



Revised offer of IBA inadequate : Unions

2-8-18 BUSINESSLINE

N S VAGEESH

The revised wage offer made by the Indian Banks' Association (IBA) is still not adequate and far from expectations, labour unions said on Tuesday.

The IBA, in its revised package yesterday, offered a 6 per cent increase in the wage bill as of March 2017, compared to the 2 per cent that it offered during talks held in May 2018. Unions had dismissed that offer as negligible, and there was also a two-day strike subsequently.

Bipartite settlement

Talks are going on between the IBA and labour unions as part of the 11th bipartite settlement that determines wages for bank employees.

The last bipartite settlement ended in October 2017 and the next settlement was due in November 2017. The Department of Financial Services had advised all banks as well as the IBA as early as January 2016 to complete the process of negotiations before the deadline. However, eight months have gone by, and there is no sign of any settlement.

CH Venkatachalam, former Convenor, United Forum of Bank Unions, and General Secretary, **All India Bank Employees' Association (AIBEA)**, said that the latest offer from the IBA was only a basis for further

negotiations. He said that wages, as a proportion of total expenses, had actually declined from about 13.72 per cent in fiscal 2012 to 10.81 per cent in fiscal 2016 (the operative period for which the settlement is being negotiated). Business per employee had moved up from Rs.18.79 crore to Rs.27.30 crore in the same period, indicating higher productivity. While conceding that the profits of public sector banks were lower in the last year, he pointed out that the issue of nonperforming assets was a temporary problem and banks could not use that as an excuse. After all, once the amount is recovered, they would be able to show profits, he said.

Most bad loans had happened in high-value loans (above Rs.5 crore) and for this common workmen and lower level officers could not be punished, he said. Further, the workload had gone up tremendously because recruitments were limited and business volumes were increasing. There was also pressure to facilitate government schemes and programmes such as Jan Dhan and other subsidy transfer schemes, which added to the demands on staff.

Demands

Venkatachalam hoped that the settlement would take place expeditiously, and said that he was hoping that the IBA would make a more serious offer in the next round on August 28.

He said that he wanted employees to be able to concentrate on their work without having the cloud of a wage revision hanging over them, and that it gave him no pleasure to delay the matter. Asked to name a figure that would make him ready to sign a deal, Venkatachalam said that it would have to be a 'total package'. He pointed out that the unions had asked for improvement in medical facilities, housing, five-day banking without much increase in working hours, and a couple of other demands.

Cabinet okays 51% stake for LIC in IDBI

[SPECIAL CORRESPONDENT](#)
NEW DELHI, AUGUST 01, 2018
THE HINDU

Nod for share issue in Hind Copper

The Union Cabinet on Wednesday gave its approval to the government's decision to reduce its stake in IDBI Bank below 50%, with Life Insurance Corporation raising stake in the bank to 51%.

The boards of IDBI Bank and LIC have both given their approval for the deal.

"The Union Cabinet has approved conveying of no objection to reduction in Government of India shareholding in IDBI Bank Limited to below 50% by dilution," the government said in a release.

"It has also approved acquisition of controlling stake by Life Insurance Corporation of India (LIC) as promoter in the bank through preferential allotment / open offer of equity, and relinquishment of management control by the government in the bank."

'Old contracts to benefit'

In a separate decision, the Cabinet approved the extension of the unified licensing policy — which allows developers of a hydrocarbon block to extract and market all types of hydrocarbons (crude oil, natural gas, coal bed methane, shale oil, shale gas) available in the block — to older contracts in which this provision was not available.

"This policy will enable the realisation of prospective hydrocarbon reserves in existing contract areas which otherwise would remain unexplored and unexploited," the government said.

"With this policy dispensation, new investment in exploration and production (E&P) activities and chances of finding new hydrocarbon discoveries and resultant increased domestic production thereof is expected."

'Interest-free loans'

The Cabinet Committee on Economic Affairs also approved the proposal of the Department of Fertilizers to grant interest-free loans (IFL) of Rs.422.28 crore, Rs.415.77 crore and Rs.419.77 crore for fertiliser units being revived at Gorakhpur, Sindri and Barauni.

The committee also gave its approval for the issue of fresh 13,87,82,700 equity shares in Hindustan Copper to the extent of 15% of paid up equity capital in order to reduce its shareholding in the company to 66.13% from the current 76.05%.

'Centre must reconsider decision to bring down equity holding in IDBI Bank'

K R SRIVATS BUSINESSLINE - NEW DELHI, AUG 2



AIBEA General Secretary C H Venkatachalam.

AIBEA, AIBOA say reducing stake to below 51% will go against the Articles of Association of the bank

The Centre must reconsider its decision to bring down the equity holding in IDBI Bank Ltd to less than 51 per cent, two top bank employee associations have said.

In a joint letter to the Union Finance Minister, the All India Bank Employees' Association (AIBEA) and the All India Bank Officers' Association (AIBOA) have expressed "strong protest" to the decision, stating that it will have implications on the public sector character of the bank.

Articles of Association

"While we welcome the contribution of LIC into the capital of IDBI Bank, you will appreciate that it cannot be allowed to hold 51 per cent because this would reduce the Government's share to less than 51 per cent which would go against the Articles of Association of the bank and also the solemn assurance to Parliament made in 2003 during the then NDA/BJP regime when Shri Vajpayee was the Prime Minister," said the letter jointly signed by AIBEA General Secretary C H Venkatachalam and AIBOA General Secretary S Nagarajan.

When IDBI was converted as IDBI Bank, the Government had given an assurance in Parliament that at all times they would hold a minimum of 51 per cent of the capital in IDBI Bank. Accordingly, this was duly incorporated in the Articles of Association of IDBI Bank which provides that Government will maintain 51 per cent of the equity at all times, the joint letter highlighted.

Tough measures

The need for additional capital for the bank arises out of its huge bad loans and hence urgent measures to recover the bad loans are needed to address the issue of capital constraints of the bank, the letter said.

"We strongly urge upon the Government to take tough measures to recover the bad loans of the bank," the letter added.

Rising bad debts: PSBs add 1,186 more to wilful defaulters' list in 27 months

SHISHIR SINHA- BUSINESSLINE NEW DELHI, AUGUST 2

Default amount rises to ₹1.28 lakh crore as on June 30

Public sector banks have declared more than 1,100 debtors as 'wilful defaulters' during March 2016 to June 2018. In value terms, this is a 67 per cent increase during the period.

RBI's circular defines a loan taker as a wilful defaulter on four grounds — default even if there is capacity to repay, default even if there is capacity to repay but diverted the fund, default even if there is capacity to repay and siphoned off the money, or default even if there is capacity to repay and also disposed off guarantees without the knowledge of the bank / lender.

All banks report about wilful defaulters to credit information companies so that the identified ones cannot take loan from other lenders.

Growing numbers		
As on	Number of wilful defaulters	Amount (₹ cr)
March 31, 2016	8,315	76,730
March 31, 2017	8,915	92,379
March 31, 2018	9,331	1,22,017
June 30, 2018	9,501	1,28,179

Source: Lok Sabha

According to the latest figures presented in Parliament, the number of wilful defaulters for 21 PSBs has increased to 9,501 on June 30, 2018, from 8,315 on March 31, 2016. It means an addition of 1,186 wilful defaulters in 27 months which also saw total amount involved go up to Rs.1.28 lakh crore as on June 30, from Rs 76,730 crore on March 31, 2016.

A more closer look of data show that 170 loan accounts were added to the list of wilful defaulter during first three months (April-June) of the current fiscal and amount involved increased by over ₹6,000 crore.

Stringent norms

Sources in the banking industry said that more and more stringent norms for asset quality review has helped in identifying the wilful defaulters. "Most of the cases are related to pre-2014 loans which were being serviced on one ground or other ground despite evidences of intentional non-payment or diversion and even money getting siphoned off," a senior bank official said while adding that now things have changed and that is why the numbers have gone up.

Another banker hoped that with increasing number of legal suits, stronger focus of recovery drive, strict control over new fund dispersal and passage of the Fugitive Economic Offender Bill will help in bringing down number of wilful defaulters.

To deter wilful defaulters, as per RBI's instructions, they are not sanctioned any additional facilities by banks or financial institutions, their unit is debarred from floating new ventures for five years, and lenders may initiate criminal proceedings against them, wherever necessary. As reported by PSBs, as on June 30, 2,348 FIRs have been registered against wilful defaulters, 8,994 suits have been filed for recovery from them, and action has been initiated under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) in respect of 7,471 cases.

According to data reported by PSBs, over the last three financial years, and the first quarter of the current financial year, an amount of Rs 1.61 lakh crore has been recovered through the recovery mechanism.

SBI ties up with Reliance Jio to boost digital customer base

MUMBAI, AUGUST 2 Our Bureau

State Bank of India, on Thursday, said it is entering into a digital partnership with Reliance Jio Infocomm to increase its digital customer base.

This partnership comes after the operationalisation of Jio Payments Bank (a 70:30 JV between Reliance Industries and State Bank of India), SBI said in a statement.

SBI's omni channel platform You Own Only One (YONO), which offers digital banking, commerce and financial superstore services, will be enabled through the over-the-top mobile application platform MyJio, it added.

"MyJio will now bring in financial services capabilities of SBI and Jio Payments Bank. Jio and SBI customers will benefit from Jio Prime, a consumer engagement and commerce platform from Reliance," the bank said.

SBI said it will be engaging Jio as one of its preferred partners for designing and providing network and connectivity solutions, allowing the former to launch customer-centric services such as video banking and other on-demand services. Additionally, Jio phones will be available on special offers for SBI customers.

Watch out, defaulters! Banks have detectives on your tail

G NAGA SRIDHAR/ BUSINESSLINE

Sleuths being enlisted in secret ops to trace delinquent debtors

HYDERABAD, AUGUST 2

In true filmy style, detectives will soon track loan defaulters. With mounting bad loans, banks are hiring detectives to trace vanishing customers.

About half a dozen banks, both public and private, have initiated the process of entrusting the job to private agencies.

Job description

Allahabad Bank, for instance, is in the process of hiring detectives. “We have notified for empanelment of agents. We expect to have detectives on the job in about a month,” said a senior official of the bank.

According to the notification, these agents are being tasked with tracing and providing information of missing or absconding borrowers, guarantors, co-borrowers, and directors in the case of business loans. The scope of the investigation is actually wider. For instance, even if a defaulter is in touch with the bank, the agents are being asked to find out other information that could help in the recovery of loans. This could include information on undisclosed banks accounts, credit lines, assets and other businesses.

In addition to Allahabad Bank, Punjab National Bank and IFCI Ltd, too, have hired detectives.

It’s all hush-hush

According to a senior executive of a leading private bank, the work is being carried out “without much noise” for fear that there might be a “hue and cry” from certain sections.

There is a thin line dividing good and bad recovery agents/detectives, and it has the potential to whip up a controversy, he added.

About 10 years ago, in the wake of a global financial crisis, many banks used detectives. They were, however, replaced by the banks’ own teams or franchisees. The detectives are now staging a comeback.

“It’s true that banks are using detectives, but dealing with banks is not easy and viable,” said DK Giri, founder, Chairman & Managing Director, Sharp Detectives Pvt Ltd, the oldest agency in the South.

They are a few agencies in Delhi and other metros, which are being deployed. “Not many big agencies take up bank contracts due to lower remuneration and payment delays. Smaller agents/agencies might take up the job,” he added.

Indians no longer have to worry about their money being used to rescue banks

By [Nupur Anand](#) | August 1, 2018

QUARTZ

India's Narendra Modi government has nixed a controversial bill that proposed to allow the use of depositors' money to rescue distressed banks.

The Financial Resolution and Deposit Insurance Bill (FRDI), tabled in parliament in August 2017, had come under fire from the public, bank employees' union, and industrialists due to this bail-in clause. Critics had dubbed it draconian as bank account holders could be stripped off their life savings.

Although there has been no official word from the government on this, a member of the opposition Trinamool Congress told the Lok Sabha, the lower house of parliament, on July 31 that railway minister Piyush Goyal had written to a parliamentary panel regarding the withdrawal. Goyal is temporarily in charge of the finance ministry in the absence of minister Arun Jaitley due to ill-health.

"It is a very good move by the government, as due to the panic it had caused it would have had shaken the faith of the masses in the banking system," said Charan Singh, a former professor at the Indian Institute of Management Bangalore. "At a time when attempts are being made to bring more people into the banking ecosystem, this move could have backfired."

Indian banks are staring at a ballooning bad-loan crisis. By March, the gross non-performing assets (NPA) in the country's banking system had soared to 11.6% of the total loans. A string of frauds, including the nearly \$2 billion scam at Punjab National Bank earlier this year, has only added to banks' woes and eroded customer confidence.

The bill sparked such serious panic that reportedly in certain parts of the country people were queuing up to withdraw their deposits.

Wary depositors could have even considered diverting money into non-financial products like gold and realty, besides cash, added Singh.

Truth versus hype?

Similar bail-in regimes exist in other G-20 countries.

In any case, the Indian government believed that the FRDI bill was far more depositor-friendly compared to the laws in some other countries.

Bank deposits are currently secured up to only Rs1 lakh (\$1,459) by the Deposit Insurance and Credit Guarantee Corporation. "In case if a bank goes under, depositors can only get back Rs1 lakh, which is far lower than what they possibly could have gotten if the bill was implemented," said VG Kannan, CEO of industry body Indian Banks' Association. "But in the case of the FRDI bill, depositors' share could have been converted into equity stake into the bank and they could have managed to recover more."

On the other hand, critics insisted that the entire amount could also be written off and bank customers could end up losing their deposits either partially or fully.

Bankers also argue that the government and the Reserve Bank of India would not allow a bank to fail and, therefore, such a scenario would not have arisen anyway.

"In several instances where a bank has been struggling, we have seen that a stronger bank has been nudged to take over the weaker bank and the customer and the employees' interest has been protected," said Ashutosh Khajuria, executive director of Federal Bank. "Therefore, it is extremely unlikely that this situation would have even arisen."

However, with the general elections less than a year away, the Modi government seems to have played it safe.



**CO-ORDINATION COMMITTEE
OF BANK, INSURANCE & FINANCE
UNIONS (CC BIFU)**
(Joint Platform of AIBEA, AIBOA, GIEAIA & AILICEF)

Chairman: C H Venkatachalam Convener: K Govindan
Joint Conveners: B.S. Rambabu - Rajesh Kumar - S. Nagarajan - P.K. Dharamtok

SPECIAL SEMINAR

4-00 PM to 7-30 PM on 9-8-2018

▪ FINANCIAL SECTOR – CHALLENGES & TASKS

Speakers:

- Shri Jairam Ramesh, MP, Congress
- Com. D. Raja, MP, CPI
- Com T K Rangarajan, MP, CPI-M
- Com N K Premachandran, MP, RSP
- Com. Amarjeet Kaur, GS, AITUC

VENUE:

Scope Minar Convention Hall, Nirvan Vihar,
Opp.Nirman Vihar Metro Station,
Laxmi Nagar Commercial Complex,
Swasthya Vihar, Delhi -110092

(about 20/30 minutes from Janpath/Con. Place)

AIBEA – AIBOA – GIEAIA - AILICEF

EVERDAY IS AIBEA DAY	AIBEA THIS DAY – 1 AUGUST
1957	B S Rambabu, Secretary, AIBEA (date of birth)
1959	All India Demands Day for Wage Revision.
1970	General Council of AIBEA meets at Hyderabad
1987	National campaign Committee observes Dharna on shifting the DA base from 1960 to 1982

ALL INDIA BANK EMPLOYEES' ASSOCIATION



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