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NEWS BULLETIN FROM ALL INDIA BANK EMPLOYEES' ASSOCIATION

Reducing indents for clerical recruitment in PSBs worrisome, say unions

VINSON KURIAN THIRUVANANTHAPURAM, SEPT 26:

THE HINDU BusinessLine

There is growing concern that public sector banks are 'progressively reducing indents' for recruitment year after year.

The headcount number is sought to be reduced even as banks find it difficult to serve customers thanks to an expanding bouquet of services and schemes, according to the unions.

REDUCING INDENTS

This is unacceptable , said C.H. Venkatachalam, General Secretary, **All India Bank Employees' Association,** in a letter to peer unions in the industry.

The reducing indents would result in short supply of clerical staff, even for filling up vacancies arising on account of retirements and promotion, leave alone extra staff required as part of business expansion.

Venkatachalam said that there appeared to be a design in the reduced intake of clerical staff, in particular. He requested peer unions to take up this matter seriously with the respective banks.

He cited statistics to drive home the point that available manpower in banks has failed increasingly to sync with the increased business volumes during the past three years.

'WORRISOME TREND'

At the end of 2013-14, the banks had deposits worth Rs. 65.9 lakh crore, Rs. 51 lakh crore in advances and Rs.116 lakh crore in total business. The number of workmen in public sector banks was 4.99 lakh.

In the next year (2014-15), the deposits had grown to Rs. 71.95 lakh crore, advances to Rs. 54.76 lakh crore and total business to Rs. 126 lakh crore. But the number of workmen had reduced to 4.84 lakh.

The number of workmen employed reduced further to 4.79 lakh in 2015-16 even as deposits grew to Rs.74. 86 lakh crore, advances to Rs. 55.94 lakh crore and total business of public sector banks rose to Rs. 130 lakh crore.

This is a worrisome trend, and had to be reversed even if it warranted industrial level strike action, Venkatachalam told fellow unions.

STATISTICS SPEAK

According to statistics put out by the Institute of Banking Personnel Selection (IBPS), the reduced level for recruitment is evident in the indents for 2017-18 and proposed for 2018-19.

Empowering postmen to become door-step bankers

Digital connect The initiative will not only help people in smaller towns and villages who have to travel long distances to reach a physical branch but also result in financial inclusion faster that expected

IndiaPost will educate, train postmen to act as banking correspondents as part of an initiative to promote digital transactions

MUMBAI, SEPTEMBER 26: PRIYANKA PANI, BUSINESSLINE

In a bid to empower about three lakh postmen in the country, IndiaPost, which also has the licence to run a payments bank in the country, will be educating and training them to act as banking correspondents.

The postmen, with smartphone-cum-biometric reader, printer and card reader, will go door-to-door to educate people about cashless transactions. This move by IndiaPost, a government entity, also resonates with the Modi government's initiative to make India a less-cash economy.

Ashok Pal Singh, CEO of IndiaPost Payments Bank, told *BusinessLine* the government is trying to encourage people to do more and more cash-less transactions in the country and IndiaPost's initiative to employ postmen will not only help the people in smaller towns transact from the comfort of their homes with a click, but would also help the humble postmen stay relevant in this dynamic world and contribute to the fintech revolution.

"We have around three lakh postmen in the country and they will be carrying a micro-ATM sort of device, with the help of which our customers will be able to transact digitally at their door-steps," Singh said, adding that the IndiaPost Payments Bank will soon be launching a mobile app for the same.

With the help of the device, customers will be able to not only deposit their money in their accounts but also pay all kinds of utility bills, book tickets for train and buses, book gas cylinders, pay for services at public hospitals, fees at government schools and buy financial products such as mutual funds, insurance and ETFs, among others.

According to experts, the initiative will not only empower people in smaller towns and villages who have to travel long distances to a physical branch but will also result in financial inclusion faster that expected.

"We have noticed that people go to banks either to deposit or withdraw money. So, getting customers to transact remains a big challenge. With payments banks and our initiative, we expect interaction with banks to go up. This will also help the entire ecosystem," Singh said, adding that the whole of India generates about 10 crore bills every month and of that only 10 per cent is done digitally.

Pilot project

IndiaPost Payments Bank, which is currently undertaking a pilot project in Chhattisgarh and Jharkhand, plans to start training its postmen by January before it goes for a pan-India launch in March next. India Post has about 30 crore customers of which 18 crore are active users and would get the benefit of door-step banking immediately.

Nation-wide campaign

With 1.55 lakh post offices, IndiaPost will thus become the largest payments bank in the country in terms of reach. Other players are Airtel, Paytm, Reliance and Fino. However, Singh said that it would not be using the ☐800 crore granted by the government to give discounts to customers but would rather use that to help the entire ecosystem grow. IndiaPost will soon launch a nationwide campaign and has appointed Prachaar as its advertisement agency.

Singh further said the bank would be profitable in the fourth year of operations.

Banks unwilling to extend fresh loans to Bhushan Steel

The company was included in the first list of 12 stressed accounts that Reserve Bank of India (RBI) has banks to initiate bankruptcy proceedings.

Moneycontrol News 25 9 17

The committee of creditors to debt-laden steel firm Bhushan Steel is unwilling to approve additional funding of Rs 500 crore as part of the corporate insolvency process, reports Financial Express.

The financial newspaper quotes senior bankers as saying that the banks have notified their decision to the interim resolution professional (IRP) Vijaykumar V Iyer at a recent meeting where he presented his plan.

The company owes banks a sum of Rs 44,500 crore and banks have informed the IRP that he may look at other institutions like asset reconstruction companies that are keen to lend at a higher interest rate.

The company was included in the first list of 12 stressed accounts that Reserve Bank of India (RBI) identified for bankruptcy proceedings.

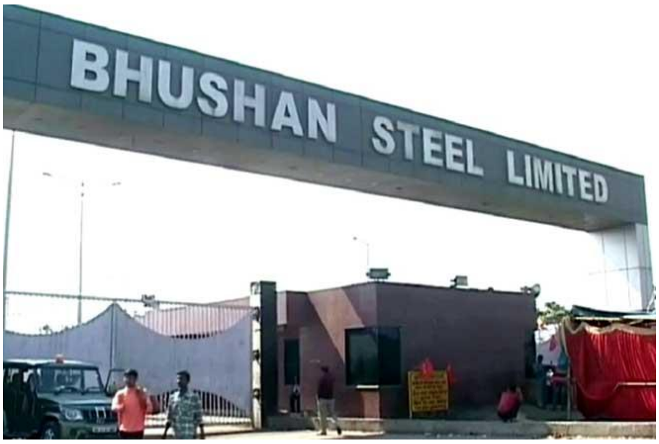
The company reported a total revenue of Rs 15,027.3 crore for the financial year 2016-17 and the net loss of Rs 3,501.1 crore as per the filing with the BSE.

The promoters' holding in the company at the end of June quarter stands at 57.82 percent and 71.13 percent of the promoters' holding has been pledged as per the filing with the BSE.

Bhushan Steel snubbed by bankers, all fresh loans stopped; firm saddled by Rs 44,500 cr debt

The committee of creditors to Bhushan Steel is reluctant to sanction fresh interim funding of around Rs 500 crore as part of the corporate insolvency process, senior bankers told FE.

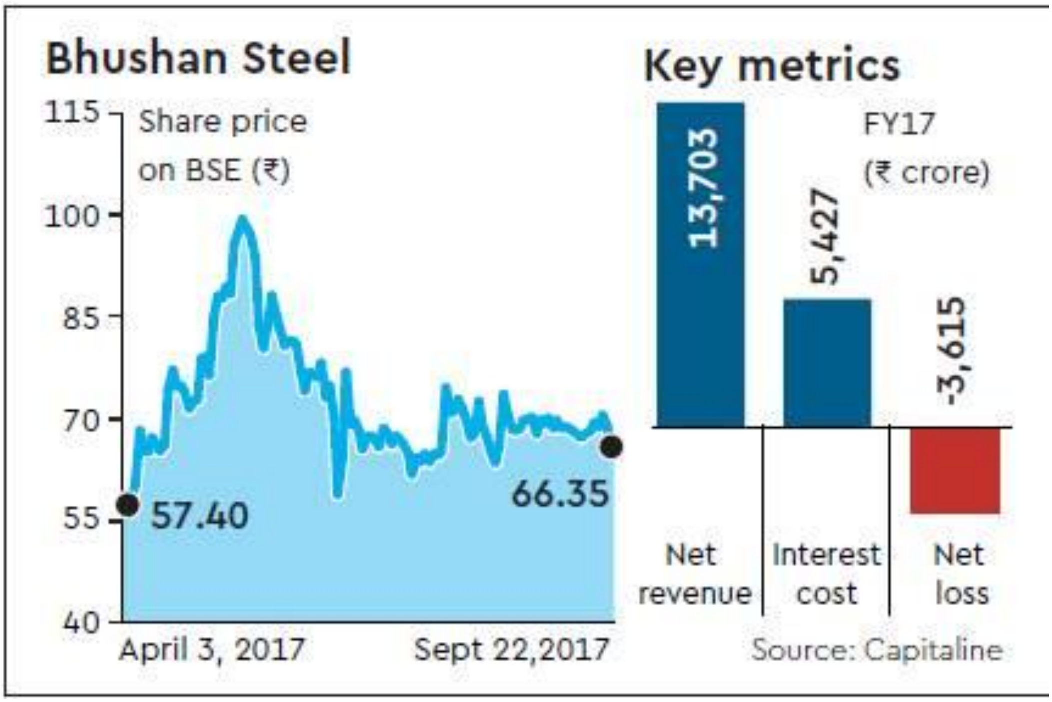
By: Shayan Ghosh | Mumbai | September 25, 2017 FINANCIAL EXPRESS



Bhushan Steel, which owes banks a whopping Rs 44,447 crore, had initially objected to the insolvency proceedings alleging SBI had inflated the dues by around Rs 100 crore.

The committee of creditors to Bhushan Steel is reluctant to sanction fresh interim funding of around Rs 500 crore as part of the corporate insolvency process, senior bankers told FE. The company already owes banks a whopping Rs 44,500 crore. Bankers said that they conveyed their decision to the resolution professional (RP) Vijaykumar V Iyer, after he presented the plan at a recent meeting."We have pointed out we already have a large exposure to Bhushan Steel and any additional loans will be difficult to recover," the bankers mentioned above said. They added that the RP may look at other institutions such as asset reconstruction companies which are keen to offer loans at higher interest rates.

Bhushan Steel, which owes banks a whopping Rs 44,447 crore, had initially objected to the insolvency proceedings alleging SBI had inflated the dues by around Rs 100 crore. The company's counsel had said that SBI classified both term loans and working capital as default debt but the company had not received a recall notice for the entire amount. The counsel claimed 65% of the debt referred to as default was in the form of working capital. However, the NCLT had admitted insolvency proceedings against the company in July.



Lenders, sources said, have explained to the RP that Bhushan Steel would not be able to increase its production substantially even with fresh loans. "Therefore, the company can easily manage without the interim finance," lenders explained. While State Bank of India (SBI) heads the consortium for working capital, Punjab National Bank (PNB) is the leader of the term loan consortium. Banks have been unwilling to commit fresh credit to companies against whom insolvency petitions have been admitted. For instance, it was recently reported that lenders to Essar Steel were not keen to sanction working capital loans of Rs 1,000 crore. The company is promoted by the Singhal family who collectively hold 43.74% in it; the firm reported a net loss of Rs 3,501 crore in 2016-17 on revenues of Rs 15,027 crore. The company claimed in the annual report for 2015-16, it has been facing severe stress in its debt servicing from past few years.

Bhushan Steel is among the 12 companies referred to NCLT benches across the country following a Reserve Bank of India (RBI) press release. In its June 13 press release, the central bank had directed lenders to refer a dozen companies to the bankruptcy court under the Insolvency and Bankruptcy Code (IBC) following several failed attempts at loan recovery.

RBI caps banks' investment limit in deposit-taking NBFCs at 10%

RBI notified that banks investing in such firms must have a minimum regulatory capital.

Moneycontrol News 26 9 17

Banks can no longer hold more than a 10 percent stake in a deposit taking non-banking finance company, with the exception of lenders owning equity in housing finance companies, and also regulated their commodity derivatives play, according to a Reserve Bank of India circular.

In amendments to the Master Direction - Reserve Bank of India (Financial Services provided by banks) Directions, 2016, the central bank said banks should not invest more than 10 percent of the unit capital of a real estate investment trust (ReIT) or an infrastructure investment trust (InvIT) subject to overall ceiling of 20 percent of its net worth.

The master directions first issued in May last year did not provide for investments in the ReITs and InvITs, both newly introduced instruments.

Banks will not be allowed to hold more than 10 percent of the paid up capital of a company, not being its subsidiary and engaged in non-financial services or 10 percent of the bank's paid up capital and reserves, whichever is lower.

The RBI will also not allow holding more than 20 percent stake through the bank's subsidiaries, associates or joint ventures or entities directly or indirectly controlled by the bank; and mutual funds managed by Asset Management Companies (AMCs) controlled by the bank.

RBI notified that banks investing in such firms must have a minimum regulatory capital. Here, the capital computation must also include the so-called capital conservation buffer (CCB).

Earlier, the RBI had mandated at least 10 percent capital adequacy ratio and there was no mention of CCB.

Similarly, banks looking to undertake insurance and pension fund management business must also have minimum prescribed capital. Before this circular, RBI had mandated 10 percent capital adequacy of ratio for banks post such investments. Banks must have minimum total capital including CCB, of 10.875 percent by March 2018.

Commodity derivatives

The banking regulator also barred banks from investing in category III alternative investment funds (AIFs), specified norms for their participation in commodity derivatives clearing.

Category III AIFs employ complex trading strategies sometimes on borrowed money, while category II funds do not use leverage other than to meet daily requirements. category I AIFs invest in start-up ventures, SMEs and other sectors preferred by the government or regulators.

Banks may invest as much as 10 percent in the paid-up capital/unit capital in category I and II funds, but cannot invest in category III funds. So far, there was no specific rule on investing in AIFs.

"No bank shall (make) investment of more than 10 percent of the paid-up capital/unit capital in a category I/ category II alternative investment fund," said an updated master circular on financial services offered by banks.

The central bank also said banks wishing to undertake commodities derivatives clearing must set up a separate subsidiary for the purpose and adhere to membership criteria of stock exchanges and Securities Exchange Board of India (SEBI) regulations.

For this, banks must set up internal risk control measures and take board approvals to decide the extent to which they can fulfil pay-in obligations arising out of trades executed by clients and set prudential norms on risk exposure, among others.

"The bank shall not undertake trading in the derivative segment of the commodity exchange on its own account and shall restrict itself only to clearing and settlement transactions done by the trading members/clients on the exchange," said the RBI circular.

AIBEA THIS DAY – 27 SEPTEMBER	
1957	One hour solidarity strike by RBI employees, Delhi regarding Calcutta Compensatory Allowance Struggle.
1977	Full day strike – 3rd Bipartite stalemate. Massive Response.
1995	Second one day strike on 6th Bipartite relativity struggle.
2002	Strike in Bank of Baroda against anti labour policies.
2005	Com. C H Venkatachalam, E Arunachalam, Lalitha Joshi attend Ceylon Bank Employees Association conference at Colombo
2007	Strike by SSBEA Units against mergers.
2008	Com P K Menon (82) founder General Secretary AIBOA, Former Joint Secretary AIBEA & Former General Secretary MSBEF passes away

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