



Banking News

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NEWS BULLETIN from ALL INDIA BANK EMPLOYEES' ASSOCIATION

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AIBEA'S 28TH CONFERENCE LOGO RELEASED

AIBEA's
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8th - 11th January, 2017 – Chennai

unite & fight – turn the tide

70 years of glory

AIBEA Conferences in Chennai/Tamilnadu: 1954, 1973, 1989 and now in 2017

Theme of Conference: **Unite and fight – to turn the tide in our favour**

Vibrant banking for vibrant India

RBI clears decks for universal banking

OUR BUREAU/ BUSINESSLINE 1 8 16 MUMBAI



Issues new norms for 'on-tap' licensing; large industrial houses barred

The Reserve Bank of India on Monday unveiled guidelines for 'on-tap' licensing of new private banks, opening the door for entities such as Edelweiss Financial Services, JM Financial, LIC Housing Finance, Magma Fincorp, Muthoot Finance, Shriram Capital and UAE Exchange & Financial Services, which had missed the bus in the last round, to float universal banks.

The guidelines in respect of promoter eligibility, corporate structure, foreign shareholding, dilution of promoter group shareholding and listing on the stock exchanges appear liberal as compared to the 2013 guidelines under which IDFC Ltd and Bandhan Financial Services were allowed to set up banks.

Under the new guidelines, resident individuals and professionals with 10 years' experience in banking and finance are eligible to promote universal banks. Previously, only entities/groups in the private sector, entities in the public sector and non-banking financial companies (NBFCs) were eligible.

Large industrial houses are excluded as eligible entities, but can invest in the (universal) banks up to 10 per cent. A universal bank is a bank offering retail, wholesale and investment banking services under one roof.

Under the new guidelines, a Non-Operative Financial Holding Company (NOFHC) is not mandatory for setting up a bank in case the promoters are individuals or stand-alone promoting/converting entities who/which do not have other group entities.

The RBI has said that in case a bank is to be set up through an NOFHC, a promoter/promoter group should hold not less than 51 per cent of the total paid-up equity capital in the holding company. Earlier, entities/groups had to set up a bank through a wholly owned NOFHC.

Entities/groups in the private sector that are 'owned and controlled by residents' and have a track record of at least 10 years, are eligible as promoters. If such entity/group has total assets of Rs 5,000 crore or more, the non-financial business of the group should not account for 40 per cent or more in terms of total assets/gross income.

Existing NBFCs 'controlled by residents' with a track record of at least 10 years are also eligible as promoters. However, any NBFC, which is a part of the group that has total assets of \geq 5,000 crore or more and where the non-financial business accounts for 40 per cent or more is not eligible.

Paid-up capital

The initial minimum paid-up voting equity capital has been left unchanged at Rs. 500 crore. However, thereafter, the bank must have a minimum net worth of \geq 500 crore at all times.

The criteria requiring promoter/s and the promoter group / NOFHC to hold at least 40 per cent of the paid-up voting equity capital, which will be locked-in for five years from commencement of business, remains unchanged. The promoter group shareholding will need to be brought down to 15 per cent within 15 years (from 12 years earlier).

The (universal) bank has to get its shares listed on the stock exchanges within six years (from three years earlier) of the commencement of business.

The current aggregate foreign investment limit is 74 per cent will apply to universal banks. Under the earlier regime, the aggregate non-resident shareholding could not exceed 49 per cent for the first five years.

George Antony, Managing Director, UAE Exchange India, said: "...The final call on application for the universal banking licence will be decided post the board meeting to be convened shortly."

Jairam Ramesh points to irony of reforms: poverty down, but inequalities elsewhere



The reforms story Jairam Ramesh (right), Rajya Sabha member, in conversation with Mukund Padmanabhan, Editor, The Hindu, at a public discussion organised by The Hindu Centre for Politics and Public Policy in Chennai - Photo: M PRABHU

CHENNAI, JULY 29: BUSINESSLINE

Reduced poverty but increased inequality in health, access to education and public services. This, said Jairam Ramesh, Rajya Sabha member, is the paradox of the reforms since 1991.

“Poverty has declined significantly since 1991, while inequality has gone up significantly during this period, said the former Union Minister for Environment and Forests during a public discussion on ‘25th year of reforms — A retrospective of what happened in June-July 1991,” organised by The Hindu Centre for Politics and Public Policy.

Discussing the positive and negative developments of reforms with Mukund Padmanabhan, Editor, The Hindu, Ramesh said: “If you have to do a full balance-sheet of what happened after 1991, on the positive side, the consumption part of life has become much better as people need not wait for weeks to get a phone or gas connection or buy a car or book a railway ticket. But on the negative side, inequality has increased and there is a collapse of public health system and in education, quality has suffered though enrolments have increased. “India’s private health system has become world class. But public health system has completely collapsed. A city like Hyderabad is the best in the world in terms tertiary healthcare. But, if you travel half an hour outside the city, you will find public health care in

shambles. This is one of the most significant things that we have not paid attention to," he observed.

In public education, the achievements have been mixed. There is a huge increase in enrolment ratio and huge increase in infrastructure – be it number of universities, IITs or IIMs. The gross enrolment ratio in higher education in India was nine per cent in 2004, i.e, nine per cent of India's college going population was in college. In 2014, it became 20 per cent. So, in a space of 10 years, the ratio has doubled.

Earlier, while introducing Jairam Ramesh, N Ravi, former Editor of The Hindu, presented some highlights from the former's book To the Brink and Back.

Others can join SBI's Rs 7,000 crore stressed asset fund: Arundhati Bhattacharya

By *Dheeraj Tiwari*, ET Bureau | Jul 30, 2016,

NEW DELHI: State Bank of India is open to other banks joining its recently formed Rs 7,000 crore stressed asset fund with Brookfield Asset Management, Chairperson Arundhati Bhattacharya said.

"We will be definitely putting it up to them (other banks) as well. But we want to do one or two deals first and ensure that people have the confidence. We are more than open for other banks to join," Bhattacharya said. But it may take time for other banks to join as they will have to first go to their individual boards with the proposal, she said.

Bhattacharya, who was speaking on the sidelines of the launch of its wealth management services named SBI Exclusif, said a lot of interest is coming in from people who believe this is the right time to buy.

"There are a lot of funds who see value before the economy picks up. People are realising that there is value over there and they better grab it now before the economy starts firing on all cylinders."

SBI Exclusif will target the fastgrowing affluent segment in the country for wealth management, which will come initially free of cost. On the issue of the merger of SBI's associate banks and the Bhartiya Mahila Bank, she said the process should be complete by next March.

"People have to understand that the change is inevitable. There have been strikes at many occasions but we have to educate them and take them on board," she said, responding to a question on a strike called by bank unions to oppose the merger plan.

On resolution of bad loan issues through the recently formed Banks Board Bureau (BBB), Bhattacharya said it may start only when banks look at accounts under Scheme for Sustainable Structuring of Stressed Assets' (S4A), the central bank rule that allows lenders to take equity in debt-laden firms.

She said the bank has given some suggestions to the Reserve Bank of India on the S4A scheme. Cash flow and interest rates rules under S4A could be reviewed, she said.

Central Bank staff take out rally for action against defaulters

STAFF REPORTER, THE HINDU VIJAYAWADA 1 8 16

Employees of the Central Bank of India (CBI) took to the streets on Sunday evening demanding that the government take stern action against wilful loan defaulters who are pushing the banking industry into a crisis.

Hundreds of bank employees under the aegis of the Central Bank Officers' Union and the Central Bank of India Employees' Association took out a rally from Hotel Swarna Palace junction to the Lenin Centre raising slogans against the defaulters.

All India Bank Employees Association national secretary and **All India Central Bank Employees' Federation** general secretary **B.S. Rambabu**, who led the protestors, said that the Central Bank of India employees, after

a recent meeting, had decided to protest against the defaulters and mount pressure on the government.

Rs. 3000-crore dues in AP

“Defaulters owe Rs. 25, 000 crore to the CBI country wide and Rs. 3,000 crore in AP alone. On the whole, defaulters owe Rs. 13 lakh crore to the 25 central banks which are being pushed into a crisis. It is time the government acted tough against top defaulters like Vijay Mallya and arrest them so as to send a warning to the other defaulters. Instead, to divert attention, the government is trying to merge the nationalised banks while simultaneously encouraging corporate banks,” he said.

“Publicising list of all defaulters, prosecuting them criminally under CrPC, seizure of their properties and restraining them from involvement in any public institutions are our top four demands,” he added.



AIBEA This day – 1 AUGUST :

1952	5 th Conference of AIBEA, Lucknow. Com. Bina Roy and Com. Prabhatkar elected as President and General Secretary.
1953	K P Singh, Bihar Provincial Bank Employees Association (date of birth)
1968	One hour strike against 36 AD (Social Control Bill) throughout the country.
1978	3 rd Bipartite Agreement concluded.
1987	National convention against privatization (Financial sector) organized by United Forum of Bank Unions and Insurance Unions.
2006	UFBU leaders meet Union Finance Minister

AIBEA This day – 2 AUGUST :

1952	Com. J. Venkataraman, former General Secretary, Canara Bank Employees Union and former Joint Secretary of AIBEA (date of birth)
1973	AIBEA Central Committee Meets at Madras.
1997	Bank Unions Joint Committee formed against Privatisation.

**March on to General Strike
on 2nd September, 2016 along with
150 million workers of India
Oppose anti-worker labour reforms**

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