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***Common Bond,  
March - 2013***

## THE REFORMS

The meaning of the word "Reform" in the general parlance is to change the existing "Form" to suit for a particular requirement, based on the changed environment. The word "Reforms" in the Indian politics in the context of the economy of the country during the last two decades or so is the most abused word by the proponents of the market economy which is meant for opening up of our market to the outside affluent world.

The economic policy drive during this period is to fulfill the commitment our Government has given to the World Bank and other international agencies. It is also to relax from its domestic policies by removing all barriers built by the successive Government since independence to protect our own industry and to generate employment opportunities internally, and maintain the freedom that was won through the sacrifice and struggles made by our freedom fighters against the colonial regime.

The post independent India saw people encounter with the basic problem of food, shelter, clothing, education etc., who were expecting that their miseries will be removed through the self governance by our own people. Hence, the Government decided that the core resources of the country should be under the control of the Government while the lesser important areas could be allocated to the Private Sector. Thus having a mixed economic policy wherein both the Public and Private Sector will function complimentary to each other while the Government will be controlling the natural resources of the country. The Government was the owner of all industries established to meet the capital goods, exploitation of mineral resources, distribution of sensitive goods

and services, agriculture, education etc. These basic needs were required for eradication of poverty and for uplifting millions and millions of people living below the poverty line. It gave a dramatic change in the country that saw the country emerging as a self reliant nation in the field of food, milk, basic education, and in so many other major areas. The country has also witnessed a spectacular growth of the Public Sector units which became a role model for several other third world countries all over the world while an eye sore to the western countries.

During 1980's the Western countries in particular UK who faced severe economic crisis due to the labour unrest, growing unemployment, uncontrolled public expenditure etc. Margret Thatcher, the then Prime Minister of Britain declared that "it is not the business of the Government to be in business" and thus dismantled the public control over several core sector of the economy thus ushering the era of globalization. The continuous military expenditure by the Western countries at the behest of US regime made the market of the western countries got shrunk and they had to look for the market elsewhere in particular the third world countries including the Asian continent. Thus by using the World Bank and IMF, the third world countries were forced to tow the line of the Western countries. The 1990's saw the emergence of reforms in the economies of the various countries in the name of globalization of the economy and integration of the world market to allow the multinationals to operate in any country that they wish to invest. The inflow of foreign capital was made a bait to allow the entry of foreign and multinational operators in the country. The financial sector in particular the Banking Industry became the first victim of the opening up of the

economy. The reforms were meant to bring about a radical change in the ownership of the public sector by the Government and throw open the core sector to the multinationals in the name of getting foreign investment and also technological expertise. This did not cut much ice with the Trade Unions in the Country and the unions in Banking Industry fought bitterly against each and every move of the Government for almost two decades in regard to the initiative of the Government to hand over the Public Sector Banks in the name of consolidation of the banking industry. A series of strikes and agitations were conducted during the last 2 decades. But for the struggles launched by the Trade Unions in the Banking Industry under the banner of the United Forum of Bank Unions which has got the support of all nine major trade unions, commanding over one million members in the country, the successive Central Government could not succeed. in dilution of the equity of the Banks to less than 51% The Reserve Bank of India did not oblige the Government to speed up the reforms and give up, the regulatory functioning in total, despite the pressures from the Ministry of Finance. Thanks to the US economic recession which proved that the Trade Unions in India were justified in their opposition to allow the private and foreign participation in the banking industry. The Public Sector Banks in the country is still a force to reckon with. The unions in the old generation private sector banks also played a major role in protecting their banks from pouching to a large extent and also joining in the joint struggle to protect the interest of the depositors in the country. The slogan that the resources mobilized by the people of the country should be spent for the welfare of the

common people of the country caught the imagination of the whole nation and there has been wider support for the cause of the unions in defending the banking industry and retaining the ownership with the domestic players as well as with the Government.

The amendment to the Banking Regulation Act, has now turned out to be yet another challenge to the unions. The Unions gave a call for 2 days massive strike all over the country against this move and also against the several anti-people policies of the Government in order to protect the interest of the common man. The plea of huge capital requirement is just an alibi to enable allow the private participation in the equity. The Government has a duty to provide adequate capital to the banking industry in view of the commitment of the banking industry towards the economic growth of the people of the country in particular the lending towards priority sector. The strike was also to send a message to the Government that the anti-labour policies cannot be tolerated in the country and the unions would retaliate with full force at its command. Unfortunately, all these ill advised moves are being implemented by the Government in the name of reforms in each and every sector of the economy. The simple meaning of the "Reforms" in the current context is to hand over the wealth of the nation to the few individuals while allowing the teeming millions and millions of people living below the poverty line to have a natural death in course of time. The fight against the so-called "Reforms" is therefore rightly be termed as a second freedom struggle to protect the country from exploitation by the Multinationals in course of time. ●



**CONGRATULATIONS TO ALL OUR COMRADES  
MASSIVE RESPONSE TO 2 DAYS' STRIKE  
BANKING INDUSTRY VIRTUALLY CLOSED  
UFBU CALL RESPONDED BY OVER ONE MILLION EMPLOYEES  
CAMPAIGN AND STRUGGLE AGAINST ANTI-PEOPLE POLICY TO CONTINUE**

**C**omrades, it is yet another demonstration of unity and solidarity amongst the working class in our country to-day in response to two days strike call on 20th and 21st given by the entire trade union fraternity, sponsored by the Central Trade Unions, independent Federations and associations of the working class. We

have recorded yet another golden chapter in the history of Bank employees' movement in the country under the banner of the United Forum of Bank Unions which has the background of having fought on a continuous basis against the ill-advised moves of the Government in the name of reforms in the financial sector. The 9

**WORK IS WORSHIP, DO YOUR DUTY**

constituents of the United Forum of Bank Unions led the struggle from the forefront and the All India Bank Officers' Confederation being one of the major constituents of the UFBU participated in the struggle whole heartedly all over the country thereby virtually bringing down the shutters of the entire banking industry.

2. The strikers all over the country held massive demonstrations in front of the Head Quarters of the banks and other financial institutions in order to express their anger against the road roller tactics of the UPA Government and the recent attack on the Public Sector Units with a view to hand over these units to the Private Sector as well as the MNCs in the name of FDI, foreign equity etc. The leaders of various constituents of the United Forum of Bank Unions addressed the rallies all over the country and explained at length the need for sustained struggle in order to defend the interest of the public sector units and also the working class in the country. The issues that have been espoused for the purpose of the strike are dear not only to the Bank employees but also to the common man of the country since they are very adversely affected due to the so called opening up of the economy. The recent de-regulation of various essential commodities, the withdrawal of the subsidy in a systematic manner by the Government has greatly contributed to the rising cost of living thereby making the life of the people living below the poverty line as well as the working class including the middle class facing difficulty in these days.

3. The United Forum of Bank Unions had issued the strike notice covering the various issues flagged by the Central Trade Unions and also our own issues affecting the working condition of the employees and officers in the banking industry.

4. The major issues that were flagged for the 2 days strike are as follows-

1. Concrete measures to contain price rise.
2. Concrete measures for employment generation.
3. Strict enforcement of labour laws.
4. Universal social security cover for organized and unorganized workers and creation of National Social Security Fund and

5. Stoppage of disinvestment in Central and State PSUs/ Undertakings.
6. No Contractorisation of work of permanent / perennial nature and payment of wages and benefits to the contract workers at the same rate as available to the regular workers of the industry/ establishment.
7. Amendment of Minimum Wages Act to ensure universal coverage irrespective of the schedules and fixation of statutory minimum wage at not less than Rs. 10, 000/- linked with cost price index.
8. Remove all ceilings on payment and eligibility of Bonus, Provident Fund; Increase the quantum of gratuity.
9. Assured Pension for all.
10. Compulsory registration of trade unions within a period of 45 days and immediate ratification of the ILO Conventions Nos. 87 and 98.

#### **UFBU's CALL FOR STRIKE ON THE FOLLOWING ISSUES AND DEMANDS:**

- ➔ In support of the 10 point Charter of Demands of Central Trade Unions.
- ➔ Control alarming price rise.
- ➔ Stop anti-worker Labour Reforms - Hands off trade union rights.
- ➔ Stop Banking Reforms.
- ➔ Stop Outsourcing.
- ➔ Early wage revision.
- ➔ Settle pending issues like compassionate appointment scheme.

5. The strike also is intended to convey to the IBA and the Government our strong resentment over the apathy exhibited by them towards our own issues such as lack of initiative to commence the negotiations on 10th bipartite, the total apathy towards a number of issues such as the Compassionate Appointment Scheme etc., which are kept in cold storage for the last several years despite our continuous plea for an early solution to help

**SELF HELP IS BEST HELP**

the families of the deceased employees and officers in the banking industry.

6. The reports received from various parts of the country indicate that the demonstrations, rallies and processions were held in all State Head Quarters, District Head Quarters and smaller cities and towns throughout the country to express solidarity and unity of the working class throughout the country. The Capital of our country at Delhi witnessed a massive demonstration and rally addressed by the senior leaders of Bank Unions and also several public personalities including the members of legislative forums all over the country. The media also gave a wide coverage for the success of the strike in the entire financial sector and thus the issues on which we are on agitation received a wide coverage in the electronic media instantly.

7. We have also received reports from the affiliates of the Confederation all over the country of the successful implementation of the strike call given by the United Forum of Bank Unions. The leadership of the Confederation took active interest in ensuring success of the strike action throughout the country. The Local

Chapters of the United Forum of Bank Unions received a total support from our leaders from the Confederation.

8. The struggle is for the common cause and to ensure that the people of this country are protected from the exploitation of the MNC's and the affluent countries who are looking to capture the Indian markets to boost their sagging economies in their domestic markets.

9. Hence, let us resolve to rally round the United Forum of Bank Unions and participate in the continuous campaign and struggle in order to save the working class in our country.

10. Comrades, have demonstrated their strength of unity and solidarity through participation in the strike in total and hence it is for the Government and authorities concerned to draw appropriate message and halt all anti-people and anti-working class initiatives by them in the interest of the common man in our country.

11. The struggle has to continue. All our members and affiliates are requested to be in readiness for further course of agitation and rally round the United Forum of Bank Unions in all its future programs as well. ●



### **COM.D.N.THAKUR NOMINATED AS OFFICER – DIRECTOR ON THE BOARD OF UCO BANK**

We have pleasure in advising that Com.D.N.Thakur, Jt.General Secretary of All India UCO Bank Officers' Federation, our affiliate and Senior Manager of UCO Bank has been nominated as Officer-Director on the Board of UCO Bank for a period

of three years from 13th December, 2012; the date of notification. The text of relative notification is furnished overleaf. "Common Bond" congratulate Com.D.N.Thakur on his induction into the Board of UCO Bank and wish him all the best in his new assignment. ●

### **CORPORATION BANK OFFICERS' ORGANIZATION (CBOO) NEW OFFICE BEARERS**

At the triennial conference of Corporation Bank Officers' Organization held at Chennai on 26th and 27th January, 2013 the following office bearers were

unanimously elected, for the triennial period 2013-2016 along with other office bearers of the Zonal Committees

Com. D.N. Prakash	-	President
Com. Ekanath Baliga	-	General Secretary
Com. N.S. Krishna Raj	-	Treasurer

'Common Bond' congratulates the newly elected office bearers and wish them all success in their future endeavors.

**BE TRUTHFUL, BE FEARLESS**

## PRE – BUDGET CONSULTATIONS

The Hon'ble Finance Minister, Govt. of India, has commenced the pre-budget consultations with the trade unions, captains of industry etc. We have given our suggestions on various issues of annual budget. Our suggestions cover wide range of budgetary proposals including direct tax on salaried persons, employment generation and poverty eradication programmes. Our main thrust is on retaining the Public Sector character of the nationalised Banks.

### Our proposal as submitted to the Finance Minister was as follows:

Respected Sir,

#### PRE BUDGET CONSULTATIONS

We have been submitted our representations, Requesting to invite us for the pre- budget consultations and give us an opportunity to present our views on the various issues affecting the Banking Industry. We as a trade union of officers in the Banking Industry representing more than 2.50 lac officers are not extended the invitation for the pre-budget consultations. We are not affiliated any political party. While we once again request you to invite us for the pre-budget exercise, we wish to make the following suggestions, which kindly take note of at the time of preparation of the annual budget. We also would like to urge you to hold post - budget discussions with the trade unions, including us, as is held with the corporate Associations / Federations.

2. We express our serious concerns about the situation of the country's economy in the present global scenario. The country is reeling under high level of inflation leading to spiraling prices, huge job losses, poverty, mounting unemployment, agrarian crisis, which have attained menacing proportions. We observe that, most of the gains of DGP growth are being wholly garnered by the corporate, employers and investors and the common people of the country are left high and dry. The realistic growth of the economy is reflected in the GDP growth along with employment growth. Hence, we urge that, the ensuing budget should be people oriented addressing the issues of poverty, social infrastructure, unemployment, agrarian crisis etc.

3. Our views and suggestions on the various issues confronting the nation, the Banking Industry and the officers, working in the Banking Industry are as follows and we request you to take -up with all seriousness so as to find appropriate reflection in the budget to be presented to the Parliament.

#### ECONOMIC ISSUES:

- (a) Effective measures should be taken to curb the spiraling price rise and arrest the inflation.
- (b) Tax, duty, cess on petroleum products should be rationalized as a part of anti-inflationary measure.
- (c) Speculative forward trading in commodities should be banned.
- (d) The public distribution system should be strengthened and universalized/to take care of the poor people.
- (e) In view of huge job losses, and the mounting unemployment problem, the recruitment in Government Departments, Public Sector undertakings and autonomous institutions, should be encouraged.
- (f) All the stimulus packages including extension of concessions, tax holidays to the Corporate bodies, must be made conditional to ban retrenchment, layoffs, closures, wage cut, Voluntary Retirement /Separation Schemes and should be to create more and more employment opportunities.
- (g) The massive work force engaged in Integrated Child Development Scheme (ICDS), Guest Teachers, Shiksha Mitra, Vidya Volunteers, Mid-Day Meal Scheme, should be regularized. The workers engaged in the Accredited Health Activities (Asha) should be brought under the cover of statutory minimum wages and social security.

Universalisation of ICDS is done as per the directions of the Supreme Court, by making adequate budgetary allocations.

**SUCCESS COMES ONLY TO THOSE, WHO DARE AND ACT**

- (h) The coverage and scope of MGNREGA should be extended to urban areas as well, and employment should be guaranteed for a minimum period of 200 days with guaranteed statutory wage.
- (i) Steps must be initiated for removal of all restrictive provisions based on poverty line in respect of eligibility coverage of the schemes under Unorganized Workers' Social Security Act 2008 and allocation of adequate resources for the National Fund for Unorganized Workers (as fixed percentage of GDP) to provide for Social Security to more than 43.5 crore unorganized sector workers including the contract, casual and migrant workers'.

#### **PUBLIC SECTOR UNDERTAKINGS INCLUDING PUBLIC SECTOR BANKS.**

- (a) Investment by the Central Government must be increased for creation of assets and decent employment. For the purpose, the Public Sector Units Undertakings should be strengthened and expanded. Disinvestment of shares of Public Sector Undertakings should be stopped forthwith and their huge reserves and surplus of more than Rs.6 lac crores should be used for rehabilitation of Sick Central Public Sector Undertakings and for modernization and expansion of other Central Public Sector Undertakings. It is pertinent to note that the CPSUs are having average debt equity ratio of 0.75: 1 as compared to 2.3:1 in Private Sector. Public Sector undertakings should be allowed to have more access to debt market of Banks and Financial Institutions instead of resource mobilization in equity market, through disinvestment.
- (b) The financial sector, including Banks and Insurance, which stood the test of time even the recent global melt-down, should be encouraged, enlarged and improved, instead of imposing the so called reforms, which will affect them and weaken their Public Sector Character.

#### **INCOME TAX EXEMPTION LIMIT:**

Income Tax Exemption ceiling for the salaried persons should be raised to Rs.3.00 lacs and the fringe benefits like housing) furniture, medical and) educational facilities should be exempted from the income tax net in totality.

Tax on perquisites for Bank officers is not justified as the benefits are extended as part of welfare measures.

#### **TAX THE RICH FOR RESOURCES MOBILIZATION**

A progressive taxation system should be put in place to ensure taxing the rich and the affluent sections who have the capacity to pay at a higher degree.

The Corporate Service Sector, traders, wholesale business, private hospitals and institutions etc., should be brought under broader and higher tax net. Increase taxes on luxury goods and reduce indirect taxes on essential commodities as at present the overwhelming majority of the population is subjected to indirect taxes that constitute 86% of the revenue.

Concrete steps must be taken to recover huge accumulated unpaid tax arrears which has already crossed Rs. 3 lac crores on direct and corporate tax account alone and has been increasing at a geometric proportion. Such huge tax evasion over and above the liberal tax concessions of around Rs. 2 lac crores on direct and corporate tax account should not be allowed to continue.

#### **UNEARTH ACCUMULATION OF HUGE BLACK MONEY**

Effective measures should be taken to unearth huge accumulation of Black money in the economy including the huge unaccounted money in tax heavens abroad. This money should be provided for expanding the social security measures and poverty eradication programmes.

#### **THE NPAS IN THE BANKING INDUSTRY**

Concrete measures, including effective legal remedies, must be expedited for recovering the huge Non-performing Assets of the Banking System from the

**NEVER BEND BEFORE THE INSOLENT MIGHT**

willfully defaulting corporate and business houses. Defaulters should not be allowed access to fresh loans. The names of willful defaults be published in leading news papers. The individual assets of proprietors or directors be attached for default of corporate loans.

#### **STOP CONTRACT LABOUR AND OUTSOURCING.**

Contractualisation of labour and outsourcing of work of permanent nature be allowed. The contract labour and outsourcing of work is resulting in exploitation of the labour and payment of wages and benefits to such

workers is very poor as compared to the wages and benefits available to the regular workers of the industry/ establishment. The third party mediation in banking such as Business I Facilitators or business correspondents is avoided. The bank business be carried out by permanent staff of the Bank.

4. We hope that the suggestions made above will receive your serious consideration and will find appropriate reflection in the budget to be presented to the Parliament. We once again request you to invite us for the post -budget consultations. ●

### **'UNIONS CAN HELP MANagements BEAT POVERTY' BY. GOVERNOR -RBI**

**R**BI Deputy Governor K.C. Chakrabarty said on Saturday the 16th February 2013 that a strong trade union would help alleviate poverty and address other social issues. He was talking about the relevance of trade unions in the banking system at an event to mark 90 years of the Reserve Bank Employees Association. "We need a strong trade union movement in RBI, and in the banking system, as that will help strengthen the management. Such a management can work towards removing poverty," he pointed out.

Professor Amartya Sen, who was also present at the function in the city, said wages have not kept pace with the overall gross national product growth rate in the country.

"There are several issues like that of under nourishment, and trade unions can, at the political level, press the Government to spend more on education and public health care to help address these issues," Sen said. ●

*Source: Business Line, Date: 17/02/2013*

#### **DEARNESS ALLOWANCE**

The Index Numbers for the quarter ended December 2012 are as under:

<b>MONTH &amp; YEAR</b>	<b>INDEX AS PER 2001 SERIES</b>	<b>CONVERSION FACTOR</b>	<b>INDEX AS PER 1960 SERIES</b>
Oct 2012	217	4.63 x 4.93	4953.22
Nov 2012	218	4.63 x 4.93	4976.04
Dec 2012	219	4.63 x 4.93	4998.87
		Total	14928.13
	Average =	14928.13/3	4976.04
	Difference in excess of 2836 points		2140.04
	D.A.paid for the previous quarter on (i.e. 510x4)		2040.00
	Difference		100.13
	Increase in number of Slabs = 100.04/4 =		25.01

Accordingly, Dearness Allowance is payable to Officers on 535 (i.e. 510+25) slabs with effect from 01-02-2013 as against 510 slabs for the previous quarter. The rate of Dearness Allowance 0.15% per slab (535x0.15=80.25%)

#### **SAVE PUBLIC SECTOR, SAVE INDIA**



## BANKS TO HIRE 56500 IN NEXT SIX MONTHS

Public sector banks, from State Bank of India to Allahabad Bank, will hire as many as 56,500 people in the next six months in the highest ever recruitment drive by the industry in more than a decade as business grows and the threat of new banks looms as the Reserve Bank of India plans to issue new licences soon. The recruitments by more than a dozen banks will be 30% higher than last year's numbers as hopes of business cycle turning for the better grow.

The Institute of Banking Personal Selection said 20 public sector banks, excluding SBI, will hire 22,415 officers and 32,453 clerks for branch expansion and fill the gap created by retirement and attrition. SBI is independently hiring candidates to fill up 1,500 officer positions. "Public sector banks are in the forefront of accommodating fresh graduates with a clear focus on rural expansion of branches.

"They have moved from the realm of being not-so-customer friendly to customer-centric, fueling the need to look at the market differently. The need now is for HR transformation to help people embrace change." according to Ernst & Young. Public Sector bank jobs, a sought-after employment in the 1980s and early

1990s fell off job seekers' radar towards the end of the last century.

Banks that were bloated with staff during the socialistic era ruthlessly lowered headcount by putting a freeze on new hiring and leaving posts of retiring officials unfilled. In fact, the Banking Service Recruitment Board, a relic of the era, itself was abolished and individual banks were given a free hand on hiring.

Wages as a percentage of total expense in state-run lenders fell to 13.7% in 2012 from 17.5% in the previous year because of large-scale retirement.

During the past decade, state-run banks have improved their operational parameters. In fact, business per employee for state-run banks is higher at the end of March 2012 than for private sector ones, data from the Reserve Bank of India shows. But the profitability of private banks is far higher for a variety of reasons, including lesser bad loans. Reserve Bank of India data shows public sector banks' staff strength is 7.7 lakh as on March 2012, which is 76% of total workforce in India's banking sector. ●

Source : ET. 18.2.13



## PAST- TENSE WHETHER PRESENT WILL BE PERFECT ?

Renaissance during 15th century saw a revival or rebirth in Europe, resulted in a mass awakening, including awakening by intellectuals that created many inventions and classics, leading to industrial revolution. Many despotic rulers were overthrown through mass revolt.

We saw an eventful year 2012 in our country, marred by various scams, poor governance, consequent rise and irrelevencing of the mango people. Failure to protect the economy had made the government to continue its new found reforms momentum and choose the path of fiscal correction towards its deficit reduction including cut in subsidy at the cost of common man. The deficit was when lacs of crores of rupees is due from industrialists, business people and politicians, black money transferred to tax heavens aboard and natural wealth of the country is

being looted by politicians. The government was a mere on looker until judicial intervention.

When there is no effective machinery to take care of corruption, deficiency in governance, punish the corrupt and criminals, India needed a 'Citizens Forum' led by Shri Anna Hazare to revolt and carry out a 12 day long fast demanding an affective Jan Lokpal bill for eradicating corruption from the country. The massive uprising demonstrated by the people across the country indicated the deep rooted frustration among people against corruption. Sensing the seriousness of the situation government promised to bring out a bill, to eradicate corruption from society which had been pending for the last four decades, that was placed before in the Parliament for nine times earlier. Only to be dumped on all occasions. It is a paradox that when the law makers themselves

**NATION FIRST, ORGANISATION NEXT, INDIVIDUAL LAST**

are the law breakers the delay in bringing out the bill is only expected. There was an unsuccessful debate whether Parliament or people are Supreme.

**ECONOMIC CRISIS ;** The year 2012 will be remembered in the future economic history of the country as year of financial crisis, started with global financial meltdown. The government continued its new found reforms and choose the path of fiscal correction in line with its stated long term deficit reduction plan. With financial deficit and indiscipline, many projects stay stuck, NPAs in the financial institutions are on the rise. Even more than two decades of unleashing of market economy with much projected reform, common man in India is still struggling due to inflation, price rise, social and economic inequality, unemployment etc.

It is an irony when temples or religions institutions are flourishing with fund, malnourished children suffer from hunger in the vicinity. Temple or religious institutions can be the right conduit for transferring money from rich to the poor. If the religious institutions take the burden of poverty alleviation it will help shifting the focus of the budget from subsidy to investment. In the name of reforms government recently passed a bill allowing FDI in retail market much to the dismay and suffering of the small retailers, the intention of which was questioned by the Apex Court.

#### **NEW INCUMBENT AT RASHTRAPATI BHAVAN**

Shri. Pranab Kumar Mukherjee, No.2 in Shri Man Mohan Singh Cabinet, moved to Rastrapati Bhavan as India's 13th President in a sensational contest.

**SPORTS;** In the arena of sports, Sachin Tendulkar scored century of centuries, thereby breaking all world records in Cricket.

Mary Kom in boxing and Saina Nehawal for Shuttle got silver medals in Olympics, while shooter Vijay Kumar and Gagan Narang, and wrestlers Sushil Kumar and Yogeswar Dutt brought bronx to the country.

**LOSS OF PERSONALITIES :** Dr. Verghese Kurian,

Father of Indian white revolution died during the year at the age of 90.

God father of world Music and Sitar maestro Pt. Ravishankar passed away on 12th December 2011. He was recipient of Bharat Ratna, highest honour of the country. Country also saw loss of various prominent film personalities and heroes.

#### **END OF A TERRORIST :**

Kasab who executed 26/11 attack in Mumbai was hanged to death, after various judicial process. In spite of death sentence awarded to various criminals in the rarest of rare crimes committed by them including attack against Parliament House as confirmed by the Apex Court, their execution is still pending. Many mercy petitions are pending before the President for few years for decision. Any indefinite delay in execution may result in the people losing confidence in our judicial system.

#### **CASES OF SEXUAL ABUSE:**

Along with financial breakdown and corruption many cases of rape and molestation haunted the country in the year 2012. While we boast in having achieved freedom, kids, girls, wives and mothers have become prey for the sexual abuse of their own father, grand father, brother, cousins, and others making women the victims of their sad satiety. The horrified incident of rape that took place in Delhi on 16th December, 2012 when a 23 year old girl was brutally gang raped, had horrified the nation. 'I want to live' the victim whispered to her mother from her death bed that echoed in the ears of every Indian. Caught in the storm and to pacify the nation the government was forced to appoint a Committee headed by Justice J.S. Verma, former Chief Justice of the Supreme Court with the task of bringing changes in criminal laws and strengthening the rape laws

#### **ISSUES WITH CAG:**

The year saw the futile attempt made by the government to deprecate the authority of Comptroller and Auditor General of India (CAG). The CAG had exposed many scams in recent times. In many cases

**DUTY FIRST, RIGHT NEXT**

government refused to act until intervened by the judiciary. Even the rule of law is found subverted for the convenience of and for the personal benefit of political leaders. Government mustered courage in attacking the authority of CAG who according to them is only a reporting agency not an investigating authority forgetting that CAG is a Constitutional Authority. Apex Court has also ruled that the CAG has a duty to comment critically on the efficiency of the policy decisions of the government.

### **CONTROVERSY OVER FORMER ARMY CHIEF:**

When the former Army Chief was trying to enforce discipline in the army especially in the procurement area, the arms lobby, certain vested interest in the armed forces and other petty politicians were trying to malign him. He expressed concern over various reforms required to be introduced in the defence forces especially on the fire power in the army. However his patriotism and concern about the nation and army in which he had served for more than three decades made him to invite life time trouble from vindictive, politicians, bureaucrats and arms dealers.

### **YEAR 2013.**

Let the year 2013 be corrupt free with a strong leadership and good governance to take the people from poverty to prosperity, let all laws that are enacted get implemented in a free and fair manner. The law delivery should become blind so that it looks at the crime and not at connected criminals with fast delivery of the system. . Knowing the seriousness and urgency of the situation, Justice Verma submitted the report to the government unlike the earlier commissions well within a period of just one month in advance in spite of various constraints and non cooperation from the authorities. Though there was serious expression of concerns earlier over the public outcry, it is reported that either Ministry of Home or the Delhi Police did not give the required support or Co- operation to the Committee with the usual slumber seen in our administrative system in recent times. Already there were allegations of inaction on the part of police department in handling the situation inviting strictures from the Delhi High Court. While submitting his report

Justice Verma cautioned that, Government could ignore his suggestion only at its own peril .

The Committee recommended various reforms with a new charter of rights for sexual offence victims to be conferred through statutory amendments. One of the primary suggestions of Verma committee is to disqualify MPs and MLAs charged with crime against women from contesting election to Parliament / Assembly. Committee proposed amendment to Sec. 8(1) of The Representation of Peoples Act (RPA) to enable to disqualify an MP or MLA against whom court has framed charges. Most surprisingly Union Law Minister has already expressed his disagreement about the amendment. However taking serious note of the situation Prime Minister had assured Justice Verma prompt action in perusing the recommendations.

The maxim of 'justice delayed is justice denied' especially in the light of the recent upraise in the capital over the brutal rape of the 23 year old girl, prompted the government to clear the amendments to law on sexual assault by way of an ordinance signed by the President even without waiting for the Parliament session due shortly. The Committee's recommendations on marital rape, police reforms and prosecution of security personnel charged with sexual assault etc are all blanked out. They have gone further ahead of impositions of death sentence against the committee's recommendation.

Ahead of coming general election government now proposes to pass the Lokpal Bill at the next session of the Parliament with certain amendments. One of the contentious issues is giving autonomy to CBI, like CAG, which government is reluctant to consider as it is alleged that CBI is being misused against the political rivals of the government. Government also did not consider certain recommendations of the joint Parliamentary Committee.

Much awaited death penalty to Afzal Guru, for his role in the parliament attack on Dec. 13, 2001 was executed on 9th Feb. 2013 after the president rejected his mercy petitioner.

**LET NOBLE THOUGHTS COME TO US FROM EVERYWHERE**

If all the promises made by the political leaders are taken seriously and implemented it will be an indication that the country is moving in the right direction. No economic prosperity can be sustained in the absence of rule of law, faster justice and appropriate governance, otherwise the freedom that was earned

at the stroke of midnight way back on 15th August 1947 will be a misnomer. Let the renaissance which took place in 15th Century in Europe that overthrew various despotic rulers, be an eye opener to our rulers. ●

## WHAT ABOUT THE PSU BANKS?

In India, while the presence of newer private sector banks has indeed made a difference, it has not seriously challenged the primacy of the public sector banks in aggregate. However, while the reality of public sector ownership may not *ipsofacto* be a problem, the current policy framework, including the recent decision to infuse additional capital, completely overlooks the fact that these banks are owned by the government. The entire Basel framework was designed for banks that are privately owned and widely held and the requirement of additional capital that is currently embedded within that framework is designed to be effective for those banks.

Government-owned banks do not have this character. They are automatically immune from failure because they have access to virtually unlimited amounts of contingent capital from the government. Since, therefore, possibility of failure of any of these banks is unthinkable, the only way to manage them, in this author's view, would be to require them to operate, in the words of the New York Fed President, "as a tightly regulated utility", and to sharply reduce the possibility that they fail as individual banks and to reduce to zero the possibility that they will all fail at the same time as a group. There are a number of steps, both external and internal, to an individual bank, that need to be taken to ensure that we move in this direction.

The internal steps include reducing the probability of default of their asset portfolios by severely limiting risk taking by individual banks; reducing the possibility of losses even if a default happens by putting in place strong collateral requirements on each and every loan and ensuring that there is genuine liquidity associated with the collateral; increasing the liquidity characteristics of their balance sheet so that it is possible for the bank to re-balance its portfolio with ease if it suspects that concentration risk and other risks are

building up; increasing the transparency of the balance sheet by requiring that the entire balance sheet (both assets and liabilities) be marked to model relatively frequently; conducting extensive balance sheets and making the results publicly available; and reducing covariance risk within each institution by stressing portfolio diversification (and collateral diversification). The external steps would include reducing covariance risk between institutions by allowing them to develop entirely independent management styles, by completely stopping the practice of uniform selection of bank personnel and the movement of senior executives across government-owned banks; if there is a need to find senior talent looking for it within other non-bank public sector units or within the civil services but not from other government-owned banks; and sharply limiting the detail with which regulatory directions are specified so that it allows a much wider room for each of these institutions to chalk out their own distinct strategies.

Will these steps render the government-owned banks entirely ineffective? In this author's opinion; while it will certainly change quite dramatically the character of these institutions, it will continue to give them a large role and one that is much more consistent with their 'impossible-to-fail' character. The Indian public has strongly demonstrated affinity for the use of low risk instruments such as bank deposits as saving avenues.

Under this new regulatory regime, government banks will be able to continue to offer these instruments at very low rates without needing to respond to the competitive pressure to increase deposit rates. And the sharply reduced propensity to take risks will ensure that there is no moral hazard that funnels these low-cost deposits into high-risk assets.

**KNOWLEDGE IS POWER**

**R.N.I. No. 36648/82.**

**COMMON BOND**

**MARCH - 2013**

**Licence No. WPP/83, REGN. No. KRNA/BGE-203/2012-2014**

**POSTED at MBC Bangalore G.P.O./BG-1 on 2<sup>nd</sup> of Every Month**

On the assets side, it will sharply increase the premium on low- risk assets that do not have high degrees of concentration risk, thus favouring a widely –diversified participation in pools of credit facilities extended to small and medium sized enterprises across a much wider variety of industries than is currently the case.

It will also propel the banks to demand from manufactures and others that there be enhanced liquidity of assets such as used tractors, used cars, second –hand equipment, commodities and agricultural produce so that they can assure themselves of the liquidity of their collateral in the event of default by a borrower. For larger corporates, the need to issue more tradable instruments such as corporate bonds both in global as well as local markets will increase. The structured finance industry will also need to grow to respond to this because many more diverse pools of external capital will need to be accessed in order to ensure that the assets that are being financed by the banks have a truly low-risk character. ●

**Source : ECONOMIC TIMES 4.2.13**

**“COMMON BOND” MARCH 2013  
(FORM IV RULE 8)**

- |   |   |   |
|---|---|---|
| 1. Place of publication   | : | Bangalore -560 001.   |
| 2. Period of the publication  | : | Monthly   |
| 3. Printer's Name   | : | Shri. Ranga Reddy R.K.<br>(L.V. Graphic)  |
| Whether citizen of India  | : | Yes   |
| Address   | : | L.V. Graphic<br>3968, 7th Cross, 2nd Main,<br>Gayatri Nagar,<br>BANGALORE-560 021.              |
| 4. Publisher's Name   | : | Shri D.S. Rishabadas  |
| Whether citizen of India  | : | Yes   |
| Address   | : | <b>D. S. RISHABADAS</b><br>SBI Bldgs., St. Mark's Road,<br>BANGALORE-560 001.                   |
| 5. Editor's Name  | : | Shri D.S. Rishabadas  |
| Whether citizen of India  | : | Yes   |
| Address   | : | <b>D. S. RISHABADAS</b><br>SBI Bldgs., St. Mark's Road,<br>BANGALORE-560 001.                   |
| 6. Names and addresses of individuals who own the Newspaper and partners or shareholders holding more than one percent of the total capital | : | All India Bank Officers' Confederation<br>SBI Bldgs.,<br>St. Mark's Road,<br>BANGALORE-560 001. |

I, D.S. Rishabadas, hereby declare that the particulars given above are true to the best of my knowledge and belief.

Bangalore  
1.3.2013

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**An Official Publication Of AIBOC**

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**RATES OF SUBSCRIPTION: ANNUAL: ₹ 30/-**

**Drafts Should be Drawn**

**IN FAVOUR OF AIBOC AND MAILED TO**

**ALL INDIA BANK OFFICERS' CONFEDERATION**

State Bank Buildings, St.Mark's Road, Bangalore - 560 001

☎: 25 94 31 32 : 22 27 06 19 FAX: 22 21 49 59, 22 21 49 56

E-MAIL: aiboc@indiatimes.com

WEB SITE: http://www.aiboc.org

**REGISTERED NEWSPAPER**

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PREPAYMENT**

**IF UNDELIVERED PLEASE RETURN TO**

**THE ALL INDIA BANK OFFICERS' CONFEDERATION**

**SBI Buildings, St.Mark's Road, Bangalore - 560 001.**

**Printed, Edited & Published by Shri D.S.Rishabadas on behalf of AIBOC. Printed at L.V. Graphic, Bangalore. ☎ 23321456**

**Common Bond, March - 2013**

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