AIBEA's Banking News

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NEWS BULLETIN FROM ALL INDIA BANK EMPLOYEES' ASSOCIATION

21 PSU banks waived off loans worth Rs.1,88,297 crores in 3 years

Misuse of huge public money

According to this statistical data, all PSU banks during 2014-15, waived off bad loans worth Rs.49,018 crore, during 2015-16, the amount rose to Rs.57,586 and it rose further Rs.81,683 crore during 2016-17.

SOPAN PANDHARIPANDE , LOKMAT TIMES, NAGPUR, OCT 12

During last three years, 21 public sector banks have written off bad loans worth Rs.1,88,297 crore and this serious reality has come to light after the data of all government banks compiled by general secretary of All India Bank Employees Association (AIBEA), C.H.Venkatachalam.

According to this statistical data, all PSU banks during 2014-15, waived off bad loans worth Rs.49,018 crore, during 2015-16, the amount rose to Rs.57,586 and it rose further Rs.81,663 crore during 2016-17. The statistics clearly shows that during last three years, the amount of loan waiver has risen by alarming 60 percent.

BAD LOANS WRITTEN OFF				**(Rs. in crore)**
No	**Bank**	**2014-15**	**2015-16**	**2016-17**
1.	Allahabad Bank	2109	2126	2442
2.	Andhra Bank	1124	814	1623
3.	Bank of Baroda	1563	1554	4348
4.	Bank of India	866	2374	7346
5.	Bank of Maharashtra	264	903	1374
6.	Canara Bank	1472	3387	5545
7.	Central Bank of India	1386	1334	2396
8.	Corporation Bank	779	2495	3574
9.	Dena Bank	515	760	833
10.	IDBI Bank	1509	5459	2868
11.	Indian Bank	550	926	437
12.	Indian Overseas Bank	2087	2067	3066
13.	Oriental Bank of Commerce	925	1668	2308
14.	Punjab & Sindh Bank	263	335	491
15.	Punjab National Bank	5995	6485	9205
16.	Syndicate Bank	1055	1430	1271
17.	Uco Bank	-	1573	1937
18.	Union Bank of India	931	792	1264
19.	United Bank of India	761	649	714
20.	Vijaya Bank	791	510	1068
21.	State Bank of India	21303	15935	20339
22.	5 Associate Bank of SBI	2669	3889	7234
	TOTAL	**49018**	**57586**	**81683**

Readers may note that when a bank wants to waive off any loan, it has to provide for that much amount from its net profit. Since PSU banks are capitalized by taxpayers' money, if they have waived off loans worth

Rs.1,88,297 crore, it clearly means that PSU banks have misused that much public money during last three years.

Talking to Lokmat Times from Chennai. Venkatachalam said five years ago during 2012-13, the PSU banks had waived off only Rs.27,000 crore and in subsequent year i.e. 2013-14 the loan waiver amount rose to Rs.34,000 crore.

“However, after that it is rising by geometric proportions and that is greatly worrisome because it a daylight loot’ of public money,”. Venkatachalam also alleged.

If individual banks are concerned the State Bank of India group alone had waived off Rs.71,489 crore loans of the total Rs.1,88,297 crore loans that were waived off by PSU banks.

It is also pertinent to note that this year only five associates banks have merged with the State Bank of India.

About 10 days back, former finance minister Yashwant Sinha had alleged that the Non Performing Assets of 21 public sector banks have risen to Rs.8,80,000 crore. Against that backdrop the revelation of loan waiver amount surely indicates how a serious financial crisis is looming over our PSU banks.

British banks can’t be trusted – let’s nationalise them

Owen Jones, 19th Oct. 2017

The Guardian

Our finance system is rigged in favour of a crisis-ridden City to reap profits for individuals. It’s time these institutions worked for the good of communities

‘Britain’s privately run banks have proved a disaster for everyone except their shareholders.’

Sometimes the case for a policy is as overwhelming as the level of ridicule it will get from the punditocracy. The nationalisation of Britain’s failed banking industry – the sector responsible for most of our country's current ills – is one such example. *According to a recent poll, half the electorate support nationalising the banks, despite almost no one arguing for such a policy in public life.*

It may well be because *the banks plunged Britain into one of its worst economic crises in modern history, spawning,* according to the Institute for Fiscal Studies, *perhaps our worst squeeze in living standards since the 1750s.* The fact that *they have been bailed out by the taxpayer but allowed to carry on as though little happened* – including more top British bankers in 2013 being gifted bonuses worth over €1m than all EU countries combined – while public services are gratuitously slashed, has rightly riled some British voters.

Nationalisation of the banks is not about vengeance, though. Sure, the rip-off inefficiency of rail privatisation, or the failure of the great energy sell-off, or the fact that even the Financial Times has argued that *privately run water is an indefensible debacle – all are testament to the intellectual poverty of the "private good, public bad" argument.* None quite compete, however, with *the matter of the banks leaving the entire western world consumed with the gravest series of crises since the second world war.*

Would Brexit, Donald Trump, or the gathering demands for Catalonia to secede from crisis-ridden Spain have happened without the financial collapse? Almost certainly not. It is now somewhat darkly comic to note that most commentators and politicians claimed *Labour lost the 2015 election because it was too leftwing.* It is notable, then, that *over four in 10 voters back then believed Labour was too soft on banks and big business, compared to just over one in five who differed.*

Economist Laurie Macfarlane says *the banks make a mockery of the nostrums of free-market capitalism.* Because the banks were given state bailouts after their catastrophic failures, there is the assumption that, when another crisis hits, the same will happen again.

No other industry enjoys the same protection. They are "too big to fail", which means they benefit from an implicit subsidy – worth £6bn in 2015. The Bank of England is their lender of last resort. *State-backed deposit insurance of up to £85,000 per consumer is another de facto mass public subsidy.*

As the New Economics Foundation says, *it is commercial banks who are now responsible for creating the vast majority of money in economies like the UK, a source of vast profit.* This is called "seigniorage" and – as the foundation puts it – it represents a "hidden annual subsidy" of £23bn a year, or nearly three-quarters of the banks' after-tax profits. And *banks are an essential public utility: it is almost impossible to be a citizen without a bank account, and there is no public option when it comes to making electronic payments.*

Even now, as Macfarlane notes, the British state technically owns a fifth of the retail banking industry because of its stake in Royal Bank of Scotland. Repeated *RBS scandals, and the aftermath of the EU referendum result, have dented the worth of the company's shares, meaning that the state selling its stake would result in eye-watering losses.* Meanwhile, *small businesses have struggled to get the credit they need, and escalating household debt threatens the foundations of the stagnating British economy.* But *the state's arms-length approach means RBS has failed both its customers and the broader economy. A profit-driven banking sector closed 1,150 branches in 2014 and 2015; about a third of those were owned by RBS.* The bank once promised never to close the last branch in town; the pledge was broken, and *1,500 communities have been left with no bank branch. Vulnerable customers and small businesses inevitably suffer the most.*

By contrast, foreign publicly owned banks are self-evident successes. Take *Germany: KFW, the government-owned development bank, is crucial in developing national infrastructure as well as the renewable energy revolution.* On a *regional level, state-owned Landesbanken are responsible for industrial strategy.* Then at the most local level, there are *Sparkassen: they focus on developing relationships with local businesses and consumers. They're not beholden to shareholders – instead, they have a stakeholder model, focused on helping local economies – indeed, their capital has to remain in local communities.*

It is impossible to understand Britain's current plight without examining the country's rapid deindustrialisation in favour of a financial sector concentrated in London and the south-east. And according to New Economics Foundation, while *foreign stakeholder banks lend two thirds of* *their assets to individuals and businesses in the real economy, that's true with only a tiny proportion of British shareholder banks.* Overwhelmingly, *it goes to mortgage lending and lending to other financial institutions.*

Our current banking system is rigged in favour of a crisis-ridden City. The New Economics Foundation suggests transforming RBS – in which the state still has a three-quarter share – into a network of local banks. Labour's 2017 manifesto backed a review into these plans. *A management board would run the network day to day, but a board of trustees would ensure the bank was accountable to the broader economy and customers, not shareholders.*

A third would be elected by workers, a third by local authorities and a third by local stakeholders. The mandate of each local bank would be to promote local economies – not least their small businesses – rather than the City of London. Here is a model of democratic ownership that can, in time, be extended to the rest of the economy.

Can it really be argued that *private ownership of the banks is a case study of the glorious success of free market capitalism?* The principle architect of Labour's recent manifesto, Andrew Fisher, called for the nationalisation of Britain's banking sector in his 2014 book The Failed Experiment: And How to Build an Economy That Works. He was surely right then and he is right now. As Macfarlane notes, *there are different possible routes to the banks' nationalisation: whether it be swapping corporate shares for government bonds, using quantitative easing to buy up shares, or simple nationalisation without compensation.* Labour is right to call for a German-style public investment bank, backed up by similar publicly run local banks.

But such proposals are not in themselves sufficient. *Britain's privately run banks have proved a disaster for everyone except their shareholders*. The only good alternative is public stakeholder banks, run by workers, consumers and local authorities, with an obligation to defend the best interests of our communities. Privately owned banks have proved a catastrophic failure – for our economy, our social cohesion and our politics. There is surely no alternative to public ownership.

The Cruel Face Of Pension Schemes, See The Plight Of Rural Bank Retirees

Prof.K.Nageshwar | Oct 20, 2017 knpost

Even after putting 30 to 35 years of service the retired employees of Regional Rural Banks (RRBs) get a paltry pension of Rs. 750 to Rs. 2500 per month as per the EPF pension scheme, 1995. This is despite the tribunal orders to extend equal pay for equal work. These retired employees now aged between 60 and 80 years run for their life as this meagre pension cannot sustain their lives at the advanced age. Regional Rural Banks were established by Government of India in 1975 as the commercial banks fail to reach the rural poor. Now, there are 56 RRBs spread over 28 states, 1107 districts with 31017 branches and 86555 working staff.

These RRBs are jointly owned by government of India, sponsored bank and the state governments. These banks primarily implement anti-poverty programmes. The Central and State governments together own 65 percent of stakes in these banks while the remaining stakes are owned by sponsored banks.

Consequent upon establishment of National Industrial Tribunal as per the directions of Supreme Court, the chairman of the tribunal Justice Obul

Reddy upheld the employees demand for equal pay for equal work at par with commercial banks keeping aside the government of India's claim that RRBs have no paying capacity . Thus, the government was compelled to extend the banking industry level pay and allowances to all Grameen bank staff except at par pension facility.

When the working staff gets the benefit on par with commercial banks why should the retired staff be denied the equal pension benefits at par with commercial banks.

The government 's argument that the rural bank retirees cannot be given equal pension as these banks do not have paying capacity is just absurd as they do not indulge in commercial activities to earn income. The Grameen banks implement welfare programmes of central and state governments. When their objective is not earning income, how can they get the paying capacity. Besides, 65 percent of the stakes in these banks are owned by the governments which do not lack paying capacity. The remaining stake is owned by commercial banks which already extended the pension benefits to its retirees, the same is being asked by the Rural bank retirees. How can the industrial tribunal orders be discriminately implemented between the working and the retired staff. Will the government be impoverished by providing pension at par with commercial banks for few thousand people. There are only 30,000 retired employees now in the RRBs among whom 3000 already departed.

Even the division benches of Karnataka and Rajasthan High Courts in 2011 and 2012 respectively gave verdicts to implement pension to RRB retirees at par with commercial banks. The government instead of implementing the High Court orders moved the Supreme Court to deny the pension to Grameen bank retirees at par with Commercial banks.

The Supreme Court has said in earlier occasions that pension is a human right and be treated as deferred wages and the capacity to pay should not be an impediment to pay pension.

Govt urges banks to sell more small savings schemes

ASIAN AGE, 20 OCT 2017

Increased outlets for selling small savings scheme would result in higher mobilisation under the scheme.

New Delhi: In order to encourage savings, the government has allowed banks, including top three private sector lenders, to accept deposits under various small savings schemes like National Savings Certificate (NSC), recurring deposits and monthly income plan.

Until now, most of the small savings schemes were sold through post offices.

According to a recent government notification, banks can also sell National Savings Time Deposit Scheme 1981, National Savings (Monthly Income Account) Scheme 1987, National Savings Recurring Deposit Scheme 1981 and NSC VIII issue.

As per the notification, all public sector banks and top three in the private sector -- ICICI Bank, HDFC Bank and Axis Bank -- will receive subscription from the expanded portfolios.

So far, these banks were allowed to receive subscription under Public Provident Fund, Kisan Vikas Patra-2014, Sukanya Samriddhi Account, Senior Citizen Savings Scheme-2004.

Increased outlets for selling small savings scheme would result in higher mobilisation under the scheme.

Last month, the government kept unchanged interest rates on small savings schemes for the October-December quarter. Since April last year, interest rates on all small saving schemes have been recalibrated on a quarterly basis.

Investments in the public provident fund (PPF) scheme will fetch annual rate of 7.8 per cent while Kisan Vikas Patra (KVP) investments will yield 7.5 per cent and mature in 115 months.

The one for girl child savings, Sukanya Samriddhi Account Scheme will offer 8.3 per cent annually. Similarly, the investment on 5-year Senior Citizens Savings Scheme will yield 8.3 per cent. The interest rate on the senior citizens scheme is paid quarterly.

On the basis of the decision of the government, interest rates for small savings schemes are to be notified on a quarterly basis since April 1, 2016, the ministry said while notifying the rates for third quarter of financial year 2017- 18.

Only 2,300 bank branches open Aadhaar centres on premises

DECCAN CHRONICLE 20 10 2017

New Delhi: Only about 2,300 branches of private and public sector banks have opened Aadhaar enrolment and updation centres within their premises as against the targeted 15,300 branches by this month end, an official source said on Friday.

The Aadhaar-issuing body has already extended by a month, till October 31, the deadline for banks to open Aadhaar enrolment and updation centres in at least 10 per cent or over 15,000 of their branches. This is the second extension given to the banks for opening such centres.

"The September 31 deadline that was given to the banks had been extended by one more month to October 31," the source told PTI.

According to UIDAI stipulation, 43 private and public sector banks have to open Aadhaar enrolment and updation centres in 15,315 branches. Against this, as per latest data, enrolment centres have been opened in 2,305 branches so far.

The source said, State Bank of India has started Aadhaar enrolment centres in 356 of the required 2,918 branches, while Syndicate Bank has opened these centres in 245 of the targeted 840 branches. Dena Bank has opened 194 enrolment centres as against 339 identified branches.

Among the private sector banks, HDFC bank has opened 74 centres as against 403 branches identified, while ICICI Bank has done it in 59 branches against 485 targeted branches. Also Axis Bank has opened 61 enrolment centres as against 337 branches identified.

While Punjab National Bank has to open enrolment centres in 1,132 branches, it has not yet started any.

UCO Bank and Vijaya Bank have opened 12 and 19 such centres respectively, against the targeted 380 and 213 bank branches that are required to have the facility.

The Bank Aadhaar Kendras are being set up with a view to make the Aadhaar verification process of bank accounts convenient for the people, and also to have more Aadhaar centres across the country.

Banks without Aadhaar enrolment centres in 10 per cent of their branches will face Rs 20,000 fine (per uncovered branch) after October 31.

Enrolment of Aadhaar by employees in the Branches – AIBEA urges IBA to stop this

Our attention has been drawn to the instructions given by some of the Banks to designate certain of their Branches as special cells for enrolment of Aadhaar cards by the general public. At present this work is being done by some private agencies but bank premises is being used by them.

Now, the instructions are to disengage these private agencies and undertake the Aadhaar enrolment/updation work by bank staff themselves.

You are aware that already bank staff are working under lot of stress due to inadequate staff, increased volume of work, undertaking implementation of various Government schemes. Entrusting this additional work on the shoulders of existing staff will add to their owes.

Interestingly, despite our protest, and in violation of the provisions of the Bipartite Settlement, Banks are outsourcing the various regular jobs and services of bank employees. Here, it is insourcing of Aadhaar enrolment and such non-banking jobs are being thrust on the bank employees.

We express our strong protest against these instructions and request you to take up the matter with the concerned authorities to stop the same and reverse the instructions.

AIBEA THIS DAY – 19 OCTOBER	
1948	Lloyds Bank suspends Com. Prabhatkar and 11 others: Historic Lloyds Bank struggle starts.
1966	First ever Industry wise Bipartite Settlement concluded.
1974	4th Conference of Gujrat Bank Workers' Union at Nadiad –Com. J M Vyas and R D Trivedi elected President and General Secretary.
1999	Com. P K Janardhanan Pillai, former Asst. Secretary, AIBEA, Founder General Secretary, TNBEF and Founder Canara Bank Employees' Union, Syndicate Bank Employees' Union passes away.

AIBEA THIS DAY – 20 OCTOBER	
1948	Two days' Pen Down Strike in Lloyds Bank on its refusal to withdraw cases against Union Leaders.
1995	Joint Struggle Committee gives call for indefinite general strike from 19.12.95 on 6thBipartite Relativity Issues.

AIBEA THIS DAY – 21 OCTOBER	
1989	Bankmen in TamilNadu take out massive morcha to Tuticorin-Solidarity action with employees in Tamil Nadu Mercantile Bank.
1977	Com. Desraj Sharma, Vice President Punjab Bank Employees' Federation dies in accident
2008	Badge wearing programme by SSBEA Units against mergers.

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