



**ALL INDIA UNION BANK PENSIONERS AND RETIREES FEDERATION**  
(Affiliated to All India Bank Pensioners & Retirees Confederation – AIBPARC)

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Dear Comrades,

3rd December , 2018

**News of Interest 3<sup>rd</sup> DEC**

**QUOTE OF THE DAY**

'CHANGE YOUR LIFE TODAY. DON'T GAMBLE ON THE FUTURE, ACT NOW, WITHOUT DELAY. '

SIMONE DE BEAUVOIR

**HIGHLIGHTS**

- 1.SBI TO SELL 3 NPA ACCOUNTS TO RECOVER RS 21-BN DUES; E-AUCTION ON DEC 13
2. ARVIND SUBRAMANIAN'S IDEA TO FIGHT NPA MESS: 'ALLOW MAJORITY PRIVATE PARTICIPATION IN PSBS'
3. BANK UNIONS THREATEN NATIONWIDE STRIKE ON DECEMBER 26
4. BANK UNIONS REJECT IBA'S 8% WAGE HIKE OFFER
5. RBI MAY KEEP REPO RATE UNCHANGED

**Business Standard**

**1.SBI to sell 3 NPA accounts to recover Rs 21-bn dues; e-auction on Dec 13**

On Nov 22, SBI had held an e-auction of 11 NPA accounts that had outstanding dues of Rs 10.19 bn towards the bank

Press Trust of India

The country's largest lender SBI has put up for sale three of its non-performing loan accounts to recover dues of Rs 21.1071 billion.

An e-auction will take place on December 13 for the sale of these three accounts -- Sona Alloys Pvt Ltd, MCL Global Steel Pvt Ltd and Jayaswal Neco Industries.

"In terms of the bank's policy on sale of financial assets in line with the regulatory guidelines, we place these accounts for sale to banks/ARCs/NBFCs/ FIs etc, on the terms and conditions indicated there against," SBI said in the auction notice on its website.

SBI said the interested banks/asset reconstruction companies (ARCs)/non-banking financial companies (NBFCs) or financial institutions (FIs) can conduct due diligence of these assets with immediate effect, after submitting expression of interest and executing a non-disclosure agreement with the bank.

Once the deal is finalised, the assignment deed and other legal formalities will be completed in the shortest possible time as mutually agreed upon, SBI added.

Earlier on November 22, SBI held e-auction of 11 NPA accounts that had outstanding dues of Rs 10.19 billion towards the bank.

The gross non-performing assets (NPA) of the bank rose to 9.95 per cent of the gross advances as on September 30, 2018, from 9.83 per cent a year ago.

Net NPAs stood at 4.84 per cent of the net advances, down from 4.53 per cent.

The bank had posted a 69 per cent decline in consolidated net profit to Rs 5.7646 billion for the second quarter of this fiscal.

It had logged a net profit of Rs 18.4043 billion in the corresponding July-September quarter of 2017-18.

## **Financial Express**

### **2. Arvind Subramanian's idea to fight NPA mess: 'Allow majority private participation in PSBs'**

By: [PTI](#) | Published:

"Fundamental reform of the PSBs (public sector banks) is facilitated by allowing majority private-sector participation in the PSBs," Subramanian writes

State-run banks need to be fundamentally reformed by allowing majority private sector participation in them as a way forward in resolving the crisis of massive non-performing assets (NPAs), or bad loans, former Chief Economic Advisor Arvind Subramanian has said.

In his shortly to be released book "Of Counsel: The Challenges of the Modi-Jaitley Economy", published by Penguin, Subramanian argues for a "grand bargain" between the government and the Reserve Bank of India (RBI) to resolve NPAs which have accumulated to a staggering Rs 13 lakh crore, setting off a liquidity crunch and provoking a tiff between the Centre and the central bank.

"Fundamental reform of the PSBs (public sector banks) is facilitated by allowing majority private-sector participation in the PSBs," Subramanian writes.

“In return, the RBI would deploy its surplus capital to augment the resources for recapitalizing PSBs and capitalizing any new holding companies.”

The government’s differences with the RBI centers on four issues — the former wanted liquidity support to head off any credit freeze risk, a relaxation in capital requirements for lenders, relaxing the prompt corrective action (PCA) rules for banks struggling with accumulated NPAs, and support for micro, small and medium enterprises.

Central to the liquidity issue was the government’s demand that the RBI hand over its surplus reserves by making changes to the “economic capital framework”.

“Regulatory/supervisory reform is further achieved by granting the RBI greater supervisory powers over public sector banks,” Subramanian says.

Taking some major names that have emerged in the banking controversy like Vijay Mallya, Nirav Modi, Chanda Kochhar, Rana Kapoor and Ravi Parthasarathy, the former CEA says: “Hearing this roll call of names is to be reminded of India’s stigmatized capitalism’. He also suggests, to paraphrase from Shakespeare, that “something is rotten in this state of Indian banking for having allowed stigmatized capitalists to survive and thrive for so long”.

He also says that the recognition of the NPA crisis through the RBI’s PCA framework initiated in June 2015 is further advanced by sanctioning financial institutions that are not classifying their loans properly, especially power-sector loans, at banks and other loans at non-banking finance companies (NBFCs).

Besides, the asset resolution process, as enacted by the Insolvency and Bankruptcy Code, is accelerated by sending smaller assets to specialized distressed asset recovery firms, “while the powers sector assets would be shifted to a new government-run holding company”.

“The government should also allow the RBI to implement the Prompt Corrective Action (PCA) framework for less strong banks,” he said.

“Finally, check-ins and oversight of the banking system must be in place to ensure that the shenanigans we have seen over the last several years from Vijay Mallya to Nirav Modi to ICICI Bank to IL&FS are minimized; they can never be fully avoided (regulation),” he added.

While the NPA crisis is a legacy of the lending boom during the high growth years up to 2010, the current liquidity crunch, particularly among non-banking finance companies, follows a series of defaults last month by the privately-run Infrastructure Leasing and Financial Services and banks hesitating to lend after a series of scams, most notably the Rs 14,000 crore fraud on state-run Punjab National Bank by two absconding jewelers Nirav Modi and Mehul Choksi.

### **3. Bank unions threaten nationwide strike on December 26**

By: [PTI](#) | Published:

The strike will be organized by the United Forum of Bank Unions, an umbrella body of nine employee and officer unions.

Bank unions Saturday called for a nationwide strike on December 26 to protest the proposed merger of Bank of Baroda, Dena Bank and Vijaya Bank.

The government had in September approved the merger of the three public sector lenders.

The strike will be organized by the United Forum of Bank Unions (UFBU), an umbrella body of nine employee and officer unions.

The government and the concerned banks were moving ahead with their decision for amalgamation and hence it was decided to give the call for strike, All India Bank Employees Association General Secretary C H Venkatachalam said.

All unions under UFBU will participate in this strike call, said Ashwani Rana, vice president of the National Organization of Bank Workers.

Following the government nod, the respective boards of these banks gave their approval for the amalgamation.

The merged entity will be third largest lender of the country after State Bank of India (SBI) and HDFC Bank.

As at June-end, the total business size of the three entities together was Rs 14.82 lakh crore.

Of the three banks, Dena Bank is the weakest, with non-performing asset (NPA) ratio of 11.04 per cent and business of Rs 1.72 lakh crore, as compared to 5.4 per cent NPA and Rs 10.2 lakh crore business of Bank of Baroda and 4.10 per cent NPA and Rs 2 lakh crore worth business of Vijaya Bank.

## **Economic Times**

### **4. Bank unions reject IBA's 8% wage hike offer**

*By Atmadip Ray*

The Indian Banks' Association has raised its wage hike offer to 8% from 6% but failed to make bank employees unions happy.

The unions have rejected the offer and threatened to go on strike on December 26.

"It is far below our expectation. We have urged upon them to improve their offer," said Rajen Nagar, president at All Indian Bank Employees Association.

Banks saddled with high level of nonperforming assets and successive quarterly losses would be looking to restrict the rise salaries and remunerations while unions are demanding at least 15% hike like they get under 10th bipartite settlement.

The wage revision by way of 11th bipartite settlement is due from November 1, 2017. Wage revision in public sector banks take place every five years.

Nine unions, under the banner of the United Forum of Bank Unions (UFBU), also demanded wage negotiation for bank employees under scale 1 to 7 while IBA's wage hike offer pertains to employees under scale 1 to 3. The bank lobby group favours bank wise wage settlement for senior employees of scale 4 and above.

Unions have also rejected the proposal to introduce variable pay, which would be linked to return on assets and operating profit and would be part of the overall wage hike.

The unions said the all India bank strike would also highlight their opposition against bank mergers.

## **Business Line**

### **5. RBI may keep repo rate unchanged**

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#### OUR BUREAU

Central bank expected to continue with its 'tightening stance' on benign retail inflation, slowing GDP growth.

The Reserve Bank of India is likely to keep the repo rate unchanged at 6.50 per cent in its fifth bi-monthly monetary policy review on December 5 in the backdrop of retail inflation declining to a one-year low in October and the GDP growing at a slower-than-expected rate in the second quarter.

The central bank is expected to persist with its calibrated tightening stance in view of possible upside risks that could arise down the line as a result of pass-through of minimum support price hikes for agriculture commodities, reversal in the current soft global crude oil prices, volatility in the global financial markets and possible fiscal slippage, among others. Given the current benign retail inflation scenario and expectation of it undershooting the RBI's projection of 3.9-4.5 per cent in the second half of FY19, economists see the RBI maintaining a status quo on the repo rate for the rest of the current financial year.

Retail inflation declined to a one-year low of 3.31 per cent in October (against 3.7 per cent in September and 3.58 per cent in October 2017) due to a dip in food inflation on account of a drop in the prices of vegetables and pulses.

GDP growth at 7.1 per cent in the second quarter (July-September 2018) was slower than expected despite a favorable base (6.3 per cent in the year-ago quarter). Economists expected the growth to be around 7.5 per cent in the second quarter.

In the four bi-monthly monetary policy reviews so far in FY19, the RBI has upped the repo rate twice by 25 basis points each in June (6 per cent to 6.25 per cent) and August (6.25 per cent to 6.50 per cent). In the October policy review, the RBI changed its policy stance from "neutral" to "calibrated tightening".

#### IL&FS crisis

The six-member monetary policy committee (MPC) is seen taking stock of the liquidity crunch being faced by some non-banking finance companies in the backdrop of the IL&FS imbroglio.

"The RBI may get the much-needed elbow room to keep the policy rate unchanged in the forthcoming fifth bi-monthly policy review on December 5. If the current trend of growth-inflation mix continues, a rate hike in the current fiscal is ruled out," said Devendra Kumar Pant, Chief Economist, India Ratings and Research.

Suvodeep Rakshit, Senior Economist, Kotak Institutional Equities, said the MPC is likely to keep the repo rate unchanged besides maintaining the stance at "calibrated tightening".

Suvodeep elaborated: "The MPC will likely deliberate on the liquidity (overall and sectoral) issue though it is not under its ambit to address these issues completely. It will likely keep the CRR unchanged."

With kind regards,

Yours Comradely,

A handwritten signature in blue ink, appearing to read "N. Govindrajulu", with a long, sweeping flourish extending to the right.

**( N. GOVINDRAJULU )**  
**GENERAL SECRETARY**