



Banking News

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Strike by 10 lakh bankers to hit operations on Friday

mid-day

28 7 16 By PTI

Chennai/Kolkata: Banking operations across India will be impacted on Friday as around 10 lakh employees of 40 private and state-run banks will strike work to protest the central government's banking policies, a union leader said on Thursday.

"The strike is on. We are not aware of any case filed by the banks or the Indian Banks Association (IBA) to restrain the nine unions of UFBU (United Forum of Bank Unions) from the strike," C.H. Venkatachalam, General Secretary of the **All India Bank Employees Association (AIBEA)**, told IANS in Chennai.

Earlier, major bank unions deferred a two-day strike call for July 12 and 13 following a restraint order by the Delhi High Court.

The unions in the banking sector had given the strike call to protest the merger of the five associate banks with the State Bank of India (SBI) and the privatisation of the IDBI Bank.

The unions are opposed to the government's decision to merge the State Bank of Bikaner and Jaipur, State Bank of Travancore, State Bank of Patiala, State Bank of Mysore and State Bank of Hyderabad with the SBI.

"The strike will involve employees and officers of public sector banks, old generation private banks and foreign banks totalling more than 80,000 branches," he said.

According to Venkatachalam, the banks may fill up the automatic teller machines numbering around 200,000 in the country to facilitate cash withdrawals.

"We wanted to strike work when the parliament is in session. Though the strike is on a Friday, the next day is a full working day for the banks. There will be no bunching of holidays," he said.

Venkatachalam said the strike was against the unwarranted banking reform measures.

"Since the central government is moving on a fast-track with its reforms, which are aimed at wiping out the public sector banking sector, the country needs to resist these attempts by resorting to agitation without any delay," UFBU West Bengal convenor Gautam Banerjee told the media in Kolkata.

The nine constituent units of UFBU are: AIBEA, AIBOC, NCBE, AIBOA, BEFI, INBEF, INBOC, NOBW and NOBO.

According to Venkatachalam, unmindful of the adverse implications, the government was pursuing the reform measures in the banking sector like inadequate infusion of capital in public sector banks, which will result in reduction of government's equity capital and create compulsion for higher extent of private capital leading to privatisation of banks.

He said the unions also opposed the decision to privatise IDBI Bank by reducing the government capital to less than 49 per cent, proposals of consolidation for public sector banks but expansion for private sector banks,

giving licences to corporate houses to start banks, ineffective steps to recover the bulging bad loans in the banks, and rather showering concessions to the defaulters and others.

"We demand that willful and deliberate defaulters should be declared as criminal offenders and punished," he said.

Venkatachalam said bank loans wilfully defaulted by borrowers totalled Rs 58,792 crore.

He said the total quantum of bad loans of the government-owned banks stood at Rs 539,995 crore as of March 31, 2016.

"But the government and the RBI (Reserve Bank of India) are not taking tough measures to recover the bad loans. Even the (defaulters') names are not being published," he said.

"The top 100 borrowers NPA (non-performing assets) rose from seven per cent in March 2015 to 19.3 per cent in March 2016. When the Centre should have taken steps to check this alarming rise in the NPA, it is coming with various reforms and allow concessions to the big corporates which comprise the bulk of the defaulters," said Banerjee.

"Despite the banks providing steady income to the government, attempts are being made to project banks' financial health as not good so that the Centre can move ahead with mergers and eventually privatise all the nationalised banks. This strike is against the government's attacks on the public sector banking sector," added Banerjee.

Activists allege procedural violations in transfer of education loans

PON VASANTH ARUNCHALAM, THE HINDU 28 7 16

Activists say SBI jumped the gun in classifying loans as NPAs and selling to Reliance ARC

Following the recent suicide of Dalit youth K. Lenin, allegedly due to pressure tactics deployed by Reliance ARC – a private assets reconstruction

company – demanding repayment of education loan, activists and a section of borrowers have alleged violation of norms by the State Bank of India in selling 'non-performing education loans' to the company.

In Lenin's case, M. Raj Kumar, chief organiser of Education Loan Awareness Movement, said that though his repayment schedule must not have begun before June 2016, SBI had by then classified it as a non-performing asset and sold it Reliance ARC. .

"Lenin completed his engineering course in May 2014 but had a few arrear papers to clear. As per Indian Banks Association's guidelines, a student can be provided two more years to complete the course, until which there will be a moratorium on repayment," Mr. Raj Kumar claimed.

The apparent omission by SBI in applying the Central Interest Subsidy Scheme (CSIS) for the education loans was also highlighted. As per CSIS, for families with an annual income less than Rs. 4.5 lakh, the central government would fully subsidise the interest accrued until the moratorium period.

"Lenin was eligible for CSIS. Then how come the outstanding principal amount of Rs. 1.9 lakh jumped to Rs. 2.5 lakh within the moratorium period," questioned N. Muthu Muniyandi, Lenin's uncle.

'Borrowers not informed'

SBI has also been accused of transferring the loans to Reliance ARC without the knowledge of borrowers. T. Balaji, a similarly affected engineering graduate from Ponnamaravathy in Pudukottai District, said that SBI officials assured him easy repayment schedule but later sold his loan.

"As I couldn't repay my loan for two years due to my paltry salary, my family was summoned for Lok Adalat last December," he said.

"When we approached the bank, they asked to pay the outstanding interest of Rs. 21,000 immediately and the remaining in instalments. Though my mother pawned her jewellery to pay the interest, my loan was sold and I knew about it only when Reliance ARC called me," Mr. Balaji claimed.

Strangely, Mr. Balaji alleged that the letter he received later from Reliance ARC did not take into account his payment of Rs. 21,000.

“My outstanding balance had instead increased by another Rs. 25,000 within a span of a few months,” he said.

Activists allege that such transfer of loans is in violation of Banking Codes and Standards Board of India (BCSBI) guidelines, which stipulate that the banks inform the customers about changes to their loan accounts.

They also point out to the case of B. Rakesh, a hearing and speech impaired engineering student from Madurai, whose loan was sold to Reliance ARC even while he was studying due to a ‘technical error’ by SBI’s own admission.

Mr. Raj Kumar said that ever since Lenin’s death, he had been receiving similar complaints of unfair sale of loans from many engineering graduates who had taken education loans.

C.H. Venkatachalam, general secretary of **All India Bank Employees Association**, said that all these instances indicated gross violation of norms by SBI. “SBI had prematurely classified many of these loans as non-performing assets (NPAs) when they are actually not,” he said.

“Instead of selling the loan to Reliance ARC at heavily subsidised rates, why cannot SBI provide the same subsidy to borrowers so that they could repay in easy instalments?” he questioned.

He demanded the immediate intervention of the Tamil Nadu government in cancelling the sale of these loans so as to prevent the harassment of borrowers, particularly those from economically weaker sections.

Company rebuts

Denying allegations of a high-handed approach in recovering the loans, a spokesperson for Reliance ARC said that the company did not demand one-time settlement.

“Various options, including installment and discussion-based settlement are available,” he claimed.

On allegations of Reliance ARC buying loans that were prematurely classified as NPAs, he said that the classification was the responsibility of SBI and if there were any issues, it should have been addressed by SBI.

No annual increment for non-performing employees: Government

PTI | Jul 26, 2016,

HIGHLIGHTS

- **Non-performing Central government employees will not get annual increment if their performance is not up to the mark**
- **The benchmark for performance appraisal for promotion and financial upgradation has been enhanced to "very good" from "good" level**

NEW DELHI: Non-performing Central government employees will not get annual increment if their performance is not up to the mark, the Centre has said.

The benchmark for performance appraisal for promotion and financial upgradation has been enhanced to "very good" from "good" level, the finance ministry said in an order notifying implementation of Seventh Central Pay Commission's recommendations.

The Modified Assured Career Progression (MACP) scheme will continue to be administered at 10, 20 and 30 years of service as before, the ministry said as it "accepted" the pay panel's recommendations.

The recommendation of "withholding of annual increments in the case of those employees who are not able to meet the benchmark either for MACP or a regular promotion within the first 20 years of their service" has been "accepted", it said.

The pay panel had in its report to the Centre said that there is a widespread perception that increments as well as upward movement in the hierarchy happen as a matter of course.

"The perception is that grant of MACP, although subject to the employee attaining the laid down threshold of performance, is taken for granted. This commission believes that employees who do not meet the laid down

performance criterion should not be allowed to earn future annual increments.

"The Commission is therefore proposing withholding of annual increments in the case of those employees who are not able to meet the benchmark either for MACP or a regular promotion within the first 20 years of their service. This will act as a deterrent for complacent and inefficient employees," it had said.

There are about 50 lakh Central government employees.

BAD LOANS RECOVERED THROUGH DEBT RECOVERY TRIBUNALS

| | YEAR | NO. OF CASES REFERRED | AMOUNT INVOLVED RS. In CRORES | AMOUNT RECOVERED RS. In CRORES | AS % |
|-----------|----------------|--------------------------------------|--------------------------------------------------|---------------------------------------------------|-------------|
| 1. | 2010-11 | 12872 | 14,000 | 3900 | 27 % |
| 2. | 2011-12 | 13365 | 24,100 | 4100 | 17 % |
| 3. | 2012-13 | 13408 | 31,000 | 4400 | 14 % |
| 4. | 2013-14 | 28258 | 55,300 | 5300 | 10 % |
| 5. | 2104-15 | 171113 | 3,78,000 | 53100 | 14 % |

AIBEA This day – 29 JULY :

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|------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1925 | Com. J M Paranjpayee, veteran leader of Maharashtra and bank of India staff Union (date of birth) |
| 1946 | Calcutta Bankmen join one day general strike in support of All India post & Telegraph Employees Struggle. |
| 1978 | Settlement reached on reinstatement of 11 leaders including Com. Mahesh Mishra former Vice President IBEA dismissed earlier by SBBJ Management at Jaipur. |
| 1987 | 5 th Bipartite Charter of Demands submitted to IBA by AIBOA. |



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