SYNDICATE BANK EMPLOYEES'UNION (REGD)
(AFFILIATED TO AIBEA)
CENTRAL OFFICE
G-5, Ground Floor, City Complex, 24, B.N. Road Lalbagh, Lucknow-226001.
Phone : 0522-2230402, Fax : 0522-2230402
E-mail : aksrivastava_sbeu@yahoo.co.in

28 TO 31 OCTOBER, 2013

GDP growth dips to 7.7% in Q1 on slowdown in construction 30-8-2011

Industrial output plunges to 21-month low 12-9-2011

ADB scales down India's growth forecast to 7.9% 14-9-2011

8% growth possible despite Q1 slowdown: Pranab 22-9-2011

Indian economy firm on 8.5-9% growth path: Pranab 17-10-2011

Citi, CLSA trim India's growth to 5.4% 8-8-2012

Growth rate of 8-9% possible, says Rangarajan

11-8-2012

PM forecasts GDP growth over 6.5% this fiscal

15-8-2012

12th Plan growth target may be lowered to 8.2%

21-8-2012

HSBC cuts India growth forecast to 5.7% for this fiscal 13-9-2012

Fitch lowers India's growth forecast to 6%

28-9-2012

IMF trims India growth forecast for 2012-13 to 5-6% 9-10-2012

IMF's 4.9% GDP projection has a statistical problem: Montek 16-10-2012

IMF cuts India economic growth forecast to 7.8%

21-9-2013

IMF has lost its relevance

The Finance Minister... Unhappy over IMF's growth estimates

In a world awash with anarchic financial flows, the IMF is a mere bystander. Why is the Finance Minister so concerned about reforming it?

At the annual IMF-World Bank meeting, Finance Minister P. Chidambaram raised strong and righteous objections to the Fund's pessimistic forecast of India's growth for the current year, which it estimates at 3.8 per cent.

The IMF, he fumed, needed to review its methodology on calculating its estimates because of the divergence between prediction and final growth numbers.

Chidambaram had just got into stride. The IMF was a fine one to predict the fate of countries like India considering its own surveillance framework was faulty. "The failure to identify certain risks and give clear warnings has demonstrated yet again the weakness of its Surveillance framework." And if that is the case, "(This failure) questions the relevance and usefulness of the IMF exercise with regard to policy settings of member countries…" Then follows a whine: "…because repeated downward revisions could significantly influence market expectations besides spreading gloom."

As the Finance Minister of a very important emerging economy poised for greatness, Chidambaram did right in contesting the forecast. He is after all not just very articulate and persuasive in his views but also an unbounded optimist. It is important to tell agencies such as the IMF where to get off.

FATAL ERRORS

After all, the IMF failed to monitor and assess the financial crisis of 2008 even as dark clouds were gathering ominously.

Days before Lehman Brothers collapsed, the IMF exuded rosy optimism about the ability of the global economy to weather any storm. Its assessment of Euro Zone members was no less shoddy; as late as 2007, its team was endorsing the dizzying growth in Iceland and Greece, both a short lurch away from a tumble into bankruptcy.

And yet the G-20, humbled and confused by the biggest crises since the Depression, could only turn to the IMF, assigning it a new task of establishing an early warning system to prevent or at least predict future crises.

The IMF's record of surveillance is public knowledge. That record does not suggest so much a reform of its processes for it to become more effective. It connotes irrelevance. The 2008 crisis and the Euro Zone debt mess, due to reach a head next year, call for radical steps to equip the world to deal with the arbitrariness of capital and currency flows, and their impact on more vulnerable nations.

Yet Chidambaram set great store by the IMF to make a difference, despite its abject failures. How does he think making the IMF relevant once again can be done?

Reforms in the governance structure, asserted Chidambaram. It's time for those long-delayed reforms in the quota system that sequesters power in the hands of the few founding members.

The Finance Minister has a point. In December 2010, the IMF's Board of Governors agreed to a package of reforms in the quota system and governance that would have reflected the changing economic weight of member countries in the global economy.

The reforms had to be ratified by member countries and an amendment to the IMF's Articles of Agreement.

Three years later it hasn't been done quite obviously because of opposition from existing power blocs.

INDIA'S QUEST

The heart of the Finance Minister's pitch in Washington is in the demand for reforms, for a greater say in the governance of an agency whose time has probably passed into the history books. The IMF is a relic of past power equations when western governments held sway in a world of economic and trade uncertainty, governments that through free trade policies and the inevitable post-war boom could spell out the discourse by which capital flows and national currency rates around the world could be stabilised — mostly to the advantage of those founding members from the trans-Atlantic west and Japan.

After the 1980s the game changed because the rules had changed. Once de-regulation kicked in, the western world saw the emergence of a financial power unprecedented in its universality and scope.

Economic textbooks that recorded the Services sector, and especially financial services as the zenith of economic development, did not know the half of it. What the world was witnessing all through the boom trade years till 2008 was not just a realignment of trading partners but a tectonic shift in the relations between finance capital and production.

That relation was broken as innovation on the back of de-regulation and the digital age turned financial conglomerates supra-national global entities.

The IMF played the avuncular maestro, using its mandate for liberalisation to tempt economies such as Iceland, dependent and modestly rich on cod fishing, to become a financial hub. Iceland lost, so did Greece and the rest of peripheral Europe: not just national banks but governments, too.

There’s not much the IMF can do to save us from the next crises. Not because of its failure to recognise global imbalances exemplified by China and the US — one with current account surpluses and with yawning deficits; not even because it failed to supervise the orderly flow of capital to the vulnerable regions such as east Europe.

It failed because it had no power to succeed. It could not have stopped the flow of capital wherever it found quick returns. Once the IMF had helped loosen national boundaries through its discourse on liberalisation, all it could do was sit back and watch the rise and fall of national illusions.

Not only is it unable to supervise unbridled capital flows and their impact on national currencies, it is even unable to influence the lesser of the world’s evils: current account imbalances.

And yet India wants to try and reshape an institution clearly behind the curve, an agency that has morphed into something akin to a United Nations relief agency — with strings attached.

RBI queries applicants, regulators on new bank licences

PTI NEW DELHI, OCT 27: BUSINESSLINE

Gearing up to issue new bank licences, RBI has shot off detailed queries to over two dozen applicants and various regulators in India and abroad as part of its due-diligence on those seeking to enter banking arena.

The Reserve Bank of India (RBI) is in the process of granting new bank licences for the first time in about a decade and preliminary screening process is underway for 26 entities that have submitted their applications.

As part of this process, RBI has asked many applicants to provide further details about their promoters, equity structure, financial inclusion programme, proposed banking model, among others, sources said.

RBI is also seeking details from other regulators, including capital markets watchdog SEBI and insurance regulator IRDA, about the businesses of the applicant entities under their respective jurisdictions, they added.

With regard to some applicants, RBI has also sought to know details about source of funds and compliance to the structural norms proposed for new banking players.

Besides, RBI is seeking additional details from the concerned foreign regulators about those applicants whose group entities have operations, significant business dealings with foreign companies or overseas listings.

Sources said this due diligence process, which RBI expects to complete by next month, involves information exchange with domestic and foreign regulatory authorities for all group entities of the applicants.

After this preliminary screening process, an external expert panel would look into the bank licence applications.

Headed by former RBI Governor Bimal Jalan, this high-level committee also includes RBI's former Deputy Governor Usha Thorat, SEBI's former Chairman C.B Bhave and financial sector expert Nachiket Mor.

RBI's board will take a final call on new bank licences after taking into account the recommendations made by this panel, while the central bank expects to finalise the names of successful entities by January 2014.

The 26 applicants include entities from large corporate houses like Tatas, Anil Ambani-led Reliance Group, Kumar Mangalam Birla-headed Aditya Birla Group, L&T, Bajaj, SREI and Religare groups.

Besides, Department of Post, IFCI, LIC Housing Finance, JM Financial, Muthoot Finance, Bandhan Financial, Edelweiss, IDFC, Indiabulls Housing Finance, India Infoline, Janalakshmi Financial Services, Magma Fincorp, Shriram Capital, UAE Exchange and TFCI are also in fray.

In the past 20 years, the RBI has licensed 12 banks in the private sector in two phases, with Kotak Mahindra Bank and Yes Bank being the last two entities to get banking licenses in 2003-04.

ALL INDIA BANK EMPLOYEES' ASSOCIATION

Central Office: PRABHAT NIVAS

***Singapore Plaza, 164, Linghi Chetty Street, Chennai*-600001**

Phone: 2535 1522, 6543 1566 & Fax: 2535 8853, 4500 2191

e mail ~ chv.aibea@gmail.com