

SYNDICATE BANK EMPLOYEES' UNION (REGD)

(AFFILIATED TO AIBEA)
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Bank staff to protest growing NPAs

Business Standard Reporter | December 2, 2013

The **All India Bank Employees' Association (AIBEA)** plans to observe **December 5, 2013, as All India Day**, demanding a remedy to the rising bad loans, alleging the alarming increase in bad loans in Public Sector Banks (PSBs) is due to the big and corporate borrowers.

The bad loans in PSBs has risen from Rs 39,000 crore in March, 2008, to Rs 1,64,000 crore in March 2013 and the bad loans have been restructured and shown as good loans and they amounted for Rs 3,25,000 crore. Of the restructured loans, Rs 2,70,000 crore was in favour of corporate borrowers.

"If we include the bad loans in private banks, foreign banks and other financial institutions, the total bad loans are over Rs 2,50,000 crore," said a leaflet from AIBEA.

C H Venkatachalam, general secretary, AIBEA, said, the association would release the names of the top defaulters at a press meet on December 5 as part of the protest. It would also demonstrate across the country over six demands - to publish the list of loan defaulters of Rs 1 crore and above; make willful default of bank loan a criminal offence; order investigation to probe nexus and collusion; amend recovery laws to speed up recovery of bad loans; and take stringent measures to recover bad loans. It also didn't want corporate delinquents to be incentivised.

The provisions made for bad loans from the profits earned by the banks has been growing and it has grown from Rs 11,121 crore in 2008-09 to Rs 43,102 crore in 2012-13, accounting for Rs 1,40,266 crore as provisioning during the five years.

From 2008 to 2013, the banks' gross profit before provisions for bad loans was at Rs 3,58,893 crore of which the provisions made for bad loans was Rs 1,40,266 crore, leaving the banks with net profit of Rs 2,18,627 crore.

Meanwhile, the provision coverage ratio has been falling, making banks more vulnerable and susceptible to risks against loan losses and compared to the provision coverage ratio of 68 per cent as on March 31, 2012, it fell to 62 per cent by March 31, 2013.

"According to the RBI, the ratio in the entire banking system has fallen from 55 per cent to 45 per cent while the global average ratio is 70 per cent to 80 per cent," it said. A list of Non-Performing Asset (NPA) provision coverage, the ratio of provisions made against gross NPA by the association shows that Allahabad Bank and Andhra Bank had a coverage of 74 per cent and 71 per cent as on March 31, 2012, which has fallen to 50 per cent each as on March 31, 2013. Bank of Baroda had a coverage of 80 per cent as on March 31, 2012, which has fallen to 68 per cent as on March 31, 2013, according to the data.

The association says, while the bad loans used to be explained as legacy issues, money stuck in some old accounts and similar to that, the fresh bad loans added in the last four years was Rs 3,15,465 crore. It said that according to the RBI, the banks have added Rs 4,94,836 crore to their bad loans from 2007 to 2013.

Dad loans of Rs 1,41,295 crore were written off during the period 2007 to 2013, and most were in favour of the big defaulters and corporate borrowers, it alleged.

Bankers' strike across country on Dec 18

Aditya Vaibhav, Dec 2, 2013, **PATNA:**
THE TIMES OF INDIA

The oldest and largest trade union of bankers in the country, **All India Bank Employees' Association (AIBEA)**, on Sunday announced that it will stage a strike on December 18 across the country to protest against the Union government's alleged move to reduce the stake of government in public sector banks.

General secretary, AIBEA, C H Venkatachalam, speaking to TOI on Sunday said the **present salary of bankers is not at all compatible with inflation**. The problems

facing the bank employees will increase considerably after the proposed banking reforms, he added.

Venkatachalam asserted that over **Rs 75 lakh crore of people's hard-earned money was deposited in the nationalized banks across the country and it will be at risk if the government reduces its stake in the banks as it would mean privatization of the banks.** Loans for agriculture, employment generation, infrastructure development and higher education are priorities of the Indian banking sector but this priority is always undermined in the face of profit motive of private banks, said Venkatachalam.

"It is hard to imagine, still it is a truth that somewhere around 60 crore of our rural population do not have any bank account and over 5 lakh villages do not have any bank branch. This leaves them vulnerable to unorganized financiers," said Venkatachalam. Rubbishing the published figure of Rs 45,000 crore profit being made by the nationalized banks in the country, Venkatachalam claimed that the actual profit is around Rs 1.20 lakh crore.

PSU banks stare at staff crisis

The Telegraph
calcutta, india

OUR SPECIAL CORRESPONDENT Mumbai, Dec. 1:

Nationalised banks are likely to face a severe shortage of manpower, particularly at the senior management level, over the next three years.

According to a report by McKinsey & Company, about 60-90 per cent of the deputy general managers/ general managers at PSU banks are set to retire by 2016-17. However, this number could jump to 93-100 per cent by 2020, the report said.

In the next fiscal, PSU banks could face a 10-15 per cent shortfall at higher levels that include senior managers and those ranked above, initial estimates by the management consulting firm reveal.

These projections come at a time nationalised banks are focussing on opening branches in rural and semi-urban centres as part of their financial inclusion programme.

Further, the Reserve Bank is likely to grant banking licences to new entrants in January. This could lead to higher attrition in both PSU and private sector banks at the higher management level as the new entrants are likely to poach experienced personnel from the existing lenders.

Data available from the RBI show that the total number of branches of nationalised

lenders rose to 52,480 in March this year from 48,636 at the end of March 2012. While more branches were opened in rural, semi-urban, urban and metropolitan areas, the highest growth came in rural and semi-urban locations.

“The shortfall of talent for public sector banks is driven by high average age leading to high retirements at senior management levels,” the McKinsey report named “Reimagining banking in India—gearing up to the new environment” said.

Average age of employees in these banks was 41 years in 2012-13 compared with 46 years in the previous fiscal. In private banks, the average age of employees during 2013-13 was 33 years.

Experts have emphasised the need to improve the compensation structure at PSU banks. They have also suggested that these banks weigh lateral recruitment to bring in talent with experience and specific skill sets.

During 2012-13, close to 76 per cent of the remuneration in PSU banks were through entrance exams and advertisements with lateral recruitment accounting for a only two per cent. On the other hand, close to 53 per cent of the hiring in private sector banks came through lateral recruitment.

M. V. Tanksale is IBA's new chief executive

MUMBAI, DEC. 1: OUR BUREAU



M.V. Tanksale, former Chairman and Managing Director of Central Bank of India, has taken over as Chief Executive of the Indian Banks' Association.

Tanksale succeeds K. Ramakrishnan, who was at the helm of the Association for five years up to November 30, 2013.

IBA, which has 176 members comprising public sector banks, private sector banks, foreign banks and urban co-operative banks, was established in 1946 to promote sound and progressive banking principles, practices and conventions in the country.

The Association renders assistance and provides various common services to member-banks and to the banking industry.

It is responsible for co-ordination and co-operation on procedural, legal, technical, administrative and professional problems and practices of banks and the banking industry.

Bank unions demand 5-day week

OUR BUREAU BUSINESS LINE MUMBAI, DEC. 1:



The loss of one working day, bankers say, could be made up by extending the business hours from Monday to Friday.

Say time ripe, thanks to proliferation of ATMs, Internet and mobile banking

When the Government and many companies, both in the public and private sectors, follow a five-day week work regimen, why not banks?

Trade unions in the banking sector have raised this demand as part of their bipartite wage negotiations with the Indian Banks' Association.

With alternative channels such as ATMs, Internet and mobile banking in place, the unions feel that the time is ripe for moving to a five-day week.

The loss of one working day could be made up by extending the business hours from Monday to Friday.

DIVIDED VIEW

However, during the wage revision negotiations between trade unions and the IBA's wage negotiation committee led by Indian Bank Chief T. M. Bhasin, bankers were divided in their opinion on going for a five-day week.

One section of the bankers held the view that when electronic banking channels are available for customers to transact business and when the domestic financial markets — bond, money, foreign exchange and stock — as well as the banking regulator observe a

five-day week, why not banks. Another section of bankers were of the opinion that five-day week was not advisable as it would come in the way of efforts towards financial inclusion.

The United Forum of Bank Unions (UFBU), in its memorandum to the Finance Minister, said not only Central and State Government ministries/departments but even the Reserve Bank of India follow the five-day work schedule.

“Already in the banking sector, with the advent of technology-based services, proliferation of ATMs, Internet banking, etc., the delivery channels for customer services in the banks have multiplied manifold. Hence, it is possible to introduce five-day banking.”

WAGE PACT

UFBU said the last wage pact in the banking sector expired in October 2012 and it has submitted a fresh charter of demands for revision of wages and service conditions to the IBA.

“More than a year has elapsed but except for some preliminary discussions, no serious negotiations have been held by the IBA on our demands.

“This is causing lot of concern and anxiety amongst the banking staff and, hence, there is need to expedite the negotiations with more meaningful and serious discussions on our demands to enable early conclusion of the revised wage settlement.”

As and when it is concluded, the 10th bipartite wage settlement between trade unions and bank managements will be applicable to employees of all public sector banks and some old-generation private sector banks.

Bank officers' body calls for better security at ATMs

L. N. REVATHY BL, COIMBATORE, DEC. 1:

The All-India Bank Officers' Association (AIBOA) has appealed to its affiliated units and State committees to urge the respective bank managements to provide security and safety to customers transacting through ATMs.

Hailing the Karnataka Government's swift action in ordering closure of unmanned ATMs in the State and ensuring a secure life for its citizens, the AIBOA General-Secretary S. Nagarajan said “this alternative delivery channel is a definite disconnect between the branch and ATM outfit in all respects.” The ATM channel brought into the banking system during the first decade of reforms in India can be a convenient delivery channel, but is proving to be quite unsafe, he said, referring to the recent attack of a female bank staff inside an ATM in Bangalore.

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