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**20th APRIL, 1946 - 2019**

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# Jet Airways: Don't Put Pressure Banks to Dole Our Further Loans, Urges AIBEA

Moneylife Digital Team/ 19 April 2019 0



Seeking immediate intervention from the government, in resolving the Jet Airways crisis, the **All India Bank Employees' Association (AIBEA)** has asked the government not to put pressure on banks for giving further loans to the carrier.

CH Venkatachalam, general secretary of one of the largest union of bank employees, in a letter to prime minister Narendra Modi says, "The attempts to side track the whole issue by building pressure on banks to extend further loan and save the company is only with a view to keep Naresh Goyal, the promoter of Jet Airways, out of the picture whereas he is the real man who is answerable for the whole crisis."

"Incidentally, everyone is looking to the banks to bail out the airline as though banks are the owners of the company. Mr Goyal is still the promoter and major shareholder with 51% of the shares with him and it is his headache to run the company or sell it someone. There are reports that most of the woes of the company are due to

their own wrong and unwise business decisions and hence there should be a thorough enquiry into the affairs of Jet Airways and the wrongdoers should be punished," Mr Venkatachalam says.

Jet Airways is facing deep trouble on account of its financial difficulties caused due to various business decisions of the management of the airline, AIBEA says adding, "**Banks have already extended credit of around Rs 8,500 crore to Jet Airways** and these huge loans have turned non-performing in view of the company not being able to service the loan in due time. This has not happened overnight and the airline has been facing problems for the past few years. Yet, Banks have been helpful with the hope that the company would soon come out of the problems. But it was not to be and the company is now in crisis for its survival."

Expressing concerns on Jet Airways' employees, AIBEA says, "...staff of the company have not been paid their salaries and the proposals of the banks to temporarily help to tide over the problem are not being accepted by the company."

"When such companies make huge profits, the same is paid as dividend to the owners on which no tax is payable to the government. But when they are in trouble due to their mismanagement, they expect banks to rescue them," the bank employees union contended.

AIBEA pointed out that the Bombay High Court too had declined giving a direction to the government to ask banks to extend further loans to the ailing carrier.

"We learn banks have invited bids to possible investors to take over the company.

If it does not happen and no bidder is willing to invest and take over the airline, we urge upon the government to take over the airline so that the jobs and future of the thousands of employees, most of whom are young, are safe and without jeopardy," the bank employees union concluded.

## **AIBEA urges Central govt to take over Jet Airways if no bidder is willing to invest and acquire airline**

**Hyderabad, Apr 19 (UNI) UNITED NBEWS OF INDIA**

**All India Bank Employees' Association (AIBEA)** has urged the Central government to takeover the Jet Airways if no bidder is willing to invest and acquire the Airline.

"We learn banks have invited bids to possible investors to takeover the company. If it does not materialises and no bidder is willing to invest and purchase the airline, we urge upon the Union Government to takeover the airline so that the jobs and future of the thousands of employees, most of whom are young, are safe and without jeopardy", AIBEA General Secretary C H Venkatachalam said in a letter to Prime Minister Narendra Modi on Friday.

'You are fully aware that Jet Airways is facing deep trouble on account of its financial difficulties caused due to various business decisions of the management of the airline. Banks have already extended credit of around Rs. 8,500 crore to Jet Airways and these huge loans have turned non-performing in view of the company not being able to pay the loan in due time'.

This has not happened overnight and the airline has been facing problems for the past few years. Yet, Banks have been helpful with the hope that the company would soon come out of the

problems. But it was not to be and the company is now in crisis for its survival, Mr Venkatachalam said.

Incidentally, he said everyone is looking to the Banks to bail out the airline as though Banks are the owners of the company. Mr Naresh Goyal, the former Chairman of the Jet Airways is still the promoter and major share-holder with 51 per cent of the shares with him and it is his headache to run the company or sell it someone.

There are reports that most of the woes of the company are due to their own wrong and unwise business decisions and hence there should be a thorough enquiry into the affairs of Jet Airways and the wrongdoers should be punished, the AIBEA General Secretary said.

The attempts to sidetrack the whole issue by building pressure on the Banks to extend further loan and save the company is only with a view to keep Mr Naresh Goyal out of the picture whereas he is the real man who is answerable for the whole crisis.

We are concerned that the staff of the company have not been paid their salaries and the proposals of the Banks to temporarily help to tide over the problem are not being accepted by the company. When such companies make huge profits, the same is paid as dividend to the owners on which no tax is payable to the Government. But when they are in trouble due to their mismanagement, they expect the Banks to rescue them.

Mr Venkatachalam said the AIBEA welcome the decision of the Mumbai High Court declining to give a direction to the Government to ask the Banks to extend further loans to Jet Airways. "We seek the immediate intervention of the Government so that Banks are not pressurized by any quarters to dole out further loans", the top union leader mentioned in his letter to Mr Modi.

# Jet Airways: AIBEA urges PM to order thorough enquiry, punish wrongdoers

Our Bureau New Delhi | Updated on April 19, 2019



Naresh Goyal (file photo)

Seeks Govt intervention so that banks are not pressurised to dole out further loans

The **All-India Bank Employees' Association (AIBEA)**, a leading representative body of bank employees, on Friday demanded a thorough enquiry into the affairs of Jet Airways and the reasons behind the airline getting grounded.

In a letter to the Prime Minister Narendra Modi, AIBEA General Secretary CH Venkatachalam has emphasised that the wrongdoers who brought down Jet Airways should be punished.

"The attempts to sidetrack the whole issue by building pressure on banks to extend further loan and save the company is only with a view to keep Naresh Goyal out of the picture, whereas he is the real man who is answerable for the whole crisis," said Venkatachalam.

The government should intervene immediately so that banks are not pressurised to dole out further loans, he said.

AIBEA has also in its letter welcomed the decision of the Mumbai High Court declining to give a direction to the government to ask banks to extend further loans.

Jet Airways is facing deep trouble on account of its financial difficulties caused due to various business decisions of the airline's management.

Banks have already extended credit of around ₹8,500 crore to Jet Airways, and these huge loans have turned non-performing in view of the company not being able to service the loan in due time.

"This has not happened overnight, and the airline has been facing problems for the past few years. Yet, banks have been helpful with the hope that the company would soon come out of the problems. But it was not to be and the company is now in crisis for its survival," said Venkatachalam.

AIBEA has expressed concern that the staff of the company have not been paid salaries, and the proposals of the banks to temporarily help tide over the problem are not being accepted by the failed airline.

Banking industry experts highlighted that every day lost in finding a solution to the Jet Airways problem will result in loss of value for the airline, prompting prospective investors to demand a huge haircut. Already, there are reports that some bidders – in all four – are demanding a 80 per cent haircut from banks before accepting to run the airline.

It may be recalled that banks have invited bids for investors to take over the company. If no bidder is willing to invest and manage the airline, then the government must take over the airline so that jobs and future of thousands of employees, most of whom are young, are safe and without jeopardy, the AIBEA letter suggested.

# **Air India takeover of Jet Airways will ensure lucrative routes: AIBEA leader**

**INDO ASIAN NEWS SERVICE IANS 19 4 2019**

**'The government-owned Air India can take over Jet Airways if no investor is interested in taking it.'**

Government-owned Air India can take over Jet Airways and get back the lucrative international/domestic routes if there are no white knight for the private airline, said a top All India Bank Employees' Association (AIBEA) leader.

"The government-owned Air India can take over Jet Airways if no investor is interested in taking it. If that happens, many of the lucrative international and domestic routes will come to Air India.

"There is no point in banks continued lending to Jet Airways as their loan of about Rs 8,500 crore is already a non-performing asset (NPA)," C.H. Venkatachalam, General Secretary, AIBEA, told IANS.

There could be rationalisation of staff so that a good number of jobs can be saved, he added. Venkatachalam said the union has written a letter to Prime Minister Narendra Modi on the Jet Airways issue.

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"Incidentally, everyone is looking at the banks to bail out the airline as though banks are the owners of the company. Naresh Goyal is still the promoter and major share-holder with 51 per cent of the shares with him and it is his headache to run the company or sell it someone."

There are reports that most of the woes of the company are due to their own wrong and unwise business decisions and hence there should be a thorough enquiry into the affairs of Jet Airways and the wrongdoers should be punished.

"The attempts to sidetrack the whole issue by building pressure on the banks to extend further loan and save the company is only with a view to keep Naresh Goyal out of the picture, whereas he is the real man who is answerable for the whole crisis," states the letter.

## **Banks Board Bureau identifies 75 senior officers for leadership roles in PSBs**

PTI New Delhi | Updated on April 19, 2019 BUSINESSLINE

**It has made a case for giving a complete autonomy to banks to decide organisational structure for better efficiency.**

The Banks Board Bureau (BBB), the apex body for selection of whole-time directors of state-owned lenders, has identified 75 senior management personnel of public sector lenders to take over leadership role in the future.

From a pool of 450 senior management personnel across nationalised banks, an inaugural batch of around 75 personnel has been identified this year to help nationalised banks take on the current and emerging challenges as well as help create a leadership pipeline, BBB said in its activity report for the October 2018-March 2019 period.

“They are presently undergoing deeper assessments after which individual development plans will be generated. Shortly, a globally ranked Indian institution will be identified where every year the identified personnel will undergo intensive leadership development journey,” it said.

It has made a case for giving a complete autonomy to banks to decide organisational structure for better efficiency.

BBB, headed by former Department of Personnel and Training secretary B P Sharma, also suggested revamping credit governance architecture in nationalised banks to reinforce efforts to minimise credit costs and enhance efficiency of credit allocation.

“Incentivise maximisation of risk-adjusted income and disincentivise operational inefficiencies by aligning compensation with right performance metrics through the introduction of performance-based compensation through Employee Stock Option Scheme, which is different from Employee Share Purchase Scheme, and Performance Linked Incentives,” the report said.

It further said the Bureau was assigned with the task of recommending personnel for appointment as directors in government-owned insurance companies. In this regard, on January 4 this year, it made its recommendations for appointment of chairman and managing directors of LIC.

Prime Minister Narendra Modi in 2016 approved the constitution of the BBB as a body of eminent professionals and officials to make

recommendations for appointment of whole-time directors as well as non-executive chairmen of PSBs.

It was also given the task of engaging with the board of directors of all the public sector banks to formulate appropriate strategies for their growth and development.

Besides, it was also asked to frame strategy discussion on consolidation based on the requirement. The government wanted to encourage bank boards to restructure their business strategy and also suggest way forward for their consolidation and merger with other banks.

## **Is the Election Commission toothless or is it refusing to bite?**

[Anuradha Raman](#)

APRIL 19, 2019

THE  HINDU

### ***On its powers and limitations in conducting free and fair elections***

The Election Commission (EC) has come under intense scrutiny over the last few weeks for its inability to take swift action against those violating the Model Code of Conduct (MCC). It took a rap on its knuckles by the Supreme Court for the EC to crack the whip. In a discussion moderated by Anuradha Raman, S.Y. Quraishi and Trilochan Sastry talk of the EC's powers in imposing the MCC, and the controversy over NaMo TV. Edited excerpts:

**Mr. Quraishi, with the EC recently taking action against some politicians for violation of the MCC, do you think it has finally demonstrated that it can bite?**

**S.Y. Quraishi:** It is a pity that we needed the Supreme Court to remind the EC of powers that it always had. Even advisories for senior leaders is good enough because it leads to a lot of naming and shaming, which is effective. To say that the EC is toothless in ensuring that the MCC is followed is wrong. It probably needs a little more will power to act strongly, particularly against the ruling party, because the ruling party always has an advantage which has to be neutralised. I think the EC has

enough teeth. Just polite advice to the Prime Minister is enough to cause ripples. To underestimate the power of advisories is wrong.

**But it took a long time for the EC to actually act. Is there reason to believe that the EC is compromised?**

**SYQ:** I wouldn't use such a harsh word. The EC has always been under observation. Not only does it have to be fair, it has to appear to be fair. Now that it has got a rap on its knuckles, I think it will be bolder than it has been so far.

**Does it worry you that the EC is taking its own time to act against the Prime Minister?**

**SYQ:** It is very unfortunate that instead of debating the conduct of politicians, we are debating the EC. The EC is partly responsible because of delays. Had it acted promptly, it would not be in the dock.

**What are your thoughts on the Supreme Court interim order directing political parties to provide full information on each and every political donor in a sealed cover to the court? I recall a conversation where you had serious misgivings about electoral bonds.**

**SYQ:** I am partly disappointed and partly happy. I am happy that it has taken note and commented that there is no transparency [in the electoral bonds scheme]. But asking that the information be delivered in a sealed envelope is beyond my comprehension. It is a grave error and very unfair. Is it a state secret? Parties know who the donor is, the government knows, and the donor knows who he or she gave the bond to. It is only you and I who don't know. Another sad thing is that while the elections are in process, the Constitution has debarred any intervention by the court. The fact that the court has to intervene again and again is a sad situation.

**Trilochan Sastry:** There is a procedural issue and a substantive issue. On the procedural issue of whether the court should have intervened during the election, I have no comments to offer, but on the substantive issue as to whether such actions should be taken against hate speeches

and on the countermanding of elections in a constituency in Tamil Nadu where cash was seized, the EC's decision is welcome. How institutions become aware of their power is a work in process and a long one at that. The EC is still discovering its powers, and if it is being nudged and that helps, it is okay.

On the issue of giving information on electoral bonds in a sealed cover to the court, we are very patient. We would have preferred something faster. The court perhaps felt it did not want to interfere when the election process was underway. So, it found a compromise and directed parties to declare who gave how much funds in the form of electoral bonds in a sealed cover. We will see on May 30th what it does. But the best practice all over the world is complete transparency.

**Does the EC suffer from some inherent structural problems in the manner of the appointment of the Chief Election Commissioner (CEC) and Election Commissioners?**

SYQ: The appointment system to the EC must improve. Right now, the Election Commissioners are appointed by the government of the day and they might feel beholden to the government or the government might feel that they should be beholden. In any case, public perception is that if they have been appointed by a particular government, they will be soft. A collegium system of appointment should be considered.

**It is not as if the Supreme Court's manner of appointment of judges is free of problems. You appear to be suggesting that the collegium system is working fine.**

SYQ: Yes, there may be problems, but this is the best system possible. If you see the electoral system in the world, the shortest cut-off for appointment is in India. Everywhere in the world, such constitutional appointments are made by either a collegium or even by the parliamentary committees and there is a parliamentary endorsement. In some cases there is a live interview of the candidate so that the whole nation is privy to the appointment. It is only in India that the most powerful Commission in the world has the most defective system of

appointment. Mind you, it also puts pressure on the incumbent. The Commissioners, even if they're acting bona fide, if the public perception is, 'oh they must be soft on the government', as is happening just now, to insulate them from these kind of allegations and accusations, a neutral system of appointment is perhaps the answer.

### **Should the MCC be enacted into a law?**

TS: I think good practice sometimes is better than a law. When we pass a law, we are unable to anticipate every contingency. I think we need to trust the EC to exercise its powers. The moment you make a law, some comma or some phrase somewhere will be interpreted this way or that way and it will end up in the courts. And there will be a legal tangle. The Supreme Court has kind of endorsed the idea of a MCC without giving it a legal status. I think we should just let it be like that.

SYQ: I am absolutely against making it a law. It is a clever trap. The MCC will be taken away from the EC's discretion and it will have to be given to the judiciary in which case it will take 20 years for you to know whether some act was committed. Now this MCC acts like a fire brigade — if there is fire, it has to be extinguished right then and not after five or 10 years. Second, its moral authority should not be underestimated even if the ultimate punishment under the model code is advice, warning, censure or reprimand. Its contribution towards forming public opinion is firm. The moment a leader gets a notice, it becomes a newspaper headline. The moral authority of the model code is very strong and the leaders are actually scared of getting a notice under the model code. Third, anything which is in the model code is also part of different laws, and action is simultaneously taken under the laws also. The only difference is that the action will be known to you after 10 years, whereas, here, a notice is served even to the Prime Minister: you violated the model code, please reply why action should not be taken. And the reply comes in 23 hours. This kind of speedy compliance never happens even to a law of the land.

**The week before the announcement of election dates is when we usually see a flurry of advertisements from the government. This**

**year was no exception. How is it that the week before the EC actually announces the dates, the government is prepared with its advertisements?**

SYQ: All I can say is that the dates are decided by the EC and governments are very curious to know what the dates are and we never let them out, so that the surprise element is not taken away. The incumbent government cannot plan its political moves accordingly.

**TS:** It's very tricky to distinguish between a genuine policy decision which is announced and an announcement which is for the sake of getting votes. I think everything cannot be legislated. Something has to be left to the good sense of the voters.

**What actually is the problem with the TV channel that was launched in the name of the Prime Minister a few weeks after the MCC kicked in?**

SYQ: I don't have the full facts, but *prima facie* there is no problem in a political party or a political leader owning a channel. We know that in the south every politician seems to have a channel. So when we were formulating the guidelines for the expenditure monitoring division in 2010 and 2011, we came across many channels which are owned by political parties. What they were doing was that their appearance on their own channels was shown as nil expenditure. We said, nothing doing. After all, there is a notional value attached to the telecast on the channel, which will have to be counted and shown as expenditure incurred. NaMo TV, if it is owned by the party or Mr. Modi himself, there is no problem except that the expenditure on the publicity on the channel has to be accounted for.

TS: I want to add one point here. You know the framework in which we are discussing all this. It seems to me that we are convinced that wrongdoing will happen and we are trying to fix it by this rule or that rule. Then we are falling back on the MCC. I think the only long-term solution is voter awareness. If the three of us seem to feel that a certain practice may not violate a constitutional right but it violates a moral code, I think when the people of India largely realise that, these things will disappear

and among a large section of politically aware voters this is already happening.

**Do both of you agree that the EC suffers from no limitations whatsoever?**

TS: It can exercise far more powers when it chooses to, but the one power it does not have is to de-register political parties and you know there are parties which never contest elections, which do not submit their accounts, which do not follow their own internal Constitution of holding elections on time. And the EC becomes powerless. I think with due caution they should be allowed to de-register. In any case, there is judicial oversight.

SYQ: This has been pending for 20 years. We have been demanding that the power to register does not include the power to de-register, according to a Supreme Court judgment. We went to the government and asked them to empower us. We have nearly 2,000 parties. Most of them are bogus; they are there only for money-laundering. We cannot do anything. To that extent, the EC is toothless, yes.



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