AIBEA's Banking News

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NEWS BULLETIN FROM ALL INDIA BANK EMPLOYEES' ASSOCIATION

3rd Round of Bipartite Talks with IBA on Wage revision held, Sub-Committees formed

Chennai, Jul 23 (UNI)

The third round of bipartite talks, on wage revision for employees and officers, was held between Indian Banks' Association (IBA) and United Forum of Bank Unions in Mumbai recently where separate sub-committees have been formed to facilitate expeditious discussions on charter of demands putforth by the unions.

All India Bank Employees' Association (AIBEA) General Secretary Ch Venkatachalam said today that IBA was represented by Mr R K Thakkar, Chairman of the Negotiating Committee along with other members of their team and UFBU was represented by leaders of all constituents.

In the sub-committees for workmen, those included were --Mr Rakesh Sharma, (Chairman) MD/CEO, Canara Bank, Mr HC Sati, GM, Allahabad Bank, Mr Mrityunjay Kumar Gupta, GM, Bank of India, Mr Punit Jain, GM, PNB, Mr T S Seshadri, GM, Indian Bank and Mr Ajay Kumar Singh, GM, SBI.

Mr Prashant Kumar, (Chairman) Dy.MD, SBI is included in for Officers and others were Mr Ujwal Kumar, GM, UCO Bank, Mr S K Chowdhary, Head-Hr, Bank of Baroda, Mr C P Giri, GM, Canara Bank, Mr B Ashok, GM, Central Bank and M K Biswal, GM, Bank of Maharashtra.

Mr Venkatachalam said the negotiating committee will discuss the common demands and issues having direct financial implications, the other demands relating to service conditions of employees and officers which are of non-financial nature would be discussed in the respective sub-committees and added IBA has solicited names from Unions who will participate in the sub-committees so that the discussions at the sub-committee level will begin at the earliest.

The AIBEA General Secretary said, UFBU welcomed the formation of sub-committees to quicken the discussions and wanted the IBA to address the main demands also simultaneously so that the final settlement can be concluded in time.

We also reiterated that the IBA should review its stand to restrict the discussions upto Scale-III officers to which IBA had stated that the issue needs to be taken up with the concerned Banks since IBA's decision is based on the mandates given by those banks.

On the settlement to be effective from November 1, 2017, Mr Venkatachalam said the IBA agreed to it.

Mr Venkatachalam said we requested IBA to make their initial offer on wage hike and IBA stated that they would respond on this in subsequent discussions.

He said we emphasized the need to hold a round of discussions to follow up the issues covered by the Record Note signed on May 25, 2015 on demands like periodical updation of pension, improvement in Family Pension, 100 per cent DA on pension to past retirees and IBA agreed for same.

The Unions took up the issue of introduction of five-day Banking by declaring the remaining Saturdays also as holidays, he said and added that IBA had stated that the issue needs wider consultation at different levels and hence it would respond to it later.

The UFBU also wanted IBA to provide them the data relating to stage-wise, area-wise, and category-wise number of employees, details of wages paid under different wage components, etc. so that our demands can be calculated and quantified to enable proper discussions.

The AIBEA General Secretary said IBA informed that few Banks are yet to furnish the details to them and once it is received, the same would be compiled, consolidated and provided to the Unions. To the demand for expediting the Settlement through frequent meetings and discussions, IBA stated that the Sub-Committees would meet more frequently and in between the Negotiating Committee meetings would also be called to take the negotiations forward. IBA requested the Unions to submit the names of the representatives for the Sub Committees and later the meeting of these Committees would be called. We agreed to provide the names to the IBA at the earliest, he added.

Mr Venkatachalam said after the discussions with the IBA, a meeting of the UFBU was held and it was decided that all the constituent unions would submit the names of their representatives who would be in the Sub-Committees and the list would be submitted to the IBA to fix the meeting of the Sub-Committees as early as possible.

Regarding ensuing agitational programmes, he said it was decided to serve the strike notice on IBA for All India Strike on August 22 in protest against the anti-people banking reforms being adopted by the Union government.

Why Modi won't privatise public sector banks

July 23, 2017, SA Aiyar in Swaminomics | TIMES OF INDIA

Having established a reputation as an incrementalist who shuns radical change, Prime Minister Narendra Modi has suddenly changed expectations by opting to privatise Air India. This is such a huge public sector giant with so many subsidiaries and lakhs of employees that nobody ever dreamed it could come first in the list of Modi privatisations. Yet that is the case.

Some Americans have asked me whether this might be followed up by the privatisation of public sector banks (PSBs). These too are big in financial size and employment, and some are in almost as bad shape as Air India. If Modi can sell Air India, why not the PSBs? It won't happen.

Public sector banks have always been used by successive governments to implement schemes for which there is insufficient money in the budget. We are now in an era of fiscal stringency, with the Fiscal Responsibility and Budget Management Act obliging the government to keep cutting its fiscal deficit. In these circumstances, there is less fiscal space than ever for launching new government schemes.

So, public sector banks provide an especially important means for the finance minister to finance schemes that can fetch votes and possibly improve economic outcomes. This is equally true of public sector insurance companies, and oil companies (which for years subsidised diesel and petrol). These will, therefore, not be privatised.

BANKABLE: In an era of fiscal stringency, govt banks are an important means to finance schemes that can fetch votes.

Two years ago, when finance minister Arun Jaitley was visiting the US, he asked what journalists like me meant when we asked for big-bang reforms. For starters, I said, privatise the ten worst public sector banks. He laughed and said this was difficult because the banks played such an important role in the implementation of government policies.

For instance, he said, infrastructure was a top priority, but private banks were not very keen on lending to that sector, and so PSBs had proved invaluable in providing finance for infrastructure.

What he did not say was that private banks had proved very prudent in steering clear of infrastructure projects of dubious viability that carried many risks. When dozens of infrastructure projects sank, for a variety of reasons, the PSBs were left with bad loans totalling lakhs of crores.

Critics like me might say that this is precisely why the banks should be privatised — they will show greater diligence before approving projects with unclear financial profiles. But from the politician’s viewpoint, forcing PSBs to lend for infrastructure was an essential way of achieving targets without breaking budgetary limits set by law.

Education loans provide another example. The government is keen on expanding such loans to students, who are increasingly entering high-cost private colleges. So, public sector banks have been instructed to step up education loans.

A recent news item said outstanding education loans had risen from Rs 48,382 crore in March 2013 to Rs 72,336 crore in December 2016, a pretty fast rate of expansion. But non-performing loans — those on which borrowers had defaulted in payment for over 90 days — had shot up in the same period from Rs 2,615 crore to Rs 6,336 crore. The ratio of non-performing to total education loans has risen from 5.40% to 8.76%, a sad tale of sinking viability.

Private sector banks are aware of the high risks in such loans and have mostly steered clear of them. No less than 90% of all educational loans have been given by public sector banks. In some countries, the risk is transferred to the government. In India, PSBs have been loaded with the risk.

A similar tale comes from public sector insurance companies, which have been obliged to launch schemes at unviable low premiums. The government has created a Pradhan Mantri Jeevan Jyoti Bima Yojana — a term life insurance policy.

In 2016-17, the second year of its operation, claims under this scheme exceeded premiums by 21%, making it unsustainable. An even worse outcome afflicted the Pradhan Mantri Suraksha Bima Yojana, which provides payment of Rs 2 lakh for accidental deaths or grievous injuries. In this case, claims were a whopping 70% higher than premiums. By contrast, private insurance companies with similar insurance policies have a claims rate less than half the premiums.

Politicians are reluctant to raise the ultra-low premiums for flagship schemes aimed at capturing votes. No such instructions on premiums can be given to private insurance companies. That's a key reason why the government insurance companies, like government banks, will not be privatised. They are too politically valuable for governments seeking to distribute freebies and subsidies.

Interview for RBI deputy governor post on July 29

July 23, 2017 PTI- BUSINESSLINE

A search panel headed by the Cabinet Secretary is scheduled to interview candidates on July 29 to find a successor for RBI Deputy Governor SS Mundra, who is completing his three—year term this month—end.

The Financial Sector Regulatory Appointment Search Committee (FSRASC) has shortlisted about 10 names who have been called for interview on July 29, sources said.

Some of the bankers who have been shortlisted include Canara Bank Managing Director Rakesh Sharma, Andhra Bank Managing Director Suresh N Patel, Vijaya Bank Managing Director Kishore Sansi.

Besides, former managing directors of Union Bank of India and Oriental Bank of Commerce Arun Tiwari and Animesh Chauhan, respectively are also in the fray for the position reserved for a banker.

A few names from the private sector have also been shortlisted, sources said.

The central bank has four deputy governors —— two from within the ranks and one commercial banker and another an economist to head the monetary policy department.

The members search committee includes RBI Governor, Financial Services Secretary and three independent members.

Independent members of the committee are Rajiv Kumar, senior fellow Centre for Policy Research; Manoj Panda, director, Institute of Economic Growth; and Bimal Patel, director, CEPT.

According to the notice put up on the RBI's website, applicants should have extensive experience as a full—time director or board member and possess understanding, at a very senior level, of supervision and compliance in the financial sector.

Strong competencies working with financial performance data, including interpreting, summarising and communicating high—level output and strong and clear communication skills on matters of public policy are also listed as criteria for sending application, it said.

Last date for filing applications was June 21 and those applying for the post should not exceed 60 years of age as on July 31 2017.

Following this about 90 applications had come and after scrutiny, about 10 were shortlisted.

The appointment will be made for a period of three years and the person will be eligible for re—appointment. The post will have a fixed salary of Rs 2.25 lakh per month plus allowances.

Despite 21% jump in NPAs, education loan disbursals top Rs 20,000 cr in FY17

July 23, 2017 | PTI- BUSINESSLINE

Despite increasing number of students not paying back their loans spiking NPAs to over 10 per cent, lending continues for higher education with the disbursals topping Rs 20,000 crore in fiscal 2017, according to a report.

Banks and other lenders together disbursed around Rs 20,000 crore in education loans in FY17, up from around Rs 17,000 crore a year ago, while total outstanding grew 1.6 per cent to Rs 81,600 crore.

Non-performing assets (NPAs) within the education loan book of the system ballooned 21 per cent in the reporting year, spiking the NPA ratio to 10.2 per cent as of March 2017, said a report by credit information company Crif High Mark.

The state—run banks dominate the space with a 90 per cent market share, both in value and volume, while non—banking lenders target the over Rs 10—lakh segment, which has low asset quality concerns.

Among the states, the NPA situation in Tamil Nadu and Kerala is of "concern", with Chennai, Thiruvananthapuram, Coimbatore, Kancheepuram, Thiruvallur, Tiruchi, Alapuzzha, Thanjavur and Erode witnessing higher NPAs, the report said.

It can be noted that virtually all the other segments in retail lending, excluding agriculture — considered resilient and a refuge for banks in face of high NPAs in their corporate loan books — have shown very low NPAs.

Illustrating a jump in the cost of education, the average ticket has now moved up to Rs 6.8 lakh, which has more than doubled from Rs 3.25 lakh five years ago, it said.

A greater 65 per cent of loans are in under the Rs 4-lakh bracket, while 20 per cent are in the Rs 4-10 lakh bracket, said the report.

The top six states for educational loans are Tamil Nadu, Kerala, Maharashtra, Karnataka, Andhra Pradesh and Telangana, according to the report, which also said these states constitute for 66 per cent of the overall book, down from 70 per cent two years ago.

Tamil Nadu alone constitutes for 24 per cent of the over Rs 81,600 crore portfolio, it said.

On a city—wise break—up, higher average ticket sizes of Rs 9—10 lakh are in Hyderabad, Mumbai and Delhi, while Ernakulam, Thane and Vishakapatnam have seen high disbursements in the last six to 12 months.

Generally, ticket sizes have been found to trend higher in the first two quarters of every fiscal, which indicates a higher demand from foreign education aspirants.

It can be noted that the RBI has been highlighting the pitfalls in the student loans and the then Governor Raghuram Rajan had flagged issues in May 2016.

"We have to be careful that student loans are repaid in full by those who have the means, while they are forgiven in part for those who fall on bad times or those who take low-paying public service jobs," he had said.

Parliamentary finance panel chief Moily for change in fiscal to Jan—Dec

July 23, 2017 | PTI - BUSINESSLINE

The chairman of parliamentary panel on finance, M Veerappa Moily, today said he was for changing the financial year to January—December, but the government should not rush the process lest it disrupt the economy.

Finance Minister Arun Jaitley on Friday informed Parliament that the government was considering changing financial year to January—December from April—March.

The present financial year (April 1 to March 31) was adopted by the Government of India in 1867 principally to align the Indian financial year with that of the British government.

Prior to 1867, the financial year in India used to commence on May 1 of the current year to April 30 of the following calendar year.

Talking to PTI, Moily said the government could announce changing the financial year in Budget in February and accordingly the next Budget presentation date could be adjusted.

There are reports that government may advance the Budget presentation to November from February.

"The issue of changing financial year was examined by many committees since pre—Independence days. It is not a new thinking.

"I am also for it, but don't hurry up. Take states opinion. Only three states, Madhya Pradesh, Telangana and Andhra Pradesh have given opinion and that too unofficially," said Moily, the Chairman of Standing Committee on Finance and senior Congress leader.

Among others, the panel had looked into budgetary reforms including merger of railway budget with General Budget.

The former Union minister and chairman of 2nd Administrative Reforms Commission said that the change in financial year should be done because "April—March is not rooted in Indian culture and ethos. It is absolutely British".

Moily said several committees have gone into the issue, however the Administrative Reforms Commission headed by him refrained from getting into because earlier suggestions for change in fiscal year were never accepted by the government.

Giving the rationale for aligning the fiscal year with calender year, he said: "We are in global economy. Many of the countries have adopted calendar year. We should adopt but not arbitrarily".

After Prime Minister Narendra Modi expressed desire to align the financial year with the calendar year, the government had last year appointed a committee to study the feasibility of shifting the financial year to January 1.

The panel headed by Shankar Acharya submitted its report to the Finance Minister in December.

"Let them (the government) announce in the budget the change in fiscal year to January—December and implement from next year," Moily said.

Moily sees that abrupt change in the accounting year may lead to disruption in the economy as tax laws will have to be amended and also accounting procedures.

He also said the Congress would support change in the year, but the government should do it methodologically and consult all states.

AIBEA THIS DAY – 23 JULY	
1946	13 Days strike on wage demand starts In Bank of India, Bombay
1971	Residual Issues of 3rd Bipartite settled.
1988	Com. Tushar Chakraborti, (61) Former General Secretary, BPBEA Passes away.

AIBEA THIS DAY – 24 JULY	
1954	All Orissa Bank Employees Federation holds mass rally in Cuttack against anti labour polices of Central Government.
1970	Understandings initialed for B & C Class Banks- Second Bipartite Settlement.
1999	5th Round of 7th Bipartite discussions.
2007	Strike in Central Bank of India.- Dilution of Capital.

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