



AIBEA strongly objects RBI move to further weaken Dena Bank by chocking lending operations

Hyderabad, Jun 11 (UNI) United Newx of India

All India Bank Employees' Association (AIBEA) has strongly objected the move of Reserve Bank of India (RBI) over chocking the lending operations to Dena Bank.

'We regret that RBI has made a virtual embargo on any lending in Dena Bank in terms of its communication to the Bank. This has created undue panic in the minds of all stake-holders, essentially on the Bank's customers and workforce', AIBEA General Secretary C H. Venkatachalam said in a letter to RBI Governor Dr Urjit Patel and marking copies to Union Minister for Finance (Current Charge) Mr Piyush Goyal and Secretary, Department of Financial Services, Government of India Mr Rajiv Kumar.

Mr Venkatachalam said Chocking the bank's lending Operations will further deteriorate the health of the Bank. Dena Bank, though not a very big bank in terms of size and business volume, has been playing a very effective role in economic development especially in the main geographical areas of its operations. This harsh decision to stop all its lending activity will slowly cripple the Bank, he added.

"We strongly object to this measure aimed at further weakening the Bank. Dena Bank has a very good and traditional client base. The Bank has a dedicate

workforce. The Bank has the potential to come out of the problems facing it. The Bank's financial problems on account of bad loans can be

addressed by other measures. We are ready to discuss with RBI and Union Government about taking remedial measures to pull the Bank out of the present rut but this decision on embargo on lending needs to be immediately reviewed.

We urge upon you to re-examine and rescind this embargo", Mr Venkatachalam said.

The AIBEA General Secretary said, we are aware that every development taking place in the banking industry is in your knowledge. We are equally aware that RBI is fully conscious of the problem of huge and alarming bad loans in the Banks. Because of the increasing bad loans, consequent enlarged provisions, negative net profits and erosion in capital, RBI has also clamped Prompt Corrective Action (PCA) on number of Banks.

We have our own views on these measures as they may not end up as corrective measures but rather complicate the problems faced by the Banks. RBI is fully aware that bulging bad loans is only basic reason that is impacting the performance of the Banks. While any attempt to recover the bad loans would be a welcome step to mitigate the problems of the Banks, punitive measures as the one done in Dena Bank is bound to backfire, the top Union Leader observed.

We look forward to positive response from the RBI on the lending issue, Mr Venkatachalam said.

AIBEA refuses to accept MEIT communication to banks to undertake aadhaar enrolment from Jul 1

Hyderabad, Jun 11 (UNI)

All India Bank Employees Association (AIBEA) has refused to accept the communication issued on May 31 by Ministry of Electronics and Information Technology (MEIT) to all the banks directing them that they are mandated to undertake Aadhaar enrolment from July 1.

In a letter to Secretary, Department of Financial Services, Ministry of Finance Mr Rajiv Kumar, AIBEA General Secretary C H Venkatachalam said "We are unable to accept the same per se. We are constrained to inform you that we are advising our members not to undertake these additional duties which are beyond their purview".

He said for the past few months, Bank managements in of the Banks have been trying to coerce the employees to undertake issuance of Aadhaar cards and we have been objecting to the same as the same is not part of the normal duties of the clerical staff of the Banks and no discussions have taken place between the managements and our Unions in this regard.

We have been drawing the attention of the Banks, IBA and the Union Government that the trend of forcing Banks and bank employees to undertake various types of non-banking activities is on the increase and bank employees are highly stressed on this account. Now this direction to undertake Aadhaar enrolment by Bank branches by bank employees will add to their woes, Mr Venkatachalam said.

Since such directions affecting the jobs, job profile and role and responsibilities of bank employees are being unilaterally given without any deference to the bilateral agreements, the top Union leader said.

AIBEA seeks Goyal's attention on filling up posts of Workman Employee / Officer Employee Directors in Banks

Hyderabad, Jun 11 (UNI) All India Bank Employees' Association (AIBEA) has sought the attention of Union Finance Minister (Current Charge) Piyush Goyal on filling up posts of Workman Employee/Officer Employee Directors in Banks.

'You are aware that under the Bank Nationalisation Act, 1970/1980, in terms of the Scheme therein, Workman Employee and Officer Employee Directors are appointed by the Central Government in all the Public Sector

Banks. However, for the past four years, ever since the BJP-led NDA Government came to power, no appointments of Workman Employee and Officer Employee Directors have been made', AIBEA General Secretary C H Venkatachalam said in a letter to Mr Goyal.

He said, Consequently, the posts of Workman Employee Director and Officer Employee Director in all the 20 Public Sector Banks are vacant now. We have made repeated representations to the Government but the posts continue to remain vacant in all the Banks, the top Union leader said.

"It is very strange that when the NDA Government headed by Prime Minister Narendra Modi talks so much on good governance, efficiency, speed in decision making, etc, the non-filling up Employee/Officer Director posts in Banks is a very sad commentary on what the Government talks and what they do", Mr Venkatachalam said.

The AIBEA seek your special attention in this regard, he said.

6 more state-run banks may come under PCA

ECONOMIC TIMES, 10 6 2018

Six more state-run banks are at risk of entering the Reserve Bank of India's prompt corrective action (PCA) framework, officials said. These include Punjab National Bank, Union Bank of India and Syndicate Bank, they said, adding that this may reduce the chances of the finance ministry's plans to sell the good loans of weak banks to stronger lenders coming to fruition.

If the Reserve Bank of India imposes restrictions on these lenders in the next one month, it will bring the number of state-run banks under the PCA framework to 17. The central bank imposed PCA restrictions on Allahabad Bank in May, including a directive to reduce exposure to unrated and high-risk advances. Dena Bank was also asked to avoid taking fresh exposures.

A senior finance ministry official, however, said the banking regulator may give some relief given these lenders are not falling behind on all indicators. If the lenders don't come under PCA, there is a chance the plan to sell healthy loans may work, he said.

Threat Looms Large

PNB, Union Bank of India & Syndicate Bank may slip	Most banks slipping only on one parameter - bad loans
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Banks to make case for leeway from RBI

Resolution under NCLT cases to bring down losses

Putting them under PCA can delay faster recovery	All the six can post recoveries in maximum next two quarters
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Already 11 under PCA out of 21 state-run banks

"The banks in various discussions with the government and also the Reserve Bank have said that they will be able to recover in the next one or two quarters. If the RBI imposes restrictions under PCA, it will be difficult for them to turn around quickly," he said, adding that RBI may be inclined to give them some leeway. "Some talks have been held."

LENDING RESTRICTIONS

Another official said that if even three banks are put under PCA, the idea to set up a consortium of banks that will take over good loans of banks under PCA will not work out. "It also does not make sense for these banks to take over these loans if there are lending restrictions," he added.

PCA involves imposition of various curbs such as stopping branch expansion, halting dividend payments, limiting loan limits, audits and restructuring if warranted. State-owned banks currently under PCA are Allahabad Bank, United Bank of India, Corporation Bank, IDBI Bank, UCO Bank, Bank of India, Central Bank of India, Indian Overseas Bank, Oriental Bank of Commerce, Dena Bank and Bank of Maharashtra.

"It is a bad idea to take performing loans out of the books of already struggling banks and saddle them with bad loans," said MP Shorawala, a

former independent director with Central Bank of India. "This could have worked if the government had consolidation plans."

Last week, acting finance minister Piyush Goyal held a meeting with heads of public sector banks based in the west and south. After the meeting, Goyal had said that Bank of Baroda chief PS Jayakumar will formulate a strategy regarding state-owned banks taking over good loans of banks under PCA. Goyal has charge of the finance portfolio pending Arun Jaitley's return from medical leave.

The government has also set up a committee under the chairmanship of Sunil Mehta, non-executive chairman of Punjab National Bank, to examine the setting up of an asset reconstruction company and/or asset management company for faster resolution of stressed assets involving multiple state-owned lenders.

ICICI Bank, Chanda Kochhar face US regulatory probe

Indian regulators and investigative agencies are mulling seeking help from their overseas counterparts

NEW DELHI, JUN 10 BUSINESSLINE/ PTI

As multi-agency probe continues in India into alleged lapses involving ICICI Bank's chief Chanda Kochhar and her family members, the matter has also come under the scanner of the US markets regulator SEC. Besides, the Indian regulators and investigative agencies are mulling seeking help from their overseas counterparts including in Mauritius as part of their own probes, officials said.

When asked about its probe into matters related to ICICI Bank and Kochhar, a spokesperson for the SEC Office of Public Affairs declined to comment. The queries sent to ICICI Bank also remained unanswered. The bank has already instituted an independent enquiry into allegations of

'conflict of interest' and 'quid pro quo' in Kochhar's dealing with certain borrowers.

Earlier in March, when the reports first surfaced in this regard, the bank had said that its board has "full confidence and reposes full faith" in Kochhar. Sources said the SEC (Securities and Exchange Commission) is actively looking into the matter as ICICI Bank is listed in the US also and it may seek further details from its Indian counterpart the Securities and Exchange Board of India (SEBI), which has already issued show-cause notices to ICICI Bank and Kochhar as part of its probe.

Officials said the SEBI has been approached for some clarificatory details which would be provided to the bank and its CEO, among others to whom notices have been served. Those looking into the matter also include the banking regulator RBI and the Corporate Affairs Ministry, while the CBI had earlier registered a preliminary enquiry against Kochhar's husband, among others, and extensively questioned her brother-in-law in April.

The cases under scanner include the bank's Rs 3,250 crore loan to Videocon Group in 2012 and the involvement of Kochhar family members in restructuring of the loan.

Last week, Interim Finance Minister Piyush Goyal said the law will take its own course in the alleged case of nepotism at ICICI Bank, even though it is a good bank with "very robust processes" and there was no cause for concern for any of the stakeholders of ICICI Bank per se.

Allegations

There are allegations of impropriety in ICICI Bank extending loans to some companies and enjoying reciprocal benefits. It has been alleged that family members of the bank's chief, including her husband Deepak Kochhar, got financial favours from the borrowers against the loans sanctioned by the bank.

It was also alleged that Videocon Group pumped money into NuPower Renewables, a firm owned by Deepak Kochhar. SEBI has served a notice on Kochhar on dealings of the bank with Videocon Group and Nupower.

There are also allegations that NuPower got investments of Rs 325 crore from Mauritius-based Firstland Holdings, a company owned by Nishant Kanodia, son-in-law of Essar Group co-founder Ravi Ruia.

An independent probe was ordered by ICICI Bank board after fresh allegations of quid pro quo were levelled by activist and whistle-blower Arvind Gupta, who also accused Ruia brothers of Essar group of having got undue favours from the bank for "round-tripping" investments into NuPower Group.

The allegations have been dismissed as "motivated" by the Essar Group, which maintains it has no business interest in Firstland Holdings. The Ministry of Corporate Affairs is looking into companies involved in the ICICI Bank controversy of alleged conflict of interest in Chanda Kochhar's dealings with certain borrowers, according to a senior official.

The official also said the affairs of ICICI Bank are not being looked into by the ministry as that is completely under the purview of the Reserve Bank of India (RBI). "The ministry is looking at allegations with respect to fraudulent, preferential or under-valued transactions... (related to) those companies which have come into controversy in the light of ICICI Bank issue," the official said.

ICICI Bank is a good bank, says Goyal

MUMBAI, JUNE 08, 2018 THE HINDU

'Stakeholders need not have concerns'

Finance minister Piyush Goyal has termed controversy-hit ICICI Bank as a 'good bank', even as a government nominee on the board of the bank continues to abstain from board meetings.

"ICICI Bank is a good bank, it has robust processes," Mr. Goyal said in an interaction with the media. "There is no cause for concern for any of the stakeholders of ICICI Bank per se," he said. Mr Goyal has been given

temporary charge of the finance ministry till Arun Jaitley recovers from illness.

“The law of the land will take its own course. And the processes are already going on, both internally at ICICI Bank and externally...which will come out with their findings,” the Minister added.

Absence of nominee

When asked why the government nominee was not attending the board meeting, Mr Goyal said, “I wouldn’t know about that particular meeting but I will find that out.”

The comments come amid a raging controversy surrounding ICICI Bank with allegations of conflict of interest against its MD and CEO Chanda Kochhar.

In 2016, a whistleblower had sought an inquiry into transactions among ICICI Bank, the Videocon group and NuPower Renewables — a company promoted in 2010 by Ms. Kochhar’s husband Deepak Kochhar.

It was alleged that a company related to Videocon group chairman Venugopal Dhoot invested Rs.64 crore in NuPower in 2010 and later proprietorship of the company was transferred to a trust owned by Mr. Kochhar for Rs.9 lakh after Videocon group received a loan of Rs.3,250 crore from ICICI Bank in 2012.

The Securities and Exchange Board of India had also issued a show-cause notice to the bank for alleged violations of disclosure norms. ICICI Bank has sought more time to respond to SEBI’s queries.

Following fresh allegations from an anonymous whistle-blower, last month the board of ICICI Bank has decided to set up an enquiry committee headed by an independent and credible person to examine the complaint against Ms. Kochhar for violating code of conduct of the bank, among others. The committee is yet to be formed.

Piyush Goyal announces committee to set up Asset Reconstruction Company

[PTI](#) MUMBAI, JUNE 08, 2018 THE HINDU

The government "stands solidly behind each of the 21 public sector banks (PSBs)", says the Finance Minister

Finance Minister Piyush Goyal on Friday announced setting up of a committee to give recommendations in two weeks on formation of an Asset Reconstruction Company for faster resolution of stressed accounts.

After meeting the heads of State-owned banks, Mr. Goyal said the government "stands solidly behind each of the 21 public sector banks (PSBs)".

The committee under Sunil Mehta, non-executive chairman of Punjab National Bank (PNB), will make recommendations in two weeks on setting up of an Asset Reconstruction Company (ARC) or Asset Management Company (AMC) for faster resolution of stressed accounts, he told reporters in Mumbai.

Most of the stressed assets have been identified that could fit into the ARC or AMC structure, he said.

Also, banks will consider having oversight committees with external experts to help faster decision making and resolving stressed accounts in a transparent and speedy manner.

Mr. Goyal said discussions during the meeting focused on credit flow and banks devising mechanism to ensure credit flow to good borrowers should not face difficulties.

Risks need to be mitigated to support economy, he said, adding that all bankers wished to set up a mechanism to enable faster resolution of stressed accounts.

He also said that all vacant positions of PSB heads will be filled in the next 30 days.

Suggestions about strengthening governance process and honest recognition of non-performing assets (NPAs) or bad loans were discussed at the meeting, he said.

He assured that processes will be streamlined and customer interest protected.

Bank Employees On Warpath: What Next?

More than a week ago, the nine trade unions of government bank employees, 4 being of officers and 5 of others, had gone for two days long strike after they rejected the Indian Banks' Association's (IBA) proposal for a 2% wage hike

09 [June, 2018](#) | [Ujjwal K Chowdhury](#)

BW BUSINESSWORLD

Come June 12, the United Forum of Bank Employees, representing the one million strong bank employees of government banks, is meeting at Chennai to decide the next course of action after the last national strike on May 30-31, and this time the Forum may even decide for an indefinite banking strike in India, as a last resort.

More than a week ago, the nine trade unions of government bank employees, 4 being of officers and 5 of others, had gone for two days long strike after they rejected the Indian Banks' Association's (IBA) proposal for a 2% wage hike. The salary-structure of the bank employees is fixed up through a bi-partite settlement, unlike Central and State Govt employees. After every 5 years, the salary is hiked to have the protection against inflation. The last settlement was for the period 2012-17 of 15%, which was not matching with the then 6th Pay Commission. But this time the increment for the period 2017-2022, which came only a few weeks

ago, seven months delayed, the employees expected a parity with the new 7th Pay Commission of the Central government, but rather was offered merely 2%, on the plea of low profitability of banks.

The 2% wage hike will cost banks approximately Rs 500 crore, while the proposal given by the unions will cost around Rs 12000 crore, and this is surely open to negotiation. IBA and the central government are linking it with the profitability but there was no hesitation to write off Rs 2.41 lakh crores in last 3 years, and gross NPA (Non Performing Assets) stands at Rs.6.41 lacs crores today, according to RBI figures, which was around Rs.3 lacs crores in 2014. For the last four years, banks have been earning operating gross annual profits ranging from Rs.1.3 lacs crores to Rs.1.6 lacs crores, but net profit is wiped out due to the bad loans, given not at the whims of employees and the faulty provisioning norms, but through political decisions.

As per RBI data of March 31, 2018, Non Performing Assets of government banks amount to Rs.6.41 lacs Cr, of which Corporate Industry NPA is around Rs.4.7 lacs Cr (73%), Agriculture Sector NPA is Rs. 57,000 Cr (9%), Services Sector NPA is Rs. 85,000 Cr (13%), and Retail Sector NPA is around Rs.24,000 Cr (4%). It is important to note that the Corporate Industry Loans are sanctioned by government-appointed Board Level Executives to corporate bodies like Bhushan Steel, Lanco Infra, Essar Steel, Amtek, Monnet Ispat, Reliance, Adani groups, and to people like Nirav Modi, Vijay Mallya, et al. Agricultural NPA is mostly due to Farm Loan Waiver policies by elected governments just before or after elections, and so such borrowers misuse loans as they have a sense of political entitlement. Services NPA is mostly like MUDRA loan, where the current central government bars Banks to take collateral, and hence Banks cannot recover and the borrowers happily default. Retail NPA, accounting for around 4% of all NPAs, is the only NPA where a common branch level Banker makes a sanction in form of Housing, Car, Personal Loan et al. Hence, the one million banking employees find cheated today to be punished for the crime done by political decisions.

Interestingly, the government is not complying with the recommendations of its own appointed standing committee that the corporate deliberate defaulters' names should be published and the accountability of the board representatives be fixed as to who have given green signals for sanctioning loans to the deliberate defaulters.

Further, the bank employees are the architects for fulfilment of all government aspirations through successful implementation of Atal Pension Yojana, Pradhan Mantri Awaas Yojana, Adhar-bank account linking, Mudra loan, Stand Up and Start Up projects funding, Jandhan accounts and the Herculean work following the ill-advised demonetisation, during which some 19 bank employees died on duty.

There indeed should be parity, co-relation, uniformity and relativity of our salary with others in insurance and other sectors of the government, matching with the status and the risk, responsibility, accountability and transferability we are to undertake. Further, the dissenting employees' charter of demands has asked for a five-day working week and more facilities for women employees.

As matters stand today, the issue of the banking employees is assuming a national proportion and in an economy which clocks around 6 to 8% annual inflation, there is no justification of 2% salary increment for all bankers as a constant for half a decade next.

Ex-RBI governor YV Reddy slams government over fraud at PNB

BY PTI | UPDATED: JUN 10, 2018, ECONOMIC TIMES

Former RBI governor Y V Reddy has slammed the government for the multi-crore fraud at state-run Punjab National Bank (PNB) and said as the owner of public sector lenders, it is answerable to taxpayer losses rising out of such financial scams.

In February this year, PNB detected a over Rs 13,000- crore fraud allegedly involving diamantaire Nirav Modi and his uncle Mehul Choksi, a billionaire jeweller, at one of its branches in Mumbai.

"A big fraud has come to light in the recent months involving thousands of crores in regard to one particular bank. It is clear that it is a fraud. Who should be worried most about the fraud?

"Its the owner of the bank who stands to lose the most. The owner (in the PNB case) is the government," Reddy said in a speech at the Shivaji University at Kolhapur on Saturday. He was speaking on the topic 'Keeping Banks Safe'.

The former RBI governor, who headed the central bank from 2003 to 2008, said it is the taxpayers who pay for the losses due to such banking frauds.

"The taxpayers who have entrusted their money to the government-owned banks should be asking the government to explain why, as the custodian of their money, it failed to prevent the fraud," Reddy said.

He said as the majority shareholder of public sector banks (PSBs), the government should be worried about what the directors it nominated on the their boards were doing (when irregularities were taking place). "The owner should be worried about the system of monitoring and control of its own investment. That should be the focus of the owner."

He said though the RBI's main responsibility is financial system stability and protection of depositors, it cannot escape responsibility for maintaining the trust of public in the banking system.

"The (PNB) fraud is of such a magnitude that it affects the credibility of the RBI in ensuring the trust of people in banking. To this extent, it has to review its own regulatory and supervisory practices," Reddy said. He said despite criticisms in some segments of the media, the RBI is held in high esteem by people.

Recently, the government amended laws to acquire powers to direct the RBI to act on the issue of recovery of dues to banks.

"Actions taken by the government and official statements should ideally reinforce confidence in the RBI at this juncture," he said.

Reddy said recently the Central Bureau of Investigation (CBI) took unprecedented actions against some of the bankers allegedly linked to frauds.

These actions are based on conspiracy and implied loss to the government than bad motive or pecuniary gains, the ex- governor said.

"Whether the really guilty have been booked; whether they will be punished finally; and whether they act as a deterrent are questions that remain (to be answered). But, what is certain is that there is a loss of confidence in the integrity of the banking system."

Reddy said interests of depositors are adversely affected when borrowers do not pay principal and interest as scheduled or if nonperforming assets are large.

"It affects depositors if a bank does not have enough money to pay them, that is, when the capital is not adequate," the former RBI governor said.

Bank deposits with the private sector, having adequate capital, continues to be as safe as they have ever been, he said.

"The PSBs do not have adequate capital to take care of depositors' interest, but since the majority ownership is that of the government, the deposits are safe. These are not limited liability companies, but institutions established under the law."

The future of the public sector banking, which accounts for a major part of the banking system, is uncertain, he said.

"There should be clarity on the future of public sector banking towards which we should move. The objective for public ownership of banks should be clarified and simplistic comparisons with the private sector banks avoided," he said.

Reddy said there should be clarity in where we want our banking system to go from here.

"Our experience was that a roadmap with a vision statement works well when it is non-negotiable but the path should be non-disruptive.

"We should be able to indicate a bright future for banking system to keep banking safe for depositors and, in fact, for all concerned," Reddy added.

IBC firms to face more surveillance

[PTI](#)

MUMBAI, JUNE 09, 2018

THE HINDU

SEBI and stock exchanges will put in place additional surveillance measures for companies that are undergoing insolvency resolution process (IRP) from Monday, according to BSE.

To enhance market integrity and safeguard investors' interest, the Securities and Exchange Board of India (SEBI) and the exchanges have been introducing enhanced pre-emptive surveillance measures.

"In continuation to various surveillance measures already implemented, SEBI and exchanges have decided that along with the aforesaid measures, there shall be surveillance measures for companies that are undergoing IRP as per IBC w.e.f June 11, 2018," the BSE said.

AIBEA THIS DAY MAY 11	
1955	Calcutta Reserve Bank of India Employees' Association donates duplicating machine to BPBEA.
1997	Two hours strike in all banks in Rajasthan against victimisations
1998	General Council of AIBEA meets at Pune.
2009	Centralized Demonstration on 9 th Wage Revision Demands.



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