AIBEA's Banking News

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NEWS BULLETIN FROM ALL INDIA BANK EMPLOYEES' ASSOCIATION

Union seeks reduced man-hour to boost employment

By Collins Olayinka, Abuja | 27 July 2017 NIGERIA | THE GUARDIAN

George Mavrikos General Secretary WFTU

The World Federation of Trade Unions (WFTU) has called for the reduction in work hours to create jobs for the unemployed. Its Secretary General, George Mavrikos, during the third pan-African conference in Abuja, explained that WFTU had made recommendations to the United Nations on how to tackle the worsening unemployment ravaging most parts of the world.

He said: "We made suggestions to the United Nations on how to mitigate job losses across the world. The problem of unemployment has become a contemporary challenge to the world.

“The WFTU believes there is the need to reduce the working hours to enable more people enter the employment population. There is also the need for governments as well as organisations to make huge investments to create jobs massively.”

Mavrikos posited that the age requirement for pension beneficiaries should be reduced, saying: “Today in majority of countries, workers have to attain the age of 60 and 70 to be in pension. We think that there is an urgent need to reduce this age bracket. At the same time, we need to support workers to belong to associations that can work for their wellbeing.”

He hinted that his organisation was working with the International Labour Organisation (ILO) to put in place policies that would improve the lot of workers globally.

In his intervention, the vice president of the union, Leke Success, blamed globalisation, glut in unemployment market and greedy capitalists for the absence of decent job in Africa.

He submitted that WFTU must work with labour centres across the world to set the minimum standards for wage especially for public sector workers whose rights to collective bargaining are limited.

Leke insisted that agitations for self-determination were direct result of political succession crisis owing to compromised national elections, determination of elected political leaders to remain in office even after their rejection at the polls. He decried lack of food security of most African countries largely caused by the non-implementation of policies that causes siphoning of the people’s commonwealth by the political leadership.

Leke went on: “It is, therefore, expedient for international labour organisations, including the WFTU, to beam their searchlight on investments and property of national leaders continentally to make them accountable to their people. This, to some extent, will limit their insatiable lust to embezzle money.”

C H Venkatachalam General Secretary, Trade Union International, Banks Insurance & Finance Unions addressing the Conference at Abuja

CAG doubts public sector banks' ability to meet recapitalisation targets

Joe C Mathew New Delhi July 28, 2017 **BUSINESS TODAY**

The Comptroller and Auditor General of India (CAG) has expressed doubts over the public sector banks' ability to raise Rs 1,10,000 crore from markets by 2018/19 as part of their recapitalisation exercise.

The CAG audit report on recapitalisation of public sector banks (PSB), tabled in the Parliament today, said that the banks were able to raise only

Rs 7,726 crore during January 2015 and March 2017. It has led to the doubt on the possibility of raising the balance, amounting to over Rs 100,000 crore, from the market by 2019.

The report pointed out that the basis for working out the parameters for capital infusion changed between actual and estimated values from year to year and often within different tranches of the same year (2010/11, 2015/16 and 2016/17). It also stated that the rationale for distributing the central government's capital among different PSBs was not found on record in all cases. Some banks, which did not qualify for additional capital as per the decided norms, were infused with capital; a bank was infused with more capital than required while others did not receive the requisite capital to meet their capital adequacy requirements.

Over 2008-16, the advances of PSBs had more than doubled, from Rs 22,59,212 crore to Rs 55,93,577 crore, although the rate of growth in advances decreased from 19.56 per cent in 2009/10 to 2.14 per cent in 2015/16, the report noted.

It also pointed out that the PSBs' return on assets (ROA) - a measure of their profitability - has been consistently lower than that of the scheduled commercial banks or SCBs (2011-16). "PSBs account for nearly 88 per cent of the gross non-performing assets (GNPAs) of the banking sector in 2015/16. There is a significant gap between the book value and the market value of the PSB shares, with most PSBs having a lower market value, which may come in the way of the PSBs approaching the market for additional capital funds," the report said.

The central government, as the majority shareholder, has infused Rs 1,18,724 crore between 2008/09 and 2016/17 in the PSBs to meet their capital adequacy requirements or based on their performances.

The CAG report stated that in many cases, the parameters mentioned in the Statement of Intent (SOI), which set targets for a set of parameters to monitor the performance of PSBs, was not adhered to. "Out of the nine years reviewed, in only one year, conditions were stipulated in the sanctions that were issued to five PSBs for infusion of capital," it said.

The CAG noticed these conditions were significantly different from the targets set for the same parameters in SOIs for the same period.

The CAG has recommended that the criteria for fund infusion, once finalised, should be consistently applied across all PSBs. However, in case of variations, reasons should be well documented. It also wanted that the purpose of fund infusion, for which the Cabinet Committee on Economic Affairs' (CCEA) approval is taken, may be adhered to by the government. Changes, if necessary, in the purpose of fund infusion may be approved by the CCEA before being implemented, it suggests. It has also called for an effective monitoring system to ensure fulfilment of the intended objectives of fund infusion.

The banking system in India comprises commercial and co-operative banks with commercial banks accounting for the bulk of the banking assets. PSBs account for over 70 per cent of the deposits received in and advances made by the SCBs. The capital requirement of PSBs is driven by credit growth in the economy and prudential regulatory requirements. The regulatory framework for banks is globally developed by the Basel Committee on Banking Supervision, which is adopted by the Reserve Bank of India for the Indian banks.

RBI extends 'rest period' for appointment of auditors to 6 years

The earlier rules required an auditor to be appointed for a period of 4 years, followed by a rest period of 2 years.

Moneycontrol News

In order to put an end to private and foreign banks appointing the same set of auditors alternatively after mandatory rest of 2 years, the Reserve Bank of India has extended the mandatory rest period to 6 years, it said in a notification on Thursday.

The earlier rules required an auditor to be appointed for a period of 4 years, followed by a rest period of 2 years.

The drawback of appointing the same set of auditors alternatively is that such a practice usually establishes a level of comfort between the auditor and the client, which may lead to a compromise in strict adherence of audit principles.

The RBI said that in certain cases, private and foreign banks appointed the same auditing firm immediately after a gap of 2 years. In other cases, they appointed the immediately preceding auditing firm following completion of the incumbent auditor’s 4-year tenure.

Criticizing this practice, the banking regulator said the rest period is mandated in order to ensure that the books are examined afresh, as a new team is more likely to examine issues in a bank’s books with a different perspective.

This particular RBI decision has assumed importance because in FY16, when the RBI had directed banks to clean up their books and recognise and provide for non-performing loans, some private sector banks reported significantly lower NPAs than what the central bank’s own auditors later found.

Deposits left unclaimed for 10 yrs to be moved into Senior Citizen's Welfare Fund

The order said that insurance companies must get the details of such accounts and deposit the money before March next year.

Moneycontrol News

All sums of money remaining unclaimed or left over for ten years as of September 30, 2017 will be transferred to Senior Citizen's Welfare Fund (SCWF), according to a new ruling by Insurance Regulatory and Development Authority.

The insurance watchdog has directed all insurance companies to collect details of such accounts and transfer the money into the fund before March next year, reports Financial Express. All

Senior Citizen's Welfare Fund Act (2015) which will be a part of the Finance Act, will be used for improving welfare of elderly citizens. Financial security, healthcare, nutrition, old age home will be provided for from this fund, reports the newspaper. Unclaimed money from small savings schemes, accounts of Employees’ Provident Fund, insurance companies and banks will have to be shifted to this fund. The fund will carry an interest, and be overseen by the committee.

Unclaimed deposits with insurance companies have doubled to Rs 10,527 crore from Rs 5,440 crore between March 31, 2015 and March 31, 2016.

The IRDAI norms has asked insurers to disclose information about any unclaimed amount above Rs 1,000 on their respective websites.

The watchdog has also authorised insurers to show unclaimed amounts specified separately in their balance sheet under current liabilities and such amounts are governed by investment norms applicable to the funds.

Government collected Rs 2,35,308 crore as cesses in 2016-17

The government collected a total Rs 2,35,307.75 crore last fiscal by way of a host of cesses, including those of education, Swachh Bharat, Krishi Kalyan and other surcharges, Parliament was informed today.

By: PTI | New Delhi | Published: July 28, 2017 FINANCIAL EXPRESS

The amount generated from the aforesaid cesses and surcharges under the indirect tax category stood at Rs 1,88,368.58 crore last fiscal. (Reuters)

The government collected a total Rs 2,35,307.75 crore last fiscal by way of a host of cesses, including those of education, Swachh Bharat, Krishi Kalyan and other surcharges, Parliament was informed today. In a written reply to the Lok Sabha, Minister of State for Finance Santosh Kumar Gangwar said the total revenue generated from education, Swachh

Bharat, Krishi Kalyan and other cesses and surcharges in 2016-17 under direct tax was Rs 46,939.17 crore.

The amount generated from the aforesaid cesses and surcharges under the indirect tax category stood at Rs 1,88,368.58 crore last fiscal. In the Budget 2015-16, Finance Minister Arun Jaitley had proposed to levy a Swachh Bharat cess of up to 2 per cent 'on all or certain services, if need arises'. The cess kicked in from November 15, 2015. Also, to a separate query, Gangwar said that till mid-June 2017, 413 benami transactions were identified since coming into effect of the amended Benami Transactions (Prohibition) Act, 2016.

"Provisional attachment of properties under the Act was made in 233 cases. Value of properties under the attachment is Rs 813 crore," the minister said. The benami properties attached include deposits in bank accounts, jewellery, immovable properties and the like, he added. The Benami Transaction (Prohibition) Act, 1988, was comprehensively amended through the Benami Transactions (Prohibition) Amended Act, 2016, to provide for an effective regime for prohibition of such transactions. The amended Act came into effect from November 1, 2016.

To another query, the minister said the Enforcement Directorate has registered 2,349 cases under the Prevention of Money Laundering Act, 2002 (PMLA), conducted 736 searches and issued 789 provisional orders attaching property worth of RS 2,299 crore. It has arrested 130 persons and filed 370 prosecution complaints till June 30, 2017, under the PMLA. As on July 12, 2017, the Ministry of Corporate Affairs has removed 1,62,618 companies from the Register of Companies by following the due process under the Section 248 of the Companies Act, 2013, Gangwar replied to a separate question.

Name top 100 bank loan defaulters, demands Oppn in RS

PTI | Jul 25, 2017

THE TIMES OF INDIA

Opposition parties in the Rajya Sabha today demanded publication of the names of top 100 loan defaulters and sought to know under whose protection they were "thriving".

Raising the issue through a point of order, Naresh Agarwal (SP) said the Reserve Bank of India (RBI), at a recent meeting of the parliamentary committee, had stated that 12 biggest loan defaults accounted for 25 per cent of the total NPA or bad debt in the country.

But the RBI has refused to publish their names, he said, adding if a student or a farmer defaults on loan, his or her name is published.

But the big corporate loan defaulters are not being named, he said. "Is Parliament greater or the RBI," he asked.

He demanded that the top 100 loan defaulters should be identified and their named published.

The country deserves to know "who these people are and under whose protection are they thriving," he said.

He sought a response from Leader of the House and Finance Minister Arun Jaitley, who was present in the House. But Jaitley did not offer any comments.

Deputy Chairman P J Kurien said the matter raised is important but not a point of order.

To this, Agarwal said Parliament approves the Budget and also the capital to be infused in the public sector banks.

But his pleas when unheeded. But members of almost all opposition parties supported Agrawal's demand.

Public sector banks are saddled with non-performing assets (NPAs) or bad loans to the tune of a staggering Rs six lakh crore. Bad loans rose by over Rs one lakh crore in the first nine months of last fiscal to Rs 6.07 lakh crore by December 31, 2016.

Gross NPAs of public sector banks stood at Rs 5.02 lakh crore at the end of March 2016, up from Rs 2.67 lakh crore at the end of March 2015.

10 public sector banks have submitted turnaround plans: Govt

As many as 10 state-owned banks including Bank of India, IDBI Bank, and Union Bank, have submitted their turnaround plans to the government, which is a pre-requisite for getting fund infusion, Parliament was informed on Tuesday

Jul 25, 2017 | Source: PTI TIMES OF INDIA

As many as 10 state-owned banks including Bank of India, IDBI Bank, and Union Bank, have submitted their turnaround plans to the government, which is a pre-requisite for getting fund infusion, Parliament was informed on Tuesday.

Allahabad Bank, Andhra Bank, Central Bank of India, Dena Bank, UCO Bank, United Bank of India and Bank of Maharashtra are the other public sector lenders who have submitted their plans.

Indian Overseas Bank is currently in the process of preparing its turnaround plan, said Minister of State for Finance Santosh Kumar Gangwar in a written reply in Rajya Sabha.

"It has been decided that any future capital infusion in these banks shall be subject to achievement of select agreed upon milestones as per turnaround plan on quarterly basis," the minister said.

A monitoring mechanism has been put in place, whereby quarterly performance of these banks would be monitored by SBI Capital Markets, who in turn would keep the Department of Financial Services informed about the same.

"Banks that will not be able to deliver on the agreed upon turnaround plan for a period of two years will be identified as banks eligible for alternative recourse," Gangwar added.

During recapitalisation exercise undertaken last fiscal, the government had decided that 25 percent of the total capital requirement of banks (Rs 8,586 crore) will be allocated after achievement of benchmarks set up for select parameters.

There are 21 public sector banks.

AIBEA THIS DAY – 29 JULY	
1925	**Com. J M Paranjpayee, veteran leader of Maharashtra and bank of India staff Union (date of birth)**
1946	**Calcutta Bankmen join one day general strike in support of All India post & Telegraph Employees Struggle.**
1978	**Settlement reached on reinstatement of 11 leaders including Com. Mahesh Mishra dismissed earlier by SBBJ Management at Jaipur.**

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