# FORUM

JOURNAL OF UNITED BANK OF INDIA EMPLOYEES' UNION

JUNE, 2016



Rally at H. O. on the occasion of Dharna on 8th June, 2016


May Day


Meeting of Bangalore Regional Committee at Hyderabad

Purulia Regional Committee Meeting

Launching of Union's Website


Rally at H.O. on 05.03.16 on call of All India Strike in UBI on 9th March, '16

## EDITORIAL-JUNE 2016

*'Aam Admi'* of our country are now feeling the real taste of *'achche din'* ushered in by Modi-Govt. at the centre. Bare minimum articles of regular consumption for the common people to survive like dal, potatoes, edible oil etc. are now costing too high for them to procure. Leave alone the poor, even the middle class citizens are bleeding within under unbridled price spiral continuing since long. Unemployment has reached to an alarming height with fresh inclusion of 1.5 crore youth every year and huge job shrinkage in every sector. A severe crisis has crept into our national economy with continuous slump in agriculture and industrial productions and sharp decline in exports under the ongoing global recession. Paradoxically enough, the Govt. is boastful of economic development claiming GDP growth rate even higher than that of China. What sort of development it is when our people in general are in frying pan for sustenance? A cruel joke indeed! The Govt. is simply hiding the real face of the economy with rubbish claims. Ironically, the more the crisis is deepening, the more the Govt. is clinging to neo-liberal reforms to find a way out. Herein lies an intrinsic bond between the corporate driven globalisation and the Govt.'s class character.

Modi Govt. at the centre is, in fact, running amuck with reforms programme. Outright sale of PSUs including 'nava ratnas' is being pushed through in the name of disinvestment. 100% FDI in Defence production, civil aviation, manufacture of medicines, retail trade and so on has been allowed endangering our national security and sovereignty. Rampant casualisation and contractualisation is fast replacing permanent jobs in every sector. Unorganised workers swelling in number are subjected to ruthless economic deprivations and exploitation. Side by side the Govt. is determined to amend Labour Laws drastically in favour of their corporate masters. They are all out to usurp the minimum rights and protections guaranteed to the working class under the extant Industrial Dispute and Trade Union Acts. Proposed amendments in Factories Act will throw 90% of the working community out of the purview of Trade Union rights. Intention is very clear, to repose unfettered rights of hire and fire in the hands of the employers and make the working class their bonded slaves again.

The Govt. is working overtime to destroy public sector banking, the last dyke of our economy, to satisfy the corporate greed. Gyan Sangam-2 held on March 2-3 this year in New Delhi re-affirmed big ticket reforms to push through merger of Public Sector Banks in the name of consolidation. Decision has already been taken to shade Govt. equities below 51% in IDBI. Meanwhile, 5 subsidiaries of SBI have taken the decision of merger with SBI in their respective Boards which has received the cabinet nod. Admittedly, not everything is fine with nationalised banks. GNPA has already reached to a staggering height of 5.90 lakh crore as at the end of the last fiscal. RBI's newest Asset Quality Review (AQR) norms and guidelines for cleaning up of balance sheet by March 2017 has made the situation worse all the more. For the first time, PSBs as a whole sustained a net loss of 18,000 crore in FY 2015-16 despite earning operating profit of more than 1.40 lakh crore during the year. Who is to blame essentially for systematic weakening of PSBs? 56% of the total bad loan belongs to willful corporate defaulters. Successive Govts. at the centre are, however, displaying striking reluctance all through to book the real culprit; nay! sometimes even shielding them in some way or other. Vijay Mallya is a glaring case in point. Thus, unholy nexus of corporate, top-level bankers and the Govt. combine is ruling the roost. Discriminatory attitude of the present Govt. in capitalisation of PSBs is adding fuel to the fire further.

Financials of our Bank continue to be grave almost in all counts over the years and FY 2015-16 is of no exception. Self-styled, unilateral functioning of the apex management further worsened the situation. They have, in fact, failed to prove their mettle to steer the institution out of the wood. On the other hand, HR Management is in a mess. It seems to have waged a war against the employees who are hard pressed in branches running under acute manpower shortage. Fortunately, responding to the call of the situation, four workmen unions are in the path of joint movement to uphold the interests of the Bank and employees as well. It is our task to strengthen the movement taking it down to the grass-root level at right earnest.

Socio-economic situation prevailing around is really grim. Our countrymen are in pain and groping in the dark with a deep sense of insecurity. Toiling masses irrespective of colours and shades must unite and strike hard for a break through. No short-cut method is there. For the last two decades, the working class of the country are on the streets against these policies widening the platform of their unity. One more call for nationwide strike on 2nd September, 2016 has been given by all Central Trade Unions and Federations of different sectors jointly. In Banking industry, UFBU has given a call for All India Strike on 29th July, 2016 against merger of PSBs and Labour Laws reforms. We must gear up the organisation befittingly to make both the strike programme a resounding success.

**On to All India Bank Strike on 29th July, '16 and**

**Countrywide General Strike on 2nd September, '16**

**We welcome constructive critism, suggestions and also invite articles from our members and readers as well for further enrichments of our organ 'FORUM'. Our different Regional/State Committees are requested to send brief reporting of important programme, if any, organised by them for publication. Communications may be e-mailed to us at ubieu.cec@gmail.com or sent directly to our CEC office.**

**- Editor**

# SIGNIFICANCE OF JOINT MOVEMENT AND OUR TASK

***Debasish Basu Chaudhury***

Since early part of eighties, the working class of the country came together for fighting against anti people policies of the ruling Govt, at the Centre. It was trade unions with left who felt first that to put a challenge against the offensives waged by the Central govt. the working class are to be united. Ever since, the joint movement of the common masses gained momentum. What was confined to the left oriented trade unions, gradually spread among broader section of working class irrespective of political ideology. It was felt that for trade unions, protecting interest of the working class is the primary objective. That is why the INTUC, one of the largest trade unions of the country associated itself with the working class movement to fight out the policies pursued by the UPA Govt. tooth and nail. During this period the BMS, another major trade union, became an important constituent of the Central trade unions in struggle for the toiling masses. Thus as many as 11 Central trade unions made a national platform for resisting neo-liberal economic policies. Though with NDA coming into power the BMS detached itself from the joint platform, with other Central trade unions and many more Associations & Federations an era of joint struggle against the anti national policies of the Central Govt. has come into existence and gaining impetus day by day.

In the Banking Industry also joint movement under different combinations developed since early nineties after adoption of New Economic Policy which started to be implemented in the form of reforms initiated with the recommendations of Narasimham Committee-II. The joint movement in our Industry took a concrete shape at the fag end of the nineties centering round the protest movement launched against UCO Bank management's decision of freezing Dearness Allowance. The UFBU, umbrella platform of nine organisations thus formed, had been opposing most of the decisions pertaining to banking sector reforms taken by the successive Govt. at the Centre. The unity has been forged in the issues related with economic demands also like wage revision and other benefits including the superannuation ones. Despite some deficiencies and weaknesses in its movements, the UFBU has created significant impact on the employees' sensitivity. This phase of joint movements had some achievements also.

In our Bank, we the UBIEU, have a legacy of associating ourselves with joint movement concerning common issues related to the employees in general. Within a very short period of our formation, we formed a Committee with officers' and workmen Unions demanding various issues. Since then we maintained cordial relationship with leaders and general members of other Unions/Associations which helped a lot in forging joint movements. During the last three and half decades many joint movements of different combinations were formed in our Bank to counter the offensives of the management.

For the last ten years, the workmen unions in particular, are raising some issues from a joint platform ranging from daily problems to development of our institution. The management had always remained reluctant during the initial phases of a movement. We have observed that only in cases of action programmes the management feels the heat.

In the last decade since early part of 2006, jointly the workmen unions took up some relevant issues and started campaign movement. The management remained indifferent till a strike call was given in November 2007. At the strike call, the same indifferent management was compelled to discuss for long *13* hours and ultimately an understanding was reached to. It is also pertinent that for implementation of the understanding so agreed, another phase of movement had to be launched.

The latest phase of joint movement in UBI started in January this year. A rare unity in this phase has been achieved. We decided to go for Strike on 9th March 2016 on seven point charter of demands. The campaign materials like circulars, leaflets, posters were printed jointly from the head quarters. Several meetings organised by different Regional Committees were held. A big rally was organised in front of Head office on 5th March 2016. Three rounds of conciliations at the office of the Regional Labour Commissioner (Central), Kolkata took place where the Unions/Associations showed rock-like unity. The stubborn management had to sign minutes assuring time bound redressal of the disputes raised by the Unions to avert a Strike which would have been successful had it matured.

The management, once again, is adopting dilatory tactics in settling the issues. They have already started to violate the time frame. The HR department in particular is contemplating to foment disunity between the Associations. The attempts so far had proved to be futile. Now, the management is provocating unrest by seriously damaging industrial relations with an ulterior motive. By such action the management is indirectly helping the Unions for being more united. A joint Dharna in front of the Head Office was organised on 8th June 2016 by four workmen Unions. It is also unprecedented in our bank. We have also been able to form common opinion on some issues which hitherto were fought by the Unions independently like administrative transfer order, branch closure etc. The obstinate attitude of the management has proved to be beneficial for joint movement in our bank.

It is true that we are belonging to an epoch of joint movement, but success of every joint movement depends on endeavour taken severally by the constituents. The issues of any movement require to be made popular among the employees in general which is the only guarantee of success of that particular movement and it may be made possible only by the individual unions. Though we are going for highest form of direct action like Dharna, Strike in our bank but many of our members are unaware of the movement and the issues. Herein lies our .weakness. The organisational aspect has been discussed in our recently concluded all India Office Bearers' meeting at Agartala. Serious emphasis has to be given at every level to involve all sections of employees in the ensuing movement. This is the task we must accomplish to carry forward the joint movement in our bank.

*(Author is General Secretary of our union)*

# 29th July, 2016 Banking Industry Strike Breezing up with 2nd September. 2016 Countrywide General Strike

\- Pranab Choudhury

Bank employees, not only for their own but on behalf of crores of depositors, customers and patriotic forces willing to safeguard our economic self-reliance, are triggering at a prolonged and greater struggle on 29th July, '16 which will certainly get momentum for culminating to 2nd September,'16 General Strike of the crores of working people of our country.

UFBU has called for a strike in Banking industry on 29th July, 2016 - Why? UFBU in its meeting on 11th May, 2016 unanimously came to consensus that the serious developments taking place in the banking industry in the name of financial reforms, amendments to labour laws tailored to suit the needs of private and foreign players, serious IR problems in IDBI Bank , the voluminous bad loans in the banks and unwarranted concessions that are being given to defaulters etc. resulting to acute stress on Net Profit for huge provisioning almost in all Banks, discrimination in capitalisation causing further weakening of already weak banks **Govt. is moving on fast track in its initiatives aimed at wiping out the public sector banking system.** With this consensus 10 lacs Bank employees are going to observe strike on 29th July, 2016.

This strike has a legacy of 35 strikes observed by bank employees against the privatisation move of Central Government since 90s (nineties) of the last century. Public sectors, PSBs in particular, are the last resistance of our country as they stand as a strong bar against the running horse of 'Aswamedha Yagna' declared by the international speculative finance capital under the banner of 'Globalisation'. 10 lacs Bank employees of this country historically are fighting as 'Lav and Kush' of Ramayana at least for two and half decades.

Due to this sustained struggle Central Govt.'s goal for accomplishing privatisation programme is being delayed. But the question may arise whether common people at large have been made sufficiently convinced of the fact that successive Governments at the centre since 1991 have been poisoning their own healthy son (Public Sector Banks as a whole) to death. It is Public Sector Banks that could save our national economy from disaster when grave financial crisis originating from the western countries engulfed the entire world in 2008. It is PSBs again which had earned net profits amounting to 37,000 crore in 2013-14 and 29,000 crore in 2014-15 even after huge provisioning for NPA and paid dividends to shareholders and taxes to the Govt. accordingly despite negative growth almost in all other sectors of the country. Last year (2015-16), however, PSBs on the whole had to sustain net loss of 18000 cr. even after earning operating profit of 1.40 lakh crore mainly because of RBI dictated AQR and substantial provisioning against bad assets. PSBs also hold marvellous role in developmental work of our country both in industrial and agricultural sectors. But for PSBs, "Green Revolution', 'White Revolution' etc. could not have taken place. They provided employment to thousands of unemployed youth and still continue to be safe custodian of more than 70 lakh crore of public deposit with high fidelity. In recent time PSBs opened 97% of total 21 crore new accounts under PMJDY scheme which has made the present Govt. so highly boastful. Bank employees' movement must take all these facts to campaign programme seriously.

Neo-liberal economy has become State policy of our country since nineties of the last century. Planning Commission filalised 'India Vision-2020' accordingly at its fag end. Banking sector was strategically selected for privatisation in disguise of 'reforms programme' by the Govt. A number of committees set up for the purpose gave their pre-determined recommendations all aimed at to the coveted goal. It will not be out of place to recall the following measures imposed upon PSBs :

^ Following 'India Vision-2020' 'IBA Vision 2010' came for functional and structural changes in PSBs. During this one and half decade more or less everything has been done accordingly for universalisation of banking functioning with all out technological upgradation as a strong base for merger or consolidation.

^ Western class banking concept i.e. Basel-1, II & III norms has been adopted in Indian social banking system to wipe out its key role in welfare of the state and its population.

^ New asset classification norms which combined with global economic recession and staggering national economy has caused to generate huge NPA in PSBs impacting their profitability quite adversely. GNPA in PSBs has already reached to a staggering 5.92 lakh crore as at the end of March, 2016 and a sustained campaign is on to vilify the PSBs under the given perspective of their weak health and poor capital base.

^ To facilitate privatisation legislative coverage enshrined in Banking Regulation Act has been seriously dilluted through some amendments.

^ To curb the striking force of the Bank employees movement staffing pattern is being changed as per recommendations of Khandelwal committee. The main objective is to curtail T.U. Rights including right to strike enjoyed by larger section of employees as per Industrial Dispute Act.

^ Non-recruitment for a longer period and then recruitment in meagre number particularly at lower rungs has resulted in increase in workload to an unbearable extent. Side by side rampant outsourcing and contractualisation are being encouraged even in core areas of banking operations.

Under this prevailing situation in PSBs the BJP-led NDA Govt. has concentrated their efforts to reach the goal of privatisation as their inherent ideological task. They deem it fit to execute P.J. Nayak Committee recommendations. The concerned committee was headed by a top executive of a private bank. At last the cat has come out of the bag. P.J. Nayak committee dared to suggest that **Public Sector Banks should be Government linked, not Govt. owned. Govt. holdings should be transferred to Investment Company. Public Sector Banks should come under the purview of Companies Act.**

To implement black recommendation of P.J. Nayak Committee, Modi Govt. in its own initiative has, in the meantime, organised two Bankers' conferences in the name of Gyan Sangam-I and II and chalked out a programme capsulized in high-sounding

'INDRADHANUSH' - the 7-colour attacks to reach to the coveted goal of privatisation step by step. Govt. has declared formation of Bank Board Bureau(BBB) headed by Sri Binod Rai, Ex-CAG, w.e.f. 1st April, 2016. Merger of 7 SBI subsidiaries with SBI has already received cabinet approval and that of certain PSBs is under active consideration. Side by side some new private banks have been opened and some more are in the pipe line. Executives of private banks, even persons having no banking experience are being appointed as heads of the PSBs, now called Managing Director & CEO.

Besides PSBs, Central Bank RBI is also in firing target of the Govt. at the centre. They are out to cripple RBI's regulatory and supervisory role in money market. As reported, the Ministry of Finance is giving final shape to shift Govt.'s debt management functions from RBI to the proposed Public Debt Management Agency (PDMA) which will also function as depository to Govt. securities.

Bill to amend RRB act has already been passed in Parliament, though demand of RRB employees for Pension parity is still pending even after their united strike action in March, 2016. Attempts have been made to weaken NABARD and to shift its developmental role and function to commercial entity. Viability of Cooperative Banks is being affected due to bringing them under IT Act. Govt. is moving for winding up PACS by converting them as business facilitators of District Cooperative Banks.

BEFI undertook a massive campaign programme throughout the country by organising State-wise Dharna, seminars, badge wearing etc. to make people aware of the alarming situation prevailing in the Banking industry. It was culminated to a Dharna before the Parliament on 2nd March, 2016. A delegation of BEFI met Hon'ble Finance Minister and submitted a Memorandum.

All these attacks are to be fought unitedly taking the people into confidence as they are the principal stakeholders. The strike call of UFBU is very much timely and appropriate to the demands of the day. Let us do our best for success of the strike.

2nd September, 2016 Countrywide General Strike :

Ongoing relentless struggles of the bank employees have been widely acclaimed and blessed by the working class of our country. Several issues/problems relating to the very existence of Public Sector Banks and other PSUs were incorporated in 12-point charter of demands of National Platform of Working People on which the historic General Strike was held in last September (2015). The Strike created a golden chapter in the annals of united movement with participation of the largest ever number of working people. But the Govt. of India is all through negative and full of vengeance to the workers. The Govt. did not even respond to the request of the National Platform to initiate dialogue of 12-point charter. As a follow up of that strike the National Protest Day was observed on 10th March, 2016. For reviewing the whole situation a National Convention of Workers was organised by Joint Platform of Central Trade Unions and independent Federations of almost all sectors. BEFI and other Federations of Banking industry also attended that convention held at New Delhi on 30th March, 2016.

The Convention took a note with serious grievance that the Central Govt. failed to take any meaningful step to curb price rise and generate employment. They are also paying no heed to the demand for making the Public Distribution System (PDS) universal without any APL & BPL divide. Instead steps have been initiated to scuttle the PDS in the name of Direct Benefit Transfer (DBT) through anti-poor mechanism.

Attack on Public Sector has reached to an unprecedented height. Not merely disinvestment, the Central Govt. is all out for 'Mega Strategic Sale' of PSUs. The main target is Navaratna PSUs and top profit-making CPSUs including Bank and Insurance. Blue print is ready to hand over the management, control and ultimate ownership of these institutions to private corporate sharks - both domestic and foreign. 100% FDI has been allowed in Defence production,Civil Aviation, Railways and single and multi-brand retail with a determined bid to facilitate outright privatisation in these sectors which is destined to jeopardise our national economy as well as sovereignty.

NPA in Public Sector Banks has already reached to a staggering height of 5.9 lakh crore. Similar amount of taxes to be recovered from corporate sector is also lying long overdue. But, instead of taking initiative for recovery, Govt. of India has doled out further relaxation in the Budget for those loan defaulters and tax evaders. On the other hand social securities of the common people are under severe attack.

The Govt. at the centre is equally determined to demolish labour laws with an eye to empower the employers with unfettered right to hire and fire. They have proposed amendments in Small Factories (Regulation of Service Conditions) Act in order that extant 14 labour laws are not applicable to the factories upto 40 workers and thereby registration of Unions is made impossible there. All these amendments are proposed with an aim to exclude 90% workforce of our country from the purview of labour laws. Govt. is violating provision of ILO Convention 144 on Tripartite consultations.

Modi Govt. at the centre is nakedly unmasked through their refusal to implement the consensus recommendations of the 43rd, 44th and 45th Indian Labour Conference for formulation of minimum wage, equal wage and benefits as of regular workers for contractual workers.

The Convention reiterated 12-point charter of demands including strict implementation of labour laws, halting mas scale unlawful contractorisation, minimum wage for 18,000/- per month with social security including pension for all, compulsory registration of Trade Unions within 45 days.

The convention unanimously decided to observe General Strike on 2nd September/16 and urged upon the Central Govt. to open dialogue on 12-point charter of demands.

2nd Sesptember,'16 General Strike will burst out the cries for lives and livelihood of crores of working people of our country like lava erupts from volcano which will shake the country to take to a new phase.

Let us merge our struggle with this greater movement and do our best to make it a big success.

*(Author is Ex-General Secretary and Present Advisor of our union)*

# Com. Sitaram Yechury's letter dt. 07.07.2016 to the P.M. on precarious situation of N.P.A.

*[GNPA has reached to a staggering height of 5,60,822 crore in Scheduled Commercial Banks (SCBs) all together and total stressed assets stands at 8,55,551 crore as at the end of March, 2016. Public Sector Banks (PSBs) having the major share of the same had incurred a net loss of 18,000 crore for the first time despite earning an operating profit of more than 1.40 lakh crore because of huge provisioning thereagainst. Wilful corporate defaulters are essentially to blame for this alarming position of NPA in banks. Ironically enough, the Govt. at the centre is not at all serious to recover the Bank dues from them by adopting stringent legal measures and instead, is all out to push through its prime agenda of Merger of PSBs in the name of consolidation which, in reality, is a precursor to privatisation of the banking sector. Bank employees have been fighting tooth and nail against privatisation of the banking sector under the able leadership of UFBU since long and organised series of strike actions so far. There is one more call for All India Bank Strike on 29th July, 2016 against Merger & Consolidation. Preparation is in full swing to make it a big success. It is in this perspective we are publishing the letter dated 8th July, 2016 written to our Prime Minister by Com. Sitaram Yechury, MP and a leader par excellence of the democratic movements in our country. The letter being highly informative as well as educative too, we believe, will give a fresh boost to our on-going campaign against the Govt.'s concerted move for dismantling the public sector banking.*

*—Editor*]

Shri Narendra Modi
Prime Minister
Government of India
New Delhi

Dear Pradhan Mantriji,

I am writing to you regarding an extremely important matter which concerns the lifelong savings and, hence, the future livelihood security of the overwhelming majority of our people. This needs your urgent attention and intervention.

The latest RBI Financial Stability Report has once again highlighted the precarious situation of our banking sector. As of end-March 2016, Gross Non-performing Assets (GNPAs) of all Scheduled Commercial Banks (SCBs)are at Rs. 5,60,822 crore, 7.71% of their gross advances of Rs. 72,73,927 crore. In addition, the restructured standard advances are at Rs. 2,94,729 crore, 4.05% of the gross advances.

This means that more than Eight and half lakh crore rupees (Rs. 8,55,551 crore) of the loans given by our banks have not been returned by the borrowers. Going by their response and the action taken by your government so far, it is highly unlikely that these monies will be returned anytime soon. Needless to add, this is every single Indian's money which has been misappropriated by these borrowers, which are mainly big corporates.

At a public event on 01 July 2016, the Comptroller and Auditor General of India (CAG), Shashi Kant Sharma is reported to have said, "There is a belief that a significant part of NPAs could be amounts fraudulently obtained as advances from the banking system. There is also a belief that a large part of these amounts may have been transferred abroad and may never get recovered". (Business Standard, 02 July)

During your election campaign, you had famously promised to bring back all the black money from abroad and deposit Rs. 15-20 lakh in every Indian's bank account soon after assuming office of the Prime Minister. Leave alone your promise of bringing that amount back, money from the banking system under your watch, if the country's top auditor is to be believed, has "been transferred abroad and may never get recovered".

The asset quality of our Public Sector Banks (PSBs) is even more critical with a stressed advances ratio of 14.5% in March 2016. The provision for doubtful and loss assets of PSBs are now at Rs. 1,85,840 crores resulting in all nationalised banks reporting a net loss of Rs. 20,590 crores. In fact, the total market value of the PSBs is far lesser than the GNPAs owed to them, an extremely alarming situation.

You are well aware that the top ten corporate houses owe a staggering amount of Rs. 7 lakh crores to PSBs and financial institutions. As per a report last year, Adani Group had gross debt of Rs. 96,031 crore, Essar Group Rs.1.01 trillion, GMR Group Rs. 47,976 crore, GVK Group Rs.33,933 crore, Jaypee Group Rs.75,163 crore, JSW Group Rs. 58,171 crore, Lanco Group Rs. 47,102 crore, Reliance Group Rs.1.25 trillion, Vedanta Group Rs.1.03 trillion and Videocon Group Rs. 45,405 crore. (Credit Suisse Report)

As per the RBI, the ratio of GNPAs of Top 100 borrowers to total NPAs of banks is 19.3%, as of March 2016, up from 0.7% in March 2015.

While the NPAs have increased by nearly 80% in the last one year, it is sad to note that your government's efforts for greater recovery have not shown any corresponding rise in the resolve to recover these. The total recovery done in FY 2015-16 by all the public sector lenders was Rs. 1.28 lakh crore, which included 46% of this amount being written off. The recovery in FY 2014-15 was already Rs. 1.27 lakh crore, which gives credence to the view that your government is not serious about recovering public money from these defaulters.

Many of these facts have come to our notice because of the stringent Asset Quality Review (AQR) undertaken by the Reserve Bank of India (RBI) under Raghuram Rajan. Having been constantly attacked by your party MPs and leaders, Mr Rajan is now leaving his post in September while the AQR process ends in March next year. Your silence, while an important constitutional functionary was being viciously attacked, has led many to believe that you are not interested in completing the bad loan clean-up exercise. This leaves no other explanation but to conclude that your government actively patronises and promotes 'crony capitalism'.

Recent media reports suggest that your office has mooted a scheme to recapitalise the PSBs by using Rs. 3 to 4 lakh crore from RBI's capital base. This is a dangerous idea as it diminishes RBI's capacity to withstand internal and external economic shocks.

The RBI has been a fiercely independent institution and by following such a dictat, the central bank would be seen as a government tool. Moreover, by becoming owners of these banks, the RBI will have mixed objectives as it conducts and regulates monetary policy.

None other than the RBI Governor himself has opposed the idea, which was first floated in this year's annual economic survey. At a speech in Bangalore last month, Mr. Rajan said, "The Economic Survey has suggested the RBI should capitalise public sector banks. This seems a non-transparent way of proceeding, getting the banking regulator once again into the business of owning banks, with attendant conflicts of interest". (RBI website) I urge you to recollect that in order to avoid such a conflict of interests, on the recommendations of the Malegam Committee, the Government of India bought RBI's 59.7% stake in State Bank of India (SBI) at Rs. 35,531 crore in 2007.

Moreover, while proposing the idea in the annual economic survey, the Chief Economic Advisor (CEA) had categorically warned that, "Most important, any such move would need to be initiated jointly and cooperatively between the government and the RBI. It will also be critical to ensure that any redeployment of capital would preserve the RBI's independence, integrity, and financial soundness-and be seen to do so." (Economic Survey 2015-16)'

In accordance with the CEA's warning, the move to recapitalise the banks from RBI's capital base, having been opposed by the RBI governor himself, needs to be shelved forthwith. The government must find a transparent way to do so, instead of surreptitiously trying to maintain its fiscal deficit by eroding RBI's capital base.

In any case, no plan to recapitalise the banks must be executed without an action plan for recovery of unpaid loans. Your government has not put the big business houses under any pressure to return the loans. They continue to flash their lavish lifestyles and their personal wealth remains unaffected. While the crony capitalists make merry, your government is harsh on poor farmers, ruined under the onslaught of two consecutive droughts, face confiscation of their utensils and cattle when they can't pay a loan of a few thousand rupees!

I urge you as Prime Minister, to put into practise an urgent action plan to start recovery of pending loans from the Top 100 borrowers. You must begin by making public their names with the due amount; the list is already available with the RBI, your government and the Supreme Court. No further public money must be given to the PSBs, till all the assets of the defaulters have been monetised. The failure to do so would mean that your government is making the poor Indians pay for the profligacy of these crony capitalists.

To conclude, I once again exhort you to consider the issue in full seriousness, initiate an action plan to monetise the assets of all defaulters beginning with making their names and amounts public. The plan to recapitalise the PSBs by eroding RBI's capital base must be shelved. And the principle of recovery first, recapitalisation later must be followed in letter and spirit by your government. The failure to do so only confirms that your government remains beholden to the power of ill-gotten money, hence patronises and promotes crony capitalism.

# INTERSOL TRANSACTION — HANDLE WITH CARE

-Dhiman Shankar Ghosh

After the introduction of CBS, Intersol Transactions are very much essential & routine job in day to day work in our branches. Needless to say, that any customer can access his account from any branch for enquiry, reports and making transactios. However, the facilities of intersol transfer and cash transactions are available to the eligible customers with certain restrictions. The procedures are to be observed by the employees while extending the facility of intersol transfer and cash transactions. The accounts must be KYC compliant.

**Intersol Cash Deposit :**

There is no limit for intersol cash deposit for customers with PAN. For customers without PAN, the amount is restricted to less than Rs. 50,000.00 per account per day.

**Intersol Cash Withdrawal :**

Observing an increase in the fraudulent cash withdrawals, utmost precautions must be adopted by the employees who are empowered to handle the intersol instruments. Some measures should be adhered to :

1) Only Head Cashier/Cashier-in-charge having work level 160 are eligible for handling intersol cash cheques.
2) Cash withdrawal is to be allowed when only the account holder i.e., the drawer of the cheque presents himself/herself the cheque at the cash counter.
3) Limit of cash withdrawal for intersol cash transactions is Rs. 1,00,000.00 per account per day. Only CTS cheques are allowed but not withdrawal slip.
4) Above Rs. 10,000.00 upto Rs. 1,00,000.00 any of the photo identity cards (PAN card/Driving License/ Aadhar card) must be presented and a photo copy of the same to be submitted by the customer along with the cheque. A noting is to be kept on the back of the paid instruments regarding verification of the ID Proof.
5) Token to be issued by the Head cashier/Cashier-in-charge, what may be the amount of the cheque.
6) As per circular no. STY/PRECAUTION/I/OM-112/15-16 dated 01-June-2015, Bank has directed that all intersol cheques for Rs. 50,000.00 & above should be passed through Ultra Violet Lamp before passing by the Officer to avoid any fraud. A rubber stamp should be put on the reverse of the cheque with the initial of the passing officer like:-

> "The Cheque has been passed through UV Lamp"
>
> Passing Officer

**If there is no rubber stamp with the passing officer, it should be written by the passing officer by pen and put his initial .**

7) Head Cashier/Cashier-in-charge after having received the cheque for payment will meticulously examine features as stated earlier, call the customer and take a signature on the back, which must tally the previously taken signature on the back and make payment.

   Recently fraudulent cheques have been found which are chemically altered and fabricated, where name of the branch & cheque nos. are changed and the changes are not apparent to naked eyes. So, use of UV Lamp is very much necessary for an intersol payments.

8) Payment of cash of intersol accounts should be made to the drawer only in case of individual (Single/Joint/IIUF/Proprietorship) accounts. In non-individual accounts like that of the Institutions/Companies, payment can be made to the bearer of the cheques also if it is otherwise in order. However, adequate precautions should be taken while making payments to the presenter like having a trail of his identity and getting confirmation from the drawer over telephone no. recorded in the system. (Circular no. O&M/INTKRSOL/3/OM-0319/14-15, dated 02 September 2014).

9) In the personalised cheques the date of printing & printer's name is printed just near tearing off portion of the cheque book. Any sort of damage in this portion of the cheque, the instrument may be rejected or may be confirmed from the concerned Branch. (Ref. circular no. STY/Treeaution/3/OM-277/15-16 dated 1 l-August-2015)

10) For Intersol transaction of more than Rs. 1 Lac, one identity proof of the beneficiary to be obtained.

**Intersol Transfer Transaction :**

As per circular no. IT/CBS/9/OM-493/14-15 dated 01 December 2014. the modified permissible intersol transfer transactions will be as under :-

| Sl. | Old System | New System |
|---|---|---|
| 1. | Unlimited transaction amount for intersol Transfer transactions done from drawer 's SOL or beneficiary's SOL | Unchanged |
| 2. | No. intersol transfer transactions from a SOL other than the SOL of the drawer or that of the beneficiary. | 1) Such transfer permissible subject to ceiling of Rs. 5 lacs per account per day.<br>2) For transaction above Rs. 50,000.00 KYC of the customer to be verified.<br>3) Any single transaction above Rs. 5 lacs shall require explicit permission of Regional Head and the same to be preserved with the voucher of the transaction. |

All intersol cheques of value Rs. 50,000.00 & above should be accompanied by some identity proof of the beneficiary like PAN/Driving License/Aadhar Card etc. and at the same time verified under UV Lamp.

Customers can issue cheques and deposit cheques, DD,PO for intersol transfer transactions. Customer's request through any other mode will not *be* entertained for intersol transfer transactions. (page 5 of HO circular no. CBS/IT/I/OM-0220/08-09, dated 29 July 2008).

The passing officer while passing high value cheques for Rs. 1 lac & above, by ensuring that these accounts are generally having mobile no. seeded (verified by using MOBUPD menu) in the system and also to have a confirmation from the cheque issuing branch. Confirmation must be taken by the passing officers for high value cheques from the drawer over telephone no. recorded in the system.

If all of us act accordingly and adhere to the precaution dealt herein above, the fraud generation from intersol transactions may be minimised.

*(Author is the Asstt. Secretary of UBIEU)*

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA UNSTARRED QUESTION NO 944
TO BE ANSWERED ON THE 29th APRIL, 2016/ VAISAKHA 9, 1938 (SAKA)

## LOAN RESTRUCTURE

944. SHRI OM PRAKASH YADAV

Will the Minister of FINANCE be pleased to state:

(a) whether a number of private companies have not been able to service their debt for the last three years, if so, the details thereof;

(b) whether the Government has issued any guidelines wherein the companies have to offload their shares or sell some assets and repay some part of loan before banks do restructuring, if so, the details thereof; and

(c) whether almost 60 percent of stress assets are concentrated in metals and infrastructure companies and these sectors account for three forth of banks corporate loans, if so, the details thereof ?

ANSWER
THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI JAYANT SINHA)

(a): The details of Gross Advances, Gross Non-Performing Assets (GNPA) and GNPA ratio, towards Corporate lending, for the last three years, for Public Sector Banks (PSBs) are as under :

| | | | | (Rs. crore) |
|---|---|---|---|---|
| Corporate Loans | 2013 | 2014 | 2015 | Dec 2015 |
| Gross Advances | 24,11,493 | 26,43,238 | 27,24,179 | 26,95,132 |
| Gross NPA | 84,050 | 1,32,333 | 1,63,293 | 2,23,613 |
| GNPA Ratio | 3.49 | 5.01 | 5.99 | 8.30 |

(b): As per RBI circular on Joint Lenders' Forum (JLF) dated February 26, 2014, the general principle of restructuring mandates shareholders to bear the first loss rather than the debt holders to ensure more 'skin in the game' of promoters. Accordingly, the JLF/ Corporate Debt Restructuring (CDR) may consider any of the following options when a loan is restructured :

- Transfer of equity of the borrower company by promoters to lenders for compensation of their sacrifice;
- Infusion of more funds by the promoters;
- Transfer of promoters' holdings to a security trustee or an escrow arrangement till turnaround of the company.

Further, a clause for sale of non-core assets may be stipulated as a condition for restructuring of account by the JLF/CDR.

(c): The advances and NPAs towards metal and infrastructure companies accounts for 44.55% and 38.27% of corporate advances and corporate NPAs of PSBs. The details are as under:

| | (Rs. Crore) |
|---|---|
| | Dec 201 5 |
| Corporate Advances | 26,95,132 |
| Corporate NPAs | 2,23,613 |
| Advances - Metal and Infrastructure companies | 12,00,808 |
| NPAs - Metal and Infrastructure companies | 85,593 |

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GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

**LOK SABHA UNSTARRED QUESTION NO.984**
**TO BE ANSWERED ON THE 29th April. 2016/ Vaisakha 9.1937 (SAKA)**
**Bank Profit/Losses**
**QUESTION**

**984. DR. K. GOPAL :**

Will the Minister of FINANCE be pleased to state :

(a) whether it is true that since most public sector banks provided only 50 per cent of their performance that was mandated by Reserve Bank of India (RBI) in third quarter similar provisioning is required in the Fourth quarter too, if so, the details thereof;

(b) whether it is also true that as a result of mounting losses, the capital position of the public sector banks have deteriorated and the rating agency said it is likely to be difficult for these banks to raise funds from the non-government sources, if so the details thereof;

(c) whether the Government has assessed the highest level of stress which is likely to significantly impact earning and solvency profile of PSBs over the next two or three years, if so, the details thereof; and

(d) the measures taken by the Government to improve earning and solvency profile of PSBs?

**ANSWER**

The Minister of State in the Ministry of Finance
(SHRI JAYANT SINHA)

(a): Reserve Bank of India (RBI) has conducted an Asset Quality Review (AQR) exercise under which all banks, including PSBs covered under AQR, were asked to make at least 50% provision for the accounts identified as NPA under AQR in December 2015 quarter and the rest in March 2016 quarter.

(b) to (d): To keep PSBs adequately capitalised following measures have been taken :-

The PSBs have been allowed to raise capital from Public markets by diluting Government of India holding upto 52% in phased manner based on their capital requirement, their stock performance, liquidity, market conditions etc.

The Government has unveiled 'Indradhanush' plan for revamping PSBs resting on 7 pillars namely Appointments, Bank Board Bureau, Capitalisation, De-stressing PSBs, Empowerment, Framework of accountability and governance reforms.

Under the "Indradhanush" plan, the Government has proposed to make available Rs. 70000 crores out of the budgetary allocations during current year and next three financial years. A sum of Rs. 25,000 crore has been infused in 19 PSBs during 2015-16 and Budgetary of Rs. 25,000 crore has also been made for capitalisation of PSBs during financial year 2016-17.

Further, the Reserve Bank has recently made some amendments to the treatment of certain balance sheet items (viz. revaluation reserves, foreign currency translation reserves and deferred tax assets) for the purposes of determining banks' regulatory capital. These amendments will also help shore up the capital level of PSBs.

The measures initiated by the Government and RBI are intended to improve the capital position in PSBs. These measures should also improve the market valuations of the PSBs which in turn, will help them in accessing capital from market at competitive terms.

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# Reportings

## International Women's Day Celebration

Women Sub-Committee, West Bengal of UBIEU, observed International Women's Day this year also on 19th March, 2016 at UBI, Royal Exchange Branch, Kolkata. Main speaker of the convention was Smt. Bharati Mutsuddhi, an eminent advocate & ex-member of W.B. State Women Commission. She delivered a very informative speech on present condition of women in West Bengal. She shared her unique experiences while performing her duties as a member of Women Commission during her 11 years tenure with the audience. Now she is performing her duties to society as an advocate and as a philanthropist. She observes that when a woman enters into her professional career it is supposed that she will not be able to perform her duties. The concept of women empowerment has a vast canvas. A woman herself should be enabled to take decisions in her life. According to her, significance of International Women's Day in 2016 is more serious. Men and women in a society must join hand in hand to make this society women-friendly. Com. Debasis Basu Choudhury, General Secretary of UBIEU, explained in brief the importance of Women's Day and role of lady colleagues in union and in profession after a short introductory speech of Com. Sabari Sen, Convener.

The convention started with an opening song by Com. Dalia Sadhukhan and ended with two pieces of recitation by Com Pallabi Tosh and Com. Moumita Das. Com Manjusri Paul, Com. Bhaswati Bose and Com. Mridula Chakraborty, three lady CEC members of UBIEU, were on the chair. About 80 lady comrades were present braving depressive inclement weather. The programme ended with vote of thanks given by Com. Mridula Chakraborty on behalf of the chair.

## General Meeting of Purulia Regional Committee

A general body meeting was held on 31st January, 2016 at Purulia Region. At about 36 members were present in the meeting out of them three new ex-serviceman employees attended, who took our membership a few months ago from other union. The meeting was presided over by Com. Sudhi Ranjan Dutta Regional President. Regional Secretary Com. Bijon Roy described the situation of the region. Mainly issues regarding shortage of manpower and implementation of pending transfer orders were raised by the members. The ex-serviceman members raised their problems of fitment of basic as per norms as has been implemented by some other banks. Forum CEC, all India Secretary Com. Uday Narayan Karmakar in his deliberation explained the present situation in our bank and in Banking Industry. Asstt. Secretary Com. Dhiman Shankar Ghosh briefly narrated the situation prevailing in our Bank. The meeting ended with vote of thanks by the chair.

**News Corner :**

- RBI Governor Mr. Raghuram Rajan recently made a statement that inspite of huge loss in different Banks in the last financial year due to provisioning for huge NPA, there is no fear in financial sector like collapse of Lehman Brorthers as there are are three ways of protective measure in India.
- Strike in Oil Refineries of France fuelled agitation in other Infrastructure area against the country's new Industrial Law.
- As it is passed in the last Budget, foreign corporate houses may now donate to the funds of Indian political parties. Leftists commented- it is dangerous for democracy.
- After a long gap since first atom bomb blast on 6th August, 1945 it is for the first time an American President Barak Hussain Obama visited Hiroshima on 27th May, 2016 to pay homage to the victims of the catastrophe.

***- Compilation by Prabir Das, Asstt. Secretary, CEC***

International Women's Day


All India Office Bearers' Meeting at Agartala, Tripura on 11.06.2016


General Meeting of Tripura State Committee on 12.06.2016 at Agartala Press Club

2nd All India Women's Convention held on 20th December 2015
at Siliguri, North Bengal

All India CEC Meeting at Siliguri in North Bengal on 20-21th December 2015

Editorial Board
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Published by UBIEU (Regd. No. 14874) & Printed at Tarun Printers, Kolkata, Phone : (033) 2241 4675