SYNDICATE BANK EMPLOYEES'UNION (REGD)

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27TH NOVEMBER 2013

Bank unions to observe one day strike on December 19th

PTI | 25 Nov, 2013, PATIALA:

Bank employees, including officers, will observe a day long strike on December 19 to press for various demands such as wage revision, All India Bank Officers' Federation said today.

"**United Forum of Bank Unions** (UFBU) in their meeting held at Chennai have decided to go on one day strike on 19th December 2013 in which over 10 lakh bank employees and officers will participate," Parmod Sharma, Deputy General Secretary, All India Bank Officers' Federation and General Secretary - Associate Bank Officers' Association, unit State Bank of Patiala, said.

The United Forum of Bank Unions represent employees of public and private sector banks.

Bank employees have been demanding wage revision in Banking Industry which is due from November 2012.

"Even bank unions have submitted their charter of demands one year ago but the matter is still lingering on and there is no progress in the matter," he said here.

Sharma said that Centre had announced formation of seventh Pay Commission for employees. "But for wage revision of bank employees and officers the government is taking no notice, which is due from November 2012," he lamented.

He further said employees were also against banking sector reforms, merger of public sector.

Bank employees have to hang their head in shame because of such high-level officials who put the entire banking fraternity into disrepute. Corruption in Banks should be dealt with very sternly – Shyamal Acharya case is only a tip of the iceberg - AIBEA

CBI files case against Dy MD of SBI, 2 others in graft case

PTI BUSINESSLINE, NEW DELHI, NOV 24:

A Deputy Managing Director of State Bank of India, a former AGM of the bank and a businessman have been named by CBI in a case of alleged graft in disbursal of loan of above Rs 400 crore.

CBI sources said its Economic Offences Wing in Mumbai has registered a case against Deputy MD of SBI Shyamal Acharya who is also the head of Mid-Corporate wing of the Bank, former SBI official K.K. Kumarah and Chairman of Worlds Window Group Piyoosh Goyal for alleged graft.

The sources said Goyal had allegedly applied for over Rs 400 crore of corporate loan from SBI but only Rs 75 crore was approved.

Kumarah, who had joined Worlds Window Group after leaving SBI as an advisor, allegedly tried to get loans cleared for the company using his contacts in the bank, the sources said.

They said an arrangement was reached between Kumarah and Goyal under which he had to get Rs 25 lakh for his services and **Rs 15 lakh for Acharya**.

Kumarah allegedly purchased two **high-end rolex watches worth about Rs 8 lakh to be given to Acharya for his alleged favours**, the sources said.

Meanwhile, the agency came to know about this deal and laid a trap.

Kumarah who was coming out from the residence of Acharya after allegedly giving him watches was nabbed by the CBI team.

The **remaining cash of around Rs 7 lakh was also recovered** from him, the sources claimed.

Kumarah has been sent to CBI custody till November 27.

The CBI later carried out searches at the residence of Goyal, Acharya and Kumarah from where "incriminating" documents have been recovered, it claimed.

A senior State Bank of India official said the bank was assessing the situation and would comment only after getting complete facts.

Worlds Window Group did not respond to email seeking their reaction on the development.

Top SBI official in CBI net for alleged graft; probe ordered

OUR BUREAU BUSINESSLINE, MUMBAI 25-11-2013

Accused of receiving kickbacks for Rs 75-cr loan sanctioned to a private firm

State Bank of India has constituted an internal committee comprising two senior Managing Directors — Hemant Contractor and A. Krishna Kumar — to investigate allegations of wrongdoing against its Deputy Managing Director Shyamal Acharya.

Acharya, who heads the mid-corporate group and has handled key loan accounts such as Kingfisher Airlines, has been asked to proceed on leave, a bank spokesperson said.

SBI constituted the committee following the Central Bureau of Investigation registering a case against the DMD for alleged graft in sanctioning a Rs 75-crore loan to a New Delhi-based private company. According to agency reports the private company in question is the Worlds Window Group, whose chairman is Piyoosh Goyal.

Besides Acharya, the agency has also registered a case against the chairman of the company; a former SBI Assistant General Manager (identified as K. K. Kumarah by agency reports), other officials of SBI and other unknown private persons.

WORLDS WINDOW

The Worlds Window group is a diversified company with business interests in ferrous and non-ferrous metal and scrap trading; manufacturing of aluminium composite panels; and logistics and mining.

The CBI, in a statement, said it has arrested the former SBI official in the alleged bribery case. "The Advisor of the said private company, who was earlier working as an AGM with SBI, approached Deputy Managing Director (DMD), SBI, Mumbai, for getting the said loan sanctioned. "The DMD allegedly influenced his office to process the loan application of the said private company and got the loan of Rs 75 crore sanctioned," CBI said in its statement.

In the statement, the agency observed that after sanction of the loan, the chairman of the private company allegedly paid Rs 25 lakh to his Advisor (former SBI official) as reward and also paid Rs 15 lakh to him for giving it to the SBI DMD as reward.

After receipt of Rs 15 lakh, the Advisor allegedly purchased one Rolex and one Omega wrist watch worth about Rs 7.75 lakh and visited the office of the SBI DMD at Mumbai and delivered the watches to him.

After delivery of the said wrist watches, the Advisor was apprehended by the CBI and the said two wrist watches were also recovered from the office cabin of the DMD, the CBI statement said.

Searches were conducted at the residential and office premises of the accused persons, the agency said.

Acharya could not be reached for his comments.

In a statement, Worlds Window Group said "We are concerned with the news appearing in the media and we are shocked that our name is appearing in the same. We have not paid any bribe to anybody to secure any facility.

"We are currently seeking legal advice and at an appropriate time our lawyers will clarify our position."

Banks alone not to blame

ASHOAK UPADHYAY, business line, 26 11 2013

Increase in troubled bank assets reflects New Delhi's and the RBI's benign attitude towards large leveraged borrowers unable to cope with market stress.

Over the last fortnight there has been a great deal of concern about the declining asset quality of the Indian banking system, particularly of public sector banks that account for the largest chunk of business in the country.

At the BANCON meet, central bankers perhaps stunned bank chiefs with stinging criticism of the rising proportion of troubled assets in state owned banks. With linguistic inventiveness, a Deputy Governor expressed his righteous indignation by preferring to talk not of the banks of the future, the theme of the conference, but of the "future of banks". Other central bankers too joined in with less rhetorical concerns about rising NPAs, the trouble with debt recasting and poor appraisal systems.

RBI'S FOCUS SHIFTS

The conference provided a curtain raiser for the subsequent Report on Trends and Progress in Banking in India 2012-13 that lays bare in some detail the character of NPAs and the reasons for the troubled assets of Indian banks.

The findings are significant, for they raise some troubling questions about non-performing assets. It used to be argued that agriculture and small enterprises were the breeding ground of sickness in bank loans. The report tells us that the NPA ratio in the priority sector was "consistently higher than the ratio in the non-priority sector (but) the deterioration in asset quality in 2012-13 was primarily on account of the non-priority sector."

Why this slide?

The report also offers fresh insights into this deterioration. Overall economic slowdown and delays in regulatory approvals (those darned environmental clearances!) are assigned their obligatory weight among the causes for the slide in quality of bank assets. But the RBI blames no less, the concentration of credit in certain sectors, poor credit appraisal monitoring by banks and higher leverage among firms.

The combination of the latter two factors creates its own logic, whereby banks simply roll over the loans endlessly, adding to the troubled assets.

Banks appeared rather generous with retail loans (all forms of personal loans). Also, credit to the sensitive sectors, real estate, stock markets and commodities too picked up in this period of overall credit deceleration. "In the past, growth in credit (to such sectors) generally followed a pattern similar to overall credit growth. However, in 2012-13, growth in credit to sensitive sectors almost doubled primarily on account of credit to real estate. This expansion needs to be seen in light of the steep rise in housing prices in all Tier I cities and several Tier II cities."

CLUBBY NETWORKS

The RBI's diagnosis of troubled assets seems to confirm what various studies have already analysed as the pattern of growth in the post-millenium decades.

In this configuration of growth, the focus is on not just industry but services, and in particular real estate and capital markets and commodities. All these sensitive sectors are not just inflation-prone but also speculative in behaviour. Exposure of bank credit to such fields of essentially non-productive activities heightens the dangers of troubled assets.

Studies have also shown the high level of private corporate debt, both domestic and dollar denominated. Payback time hasn't yet arrived for the external credit acquired so recklessly by Indian firms even in the recent past; but neither has it for domestic debt added so easily through a banking system that, by the RBI's admission, has had poor credit appraisal and monitoring systems.

WEAK MARKET CHURNING

At the heart of the problem is not just the monitoring mechanism of banks but the lack of that competitive spirit of entry and exit, of creative destruction that capitalism's theorists point to as its driving force. Economic Darwinism — that enjoins and celebrates the survival of the fittest as the means by which markets sustains themselves — should have inspired Indian policymakers to ensure banks and the eco-system were not made to carry the weight of reckless enterprise management, or the failure to respond fittingly to market caprices.

BACKDOOR NATIONALISATION

Yet why should one point to just Indian banks for letting troubled assets stain their books? Indian market economics is not known to champion Darwinism; monopolies are a way of life for the private sector economy. That is why innovation in India is a farce, as is the RBI's castigation of bank tolerance of troubled assets.

But isn't capitalism as its enthusiastic founders envisaged it stillborn all over the world? In the US and Europe, governments bend over backwards to keep it alive through public money institutions and firms. In America, Lehmann Brothers was allowed to fall and so was Bear Stearns; the tax payers' money was divided between those with stronger influence over their contemporaneous lawmakers.

Ways abound to ensure that the inefficient but powerful continue on drip. The employment issue is one. A firm that should be allowed to die carries on, even though increasing numbers stop getting salaries.

The other is the inefficiency of laws that do not allow the bank to recover its dues from firms, except through laborious processes like the Debt Recovery Tribunals; and, of course, the rather cosy relationship between governments and capital ensures the survival of the non-fittest.

It is easy for RBI officials to castigate banks for lax monitoring and poor recovery processes. But credit appraisals and monitoring systems are also a responsibility of the RBI that can help push credit monitoring systems into shape.

It's not the future of banks that is at stake; it's the future of market economics.

DO YOU KNOW ?

Bad Loans in Public Sector Banks (March 2008)	Rs. 39,000 crores
Bad Loans in Public Sector Banks (March, 2013)	Rs. 1,64,000 crores
Bad loans as on march , 2013 in Public Sector, Private Sector and Foreign Banks	Rs. 1,94,000 crores
Bad Loans restructured & shown as good loans	Rs. 3,25,000 crores
Fresh Bad loans in the last 7 years	Rs. 4,95,000 crores
Profits transferred and adjusted for provisions towards bad loans (2008 to 13)	Rs. 1,40,000 crores
Bad Loans in 172 Corporate Accounts (Rs.100 cr. and above)	Rs. 68,000 crores
Bad Loans constituted by top 4 defaulters in PSBs	Rs. 23,000 crores
Bad Loans in top 30 bad loan accounts in Banks	Rs. 64,000 crores
Bad Loans in 7295 Accounts (Rs. 1 crore & above)	Rs. 37,000 crores
Bad loans written off in the last 7 years	Rs. 1,40,000 crores

Observe All India Day on 5th December, 2013

Let us demand :

- **Stop the loot and start recovery of bad loans**
- **Kick off bad loans before they kill our Banks**

Delhi Challo - Join massively Morcha to Parliament

11th DECEMBER, 2013

STOP BANKING REFORMS
STOP BANKING LICENCE TO CORPORATES
EXPEDITE RECOVERY OF BAD LOANS
STOP OUTSOURCING BANKING JOBS

12th DECEMBER, 2013

CONTROL PRICE RISE
EQUAL WAGE FOR CONTRACT WORKERS
STOP DISINVESTMENTS IN PSUs
CREATE MORE JOBS
SOCIAL SECURITY FOR ALL WORKERS

ALL INDIA BANK EMPLOYEES' ASSOCIATION

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