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Mergers Driven By Pursuance of Neo Liberal Policies

Comrade,

This is the season of mergers and amalgamations. In Banking Industry, the merger and amalgamation is a fall-out of wrong government policies. Mergers are taking place among the public sector banks, among Regional Rural Banks and NBFC with Private Sector Banks etc.,

In the case of PSBs, successive Governments at the center after pursuing the neo liberal policies abdicated its social responsibilities in establishing and expanding the infrastructure such as Road, Aviation, Tele communication, Port and Steel Sector etc., and entrusted this projects to the Private corporates. PSBs were forced to fund these Private corporates and when private corporates failed to repay for various reasons, the PSBs were forced to make huge provision which resulted in losses and erosion of its capital. Since the real recovery could not be made from the private corporates, Government tried to resolve this issue through various policy measures through restructuring programmes like SDR, CDR, S4A etc and also through Insolvency Bankruptcy Code (IBC). IBC, where realization is only 45% and write off is 55%, could not help the banks to improve its capital base. Now stressed assets are getting added from the accounts of NBFCs, Retail leading, MSMEs and Mudra loans. Finally in the name of synchronizing of strengths of different banks, government completed the merger of SBI subsideries and other 3 public sector banks. Government could have infused the required capital and saved its existence. The irony is the government has been giving licences to start private banks such as payment banks and small finance banks, but in the case of PSBs it is recommending for mergers to avoid capital infusion and to hand over the banking space to the private corporates.

As far as Regional Rural Banks are concerned, initially there were 186 RRBs in existence. Later due to weak financial position of many RRBs they were merged and it was reduced to 82 in 2011 and further brought down to 56 in 2014. Now the Government has announced state level merger of RRBs and soon the number of RRB's will be reduced to 36. The RRBs were started with a concept that they would lend only to the weaker sections of rural society, charging lower interest rates, opening branches in remote and rural areas.

For long the successive Governments at the center neglected the farmers and agriculture. The real budget allocation for agriculture is getting reduced every year. There is no check on rising input cost, minimum support price is not uniform across the country because the procurement is only at 35% that too restricted only with paddy and wheat and no other agricultural products are procured by FCI and this leaves very meagre income for the farmers and it squeezed the income of the farmers. RRB's main segment of business is in rural areas and since this segment of people are affected and naturally RRBs business will be affected and their profitability will be affected. Government hopes that by merging the RRB's, a new life can be given to the merged entity.

With regard to NBFCs, the NBFC's are facing liquidity issues and they need fund for timely repayments and their survival. Now their raising of fund from PSBs, through issuing bonds and through commercial papers are restricted due to various factors. Hence NBFCs are looking for merging with the Private Banks so that they will get access to depositors' money which will be helpful for their survival. The classic example of this kind of merger is the proposed merger of LVB with India Bulls.

Hence merger of Banks in the Banking Industry is a fall-out of the wrong economic policies of the Government. Even after the negative implications of its policies, still the Government is not changing its policies to generate employment in the formal sectors, to alleviate the farmer's plight, to strengthen the indigenous industries and to create the demand in the local market. Unless the Government comes out with policies to improve the purchasing power of the people, any number of mergers will not save the Banking Industry.

As the new incumbent/present Government is known for pro corporate and anti public sector polices, immediately after assuming the charge they may roll out the merger of remaining public sectors banks. As the merger of PSBs are against the interest of the general public and will not provide any solution to the PSBs current crisis, as a responsible trade union we have to oppose any kind of merger.

With warm greetings.

Yours comradely,

(R. Sekaran)
General Secretary

Important Circulars during the month of May 2019

Circular No.	Date of Issue	Subject
ADV-12	02 05 19	IB Home Advantage – Modification in norms
ADV-13	03 05 19	Recovery Policy 2019-20
DEP-02	06 05 19	INTRODUCTION OF "IB – DIGI" - ONLINE SAVINGS BANK ACCOUNT
GENL-06	04 05 19	Submission of APY Exit through Online
GENL-07	13 05 19	"Enrollment for PMJJBY` PMSBY and APY through Internet Banking "
ADV-15	14 05 19	Obtaining TIN/GSTIN No. for eligible MSME Borrowers
ADV-17	17 05 19	"LOANS AGAINST NEGOTIABLE WAREHOUSE RECEIPTS/ AGRI PRODUCE MARKETING LOANS (PMLs) – MODIFICATION OF GUIDELINES & ADHERENCE TO SYSTEMS AND PROCEDURES. "
ADV -18	20 05 19	"Directions of DFS for obtaining GSTIN while extending credit facilities "
ADMIN-15	21 05 19	POLICY ON SECURITY MANAGEMENT (2019 - 20)
GENL-08	20 05 19	"Introduction of ""On-line Accounting procedure for ATM / BNA cash operations and transactions"" "
ADV-20	21 05 19	Adhering of General Prudence
CRA-04	21 05 19	ADHERENCE OF KYC NORMS
ADMIN-16	22 05 19	Operational Risk Management Policy - 2019-20
ADV -21	23 05 19	Retails Assets -The Way Forward
ADV-22	24 05 19	Sustaining Growth under Agriculture Advances
GENL-10	30 05 19	RTGS System - Extension of Timings for customer transactions
CRA-06	31 05 19	"Sovereign Gold Bond Scheme(SGB)2019-20 -SERIES- I to IV- (4 Monthly Issues) "

Non Inclusion of a circular does not reflect on its importance

VIGILANCE AWARENESS

SUNDRY DEPOSIT

It has been noticed in many branches the entries in the Sundry Deposit has been kept pending for long time instead of reversing as per our Corporate guidelines. Due to man power issues, our officers don't have time to trace the beneficiary or adjust the pending items. Since the entries are pending for long time for want of details, in few branches the pending amount was utilized for the Branch Expenses. Subsequently it has been noticed by the Inspectors of Branches and reported to the respective Inspection Centre and to Zonal Office. As the amount pending in Sundry Deposit pertains to different persons or for particular purpose, utilizing this amount for some other purpose will be viewed as violation of Bank's guidelines and action may be initiated against the erring officials. In this regard we reproduce the Bank guidelines on Sundry Deposit for your immediate recollect and to act accordingly.

Our Bank has time and again reiterated the importance of monitoring the nominal accounts especially Sundry Deposit accounts. As you are aware, branches/offices are permitted to keep amounts in Sundry Deposit accounts only for a temporary period pending final adjustment/reversal. It is observed that in spite of clear guidelines issued by Corporate office from time to time adequate steps are not being taken by the branches/Zonal offices for reversing the entries. Branches/Zonal Offices should monitor entries in these accounts regularly and take all efforts to reverse them as early as possible.

1.All credit/debit vouchers in Sundry Deposit account should be signed by at least two officers one of whom should be the Branch Manager/Asst. Branch Manager.

2. Entries should be kept in Sundry Deposits only for a short period and all efforts should be made for crediting the amount to the beneficiary's account.

3. All the transaction details of the entries should be entered in the Sundry Deposit BGL whenever new entries are made.

4. Subsidy received from Government etc., should not be credited to Sundry Deposit as a matter of routine.

5. In case of proceeds of C2C credit entries, where the full details are not available, after keeping the amount in Sundry Deposit, the other branch should be contacted immediately and efforts should be made to reverse the item by getting the full particulars.

6. In case of remittances intended for the credit of customer's account, branches should take it to Sundry deposit only after exhausting all the avenues to locate the customer's account. For this purpose branches need to insist for mobile number of remitter on the challan to enable us to contact him/her in times of need.

7. Entries relating to suit-filed/decreed accounts should be reversed as early as possible after getting instructions from Legal Department of HO/ZO.

8. Entries pending for more than 2 years and which could not be reversed due to reasons beyond their control, should be transferred by the branches to their controlling office in July every year with complete details. However, before transferring the entries, it should be ensured that all entries up to Rs.100 (including excess cash) kept in sundry deposit have been taken to income account after obtaining permission from the controlling authority.

The Deputy Zonal Managers in Zonal Office should ensure close monitoring of the long pending entries on a daily basis. Zonal Offices are advised to nominate one officer for following up long pending entries in Sundry Deposit accounts and to guide branches for reversal of the same.

BANKING UPDATES

RBI to purchase govt securities under OMO

The Reserve Bank of India on May 24th said that it will conduct an auction on June 13 to purchase government securities under Open Market Operation (OMO) for Rs.15,000 crore to infuse durable liquidity.

The liquidity needs of the system were met through injection of durable liquidity amounting to ₹37,500 crore in February and ₹25,000 crore in March through OMOs. Consequently, total durable liquidity injected by the RBI through OMOs aggregated ₹2,98,500 crore for 2018-19.

NCLAT allows banks to declare defaulting IL&FS accounts as NPAs

Banks can now declare defaulting accounts of debt-ridden Infrastructure Leasing and Financial Services (IL&FS) and its group companies as non-performing assets, but cannot initiate recovery proceedings.

A Bench headed by National Company Law Appellate Tribunal (NCLAT) Chairman Justice SJ Mukhopadhaya on Thursday lifted the freeze on banks from declaring defaulting accounts of the company and its 300 entities as NPAs.

But the NCLAT said banks cannot initiate the recovery process and debit money and must not withdraw support until a resolution is found.

The Reserve Bank of India had last week asked banks to declare details of their exposure and provisions related to IL&FS as part of their quarterly results.

Most customers upset over service charges levied by banks: RBI study

More than 30% of the respondents said that information about service charges was not shared by banks at the time of a/c opening

A majority of customers are upset over the service charges being levied by banks under various categories.

This is one of findings of a pilot study commissioned by the Reserve Bank of India on charges levied for basic banking services.

During 2017-18, public sector banks and major private sector banks collected nearly ₹6,000 crore as penalty for non-maintenance of minimum balance charges, as per the data available with banks.

Adherence to IBC timelines still a challenge, says Crisil report

The report — titled 'Strengthening the Code' — has been put together by global analytics company Crisil and industry body Assocham.

Stating that it has not been smooth sailing for the IBC, which has completed three years, the report highlighted that the average resolution timeline for the resolved 94 cases was 324 days vis-à-vis the stipulated 270 days. Also, there are a few big-ticket accounts for which resolution has not been finalised for over 400 days. As of end March, there were 1,143 cases outstanding under CIRP, of which resolution in 32 per cent of the cases was pending for more than 270 days, which is substantial in number.

Of the first dozen cases in the IBC referred by the RBI, the majority have crossed the maximum 270 days of resolution timeline, the report said.

However, if a comparison is being drawn, this is considerably faster than the recovery time taken by asset reconstruction companies, which is 3.5-4 years. Also, as per the World Bank's 'Doing Business 2019' report, the recovery timeline for stressed assets in India is 4.3 years.

RBI enhances housing-loan limits under priority sector lending for RRBs, SFBs

The Reserve Bank of India has decided to enhance the housing loan limits for Regional Rural Banks (RRBs) and Small Finance Banks (SFBs) for eligibility under priority sector lending, in a bid to give them a level-playing field with other Scheduled Commercial Banks.

Henceforth, housing loans given by RRBs and SFBs to individuals up to ₹35 lakh in metropolitan centres (with population of 10 lakh and above) and ₹25 lakh in other centres, provided the overall cost of the dwelling unit in the metropolitan centres and at other centres does not exceed ₹45 lakh and ₹30 lakh, respectively, will be eligible for classification under priority sector lending.

In its notification, the RBI said the existing family income limit of ₹2 lakh per annum, eligible for loans to housing projects exclusively for the purpose of construction of houses for Economically Weaker Sections (EWS) and Low-Income Groups (LIG), has been revised to ₹3 lakh per annum for EWS and ₹6 lakh per annum for LIG.

Inflows into equity MF schemes down 60% on market turbulence, downgrades

Reflecting the turbulence in the capital market and the series of corporate rating downgrades, the inflow into equity schemes of mutual funds was down 60 per cent in April to ₹4,609 crore from ₹11,576 crore logged in March.

Similarly, inflows into equity-linked tax-saving schemes dipped 83 per cent last month to ₹458 crore from ₹2,742 crore registered in March leading to a sharp drop in equity assets of mutual funds.

The equity assets under management (AUM) of mutual funds dropped 12 per cent to ₹7.37-lakh crore from ₹8.40-lakh crore in March.

NBFCs feel sting as Mutual Funds cut exposure

Mutual fund investments in commercial paper and bonds that mature within 90 days dropped to Rs3.24 lakh crore ($46.4 billion) at the end of March, the lowest in six quarters, data from the securities regulator show.

The fallout from shock defaults last year by IL&FS Group continues to make it more difficult and costlier for companies in the sector, particularly weaker players, to access funding.

India's non-bank lenders are selling stakes or raising funds by disposals or securitizations of more loans as the Reserve Bank of India steps in to provide greater liquidity to squeezed credit markets. Rating cuts on debt instruments of lenders including Dewan Housing Finance Corp and companies in Anil Ambani-led Reliance group in recent months have added to concerns.

RBI sets 2021 target for digital transactions

The Reserve Bank of India has set a target to increase the number of digital transactions, from 2,069 crore in December 2018 to 8,707 crore in December 2021. In a vision document, the central bank also said that service providers should set up pricing structures that are transparent, affordable, and do not restrict the public from accessing payment system services.

"The Reserve Bank will require service providers to bring about transparency in pricing. Reserve Bank would consider a review of its instructions on customer charge for its payment systems and shift from transaction value-based pricing slabs to a fixed minimum transaction-based pricing. The approach to pricing should be towards recovery of marginal costs and to migrate to a low margin-high volume regime," the RBI said in a paper, Payment and Settlement Systems in India: Vision 2019-2021.

Retirements

SLNO	NAME	DESIGNATION	BRANCH
1	COM. SUKUMAR G	Dy Zonal Manager	Zonal office:Chennai North
2	COM. PANTHENA VENKATA SUBBARAO	Asst. General Manager	Zonal office:Chennai North
3	COM. UNNIKIRHSNAN V M	Asst. General Manager	Corp.Office
4	COM.MURALI N	Chief Manager	Sowcarpet
5	COM.GANESAN S	Chief Manager	Corp.Office
6	COM.MUTHUKUMARAN C	Chief Manager	Tirunelveli Junction
7	COM.RAJENDRA PILLAI K B	Chief Manager	Udumalpet
8	COM.GOPALAKRISHNAN T R	Chief Manager	Corp.Office
9	COM.SHANMUGA SUNDARAM N	Chief Manager	Anna salai
10	COM.PALANISWAMI K	Chief Manager	Zonal office:Chennai North
11	COM.VENKATARAMANI	Chief Manager	Corp.Office
12	COM.PANCHALINGAM S	Chief Manager	IND MSME, Tirpur
13	COM.SUBRAMANIAN T	Chief Manager	Corp.Office
14	COM.ESWARAMURTHI T	Chief Manager	Rasipalayam
15	COM.JAGANNATHAN K	Senior Manager	Zonal Office Erode
16	COM.PERIASAMY C	Senior Manager	Karaikudi
17	COM.GOPALAKRISHNAN M	Senior Manager	Madurai main
18	COM.SANKARANARAYANAN S	Senior Manager	Corp.Office
19	COM.RAJENDRAN K	Senior Manager	Andimadam
20	COM.BRITTO ALEXANDER A	Senior Manager	Zonal Office:Karaikudi
21	COM.MANGAYARKARASI P	Senior Manager	Zonal Office:Salem
22	COM.VIJAYAKUMAR R	Senior Manager	Coimbatore main
23	COM.LOGANATHAN G	Senior Manager	SAMV Chennai North
24	COM.SIVAKUMARAN A	Senior Manager	Tiruppathur (Vellore)
25	COM.ASOKAN P	Senior Manager	Salem fort
26	COM.NARASIMHAMURTHY N	Senior Manager	IC: Chennai
27	COM.SUBRAMANIAN R	Senior Manager	Krishnagiri
28	COM.SELVAM S	Manager	Seelanaickenpatti
29	COM.ANBALAGAN P	Manager	Salem junction
30	COM.ELANGO E R	Manager	Muttom
31	COM.PANDIAN D	Manager	Wandiwashi bazzar
32	COM.RADHIKA S	Manager	West mambalam
33	COM.ANBARASU M	Manager	Zonal Office:Puducherry
34	COM.RADHAKRISHNAN S	Manager	IRPC,Coimbatore
35	COM.SETHU A	Manager	Srivilliputhur
36	COM.MARY EDEL QUEEN A	Manager	Meenakshipuram
37	COM.VISWANTHAN T	Manager	Oomarabad
38	COM.BABUDEVANATHAN A	Manager	Kumbakonam
39	COM.SHANMUGANATHAN K	Manager	Trichy main
40	COM.PERUMAL CHINNATHAMBI	Manager	Cheranmahadevi
41	COM.AMUDHA P	Asst.Manager	Seelanaickenpatti
42	COM.BALAKRISHNAN K	Asst.Manager	Gugai
43	COM.ARUN A	Asst.Manager	Nall Road
44	COM.CHINNASAMY K	Asst.Manager	SAMV Coimbatore
45	COM.MURUGESAN D	Security Officer	Zonal Office:Madurai

IBOA (TN & Pondy) Wishes the above Comrades a Very Happy, Healthy and Peaceful Retired Life.

WEDDING BELLS

IBOA (TN&Pondy) Wishes a Very Happy Married Life to the Newly Wedded Couple.

Selvan S Dharminder Singh
(son of Com Gajalakshmi SM, Corporate Office)
Married to
Selvi Sophia Varsha
@ Chennai on 01.05.219

Selvan Chandra Prakash
(Indian Bank, CMDA, Chennai)
Married to
Selvi Dipthi Kumari
@ Jharkhand on 01.05.2019

Selvan S Balaji Ram Kumar
(son of Com G Subramanian, Chief Manager (Retd)
Married to
Selvi M Uma
@ Chennai on 03.05.219

Selvan R. Jebaseelan
(Manager, Indian Bank, Ennore Branch, Chennai)
Married to
Selvi Beni Shilpa
@ Chennai on 08.05.2019

Selvan E. Mohanraj
(ABM, Rampakkam Branch)
Married to
Selvi A Sai Keerthana
@ Puducherry on 16.05.2019

Selvi S. Vigneswari
(Indian Bank, Zonal Office, Tiruvannamalai)
Married to
Selvan Sourav Ruia
Reception @ Tirunelveli on 19.05.2019.

Selvi R.S. Dhivya
(Daughter of Com D Selvaraj,
Indian Bank, SM, Sivananda Colony Branch)
Married to
Selvan K. Rajasekar
@ Coimbatore on 28.05.2019

Members meet at Erode

Tamilnadu Grama Bank Officers Association Extraordinary General Body Meeting