



IBOA CONNECT



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Public Sector Banks Carrying the Load

Even as the country is witnessing partial lifting of lock down, economic activities are sliding down due to obvious reasons. Recently Government has announced a package for economic recovery and RBI has announced series of COVID-19 regulatory package both are aimed at Banks have to bear the bulk of the stimulus cost.

A cut in policy repo rate, extension of moratorium on loans by another three months, relief for corporates in the form of deferred payment of interest on working capital loans and increase in banks' group exposure limit are some of the important measures announced by RBI to deal with the COVID19 pandemic crisis.

The extension of moratorium on loans by another three months, surely a big relief for borrowers, but adds further pressure on banks' asset quality, in the light of the suspension of fresh insolvency proceedings under IBC for one year.

The RBI cutting repo rate further by 40 basis points to 4 per cent, has also added further pressure on banks' margins amid weak credit off-take. For retail depositors who rely on the interest of their bank deposits, the repo rate cut spells trouble, as deposit rates are set to fall further.

After the sharp 75 basis point cut on March 27, the RBI cut its policy repo rate further by 40 bps to 4 per cent. The RBI's rate cut may not offer significant respite to borrowers, who remain wary of taking additional loans. But sharp fall in lending rates amid weak credit growth will hurt banks' net interest margins.

Along with the repo rate, the reverse repo has also been decreased by 40 bps to 3.35 per cent. While the very low reverse repo rate should dis-incentivise banks to park their excess funds with the RBI, the persisting risk aversion will not push them to lend more.

On the working capital front, the RBI has now eased the concern of corporates by allowing deferment of paying interest on working capital loans. Such accumulated interest (March to August) is allowed to be converted into term loan payable by March next year.

Under the present guidelines, the exposure of a bank to a group cannot be higher than 25 per cent of its capital base. This has now been increased to 30 per cent on account of the Covid-19 pandemic. But banks will need to exercise prudence while lending excessively to a single group given the evolving risks around Covid. Huge exposures can add to banks' stress.

With the economic fallout of the Covid crisis only worsening since then, the Centre has decided to suspend the initiation of any fresh insolvency proceedings altogether for a year. While this offers respite to corporates, it presents several challenges for the already stressed banking sector. With about 30-40 per cent of loans across banks under moratorium currently, the risk of significant rise in bad loans remains high. In such a situation, where banks' provisions can rise sharply in the coming quarters, inability to proceed against defaulters for a year, could hurt severely. A blanket ban on all fresh insolvency pleas could do more harm, impacting credit culture and allowing fraudulent promoters and wilful defaulters to game the system. This blanket ban on insolvency proceedings for a period of one year can undo the progress on this front. Accounts that were under stress or delinquent even before the Covid crisis should have been dealt with separately.

As such, the overall recovery rate so far has been dismal at about 35 per cent (between Dec 2017 and Dec 2019 quarter). If we exclude big cases such as Electro Steels, Bhushan Steel, Binani Cements and Bhushan Power & Steel, the recovery rate falls further to 20-25 per cent.

Amid the sharp economic slowdown, the value of underlying assets is likely to erode significantly. Undue delays in resolution and even few takers for stressed businesses would force banks to take steeper haircuts going ahead. A freeze on action against defaulters for a long period of one year, can only erode value further and impede recovery for banks.

Hence the COVID 19 relief measures by RBI and Government would ultimately choke the PSBs which are already reeling under pressure due to recent amalgamation. The Government instead of providing required stimulus directly in the hands of the Farmers, Entrepreneurs and SHGs it is forcing banks to further lend to all sectors. To help the PSBs, the RBI and the Centre may have to step in to address the systemic risks of banks increasing provisions and running short of capital amid the pandemic crisis. The Centre will also have to ensure substantial recapitalisation of PSBs to offer a sufficient buffer to absorb losses and meet the credit needs of a struggling economy.

Comradely yours



R Sekaran
General Secretary

Wedding

Bells



IBOA (TN&Pondy)

Wishes a

Very Happy Married Life

to the

Newly Wedded Couple.

RETIREMENTS

Sl.No.	Name	Designation	Branch
1	Com. PARESH CHANDRA DASH	General Manager (HR)	Corporate Office
2	Com. NAGARAJAN M	General Manager (RBD/ FI)	Corporate Office
3	Com. RENGARAJAN S	General Manager (DBD)	Corporate Office
4	Com. SURYANARAYANAN K	Dy. Gen Manager	Ic: Chennai
5	Com. KANNIAPPAN P	Dy. General Manager (PR)	Corporate Office
6	Com. VIDYA SANKAR K S	Asst. Gen Manager	Corporate Office
7	Com. SHAJAHAN A	Asst. Gen Manager	Corporate Office
8	Com. CHANDRASEKARAN R V	Asst. Gen Manager	Corporate Office
9	Com. MANI K	Dy Zonal Manager	Zonal Office Erode
10	Com. SENTHIL KUMARAN M	Chief Manager	Corporate Office
11	Com. SRINIVASAN A	Chief Manager	Corporate Office
12	Com. SANKARAN V	Chief Manager	Zonal Chennai (N)
13	Com. RAVICHANDRAN S	Chief Manager	Thanjavur Main
14	Com. MURUGESAN K	Chief Manager	Zonal Office Coimbatore
15	Com. VASUDEVAN R	Director	Indseti,Tiruval
16	Com. DHANDAPANI T	Senior Manager	Tirupur
17	Com. SAKTHI DEVI R	Senior Manager	Pudupatti
18	Com. MURUGESAN P	Senior Manager	Tittagudi
19	Com. VADIVELU K	Senior Manager	Zonal Office Vellore
20	Com. KANNAN M	Senior Manager	Corporate Office
21	Com. VAITHEESWARAN G	Senior Manager	Kotturpuram
22	Com. RAVINDRAN S	Senior Manager	Zonal Office Puducherry
23	Com. SAMPATH A	Senior Manager	Padi
24	Com. CHANDRASEKARAN S	Senior Manager	Corporate Office
25	Com. GOPAL P K	Senior Manager	Tiruvallur Bazar
26	Com. BALAKRISHNAN P	Senior Manager	Zonal Kumbakonam
27	Com. RAVINDRAN SAMUEL W	Senior Manager	Kellys
28	Com. RAMESH R	Senior Manager	Corporate Office
29	Com. SALAI VIJAYAN K	Senior Manager	Melakalkandar Kottai
30	Com. GANESH RAM K S	Manager	Corporate Office
31	Com. SEKAR RAJULU D	Manager	Koottathu Patti
32	Com. SAHADEVAN A	Manager	Corporate Office
33	Com. JAYACHANDRAN P	Manager	Bhuvanagiri
34	Com. SUHANTHI S	Manager	Corporate Office
35	Com. SHANKAR A	Manager	Vadakuthu
36	Com. SREEDHARAN S	Manager	Marthandam
37	Com. KATHIRAVAN R	Asst. Manager	Microsate Pallavaram
38	Com. SRINIVASAN S	Asst. Manager	Armb Chennai
39	Com. KUMAR A K	Asst. Manager	Thenipatti Pudupatti
40	Com. VANAJAKSHI AMMAL B	Asst. Manager	Madambakkam
41	Com. SYAMALA K	Asst. Manager	Mettur Dam
42	Com. MOORTHY A	Asst. Manager	Microsate Omalur
43	Com. BASKARAN S	Asst. Manager	Nanganallur
44	Com. SEETHARAMAN A	Asst. Manager	Service Branch, Chennai
45	Com. NANDHINI S	Asst. Manager	Gudiyattam

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

Ways To Boost Immunity

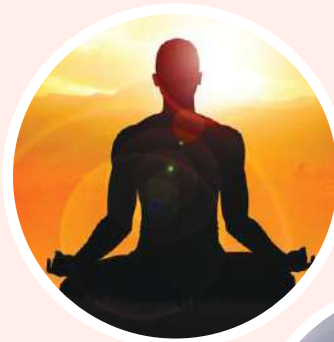
In the New Normal-COVID 19 Situation

What Health Specialists say.....



Apart from the 3 most important guidelines - Wearing a face mask, Maintaining Social Distance and Washing Hands - here are other tips one can use to improve immunity and health.

- Include Vitamin C
- Get Enough Sleep
- Include Turmeric and Garlic
- Reduce Stress
- Drink More Water
- Yoga & Meditation
- Moderate Exercise
- More Vegetable and Fruits
- More Vitamins B6, B12 , Vitamins A, C, D
- Have Yogurt
- Include Omega 3
- Take Sun Bath before 8 am and after 5 pm
- Stay away from nicotine
- Try Green Tea
- Sanitize smartly (keys, Door handle, Credit Cards, Lift Buttons, Shoe Sole, Furniture, Car Steering, Scooter Handles, Packed Foods/Milk Pouch , Clothes)
- Nasal Steam
- Include Antioxidant Rich Foods (Carrot, apricots, Avocado, mango,spinach, grape, kiwi, pomegranate)



**Stay
safe
AND
healthy**