AIBEA's Banking News

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NEWS BULLETIN FROM ALL INDIA BANK EMPLOYEES' ASSOCIATION

SBI posts should be open to executives of nationalised banks, says AIBEA official

IANS| Thu, Sep 20, 2018,

Chennai, Sep 20: Executive Directors (ED) of the nationalised banks should be considered for the post of Deputy Managing Directors (DMD) in the State Bank of India, an **All India Bank Employees' Association** (AIBEA) official said.

"There should be a two way traffic of executives between SBI and nationalised banks. The EDs of nationalised banks are equivalent to the DMDs in SBI so that there is fair play and parity," C.H. Venkatachalam, AIBEA General Secretary told IANS.

The Centre on Wednesday announced the appointment of Managing Directors (MD) of 10 nationalised banks. Five of them were DMDs in SBI. Venkatachalam said that the DMD posts in SBI were filled through internal promotions and General Managers of nationalised banks were not considered for these posts.

On the appointment of five DMDs of SBI as MDs of different nationalised banks he said: "**One wonders whether it is due to dearth of talent in the nationalised banks or due to abundance of talent in SBI or is there some other reason which does not meet the normal eye."** Venkatachalam said SBI too was suffering from huge bad loans including that of Kingfisher Airlines.

He expressed concern over the **non-appointment of Workman Director and Officer Director** in all the 20 public sector banks.

"Even the posts that became vacant three years ago are still vacant," the top official added.

CARTOON

THE HINDU

Decision on power NPAs likely by 10 October

The power NPAs issue was discussed at a meeting hosted by Power Finance Corp and attended by major power sector lenders, including SBI, PNB and Rural Electrification Corp

Sep 20 2018 | Utpal BhaskarShayan Ghosh

New Delhi/Mumbai: Lenders to stressed power assets may decide on debt recasts, sale of assets and one-time settlements by 10 October, failing which they may approach bankruptcy courts, two people aware of the deliberations at a Thursday meeting of lenders in Delhi said.

The meeting, which follows deliberations of an empowered committee headed by cabinet secretary P.K. Sinha on the issue, comes in the backdrop of the Supreme Court granting interim relief to stressed power firms, directing lenders to maintain a status quo on the Reserve Bank of India's (RBI's) circular to banks directing them to resolve these cases within 180 days.

The court said all pleas filed by RIB related to the February circular should be transferred to it and it will hear the matter on 11 November.

The apex court has asked the government to decide and take action within 15 days, under Section 7 of the RBI Act. It also asked the panel led by Sinha to decide on debt resolutions within two months in consultation with RBI. Section 7 of the RBI Act states that the Union government, in public interest, can give directions to RBI from time to time.

The Thursday meeting hosted by state-run Power Finance Corp. (PFC) in New Delhi was attended by major power sector lenders, including State Bank of India, Punjab National Bank and state run Rural Electrification Corp.

"A commercial decision has to be taken. There is a general feeling that some banks are not supportive of quick resolution. However, good assets shouldn't be undersold," said one of the two people cited above, requesting anonymity.

Some stressed projects have drawn bids for around Rs.35 lakh per megawatt (MW) under the Insolvency and Bankruptcy Code, a fraction of the Rs.5 crore per MW needed to build them, stoking concerns that the assets will be sold at throwaway prices.

Also, the government is planning to set up an asset reconstruction company, tentatively named Power Asset Revival through Warehousing and Rehabilitation, or Pariwartan, to warehouse stressed power projects and protect their value until demand for power recovers.

"The banks were appraised of the steps and efforts taken by the government. There shall be a deadline by which a decision needs to be taken. It has to be a commercial decision taken by bankers," said a top government official, who also didn't want to be named.

Phone calls and text messages to PFC chairman and managing director Rajeev Sharma and PNB chairman Sunil Mehta remained unanswered.

The government has reviewed 34 coal-fuelled power projects, with an estimated debt of Rs.1.77 trillion. Issues faced by these projects include paucity of funds, lack of power-purchase agreements and absence of fuel security.

SBI seeks to resolve 7-8 stressed power assets

PRESS TRUST OF INDIA
NEW DELHI, SEPTEMBER 20, 2018
THE HINDU

Eyes consensus by Nov. 11 deadline

State Bank of India hopes to resolve 7-8 stressed power assets with an exposure of about Rs.17,000 crore during the breather given by the Supreme Court till November 11, SBI Chairman Rajnish Kumar said on Thursday.

The Supreme Court has asked the banks to maintain status quo and not to initiate insolvency proceedings against defaulting power companies till November 11, 2018, when it would hear the case again.

During this period, the lenders would be able to resolve stressed assets.

"On my radar, there are 7 or 8 projects. We are working only on that. If there is 100% consensus among the lenders, only then it (resolution of stressed power assets) would happen," Mr. Kumar said. About any resistance from the lenders to resolve the stressed assets, he said, "They are all at various stages of approval. So, at this stage, it is not the right statement to say that there is resistance."

Is NITI Aayog relevant?

Rajiv Kumar, K.P. Kannan & Santosh Mehrotra
SEPTEMBER 21, 2018
THE HINDU

YES | RAJIV KUMAR

It is introducing new ideas and bringing about a greater level of accountability in the system

The NITI Aayog was formed to bring fresh ideas to the government. Its first mandate is to act as a think tank. It can be visualised as a funnel through which new and innovative ideas come from all possible sources — industry, academia, civil society or foreign specialists — and flow into the government system for implementation. We have regular brainstorming sessions with stakeholders from various industries and sectors. Initiatives like Ayushmaan Bharat, our approach towards artificial intelligence and water conservation measures, and the draft bill to establish the National Medical Commission to replace the Medical Council of India have all been conceptualised in NITI Aayog, and are being taken forward by the respective Ministries.

An action think tank

In that sense, I think of NITI Aayog as an action tank rather than just a think tank. By collecting fresh ideas and sharing them with the Central and State governments, it pushes frontiers and ensures that there is no inertia, which is quite natural in any organisation or institution. If it succeeds, NITI Aayog could emerge as an agent of change over time and contribute to the Prime Minister's agenda of improving governance and implementing innovative measures for better delivery of public services.

We also work to cut across the silos within the government. For example, India still has the largest number of malnourished children in the world. We want to reduce this number vastly, but this requires a huge degree of convergence across a number of Ministries, and between Central and State governments. NITI Aayog is best placed to achieve this convergence and push the agenda forward.

NITI Aayog is also bringing about a greater level of accountability in the system. Earlier, we had 12 Five-Year Plans, but they were mostly evaluated long after the plan period had ended. Hence, there was no real accountability.

NITI Aayog has established a Development Monitoring and Evaluation Office which collects data on the performance of various Ministries on a real-time basis. The data are then used at the highest policymaking levels to establish accountability and improve performance. This performance- and outcome-based real-time monitoring and evaluation of government work can have a significant impact on improving the efficiency of governance.

Using such data, we also come up with performance-based rankings of States across various verticals to foster a spirit of competitive federalism. That is another big mandate of NITI Aayog. We identify the best practices in different States in various sectors and then try to replicate them in other States. We also play an important role of being the States' representative in Delhi, and facilitate direct interactions with the line ministries, which can address issues in a relatively shorter time.

Improving innovation

The Atal Innovation Mission, which is also established under NITI Aayog, has already done commendable work in improving the innovation ecosystem in India. It has established more than 1,500 Atal Tinkering Labs in schools across the country and this number is expected to go up to 5,000 by March 2019. It has also set up 20 Atal Incubation Centres for encouraging young innovators and start-ups.

With its current mandate that is spread across a range of sectors and activities, and with its unique and vibrant work culture, NITI Aayog remains an integral and relevant component of the government's plans to put in place an efficient, transparent, innovative and accountable governance system in the country.

Rajiv Kumar is the vice-chairman of Niti Aayog. As told to Yuthika Bhargava

NO | K.P. KANNAN

India cannot transform with new ideas without having a paradigm of planning for development

The erstwhile Planning Commission had been on the decline since 1991, much before the final blow was delivered to it by the present regime in 2014. At some point, the charge of the Planning Commission was entrusted to eminent experts, many of whom had trained in neoliberal schools. This did not fit well with the imperative for an inclusive and equitable path of economic development in India, which is a socially hierarchical and economically iniquitous society.

In the original Nehruvian vision, the public sector was entrusted with the economy, given the weak market mechanism which was dominated by mercantile capital and a feudalistic system, especially in rural areas. Even then, the Planning Commission controlled only half of the total investment in India, since what was consciously adopted was a mixed economy system. It also fitted well with our republican democratic Constitution.

Wields no influence

The rise of neoliberalism, the decline of erstwhile socialist regimes worldwide, and the rise of right-wing market fundamentalists within the country paved the way for the demise of the Planning Commission. Its replacement by NITI Aayog looks more apologetic than substantial for the task of transforming a deeply unequal society into a modern economy that ensures the welfare of all its citizens, irrespective of their social identity.

It has no role in influencing, let alone directing, public or private investment. It does not seem to have any influence in policymaking with long-term consequences (for instance, demonetisation and the Goods and Services Tax).

Uncritical praise

NITI Aayog is supposed to be a think tank. This implies that while generating new ideas, it maintains a respectable intellectual distance from the government of the day. Instead, what we see is uncritical praise of government-sponsored, acronym-infested schemes. It sings paeans to the virtues of the private corporate sector as the saviour of the Indian economy without realising, let alone appreciating, the foundational and socially oriented contribution of India's vast public sector.

How can a country like India transform itself with new ideas and strategies if it doesn't have a paradigm of planning for development? How can it lift its poor? How can we ensure that every working member of the Indian population has a decent job with at least a minimum wage and social/employment security? Why doesn't it occur to the political leadership to ask why more than 90% of those in the workforce slog in the unorganised sector — in small farms and tiny non-farm establishments — with two-thirds of the total being working poor? Why don't they ask why more than half the workers in the organised sector end up as 'insecure' or 'informal' labour? Why is the labour force participation rate of women so low and declining when neighbours like Bangladesh have registered an increasing trend? Why do the Dalits and Adivasis continue to be at the bottom of the ladder in every conceivable social and economic indicator of well-being? Why do regional, gender and other inequalities based on social identity keep increasing?

India requires planning that addresses social justice, reduces regional and gender inequalities, and ensures environmental sustainability.

K.P. Kannan is a former Director of the Centre for Development Studies, Thiruvananthapuram

IT'S COMPLICATED | SANTOSH MEHROTRA

It will need to evolve into a much stronger organisation than it is now

"The road to the free market was opened and kept open by an enormous increase in continuous, centrally organised and controlled interventionism," wrote Karl Polanyi in ***The Great Transformation***. Polanyi was referring to the structural transformation in the 19th and 20th centuries. He wrote: "While the laissez faire economy was the product of deliberate state action, subsequent restrictions on laissez faire started in a spontaneous way. Laissez faire was planned; planning was not." In other words, planning for a developing economy can be abandoned, but only at its own peril. The implication for a complex country like India that became an industrial economy late is that planning would, and should, remain a central function of the state in the medium run. However, we would contend that the Planning Commission, unfortunately, did not fulfil its function adequately. NITI Aayog will need to evolve into a much stronger organisation than it is.

Planning institutions

Learning from the experience of the now-industrialised countries, the Chinese state ensured that after its market-oriented economic reforms began, its State Planning Commission became more powerful in the state apparatus. The result was growth and poverty reduction on a scale unprecedented in history. China became the "factory of the world" — backed by an industrial policy driven by the National Development and Reforms Commission.

Similarly, in all East Asian and Southeast Asian countries, industrial policy was planned and executed as part of five-year or longer-term plans. It was precisely because these countries had planning institutions which went hand in hand with industrial policy that they managed to steer policies through turbulent times in the global economy, thus sustaining growth.

In most of Latin America/Caribbean (LAC) countries and in Subsaharan Africa (SSA), two full decades of potential economic growth and human development were lost when per capita income barely rose even as populations continued to grow. These countries abandoned planning and became captives of the Washington Consensus. On the other hand, the important identifier of East Asian and Southeast Asian countries, which did not experience such "lost decades" in the 1980s and 1990s, were their planning structures, backed by an industrial policy and implemented by learning bureaucracies. That is how they were able to ride the wave of their demographic dividend, which comes but once in the life of a nation. India cannot risk going the LAC/ SSA way, since it is already past the midpoint of its dividend.

While East Asian and Southeast Asian countries still had, and have, five-year plans, what was also integral to their planning was productive use of labour, their most abundant factor, through an export-oriented manufacturing strategy. It was this strategy that was lacking in India's planning. Giving 'planning' per se a bad name for poor policy is indicative of an ahistorical understanding of planning.

Two changes required

If NITI Aayog is to implement such a strategy within a planning framework in India, two major changes in governance structures are needed. First, planning will have to become more decentralised, but within a five-year plan framework. Second, bureaucracy will need to change from generalist to specialist, and its accountability will have to be based on outcomes achieved, not inputs or funds spent. NITI Aayog should spell out how these reforms will be implemented.

Santosh Mehrotra served in the Planning Commission for nearly a decade

Preventive vigilance is key to good governance in PSEs: Patel

SPECIAL CORRESPONDENT
MUMBAI, SEPTEMBER 20, 2018
THE HINDU

Punitive vigilance may demotivate, says RBI Governor

Reserve Bank of India Governor Urjit Patel emphasised on preventive vigilance for improving governance standards in public sector enterprises (PSEs) and said punitive vigilance may not achieve the desired results.

"Reserve Bank of India considers preventive vigilance measures as the lynchpin of its efforts for good governance," Dr. Patel said during a speech at the Central Vigilance Commission, New Delhi.

He said preventive vigilance takes centre stage and becomes a key effective tool of governance in a public sector institution. "When lapses can arise due to background noise outside of the employee control (which is often the case in public sector due to the complexity of the interaction with a multitude of other public sector entities), punitive vigilance becomes even less attractive due to further demotivation that it might induce; in turn, so does detective vigilance," he said.

Effective mechanism

"While not taking away from the need to engage in some detective and punitive vigilance, preventive vigilance is conceptually likely to be the most effective governance mechanism at public sector institutions," he added.

The Governor said that punitive vigilance was difficult in a public sector institution for several reasons, adding the rewards were low to start with, thereby limiting the possibility of downward revisions.

Given this constraint, Dr. Patel said disciplinary actions that limit the chances of career progression were often the preferred punishment.

"However, this has the misfortune of demotivating employees beyond the point of their career when punitive vigilance action is undertaken. This could, in principle, be dealt with a 'golden handshake'; however, the insurance that public sector jobs offer is often a key attractive feature of these jobs given the lack of significant upside financial rewards," he said.

Merged bank could see rise in NPAs: India Ratings

SPECIAL CORRESPONDENT
MUMBAI, SEPTEMBER 20, 2018
THE HINDU

'In the long run, the move will result in better efficiency'

The proposed merger of three public sector banks, Bank of Baroda, Vijaya Bank and Dena Bank, is expected to result in better operating efficiency in the long run but there could be an increase in slippages in the short-term, India Ratings said on Thursday.

The rating agency said the merged entity may see reduced operating costs, lower funding cost and strengthened risk management practices apart from increasing the scale and reach moderately.

"However, in the short-term, the slippages could increase as recognition of non-performing assets is harmonised and accelerated," it said.

Management bandwidth

India Ratings said the proposed merger would require significant bandwidth of management along with deft handling so that operational aspects such as business growth and resolution of large stock of delinquent assets continue receiving adequate attention. It also said the asset-liability mismatch of the smaller banks (Vijaya and Dena Banks) can be better addressed at the consolidated level.

"The success of the proposed merger could impact the incremental capital ask from the government as efficiencies improve, resulting in stronger internal accruals and may act as a roadmap for further consolidations in the public sector banking space," India Ratings said.

India Ratings further said the consolidated entity's core equity tier 1 capital is about 9.3% and that Dena Bank's lower capital buffers are offset by Vijaya's higher capital buffers.

Centre appoints EDs for 14 public sector banks

Public sector banks (PSBs) closed down 35 foreign operations last year

OUR BUREAU | NEW DELHI, SEPTEMBER 20

THE HINDU BusinessLine

The Centre has elevated as many as 14 General Managers to the post of Executive Directors in various public sector banks (PSBs).

It has now taken care of all vacancies that could arise till March 2019, ensuring that there is no uncertainty on filling up senior management positions in the PSBs. "Focus to be now on competency-mapping, capacity building and visionary leadership of senior, and middle management," Rajeev Kumar, Secretary, Department of Financial Services, tweeted on Thursday.

The Appointments Committee of Cabinet has elevated Shanthi Lal, GM, Allahabad Bank, as ED at Bank of Baroda (BoB). Vikramaditya Singh Kichi, who was GM at Dena Bank, has been appointed as ED at BoB.

Agyey Kumar Azad, who was GM at Bank of India, has been appointed as ED at Punjab National Bank (PNB). Gopal Singh Gusain, who was GM at PNB, is now an ED at Union Bank of India.

Manas Ranjan Biswal, who was GM at PNB, has been appointed as ED at Union Bank of India (UBI).

Vijay Dube, GM at Vijaya Bank, is now ED at Oriental Bank of Commerce. Alok Srivastava, GM at PNB, has been elevated as ED at Central Bank of India.

Hemant Kumar Tamta, GM at Canara Bank, has been named ED at Bank of Maharashtra. Sanjay Kumar, GM at United Bank of India, has been elevated as ED in the same bank. PR Rajgopal, GM at UBI, has been appointed as ED at Allahabad Bank.

The Centre has also made four appointments to fill the vacancies created by the elevation of existing EDs as MD & CEO of PSBs, announced yesterday.

Shenoy Vishwanath Vittal, GM at UBI, is now ED at Indian Bank. Ajit Kumar Das, GM at Canara Bank, is now ED of United Bank of India.

Ajay Khurana, GM at Vijaya Bank, has been elevated as ED of Syndicate Bank. Dinesh Kumar Poonam Chand Garg, GM, Bank of India, is ED at UBI.

EVERDAY IS AIBEA DAY	AIBEA THIS DAY – 21 SEPTEMBER
1957	**Sympathetic Strike at Madras for Calcutta Compensatory Allowance Struggle.**
1977	**35 days Strike in Co-operative Banks ends in settlement on wages & other demands. APBEF and all DCC Banks signs Settlement.**
1987	**Fifth Bipartite injunction order secured by INBEC.**
1999	**Mass deputation to all Bank's Chairmen on 7th Bipartite Demands.**

ALL INDIA BANK EMPLOYEES' ASSOCIATION

Central Office: PRABHAT NIVAS

Singapore Plaza, 164, Linghi Chetty Street, Chennai-600001

Phone: 2535 1522 Fax: 2535 8853, 4500 2191

e mail ~ chv.aibea@gmail.com

Web: www.aibea.in