



## **Bank strike alert! 10 lakh employees to go on strike for wage-revision demand; all you need to know**

Wage hike is pending since November 1, 2017. The IBA is offering 2 per cent hike over the total wage bill of the banks, which was rejected by the UFBU after a failed meeting with the IBA.

By: FINANCIAL EXPRESS | New Delhi : May 7, 2018

Bank strikes have the potential to disrupt normal functioning of businesses (Photo: PTI)

Over 10 lakh employees of public and private sector banks will observe two-day strike in the later part of May, if their demand of "legitimate" wage hike is not accepted by Indian Banks Association (IBA). The meeting for wage revision between United Forum of Banks Union (UFBU) and Indian Banks Association failed to come on any agreement on Saturday.

If the strike really happens then people will have to face difficulties in carrying out bank-related works on two days. The news of expected bank strike comes weeks after cash were reported as ATMs in many states.

### **Why do bank employees want to go on strike ?**

1. Wage hike is pending since November 1, 2017. The IBA is offering 2 per cent hike over the total wage bill of the banks, which was rejected by the UFBU after a failed meeting with the IBA.

2. **All India Bank Employees Association (AIBEA)** General secretary, C.H. Venkatachalam, said if Finance Ministry does not intervene, a 48-

hour strike will be called at the end of this month. He also said the offer made by the IBA – 2 per cent over the total wage bill – is not adequate.

3. The last wage settlement period was between November 1, 2012 and October 31, 2017. At that time, the IBA agreed for 15 per cent hike over the total wage bill.

4. The proposal of 2 per cent rejected by the AIBEA has given a fresh impetus to the **debate between the issue of crores of money being spent on corporates, which are responsible for rising non performing assets in the economy, and the legitimate demand of lakhs of employees who work day and night for the bank and serve crores of people.**

5. Banks in India seem to be the most debated topic among people. With the issue of rising non-performing assets and cases of absconding defaulters like Vijay Mallya or Nirav Modi, banks have come under public scrutiny. The transparency in issuing loans is being questioned today. But at the same time, the bank employees are also facing trouble. This time the matter is related to wage and it seems the employees are not in any mood to accept anything lower what they are demanding.

## **Manmohan attacks Modi for 'economic mismanagement'**

***'The government's response has been to stifle dissent when deficiencies are pointed out,' says the former Prime Minister***

PTI  
BENGALURU, MAY 07, 2018

THE  HINDU

Former Prime Minister Manmohan Singh on Monday launched a scathing attack on the Narendra Modi government for its “disastrous policies” and “economic mismanagement”. He said the country was facing crises that were avoidable.

Dr. Singh attacked the government over a series of banking frauds, saying the money swindled almost quadrupled from Rs. 28,416 crore in September 2013 to Rs. 1.11 lakh crore in September 2017.

“Perpetrators of these frauds meanwhile escape with impunity. The economic mismanagement of the Modi government, and I say this with great care and responsibility, is slowly eroding the trust of the general public in the banking sector,” he said.

“Our nation today is experiencing difficult times. Our farmers are facing an acute crisis, our aspirational youth are not finding opportunities, and the economy is growing below its potential,” Dr. Singh told reporters in Bengaluru.

He said the “unfortunate truth” was that each of these crises was “entirely avoidable”.

“It pains me to see how rather than standing up to all these challenges, the government’s response has been to stifle dissent when deficiencies are pointed out,” he said.

Dr. Singh noted that economic policy had a significant impact on the lives of people. It was essential that those tasked with decision-making paid careful attention to policies and programmes and not act on mere whims and fancies.

“India is a complex and diverse country and no one person can be the repository of all wisdom,” he said in an apparent dig at Mr. Modi.

Every time an answer was sought for any of the “disastrous policies” of the BJP government, “all we hear is that the intentions are virtuous”.

Dr. Singh said the intentions of the Modi government, which it claimed were good, had resulted in “massive” losses for the country. “Its lack of reasoning and analysis is costing India and our collective future.”

### **Demonitisation, GST, fuel prices**

He said that under the United Progressive Alliance governments the growth rate averaged 7 per cent. It was 8 per cent at one point of time despite turbulent global conditions.

The National Democratic Alliance (NDA) government, he said, clocked inferior growth rate despite a favourable international climate and low oil prices. In fact, the growth rate under the NDA government was lower in spite of the change in the methodology to determine it “which paints a rosier picture than reality”, Dr. Singh said.

According to Dr. Singh, two “major avoidable blunders” of the Modi government were demonetisation and hasty implementation of the GST.

The losses the economy suffered due to these blunders had severely hurt the micro, small and medium enterprises and resulted in the loss of tens of thousands of jobs.

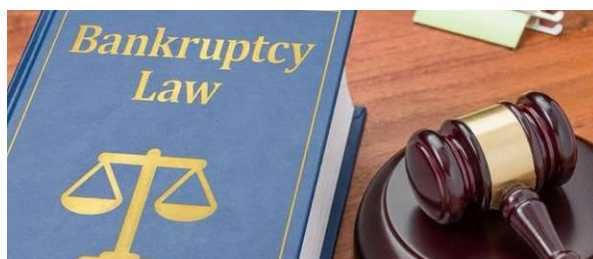
Besides, exports as a share of the GDP plunged to a 14-year low at a time when the global economy was reviving and exports of other Asian nations like Vietnam were growing substantially, he said.

Petrol and diesel prices were at a “historic high” despite a fall in international crude oil prices because the Modi government had chosen to levy “excessive” excise duty.

“Instead of passing on the benefits of low prices to the people, the Modi government has punished the people,” he said.

## **Banks bat for ‘Swiss Challenge’ method in IBC resolution cases**

K RAM KUMAR MUMBAI, MAY 10 BUSINESSLINE



**Two extremes - There have been concerns about insolvency professionals in India charging extremely high fees. There have also been instances of the fee being as low as No. 1**

**Seek to end litigation, make resolution process transparent**

In an effort to curb the crab mentality among litigious bidders to acquire stressed assets under the Insolvency and Bankruptcy Code (IBC), banks, in a proposal to the Ministry of Corporate Affairs, have suggested that bidding under the 'Swiss Challenge Method' be incorporated into the Code.

Under the 'Swiss Challenge' method, the highest (H1) bid in the first round of bidding becomes the base price for bidders, including the H1 bidder, to place counter-bids in the second round of bidding.

The stressed asset will go to the highest bidder in the second round. If no other bidder is able to better the H1 bid, the top bidder in the first round is declared the successful bidder.

This assumes significance in the wake of recent proceedings related to Binani Cements, where UltraTech has offered to increase its bid after Dalmia Bharat was declared the top bidder.

A senior public sector bank official said banks have proposed the 'Swiss Challenge Method' to the Ministry to make the insolvency resolution process under the IBC more transparent. Further, it could also help banks realise more value from the bidding process and possibly reduce litigation.

### **Checking NPA woes**

"There were a lot of expectations that the IBC would be a quick fix to our NPA (non-performing asset) woes and that we would get proceeds from the sale of some of the stressed assets in the last quarter of FY18 and the first quarter of FY19.

"However, the process is getting bogged down in litigation, with bidders dragging each other to court to prove their rivals' ineligibility and their own eligibility or coming up with superior offers after bids have been opened," said the banker.

In the recent past, some banks have resorted to the Swiss Challenge method to offload their stressed assets under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

For example, in March 2018, Jammu & Kashmir Bank had invited counter-bids for the sale of its exposure to Essar Steel India Ltd and Odisha Slurry Pipeline Infrastructure Ltd under this method on a 100 per cent cash basis.

## **GST, bank balance sheet problems pushed India's economic growth downward, says UN report**

PTI UNITED NATIONS, MAY 08, 2018 THE HINDU

India's economic growth was pushed downward in 2017 due to the Goods and Services Tax (GST) as well as protracted issues of corporate and bank balance sheet problems, according to a U.N. report which said the country is expected to recover gradually and grow at 7.2% in 2018.

According to estimates in the UN Economic and Social Commission for Asia and the Pacific's (ESCAP) flagship publication, the *Economic and Social Survey of Asia and the Pacific*, India's GDP grew at 6.6% in 2017, down from 7.1% in 2016.

The report said that India's GDP is forecast to grow 7.2% in 2018 and 7.4 per cent next year.

In India, the recently introduced GST as well as weak corporate and bank balance sheets resulted in modest economic growth, but signs of recovery emerged in the second half of 2017, it said.

The recently introduced Goods and Services Tax (GST) as well as protracted issues of corporate and bank balance sheet problems pushed the growth rate of India downward in 2017, it said.

Developing Asia-Pacific economies are on track to record an overall growth rate of 5.8% in 2017, compared with 5.4% the previous year. They are projected to grow by 5.5% in both 2018 and 2019, with a slight moderation in China offset by a recovery in India and steady performance in the rest of the region.

A gradual recovery is expected; private investment is expected to revive as the corporate sector adjusts to GST, infrastructure spending increases and corporate and bank balance sheets improve with government support, the report said.

Tax reform and strengthening tax collection could also add as much as 8% to the gross domestic product (GDP) of countries such as Myanmar or Tajikistan; and about 3 to 4% in larger countries, like China, India or Indonesia, according to ESCAP.

Further, weak corporate and bank balance sheets in India also contributed to a sharp slowdown in investment; thus, simply lowering policy interest rates was not enough to revive investment in that country. The new bankruptcy code and the recapitalisation package for public sector banks are expected to support a gradual recovery in private investment.

The report said that consumption also strengthened as the impacts of demonetisation faded.

On the problem of bad loans, the report said the share of non-performing loans in the country has doubled, and defaults on corporate bonds and syndicated loans have surged in recent years. By mid-2017, distressed bank loans reached a record high of Rs.9.5 trillion (\$148 billion), but more recent revelations suggest that the actual figure may be higher.

The banking problem is closely related to high corporate leverage; thus, the two problems are known as the 'twin balance sheet' challenge. If it does not effectively address that challenge, India will continue to face weak private investment and modest economic growth, it said.

While it has been acknowledged that the GST has reduced the complexity of its taxation system, its tax laws still are perceived to be second most complex in the Asia-Pacific region — after those of China.

The report further noted that inflation accelerated in 2017 mainly as a result of increased food and fuel prices following severe floods in several countries and rising global oil prices. Higher inflation was also due to the housing rent allowances for civil servants and military staff recommended by the Seventh Pay Commission.

With regard to the medium-term outlook, potential economic growth is on a downward trend in several countries owing to population ageing, slower capital accumulation and modest productivity growth, said United Nations Under-Secretary-General and ESCAP Executive Secretary Shamshad Akhtar.

At the same time, rapid technological advancements, while promising immense opportunities are also posing considerable challenges in terms of job polarisation and income and wealth inequalities, Mr. Akhtar said.

<b>THIS DAY MAY 10</b>	
1951	Formation of Canara Bank Employees' Union
1955	One hour strike in Calcutta – protest against non release of increments in various banks on 1 <sup>st</sup> April.
1988	All India protest demonstration against Government move for changes in Industrial Relations Bill.
2002	Com. Ajit Bannerjee (71) Former General Secretary, BPBEA /Grindlays Bank Employees Federation passes away.

<b>AIBEA THIS DAY MAY 11</b>	
1994	One day strike against privatization of banks-Branch Closures. AIBEA and AIBOA and BEFI.
2000	All India General Strike on various labour demands, privatization, opposition to disinvestment in public sector etc. National Platform of Mass Organisations gives the call –AIBEA participates.



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