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Dear Comrades,

7th May, 2018

**News of Interest 7th MAY**

**MOTIVATIONAL QUOTES**

"THE HISTORY OF ALL PREVIOUS SOCIETIES HAS BEEN THE HISTORY OF CLASS STRUGGLES" - KARL MARX

**HIGHLIGHTS**

- 1. BANK EMPLOYEES' UNIONS REJECT 2 PER CENT SALARY HIKE OFFER MADE BY IBA, THREATENS STRIKE**
- 2. INDIAN BANKS ASSOCIATION DRAWS PLAN TO MEASURE REFORM IMPLEMENTATION BY PSBS**
- 3. FINANCE MINISTRY GEARS UP FOR SECOND ROUND OF PSB RECAPITALISATION**
- 4. IBA PROPOSES JUST 2% PAY HIKE DUE TO NPAS; BANK STAFF TO PROTEST ON MAY 9**
- 5. ICICI BOARD MEET MAY TAKE UP ALLEGATIONS AGAINST CEO**

**Financial Express**

**1. Bank employees' unions reject 2 per cent salary hike offer made by IBA, threatens strike**

Bank employees' unions have rejected the 2 per cent salary hike offer made by Indian Banks Association (IBA) and threatened to go on strike to press their demand

By: PTI

Bank employees' unions have rejected the 2 per cent salary hike offer made by Indian Banks Association (IBA) and threatened to go on strike to press their demand. Wage revision for Bank employees is due from November 1, 2017. The initial offer of the IBA was meagre 2 per cent, which was totally rejected by the constituents of the United Forum of Bank Unions, AIBOC

General Secretary D T Franco said in a statement. UFBU comprises of 9 employees and officers union.

In the meeting held today IBA's unjust offer of 2 per cent was rejected by United Forum of Bank Unions, National Organisation of Bank Worker's vice president Ashwani Rana said. In the last wage revision IBA provided an increment of 15 per cent. It has decided to send a detailed communication to the government immediately followed by a nationwide demonstration on 9th May, 2018, AIBOC said. It was also decided that unions will go for two-day strike if the government or IBA does not respond immediately, it said.

## **2. Indian Banks Association draws plan to measure reform implementation by PSBs**

The IBA has decided to hire a consultant for "Measuring implementation of PSB Reforms Agenda - 'Enhanced Access and Service Excellence' (EASE)".

By: PTI

Indian Banks' Association (IBA) has drawn a plan for measuring implementation of 'reforms agenda' by public sector banks on six specified parameters, which include customer responsiveness, credit off-take and digitalisation. This assumes significance as the capital infusion in the state-owned banks is directly linked to their performance on reforms front. The government in October last year had unveiled a huge Rs 2.11 lakh crore two-year road map for strengthening NPA-hit government owned banks, which includes re-capitalisation bonds, budgetary support, and equity dilution.

The IBA has decided to hire a consultant for "Measuring implementation of PSB Reforms Agenda - 'Enhanced Access and Service Excellence' (EASE)". PSBs account for 70 per cent of the Indian banking system and play a critical role in the nation's banking and economic growth landscape, the IBA said while inviting bids from consultants having a minimum turnover of Rs 100 crore in the past two years in India. "The massive recapitalisation of PSBs was approved by the government and it is important to ensure holistic and wide ranging reforms take place alongside to utilise this capital effectively," it said. EASE encompasses a synergistic approach to ensuring prudential and clean lending, better customer service, enhanced credit availability, focus on MSMEs and better governance.

The banks, IBA said, would be monitored and measured on performance in the reforms agenda, which spans across six themes — customer responsiveness, responsible banking, credit off-take, PSBs as Udyami Mitra, financial inclusion and digitalisation, and ensuring outcomes with regard to HR practices. The banking sector is passing through tough times with non-performing assets (NPAs) crossing Rs 8.31 lakh crore at end-December 2017.

## **Business Standard**

### **3. Finance ministry gears up for second round of PSB recapitalisation**

FinMin seeks status report on reform plan by May 11

Somesh Jha

The finance ministry has begun the process of ascertaining the amount of capital to be infused into public sector banks (PSBs) this financial year as a part of the second round of recapitalisation.

The department of financial services has written to public sector banks seeking an update on the implementation of the reforms agenda set out by the Centre, which will become an important parameter for allocating funds to banks.

“We have asked public sector banks to update us about the implementation of the 30-point reforms agenda by May 11,” said a senior finance ministry official.

While announcing the broad contours of the Rs 2.11 trillion recapitalisation plan for public sector banks, the Centre had chalked out a comprehensive time-bound reforms agenda, EASE (Enhanced Access and Service Excellence). State-run banks were asked to seek approval from their respective boards for implementing the EASE plan.

Based on the government’s directive, the Indian Banks Association (IBA) recently floated a ‘request for proposal’ to appoint a consultant by June for measuring EASE.

A pre-bid meeting is scheduled on Monday.

The consultant will have to set up and validate methodology for measuring the reforms plan and data collection, and do an analysis of the outcomes. The government will bring out a report card on compliance of these measures every year.

In October last year, Finance Minister Arun Jaitley had unveiled a plan to infuse Rs 2.11 trillion in public sector banks over two years, to help them deal with the non-performing asset (NPA) mess. This included Rs 1.35 trillion through recapitalisation bonds, Rs 181.4 billion through budgetary support and the rest from the market. However, in January, the Centre said capital infusion into banks will be directly linked to their performance and implementation of the EASE plan.

The EASE programme covered six areas of reforms for banks — customer responsiveness, responsible banking, credit off-take, focus on medium and small enterprises, deepening of financial inclusion and better governance. Some of the terms required public sector banks to create a stressed asset management vertical, tie up with agencies for specialised monitoring of loans above Rs 2.5 billion, conduct strict surveillance of big loan defaulters, and appoint a whole-time director for monitoring reforms every quarter.

“The implementation of the reforms agenda under EASE will be a key parameter in determining the capital that each bank will get in the second tranche of recapitalisation this year. We will also know the financial results of public sector banks by the third week of May. That will also be factored in,” said the finance ministry official quoted above.

Punjab National Bank (PNB) could get a higher allocation in the second round of recapitalisation due to huge losses, another finance ministry official

said. Recently, PNB paid all dues, worth \$2.07 billion, to banks for fraudulent letters of undertaking issued for group of companies belonging to Nirav Modi and Mehul Choksi, the Delhi-based bank's non-executive chairman Sunil Mehta told a newspaper in an interview recently. This will be treated as a loss in PNB's accounts as it is yet to recover money from the diamond firms, run by Modi and Choksi.

Under the first tranche of recapitalisation, over Rs 1 trillion has been infused into banks, last financial year, which included Rs 800 billion as bonds, Rs 81.4 billion as budgetary support and over Rs 100 billion through market-raising.

Last year, a major chunk of the capital infused by the Centre went to weaker banks to meet their capital adequacy requirements. Eleven banks facing prompt corrective action by the Reserve Bank of India received Rs 523 billion in 2016-17.

## **Economic Times**

### **4. IBA proposes just 2% pay hike due to NPAs; bank staff to protest on May 9**

ET Bureau

The bad-loan crisis in state-owned banks is exacting a toll on its staff, who have been offered the lowest-ever salary increase. The Indian Banks' Association (IBA) has proposed an average pay increase of 2% to employees due to mounting non-performing loans and eroding profitability.

Following the wage revision talks between the IBA and United Forum of Bank Unions, employees have decided to protest by holding a demonstration and going on a two-day strike.

"IBA has offered 2% in the payslip component," said S Nagarajan, head of the All-India Bank Officers' Association. "There will be a demonstration on May 9 throughout the country, demanding a higher pay increase."

The proposed increase covers basic salary and house rent allowance, among other components.

With the merger of six lenders with the State Bank of India, there are now 21 public sector banks in the country and they together employ about 8 lakh people.

Salaries of public sector bank employees are revised every five years and they are pending since November 1, 2017. The previous increase in salaries was agreed at an average of 15% in May 2015 and became effective from November 2012 (retrospectively).

Pay increases depend on the profitability of state-owned banks.

While the operating profit of public sector banks was almost Rs 1.52 lakh crore against provisioning and probation of about Rs 1.7 lakh crore, in the book of banks it was shown as a loss in 2016-17.

"We are not being given a wage rise because of higher NPAs," said Nagarajan. "Banks are not coming up with reasonable offers. It is absolutely not acceptable."

## **Business Line**

### **5. ICICI board meet may take up allegations against CEO**

#### SURABHI

Apart from the bank's results, today's board meet may also discuss Kochhar's tenure.

The ICICI Bank board is expected to discuss allegations of conflict of interest against its Managing Director and CEO Chanda Kochhar when it meets on Monday to approve the annual results.

Despite calls for Kochhar to step down, the board so far has staunchly supported her and denied the allegations of any quid pro quo between Videocon Group and ICICI Bank's chief executive officer (CEO) and her family members, including Deepak Kochhar and his company NuPower Renewables, for a ₹3,250 crore loan given by the bank in 2012.

The Central Bureau of Investigation and the Income Tax authorities are now looking into the issue. "It is up to the board to decide whether it wants to discuss these issues or just stick to the agenda, which is of approving the annual results," noted a source close to the development, adding that the issue is likely to be discussed, given the concerns raised by various investors.

The ICICI board has six independent directors, including the Chairman MK Sharma and Life Insurance Corporation (LIC) of India Chairman VK Sharma. LIC has over 9 per cent stake in the lender. The government also has a nominee director on the bank's board – Lok Ranjan – the Joint Secretary with the Department of Financial Services.

Last month, ICICI Bank Chairman Sharma had also met with institutional investors to clarify their doubts on the issue, but the lender had denied any talks on a succession plan to replace Kochhar.

In her first public interaction since the allegations broke out, Kochhar will also chair the earnings call with analysts and investors as well as the media on Monday evening after the results.

ICICI Bank is the country's largest private sector lender and analysts expect its net profits to take a hit due to higher provisioning for bad loans. The lender had posted a 32 per cent drop in its net profit for the October to December quarter of 2017-18.

With kind regards,

Yours Comradely,



**(N. GOVINDRAJULU)  
GENERAL SECRETARY**