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Dear Comrades,

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News of Interest 6th SEP

MOTIVATIONAL QUOTES

“ALWAYS BE YOURSELF, EXPRESS YOURSELF, HAVE FAITH IN YOURSELF, DO NOT GO OUT AND LOOK FOR A SUCCESSFUL PERSONALITY AND DUPLICATE IT. “

BRUCE LEE

HIGHLIGHTS

1. MODI GOVT FREEZES OVER 200,000 BANK ACCOUNTS OF SUSPECTED SHELL COMPANIES
2. UCO BANK TURNAROUND PLAN TAKES SHAPE, SANS SALARY CUT
3. BANKS SANS AADHAAR ENROLLMENT CENTRES FACE RS 20,000 FINE FROM OCTOBER
4. HOW URJIT PATEL HAS PROVED TO BE A SILENT YET EFFECTIVE COMMUNICATOR OF RBI POLICIES
5. UNIONS THREATEN STRIKE OVER PENDING WAGE REVISION IN IDBI BANK

Business standard

1. Modi govt freezes over 200,000 bank accounts of suspected shell companies

Bank accounts of delisted companies inoperative

Indivjal Dhasmana

The bank accounts of 209,032 suspected shell companies have been frozen, the government said on Tuesday, while advising banks to be cautious about active ones not filing statutory returns.

The Registrar of Companies (RoCs) of 24 jurisdictions have deregistered these firms and because of that “the existing directors and authorised signatories of these companies will now become ex-directors or ex-authorised signatories,” the statement said.

These individuals will, therefore, not be able to operate the bank accounts of their erstwhile companies till such entities are restored by an order of the National Company Law Tribunal.

The restoration, as and when it happens, will be reflected by a change in the status of the company from "struck off" to "active".

The Department of Financial Services has, through the Indian Banks' Association, advised banks that they should take immediate steps to put restrictions on the bank accounts of such companies.

Besides, banks have been advised to go in for enhanced diligence while dealing with even those not struck off by RoCs. Even if a company has active status but has defaulted in filing its financial statements or annual returns relating to the assets on the secured loan, it should be seen with suspicion.

Prima facie, it implied that these companies were not complying with its mandatory statutory obligations to furnish vital information for its stakeholders, the department said.

An RoC can strike off the name of a company on several grounds: If it fails to commence its business within a year of its incorporation; and for not carrying on its business in two preceding financial years and not making an application to obtain the status of a dormant company.

However, the issue came into the limelight recently after the government promised action against shell companies in the aftermath of demonetisation.

2. UCO Bank turnaround plan takes shape, sans salary cut

Bank to prune costs via branch rationalisation, CASA growth instead

Namrata Acharya

With salary cuts not being a part of the turnaround plan, Kolkata-based UCO Bank has embarked upon a cost-cutting plan that involves reduction of operational cost through branch rationalisation and CASA growth, among other measures.

Earlier, the Centre had sent letters to 10 banks, including UCO Bank, asking them to lay out a revival road-map for availing government funds. The letter also said that some staff benefits could be restructured on a temporary basis. However, on account of stiff opposition from unions, the clause of salary cut was not included in UCO Bank's turnaround plan.

Instead, the present turnaround plan includes merger of unviable branches, focus on CASA mobilisation, restrictions in giving loans to corporate entities, and depending on sectors like agriculture, retail and micro small and medium enterprises for loan growth. This year the bank is looking at a marginal 5 per cent growth in credit off take, said R K Takkar, MD and CEO, UCO Bank.

So far, the bank has merged about 14 branches, and another 15-20 branches would be merged this financial years, said Takkar.

Notably, UCO bank's cost of operation increased by about 17 per cent in the last three years. In the Q1 of FY2014-15, the bank's operating expense was around Rs 603 crore, which stood at around Rs 703 crore in Q1 of FY2017-18.

UCO Bank had posted a net loss of Rs 663 crore in the first quarter of the present financial year, against a net loss of Rs 441 crore in the first quarter of the preceding financial year. One of the reasons behind the losses being high provisions, which stood at around Rs 1,272 crore in the last quarter.

"As far as turnaround plan is concerned, salary cut was not a part of it. Also, salary cut does not serve any purpose, and instead the employees need to be motivated to work towards financial well-being of the bank," according to Takkar.

Recently, one of the zonal head of the bank had requested to suspend salaries to employees in 11 branches to punish employees for non-performance. The unions were quick to react, and the proposal was shot down eventually by the top management of the bank.

"Salary as part of operating expenses of banks would be close to 20 per cent. In the turnaround plan signed with the unions, there is no clause of salary cut. However, we are watching the situation, and we do not see the proposal to stall salaries of some employees as an isolated case. We have raised strong protest at UCO Bank, after the idea was mooted," said aid Rajen Nagar, president, All India Bank Employees Association.

As on 31st March, 2017, UCO Bank had employee strength of around 24620, and the bank had recruited about 735 officers last financial year.

Financial Express

3. Banks sans Aadhaar enrollment centres face Rs 20,000 fine from October

The UIDAI has given banks one more month to open Aadhaar enrolment centres in a stipulated 10 per cent of branches and will impose Rs 20,000 as fine per uncovered branch after September 30, CEO Ajay Bhushan Pandey said today

By: [PTI](#)

The UIDAI has given banks one more month to open Aadhaar enrollment centres in a stipulated 10 per cent of branches and will impose Rs 20,000 as fine per uncovered branch after September 30, CEO Ajay Bhushan Pandey said today. The Unique Identification Authority of India (UIDAI), in July, had asked private as well as public banks to open Aadhaar enrolment and updation facility in one out of 10 branches by August-end. The reprieve of one month has now been granted as many banks sought additional time from the authority for setting up such facility on their premises. "Banks approached us saying they need more time, so we have given them till September 30 to set up the facility. Non-compliance after the deadline will attract a fine of Rs 20,000 per uncovered branch every month," Pandey told PTI. This means a bank with 100 branches will need to have Aadhaar enrolment facility in 10 branches. Failure to open the stipulated facility in, say, five branches even after expiry of the September 30 deadline, would mean that the bank will have to cough up penalty of Rs 1 lakh in the first month itself (at the rate of Rs 20,000 per uncovered branch).

Similarly, the penalty will be imposed in subsequent months, also based on the branches that are left uncovered. Aadhaar, the 12-digit biometric identity number, is required for opening of bank accounts and financial transaction of Rs 50,000 and above. Existing bank account holders too are required to furnish the Aadhaar number by December 31, 2017. "This (enrolment facility in bank premises) was done for convenience of people. Given the requirement of linking Aadhaar with existing bank account and for new bank accounts, having the enrollment and updation facilities within the branches (10 per cent) will ensure that people do not face any difficulty," Pandey explained the rationale.

Many banks have informed the authority that the process of procuring biometric devices, certification of enrollment operators and identifying enrollment agencies is still on. "We wanted to give banks a reasonable time to set up the required infrastructure, and one month is a reasonable time," Pandey said, adding that he did

not anticipate any further delay by banks to have the enrollment facilities in place. The PSU and private banks have been informed about the extension.

There are 1,20,000 bank branches in the country and with this move, 12,000 Aadhaar enrolment and updation centres will have to be set up in those branches. Many banks are already registrars, but they do not have enrollment centres inside the bank premises today.

4. How Urjit Patel has proved to be a silent yet effective communicator of RBI policies

By Atmadip Ray

US Federal Reserve chair Janet Yellen is perhaps not on the best of terms with US President Donald Trump, but she is known to have a good working relationship with Steven Terner Mnuchin, the current treasury secretary of the US. It's a long convention in the US — breakfast or luncheon meetings between the Fed chair and finance secretary are as common as Indian cricketers hobnobbing with Bollywood celebs.

The story in India is different. Reserve Bank of India Governor Urjit Patel and other Monetary Policy Committee (MPC) members had refused to meet the finance ministry panel for discussions on the monetary policy before the June review, apparently to avoid any possible pressure from the government which was longing for a rate cut. The MPC ultimately stood its ground for a status quo. While the rejection to meet the government panel was seen as a rift between the central bank and the fiscal authority in Delhi, it helped the taciturn Patel, who many would argue was never there during the controversial demonetisation, to make a statement on central bank's independence.

The MPC, where RBI governor is a member, withstood the pressure earlier too and kept RBI's stance neutral in February review warding off inflationary pressure which helped the Consumer Price Index come down to 1.54% in June, the lowest since 1999. RBI continued to be neutral in its August review even after reducing the repo rate by 25 basis points. This is a steely fight against inflation in letter and spirit with a headline inflation target as low as to 2.0-3.5% for the first half and 3.5-4.5% for the second half in FY18.

Earlier, Patel was seen as going into a cocoon, especially during the most eventful demonetisation months, when the then economic affairs secretary Shaktikanta Das had clearly taken the lead in handling the situation. Many believed that the lack of direct communication from the 24th governor along with some confusing RBI notes made the matter worse which anyway was bound to be a mess for its lack of planning. But now, even his critics accept that post demonetisation, Patel took several strong steps to regain his stature and independence as RBI governor.

"RBI has handled the pressure from the government well after demonetisation," says Partha Ray, professor of Economics at IIM Calcutta. "It has developed cold feet about the proposed bad bank, which would have been otherwise a disaster if implemented. Patel has also put his foot down on agriculture debt waiver. He played the dharma of a classical central bank governor," Ray says.

To be fair to Patel, one would argue that it is extremely difficult for anybody coming after someone like Rajan because of the IMF economist's larger than life stature.

Patel has four major achievements to write home about in his first year, says CARE Ratings chief economist Madan Sabnavis. "Ensuring that the forex situation was unaffected by the FCNR deposits outflow is very creditable. Then, taking on the NPA situation of banks after the annual quality review, third, getting the MPC working on policy options and ensuring that the rules are followed," he says.

Business Line

5. Unions threaten strike over pending wage revision in IDBI Bank

VINSON KURIAN

Bank employees and officers' unions have expressed deep concern over the long-pending wage revision in IDBI Bank.

The All India Bank Employees' Association (AIBEA) and All India Bank Officers' Association (AIBOA) have jointly written a letter to the MD & CEO of the bank in this connection.

'No more acceptable'

The letter was signed by CH Venkatachalam and S Nagarajan, general secretaries of AIBEA and AIBOA, respectively.

"We wish to point out that further delay in settling wage revision is no longer acceptable to us. We urge to take up this issue on a priority...to resolve it amicably and expeditiously," the letter said.

If the management chose the delay the issue further, the unions will be constrained to decide upon industry-level agitational programmes across the industry.

The letter recalled that the wage revision from November 1, 2022, has not been completed or implemented till date. This is despite serving of repeated reminders and employees and officers expressing their anguish through various programmes, including strikes.

Next revision due

In all other banks, wage revision has not only been completed and implemented, but negotiations have commenced for the next revision due from November 2017.

"Our affiliates have shown utmost patience and restraint and have also adopted a very reasonable approach in order to expedite the wage revision.

"But we are constrained to observe that the approach of the IDBI Bank management has been indifferent, unreasonable, casual and negative," the letter said.

The staff and officers were aware of the unhealthy financial condition of the bank caused mainly due to the huge bad loans accumulated.

"The reasons thereof and the persons responsible....are also well-known. Instead of taking the workforce on board and moving towards a turnaround, it is unfortunate that the staff are left in the lurch for no fault of theirs."

With kind regards,

Yours Comradely,



**(N. GOVINDRAJULU)
GENERAL SECRETARY**