



Banking News

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28 JULY, 2016

NEWS BULLETIN from ALL INDIA BANK EMPLOYEES' ASSOCIATION

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TOTAL DEPOSITS IN BANKS TODAY

Rs. 1,16,00,000,00,00,000

(116 LACS CRORES)

DO NOT PRIVATISE THE BANKS

UFBU's ALL INDIA BANK STRIKE

29TH JULY, 2016

BY 10 LACS EMPLOYEES & OFFICERS



AIBEA – AIBOA



10 lakh bankers to strike work on July 29

IANS | Chennai | 27 July, 2016

The Statesman
PEOPLE'S PARLIAMENT. ALWAYS IN SESSION

With conciliation meeting between the United Forum of Bank Unions (UFBU) that has given a strike call on July 29, the Indian Banks Association (IBA) and the central government failing on Tuesday, the strike call stands, said a top leader of **All India Bank Employees' Association (AIBEA)**.

In a statement issued here, AIBEA General Secretary C.H.Venkatachalam said while the union representatives put forth their views on the various issues nothing came out from the side of IBA or government representatives.

He said the IBA or the government representatives did not assure or indicate that the government policies would be reviewed and reversed, rather, only sought to justify them.

The conciliation meeting was called by the Chief Labour Commissioner (Central), in the Labour Ministry in New Delhi.

Representatives of all nine constituent units of UFBU viz. AIBEA, AIBOC, NCBE, AIBOA, BEFI, INBEF, INBOC, NOBW, NOBO, were present in the meeting, said Venkatachalam.

"Accordingly, 10 lacs of employees and officers of public sector banks, old generation private banks and foreign banks in more than 80,000 branches all over the country will observe the strike on 29th July, 2016 to express our opposition and protest against these unwarranted banking reform measures," he said.

Nationalise private banks not doing financial inclusion agenda: BJP MP

PTI July 27, 2016 | New Delhi, Jul 27 (PTI)

Indiatoday in

A BJP member today demanded that private sector banks should be nationalised if they fail to carry out the agenda of financial inclusion and do not help the common man.

Raising the issue during Zero Hour in Lok Sabha, **Chintaman Malviya** alleged that banks like **ICICI, Kotak Mahindra, Yes and Axis have become "organised racket of profiteers" which have nothing to do with implementing schemes like the Jan Dhan Yojana.**

He said these banks work "100 per cent" in English and do not conduct their business in the state language (Raj Bhasha).

He wanted the banks to be nationalised if they do not implement the agenda of financial inclusion.

Raising another issue, **M.B Rajesh (CPI-M)** demanded that the **government withdraw the move to merge the State Bank of Travancore with State Bank of India** as it would go against the interests of the people of Kerala. Rajesh, who was supported by members of other parties from the state, said the State Bank of Travancore has been having 850 branches in the state and was in robust financial condition.

Its merger with SBI would have "serious implications" on the economy of Kerala, he said adding that the state Assembly has passed a near unanimous resolution seeking withdrawal of the move. PTI SPG JD KR ARC

Slowdown in credit growth due to stress in public sector banks: Rajan

OUR BUREAU MUMBAI, JULY 26: BUSINESSLINE



RBI Governor Raghuram Rajan

RBI chief says policy rate cuts alone cannot fix the problem; balance-sheet of banks needs to be cleaned-up.

Reserve Bank of India Governor Raghuram Rajan said on Tuesday that the slowdown in credit growth has been largely because of stress in public sector banks stemming from past mistakes in lending.

This will not be fixed just by a cut in policy rates. Instead, what is required is a clean-up of the balance sheets of public sector banks, which is under way and needs to be taken to its logical conclusion, Rajan said at the 10th Statistics Day Conference here.

The Governor said there is a slowdown in lending by public sector banks vis-à-vis their private sector counterparts.

Strong growth

"...the real rates of credit growth from private sector banks to different sectors are extremely high, and private banks typically do not charge lower interest rates than public sector banks. This suggests strong demand for loans from them at prevailing interest rates. The obvious conclusion one should draw, therefore, is that the slowdown is because something is affecting credit supply from the public sector banks specifically," he explained.

Rather than an across-the-board shrinkage of public sector lending, the Governor felt that there seems to be a shrinkage in certain areas of past high credit exposure, specifically in loans to industry and to small

enterprises. Additionally, the fact that the credit slowdown dates from early 2014 suggests that the bank clean-up, which started in earnest in the second half of fiscal year 2015, was not the cause.

Indeed, the slowdown is best attributed to overburdened public sector bank balance sheets and growing risk aversion among public sector bankers.

Karunanidhi urges govt. to repay education loan

SPECIAL CORRESPONDENT, THE HINDU 27 7 16

DMK leader M. Karunanidhi on Tuesday said the AIADMK government should fulfil its election promise by repaying education loan borrowed by students.

In a statement here, he said a few students had committed suicide as they could not repay their education loan. "They will be able repay the amount only if they get employment," he said.

Mr. Karunanidhi said in Tamil Nadu alone, banks had released Rs. 16,000 crore as educational loan and the **State Bank of India had sold its bad educational loans (non-performing assets) to a private asset reconstruction company.**

He accused the company of functioning "like those involved in usury" and harassing the students.

'Don't allow banks to classify education loans as NPAs'

SPECIAL CORRESPONDENT, THE HINDU 27 7 16

Education loans should be seen as an investment to help our youth progress, says T.K. Rangarajan

Rein in assets reconstruction firms that are resorting to strong-arm tactics: MP

CPI (M) Rajya Sabha MP T.K. Rangarajan on Tuesday urged the Central government to rein in private assets reconstruction companies from recovering education loans from students by deploying strong-arm tactics.

Speaking in the Rajya Sabha Mr. Rangarajan, according to a party press release, noted that nationalised banks have sold their non-performing assets including bad education loans to private assets reconstruction companies.

These companies, he accused, behave like Shylock in Shakespeare's 'Merchant of Venice': they are either after the money or the student's life.

He said that education loans are critical to the economy; they help backward classes to get ahead in life. Therefore, he appealed to the Central government not to allow education loans to be considered NPAs; banks should be able to recover their loans from government subsidy.

The government should extend refinancing options when it comes to education loans. Mr. Rangarajan argued that education loans should not be seen at par with loans extended to industries. "Education loans should be seen as an investment to help our youth progress," he said.

The MP warned that the policies of the government will push students to poverty.

He said that students are forced to pay back 80 percent of the loan and when they default, these loans are treated as non-performing assets.

Trade unions walk out of EPFO trustees meet

OUR BUREAU BUSINESSLINE 27 6 16

Protest FinMin notification on using unclaimed accounts for Senior Citizen's Fund

The meeting of the tripartite Central Board of Trustees (CBT) of retirement fund body EPFO began and ended on a stormy note on Tuesday with all

trade union members, including the RSS-backed Bharatiya Mazdoor Sangh, walking out and staging a sit-in outside the premises.

They were protesting against the Finance Ministry notification allowing unclaimed provident fund (PF) money to be diverted towards a Senior Citizens' Welfare Fund, which was circulated in the meeting.

"How can the Finance Ministry, which does not contribute a single penny to the EPFO corpus, take away workers' money to build a social security corpus? Why doesn't it go for a separate allocation for it," Ramen Pandey, a CBT member and National Secretary, Indian National Trade Union Congress, told BusinessLine.

The RSS-affiliated Bharatiya Mazdoor Sangh also supported the unions on the issue. "It is workers' money and no one can touch it. We will ask the Finance Minister and the Prime Minister to look into the issue," said Virjesh Upadhyay, General Secretary, BMS and a CBT member. However, employee representatives are in a minority (only 10 out of 43 members) in the CBT.

Later, Labour Minister Bandaru Dattatreya assured the union leaders that he would write to the Finance Ministry requesting withdrawal of the notification, Pandey said.

According to a Finance Ministry notification on March 18, deposits unclaimed for over seven years in the employees' provident fund, public provident fund, post office savings accounts, national savings certificates among other small savings schemes would be diverted for setting up a Senior Citizens' Welfare Fund, announced in the Budget. As per the Finance Ministry, the government office concerned "shall try to contact" every account holder of the unclaimed deposits through written notice, e-mail or telephone at least two times in 60 days before transferring the amount to the Senior Citizens' Welfare Fund.

Inoperative accounts

Inoperative accounts are those where there has been no contribution by an employee or their employer for 36 months. At present, 9.23 crore out of total 15.84 crore EPF accounts are inoperative with around **Rs 44,000 crore deposits** in them.

“All such inoperative accounts, however, have definite claimants,” Dattatreya had said in reply to a question in Lok Sabha on March 14, 2016.

The government had in March withdrawn a decision by the erstwhile UPA government and had announced that inoperative accounts would start earning interest from April 1 once again. However, the move was never notified.

Tuesday’s CBT meeting failed to discuss hiking the proportion of retirement funds to be invested in Exchange Traded Funds from five per cent at present, which was on the agenda. Sources said that another date for the meeting was not decided.

NPAs a major reason for incurring loss in the current quarter: CR Shashi Kumar, State Bank of Travancore

By ET Now | Jul 27, 2016, ECONOMIC TIEMS

*A major reason for facing loss this quarter has been NPAs, says **CR Shashi Kumar**, MD, State Bank of Travancore. In an interview with **ET Now**, Kumar also talks about the merger with SBI Bank. Edited excerpts:*

ET Now: This has been a bad quarter so to speak, but are things looking up in the wake of the merger?

CR Shashi Kumar: This is basically because of seven large accounts where we were a part of the consortium, these accounts had turned NPAs, major lenders over the last three quarters and our shares were fairly small, these accounts were being serviced by them to the standard but then during the current quarter they slipped.

NPAs about Rs 2,800 crores is on account of these seven accounts, which we had to classify as NPA. And over and above that, we have also made additional provisions for some of the accounts on our watch list. We have made a provision of about Rs 536 crores over and above the IRAC norms,

IRAC provisions that are required. That is the major reason why we have incurred a loss within the current quarter.

ET Now: Are you trying to indicate that this may be just a onetime aberration and from next quarter as well you are not going to such a significant NPA pressure?

CR Shashi Kumar: Yes, that is what I expect, but again there is a caveat in the sense that we still have some of the smaller account, may not necessarily be consortium accounts, we have a list of about a few accounts where we are quite sanguine that they will not slip, there will be turnaround, but we are still keeping them on the watch list.

ET Now: Which are the sectors where you are witnessing such high NPA pressure?

CR Shashi Kumar: Currently, what has happened is mostly in the steel and the textile sector is where we have faced the pressure this quarter, and you are all familiar with those accounts. I think, you all have been tracking those accounts where we also had a share but they were able to maintain them as standard by meeting the interest obligations and repayment obligations which they could no longer do.

ET Now: While these accounts have been kept on the watch list, you gross NPAs and your net NPAs have risen quite sharply. You are saying that a lot of the pain is in the system and that things will start looking up. Could you give out targets and how much do you see a step up in recoveries going forward from here?

CR Shashi Kumar: I will not comment on individual accounts, but wherever we expect a slippage we have provided, as I said, we have provided over and above the IRAC required, what the RBI has described, we have provided over and above that to such accounts where there is any indication of stress. About Rs 532 crore we have provided over and above the RBI mandated provisioning.

ET Now: I want to get your view on the Kerala government's passing of the resolution opposing the merger of Travancore with SBI. Procedurally how much of an impediment is this?

CR Shashi Kumar: I do not think that would be much of an impediment. I really cannot comment on what the state's Assembly in their wisdom has passed the resolution. That is the right of the legislators, but procedurally I do not think it should matter much.

We are talking to the government, we have already met the CM and the Finance Minister. We have explained the rationale for the merger and I am sure they will understand that.

ET Now: You think it is headed in the positive direction?

CR Shashi Kumar: Positive direction, yes.

ET Now: How soon can we look at a resolution to your merger with SBI?

CR Shashi Kumar: Our chairman has already said that it should happen this current financial year. That is what we also expect. The processes are going ahead, there are a lot of actions being taken both at our bank as well as with SBI and the actions are coordinated on what has to be done, what is the way forward, a lot of action is happening. I am sanguine that the targets set by the chairman would be achieved.

AIBEA This day – 28 JULY :

1957	All India one Day Strike by PNB Employees Federation on Bonus and unfair labour practices by Management.
1973	Solidarity Strike for Two hours in support of prolonged agitation by employees in South Indian Bank.
2006	All India Strike against outsourcing and Government's retrograde policy.



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