



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

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**Dear Comrades,**

**23rd April , 2019**

**News of Interest 23<sup>rd</sup> APR**

**QUOTE OF THE DAY**

**"ALWAYS DO YOUR BEST. WHAT YOU PLANT NOW, YOU WILL HARVEST LATER." - OG MANDINO**

**HIGHLIGHTS**

- 1. EXTEND SPECIAL LOANS TO JET TO CLEAR STAFF DUES: BANK EMPLOYEES UNION**
- 2. LAKSHMI VILAS BANK BOARD FIXES RS 112 AS SHARE PRICE FOR ALLOTMENT TO INDIABULLS HOUSING**
- 3. SBI TO RECRUIT 9,000 JUNIOR STAFF; BANK OF BARODA, IDBI BANK ON THE LOOKOUT TOO**
- 4. VIEW: THE NEXT GOVERNMENT NEEDS TO AX THE PUBLIC SECTOR BANKS**
- 5. RBI HAS \$43 BILLION IN EXCESS RESERVES, SAYS BOFAML**

**Business Standard**

**1. Extend special loans to Jet to clear staff dues: Bank employees union**

All-India Bank Employees Association praises SBI-led lenders for deft handling of Jet case

Abhijit Lele

Bank unions have thrown their weight behind employees of Jet Airways and have sought special loans for the carrier for paying off staff dues. The unions have also asked the government to take over the grounded airline or merge it with state-owned Air India.

They praised lenders led by State Bank of India for their mature and pragmatic handling of the Jet Airways case, especially for not yielding to pressure to extend a rescue loan.

The All-India Bank Employees Association said on Monday that banks should come forward to extend special and exclusive loans to the company, which could be used to pay the salary dues of the staff or to make subsistence payments against proper collateral of lien on the accumulation in the staff Fund like Provident Fund and Gratuity.

Alternatively, Indian Banks' Association, the banking industry lobby group, can ask the banks to devise a special loan scheme to Jet Airways staff to tide over their present financial problems, AIBEA added.

"We are happy to observe that banks are not in any hurry to further lend to Jet Airways. Rather, bidders are being invited to take over the airline," AIBEA added.

Banks already have an exposure of Rs 7,200 crore to Jet Airways. Naresh Goyal, promoter of the airline, is unable to bring in further capital, and the carrier is already cash-starved. Against this backdrop, it is most prudent that banks are not willing to lend further to the airline until there are viable proposals to take over and run the airline properly. AIBEA says It supports the stand taken by lenders

## **Financial Express**

### **2. Lakshmi Vilas Bank board fixes Rs 112 as share price for allotment to Indiabulls Housing**

By: [FE Bureau](#)

The board of directors of Lakshmi Vilas Bank (LVB) on Monday fixed ` 112 per equity share as the actual price at which the shares will be allotted to Indiabulls Housing Finance (IBH) on a preferential basis.

The LVB board in its April 15 meeting had decided to allot 1.68 crore equity shares to IBH, in the interim, in a bid to raise funds.

The board had approved the merger with IBH in which the shareholders of the bank will get 14 shares of IBH for every 100 shares they hold. However, the bank, after the last board meeting on April 15, had said that this does not presuppose any capital augmentation on account of the proposed merger, which would only conclude after receipt of all regulatory approvals. The Monday's board meeting has also decided to call for an extra ordinary general body meeting on May 20 to get the shareholders' nod for preferential share allotment.

### **3. SBI to recruit 9,000 junior staff; Bank of Baroda, IDBI Bank on the lookout too**

By: [FE Bureau](#)

Amid grim employment situation in the country, some of the state-run banks seem to have robust hiring plans. State Bank of India (SBI), the country's largest bank, is set to hire nearly 9,000 junior associates for its customer support and sales function as part of its clerical cadre over the course of the next few months.

In a public notice, the bank said it intends to fill 8,904 vacancies, including 251 backlog vacancies for Scheduled Caste (SC), Scheduled Tribe (ST) and Other Backward Class (OBC) candidates.

Much of the hiring happening at public-sector banks now is on a contract basis for specialised roles. Bank of Baroda (BoB) currently has 1,047 openings for such roles. Earlier this month, IDBI Bank had called for applications for nearly 950 positions, many of them in specialised roles, after the bank was taken over by Life Insurance Corporation (LIC) of India.

The recruitment by SBI will be done for deployment across 17 circles of the bank, covering all states and union territories as well as Delhi NCR. "Candidates can apply for vacancies in one state only," SBI's central recruitment and promotion department said in the notice.

It added: "Candidates can appear for the test only once under this recruitment project. The candidates applying for vacancies of a particular state, should be proficient (reading, writing, speaking and understanding) in the specified opted local language of that state."

Only 3,211 new employees had joined SBI during 2017-18, according to its annual report for the year. The bank's overall staff strength had declined by 15,672 during the year as a result of 18,973 employees leaving due to retirement and other reasons. However, the merger of five associate banks and Bharatiya Mahila Bank with SBI pushed up the headcount to 2.64 lakh at the end of March 2018 from 2.09 lakh as on March 31, 2017. The number of associates rose to 1.1 lakh from 92,979 over the same period.

## **Economic Times**

### **4. View: The next government needs to ax the public sector banks**

If the economy is to start growing again, the govt may have to take an axe to state banks, not a scalpel.

Bloomberg

India, the world's fastest growing large economy, is slowing: There has been a visible deceleration in activity in the past six months. It started with slowing sales of autos and some durable goods and has spread from there. Airline traffic growth is down; companies are now saying sales of consumer staples such as soaps and detergents have begun to weaken, too. Even as the hunt for reasons for the slowdown begins, the main culprit appears to be a familiar one: the still largely government-owned financial system.

The issue is that there isn't enough money in the economy. For much of the past two years, distributors and retailers of consumer products have been warning of a growing lack of liquidity. At first, policymakers largely dismissed their concerns. The government's late 2016 decision to withdraw most currency from circulation temporarily, and the introduction the following year of a nationwide goods-and-services tax, made it hard to decipher signals on economic momentum. Plus, liquidity, as the central bank measures it, generally looked stable: Banks were still parking funds with the Reserve Bank of India overnight.

Now that the GST is more than a year old and the effects of demonetization have faded, the growth numbers are less distorted by base effects and the

slowdown is becoming more obvious. So is the lack of liquidity: For the past two years, growth in money supply, as measured by M3, has lagged GDP growth; the M3-to-GDP ratio has declined sharply from 85 per cent to below 80 percent. Though aggressive purchases of government bonds by the RBI have caused base money or M0 (much of which is currency in circulation) to grow at 16 percent in recent months, it is still about 1 percentage point of GDP lower than its level before demonetization.

Obviously, the engine that converts the Rs 28 lakh crore of base money (M0) to the Rs 154 lakh crore available as broad money (M3) is malfunctioning. The bottleneck is in the financial system. Money gets created when loans are given and, even though bank credit growth has accelerated in the past few months, aggregate credit growth is still far too weak.

A reluctance to privatize the financial system is to blame. State banks continue to dominate the sector, controlling some two-thirds of banking assets. They also accounted for nearly 90 per cent of the non-performing assets from the last lending boom. While all sides of the political spectrum acknowledge the need for reform, governments have shied away from selling off state lenders outright, preferring to reform the sector by stealth. The hope has been to slow the growth of state-owned banks and allow privately owned rivals to gain market share. In another 15 or 20 years, the theory goes, the sector would effectively have been privatized. A similar strategy worked for the telecom and airlines sector, after all.

The problem is that state banks continue to have a very large role in the economy. As they slow, they drag down the economy, too; private-sector banks simply can't grow fast enough to make up the difference. For a time, non-banking finance companies could help: Shadow banks were responsible for nearly a third of incremental loans in the system over the past three years. But, since September last year, when a funding crunch forced them to focus on survival, credit growth in the system has slowed.

After elections, the next government should not dodge the need for more radical reforms. If state-owned banks are asked to start growing again, the risk of future bad loans goes up. On the other hand, if nothing changes, the economy will remain sluggish. While both major political parties have talked of consolidating state lenders into about half a dozen larger banks that should be easier to administer, more ambitious reforms will almost certainly be necessary -- at the very least, to remove them from the government's direct control.

Other factors may also be contributing to the current slowdown in demand. The raises for government workers mandated by the last pay commission have started to dwindle in their impact, for instance. And, the central bank's Monetary Policy Committee could certainly help matters by cutting rates faster, especially since the RBI's own inflation forecasts for the next 12 months are lower than its 4 percent target. Lower rates can help bring down bond yields and provide some stability to the non-banking side of the financial system.

But rate cuts are no panacea. If the economy is to start growing again, the government may have to take an axe to state banks, not a scalpel.

## **Business Line**

### **5. RBI has \$43 billion in excess reserves, says BofAML**

## Bloomberg

A panel named by India's central bank to study its capital structure is likely to identify excess reserves of up to ₹ 3 lakh crore (\$43 billion), or 1.5 percent of gross domestic product, according to Bank of America Merrill Lynch.

The view from BofAML lends itself to a debate over Reserve Bank of India reserves, with one school of thought believing that the monetary authority holds surplus capital that can be handed over to the government and the other saying the RBI has insufficient reserves.

BofAML's note comes as the panel led by former central bank Governor Bimal Jalan prepares to submit its report in the coming weeks. While finance ministry officials have supported transfer of surplus reserves to help the government meet budget goals, a central bank-backed think-tank found that the RBI's capital buffer that's below the global average capital to asset ratio.

Our stress tests throw up a range of one trillion rupees plus only from contingency reserves," Indranil Sen Gupta, chief India economist at BofAML, said in the note. According to him, India's central bank maintains higher contingency reserves as a percentage of its total book compared to its peers in Brazil, Russia and South Africa and a lower cap will release more funds.

As such, if the cap is halved to 3.25 percent from 6.25 percent, currently, that will release ₹ 1.3 lakh crore, Sen Gupta added.

Along with revaluation gains which range from ₹ 300 crore to ₹ 1.8 lakh crore, India's central bank would be in a position to transfer the excess reserves to the government which can be used to recapitalize the country's struggling state-run banks, he said.

India's central bank books revaluation gains on the foreign currency assets and gold holdings. Those holdings are currently just above \$400 billion.

With kind regards,

Yours Comradely,



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