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Dear Comrades,

15th April , 2017

NEWS OF INTEREST 15TH APR

[MOTIVATIONAL QUOTES](#)

“THE WILL TO WIN, THE DESIRE TO SUCCEED, THE URGE TO REACH YOUR FULL POTENTIAL...

THESE ARE THE KEYS THAT WILL UNLOCK THE DOOR TO PERSONAL EXCELLENCE. “

CONFUCIUS

HIGHLIGHTS

1. DIGITAL INDIA: SBI TARGETS TRANSACTIONS WORTH RS 1 LAKH CRORE
2. HYDERABAD HC STAYS SBI'S PLAN TO ASSIMILATE ASSOCIATE BANKS' OFFICERS
3. SBI'S VRS OFFER GETS TEPID RESPONSE
4. MORE THAN 60,000 PEOPLE FACE PROBE
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6. CONSOLIDATION DOES NOT AUTOMATICALLY MAKE A LENDER STRONG: FEDERAL BANK MD

Business Standard

1. Digital India: SBI targets transactions worth Rs 1 lakh crore

Online SBI, the bank's web banking platform, is the fifth most visited financial site globally

[Press Trust of India](#)

Country's largest lender SBI on Friday said it aims to reach 5.2 lakh Acceptance Touch Points and collectively do Rs 1 lakh crore transaction in 2017-18 to take forward government's digital agenda.

The State Bank of India (SBI) said in a statement that it has implemented various initiatives as part of Digital India and Digi Dhan Mela campaign launched by the government. These, include adoption of 110 villages to develop digital eco system, and targeting deployment of 25,000 terminals at 12,500 villages under a NABARD scheme.

"In FY 2017-18, the bank's ambition is to reach 5.2 lakh Acceptance Touch Points which include 4 lakh Digital PoS (Bharat QR and Aadhaar Pay) and collectively will receive Rs 1 lakh crore of transaction value," SBI said.

The bank's Chairman Arundhati Bhattacharya said that with the Digital India initiative pursued collectively by the government, banks and technology companies, "India is transforming into a digitally empowered society and SBI is playing a pivotal role in the process of digitalisation".

Rajnish Kumar, MD of SBI said that UPI and Aadhaar pay are two very innovative platforms which will lead to efficiency in costs and provide convenience to customers.

The bank further said that it will continue the digital drive to bring in more innovative products and services for customer convenience.

Online SBI, the bank's web banking platform, is the fifth most visited financial site globally.

2. Hyderabad HC stays SBI's plan to assimilate associate banks' officers

Orders come on last day of deadline for submission of joining options by staff of associate banks

BS Reporter

The process of absorbing 30,000 officers of the five associate banks initiated by the State Bank of India (SBI) hit a roadblock on Thursday with Hyderabad High Court issuing the interim orders, directing the country's biggest lender to not act on the options given by these staff till June 15.

The court has directed SBI to file responses to the issues raised by the petitioners, P T M Gopalakrishna and either other officers of the State Bank of Hyderabad and Associate Banks Association (ABOA) before taking up the case for further hearing.

The orders come on the day of expiry of the deadline put for the submission of options (of joining the service) for the officers of SBH, State Bank of Bikaner & Jaipur, State Bank of Mysore, State Bank of Patiala and State Bank of Travancore besides the Bharatiya Mahila Bank.

"We may receive the copy of the court orders in two days. However, High Court judge Justice P Naveen Rao has issued oral orders to SBI not to act on the options till June 15," Harshavardhan Madabhushi, secretary general of ABOA told Business Standard.

The association has challenged options process citing lack of clarity on service conditions such as seniority in service post-merger and certain disparities in superannuation benefits that exist between the existing SBI officers and that of the

associate banks in a merged entity.

"We have brought our HR related concerns to the notice of the Union Finance Minister, Reserve Bank of India as well as the SBI chairman in the past one year but we did not receive any positive response. That is why we had to pursue the legal means to seek justice," Madabhushi said.

As the SBI management maintains that the absorption of staff was just a continuation of their service, there was no rationale in offering PF benefit(associate bank staff do not have PF provision)only from April 1, 2017 or tweaking the terminal benefits compared to that of the SBI officers, ABOA argues. They also expressed apprehension over the SBI not spelling out the parameters of their seniority in the merged entity up-front.

Officers of the associate banks, however, enjoy a slightly better pension and gratuity provisions compared to their counterparts in the SBI, even as the ABOA argues that such superannuation benefits were cut where ever there was a possibility of associate bank officer getting more than his SBI counterpart in the new scheme.

In the light of the stay orders on the staff absorption process, the ABOA leadership also believes that the VRS announced by the SBI will also have to undergo changes, depending on the final judgement. So far 4,000 of associate banks' staff, most of who were of officer cadre, had opted for the VRS. "Those who have opted for the VRS have done so as they did not find merit in the service conditions offered by the management," Madabhushi said.

On August 16, 2016, all the boards of associate banks had approved the acquisition scheme mooted by the SBI. At that time the officers and staff of these banks stated that the acquisition scheme was silent on vital aspects concerning HR apart from pay and allowances except for stating that , 'Pay and allowances offered to the employees and officers shall not be less favourable, overall, as compared to what they would have drawn in the associate bank'.

In a letter written to Union Finance Minister Arun Jaitley in September, 2016, the ABOA stated that its concern and nervousness on these aspects was, more so, because of the bad experience of the earlier acquisitions of State Bank of Saurashtra and State Bank of Indore wherein the SBI reduced the inter-se seniority depriving the officers of equitable promotional opportunities after the acquisition. It was alleged that certain allowances that were being paid to similarly placed officers in SBI were denied to State Bank of Saurashtra and State Bank of Indore officers post-merger.

3. SBI's VRS offer gets tepid response

Two senior execs with SBI group said the package (maximum 30 months salary) wasn't seen as attractive

Abhijit Lele |

The Voluntary Retirement Scheme (VRS) offer for employees of State Bank of India's associate banks, now formally merged with the parent, has had a relatively poor response.

A not-so-good package and a weak job market has held back many who of the 12,500 who were eligible from putting in their papers; only 3,500 have finally opted for it. While 4,300 had applied till the final date of April 5, around 800 of them withdrew applications by April 12, the last day for doing so.

A top SBI official said the response was below (about 50 per cent) expectation but this was not a problem, as those who have stayed back are not a burden. Many have significant experience, handy to manage the merger transition. The bank would be look at skill and experience profile for deciding postings, the official said.

All the five entities — State Bank of Bikaner and Jaipur, State Bank of Hyderabad, State Bank of Mysore, State Bank of Patiala and State Bank of Travancore, in addition to Bharatiya Mahila Bank (BMB) —merged with SBI with effect from April 1.

The bank had set some criteria for the VRS. Those opting for it should have over 20 years of service and attained at least 55 years of age.

Two senior executives with the SBI group said the package (maximum 30 months salary) was not seen as attractive. Plus, these are not the best of times to look for a job outside. Also, employees up to the rank of assistant general manager have an opportunity to get placed within the circle (of SBI) he or she works. This helps to increase the chance of being placed at a branch or office which could be a home place or nearby, they said.

A staffer whose VRS application is accepted is to get an amount equal to 50 per cent of the residual period of service, capped at 30 months' salary. The employee strength of SBI after the merger has increased to 270,011, which includes 69,191 from the associate banks and BMB.

The total customer base will reach 370 million, with a branch network of around 24,000 and nearly 59,000 ATMs. The merged entity will have a deposit base of a little more than Rs 26 lakh crore and advances of Rs 18.5 lakh crore.

Financial Express

4. More than 60,000 people face probe

I-T department crackdown on suspicious cash transactions after note ban

By: FE Bureau

The crackdown against black money is getting harder after demonetisation, with taxmen zeroing in on more than 60,000 people — including 1,300 high-risk ones — for investigations under the second phase of the so-called Operation Clean Money (OCM).

More than 6,000 high-value property purchases and 6,600 cases of outward remittances will be subjected to detailed investigations under the OCM, the Central Board of Direct Taxes (CBDT) said on Friday. The categories of people or entities that will also be probed include businesses such as petrol pumps and other essential service providers like hospitals whose claims of cash sales as the source of their cash deposits are found to be much higher than their past profile or industry norms during the note ban period (November 9-December 31 last year).

The hardening of the crackdown comes amid speculations that the Pradhan Mantri Garib Kalyan Yojana, also known as the Income Disclosure Scheme-II (IDS-II) — the window provided by the government for people to deposit their unaccounted cash after the note ban to come clean after paying a hefty fine — seems to have come a cropper. Although the government hasn't yet released the tax collections from IDS-II, various reports have pegged it in the range of just `2,000-3,000 crore, belying expectations of a massive mop-up through the scheme running into over `1 lakh crore.

Government or PSU staff who made “large cash deposits” or undertook high-value purchases or those who “layered” or laundered funds by using shell companies and those who did not respond to the taxman’s queries following demonetisation will also be investigated. During the note ban period, some bank employees were found to be aiding back money holders to park their unaccounted cash. Official sources said although no transaction limit has been set above which investigation will start, high-value transactions will be probed first. The informally-set limit of cash deposits for investigations under the first phase of the OCM (January 31-February 15) was `5 lakh and above.

Under the first phase of the operation, 17.92 lakh people, who entered into cash transactions that did not appear to be in sync with their tax profile, were contacted through the online medium for explanations.

As many as 9.46 lakh people responded on sources of their cash deposits, while online queries were raised in 35,000 cases and online verification was completed in more than 7,800 cases. The taxmen have decided to close the verification in cases where explanations of the source of cash were found to be justified and where adequate disclosure has been made under IDS-II.

More than 2,362 searches, seizures and surveys were conducted between November 9, 2016, and February 28, leading to seizure of valuables worth more than Rs 818 crore, including cash of Rs 622 crore, and detection of undisclosed income of more than Rs 9,334 crore. More than 400 cases have been referred by the income-tax department to the Enforcement Directorate (ED) and the Central Bureau of Investigation (CBI) for suitable action. Surveys have been conducted in more than 3,400 cases by assessment units, the CBDT said.

It added that the impact of the government action is “already visible” in the 16% growth in gross tax collection in 2016-17 (the highest in the last five years) and the 14% rise in net tax collection (the highest in the last three years).

Also, growth in personal income tax was over 18% in 2016-17, while there has been an increase of 25% and 22% in regular assessment tax and self-assessment tax, respectively. According to sources, around Rs 13,500 crore or roughly half of the estimated tax proceeds from IDS-I — the window for which was open between June and September 2016 — had come in by March 31.

Net of this, personal income tax revenue would have grown some Rs 52,000 crore — or at a much slower pace — in 2016-17 from the previous fiscal. Also, although the rise in personal income tax collection in 2016-17 was much higher than the annual growth levels in years of comparable economic expansions in recent past, the IDS-II imprint was clearly absent in the tax data released by the finance ministry earlier this month.

Economic Times

5. LIC to soon get bankers on board for managing lending operations

BY PTI | UPDATED:

Insurance behemoth LIC will soon obtain services of retired bankers to strengthen its lending operations and ensure that NPAs are kept at the minimum.

LIC has set up a cell for its lending, NPA resolution and one-time settlement (OTS), sources said, adding the company will soon get experts particularly bankers to this portfolio.

LIC has been into the business of insurance but they don't have expertise on loan risk assessment and resolution, sources said.

A standard operating procedure has also been worked out for repayment through one-time settlement scheme, they added.

At the end of March 2016, LIC had a debt portfolio of Rs 3.79 lakh crore, bigger than the loan portfolio of most banks. Its gross non-performing assets stood at 3.76 per cent at the end of March 2016, up from 3.30 per cent in the previous year.

Driven by sudden surge in single premium policy sales and falling interest rates, total new business premium of LIC rose 25.8 per cent to Rs 1.22 lakh crore in FY 2016-17 from around Rs 97,000 crore in the previous year.

However, the state-owned insurer witnessed de-growth in terms of policies during the year under review.

Total new business premium, including pension and group business, rose to Rs 1.22 lakh crore in 2016-17 from around Rs 97,000 crore a year ago, a senior LIC official said.

New business on the individual basis zoomed 47 per cent to Rs 37,800 crore from Rs 25,700 crore a year ago.

New business on the individual basis jumped 122 per cent from the projected target of Rs 31,000 crore in 2016-17. Interestingly, the target was the same for the previous fiscal too.

New business on the individual basis at LIC grew by 47 per cent to Rs 37,800 crore for 2016-17 from Rs 25,700 crore in the previous fiscal.

Business Line

6. Consolidation does not automatically make a lender strong: Federal Bank MD

ANIL URS

Private Banks are unperturbed by the merger of SBI and its associate banks. They think they have room to operate in the country which is fairly diverse in nature.

"One cannot bring in or superimpose a global model to say the country needs only five or seven banks. I have a view that everybody is just gazing into the wilderness. There is no established model which says this is right or that is right," Shyam Srinivasan, Managing Director and CEO, Federal Bank, told *Business Line*.

"There is room for regional banks, large banks, and small banks as well. I think the big question is strong banks. Consolidation does not automatically make it strong. Just by taking four challenged banks, you cannot create a fifth one which is stronger," he said.

Stressing on the quality of assets over size of operations, Srinivasan said: "I carry the view that the near-term solution to this is not necessarily consolidation; it is taking some aggressive decisions on the quality of assets. Now, once that is done and banks will be back to growth, then you can decide based on strategic reasons whether to consolidate or not."

He further said: "In my view, consolidation is not a solution to a problem, it should be an opportunity. Consolidation should be done for strategic reasons such as to get new geography, new segment, new talent or a new market. Then you can consolidate strategically or merge depending on commercial and business reasons."

Interest rate

Talking about the shaping up of the interest-rate scenario, Srinivasan said: "A lot of factors affect interest rates, including policy rate and credit-demand pick-up. Besides, some banks are still battling credit-related challenges, so there is a provisioning requirement. Third, there are some very large banks — now nationally we have one of the largest global banks here; so to that extent, their pricing power also sets the tone for the market.

"Comparative interest rates on government-related schemes such as saving-schemes have started to trend on; so I would think deposit rates will trend down, but not very substantially.

"The bigger thing is, liquidity is very high in the market. Liquidity is not the challenge, borrowing and courage to lend is the challenge."

With kind regards,

Yours Comradely,



(N. GOVINDRAJULU)
GENERAL SECRETARY