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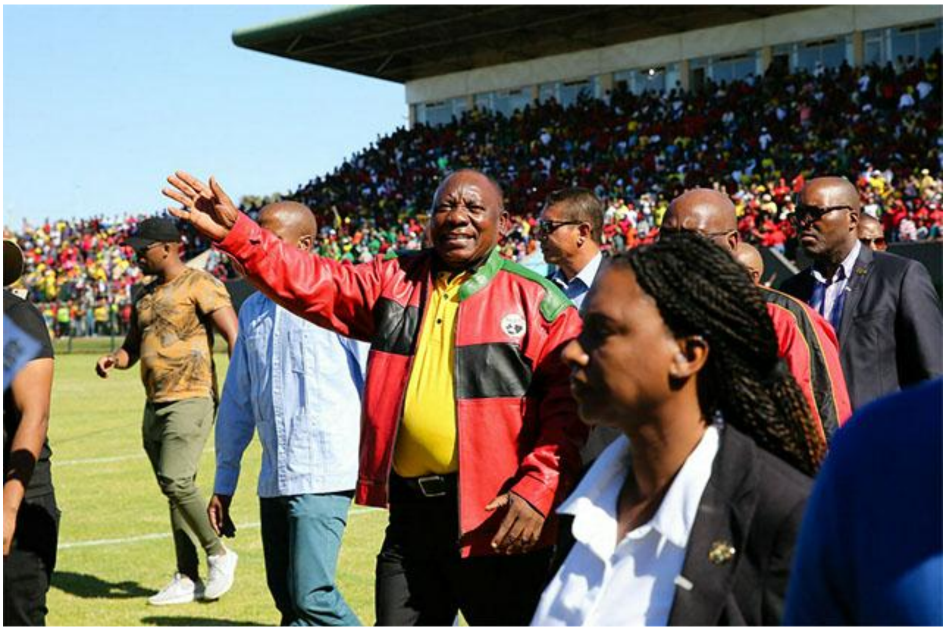
'Struggle for a living wage continues'

BY NOMAZIMA NKOSI AND ODETTE PARFITT

- 02 May 2018 ***HERALDLIFE***



President Cyril Ramaphosa arrives at the Wolfson Stadium

Arriving to a hero's welcome at Port Elizabeth's Isaac Wolfson Stadium yesterday, President Cyril Ramaphosa hailed the new national minimum wage as a historic victory for workers.

He was addressing a sea of red-clad Cosatu members and supporters who had packed the 10 000-seat Kwazakhele stadium to celebrate National Workers' Day.

"This is a victory no matter what other people may say," Ramaphosa said.

"We knew R20 an hour was not a living wage, but we needed to form a foundation.

"If we said workers had to earn R15 000, many people would lose their jobs and companies would [have to] close.

"We concluded that the struggle for a living wage must continue but we must start somewhere.

"This is a struggle that you as workers must wage."

Ramaphosa credited Cosatu for the start of minimum wage negotiations, saying the labour federation had identified the need as enshrined in the Freedom Charter.

He also called for equal pay for men and women workers, and said while the government wanted to protect workers' right to strike, they should do so responsibly.

"We must look very carefully at how we engage in our industrial action.

"Recently, we've found some workers have prevented others from doing important work, such as helping women give birth.

"Let us have that humanity that, even when we are on strike, certain services are important.

"We need to say, even as we strike, let us protect the vulnerable."

He praised workers for their contribution to the country. "[This] is your day. It belongs to you whether [others] like it or not."

SACP general secretary Blade Nzimande urged workers to stand up against things that threaten the country, including issues like state capture.

“You fought to liberate South Africa, you cannot stand by while this happens – unless workers take responsibility for their country we’ll be in trouble.”

Cosatu president Sdumo Dlamini said he wanted a total ban on labour brokers.

“We demand that this year the existence of labour brokers must be declared a criminal activity punishable by the law at the same level as an exercise of slavery.

“Labour brokers must be banned now – if not, we will be forced to [take to] the streets,” he said.

Turning his attention to Nelson Mandela Bay, Dlamini said Bay mayor Athol Trollip and the DA’s days in office were numbered as the Eastern Cape was an ANC-run province.

“This is the beginning of our programme [to remove the DA] and we’re going to come into this municipality and force you out,” he said.

South African National Civic Organisation president Richard Mdakane encouraged Cosatu members to band together where workers’ rights were concerned.

“We need to work together because workers’ struggles are not separate from community struggles,” Mdakane said.

Earlier in the day, Cosatu, led by Eastern Cape provincial secretary Xolani Malamela, handed over a memorandum to the Bay municipality, urging the administration to stop purging black municipal employees, allegedly over political affiliations.

He said the municipality should stop harassing municipal workers, particularly in the Waste Management Department, adding that it needed to prioritise the northern areas.

The memorandum was received by Labour Department official Zonile Ndoni and municipal official Andile Makapela.

Workers at the rally said they had made sacrifices to support the fight for workers' rights.

Linda Madolo, a domestic worker from Zwide, said she had to get up early to take a taxi to the rally.

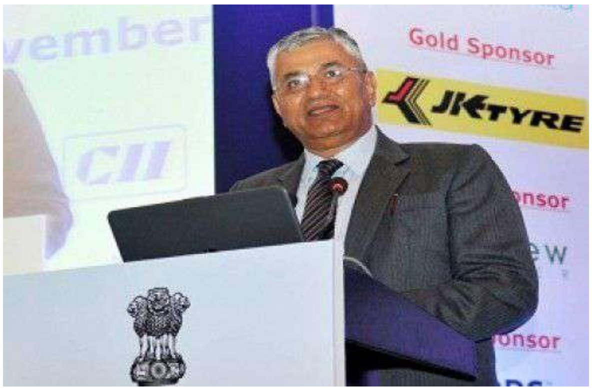
"My employer is deducting my pay for [the day], but it is worth it," she said.

"I think the president can help with some, but not all, of our problems [as domestic workers]."

Lungisa Ndubela said she had come to the rally to celebrate May Day, but also to fight for better wages.

Another worker, a cleaner at Nelson Mandela University, who asked not to be named, said she wanted to know more about her rights. "We still work under discrimination," she said. – Additional reporting by TimesLIVE

Government to encourage whistle-blowers to report corporate frauds



Union Minister P P Chaudhary has said that the government plans to encourage whistle-blowers to inform it about suspicious activities at corporates and is working to link Aadhaar details of stakeholders with filings made under the companies law. As per reports, embarking on multi-pronged efforts to clamp down on illicit fund flows, the corporate affairs ministry has already struck off the names of 2.26 lakh companies from the official records for not carrying out business activities for long besides ordering probes into the affairs of many such entities.

Commenting on the issue, Union Minister P P Chaudhary told the media, "We would also encourage the whistle-blowers to come forward to inform the government, concerned authorities about any suspected activities, if they come to know about any such wrong things." The Minister of State for Corporate Affairs said linking of Aadhaar details with company filings would help ascertain the authenticity of the individuals concerned.

"The ministry aims to tackle the issue of bogus identities in filings of the companies at the MCA 21 portal and the step to link Aadhaar details is proposed to be taken to deal with the "menace of shell companies, suspected to be used for laundering illicit funds", he said.

High NPA ratio proves PSBs did not make enough provisions: RBI

NPAs in banks

Deterioration in asset quality higher than that of private banks

MUMBAI, MAY 2 BUSINESSLINE

Public sector banks did not make enough provisions as seen from their high net non-performing asset (NPA) ratio of 6.9 per cent (against 2.2 per cent and 0.6 per cent for private sector and foreign banks, respectively) at the end of March 2017, according to a Reserve Bank of India occasional paper.

The median individual bank-wise data suggests that the deterioration in asset quality of public sector banks was much more pronounced vis-à-vis private sector banks or foreign banks, said the paper, 'Asset Quality and Monetary Transmission in India'.

The gross NPA ratio of public sector banks increased from 3.8 per cent at March-end 2013 to 5.4 per cent at March-end 2015 and further to 12.5 per cent at March-end 2017, while that of private sector banks increased from 1.9 per cent to 2.2 per cent to 3.5 per cent over the same period.

"Banks increased their provision coverage ratio (PCR) – from 40.3 per cent at March-end 2014 to 41.9 per cent in March 2016 and further to 43.5 per cent at March-end 2017; this, however, fell short of the objective to have "clean and fully-provisioned bank balance sheets by March 2017" (Rajan, 2016)", said the paper.

With provisions and contingencies increasing by 45.2 per cent at the end of 2015-16 (☐2,09,400 crore), net profits shrank by 61.7 per cent.

Provisions and contingencies increased further by ☐2,43,700 crore at the end of 2016-17, reflecting the continued stress in asset quality, said the authors.

The authors elaborated that net NPAs increased to ☐4,33,100 crore (5.3 per cent of net advances) at the end of 2016-17 from ☐3,49,800 crore (4.4 per cent of net advances) a year earlier, reflecting the requirement for further provisioning in the years to come.

The RBI paper observed that a healthy bank with low default risk in its loan portfolio will be able to pass on interest rate changes of the central bank symmetrically on its deposits and loans.

On the other hand, a bank faced with a high level of NPAs – prospective or realised – will seek to build up provisions by loading credit risk premia on its performing loans, thereby pushing up the lending rates and, hence, its net interest margin (NIM).

"In the process, notwithstanding lower funding costs in response to the policy rate cut by the central bank and comfortable liquidity conditions, banks may not reduce their lending rates or may reduce them only partly, thereby impeding monetary transmission.

"Thus, movements in the NIM of banks, among others, could provide an important indication of the effectiveness of monetary transmission."

No proposal to hike FDI limit in state-run banks: Eco Secy

At present, 20 percent foreign investment is permitted in PSU banks under government approval route. However, the same is 74 percent for private sector banks provided there is no change of control and management of the investee company.

PTI@moneycontrolcom

Putting to rest speculations on raising FDI limit in public sector banks, Economic Affairs Secretary Subhash Chandra Garg said there is no such proposal and also ruled out their privatisation. "There is no such proposal for relaxing FDI limit (in public sector banks)," Garg said.

At present, 20 percent foreign investment is permitted in PSU banks under government approval route. However, the same is 74 percent for private sector banks provided there is no change of control and management of the investee company.

When asked if the government is considering any proposal for privatising state-owned banks, Garg said: "I don't think there is any proposal for privatisation of any bank."

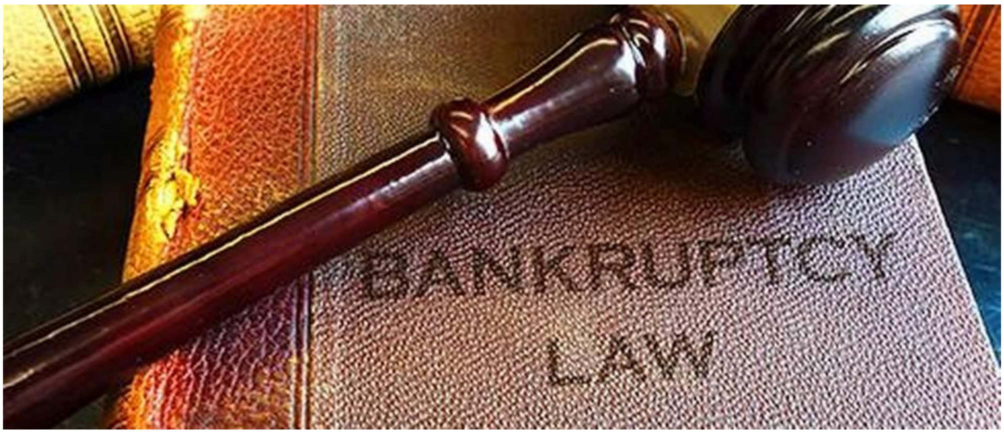
According to experts, increase in foreign investment would result in flow of capital which PSU banks require urgently. The government can provide limited support to these banks as the resources are limited.

Last year, the government announced an aggressive Rs 2.11 lakh crore capital infusion for the NPA-hit public sector banks (PSBs) over a period of two years. Of this, the government has already infused Rs 88,139 crore in 20 PSBs in 2017-18, with IDBI Bank getting the most: Rs 10,610 crore.

While State Bank of India received Rs 8,800 crore, Bank of India received Rs 9,232 crore. UCO Bank received Rs 6,507 crore; Punjab National Bank: Rs 5,473 crore; Bank of Baroda: Rs 5,375 crore; Central Bank of India: Rs 5,158 crore; Canara Bank: Rs 4,865 crore; Indian Overseas Bank: Rs 4,694 crore and Union Bank of India: Rs 4,524 crore.

Non-performing assets (NPAs) of PSBs have increased to Rs 8.31 lakh crore as of December 2017 from Rs 2.78 lakh crore in March 2015. In the last three-and-a-half years, the government pumped in more than Rs 51,000 crore capital in PSBs.

NCLT asks Binani's creditors to consider UltraTech offer



Allows Dalmia Bharat to match revised offer, but company vows to 'take action'

KOLKATA/MUMBAI, MAY 2 BUSINESSLINE

Our Bureaus In a blow to Dalmia Bharat's bid to acquire Binani Cement, the National Company Law Tribunal (NCLT) on Wednesday asked the Committee of Creditors (CoC) of Binani Cement to consider the revised offer from UltraTech Cement Ltd, an Aditya Birla Group company.

The tribunal has, however, allowed Dalmia Bharat to match UltraTech's revised offer, if it so chooses.

The Dalmia Bharat-controlled Rajputana Properties Pvt Ltd (RPPL) was the highest bidder for Binani Cement. But UltraTech subsequently offered to increase its bid by ☐1,400 crore. The proposal was rejected by the CoC on the grounds that the higher bid was placed after the deadline was over.

In its order, the Kolkata Bench of the NCLT directed the CoC to reconsider the resolution plan of RPPL if it is "willing to raise the offer above the offer of UltraTech."

According to Justice Jinan KR and Justice Madan B Gosavi, if both UltraTech and Dalmia Bharat are willing, the "CoC is expected to allow both resolution applicants in the bidding process".

The progress report has to be filed by the resolution professional (RP) on June 4.

The verdict evoked mixed reactions; while Binani Cement's operational creditors welcomed it, Dalmia Bharat expressed surprise over the move.

Creditors hopeful

As many as 70 operational creditors of Binani Cement — a clutch of MSMEs — have formed a forum called Binani Operational Creditors Forum to claim their dues from the new bidder. "We are happy as justice is being done," Hitesh Bindal, a spokesperson for the forum, told *BusinessLine*. "We are expecting our due of about Rs 700 crore to come through following this order."

While Binani Cement has more than 3,000 operational creditors, these 70 entities claim to account for nearly 80 per cent of the total dues.

Commenting on the development, a Dalmia Bharat spokesperson said: "We are surprised by the order passed by the NCLT today. The RP and CoC followed the due process of law in approving the plan of Rajputana Properties, in which no flaw has been found. In our view, any revised offer from an unsuccessful resolution applicant outside the resolution process cannot become a basis of setting aside the decision of the CoC."

"We have a strong conviction that we have followed the law as per the due process and believe that we will eventually succeed. We will take all the appropriate steps required," the spokesperson added.

Parallel bid

UltraTech's first bid for Binani Cement under the Insolvency and Bankruptcy Code (IBC) was lower than Dalmia's offer. The CoC therefore began negotiations with the H1 bidder, Dalmia's RPPL.

However, UltraTech sought to revise its offer for Binani Cement, which was disallowed by the CoC. The CoC listed Dalmia Group as the preferred bidder for Binani Cement.

Thereafter, in a parallel deal, UltraTech signed an agreement with Binani Industries — the parent company of Binani Cement — to buy its cement assets for Rs 7,266 crore.

Over the past two months, UltraTech revised the bid and is now said to be offering nearly Rs 8,000 crore for Binani Cement, which will cover all the financial and operational creditor dues.

Air India disinvestment: Centre intends to retain 24 per cent stake

Interested parties for the bankrupt airline are worrying that the government, although a minority shareholder, would interfere in its operations.

By: ENS Economic Bureau | Mumbai May 2, 2018

The government has said it intends to retain a 24 per cent stake in Air India (AI) after the divestment despite suggestions from prospective buyers it should exit the carrier completely. This stake would be owned directly by it.

Interested parties for the bankrupt airline are worrying that the government, although a minority shareholder, would interfere in its operations.

The government has also clarified not more than 49 per cent of the 76 per cent up for grabs can be held directly or indirectly by a foreign entity. Refuting that a three-year time frame had been specified for an initial public offering, it said additional details would be provided in the request for proposals (RFP).

Prospective buyers have also sought many more details on the financial liabilities of the carrier, especially relating to the large quantum of debt.

Moreover, they are concerned they may not be in a position to extract synergies from the acquisition of Air India if the business is to be run at "arm's length" and as a going concern as the government insists it should be.

The ministry said in a corrigendum on Tuesday: "Provided that confirmed selected bidder shall be allowed to realise operational synergies to applicable laws with further details being defined in the RFP." This concern had been raised by the Tata Group, which questioned why a business group with an existing airline needed to run AI at arm's length and not derive operational synergies.

In a somewhat curious response, the government has said arm's length being "a widely used concept", bidders are advised to take their own legal view on this.

A reading of the 160 queries received by the government by interested parties following the release of the preliminary information memorandum suggests employee benefits are also of some concern. The government said that the conditions to safeguard employees' interests will be included in the FRP.

Those interested have asked for a description of the provident fund/ pension contributions made by AI on behalf of its employees. "Details on retirement benefits will be provided at RFP stage," is the government response. However, it has clarified that there are no pension costs/liability on AI as pension payments are under defined contribution by employees.

The government allowed changes in the consortium formation and provided the fresh bid is submitted after the expression of interest (EOI) deadline of May 31 withdrawing the previous one and allowed changes in partners provided it applies for an approval transaction adviser, in this case EY, no later than 15 days before the RFP.

The deadline for submission of expression of interest and intimation of qualified bidders has been extended to May 31 and June 15, respectively. ***FE***

Govt identifies 4 RRBs for IPOs; public issue likely this year

PTI | NEW DELHI, APR 30

THE HINDU BusinessLine

The government has identified four regional rural banks (RRBs) for listing on stock exchanges in line with the Union Budget 2018-19. Guidelines for the listing are almost ready, and entail details like quantum of stake dilution, instrument to be floated and category of possible investors in the public issue, sources said.

They further said the four RRBs are eligible to come out with initial public offerings (IPOs) and they may hit the capital markets this year. It is proposed to allow strong RRBs to raise capital from the market to enable them to increase their credit to the rural economy, Finance Minister Arun Jaitley had said in his Budget speech earlier this year.

In a bid to make RRBs eligible and successfully raise capital from the market, a slew of reforms have been implemented including compliance with corporate governance, technology upgradation and capacity building. There are 56 RRBs in the country with a combined balance sheet size of

Rs 4.7 lakh crore. Of these, 50 are in profit, according to financial statements of RRBs for March 2017, released by the National Bank For Agriculture and Rural Development (Nabard).

RRBs operating through about 21,200 branches witnessed a 17 per cent rise in net profit to Rs 2,950 crore in 2016-17. Their loans and advances outstanding under various schemes rose 15 per cent to Rs 3.5 lakh crore as of March 2017. These banks were formed under the RRB Act, 1976 with an objective to provide credit and other facilities to small farmers, agricultural labourers and artisans in rural areas.

The Act was amended in 2015 whereby such banks were permitted to raise capital from sources other than the Centre, states and sponsor banks. Currently, the Centre holds 50 per cent in RRBs, while 35 per cent and 15 per cent are with the concerned sponsor banks and state governments, respectively.

Even after stake dilution, the shareholding of the Centre and the sponsor public sector banks together cannot fall below 51 per cent according to the amended Act. As a result, the ownership and control would remain with the government. In order to improve the financial health of RRBs, the government initiated consolidation of RRBs in a phased manner in 2005. The number of RRBs came down to 133 in 2006 from 196 at the end of March 2005. It further came down to 105 and subsequently to 82 at the end of March 2012 and subsequently to 56.

Over 23,000 bank fraud cases involving Rs 1 lakh crore in 5 years: RBI

New Delhi: DECCAN CHRONICLE

Over 23,000 cases of fraud involving a whopping Rs 1 lakh crore have been reported in the past five years in various banks, according to the Reserve Bank of India (RBI).

A total of 5,152 cases of fraud, up from over 5,000 cases in 2016-17, were reported in banks from April, 2017, to March 1, 2018, it said in reply to an RTI query filed by this correspondent.

The highest ever amount of Rs 28,459 crore is said to have been involved in these cases of fraud reported from April, 2017, to March 1, 2018, the central bank said.

In 2016-17, banks had reported 5,076 cases of fraud involving Rs 23,933 crore.

From 2013 to March 1, 2018, as many as 23,866 cases of fraud, of Rs 1 lakh or above in each case, were reported.

A total of Rs 1,00,718 crore was involved in all the cases put together, according to the RTI reply. Giving the break-up, the RBI said 4,693 such cases (involving Rs 18,698 crore) and 4,639 cases (involving Rs 19,455 crore) were reported in 2015-16 and 2014-15 respectively.

In 2013-14, banks reported 4,306 cases of fraud, involving Rs 10,170 crore, the central bank said.

"The reported fraud cases are processed and action is taken according to the facts and circumstances of individual cases," the RBI said.

The data assumes significance as central investigating agencies such as the CBI and the ED are looking into various big-ticket fraud cases in banks involving industrialists and others.

Among the prominent ones is the over Rs 13,000-crore fraud in the Punjab National Bank (PNB) allegedly committed by diamantaire Nirav Modi and his uncle Mehul Choksi, the promoter of Gitanjali Gems.

The CBI had recently also booked top officials of two public sector banks, a former CMD of the IDBI Bank, former Aircel promoter C Sivasankaran, his son and companies controlled by him in connection with a Rs 600-crore loan fraud in the IDBI.

The CBI has named 15 bank officials who worked at senior levels at the IDBI in 2010 and 2014 when loans were sanctioned to the companies controlled by Sivasankaran in its FIR registered on a complaint from the Central Vigilance Commission.

Managing Director and CEO of Indian Bank Kishor Kharat (who was then MD and CEO of IDBI Bank) and his counterpart in Syndicate Bank Melwyn

Rego (then Deputy Managing Director in IDBI Bank), along with then Chairman-cum- Managing Director of IDBI Bank M S Raghavan, have been named in the latest FIR filed by the CBI.

According to government data, the gross non-performing assets (NPAs) of all banks in the country, amounting to Rs 8,40,958 crore in December 2017, were led by industry loans followed by those in the services and agriculture sectors.

The highest amount of gross NPAs was for the country's largest lender, the State Bank of India, at Rs 2,01,560 crore. Among the others, the NPA for PNB stood at Rs 55,200 crore and for IDBI Bank, Rs 44,542 crore.

Bank of India had NPAs worth Rs 43,474 crore; Bank of Baroda, Rs 41,649 crore; Union Bank of India, Rs 38,047 crore; Canara Bank, Rs 37,794 crore and ICICI Bank, Rs 33,849 crore, according to data presented by Minister of State for Finance Shiv Pratap Shukla in the Lok Sabha on March 9.

AIBEA THIS DAY MAY 3	
1996	6th Bipartite –Fact Finding Committee on relativity issues submits report to Government – our stand vindicated.

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