they would see that as reserve price and not offer more.

"Problem is that when you already make so much of provision and if there is somebody coming in order to take over that account, they will immediately take that as the lowest level of writeoff or haircut," said Arundhati Bhattacharya, chairman of State Bank of India. "So to that extent, we may have realised better value if we had not exactly pinpointed the amount of provisioning that we were making."

# Congress to hold state-wide agitation against govt over farmers' suicide

Aakash Ahuja | TNN | Jun 27, 2017  
**THE TIMES OF INDIA**

RUDRAPUR: In the wake of two debt-ridden farmers committing suicide in the Kumaon region within a span of less than 10 days, opposition Congress on Monday announced that it would hold widespread protests against the state government for not doing enough for the farmers.

Congress leaders in Udham Singh Nagar also demanded immediate compensation of Rs 1 crore to the family of Ramautar and a government job for his son. The farmer is survived by his wife, six daughters and a son.

"The BJP government is celebrating its 100 days of office, even as farmers in the state are committing suicide. Congress will hold protests against the BJP government across state. We demand a compensation of Rs 1 crore for the bereaved family and also a government job for his son. A Congress delegation will meet the family on Tuesday. We will also hand over a memorandum to the Khatima SDM in this regard," said Congress leader Bhuwan Kapri.

Meanwhile, the farmers' kin have sought strict action against officials of both State Bank of India and Bank of Baroda, who allegedly refused to give him eight days to sell a portion of his 2.5 acres for the repayment of Rs 3.13 lakh loan — Rs 1.9 lakh to SBI and 1.23 lakh to BOB — which, according to them, left Ramautar with no option, but to commit suicide.

Vipin, the 17-year-old son of the deceased farmer, told TOI, "My father was about to sell land, but bank officials did not give him time. Despite that, he tried to sell land and a deal was struck, but with Eid being round the corner, he could not receive the payment."

The deceased's nephew Narendra Kumar, a constable with Haridwar police, told TOI, "We demand strict action against officials of both banks for harassing my uncle and not giving him eight days for repayment."

The 46-year-old farmer committed suicide by hanging himself from a tree on Saturday night after he failed to repay Rs 3.13 lakh due. The body of Ramautar was found hanging from a tree in his agricultural field in Kanchanpuri Jamaur locality of Haldi Pachpeda village under Khatima assembly constituency.

## **'Men preferred over women in hiring'**

PRESS TRUST OF INDIA/ THE HINDU  
NEW DELHI, JUNE 28, 2017

### ***55% felt that men are favoured when two candidates equally qualified: Survey***

Gender diversity may be a politically correct proposition, but when it comes to corporate hiring, the reality is men are preferred to women even if the two are equally qualified.

#### **Ranstad Workmonitor**

This is one of the findings by a Randstad Workmonitor survey, where 55% of overall respondents from India indicated that men are favoured over women when two candidates are equally qualified for the same set of responsibilities. Giving a break-up, 61% males and 47% females held this view. Globally, it stood at 70%.

But there is a silver lining. Interestingly, despite numerous reports on gender pay gap, a whopping 91% of respondents from India believed that both men and women in similar roles were rewarded equally at their workplace, much higher than the global average of 79% who thought so.

Besides, 88% felt that both men and women were equally supported while seeking a promotion. "Gender diversity may be high on the agenda for India today, but what I believe is diversity is not just a goal or a guideline, it is a business imperative. All the corporate and government initiatives are just a start, the real change can happen only when we succeed in addressing the deep-rooted mindsets about the role of women at work," said Paul Dupuis, CEO, Randstad India.

## 'Centre can check States' loan waivers'

[SPECIAL CORRESPONDENT](#)  
NEW DELHI, JUNE 28, 2017  
**THE HINDU**

The government's mandate and responsibility to control the States' fiscal deficit means that it has the power to control their finances even at a time of large-scale loan waivers by a number of states, 14th Finance Commission Secretary A.N. Jha said on Tuesday.

Mr. Jha was speaking at the unveiling of former RBI Governor Y.V. Reddy's book, at which Mr. Reddy said that giving the States more fiscal powers actually brought a greater element of control. "By giving more powers to the States, you are actually with more powers." Mr. Reddy said.

## BMS opposed to dilution of 'equal pay for equal work' rule

Jun 29, 2017 | Source: PTI /MONEY CONTROL

The trade union expressed its views on proposed amendments in the Contract Labour (Regulation & Abolition), Central Rule at a meeting called by the Labour Ministry on Thursday.



RSS-backed Bharatiya Mazdoor Sangh (BMS) has opposed any dilution of law on equal pay for equal work and demanded that all should be paid at least Rs 10,000 under the Contract Labour, (Regulation & Abolition), Central Rule.

The trade union expressed its views on proposed amendments in the Contract Labour (Regulation & Abolition), Central Rule at a meeting called by the Labour Ministry on Thursday.

"The BMS opposes any dilution of law on equal pay for equal work. Government should not go for any amendment that may dilute the legal provision that makes it compulsory 'equal pay for equal work' under Contract Labour (Regulation & Abolition), Central Rule," the BMS said in a statement.

The union said that it is ridiculous that the NITI Aayog has proposed deletion of Rule 25 from the statute.

Permanent jobs are being lost and contractualisation is increasing in the country.

Wage exploitation and other rampant exploitations of contract labour are rising day by day. Strong legal amendments are needed to stop such exploitation, it said.

BMS said that the present amendment is vague and may give room for adverse legal interpretations.

Hence, BMS demands that instead of this, a provision is to be added to provide monthly pay of Rs 10,000 or minimum wages notified or equal pay for equal work, whichever is higher.

## AIBEA THIS DAY – 1 JULY

1926	Com. R Parthasarathy, Former President, TNBEF (date of birth)
1955	Imperial Bank of India taken over by Government. State Bank of India Act comes into force.



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