



**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](mailto:aiubparf@gmail.com)/ [ubioatnng@gmail.com](mailto:ubioatnng@gmail.com)/ [suryanarayananram@gmail.com](mailto:suryanarayananram@gmail.com)

---

Com. P.B. Thomas Chairman Thiruvananthapuram M: 09447177456	Com. B.B. Yadav Vice Chairman Sangli M: :098811 91110	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,

17th December , 2018

### News of Interest 17<sup>th</sup> DEC

#### MOTIVATIONAL QUOTES

‘SET YOUR GOALS HIGH, AND DON'T STOP TILL YOU GET THERE. ‘ BO JACKSON

#### HIGHLIGHTS

1. PFC MAY APPROACH FOREIGN BANKS TO FUND REC STAKE BUY
2. BANK EMPLOYEES TO GO ON NATION-WIDE STRIKE ON DECEMBER 26; HERE'S REASON
3. STANDARD CHARTERED BANK TO LAY OFF ABOUT 200 EMPLOYEES IN INDIA
4. VIEW: A BREATH OF FRESH AIR AT INDIA'S CENTRAL BANK
5. WILFUL DEFAULTERS: BOMBAY HC STAYS CIC FIAT TO RBI ON LIST

#### Financial Express

##### 1. PFC may approach foreign banks to fund REC stake buy

By: Shritama Bose

Power Finance Corporation (PFC) may have to approach foreign banks to raise part of the Rs 7,000 crore it needs to buy out the central government's stake in REC as public sector banks (PSBs) may hit the regulatory limits set on exposures to a single entity, senior bankers said.

Power Finance Corporation (PFC) may have to approach foreign banks to raise part of the Rs 7,000 crore it needs to buy out the central government's stake in REC as public sector banks (PSBs) may hit the regulatory limits set on exposures to a single entity, senior bankers said. On Thursday, PFC had approached a number of state-owned lenders to raise funds for the Rs 14,000-crore deal, which it plans to close out by the end of January.

"The system already has anywhere between Rs 15,000 crore and Rs 20,000 crore of exposure to each of the two companies. If we were to be fulfilling the entire requirement, we would be overshooting both regulatory limits and our own internal limits," said a senior executive with a large PSB.

As per the Reserve Bank of India's (RBI) July 2015 master circular on exposure norms, a bank's exposure to a single borrower will be capped at 15% of capital funds. The exposure to a single borrower may exceed the 15% norm by an additional 5% to go up to 20% of a bank's capital funds, provided the additional credit exposure is on account of extension of credit to infrastructure projects.

On December 6, the Union Cabinet had approved the strategic sale of the Centre's 52.63% stake in REC to PFC. The deal, similar to ONGC's purchase of the government's stake in HPCL last year, would be crucial for the Centre to meet this year's ambitious disinvestment target of Rs 80,000 crore.

It, however, will involve major market borrowings by the buyer PSU — in this instance, PFC — and so may put pressure on bond yields.

The deal is also expected to weigh on the financials of PFC and rating agencies have already begun to sound the alarm. Moody's Investors Service had on Thursday said it has placed both PFC and REC "on review for downgrade" after the Cabinet decision on the deal.

The acquisition of the government's stake in REC by PFC is credit-negative for the latter because it will materially weaken its consolidated capital ratios, said the report.

## **2. Bank employees to go on nation-wide strike on December 26; here's reason**

By: [PTI](#) |

The All India Bank Employees Association (AIBEA) which has called for a nation-wide strike on December 26 opposing the merger of Bank of Baroda, Dena Bank and Vijaya Bank, Saturday said the move was unwarranted as it would not be beneficial to the economy and the people at large.

The All India Bank Employees Association (AIBEA) which has called for a nation-wide strike on December 26 opposing the merger of Bank of Baroda, Dena Bank and Vijaya Bank, Saturday said the move was unwarranted as it would not be beneficial to the economy and the people at large.

"The merger will also affect the interests of employees, their jobs and job security. The move would also affect employment opportunities in the banking industry," the Association general secretary CH Venkatachalam said here.

Noting that several villages were yet to receive banking services, he said, "there is a huge exclusion of people. Banks need to be expanded. No need for consolidation".

Referring to the government's contention that the merger would make the banks stronger, Venkatachalam said, "there is no evidence to this conclusion. Last year six banks were merged with SBI. But SBI (State Bank of India) has not become any bigger."

"After merger of the six banks with SBI, the non-performing assets have further gone up to Rs 2.25 lakh crore. Hence, it is also a wrong presumption," he said.

The mergers of the banks would "surely" result in closure of branches and would endanger job security, he added.

Urging the Centre to take tough measures to recover bad loans, the association said the government was instead trying to divert the attention and focus on resorting to bank mergers.

## **Business Standard**

### **3. Standard Chartered Bank to lay off about 200 employees in India**

When contacted, a Standard Chartered Bank spokesperson confirmed the downsizing

Press Trust of India

British lender Standard Chartered Bank has downsized employee strength in the country by 200 as digital banking alternatives gain steam, sources said Thursday.

The downsizing is majorly in retail vertical, largely due to the reduced need for people manning operations in face of the cheaper digital alternatives, they said.

The bank's overall strength in India has now reduced to 7,300 people, the sources said.

When contacted, a Standard Chartered Bank spokesperson confirmed the downsizing.

"We have been working on multiple initiatives, including digitisation, to drive performance...as result of this transition, a small number of Retail Banking roles have fallen away," he said.

The sources said 85 per cent of the banks payment transactions, over 80 per cent of the overall banking transactions by the 24-35 age group and 83 per cent of the application onboarding is presently being done digitally.

The spokesperson said that retail banking in the country is "core to strategic ambitions and growth plans".

As the number of roles go down, the bank is working closely on existing opportunities, fair separation packages and offering outplacement services, he said.

The bank joins a string of foreign lender peers which have either cut business presence in the country or laid off employees.

Among others, British financial giant HSBC has announced to halve the total number of branches in Asia's third largest economy as digital streams gain currency.

## **Economic Times**

### **4. View: A breath of fresh air at India's central bank**

Bloomberg|

Critics have called the resignation of India's former central bank chief Urjit Patel and appointment of former Finance Ministry official Shaktikanta Das as his replacement a blow to the hard-won independence of the Reserve Bank of India. Such fears are overblown. The changeover at the RBI is something else entirely: an opportunity to rebuild the central bank's badly damaged credibility with financial markets.

While Patel deserves credit for the RBI's efforts to clean up bad loans at India's public-sector banks, his supervision of monetary policy often frustrated and confused economists and market participants. Under Patel, the RBI's media and analyst briefings grew increasingly opaque. When setting rates, the bank couldn't seem to decide whether to use headline or core inflation as a judge. Either way, Patel's RBI consistently overestimated inflation, while adopting a new definition of real interest rates to suit an apparent hawkish bias.

The bank raised rates in the face of an adverse oil-supply shock and tightened controls on already struggling banks, against international evidence and economic theory. Recently, it refused to acknowledge an evolving liquidity deficit in the banking system and shifted to a calibrated tightening stance despite evidence of weak growth.

The latter decision is particularly baffling. While controlling inflation is and should be the RBI's first objective, it's gone well beyond its mandated target of 4 percent. Inflation has averaged 3.5 percent (adjusted for the statistical impact of higher housing allowances) over the last two years and reached a low of 2.3 percent in November.

The bank's secondary goal is to maximize growth. Yet, under Patel, the RBI often relied on questionable growth and inflation projections that confirmed its hawkish inclinations — estimates it repeatedly had to revise downward.

Such policies were completely out of sync with economic reality. In the end, Patel's only options were to admit that the bank had erred in pursuing an excessively tight monetary policy, or to step down. He chose the latter route. While his surprise resignation prompted fears of increased market volatility, the reaction was generally positive — a sign that markets hope the RBI's bias will be removed and tensions with the government eased under a new governor.

True, Das's closeness to the government will inevitably raise questions about the RBI's independence. But, an easier monetary policy would actually show respect for the data and economic realities, more than a loss of autonomy.

It would also be a belated recognition that the Modi government has boosted India's potential growth rate — the pace at which the economy can grow without generating inflation. Governments everywhere prefer lower interest rates so as to juice the economy without having to undertake politically tough structural reforms. In India's case, on the other hand, the government has willingly introduced multiple structural reforms over the last few years, including a new indirect tax structure that has widened the tax net and removed inter-state barriers to trade, a new bankruptcy law that's improving the credit culture and strengthening bank balance sheets by chasing defaulters, and multiple measures to improve the economy's ease of doing business.

Under Patel, the central bank not only failed to acknowledge such efforts, it actively pursued policies that dampened growth, hurting efforts to create jobs and alleviate poverty. Worryingly, research by Ashima Goyal, a member of the prime minister's economic advisory council and the RBI's Technical Advisory Committee, has shown that sustained growth below potential can induce a permanent shift to a lower growth path, creating persistent losses.

The RBI was able to persist so long in its errors because of what Arvind Subramanian, the government's former chief economic adviser, described as the tendency for experts to "stay on the right side of power" — to find ways to justify policy decisions, whether by the RBI or the government. Instead of demanding more balance in monetary policy, economists and financial markets thus accustomed themselves to the RBI's unreasonably high inflation projections and hawkish policy bias.

A late realization by the government eventually led it to invoke — for the first time ever — special powers under the RBI Act to initiate a consultative process with the central bank in the public interest. If the government deserves blame, it's for not holding the RBI to account much sooner, not for undermining its independence.

A new RBI governor and a possible course correction in monetary policy should allow the tailwinds of structural reforms of the past few years to push growth to its higher potential without boosting inflation. That could only boost the bank's reputation, not tarnish it.

## **Business Line**

### **5. Wilful defaulters: Bombay HC stays CIC fiat to RBI on list**

---

The Bombay High Court, on Friday, granted interim stay on orders passed by the Central Information Commission (CIC) directing the Reserve Bank of India to submit a list of wilful loan defaulters.

A division bench of Justices BP Dharmadhikari and SV Kotwal also stayed a show-cause notice issued on November 2 this year by the CIC to former RBI Governor Urjit Patel for non-disclosure of the information sought and for defiance of its orders.

The RBI had petitioned the High Court last month challenging orders passed by the CIC directing it to disclose the bad debt details of defaulters worth more than ₹1,000 crore at the beginning and those worth ₹500 crore or less at a later stage.

On November 2, the CIC had issued a show-cause notice to Patel for "dishonouring" a Supreme Court judgment on disclosure of the list of wilful defaulters.

The notice was issued after the RBI failed to give the list. The CIC had, in its notice, said it considers the RBI Governor as deemed Public Information Officer (PIO) responsible for non-disclosure and defiance of its orders.

The commission asked Patel to explain why maximum penalty should not be imposed on him.

On November 16, the CIC once again asked the RBI to submit the list and also the previous RBI Governor Raghuram Rajan's letter on bad loans.

The CIC was hearing the plea of one Sandeep Singh, who had sought details of loan defaulters. Senior counsel Venkatesh Dhond, appearing for the RBI, told the High Court on Friday that the CIC order has been passed without giving a hearing to the RBI.

"Information of such nature if disclosed could harm the national economy. In such situation, the CIC order and the impugned notice issued on November 2 are ex facie illegal, arbitrary and unsustainable," RBI said in its petition.

With kind regards,

Yours Comradely,



**( N. GOVINDRAJULU )  
GENERAL SECRETARY**

---