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AIBEA draws attention of Nirmala over filling up vacant posts of Directors in Nationalised Banks

Hyderabad, Sep 14 (UNI)

United News of India
India's Multi Lingual News Agency

All India Bank Employees' Association (AIBEA) has drawn the attention of Finance Minister Nirmala Sitharaman for taking expeditious measures to direct the concerned authorities to ensure filling up of all vacant posts of Directors in the Nationalised Banks.

In a letter to Ms Nirmala tonight, a copy of which was marked to Reserve Bank of India (RBI) Governor Shaktikanta Das, AIBEA General Secretary CH Venkatachalam said You are kindly aware that all the Nationalised Banks are being managed and administered by the respective Board of Directors of these Banks.

The constitution of the Boards of Directors of these Banks is governed by the provisions of Section 9 of The Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 and Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970 thereunder.

He said these Boards of Directors of the Banks consist of Directors like Chairman, Managing Director and Executive Directors as well as persons representing Government, Reserve Bank of India and importantly representing various interests and fields including the employees and officers of the Banks.

Mr Venkatachalam said every post of Director representing different fields and interests is very very important as envisaged in the Act.

But we observe that many of the posts of these Directors in various Banks remain vacant, he said.

We have been repeatedly pointing out that the posts of Workman Employee Director representing the employees and Director representing Officers have been unfilled and remain vacant for the past 7 years.

It will be appreciated that keeping such important posts of Directors of the Banks vacant and without filling up the same defeat the very purpose for which these posts were envisaged and created to take care of the varied interests and fields of banking operations of the Banks.

It also runs counter to the much-professed principles of good governance. We may point out that the posts of Workman Director and Officer Director representing the employees and officers of the Banks were incorporated in the Scheme since inception in 1970 and the same were being filled up for 44 years without interruption.

However, from 2014, ever since the BJP-led NDA Government took over at the Centre, these posts remain vacant, he pointed out.

The AIBEA General Secretary said out of the 11 Nationalised Banks, All India Bank Employees Association (AIBEA) is the verified Representative Union and we have submitted the panel of names to the concerned Banks and the Government as prescribed in the Scheme but none of them have been appointed as Directors all these 7 years.

We learn that all the names submitted by our Association for the purpose of appointment as Workman Directors have been duly recommended by the concerned Banks to the Department of Financial Services in the Ministry of Finance, Government of India and all these proposals and recommendations are pending consideration by the Government.

Thus, Mr Venkatachalam said, all the Boards of the Banks do not have these Workman and Officer Directors.

Similar is the position in State Bank of India where also the posts of Workman Director and Officer Director are unfilled.

Further as pointed and detailed above, many other posts of Directors are also kept vacant and Banks' Boards are functioning with skeletal strength, he added.

	Bank	No. of Director posts vacant
1.	Bank of Maharashtra	9 out of 15
2.	Bank of Baroda	7 out of 17
3.	Bank of India	9 out of 20
4.	Canara Bank	8 out of 16
5.	Central Bank of India	9 out of 16
6.	Indian Bank	9 out of 16
7.	Indian Overseas Bank	9 out of 15
8.	Punjab & Sind Bank	8 out of 13
9.	Punjab National Bank	8 out of 16
10.	UCO Bank	8 out of 14
11.	Union Bank of India	7 out of 17
	Total	**91 out 175** i.e. **52 %** of posts are vacant

11 govt banks don't have a chairman!

By **Tamal Bandyopadhyay**
September 14, 2021
BUSINESS STANDARD

The annual earnings of a non-executive chairman of a PSB is capped at Rs 10 lakh, inclusive of fees for attending board meetings. This is way below the compensation of the chairman of any private bank, reveals Tamal Bandyopadhyay.

Recently, Shanti Lal Jain took over as managing director and chief executive officer of the Chennai-headquartered Indian Bank. A few days before that, the appointments committee of the Cabinet extended the tenure of MDs and CEOs of three public sector banks -- S S Mallikarjuna Rao (Punjab National Bank), Atul Kumar Goel (Uco Bank) and A S Rajeev (Bank of Maharashtra). The tenure of 10 executive directors (EDs) of seven PSBs was also extended.

Gone are the days when the government would take time to announce such appointments. In the not-so-distant past, after P S Jayakumar stepped down as Bank of Baroda MD and CEO, his successor Sanjiv Chadha took charge after 100 days. This was when Bank of Baroda was handling the merger of two banks with itself -- the first experiment of its kind in Indian banking.

Of course, that is not a long gap if we look at what had happened at Andhra Bank (now merged with Union Bank of India). Suresh Patel's term ended in December 2017 but it took 264 days for his successor, J Packirisamy, to walk into the corner office. Dena Bank (merged with Bank of Baroda) and Punjab & Sind Bank were marginally better off: Both Karnam Sekar and S Harisankar took up the baton after a gap of 262 days each.

Things are changing at PSBs. Right? Yes, and no.

Don't get taken in by the advance extension of MDs and EDs and a timely new appointment.

Except for Bank of Baroda, none of the 11 PSBs, in the group of nationalised banks, currently has a chairman (non-executive, though).

After the mergers, the number of PSBs has shrunk from 27 in 2017 to 12 now. Of these, 11 are nationalised banks.

The State Bank of India, governed by a different law, has an executive chairman at the helm.

The story doesn't end there. Most of the nationalised banks do not have an adequate number of directors on their boards.

Under the Banking Companies (Acquisition and Transfer of Undertakings) Act, every government-owned bank should have whole-time directors (MD and CEO, and EDs), appointed by the central government after consultation with the Reserve Bank of India.

They should also have one director nominated by the central government and another, with necessary expertise and experience in regulation or supervision of commercial banks, from the RBI.

Then, there are directors who are experts in the field of agricultural and rural economy, banking, co-operation, economics, finance, law, small scale industry, and a chartered accountant.

Former Securities and Exchange Board of India chairman M Damodaran wrote in a recent article in The Hindustan Times that at last count, at least 60 such positions were vacant 'at least for a few months, if not several years'.

Finally, representatives from shareholders as well as workmen and officers are supposed to be on such bank boards. At the moment, probably no PSB has any director from workmen or officer employees on its board.

While the whole-time directors run a bank, others -- called non-official directors or NoDs (another name for independent directors) -- are critical in formulating strategies and ensuring governance.

In the absence of the required number of NoDs, many PSBs are not able to meet the quorum at the meetings of critical sub-committees of the board.

Why is this not on the government's priority list? Is it because of the privatisation move?

But the plan is to privatise just two of the 11 PSBs, not all. One can assume that they will be picked from among the six PSBs that have been kept out of the consolidation drive -- Bank of India, Central Bank of India, Indian Overseas Bank, Uco Bank, Bank of Maharashtra and Punjab & Sind Bank.

While speculation is on, the privatisation is unlikely to happen this financial year. Then why are these positions lying vacant in almost every bank?

Shouldn't the focus on corporate governance be stronger in the run-up to privatisation?

The tenure of PSB chiefs also deserves the attention of the regulator and the owner. When a private bank can be run by a CEO till the person is 70 years old, why should the chief of a PSB have to step down at 60 -- barring the State Bank of India, where the chairman can be at the helm beyond 60 (provided the person gets the top job before attaining the age of 60).

Shouldn't that be extended, at least for the good leaders?

Finally, when will a PSB chief get market-based salary?

The annual earnings of a non-executive chairman of a PSB is capped at Rs 10 lakh (Rs 1 million), inclusive of fees for attending board meetings. This is way below the compensation of the chairman of any private bank. The difference in the compensation package of the MD and CEO of a PSB and a private bank is far wider.

All efforts to overhaul the compensation of PSB executives by including stock options and performance-related bonus have come to naught.

More than a decade ago, in June 2010, the finance ministry had appointed a committee on HR issues of PSBs. It had made 105 recommendations on performance management, capability building and freedom for banks to increase variable compensation and offer stock options, among other things.

The government accepted 56 of these recommendations, leaving out the key ones.

The MD and CEO's salary continues to be linked to bureaucrats' pay scale. I wonder which finance ministry bureaucrat would like to see bankers getting paid more than them!

There are other issues that have a bearing on the performance of PSBs. These include the inability to directly recruit young talent from business schools because of various court judgments, the glare of investigative agencies, the L-1 formula that requires PSBs to buy everything, from tea to technology, from the lowest bidder, not the best one.

The overhauling process can kick off by doing better than paying peanuts to PSB chiefs. Let's offer them market-related compensation, hold them accountable and give them the boot for non-performance.

Consolidation has reduced the number of banks, but not the share of government ownership in banking. The government has realised that it should not be in the business of banking in such a big way. Now, the focus should be on how to run the banks it owns well.

The writer, a consulting editor with Business Standard, is an author and senior adviser to Jana Small Finance Bank Ltd.

Gross NPAs of banks to cross Rs10 Lakh Crore by March 2022: ASSOCHAM-CRISIL

IANS , 14 September 2021

MONEYLIFE

The gross non-performing assets (GNPAs) of banks are expected to cross Rs 10 lakh crore by March 2022, a ASSOCHAM-Crisil joint study had said.

"NPAs are expected to rise to 8.5-9 per cent by March 2022, driven by slippages in retail, micro, small and medium enterprise (MSME) accounts, besides some restructured assets," according to the study titled, 'Reinforcing the code,' conducted by The Associated Chambers of Commerce and Industry of India (ASSOCHAM) jointly with credit rating agency Crisil.

"The effectiveness of the Insolvency and Bankruptcy Code (IBC) will be tested by the potential spike in NPAs as the standstill on initiation of fresh insolvency cases for a year ended in March 2021 and as most of the pandemic-induced policies or measures are unlikely to be continued," said the study.

The ASSOCHAM-Crisil study also noted that the expected increase in GNPAs of both banks and non-banks this fiscal because of the pandemic will provide an opportunity for players in the stressed assets market through resolution via various routes, with IBC likely to be the most preferred.

It said that the GNPAs of banks have declined from the peak seen in March 2018 and were lower as of March 2021 vis-a-vis March 2020 on account of supportive measures, including the six-month debt moratorium, emergency credit line guarantee scheme (ECLGS) loans and restructuring measures.

The study noted that the current asset quality stress cycle will be different than that witnessed a few years back. "NPAs then came primarily from bigger, chunkier accounts. This time, smaller accounts, especially the MSME and retail segments, are expected to be more vulnerable than large corporates, as the latter have consolidated and deleveraged their balance sheets considerably in the past few years."

It, however, said that while the restructuring scheme announced for MSMEs and small borrowers should prevent the NPAs from rising too much, there is an opportunity for stressed asset investors with expertise and interest in these asset classes.

The study also highlighted that risk management practices of Indian banks, especially public sector banks, have scope for improvement. In the past, laws were not in favour of lenders and allowed erring promoters to exploit the tedious recovery procedure. This is borne out by the high number of wilful defaulters of banks.

However, the RBI has tightened norms for such defaulters and made stressed asset resolution norms more stringent. That, coupled with increased resolution of large-ticket NPAs under the IBC framework, have contributed to better recovery of NPAs.

Meet the top 10 richest person in India

BI INDIA BUREAU
SEP 13, 2021, 10:43 IST

Reuters

Wealth does not remain static especially during the fluctuating industry scenario today. India has produced several billionaires who occupy a significant number of slots on the list of wealthiest persons in the world today. Here is the list of the top 10 richest persons in India as per their latest real time Forbes data on 10 September 2021.

1. Mukesh Ambani

The wealthiest person in India, Mukesh Ambani of Reliance Industries occupies the eleventh slot in the world's richest persons' list. Mukesh Ambani has a net worth of $94.3 billion. Much of Mukesh's wealth ensues from the petrochemicals and oil and gas businesses built by his father Dhirubhai Ambani — a business icon in his own right— but Mukesh is pivoting to more consumer-facing businesses like telecom and retail. Reliance Jio is one of the largest telecom networks in India today and has already raised over $20 billion in recent months and the next leg of fundraising will be for retail.

2. Gautam Adani

Gautam Adani's net worth as per the latest forbes records is $71.5 billion. He is the Second richest person in India and ranks 15 on the list of the world's richest. Apart from Mundra Port, the largest in India, his wealth-generating portfolios include a range of commodities, power generation including renewable energy (like solar farms), and transmission to name a few.

3. Shiv Nadar

With his $29 billion estimated net worth, Shiv Nadar ranks as the third richest person in India. HCL Technologies founded by him is a (₹) 274826 crore (market value) company and one of the largest software services exporters in the world today. With its presence in over 45 countries on the globe, HCL Technologies makes Shiv Nadar claim the 54th slot in the list of world's richest persons.

4. Radhakishan Damani & Family

Radhakishan Damani's net worth of $19.6 billion, which makes him the fourth richest person in India today. He occupies the 101 position in the global rich list. Radhakishan Damani is a veteran Mumbai stock market investor who founded the supermarket chain DMart which went public in 2017, and eventually went on to be the world's most-valued retail chain for its unique model that makes the holding company Avenue Supermarts more profitable than many of its peers.

5. Lakshmi Mittal

The Chairman and CEO of ArcelorMittal, Sunil Mittal has a net worth of $19.2 billion and ranks as the fifth richest person in India. His wealth status positions him in the 103 place on the world's richest persons list. He is known for turning sick steel producing companies into profitable ventures across the world. He most recently bagged the bankrupt Essar Steel in India, which was owned by the Ruia family.

6. Cyrus Poonawalla

Ranked as the 6th wealthiest person in India, Cyrus Poonawalla has a net worth of $18.9 billion. He founded the Serum Institute of India in 1966 and it is today the largest producer of vaccines for measles, influenza and polio. At present, the company is also co-developing two vaccines for COVID-19 and has a significant lead over other similar researches that are underway. In the world's wealthiest persons list he ranks in the 105th position.

7. Savitri Jindal & Family

Standing at the 117th position in the world and the richest woman in India is Savitri Jindal, the 70-year-old chair of a multibillion dollar conglomerate, who's worth $17.6 billion. India's women billionaires also include the heads of pharmaceutical, software, and consumer goods companies.

8. Uday Kotak

The founder of Kotak Mahindra Bank, Uday Kotak, occupies the fifth position on the list of India's richest. With a net worth of $15.1 billion, Kotak takes 143th place on the world's richest persons' list.

9. Kumar Birla

Standing at the 150th position in the world's richest persons' list, Kumar Birla has a net worth of $14.6 billion, which makes him the ninth wealthiest person in India. The head of Aditya Birla Group which he inherits for the fourth generation in row, his group is concerned with producing cement and aluminum alongside retail, telecom and financial services.

10. Dilip Shanghvi

The tenth richest person in India is Dilip Shanghvi whose latest net worth is $13.8 billion. The founder of Sun Pharma, Dilip Shanghvi has turned his firm into the largest player in the manufacturing of specialty generic drugs. He has also invested in energy and oil ventures. On the world's richest persons' list, he ranks in the 165th position.

Bad bank meets RBI capital norms through rights issue

NARCL needed a minimum of ₹100 crore in paid-up capital to apply for a RBI licence..

Shayan Ghosh, The Mint, 14 Sep 2021,

The latest fundraise by NARCL's existing shareholders enables it to apply for an RBI licence

Shareholders of India's bad bank put in an additional ₹74.6 crore through a rights issue to meet minimum capital norms, enabling it to apply for a Reserve Bank of India (RBI) licence, showed documents available with the registrar of companies (RoC).

Under a rights issue, a company allows only existing shareholders to participate in the fundraise.

While the National Reconstruction Company Ltd (NARCL) needed a minimum of ₹100 crore in paid-up capital to apply for a licence, it had initially raised ₹74.6 crore from eight banks. Later, these banks, Bank of Baroda, Punjab National Bank (PNB), Bank of India, Bank of Maharashtra, State Bank of India (SBI), Union Bank of India, Canara Bank, and Indian Bank, put in another ₹74.6 crore to take its paid-up capital to ₹149.2 crore.

According to a senior banker, a set of private and public sector banks plan to invest in the bad bank, but their internal approvals are pending. At a board meeting of NARCL on 23 August it was decided to allot 74.6 million equity shares of a face value of ₹10 each to existing shareholders on a rights basis.

In April 2017, the regulator mandated asset reconstruction companies (ARCs) to have minimum net owned funds of ₹100 crore by 31 March 2019.

RBI had said that the guideline was set in view of the greater role envisaged for ARCs in resolving stressed assets.

State-owned Canara Bank put in an additional ₹12 crore, while Bank of Baroda, SBI, Union Bank of India, and Indian Bank put in ₹9.9 crore each. PNB and Bank of India put in another ₹9 crore each and Bank of Maharashtra further invested ₹5 crore.

A spokesperson for the Indian Banks' Association (IBA) declined to comment.

News agency PTI reported last month that IBA has moved an application to RBI seeking a licence to set up the asset reconstruction company. Designed as a solution to India's mountain of bad debt, NARCL was set up on 7 July. It has now doubled the authorized capital to ₹200 crore and issued fresh shares to double the paid-up capital as well.

Banks will initially transfer 22 bad loan accounts of ₹89,000 crore to the NARCL. The aggregate amount of bad loans likely to be transferred in tranches will be ₹2 trillion. The plan is to create a bad bank to house bad loans of ₹500 crore and above.

Meanwhile, lenders have started looking for buyers for their stakes in ARCs to free up capital for NARCL.

In February, state-run PNB put its entire 10.01% stake in Arcil, one of India's oldest ARCs, with assets under management of ₹12,000 crore, for sale. This was followed by private lender IDBI Bank, which has also begun looking for a buyer to sell its 19.18% stake in Arcil.

Mint reported on 6 September that the management of India's bad bank is discussing the modalities of how much lenders would have to cough up as yearly fee in exchange for managing their toxic assets.

Lenders sell stressed loans to ARCs at a discount, either in exchange for cash or a mix of cash and security receipts. These receipts are redeemable as and when the ARC recovers the specific loan. That apart, ARCs charge an asset management fee of 1.5-2% of the asset every year.

Over 50% agricultural households in debt with average loan of Rs 74,000 in 2019: NSO survey

The survey points out that only 69.6% of the outstanding loans were taken from institutional sources like banks, cooperative societies and government agencies, while 20.5% of loans were from professional money lenders

The NSO survey said the average monthly income per agricultural household during agricultural year 2018-19 was at Rs 10,218

PTI / Sep 11, 2021,

Over 50% of agricultural households in the country were in debt with average outstanding loan per household at Rs 74,121 in 2019, says a survey conducted by National Statistical Office (NSO).

The survey further points out that only 69.6% of the outstanding loans were taken from institutional sources like banks, cooperative societies and government agencies, while 20.5% of loans were from professional money lenders.

Of the total loan, only 57.5% was taken for agricultural purposes, it added.
"Percentage of indebted agricultural households: 50.2%; and average amount of outstanding loan per agricultural household: Rs 74,121," it said.
NSO carried out the survey on land and livestock holdings of households and situation assessment of agricultural households in rural areas of the country during January-December 2019.

The survey further said the average monthly income per agricultural household during agricultural year 2018-19 was at Rs 10,218. Of this, the average income per household from wages was Rs 4,063, crop production Rs 3,798, animal husbandry Rs 1,582, non-farm business Rs 641 and leasing of land Rs 134.

According to the survey, the number of agricultural households in the country was estimated at 9.3 crore with OBCs accounting for 45.8%, SC 15.9%, ST 14.2% and others 24.1%.

The survey estimates non-agricultural households living in rural areas at 7.93 crore. It also revealed that as much as 83.5% of rural households had less than 1 hectare of land, while only 0.2% possessed land in excess of 10 hectare.

Meanwhile, in another report, NSO stated that the incidence of indebtedness was about 35% in rural India (40.3% cultivator households, 28.2% non-cultivator households) compared to 22.4% in urban India (27.5% self-employed households, 20.6% other households) as of June 30, 2018.

NSO conducted the latest survey -- All India Debt & Investment Survey-- during the period January-December, 2019 as a part of 77th round of National Sample Survey (NSS).

Prior to this, the survey was carried out in NSS 26th round (1971-72), 37th round (1981-82), 48th round (1992), 59th round (2003) and 70th round (2013).

The report also found that in rural India, 17.8% households were indebted to institutional credit agencies only (21.2% cultivator households, 13.5% non-cultivator households) against 14.5% households in Urban India (18% self-employed households, 13.3% other households).

About 10.2% of the households were indebted to non-institutional credit agencies only in rural India compared to 4.9% households in urban India, it added.

About 7% of the households were indebted to both institutional credit agencies and non-institutional credit agencies in rural India against 3% households in urban India.

It also said that as of June 30, 2018, the average amount of debt was Rs 59,748 among rural households (Rs 74,460 for cultivator households, Rs 40,432 for non-cultivator households).

The average amount of debt was Rs 1,20,336 among urban households.

In rural India, the share of outstanding cash debt from institutional credit agencies was 66% against 34% from non-institutional credit agencies.

In urban India, the share of outstanding cash debt from institutional credit agencies was 87% compared to 13% from non-institutional credit agencies.

As of June 30, 2018, the average amount of debt was Rs 1,70,533 among indebted households in rural India (Rs 1,84,903 for cultivator households, Rs 1,43,557 for non-cultivator households).

The average amount of debt was Rs 5,36,861 among indebted households in urban India, it stated.

BBB invites bids for conducting background verification of candidates

By: PTI |

September 13, 2021 2:10 PM

The firm will prepare a candidate verification report for every aspirant to provide the necessary inputs to the BBB members before the interactions of the individual personages with the bureau, according to a public notice issued to invite bids.

It was also entrusted with the task of engaging with the board of directors of all PSBs to formulate appropriate strategies for their growth and development. (Representational image)

The Banks Board Bureau (BBB), the headhunter for state-owned banks and financial institutions, on Monday invited bids from firms to carry out background verification of candidates for director-level vacancies. The firm will prepare a candidate verification report for every aspirant to provide the necessary inputs to the BBB members before the interactions of the individual personages with the bureau, according to a public notice issued to invite bids.

"A bidder will be selected under the Quality cum Cost Based System method (QCBS) with weightages of 80:20 (80 per cent for technical proposal and 20 per cent for financial proposal) and as per procedures described in this RFP," it said. It also said that Rs 9,000 per candidate for approximately 50 candidates per annum would be paid to the firm