



ALL INDIA UNION BANK PENSIONERS AND RETIREES FEDERATION
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Dear Comrades,

18th December , 2017

News of Interest 14th Dec

MOTIVATIONAL QUOTES

“THE BEST PREPARATION FOR TOMORROW IS DOING YOUR BEST TODAY. “
H. JACKSON BROWN, JR.

HIGHLIGHTS

1. HDFC BANK ISSUES 300,000 INSTANT CREDIT CARDS WITHIN A YEAR
2. BANK UNIONS ESCALATE PROTEST AGAINST PROPOSED FRDI BILL
3. NOT ALL BANKS TO GET CAPITAL SUPPORT IN FIRST TRANCHE
4. CORPORATION BANK CUTS OVERNIGHT MCLR BY 0.1 PER CENT
5. 'BAIL-IN' CLAUSE FORMALISES RISK ASSOCIATED WITH DEPOSITS, SAY BANK PENSIONERS

Business Standard

1. HDFC Bank issues 300,000 instant credit cards within a year

With InstaCard, customers can do online transactions on e-commerce websites immediately on receipt of the InstaCard, the statement said

Press Trust of India

Private sector lender HDFC Bank has issued 300,000 instant credit cards within a year of its launch.

Launched in January this year, InstaCard is delivered to customers within an hour of applying for a credit card in quick and easy steps on net-banking, HDFC Bank said in a statement.

With InstaCard, customers can do online transactions on e-commerce websites immediately on receipt of the InstaCard, it said, adding, the physical card is then delivered to the customers within a few days, it said.

Popularly also known as digital credit card, an InstaCard is issued using a combination of credit bureau information, pre-qualification algorithms and checks in the application form, it added.

2. Bank unions escalate protest against proposed FRDI Bill

Although various bank trade unions are opposing the Bill, there is no united opposition till now

Avishek Rakshit

Major bank unions in the country plan to oppose the government's proposed Financial Resolution and Deposit Insurance (FRDI) Bill.

They plan a preliminary depositors' signature collection campaign, with plans for a nationwide strike if the Bill is introduced in the current session of Parliament.

Bank Employees Federation of India (BEFI), third largest of the nine bank unions, had planned a meeting in Chennai to decide what to do. Followed by a likely all-union meeting to have a united forum to oppose the Bill. "All the bank unions will be meeting to discuss the road ahead. In case the government pushes to pass the Bill in the (current) winter session of Parliament, we can go on strike," Pradip Biswas, general secretary of BEFI, told Business Standard.

Although bank trade unions have said they are opposed, there is no united opposition forum yet. "A joint forum of all the unions will be formed soon to mount opposition," Sanjay Das, assistant general secretary for Bengal at the All India Bank Officers' Confederation (AIBOC), told this publication.

All India Bank Employees Association, National Confederation of Bank Employees, BEFI and AIBOC have said they have started on a depositors signature collection campaign to stall the Bill. Das says 200,000 signatures are already with them and another 100,000 signed an online petition. Additionally, over WhatsApp, petitions with links have been sent to the Prime Minister's Office, Reserve Bank of India and the Union finance ministry.

The original copy of signatures collected by BEFI will be sent to the Lok Sabha speaker.

The signature campaign also asks the government to make public the names of loan defaulters every six months, ensure accountability of bank executives for bad loans and amendment in the loan recovery procedure. Additionally, unions are demanding that the government declare wilful and deliberate defaulters as criminals.

It has instructed its state-level units to organise demonstrations and rallies to show its discontent with the Bill and garner public support. While such a demonstration is already underway on Friday in Kerala, a rally will be organised in Kolkata on December 21.

According to the unions, the FRDI Bill puts depositors at risk and they stand a chance to lose their money with the banks.

"The FRDI Bill supersedes all previous Acts and there is no need for this Bill when we already have proper regulators like the RBI and the Insurance

Regulatory and Development Authority", Das told this business daily, adding that the FRDA Bill will also snatch away workers' and companies' rights to appeal to the Courts.

A circular issued by the unions states that the FRDI Bill proposes to empower the Resolution Corporation to use people's saving to the tune of more than Rs. 100 lakh crore to be used as a bail-in packages for corporate defaulters to the tune of Rs 11 lakh crore.

Bank employees are of the opinion that with the bail-in proposal in place, not only deposits can be endangered as the package finally may not work out, but the banks will also try to regain their financial health by using money parked by the depositors with them.

Recently, CPI-M politburo member Surjya Kanta Mishra, also the former leader of opposition in the West Bengal Assembly, said, "The government wants to come up with a law to use the depositors' money to improve the banks' financial health, but refuses to take any action against the guilty corporate".

Financial Express

3. Not all banks to get capital support in first tranche

Not all banks will be eligible for capital support of the government this fiscal, but those who have performed relatively better and need capital most will be considered for fund infusion, sources said

By: PTI

Not all banks will be eligible for capital support of the government this fiscal, but those who have performed relatively better and need capital most will be considered for fund infusion, sources said. It is not necessary that all banks will be issued recapitalisation bonds in the first tranche, but the money will be given depending on fulfilment of various parameters, including reforms undertaken, a senior official said. Capital infusion would be contingent upon performance, reforms undertaken and future road map, official said. The quantum of the capital infusion during the current fiscal would be known after Parliament will give nod for this, the official said, adding that the government is yet to decide on SLR (Statutory Liquidity Ratio) status for recapitalisation bonds. The SLR status will ensure tradeability of bonds.

Finance Minister Arun Jaitley in October had announced an unprecedented Rs 2.11 lakh crore two-year road map to strengthen Public Sector Banks, reeling under high non performing assets (NPAs) or bad loans. Their NPAs have increased to Rs 7.33 lakh crore as of June 2017, from Rs 2.75 lakh crore in March 2015. The plan includes floating re-capitalisation bonds of Rs 1.35 lakh crore and raising Rs 58,000 crore from the market by diluting government's stake. The government equity, as per the current policy, can come down to 52 per cent in state-owned banks.

Jaitley had also announced that banks would get about Rs 18,000 crore under the Indradhanush plan over the next two years.

Under the Indradhanush road map announced in 2015, the government had announced infusion of Rs 70,000 crore in state- owned banks over four years while they will have to raise a further Rs 1.1 lakh crore from the

market to meet their capital requirement in line with global risk norms, known as Basel-III.

In the last three-and-a-half years, the government pumped in Rs 51,858 crore capital in the PSBs. The remaining Rs 18,142 crore will be injected into the banks over the next two years.

Economic Times

4. Corporation Bank cuts overnight MCLR by 0.1 per cent

PTI

Public sector lender Corporation Bank BSE -1.15 % today said it has reduced its marginal cost of funds based lending rate (MCLR) by 0.1 percentage point for overnight loan maturities.

The bank has cut the overnight MCLR by 0.1 per cent to 7.80 per cent.

The tenor-based MCLR, for all new rupee loans and advances including renewals, is to come into effect from December 15, the bank said in a regulatory filing.

For the rest of the tenors, the bank has kept the MCLR unchanged.

At present, Corporation Bank's MCLR for one-month and three-month loan maturities stands at 7.90 per cent and 8.20 per cent, respectively.

For six-month and one-year maturities, Corporation Bank's MCLR is at 8.60 per cent and 8.65 per cent, respectively.

The MCLR mechanism was introduced in the banking system in April 2016 as an alternative to the base rate, below which banks cannot lend, for new borrowers.

MCLR is calculated on the marginal cost of borrowing and return on net worth for banks.

Business Line

5. 'Bail-in' clause formalises risk associated with deposits, say bank pensioners

VINSON KURIAN

The 'bail-in' clause in the Financial Resolution and Deposit Insurance (FRDI) Bill formalises the risk associated with bank deposits, says the All India Bank Pensioners' and Retirees' Confederation.

This would shake the confidence of the common man in the banking system and adversely affect the interests of pensioners and retirees, its representation to a Joint Parliamentary Commission (JPC) said.

The Bill has come as a rude shock for pensioners and retirees who are anguished that their hard-earned money kept in bank deposits may evaporate due to 'certain decisions' by the government.

The real cause of worry lies in the bail-in clause with respect to failing financial institutions. It provides for the use of depositors' funds to shore up the finances of a failing institution.

"For us, this is a question of life and death. The balance lying in the SB account should continue to be payable on demand," the representation said.

Similarly, term deposits should be made payable as per the terms and conditions of the account and under no circumstances should a portion of it or in full be converted into shares or debentures.

The bail-in clause also includes a provision to cancel the liability owed by a specified service-provider and also modify or change the form thereof.

Deposits are a form of liability on which a bank has to pay interest. This change of form of liability might affect the safety and security of funds kept as bank deposits.

The confederation reminded the JPC that serving employees or retired personnel are in no way responsible for the huge burden of NPAs and resultant provision to take care of such NPAs.

A perusal of the list of topmost defaulters of loan of any bank would reveal who exactly these persons are. This burden can never be shifted onto the shoulders of present and former employees.

And in banks, pension fixed on the date of retirement remains frozen and the same is not revised with the signing of the bipartite settlement, which normally revises wages/salary of serving people.

As pension is not revised upwards, the retirees have to depend on the interest income on deposits kept mostly in those banks from where they have retired, the body said.

The rate of interest on term deposits is dwindling by the day and the real income of a pensioner is reduced by every downward revision of interest. When a pensioner expires, he leaves an insignificant amount for his spouse or his successors.

"We thoroughly oppose the FRDI Bill in general and the bail-in clause in particular. We call upon all members of the JPC to see that the Bill is not passed in Parliament," the representation said.

With kind regards,

Yours Comradely,



(N. GOVINDRAJULU)
GENERAL SECRETARY

