



Fear of job losses grips employees of smaller PSBs as privatisation talks progress

Employees of PSBs rumored to be in the privatisation list are worried about the fate of their jobs. There is a concern that the new employers will resort to mass layoffs.

SHRITAMA BOSE

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Even during the bank mergers, employees of PSBs were impacted as the exercise hampered the career prospects of some employees.

A fear psychosis has gripped the employees of state-run banks which are the likely candidates of privatisation. They fear of job losses once the ownership of these banks are handed over to private owners. Many employees have started looking out for opportunities in other banks. But, there aren't many options.

Moneycontrol spoke to at least two such employees in different banks.

According to different news reports, the banks which are likely being considered for privatisation are Central Bank of India, Indian Overseas Bank and Bank of Maharashtra. The total number of employees in these banks stood at around 70,870, as on March 31, 2020.

In the Union Budget, Finance Minister Nirmala Sitharaman announced the plan to privatise two PSBs apart from IDBI Bank.

Moneycontrol couldn't independently verify these names. The government has not announced the names of final candidates which will be privatised.

Fear of job losses

Representatives of bank employees' unions said privatisation talks have affected employee morale. To make matters worse, reports have now emerged that the Niti Aayog has recommended only one year of job security after the privatisation of the banks.

"Public sector bank employees are very upset with the news of privatisation. They are requesting us to launch agitations. In fact, there is a lot of pressure from employees, but we are waiting for the government to make an official statement on the matter first," CH Venkatachalam, general secretary, **All India Bank Employees' Association (AIBEA)**, told Moneycontrol.

Venkatachalam added that PSB **employees from the reserved categories are worried about reservations becoming irrelevant** once their banks are privatised. Also, PSBs now have employees from the information technology (IT) sector who have joined the public sector for job security. Their professional choices will not be respected in case privatisation goes through.

There are around 10 lakh employees in 12 state-run banks in India.

Employees in the smaller banks are in a spot because they do not have the option of moving to a larger PSB either. There is no possibility for employees to move to the larger PSBs because after the mergers, there is no room for intake in banks like State Bank of India, said S Nagarajan, general secretary, All India Bank Officers' Association.

"If they hire at all, it's only in the specialist categories, such as IT, security or risk. The number of people needed in these categories are few and far between. So employees in the weak banks are between the devil and the deep blue sea," Nagarajan said.

PSB jobs have been steadily losing their sheen over the last few years, with mounting work pressure and stress levels. Venkatachalam said that bank staff are facing a lot of stress because their job has become very target-oriented.

They are also being made to do non-banking business, like selling insurance. "When the investment goes wrong, the staff has to face flak for what is not their fault. Bankers don't mind working more hours, but management must consider the conditions of work," Venkatachalam said.

COVID - a double whammy

Already, bank employees are fighting the pandemic. There has been significant impact in the banking sector as a number of bank employees have succumbed to the pandemic.

On May 13, Moneycontrol reported that 1,200 bank employees have lost their lives to COVID-19. This number may have gone up since then as the COVID second wave has spread to more areas.

Even during the bank mergers, employees of PSBs were impacted as the exercise hampered the career prospects of some employees.

Employees who went from smaller banks to bigger ones were treated differently from existing employees when it came to promotions and roles, said a banker who didn't want to be named.

In 2017, SBI merged its five associate banks and Bharatiya Mahila Bank with itself. Vijaya Bank and Dena Bank were amalgamated with Bank of Baroda, effective April 1, 2019. The third round of mergers came into effect on April 1, 2020, with Oriental Bank of Commerce and United Bank of India merged into Punjab National Bank, Andhra Bank and Corporation Bank into Union Bank of India, Syndicate Bank into Canara Bank and Allahabad Bank into Indian Bank.

"It is a fact that employees from the merged banks are not treated well in the new structure. In one of the large banks after the merger, employees from the smaller banks were rated differently in the promotions process," the banker said.

Employees Moneycontrol spoke to said the privatisation will likely lead to job losses unless the Government offers some assurance.

"If moving within the public sector system was such a difficult one for bankers, we wonder how bad things could be in a private-sector setup," said one banker requesting anonymity.

Besides merging banks, the Government in 2018 announced take over of IDBI Bank by India's largest insurer, Life Insurance Corporation (LIC) of India. The Government also plans to privatise IDBI Bank and allow an exit to LIC. In 2019, the Reserve Bank of India had allowed LIC a 12-year period in which to lower its stake in IDBI Bank to 40 percent from 51 percent. The insurer may offload its stake in the bank sooner in view of its initial public offer.

Chennai EOW Arrests Ravi Parthasarathy of IL&FS in Rs200 crore Cheating Case Filed by 63 moons

Moneylife Digital Team 11 June 2021



The economic offences wing (EOW) of Chennai Police on Friday arrested Ravi Parthasarathy, former chief of crisis-hit Infrastructure Leasing & Financial Services (IL&FS) in the Rs200 crore cheating and criminal breach of trust case filed by 63 moon technologies ltd. Mr Parthasarathy was presented before the special Tamil Nadu Protection of Interests of Depositors (In Financial Establishments) Act (TNPID) court, which sent him to 15 days judicial custody at Saidapet police jail.

In a statement, the EOW says, "The king pin and the master mind of the Rs1 lakh crore IL&FS scam Ravi Parthasarathy has been arrested by EOW in connection with Crime No.13 of 2020 dated 20 September 2020. The IL&FS group, which consists of more than 350 group companies was used as a vehicle to perpetrate fraud by then management of IL&FS group, which was headed by the then chairman and MD CEO Mr Parthasarathy."

A team was formed under the supervision of R Dinakaran, inspector general of Police (IGP) with the support of deputy superintendent of Police Prakash Babu. On 9 June 2021, Mr Parthasarathy was arrested in Mumbai and brought to Chennai. Earlier, the Madras High Court had dismissed anticipatory bail petition filed by Mr Parthasarathy.

In its complaint, 63 moons had alleged offences of cheating and criminal breach of trust in the repayment of Rs200 crore invested by the company in debentures of IL&FS Transportation Networks India Ltd (ITNL). During 2014 and 2015, ITNL had notified issuance of 1,000 and 2,000 non-convertible debentures with a face value of Rs10 lakh each, aggregating to Rs100 crore and Rs250 crore respectively, on private placement basis.

"To lure investors, ITNL falsely promised guaranteed annual return of up to 11.8% payable half yearly until redemption to its investors against their deposits with ITNL. We relied on the representations and assurances made by the ITNL and key managerial personnel and invested Rs200 crore in debentures," 63 moons had stated in its complaint.

In 2018, IL&FS defaulted on its obligations and ITNL too defaulted in repaying interest on debentures to investors.

Earlier in January this year, the EOW had arrested Ramchand Karunakaran, former managing director, and Hari Sankaran, former vice-chairman, and director of ITNL from Mumbai.

Based on complaint filed by 63 moons, the Chennai EOW had registered a first information report (FIR). The EOW says, it has been receiving complaints from other depositors of ITNL. It has also asked aggrieved depositors and investors of ITNL to forward their claims to the Chennai EOW.

UCO Bank again urges Reserve Bank of India to consider taking it out of PCA

By: FE Bureau | June 08, 2021

The RBI had initiated PCA for the Kolkata-based lender in May 2017 in view of high non-performing assets and negative return on assets. In the last financial year, the bank posted a full-year net profit of Rs 167.04 crore as against a whopping Rs 2,436.83 crore net loss during FY20. During FY19, net loss had stood at Rs 4,321 crore.



The restructuring would be available to borrowers with exposure up to Rs 50 crore. In the last financial year, Uco Bank had restructured less than Rs 400 crore of retail and MSME loans.

State-run Uco Bank has again urged the Reserve Bank of India to consider taking it out of the the prompt corrective action (PCA) framework after posting full year profit for the last fiscal, its MD & CEO AK Goel said on Monday.

The RBI had initiated PCA for the Kolkata-based lender in May 2017 in view of high non-performing assets and negative return on assets. In the last financial year, the bank posted a full-year net profit of Rs 167.04 crore as against a whopping Rs 2,436.83 crore net loss during FY20. During FY19, net loss had stood at Rs 4,321 crore.

“We approached the RBI to consider taking the bank out of the PCA framework after declaring the fourth quarter results. The bank registered full-year profit. It has meet all the criteria for exiting PCA,” Goel said in a virtual press conference.

The lender had earlier approached the central bank on lifting the restrictions after it had posted a net profit during the last quarter of the financial year FY20. After making losses for several consecutive quarters, the bank had reported a net profit of Rs 16.78 crore for Q4FY20.

Last month, Uco Bank reported a nearly fivefold year-on-year jump in its net profit to Rs 80.03 crore for the fourth quarter last fiscal from Rs 16.78 crore for the same period of FY20. The lender showed a significant improvement in its asset quality during the fourth quarter as its NPAs in absolute terms fell 41% y-o-y at Rs 11,351.97 crore. Gross NPA ratio stood at 9.59%, while net NPA ratio was 3.94%.

On restructuring under the RBI’s new policy on loan recast, Goel said the bank already extended relief under Resolution Framework 2.0. to 2314 accounts, amounting ` 127 crore as on June 7. “We are expecting around Rs 1,000 crore of loans required to be invoked for restructuring by June itself. For the whole of the year the numbers may be more.” he added.

Banks and lending institutions can invoke restructuring under the proposed framework till September 30. The restructuring would be available to borrowers with exposure up to Rs 50 crore. In the last financial year, Uco Bank had restructured less than Rs 400 crore of retail and MSME loans.

SBI likely to transfer Rs 20,000 crore NPAs to National Asset Reconstruction Company

By Ankur Mishra
June 11, 2021 FINANCIAL EXPRESS

These non-performing assets (NPAs) include Essar Power Gujarat, Coastal Energy and Reliance Naval.



“In case the recovery is higher, assuming it to be 40%, the lenders will get the benefit via security receipts,” the bank official said.

State Bank of India (SBI) has identified bad loans worth Rs 20,000 crore that it plans to transfer to the National Asset Reconstruction Company (NARCL), sources close to the development told FE. These non-performing assets (NPAs) include Essar Power Gujarat, Coastal Energy and Reliance Naval.

In all, banks have identified 22 stressed accounts worth around Rs 89,000 crore that they want to transfer to NARCL in the first phase. Over time, lenders are expected to move loans worth nearly Rs 2 lakh crore to the bad bank.

In an email response to FE, SBI said, “It is a policy of the bank not to comment upon individual accounts and its treatment.”

FE also learned that the operational guidelines for NARCL are in the final stages, but the value at which the assets will be transferred is yet to be decided.

Explaining the process at NARCL, a senior bank official said: “Suppose NPAs worth Rs 89,000 crore are transferred to NARCL at an 80% haircut, NARCL will buy the exposure at Rs 17,800 crore.” Of the Rs 17,800 crore, NARCL will provide upfront cash of 15% to the banks and issue security receipts (SR) for the remaining 85% or Rs 15,130 crore. The upfront cash that banks receive would result in a write-back of provision for the lenders.

“In case the recovery is higher, assuming it to be 40%, the lenders will get the benefit via security receipts,” the bank official said.

The accounts that banks have chosen to transfer to NARCL should be completely provided for by the lenders, as per the Indian Banks' Association (IBA) directions. The NPA accounts should also not be categorised as fraud or nearing a resolution for being eligible to be sent to NARCL.

IBA chairman Rajkiran Rai G has said banks have identified Rs 89,000-crore NPA accounts which could go to the ARC in the first phase. Rai added that only if the ARC management finds these assets worthwhile, it would make an offer to the banks.

Rai, who is also the MD and CEO of Union Bank of India, said, of the total amount, Union Bank has identified Rs 7,800-crore bad loans to be sent to NARCL. Similarly, Punjab National Bank (PNB) MD and CEO SS Mallikarjun Rao had said the lender had identified Rs 8,000-crore NPAs to be sent to NARCL.

In her Budget speech, finance minister Nirmala Sitharaman had announced setting up of an ARC and asset management company (AMC) for the resolution of stressed assets.

Bank of Maharashtra tops PSU banks in terms of loan, deposit growth

PTI, 11TH JUNE, 2021 ECONOMIC TIMES

Synopsis : The bank's asset quality improved significantly as the gross bad loans or gross Non-Performing Assets (NPAs) dipped to 7.23 per cent of gross advances by the end of March 2021 as against 12.81 per cent by the same period of 2020.

State-owned Bank of Maharashtra (BoM) has emerged as the top performer among public sector lenders in terms of loan and deposit growth during financial year 2020-21.

The lender recorded 13.45 per cent increase in gross advances at Rs 1.07 lakh crore in 2020-21, as per the published data of BoM. It was followed by Punjab & Sind Bank which posted 8.39 per cent growth in advances with aggregate loans at Rs 67,811 crore at the end of March 2021.

When it came to deposit mobilisation, BoM with nearly 16 per cent growth was ahead of even the country's largest lender State Bank of India, which recorded 13.56 per cent rise.

However, in absolute terms SBI's deposit base was 21 times higher at Rs 36.81 lakh crore as against Rs 1.74 lakh crore of BoM. Current Account Savings Account (CASA) for BoM saw 24.47 per cent rise, the highest among the public sector lenders, during the year. As a result, CASA was 54 per cent or Rs 93,945 crore of the total liability of the bank.

According to the announced quarterly numbers, NSE 0.23 % achieved second spot by recording 11.46 per cent growth in CASA at Rs 1.61 lakh crore. Total business of BoM increased 14.98 per cent to Rs 2.81 lakh crore. For the full year 2020-21, BoM's standalone net profit jumped nearly 42 per cent to Rs 550.25 crore.

In the previous year, the profit was Rs 388.58 crore. The bank's asset quality improved significantly as the gross bad loans or gross Non-Performing Assets (NPAs) dipped to 7.23 per cent of gross advances by the end of March 2021 as against 12.81 per cent by the same period of 2020.

In absolute terms, gross bad loans stood at Rs 7,779.68 crore at the end of March 2021, lower than Rs 12,152.15 crore recorded in the year-ago period.

Net NPAs came down to 2.48 per cent (Rs 2,544.32 crore) from 4.77 per cent (Rs 4,145.38 crore).

IDBI customers to get only 20 free cheque leaves per year from Jul 1; other services too revised

ECONOMIC TIMES, JUNE 11, 2021

IDBI BANK Customers will have to pay Rs 5 per cheque leaf beyond 20 free leaves per year, under the revised charges from next month. Currently, customers can access as many as 60 cheque leaves without any charges in a year in the first year of account opening and 50 leaves in all the subsequent years. Beyond these, one has to pay Rs 5 per leaf.

Introducing the revision of services in savings bank accounts, the lender in a notice said the free transaction limits (for select facilities) and lock discounts offered to individual savings bank customers are being revised from July 1, 2021.

Customers holding the 'Sabka Saving Account' will not come under this and will be able to get unlimited free cheque leaves in a year.

This is an elementary zero balance account aimed to further inclusive banking in the country.

For depositing cash (home and non home), it has downsized the number for free facilities per month for semi-urban and rural branches to 5 each from the existing 7 and 10, respectively for various savings accounts.

For super savings plus accounts, the free transactions in semi-urban and rural areas will be 8 each as against 10 and 12, respectively as of now.

Among others, the JubileePlus senior citizen account holders will get no discount on locker rent if the monthly average balance (MAB) is less than Rs 10,000. Customers will get 10 per cent discount on Rs 10,000-24,999 balance for all 12 months and 15 per cent for Rs 25,000 and above MAB.

Currently, the bank offers 25 per cent discount on locker rent if Rs 5,000 is maintained as AQB (average quarterly balance) in all four quarters. The same revised charges will be applicable on Supershakti women's account for locker rent.

The discount will be offered only on A and B size lockers, the bank said. Besides, the lender has also cut down the number of free transactions from other bank ATM per month (both financial and non financial) for JubileePlus and Supershakti accounts by half to 5 transactions

RBI may give banks/NBFCs more time to appoint auditors

[Our Bureau](#) - Mumbai | June 10, 2021

THE HINDU
BusinessLine

The guidelines allow regulated entities to appoint auditors for three years

The Reserve Bank of India may give more time to regulated entities, including banks, to implement the new guidelines on the appointment of statutory auditors.

Regulated entities are of the view that a year's time should have been given for implementing the guidelines as some of them have already re-appointed auditors for FY22. The RBI's new norms were unveiled on April 27. The guidelines allow regulated entities to appoint auditors for three years. What this means is that audit firms that have already completed the three-year period will have to discontinue their assignment.

Financial services industry veteran TT Srinivasaraghavan observed that some of the regulated entities have already had their AGMs in which appointment of Statutory Auditors is usually on the agenda. So, industry bodies want some more time (say, from April 1, 2022) for implementation of the guidelines.

"In the meantime, an advisory/ consultative group of key stakeholders — the RBI, the regulated entities, and the CA Institute — can be asked to assess the guidelines and give recommendations within two months... there will be a 360-degree view on the issues and the potential solutions," Srinivasaraghavan suggested.

Applicable to banks

The guidelines are applicable to commercial banks (excluding Regional Rural Banks), urban co-operative banks and non-banking finance companies (NBFCs), including housing finance companies, from financial year 2021-22. However, non-deposit taking NBFCs with asset size below Rs.1,000 crore can continue with their extant procedure.

Chartered Accountant Sethuratham Ravi said regulated entities can ask for a dispensation, seeking continuation of the current auditor for one more quarter. "A regulated entity can write to the RBI that it is in the process of appointing a new auditor and that the same needs to be ratified at the AGM... The RBI could have given one more year for implementation," Ravi said.

P Sitaram, ED & CFO, IDBI Bank, said the guidelines came at a time when some banks would have proceeded with the appointment/re-appointment of auditors. "So, they should have done it (issued the guidelines) either in

January or having issued it, they could have said the guidelines will be applicable from next year," he said.

Banking expert V Viswanathan underscored that even if an audit firm has completed its three-year term, the status quo of March quarter will continue for the April-June quarter. The bank will apply for RBI approval, and it is given.

"Sometimes, public sector banks get the list (of eligible audit firms from RBI) after September also. In which case, the status quo continues for the second quarter also," he said.

Covid second wave: Auto debit payments bounce rate rises for 2nd month in May

[Surabhi](#) Mumbai | June 10, 2021

BusinessLine
THE HINDU

NACH data show of the total 8.57 crore transactions, 3.08 crore were returned

Hit by the second wave of the Covid-19 pandemic and lockdowns, stress amongst borrowers seems to be on the rise, though it is lower than what was seen in the first surge of the pandemic. Data captured by the National Payments Corporation of India from its National Automated Clearing House (NACH) platform reveals that the number of unsuccessful auto debit requests increased for a second straight month in May.

Of the total auto debit transactions of 8.57 crore in May this year, 5.49 crore transactions were successful while 3.08 crore were returned. This reflects a return or bounce rate of 35.91 per cent in May compared to 34.05 per cent in April this year.

NACH bounce rates have been spiking since last month after localised lockdowns hampered economic activity. It had hit a low of 32.7 per cent

in March this year while the peak was in June 2020 when the bounce rate rose to 45.3 per cent.

To help small borrowers tide over the impact of the second wave of the pandemic, the Reserve Bank of India had announced the Resolution Framework 2.0 on May 5. The RBI on June 4 expanded the coverage of the scheme and announced the doubling of the maximum aggregate exposure to Rs.50 crore.

Stress among small borrowers

Many companies have begun to indicate that there is rising stress amidst small borrowers.

In a mid-quarter update, Bajaj Finance said the second wave has caused a marginal increase in EMI bounce rates in the first quarter of 2021-22 versus the fourth quarter of last fiscal. "Average EMI bounce rates in the first quarter of this fiscal were approximately 1.08X of the fourth quarter last fiscal," it said.

Equitas Small Finance Bank reported a collection efficiency of 77.84 per cent in May this year as against 105.16 per cent in April. "We will be studying the impact of stress created by the second wave on our customers and any possible restructuring they may require to help revive their livelihood," it said in a recent statement.

Post September 2020, the bank had seen a strong pick up in collection efficiency and ended the year with March 2021 at pre-Covid level collection efficiency.

ATM usage to cost more

[Our Bureau](#) Mumbai | June 10, 2021

THE HINDU
BusinessLine

RBI has hiked interchange fee, customer charges

The Reserve Bank of India (RBI) has accepted the long-standing demand of banks and White Label ATM operators (WLAO) for a hike in interchange fee in view of increasing cost of ATM deployment and maintenance.

This could encourage deployment of ATMs, which has hit the slow lane in the last one year amid the Covid-19 pandemic.

The interchange fee (which is recovered by banks owning ATMs from card issuing banks for providing) has been upped from Rs.15 to Rs.17 per financial transaction and from Rs.5 to Rs.6 per non-financial transaction in all centres. The new fee will be effective from August 1.

Customer charges

Simultaneously, to compensate Banks for the higher interchange fee and given the general escalation in costs, they have been allowed to increase the customer charges for transactions beyond the stipulated free monthly ATM transactions to Rs.21 per transaction from Rs.20. This increase will be effective from January 1, 2022.

Customers are eligible for five free transactions (inclusive of financial and non-financial transactions) every month from their own bank ATMs. In other bank ATMs they are allowed three transactions in metro centres and five in non-metro centres.

RBI, in a circular, said applicable taxes, if any, will be additionally payable on the interchange fee and customer charges. The central bank added that its instructions also apply, *mutatis mutandis* (with the necessary changes having been made), to transactions done at Cash Recycler Machines (other than for cash deposit transactions).

ATM additions declined to 2,815 in FY21 against 8,564 in the previous year. The number of ATMs across the country is 2.13 lakh (2.10 lakh.)



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