



# AIBEA's *Banking News*

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NEWS BULLETIN FROM ALL INDIA BANK EMPLOYEES' ASSOCIATION



Greetings from  
ALL INDIA BANK EMPLOYEES ASSOCIATION

On INTERNATIONAL DAY  
OF WORKING CLASS SOLDIARITY

LET US FIGHT FOR A SOCIETY  
WITHOUT EXPLOITATION

# 36 posts of PSB directors lying vacant: AIBEA

IANS | Chennai May 1, 2019

## Business Standard

Thirty six posts of directors in public sector banks (PSB) haven't been filled for a long time, said a top leader of a major bank union.

According to C.H.Venkatachalam, General Secretary, All India Bank Employees' Association (AIBEA), the Bank Nationalisation Act/ Banking Companies (Acquisition and Transfer of Undertakings) Act provides for appointment of a workman employee representative and an officer employee representative as directors on the Boards of all the PSBs.

"None of the 18 PSBs have a workmen employee representative and an officer representative as a director on their Boards. In all 36 posts for bank directors are lying vacant for a long time," said Venkatachalam on Wednesday.

He said that there were 18 PSBs each with a Board strength ranging between 7-14 directors, including the Chairman, Managing Director(s), Executive Directors, nominees of the RBI and the Central government.

The Supreme Court recently ordered the Reserve Bank of India (RBI) to provide a list of loan defaulters and its inspection reports in this regard to those who seek them under the Right to Information (RTI) Act.

On Board members being provided with the RBI inspection reports into their banks, Venkatachalam said: "The RBI inspection reports are placed on the table on the day of the Board meeting. But the bank management does not give the Board of Directors enough time to go through the voluminous report. The reports are taken back at the end of the meeting."

# May Day Under Modi: A Distress Call From India's 40 Crore Workers

**AUNINDYO CHAKRAVARTY**

What has 'Modinomics' done for workers? If they were dreaming of achhe din, they've got a nightmare. The Modi government has not only failed on its promise to create more jobs, it has actually ended up reducing them.

The government's own leaked report, held back on grounds of being unsound, says that unemployment is at a 45-year high. Data from India's most respected private economic intelligence agency, CMIE, says employment has dropped from about 40.7 crore in 2016-17 to 40.1 crore in March 2019. That's about 57 lakh jobs lost in the space of three years. RBI-KLEMS data shows a drop of 12 lakh jobs in the two previous years.

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## **What Happens When The Opportunity For Jobs Goes Down?**

What happens when the opportunity for jobs goes down? Some people simply stop looking for work, while others take whatever they can. So, workers are forced to accept low-paid, short-duration contract jobs. Reports by ICRIER, Oxfam and the government's own Annual Survey of Industries points to the explosion of contract work in the organised sector, over the past two decades.

Between 2000-01 to 2015-16, 44 percent of new workers were taken on contract. At the beginning of the millennium, two out of three workers were hired directly. Now, half of them are outsourced to third-party contractors.

When Narendra Modi was bidding for power five years ago, he promised 'minimum government, maximum governance.' It was an industry-friendly mantra that India Inc fell in love with. It promised easy loans, quick permits and hire-and-fire laws. And, the Modi government moved pretty quickly.

Work began on consolidating the myriad labour laws in the country into four labour codes. But, making big changes like these had to go through a lengthy parliamentary process. The BJP wanted to 'Modify' things faster. So, the first move came from the Vasundhara Raje government in Rajasthan.

### **Rajasthan's 'Experiment' With Labour Laws**

Labour is a concurrent subject and states have a range of laws to deal with working conditions and industrial disputes. The Rajasthan assembly, where the BJP had a four-fifth majority, moved to amend four key labour laws. The first change allowed factories with less than 300 employees, to fire workers without any prior permission from authorities. This reversed a 1982 law that had set the threshold at 100 employees.

Rajasthan also modified threshold limits to keep a larger number of units out of the purview of the Factories Act, which lays down rules for working conditions. Employers were also allowed to ask workers to do 100 hours of overtime per quarter, raising the work day to 10 hours and the work week to 60 hours.

Along with that, the ban on night-shift for women was lifted. Registering Trade Unions was made tougher. The number of workers needed to form a Trade Union was doubled from 15 percent to 30 percent.

### **How to Make Trade Unions Toothless, the BJP-Govt Way**

Analysts wondered why a state, where less than 10 percent of workers are employed in industry, would lead the charge on labour-reforms.

It was, most likely, just a laboratory to test the industry-friendly labour laws that the Modi government at the centre was planning to introduce. This became evident as several BJP-led state governments followed the Rajasthan example and made similar changes to their labour laws.

Over the next few years, Team Modi brought the key features of these amendments to the Centre. The first of these was the Labour Code on Industrial Relations Bill, 2015, which combined provisions of the existing Industrial Disputes Act and the Trade Union Act. While the bill made

registering trade unions easier, stringent reporting rules were added, which would allow unions to be derecognised as easily.

More importantly, the proposed law makes trade unions toothless, as it virtually takes away the worker's right to strike.

Unions would have to give a six-week notice before a strike and if a strike were to be declared illegal, each member would face a Rs 50,000, fine and could also be sent to jail.

### **More Misery for Workers**

When workers go on strike, they have to live without wages. At times like these, they depend on money collected by their unions and funds given by well-wishers, friends and family.

The new law proposes to punish anyone who gives monetary support to a strike that has been declared illegal. While there are identical harsh provisions against employers in case of an illegal lockout, it is much easier for a factory owner to fork out Rs 50,000 than for a worker living without wages.

While the government had to go slow on the Labour Code on Industrial Relations Bill due to opposition from the Sangh's own trade union - BMS - it managed to pass laws that adopted the Rajasthan norms on 100-hours of overtime per quarter, and allowed companies in every sector to hire contract workers.

The Modi government's labour and economic policies were supposed to make it easier to do business in India. Removing the so-called rigidities in labour laws was supposed to increase employment. While India has gone up in rankings in the ease of doing business, it is clear that it has neither helped create more jobs, nor has it made the worker's life better.

For India's 40 crore workers, May Day now means a distress call.

(Aunindyo Chakravarty was Senior Managing Editor of NDTV's Hindi and Business news channels. He now anchors Simple Samachar on NDTV India. He tweets @AunindyoC. This is an opinion piece. The views

expressed above are the author's own. The Quint neither endorses nor is responsible for them.)

## **This graveyard shift comes with no fixed wages**

[Muralidhara Khajane](#)

BENGALURU, APRIL 30, 2019

THE  HINDU

### ***Gravediggers in Bengaluru say they will strike work if they are not paid their dues***

Putting a body to rest is hours of work, says Anthony Swamy, 40, alias Kutty of Kalpalli burial ground in Byappanahalli. He has been working at Kalpalli since he was 10 and is livid that his labour is not recognised by the Bruhat Bengaluru Mahanagara Palike (BBMP), with the civic body yet to pay him fixed wages.

"It has become difficult to maintain a family of six in the absence of fixed wages. The BBMP, which fixed wages of Rs.1,000 a month in 2009 on a 11-month contract, stopped it when we expressed our unhappiness with the contractual system," he said.

Shouri Raj, another gravedigger, who was born in this burial ground 42 years ago, said that BBMP had promised to revise the wages and pay Rs.17,000 in 2017, following a protest, but has failed to do so.

The workers say that they are dependent on whatever is offered by the families who bring bodies to bury. In 2017, under the banner of Dr. B.R. Ambedkar Dalit Sangarsha Samiti, the graveyard workers protested by performing their own mock funeral rites. It was then that the BBMP conducted a survey and identified 232 families that worked in burial grounds. The BBMP announced employment for one member of the family and agreed to pay Rs.17,000. In addition, civic body also announced support to renovate the gravediggers' homes in the burial grounds.

"Our children too are ending up in the same profession as us because we cannot provide them basic education," says Naresh, 41, a gravedigger in Ulsoor graveyard. "We don't have weekly offs, ESI and PF facility," added M. Eshar, who has been working at T.R. Mill crematorium in Chamarajpet.

"We take care of the dead. Don't we deserve a decent living?" asked Nandan, who started working in CMH graveyard in 1974.

"It is not right to take the service of gravediggers and crematorium workers for granted. If they protest and stop work, that would become a major problem for the city," cautioned Mr. Shouri Raj, who is also secretary of the Dalit organisation.

Now, the organisation has set May 25 as the deadline for BBMP to meet the gravediggers' long-pending demands. They have threatened to close down all crematoriums and graveyards across the city from May 27 if their demands are not met.

BBMP's Special Commissioner (Finance and Welfare) D. Randeep said the bills for payment of wages to gravediggers had been raised and would be cleared soon. The council, a couple of years ago, had resolved to enhance their wages. "However, with regard to further enhancement of their salaries on a par with that of pourakarmikas will have to be examined," he said.

## **An employment-oriented economic policy**

[Pulapre Balakrishnan](#)

MAY 01, 2019

THE  HINDU

***In the heated debate on jobs, the crucial link between macroeconomic policy and unemployment has not been flagged***

Innumerable tasks with respect to the economy await the winner of the parliamentary elections now under way, but two may be mentioned and

they are connected. The first is to review the conduct of macroeconomic policy. Though it must come across as arcane, this is an element of public policy that makes a difference to whether we enjoy economic security or not. This brings up the second task for the winner, namely employment generation.

The macroeconomic policy pursued in the past five years needs overhauling. The government has continued with fiscal consolidation, or shrinking the deficit, while mandating the Reserve Bank of India (RBI) to exclusively target inflation leaving aside all other considerations. This has contracted demand. That high fiscal deficits and high inflation per se can never be good for an economy does not justify a permanently tight macroeconomic stance. The rationale given for one is that it is conducive to private investment, said to be shy of fiscal deficits and held back by inflation. Both the deficit and inflation have trended downward in the past five years, yet investment as a share of national income has remained frozen.

### **Inflation targeting**

Now, while fiscal consolidation was something the Narendra Modi government had inherited, it has taken credit for having moved India onto the path of 'inflation targeting'. Arguably though, India has seen a virtual inflation targeting since 2013 when the policies of the RBI became more closely aligned to the practices of central banks in western economies. Thus in 2013-14 the real policy rate saw a positive swing of over four percentage points, and it has more or less remained there. Admittedly, at double digits, inflation had been high in 2012-13 but that could have been due to abnormal hikes in the procurement price and not due to runaway growth. However, as the theory underlying inflation targeting asserts that it reflects an over-heating economy, an interest-rate hike is triggered. The high interest rate regime in place since 2013 could not but have had a negative impact on growth by raising the cost of capital to industry. The negative impact of a high policy rate may, however, have appeared elsewhere too.



## **Reviewing RBI's role**

A regime of high interest rates can be bad not only for investment — and thus for growth and employment — but also for financial stability. Sharp increases in interest rates can trigger distress. A trade-off between low inflation and financial stability could emerge depending upon how the former was purchased. If low inflation is achieved via high interest rates it can trigger financial instability in two ways. The first is via the direct impact on the cost of financing in a floating interest-rate regime; a higher policy rate translating into a higher borrowing rate. Second, if rising interest lowers growth, revenue will grow more slowly for firms. Both these mechanisms can render once-sound projects unprofitable, leaving banks stressed. It appears that this did not find a place in the operating manual that goes with the 'modern monetary policy framework', with inflation targeting as its primary focus, instituted in India in 2015. That our concerns are not purely imaginary is evident in the fact that there has been a growth of non-performing assets of banks even after a change in the method of classification first resulted in their surging in 2015. This feature along with the spectacular collapse of the giant Infrastructure Leasing and Financial Services Ltd (IL&FS) recently point to the need to review the role of the RBI.

Experience suggests that it must be tasked with far greater responsibility for maintaining financial stability while being granted wider powers. It goes without saying that the Finance Ministry and its nominees on the RBI Board should desist from insisting upon actions that could jeopardise financial stability in trying to quicken the economy. At the same time, the RBI's leadership may want to reflect on the mindset that leads to publicly lecturing the government of India on the fate of incurring the "wrath of financial markets". Whatever be the compulsions of securing the balance of payments, such a view privileges the interests of international finance capital over the public interest in a democracy. It also suggests that the movements in the financial markets are to be treated as the bellwether in economic policy-making. Actually, over the past 30 years, from Mexico to southeast Asia, financial markets can be seen to have been fickle, self-

servicing and capable of causing great harm as they switch base globally in search of profits through speculation.

The entire gamut of macroeconomic policy in India needs re-thinking. In the heated public debate on job creation that we have seen recently, the link between macroeconomic policy and unemployment has not been flagged. When policy holds back investment, and we have seen above that it can, the prospect for employment growth is weak. The conduct of macroeconomic policy in India in recent years has compromised the principle that its two arms of fiscal and monetary policy must be used in a countervailing matter if aggregate demand is not to be affected. Instead, for too long, macroeconomic policy in India has been contractionary across the board, impacting employment adversely.

### **Job creation**

Even as we shift towards macroeconomic policies that maintain the level of aggregate demand, we can assist the unemployed by strengthening the employment programme we already have, namely the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS). Three actions may be taken towards this end. First, there have been reports that though the budgetary allocation for the scheme may have increased, workers face delay in payment. This is unacceptable, especially in this digital era when beneficiary identification and money transfer are cheap and reliable. Second, as has been suggested, there is a case for extending the MGNREGS to urban India for there is unemployment there. Of course, some rationalisation of existing public expenditure would be needed to generate the fiscal space needed, but we may yet expect a positive sum outcome when this is done imaginatively.

However, as with macroeconomic policies, a thorough review of how the MGNREGS works on the ground is necessary. In the context, we often find a reference to "asset creation". This is an important criterion but we need not rule out the provision of public services under the scheme. The point is to ensure that we have desirable outcomes beyond just the job statistics. There is reason to believe that this matter is given no

importance in the implementation of the scheme at present. An example would make this clear.

In Kerala, employment under the MGNREGS is also organised to clear the vegetation at the roadside. However, what at times is found to remain after the MGNREGS work team has left is the garbage that was earlier concealed by the undergrowth. The organised 'cleaning' expertly skirts the garbage unconscionably deposited at the roadside! This is more than just a matter of aesthetics and can be dangerous when, for instance, waste from abattoirs has been dumped in the shrubbery. It makes a mockery of publicly-funded programmes that they can leave us worse off, and speaks of the unaccountability that pervades so much of government intervention in the economy. But recognising the hazard opens up an opportunity for improvement. The MGNREGS should target the waste dotting our countryside, and when extended to urban India should aid municipal waste-management efforts. We would then have a cleaner environment and have at the same time created jobs. That would a fitting tribute to the man after whom the programme is named, one who had worked for a clean India much of his life.

*(Pulapre Balakrishnan is Professor of Ashoka University and Senior Fellow of IIM Kozhikode)*

## **RCom to begin insolvency process**

[Piyush Pandey](#)

MUMBAI, APRIL 30, 2019

THE  HINDU

### ***As bidder, Jio tipped to have an edge***

Insolvency proceedings against Reliance Communications (RCom) are set to begin, following the debt-laden telco's inability to carry through the Rs.25,000-crore deal between the Ambani brothers. The National Company Law Appellate Tribunal (NCLAT), on Tuesday approved RCom's application for lifting the moratorium on insolvency and bankruptcy, and directed that the moratorium on RCom's assets be maintained.

RCom has moved insolvency proceedings in the Mumbai bench of the National Company Law Tribunal (NCLT), which will hear the case on May 7.

The IBC process will begin with the appointment of an Insolvency Resolution Professional, a source in the know of the development told *The Hindu*. RCom had moved the NCLAT on February 4, 2019 to withdraw its earlier appeal of stay on the proceedings for insolvency so that it could move ahead with the resolution plan through the NCLT process.

Reliance Jio is again tipped to be the sole bidder for RCom, a company that Mukesh Ambani nurtured, but had to part with, with the division of the Reliance empire in 2005. "Reliance Jio is running on RCom's towers, fibers, using RCom's spectrum, so it is a natural bidder for RCom. But, this time, Jio will have to submit a resolution plan for RCom and that will be much discounted compared to the deal agreed to between the Ambani brothers," said another source in the know of the development.

#### **'Failed deal'**

Reliance Jio had earlier agreed to buy assets comprising towers, optic fibers, media convergence nodes (MCNs) and spectrum assets for Rs.25,000, but the transaction fell through as Reliance Jio refused take liabilities of past dues of Reliance Communications, a pre-condition to get the Department of Telecommunication's approval.

"Earlier, we were buying only assets that we needed, now you need to submit a resolution plan for RCom. It's a different ball game.

"Let's wait and watch what comes out of it. Without RCom's assets also, we are self-sufficient in terms of spectrum, towers and optic fibre," a Reliance Jio senior official told *The Hindu*.

The NCLAT also directed that the company or its guarantors cannot invoke any guarantee, mortgage or other instruments without the permission of NCLAT or the Supreme Court. Under IBC provisions, financial creditors or secured creditors get preference over operational creditors when a company goes for insolvency.

“All legal cases and other liabilities now stand suspended with the company moving back to the NCLT process,” said a RCom official.

## **Now, employees' consortium to bid for Jet Airways; seeks to raise Rs.3,000 crore from outside investors**

[PTI](#)

NEW DELHI, APRIL 29, 2019

THE HINDU

***While SWIP has around 800 members, there are about 500 employees with JAMEVA***

As uncertainty continues over the fate of the shuttered Jet Airways, an employees' consortium has proposed to take over the airline with at least Rs.3,000 crore expected from outside investors for the bid, according to two staff unions.

This is the first time that employees have come together with a proposal to run the more than 25-year-old Jet Airways, which temporarily suspended operations on April 17.

Two associations representing pilots and engineers — SWIP and JAMEVA — have written to State Bank of India (SBI) Chairman Rajnish Kumar proposing that they would like to take over the airline and can bring in up to Rs.7,000 crore.

The Society for Welfare of Indian Pilots (SWIP) and the Jet Aircraft Maintenance Engineers Welfare Association (JAMEVA) have written a letter to the SBI chief asking the lead lender to consider “employee consortium” as an intending bidder for the carrier.

While SWIP has around 800 members, there are about 500 employees with JAMEVA.

“The contribution from employees would be realised from their future earnings and increased productivity... As per our initial estimate, the contribution of employees group over a hypothetical 5-year Employee Stock Ownership Programme [ESOP] is likely to be upward of Rs.4,000 crore.

“In addition, we are also confident of securing an investment commitment of up to Rs.3,000 crore from outside investors,” the letter, dated April 29, said.

The letter has been signed by four people — SWIP general secretary Ashwani Tyagi, JAMEVA president Ashish Kumar Mohanty, Jet Airways manager (human resources) B.B. Singh and Jet Lite senior vice-president (operations) and accountable manager P.P. Singh.

The deadline for submitting initial bids have already ended and the list of shortlisted entities is expected to be finalised on May 10.

SBI Capital Markets, on behalf of the lenders’ consortium led by the SBI, is managing the bidding process.

“We confirm that a proposal for employee takeover of Jet Airways has been submitted by us... We are optimistic that the banks and Government of India will give our plan a serious consideration,” the two unions said in a joint statement.

Mr. Tyagi said the letter has also been signed by two officials of the airline.

Cash-starved Jet Airways stopped operations on April 17 after lenders decided not to extend emergency funds. Since then, employees have held gatherings in various cities and have also met various Ministers with pleas to save the airline.

# The road ahead for IBC, post SC judgment

[Vinod Jain](#) | April 30, 2019  
THE HINDU  
**BusinessLine**

***Existing references to IBC are open to scrutiny. The Centre will have to quickly take stock of the situation***

***The Supreme Court on April 2 declared the RBI circular of February 12, 2018, as “ultravires, Section 35AA of the Banking Regulation Act”***

The RBI circular directed all banks to identify borrowers having fund-based and/or non-fund based exposure of Rs.5 crore or above and to report, in case of even “one day default” by any of the borrowers, to the Central Repository of Information on Large Credits (CRILC). And, a time-bound resolution plan (RP) had to be implemented for all such default accounts.

If an RP in respect of large accounts with aggregate exposure of Rs.2,000 crore or above (on or after March 1, 2018) is not fully implemented within 180 days, the lenders were directed to file insolvency application severally or jointly under the Insolvency and Bankruptcy Code (IBC) within 15 days from the expiry of the timeline.

The above guidelines, through the February 12 circular, were issued in exercise of power conferred under Sections 35A, 35AA (read with S.O.143(E) dated May 5, 2017, issued by Government of India) and Section 45L of the Reserve Bank of India Act, 1934.

The Supreme Court has observed that “Section-35AA makes it clear that the Central Government may, by order, authorise RBI to issue directions to any banking company or banking companies when it comes to initiating the insolvency resolution process under the provisions of the Insolvency

Code. The first thing to be noted is that without such authorisation, the RBI would have no such power.”

### **The emerging scenario**

The clarification of the Supreme Court may have far-reaching consequences:

All actions taken up to now by the banks under the circular, being faulted at the very inception, will stand unravelled.

Wherever the lender(s) had approached NCLT in pursuance to the RBI circular, such cases will stand vacated/dismissed or will have to be withdrawn.

Banks severally or jointly will be free take a call on whether to invoke insolvency proceedings in IBC on a case-to-case basis in terms of provisions of Insolvency and Bankruptcy Code.

The RBI will have to carefully examine each specific case of default in case of each specific borrower before issuance of any direction to banks/lenders to invoke insolvency proceedings.

The Central Government authorisation will be required to be sought by the RBI, in terms of Section-35AA, in each specific case of default of a specific borrower. The general authorisation by Central Government is not contemplated by Section -35AA.

A still serious question may also arise as to legal validity of the list of top 12 defaulter companies issued by the RBI on June 13, 2017, with a direction to banks for immediate reference to IBC.

These directions were issued after Section-35AA came into force and the test laid down by the Supreme Court order dated April 2 of a “specific debtor” with a “specific default” is binding in nature. The RBI and lenders concerned need to examine as to whether specific issues in respect of specific default of specific debtor were examined by RBI before issuing a direction to lenders to invoke IBC, and whether specific authorisation order was issued by Central Government in these specific cases of “a default”.



The legal validity of the insolvency process so far in all these cases otherwise will be subject to legal scrutiny in terms of the order of the Supreme Court in the case of *Dharani Sugar and Chemicals Ltd vs Union of India and others* as per their order dated April 2, 2019. The same will hold true for the second list and other cases mandated to lenders by the RBI.

The apex court ruling has opened the floodgates for a number of petitions before the High Court(s)/NCLT/NCLAT to review specific cases, in the light of the SC ruling declaring any generic direction under Section-35AA as invalid.

The Central Government, the RBI and the lenders also need to act swiftly, so that the insolvency process in terms of IBC does not come to a halt — in the absence of specific direction based on specific authorisation orders in deserving cases. It would also require a quick but in-depth examination of a potential revival of a defaulting company.

Where management change has taken place or in the process of taking place, close legal and equitable examination would be needed to provide justice to all stakeholders.

*(The writer is Chairman, INMACS)*



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