



ALL INDIA UNION BANK PENSIONERS AND RETIREES FEDERATION
(Affiliated to All India Bank Pensioners & Retirees Confederation – AIBPARC)
163/4, Kutchery Road, Mylapore, Chennai - 600004
E mail i.d: aiubparf@gmail.com/ ubioatnng@gmail.com/ suryanarayananram@gmail.com

Com. P.B. Thomas
Chairman
Thiruvananthapuram
M: 09447177456

Com. Nitin Desai
President
Ahmedabad
M: 097277 60641

Com. S. Bagchi
Working President
Kolkata
M: 0983081586

Com. N. Govindarajulu
General Secretary
Chennai
M: 09841089111

Dear Comrades,

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News of Interest 10th OCT

MOTIVATIONAL QUOTES

“JUST LIVING IS NOT ENOUGH... ONE MUST HAVE SUNSHINE, FREEDOM, AND A LITTLE FLOWER. “ HANS CHRISTIAN ANDERSEN

HIGHLIGHTS

- 1. GOVT LIKELY TO LOWER NUMBER OF PUBLIC SECTOR BANKS TO 15**
- 2. PM NARENDRA MODI'S STAND UP INDIA PLAN SLOWS DOWN, HERE IS A REALITY CHECK**
- 3. GOVERNMENT SEARCHES FOR MERGER CANDIDATES AMONG PUBLIC SECTOR BANKS**
- 4. OFFICER ASPIRANTS ON IBPS RESERVE LIST SEEK JUSTICE, MOVE COURT**
- 5. TAKE 'STEPS' TO STAY ON TOP, SBI CHIEF TELLS STAFF**

Business standard

1. Govt likely to lower number of public sector banks to 15

RBI has already started recognising bad assets, provision them and is taking some of them via bankruptcy and insolvency process

Press trust of India | New Delhi

India will have 10-15 public sector banks with government as the majority stakeholder, from 21 now, as part of its plan to consolidate lenders, finance ministry's principal economic advisor Sanjeev Sanyal said on Friday.

He said cleaning up of the bad loan problems was a priority and after that the PSU banks could be consolidated.

“There are around 21-22 PSU banks. The numbers will be reduced in terms of consolidation, but somewhere to the 10-15 range. We are not going to take it too far down...We need to consolidate some of these large number of banks, but be clear that we are not going to reduce these down to some people think like four to five national champions,” Sanyal said at the India Economic Summit.

"We recognise that it will lead to too many 'too-big-to-fail' banks. Currently, we have one large bank, State Bank of India... We do not want to create a large number of them. Then we will have a real problem in terms of concentration of risks," Sanyal added.

He said consolidation of banks is a longer term commercial decision, whereas recapitalisation of PSBs is "more an urgent issue" in order to get the banking system running again.

Adding inefficient banks does not lead to a bigger efficient bank. So, the cleaning up of the bad loans problem is the priority, he said.

As part of the clean-up process, the Reserve Bank of India has already started recognising bad assets, provisions them and is taking some of them via bankruptcy and insolvency process.

"Now, the second step consequently is recapitalisation and getting these banks running again... that will be done in next few months. The government is fully aware that we need a much larger banking system by factors of multiple than what it is today," Sanyal said, adding India's banking system is way too small for future and needs to be expanded significantly.

Recapitalisation bonds are one of the options for infusing capital into banks, he said, adding that the government could also dilute its stake in some lenders to 52 per cent.

Financial Express

2. PM Narendra Modi's Stand Up India plan slows down, here is a reality check

The initiative was launched to support entrepreneurship among women, Scheduled Caste and Scheduled Tribe communities

By: [FE Online](#) |

Prime Minister Narendra Modi had launched Stand Up India on April 5, 2016 in Noida. The initiative was launched to support entrepreneurship among women, Scheduled Caste and Scheduled Tribe communities. Under this, every bank has given a responsibility to ensure that wherever they have a branch, in their area, they have to give loans to two individuals – Dalit or an Adivasi, and a woman – in order to help them to start a new enterprise, new business.

According to the government's website, the stated goal of Stand-up India is to enable bank loans between Rs 10 lakh to Rs 1 crore to at least one SC or ST borrower and at least one woman per bank branch to set up a greenfield enterprise. The loan is at the lowest applicable rate of the bank for its rating category which can be repaid in seven years, reported the Indian Express.

But nearly after one and a half years of the assurance, the data on loans obtained from the Department of Financial Services, Ministry of Finance, by The Indian Express under the Right to Information Act, shows a different picture. Here is the reality check:

- According to the data received by the Indian Express, 21 public sector commercial banks, 42 regional rural banks and nine private sector banks have provided Stand Up India loans to 5,852 SC applicants, 1,761 ST individuals, and 33,321 general category women.

- So far, only Rs 4,852 crore has been disbursed from the total loan amount of Rs 8,803 crore that was sanctioned across the banks.

- As per the records, after 17 months after the assurance, only six percent of the 1.3 lakh bank branches have provided Stand Up India loans to SC/ST individuals.
- Data shows less than 25 percent of the branches have provided loans to women in the general category.

Public Sector commercial banks

- 21 public sector commercial banks have together sanctioned Stand Up India loans to 38,111 individuals. Out of which, 5,559 of them are SC, 1,653 ST and 30,899 general category women.
- The average amount disbursed to SC/St applicants is Rs 10 lakh.
- The average amount disbursed to women is Rs 12.27 lakh.
- As per the data by the Indian Express, Six of these 21 public sector banks have together provided loans to less than 100 SC individuals.
- However, 16 banks have not sanctioned a single loan to individuals belonging to the ST category.

Private banks and Regional Rural Banks

- Of the nine private banks, IndusInd Bank has sanctioned 184 Stand Up India loans to SC individuals while only 12 loans have been provided by the rest, as per the data.
- These nine banks have together sanctioned such loans to only 196 SC, 76 ST individuals and 2,015 general category women.
- Five private banks have not sanctioned a single such loan to any ST person. These banks include – Axis Bank, Federal Bank, ICICI Bank, The Nainital Bank and Yes Bank.
- Four private banks and 15 of 42 regional rural banks (RRBs) have not provided a single Stand Up India loan to any SC individual. The private banks are Axis Bank, HDFC Bank, South Indian Bank and The Nainital Bank.
- 3 banks out of the 42 RRBs, have not sanctioned even one such loan to any ST individual. In the case of SC individuals, 15 have not sanctioned any such loan while the rest account for 97.
- Karnataka Vikas Grameen Bank tops with 13 such loans.
- 42 RRBs in all have sanctioned Stand Up India loans to 536 people — 97 under the SC head, 32 in the ST category and 407 general category women.
- Three RRBs have not sanctioned a single such loan to general category women.

Economic Times

3. Government searches for merger candidates among public sector banks

By Dheeraj Tiwari

The central government has started an internal exercise to ascertain merger candidates from among the public sector banks (PSBs). The move comes as state-run lenders are yet to approach the finance ministry with their consolidation plans.

A senior government official, while confirming the internal exercise, said the final decision will be taken by banks after commercial considerations. At present, there are 21 state-run lenders including the State Bank of India the country's largest.

"We are just looking at all the options and their viability. If banks ask us, we will suggest to them what our findings have been but it is for the banks to initiate the process," he said, adding that that the exercise will also help identify any other impediments or legal issues that may delay the process.

Under the Bank Nationalisation Act 1969, there are provisions allowing such mergers. However, such decisions must be approved by Parliament. ..

To speed up the process, the government had announced in August an alternative mechanism, comprising a panel of ministers, for in principle approvals to merger proposals. The finance ministry had then sent a letter to all state run banks informing them about the process. "There have been some informal discussions but no bank has yet shared any concrete plans," said a finance ministry official.

The government has also exempted the consolidation among PSBs from the scrutiny of the competition watchdog, the Competition Commission of India.

The exemption will cover all cases of reconstitution, transfer of the whole or any part of nationalised banks, and the exemption will be available for a period of 10 years.

Some of the factors the government is looking at while making its own assessment include geographical spread, branch numbers, capital adequacy technology platform on which the banks are operating, and bad loans on the lenders' books. A senior bank executive said that merger within banks will only go through if the combined entity takes on a new name.

"It is imperative that the new merged entity has a new name because it has been seen in the past that the employees of the bank, whose identities are lost, are short-changed in the long run," he said.

In April, the State Bank of India absorbed five of its associate lenders and the Bharatiya Mahila Bank, creating a larger bank that accounts for a quarter of all outstanding loans.

Business Line

4. Officer aspirants on IBPS reserve list seek justice, move court

VINSON KURIAN

A group of 40 candidates on the reserve list of the Institute of Banking Personnel Selection (IBPS) for the post of probationary officer for 2016-17 has approached the Bombay High Court seeking justice in the recruitment process.

This is after IBPS, an autonomous body mandated with recruitment, selection and placement process, refused them employment despite having a 'huge number of non-joining vacancies' in the participating public sector banks.

Non-joining vacancies

One of the petitioners, who did not want to be identified, said that 10 per cent of the total candidates considered in the first round of allotment is kept in the reserve list for the post of probationers officers or management trainees.

The non-joining vacancies are filled from the reserve list. The provisional allotment from the reserve list of candidates is declared on March 31 every year.

The petitioners, who hail from across the country, said more than 1,000 non-joining vacancies were left unfilled even after recruiting from the reserve list, which is more than the number of candidates who were denied jobs.

This was revealed in RTI responses given by the participating public sector banks. Despite having a huge number of non-joining vacancies, many of these banks went on record saying they didn't intend to recruit in 2016-17.

RTI filings

However, they actively participated in the recruitment process for the year 2017-18. The candidates allotted from the reserve list are usually given appointment orders in the next financial year.

The public sector banks which refused to recruit from reserve list, despite having enough number of non-joining vacancies, include Punjab National Bank, Syndicate Bank, Corporation Bank, IDBI Bank and United Bank of India.

The five banks have a cumulative non-joining vacancy of 1,072, the petitioners said, citing RTIs filings. Syndicate Bank has 355 vacancies; IDBI Bank, 361; Punjab National Bank, 130; United Bank, 89; and Corporation Bank has 71.

"We were hopeful of getting allotment and waited for a year," said the petitioner quoted above. "Despite having huge number of vacancies, most banks decided not to recruit from the reserve list. For a few of us, it was the last chance to appear for the test," the petitioner said.

5. Take 'STEPS' to stay on top, SBI chief tells staff

K RAM KUMAR

State Bank of India's new chief Rajnish Kumar has exhorted his team of 2,68,705 associates to walk the 'STEPS' so that the bank continues to retain the crown position in the banking sector and delivers 'new age banking for new India'.

STEPS stands for Strong ethics, Transparent & high standards of corporate governance, Empathy & compassion for colleagues, customers & communities around, Politeness in dealing with customers, peers, seniors & junior colleagues and Sincerity.

"Let us keep in mind the values of STEPS....Let us ensure that the STEPS spirit passionately persists with us till the end," Kumar said in a communication to employees. Kumar took charge as Chairman of the country's largest bank on October 7 for a three-year term.

Even as he highlighted that the 'nation banks on the over two-century-old bank', Kumar flagged the issue of the banking industry passing through tough times. This is happening globally and India too has not escaped the tremors.

The challenges

The SBI chief said: "Despite our grit, fortitude, hard work and resilience, we also could not stay insulated from the unfavorable macro conditions. More so, in a highly inter-connected world and economic environment....But challenges inspire us. We are wired that way...The recent merger proves this.

"...I have no doubt that our bank will overcome the current challenges soon. Still, we should not forget that the crown position in the industry bequeaths greater responsibilities on us to push ourselves extra."

The challenges that SBI is currently up against include resolving bad loans (that touched almost 10 per cent of total advances in the June-2017 quarter), reviving credit growth (which saw a tepid 1.46 per cent year-on-year growth in the June quarter), and retaining market share (in the face of tough competition from private sector banks).

He said "A bank is as good as its frontline people. They are the face of the bank...Being polite to your customers is the best way to grow your community of loyal customers. Customers prefer to bank with the people who treat them well.

"We may have best of products, technology, ambience but if we are not courteous and polite to our customers, our business will not endure. We will not progress. Politeness is what builds a great bank." While performance and productivity are non-negotiable, Kumar underscored that they are not achievable if the employees are not healthy and happy.

"We have been taking a number of new initiatives focused towards work-life balance of employees by introducing facilities like sabbatical, work from home and refining some of the existing ones.

Ethics in banking

The SBI honcho stressed that ethics matters in a fiduciary setting like a commercial bank.

"Banking must stick to strong ethical standards. To do so, our conduct must be absolutely clean. But clean conduct requires that we follow the rules of governance and principles of strong ethics....

"We are the first, in the Indian public sector, to start an independent "Ethics & Business Conduct vertical" to weave our trademark ethos in our operational fabric," said Kumar.

With kind regards,

Yours Comradely,



(N. GOVINDRAJULU)
GENERAL SECRETARY