



## Union Budget 2019: Bank unions bat for strong loan recovery laws with provision to confiscate defaulters' assets

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### Firstpost.

**Mumbai:** Bank unions have called upon Finance Minister Nirmala Sitharaman to enact strong recovery laws with a provision to confiscate the personal assets of directors of defaulting companies.

Sitharaman, the first full-time woman finance minister, will be presenting the budget on 5 July.

In a pre-budget representation, the **All-India Bank Employees Association** said, "to facilitate loan recoveries, laws should be enacted/amended to confiscate personal assets of the directors in case of default by a company."



Fast-track courts shall have to be vested with more powers to recover bad loans and stringent laws should be enacted to ensure more recoveries, the unions said in a letter to the finance minister.

They also called for shutting down asset reconstructions companies.

The letter further said the Insolvency and Bankruptcy Code (IBC) is facilitating defaulters to get away easily as banks are forced to take huge haircuts.

"The IBC favours resolution of bad loans instead of recovery. Hence, the recovery mechanism should be strengthened instead of resolution process," the letter said.

To make the bankers more accountable, they said a system must be evolved to ensure accountability and responsibility on the part of MD/CEOs, executive directors and other senior executives of state-run banks who are involved in credit sanctions and of the loans became NPAs within one year.

With the rise in NPAs, the government should institute more debt recovery tribunals and fast-track courts to recover bad loans, it said, adding, "wilful defaults should be declared a criminal offence by suitable amendments."

"The RBI should publish the list of defaulters, who owe to banks more than Rs 1 crore, every six months with updates," the letter said.

The unions also suggested the finance minister to announce a separate development finance institution/bank to finance infrastructure projects.

"In the absence of domestic financial institutions, the public sector is now extending long-term credit to infrastructure projects and thus there is a distinct asset and liability mismatch. Short-term funds of banks are locked up in long-term projects, inflating NPAs," the letter said.

They also suggested the Reserve Bank stop issuing licences to private sector banks and also scrap on-tap licensing policy.

# **AIBEA urges FM to raise ceiling on IT to Rs 7.5 lakh in ensuing Budget**

Hyderabad, Jun 13 (UNI) UNITED NEWS OF INDIA

All India Bank Employees' Association (AIBEA) on Thursday urged Finance Minister Nirmala Sitharaman to raise upwards the ceiling on Income Tax for Salaried Persons to Rs 7.5 lakh with exclusion of fringe benefits like housing, medical and educational facilities.

In a letter to Ms Sitharaman, AIBEA General Secretary Ch Venkatachalam said the income tax rate above Rs.7.5 lakh and upto Rs.12 lakh should be 10% and above Rs. 12 lakhs upto Rs. 20 lakh, 20% and above Rs. 20 lakh and upto Rs 25 lakh it should be 25 per cent.

He said the income tax slab for rich individuals should be raised significantly.

For annual incomes between Rs. 25 lakh and Rs. 1 Crore, tax rate should be 35 per cent and for annual income above Rs 1 Crore, the tax rate shall be 40 per cent, he added.

Mr Venkatachalam said adequate steps to be initiated by the government to recover the tax dues from industrialists, high networth individuals and companies, corporates, through law enforcement agencies.

India's tax-GDP ratio is one of the lowest in the world. Further, the direct tax income is also quite low vis-à-vis the indirect taxes. While the indirect taxes burden in borne by all the people of the country, the lower direct tax collections result in rich getting incentive due to "low tax regime" while the poorer and common man gets taxed. Hence, proper mechanism should be devised to secure more direct tax income and by reducing the indirect tax viz., GST on various essential products and commodities, he said.

The top Union leader said the exemptions on tax and "tax holidays" to Corporates and industrialists should be scrapped and abolished.

Uniform tax rates for goods should be introduced throughout the country and adequate compensation should be paid to the State Governments by the Centre for such introduction, for the revenues that would be affected by such move.

The tax on all stock market and futures' transactions should be collected. Applicable tax should be collected for dividend income, Mr Venkatachalam said.

## **Report on 'unaccounted income' in India to be made public: AIBEA urges FM**

All India Bank Employees' Association (AIBEA) on Thursday urged Finance Minister Nirmala Sitharaman to make public the report on the unaccounted income in India as studied by the National Institute of Public Finance and Policy, which was commissioned by the Central Board of Direct Taxes about 6 years ago.

In a letter to Ms Sitharaman, AIBEA General Secretary C.H Venkatachalam, while giving proposals and suggestions for the ensuing budget said, a separate task force should be formed to unearth the unaccounted income and black money, which are in the form of assets, real estates, foreign currencies etc.

The report would throw light on as to how the black economy thrives in the country, which shall be the guiding factor for devising policies to curb black money, he said and added that there should be a definite plan to bring back the black money stashed away abroad.

Mr Venkatachalam said the names mentioned in the "Panama Papers" should be disclosed to public and stringent measures to be taken and initiated to bring back the money stashed away in the offshore tax havens.

He said the size of the black economy is more than 70% of the GDP and hence, urgent measures are required to curb the black economy, tax evaders and offenders.

The money unearthed shall be invested in social spending, infrastructure sector, essential sectors like health, education, food security, which sectors have very low budget allocations due to fiscal deficit targets.

To ensure that the Black money does not flow into the coffers of the political parties, the electoral bonds should be scrapped as there is no need for disclosure of the names of the donors, the AIBEA General Secretary said.

## **Take measures to recover exposure of pension and PF in IL&FS, NBFCs: AIBEA to FM**

All India Banks' Employees Association (AIBEA) has urged Finance Minister Nirmala Sitharaman to take measures to recover the exposure of Pension and Provident Funds in IL & FS and other debt-ridden NBFCs.

In a letter to Ms Sitharaman, AIBEA General Secretary CH Venkatachalam, while giving suggestions and proposals for the ensuing budget said, Pension and Provident Funds have exposures to IL&FS and other NBFCs.

The exposure of Postal Life Insurance Fund is Rs.687 Crore, the National Pension Scheme (NPS) exposure is Rs.1270 Crore, SBI Employees' Pension Fund exposure is Rs.425 Crore, SBI Employees' Provident exposure is Rs.410 Crore, Rural Postal Life Insurance Fund exposure is Rs.318 Crores and CBT EPF exposure is Rs.575 Crore.

These funds are from the retirement corpus to be payable to the employees and workers.

Therefore, the Government of India should purchase these investments from the Pension and Provident Funds, which shall facilitate them to invest these huge funds in a profitable manner elsewhere.

An announcement to this effect and allocation of funds should be made in the ensuing budget, Mr Venkatachalam said.

## **Interest on FDs should be exempted from purview of IT in budget: AIBEA urges Sitharaman**

All India Bank Employees' Association (AIBEA) on Thursday urged Finance Minister Nirmala Sitharaman to exempt interest on Fixed Deposits (FDs) from purview of Income Tax in the budget to be presented in Parliament on July 5.

In a letter to Ms Sitharaman, AIBEA General Secretary Ch Venkatachalam, while giving suggestions and proposals from Banking Sector to the Minister said, Right to Banking should be made a fundamental right and the rate of interest on Savings Bank Deposits needs to be revised upwardly by atleast 2 basis points.

He said the Banks should extend agriculture loan at the rate of 2% per annum (simple). The Banks should extend education loan at concessional rate of interest to the poorer sections of the people, at the rate of 5% per annum (simple) with interest subvention.

Mr Venkatachalam said II Private Sector Banks should be brought under the Public Sector. The Government should hold full control of public sector banks with 100% equity holding and shall not disinvest its shareholding.

Willful default of bank loans should be declared as a criminal offence through suitable amendment to law, Non-Performing Assets of the Banks have risen phenomenally and hence, the Government should institute more Debt Recovery Tribunals and Fast Track Courts to recover the bad loans, he added.

The AIBEA General Secretary said the Reserve Bank of India should publish the list of defaulters, who owe to the banks more than Rs.1 crore. This defaulters list should be published every six months with updates.

Section 45 of the RBI Act to be suitably amended to provide powers to RBI to publish the name of any defaulter in public interest, he said, adding Bank loan defaulters should be prohibited from contesting in any of the elections to local body, Legislative Assembly, Parliament or to hold any public office of profit. Such of those persons, who hold any such position at present should be made to relinquish their positions, Mr Venkatachalam said.

Mr Venkatachalam appealed to Ms Sitharaman that Fast track courts shall have to be vested with more powers to recover the bad loans and stringent laws should be enacted to ensure more recovery.

Assets Reconstructions Companies should be closed down. Instead measures should be taken to recover the bad loans than selling them to ARCs.

The Insolvency and Bankruptcy Code (IBC) is facilitating the Corporate defaulters to get away easily as the banks are forced to bear enormous "write-off" of bad loans in the name of "hair-cuts". IBC favours resolution of bad loans instead of recovery. Hence, recovery mechanism should be strengthened instead of resolution process, he said.

The Top Union Leader said, To facilitate recovery, recovery laws should be enacted/amended to confiscate the personal assets of the Directors in case of default by a company, in which they are directors.

Banks should be advised to institute separate vertical, headed by a General Manager, for recovery in "Prudentially Written Off/Technically Written Off" accounts. The details of such recovery shall have to be placed before the Boards of the Banks and submitted to the Ministry of Finance on a quarterly basis.

The AIBEA General Secretary said a system to be evolved to ensure accountability and responsibility on the part of the Managing Directors & CEOs/Executive Directors and other Executives of the Public Sector Banks in respect of sanction of credit, which turn into NPA within one year (quick mortality cases).

Periodical review should be made to identify the beneficiaries, whose debts/loans availed from the banks were written off with interest. The details should be submitted to the Boards of the Banks every Quarter.

There should be a strict supervision on corporate houses, who resort to External Commercial Borrowings, to ensure that the rules/guidelines envisaged by the Government are strictly adhered to instead of diversification, Mr Venkatachalam said.

He said the Public Sector Banks deal with short term and medium term Deposits. However, in the absence of Development Finance Banks, PSBs are now extending long term credit to huge infrastructure projects and thus there is a distinct Asset and Liability mismatch. Short Term funds of the Banks are locked up in long term projects. This inflates the NPAs of Banks in an alarming way.

Hence Government should announce separate DFI/Banks to finance long term infrastructure projects. The existing infrastructure loans should be transferred to this DFI. This will also instantly reduce the NPA percentage in PSBs, he added.

RBI has introduced the concept of "Banking Correspondents", with a view to ensure banking to the doorsteps of the rural population. However, banks are engaging contractors to hire "Banking Correspondents" which results in exploitation of the unemployed youth.

Instead, the banks themselves should engage "Banking Correspondents or Bank Mitras" as a separate category of employees with defined service conditions and uniform rules.

RBI should stop issuing licenses to private corporates to open banks and on tap licensing policy should be scrapped.

In the interest of the rural population and to ensure proper rural credit, the infrastructure of the Regional Rural Banks shall be utilized by merging them with the sponsor banks.

Cooperative banking institutions should be strengthened and recapitalized by collective mechanism of funding them by both Central and State

Governments by implementing the recommendations of Vaidyanathan Committee. A separate recapitalization fund of Rs.10 lakh crores be allocated in the budget for this purpose.

A fund of Rs.2 lakh crore shall have to be allocated every year in the budget to refinance the cooperative institutions in case of non-recovery of farm loans from small and marginal farmers owing to crop failure and nature's fury etc.

Profits of Co-op. Banking institutions should be exempt from the purview of income tax, atleast in relation to rural co-op. banks.

There should be expansion of public sector banks and to that effect, more branches should be opened in unbanked and rural areas. Hence, there should not be merger and consolidation of public sector banks which results in monopoly and also shrinkage of banking services.

Existing guidelines on outsourcing basic banking operations and regular banking jobs should be stopped and adequate recruitment of staff should be ensured in all the Banks.

The cost incurred by Banks due to demonetization in 2016-17 should be reimbursed by the Government of India to the Banks, by specific announcement in the Budget.

Banks should not offset or transfer the burden of Corporate NPAs and Bad Loans on banking customers by hiking charges and the increase in service charges, he said.

Mr Venkatachalam said Public Sector Banking in India is in the Golden Jubilee year. On July 19, Public Sector Banks in India would be completing 50 years of yeomen service to the nation.

Hence, the Government of India should celebrate the 50th anniversary of Bank Nationalisation in a befitting manner by advising all the Public Sector Banks to celebrate the occasion hailing their achievements in the last 50 years across all sectors.

# Central Trade Unions meet Finance Minister on Budget – Submit memorandum

**INTUC AITUC HMS CITU AIUTUC  
TUCC SEWA AICCTU UTUC LPF**

Dated 15.06.2019

**The Hon'ble Minister of Finance  
Government of India  
North Block,  
New Delhi, 110 001**

Sub: Trade unions view point on issues to be considered for framing budget for the year 2019-20

Madam,

We congratulate you for being appointed the Finance Minister of India. We hope that adequate financial allocations will be made by the Finance Ministry under your stewardship, to meet the long pending demands of the workers including the women workers who comprise large numbers of workers in the unorganised sector.

The joint memorandum being submitted by us, the 10 central trade unions who have been repeatedly raising these issues since several years, covers all the four themes of discussion suggested by you. Hence we are not covering each theme separately. These issues have been repeatedly raised by the central trade unions even during the tenure of the previous NDA regime. However we are constrained to repeat most of them in the absence of any positive response from the government in the last five years.

- **Minimum wage:** Minimum wage fixed on the basis of the recommendations of the 15<sup>th</sup> Indian Labour Conference and the Supreme Court judgment in Raptakos & Brett case and linked to Consumer Price Index, should be guaranteed to all workers. The 7<sup>th</sup> Pay Commission has worked this to be Rs 18000 per month, with effect from 1.01.2016, which the government has accepted. It has been over three years since that and the prices of all essential commodities have increased. The Expert Committee appointed by the Labour Ministry to decide the methodology of fixing minimum wage has artificially suppressed the minimum wage grossly underestimating the cost of living and arbitrarily cutting down the universally accepted calorie-requirement standard which is totally unacceptable. Hence, the national minimum wage should be fixed at not be less than Rs 20000 per month. Need based minimum wage should be considered as an essential part of social security.
- **Employment generation:** Employment generation has nosedived in the recent period. Massive public investment in infrastructure, social sectors

and agriculture would generate employment. The union budget should give priority and allocate the necessary funds for this. Emphasis should be on raising the internal demand rather than exports. All vacant sanctioned posts in the different government departments including in the health, education departments and institutions, in the Railways, PSUs and autonomous institutions should be filled up through fresh recruitment. The ban on creation of new posts and mandatory reduction of government posts should be lifted. Denial of level playing field to many PSUs (BSNL, MTNL, ITI etc.) is putting thousands of jobs in jeopardy. The provision of "fixed term employment" also should be done away with and concerned notification should be rescinded forthwith.

- **Skill development:** Government has been heavily incentivising the employers for engaging apprentices in the name of skill development. The employers, particularly in private sector, including MNCs, are taking advantage of this by deploying apprentices in regular production jobs year after year and gradually cutting down regular employment thereby saving hugely on the statutory social security expenses and wages also. This practice must be stopped by regularising the apprentices working years together on regular production lines as workers.

Simultaneously the role of the skill development agencies, mostly in private sector, availing government support needs to be inspected and scrutinised. A white paper should be published on the working of these skill development agencies. The government must also intervene to ensure placement in regular jobs, of those getting trained in those agencies.

- **Increase budgetary allocations for social sector:** The government should increase allocations on social sector and basic essential services like health, education, food security etc in the Union Budget, particularly in terms of improving infrastructure, filling up of all vacancies and creating new jobs to meet the increasing needs of the population. The necessary financial resources should be raised by increasing direct income tax and corporate tax, wealth tax, while reducing the GST, thus reducing the increasing income gap.
- **Effective measures against deliberate tax and loan repayment defaults:** Effective and firm measures should be taken against deliberate tax default by the big business and corporate lobby to curtail the huge accumulation of unpaid taxes, which have been continuously increasing. Further, wilful default should be made a criminal offence, the list of wilful defaulters should be made public and stringent measures such as fast track Debt Recovery Tribunals should be implemented for speedy recovery of loans.
- **Resolve demands** of the Government employees regarding 7<sup>th</sup> Pay Commission.

- **Price rise:** Speculative forward trading and hoarding are major factors contributing to the price rise of essential commodities, particularly of food items. It has become impossible for the workers and other toiling people to meet their basic daily needs. One of the major contributing factors for this is the speculative forward trading and hoarding. The government should ban speculative forward trading in essential commodities, take strong measures to curtail hoarding and strengthen Public Distribution System, making it universal. Stop the system of cash transfer to beneficiaries' accounts in lieu of PDS
- **Stop disinvestment and strategic sale of public sector units:** The reported pronouncements about disinvestment, closure and sale of the public sector units, by those in governance are a matter of grave concern. The public sector has to be strengthened and expanded. Budgetary support should be provided for the revival of potentially viable sick public sector units. Strategic sale of the profit making PSUs, which is being resorted to at present should be stopped. The amendments to the Motor Vehicle Act, which pave the way for privatisation of the state - owned public transport system should be withdrawn. So also the proposed amendments to Electricity Act 2003 should be shelved.
- **Prevent dumping:** The increasing import of industrial commodities including capital goods should be contained and regulated to prevent dumping. Protect and promote domestic industries. This will also help in preventing job losses.
- **Extend MGNREGA:** Expenditure on MGNREGA should be increased to cover all rural areas. Ensure immediate payment of accumulated unpaid wages to workers employed under MGNREGA. It should be amended to include the urban areas as well. The unanimous recommendation of 43<sup>rd</sup> ILC to extend the scheme to urban areas, guarantee employment for a minimum of 200 days with statutory minimum wage, should be implemented. Payment of wages for the work done, pending for many months should be immediately paid.
- **Contract and casual workers:** No contract/casual workers should be deployed on jobs of perennial nature. The contract and casual workers doing the same and similar work as the permanent workers should be paid the same wages and benefits as paid to regular workers as directed by Hon'ble Supreme Court of India in 2016.
- **FDI:** The CTUs have been repeatedly demanding that FDI should not be allowed in crucial sectors like defence production, railways, financial sector, retail trade etc. But the government has persisted with this policy. Corporates with large NPAs are allowed to invest in sensitive sectors like defence. We reiterate the demands that FDI should not be allowed in the crucial sectors.

- **Defence:** Privatisation and/or outsourcing of the defence sector production should be stopped. The order of outsourcing of the 272 items being produced by the public sector ordinance factories should be withdrawn.
- **Scheme workers:** Regularise the workforce employed in the various schemes of government of India including the ICDS, NHM, Midday Meal Programme, National Child Labour Project, Sarva Siksha Abhiyan etc. Till this is done, at least immediately implement the recommendation of the 45<sup>th</sup> ILC that these scheme workers should be recognised as 'workers', they should be paid minimum wages and provided social security benefits including pension. Increase budgetary allocations to these schemes and stop privatisation of these schemes in any form. The government should implement Gender Budgeting in view of these almost exclusively female workers.
- **Domestic workers:** The government should ratify the ILO Convention 189 and enact a central law and create support system for domestic workers.
- **Unorganised workers:** Create a National Fund for Unorganised Workers to provide social security for all unorganised workers including contract, casual, migrant workers etc. Direct all state governments to frame rules under the Street Vendors (Protection of Livelihood and Regulation of Street Vending) Act and allocate funds for developing street vending as livelihood model. Management of cess under the Building and Other Construction Workers' Welfare Board, Beedi Workers Welfare Board etc. should be made the responsibility of Ministry of Finance, which should ensure its proper collection, stoppage of evasion and utilisation.
- **Labour law reforms:** Stop labour law amendments that curtail the basic and trade union rights of workers and provide unhindered 'hire and fire' facilities to the employers. The Code on Wages Bill, at present before the Standing Committee on Labour and on the draft Code on Industrial Relations Bill should be finalised on the basis of the opinions of the central trade unions expressed unanimously. No labour law amendment should be undertaken without the consent of the trade unions and workers who are the main stakeholders and the most affected.
- **EPF:** The threshold limit for coverage under EPF scheme should be brought down to 10 employees. Government and employers' contribution should be increased to provide a minimum pension of Rs 6000 per month and make it sustainable. As an immediate measure Govt should allot more fund to increase the minimum pension under EPS-1995. Stop investing EPF funds in share market. The status of EPF funds placed with IL&FS and others like DHFL etc on investment, gains or loss thereon must be put on public domain for scrutiny and corrective action. The Supreme Court has given a judgment and order for higher payment of pension under EPS – 95. This option should be made available for all

workers covered under the said scheme, whether exempted or unexempted.

- **Pension for all:** Pension should be construed as deferred wage and all workers who are not covered by any pension scheme should be ensured a pension not less than Rs 6,000/- per month.
- **New Pension scheme:** NPS should be withdrawn. All central and state government employees recruited on or after 1.1.2004 should be covered under the Old Pension Scheme under "defined benefit system".
- **Gratuity:** Gratuity under the Payment of Gratuity Act should be calculated on 30 days wages instead of 15 days per completed year of service, without any ceiling.
- **AADHAAR:** Government should not make AADHAAR linking compulsory.
- **Closed and sick factories:** Ensure that workers of closed factories get their dues within a fixed time limit. Sudden winding up of the BIFR has left many stakeholders without a remedy. Rules for carrying out the provisions of the Sick Industrial Companies (Special Provisions) Repeal Act, 2003, should be framed immediately to facilitate them.
- **Income tax exemption:** The ceiling for income tax for salaried persons and pensioners should be raised to Rs 10 lakh per year. Income Tax ceiling for senior citizens should be raised to Rs.8 lakhs. All perks and fringe benefits like housing, medical and educational facilities and running allowances in railways should be exempted from income tax net totally.
- **Political funding:** Recently the government removed the limit on the amount companies can donate to political parties and the need to name the political party receiving the funds. This is far from the transparency promised in public life. The earlier regime should be restored. The electoral bonds scheme should be immediately scrapped.
- **Railways:** Adequate financial resources should be allotted to the railways to ensure more effective, accessible and affordable transport to the common people, particularly the poor. The capabilities of public sector production units should be utilised fully, further developed and strengthened. No measure should be taken to privatise the railways. The measures to hand over the railway stations across the country to private players should be immediately stopped. Any property of railways should not be handed over to private sector through lease or sale. The decision for closure of Railway Printing Presses should be withdrawn. The decision to allow 100% FDI in railways should be withdrawn. The pending expansion, track renewal, signals up gradation projects should be completed at the earliest. Adequate financial resources should be allocated to improve safety systems and ensure safe rail travel for the people. All the vacancies in the railways should be filled up. The long pending demands of the railway employees like enhancement of ceiling in

respect of running allowance for tax exemption, housing scheme etc should be addressed positively.

**To conclude:**

We reiterate our strong opposition to the anti-worker measures being undertaken by the government on the pretext of improving the 'ease of doing business', to benefit the employers, particularly the big corporates, domestic and foreign.

We once again urge upon the government to take concrete measures to resolve the 12 point charter of demands of the working people, being repeatedly raised by the central trade unions, as well as the pressing issues listed above.

We regret that none of the suggestions of the central trade unions, made in the earlier pre budget meetings were incorporated in the previous budgets. We hope that this would not be repeated yet again and the points raised by us will be given positive consideration while framing budget 2018-19.

## **50<sup>TH</sup> ANNIVERSARY OF BANK NATIONALISATION**

### **19<sup>TH</sup> JULY, 1969 – 2019**

- **WE HAIL - NATIONALISATION OF BANKS**
- **WE DEMAND - STRENGTHENING OF PUBLIC SECTOR BANKS**
- **WE OPPOSE - PRIVATISATION OF BANKS**
- **WE DEMAND - STRINGENT MEASURES TO RECOVER BAD LOANS**
- **WE DEMAND - NATIONALISATION OF ICICI BANK AND ALL PRIVATE BANKS**
- **WE PLEDGE - BETTER CUSTOMER SERVICES TO THE COMMON PEOPLE**

## **ALL INDIA BANK EMPLOYEES' ASSOCIATION**



## **ALL INDIA BANK EMPLOYEES' ASSOCIATION**

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