IBOA CONNECT

All India Indian Bank Officers' Association
3, Sripuram 2nd lane, Royapettah, Chennai 600 014,
Ph No. 044-2811 3376/86 Email: iboa.tn.pondy@gmail.com
Website: www.aiiboa.in

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TRADE UNIONISM

Dear Comrade,

In this issue, I provide some information on Trade Union movement more specifically for the young officers who may not have a complete understanding on Trade Union. I hope this write-up will throw some light on Trade Union and its purpose and the challenges it faces in the liberalized environment.

A trade union is an association of workers or employees, formed to protect and promote the economic and social interests of its members. It also serves as an instrument of social development and an extended arm of the society. The origins of trade unions lie at the beginning of industrialization in England in the middle of the eighteenth century. The main factors that led workers to organize themselves were: separation between capital and labour, emphasis on the development of private businesses without governmental control, lack of bargaining power of workers, and the realisation of their individual limitations and the power of collective bargaining and collective existence.

Early trade unions faced severe legal hurdles. Under the common law, trade unions were indicted on charges of criminal conspiracy, restraint of trade and inducing breach of contract. In many cases, courts of law punished union leaders and members and those participating in strikes with fines and imprisonment. Special statutes such as the Combination Acts of England and France prohibited workers from uniting and emerge as a force with reckon with.

Despite oppressive measures, trade unions continued to grow. The factors encouraging their growth included concerted efforts of workers, growth of collectivism and socialist ideas, change in the stance adopted by the state, and change in the attitude of employers. The main stages through which trade unions have passed are (i) outright suppression, (ii) limited acceptance and (iii) general recognition.

The foremost goal of trade unions all over the world has been the protection and promotion of the interests of their members. The objectives of trade unions are numerous, such as improvement of terms and conditions of employment and physical working conditions, enhancement of the economic status of members, provision of job security, social security and welfare facilities, and protection against victimization and discrimination.

The methods generally adopted by trade unions to achieve their objectives are (i) collective bargaining, (ii) political action/legal enactment and (iii) industrial action. In collective bargaining, union leaders or workers' representatives collectively bargain with the employer for improving the terms and conditions of employment. Political action includes exerting pressure on the government for pro-labour legislation and provision of labour welfare measures, setting up of political parties or developing allegiance to pro-labour parties.

The pace of growth of trade unions in different countries or their growth at different points of time in the same country has not been uniform. The pace of union growth depends mainly on (i) industrial commitment of labour force, (ii) changes in the composition of labour force(women and Children), (iii) variations in business activities, (iv) change in technology, (v) trade union leadership, (vi) union security provisions in collective agreements and laws, (vii) attitude of employers towards unionism, (ix) political climate and legal framework, (ix) role of political parties, (x) value system and public opinion and (xii) proximity influence(Influence generated by developments in geographically proximate regions and localities). These factors operate differently under different industrial, economic, political and social conditions.

In India, the establishment of a national government after independence created a favourable climate for the growth of trade unions, and since then, Indian trade unions have recorded phenomenal growth in number, membership and influence. The political climate is reflected in the legal framework obtaining at a particular point of time in a particular region. The legal framework existing in India before the Indian Trade Unions Act, 1926 did little for the growth and spread of trade unionism in India. The contribution of the Act in this regard, through the protection it afforded to the members of registered trade unions, cannot be ignored or wished away.

The nature of the government's economic policy is also an influencing factor. A policy of encouragement to the public sector, greater control over employers' freedom to take decisions relating to industrial and labour matters and providing greater job security to workers have proved favourable to union growth. On the other hand, emphasis on, liberalization, privatization and globalization allows greater freedom to employers, who resort to union-busting activities. This is likely to put trade unions on the defensive. But Trade Unions continued to resist the anti employees and anti-Public Sector Reforms to protect the present working conditions and service conditions in the respective Industries. The LPG policies throw a lot of competition in the market which made PSUs and their workforce adapt to the changes which resulted in improved performance and profitability. In the post-liberalization era Trade Unions are open to reforms for improved governance but are totally opposed to handing over the public sectors to the private corporates which lead to monopolization and poor working and service conditions of the workforce and reduced purchasing power and increased inequality in the society and it will result in demand constrained economy. Trade Unions continue to play their role against all odds which may pose threat to the decent working and service conditions of the workforce.

Yours Comradely

R Sekaran
Secretary General

VIGILANCE AWARENESS

STAFF ACCOUNTS

There were number of incidents where officers were given punishment of compulsory retirement or Removal from the services of the Bank for having carried out suspicious transactions routed either through their account or spouse/ children account from the customer accounts. Officers should use their account only for their own genuine transactions. Further they should resist themselves from having any personal financial dealing with the Bank customers. Unfortunately officers are using their own and their spouse/children accounts for the financial transactions against the Bank Guidelines. In this connection, we furnish below the Bank's guidelines on Monitoring of Staff accounts for your immediate recollect.

The staff of the Bank plays a major role in this regard. Since, Banks are trustees of public money, following ethical practices by the Staff, besides compliance with laws and regulations instills confidence in its employees, customers and other stake holders of the Bank.

The staff of the Bank is being looked upon as custodians of the hard earned savings of the banking public.

The staff of the Bank should have impeccable integrity and their moral character should be beyond reproach. Personal Integrity of the highest order is being expected of the staff members by the Bank. The staff members shall always exercise objectivity, honesty, diligence and professionalism in the performance of their duties and responsibilities. They must display loyalty in all matters pertaining to the Bank. The staff shall not be a party to any illegal or improper activities in their personal lives.

Incidence of financial irregularities and frauds perpetrated by staff members are on the rise.

Periodical monitoring of Staff accounts should be done by Branch Manager at regular intervals.

Transactions in staff accounts in general, with special attention on cash transactions of ₹.1 lakh & above and transfer transactions of ₹.2 lakhs & above should be monitored. Besides any sudden spurt in the frequency and amount of transactions not in tune with the known sources of income of the staff member must be watched specifically. A sudden change in the life style of a staff member shall be a trigger point of suspicion.

Branch Manager has to ensure that the guidelines are implemented at the grass root level. Fraud prevention and risk mitigation methods relevant to the operational aspects should be discussed in the periodical staff meetings. Branch Managers shall also ensure that staff is aware of the fraud prone areas and ways to mitigate them.

This will help in plugging the loopholes in the system to facilitate a fraud free environment.

Branch Manager/ Assistant Branch Manager should closely monitor the transactions in staff accounts for early detection of frauds.

BAD BANK: NARCL –IDRCL

Context: Following up the Union Budget announcement, government has incorporated "**National Asset Reconstruction Company Limited" (NARCL)** under the Companies Act.

- It will acquire stressed assets worth about Rs 2 lakh crore from various -commercial banks in different phases.
- Another entity — **India Debt Resolution Company Ltd (IDRCL),** which has also been set up — will then try to sell the stressed assets in the market.
- The NARCL-IDRCL structure is the **new bad bank.**
- To make it work, the government has provided Rs 30,600 crore to be used as a guarantee.

What is a bad bank?

- In every country, commercial banks accept deposits and extend loans.
- The **deposits are a bank's "liability**" because that is the money it has taken from a common man, and it will have to return that money when the depositor asks for it.
- Moreover, in the interim, it has to pay the depositor an interest rate on those deposits.
- In contrast, the **loans that banks give out are their "assets**" because this is where the banks earn interest and this is money that the borrower has to return to the bank.
- The whole business model is premised on the idea that a bank will earn more money from extending loans to borrowers than what it would have to pay back to the depositors.
- A loan can turn bad when the borrower is unable to repay it back. In such case two things happen.
    - One, the concerned bank becomes less profitable because it has to use some of its profits from other loans to make up for the loss on the bad loans.
    - Two, it becomes more risk-averse. In other words, its officials hesitate from extending loans.
- If such "bad loans" in a bank rise alarmingly, the bank could close down.
- When several banks in an economy face high levels of bad loans and all at the same time, it will threaten the stability of the whole economy.
- From the taxpayer's perspective, the most worrisome fact was that an overwhelming **proportion of bad loans was with the public sector banks** (PSB), which were owned by the government and hence by the Indian public.
- To keep such PSBs in business, the government was forced to recapitalise them — that is, use taxpayers' money to improve the financial health of PSBs so that they could carry on with the business of lending and funding economic activity.
- Despite recapitalisation, the problem of bad loans did not subside. Therefore, it was argued by many that the government needs to create a bad bank — that is, an entity where all the **bad loans from all the banks can be parked**

Why was Bad Bank needed?

Advantage of having bad bank was

- Relieving the commercial banks of their "stressed assets" and allowing them to focus on resuming normal banking operations, especially lending.
- While commercial banks resume lending, the so-called bad bank, or a bank of bad loans, would try to sell these "assets" in the market.

How will the NARCL-IDRCL work?

- The NARCL will first purchase bad loans from banks. It will pay 15% of the agreed price in cash and the remaining 85% will be in the form of "Security Receipts".
- When the assets are sold , with the help of IDRCL, the commercial banks will be paid back the rest.
- If the bad bank is unable to sell the bad loan, or has to sell it at a loss, then the government guarantee will be invoked and the difference between what the commercial bank was supposed to get and what the bad bank was able to raise will be paid from the Rs 30,600 crore that has been provided by the governmen

Will a bad bank resolve matters?

- From the perspective of a commercial bank saddled with high bad loans, it will help. That's because such a bank will get rid of all its toxic assets, which were eating up its profits, in one quick move.
- When the recovery money is paid back, it will further improve the bank's position. Meanwhile, it can start lending again.
- From the perspective of the government and the taxpayer, the situation is a little more complex. After all the money for security receipts is coming from the taxpayers' pocket.
- Lastly, the plan of bailing out commercial banks will collapse if the bad bank is unable to sell such impaired assets in the market.

Conclusion

While recapitalisation and such guarantees are often designated as "reforms", they are band aids at best. The only sustainable solution is to improve the lending operation in PSBs.

EVERGRANDE CRISIS OF CHINA

Context: Recent global markets rout, including **a sharp decline** in Indian stock market, was triggered by two events.

- One, the fund crisis at Evergrande, China's biggest developer which could potentially spiral into a global financial contagion.
- Two, US Treasury Secretary Janet Yellen's warning of an "economic catastrophe" if American lawmakers failed to increase a legally-imposed debt ceiling. There are also concerns of US Federal reserve taking steps to reduce its liquidity push program (reduced liquidity -> reduced inflow into emerging countries as FII/FDI -> Stock markets decline)

What's the crisis at Evergrande?

- Evergrande, a company that started out in 1996 selling bottled water followed by a stint in pig farming, now owns China's top professional soccer team and has long been the poster boy of the Chinese real estate boom.
- The main driver of the post-pandemic Chinese economic expansion has been real estate sector. Consequently, Evergrande rode on a **sustained property prices surge** in China to expand into more than 250 Chinese cities selling home-ownership dreams to the country's middle class.
- There were two immediate triggers that precipitated the crisis at Evergrande.
- **Chinese regulators, as part of a widespread crackdown** on sectors such athe digital economy and education, started investigations into the high borrowings of property developers.
- To counter that, Evergrande tried selling off some of its business. But a progressive **slowing down of China's property market** and reduced demand for new houses adversely impacted its cash flows.
- The company is now struggling under a **$300 billion liabilities burden** that has reduced its credibility and decimated its share price.
- It is faced with nearly 800 unfinished residential buildings, many unpaid suppliers and over a million home buyers who have partially paid for their properties.

Does the Evergrande crisis trigger systemic risks?

There are two factors here.

- One, China's control of virus spread & quickly restarting its industries has played an instrumental role in the **post-pandemic global economic recovery.** Therefore, China effectively emerged as the key driver of the global commodities upcycle.
- Second, **China's extended property boom** that started in the mid-1990s has now ensured that nearly three quarters of the country's household wealth is locked up in housing. Any collapse at the biggest real estate company could have a serious knock-on effect on the entire economy, dragging down its growth and potentially setting off a cascading impact on the global commodities and financial markets.
- There are also concerns about Huarong, a **Chinese state-owned financial conglomerate that has liabilities** of nearly $240 billion. Huarong is reported to be in trouble as well, escalating the perception of a wider systemic crisis in China.
- But there are also indications that Chinese Communist Party will provide adequate supportive measures so as to ensure that the crisis at both these companies does not spiral out of control.

Impact on India

- India's buoyant iron ore exports, much of which is headed to China, could also see an impact if the twin crises in China triggers an extended slowdown in the Chinese real estate market.
- And there could potentially be a sustained impact on global growth prospects, hurting the economic recovery that is underway in markets such as India.

ACCOUNT AGGREGATOR

Context: Recently, eight of India's major banks — SBI, ICICI, Axis, IDFC First Bank, Kotak Mahindra Bank, HDFC Bank, IndusInd Bank and Federal Bank — joined the Account Aggregator (AA) network that will enable customers to easily access and share their financial data.

- The framework, which has been under discussion since 2016 and in the testing phase for some time, will now be open to all customers.

About Account Aggregator

- According to RBI, an Account Aggregator is a **non-banking financial company** engaged in the business of providing the service of retrieving or collecting **financial information pertaining to its customer.**
- It is also engaged in consolidating, organising and presenting such information to the customer or any other financial information user as may be specified by the bank.
- An Account Aggregator is a financial utility **for secure flow of data controlled by the individual.**
- It will compile all the digital footprints of the customer at one place and make it easy for lenders to access it.
- The **licence for AAs is issued by the RBI**, and the financial sector will have many AAs.
- Significance of AA:
  - It reduces the need for individuals to wait in long bank queues, use Internet banking portals or share their passwords to access and share their financial documents.
  - It is an addition to India's digital infrastructure as it will allow banks to access consented data flows and verified data. This will help banks reduce transaction costs & offer more tailored products and services to customers.
  - It will also help us reduce frauds and comply with upcoming privacy laws.

What is AA Framework?

- **The AA framework** was created through an inter-regulatory decision by RBI and other regulators including SEBI, IRDAI, and PFRDA through and initiative of the Financial Stability and Development Council (FSDC).
- The AA framework allows customers to avail various financial services from a host of providers on a single portal based on a consent method, under which the consumers can choose what financial data to share and with which entity.

Can an AA see or store data?

- Data transmitted through the AA is encrypted. AAs are not allowed to store, process and sell the customer's data.
- No financial information accessed by the AA from a Bank should reside with the AA.
- It should not use the services of a third-party service provider for undertaking the business of account aggregation.
- User authentication credentials of customers relating to accounts with various Banks shall not be accessed by the AA.

WEDDING BELLS

Selvi **Hilda Janice J**
(D/o. S Jayaprakash, Chief Manager, Indian Bank, Tambaram West)
Married to
Selvan **Emmanuel Gnanaseelan, G**
At Chennai on 23.09.2021

Selvi **S Pooja, B.Com.,M.B.A.,**
(D/o. M.S.K. Rajan, Sr. Manager(Retd), Allahabad Bank)
Married to
Selvan **M Lokeshwaran, Dip in Cinematography**
At Chennai on 16 09 21

AIIBOA Wishes a Very Happy Married Life to the Newly Wedded Couple.

IMPORTANT CIRCULARS DURING THE MONTH OF SEPTEMBER 2021

01-Sep-21	ADV-103	Revison in Legal Scrutiny Report
01-Sep-21	ADV-104	Review of MCLR Benchmarks
02-Sep-21	ADV-105	Relaxation in Structured Retail loan products fully secured by Banks own Deposit
04-Sep-21	ADMIN-63	Dispensation of Cheque book of e Allhabad Bank with Old MICR Codes
04-Sep-21	ADV-106	Adoption of e-cliam portal for transmission of claim documents under LIC of India under PMJJBY Scheme
06-Sep-21	ADV-107	Modifications in Various Retail Loan Products
06-Sep-21	CRA-35	Dirctions for payment of cheques by host branches
07-Sep-21	ADV-110	Interest Subvention & Prompt Repayment Incentive for Short Term Loans and Allied Activities for FY 202
09-Sep-21	FX-33	Foreign contribution (Regulation) Act 2010 - Receipt of Foreign Contribution by Individuals /NGOs / Organiasations from Donor Agencies
14-Sep-21	FX-34	Processing of Inward Remittances(Non Trade MT 103)
14-Sep-21	CRA-37	POS Machines to MSME Traders at free of cost
15-Sep-21	ADV-116	Continuation of Relending to Individual crop loan borrowers who have settled their farm loan dues (KCC) under compromise /OTS schme for FY 2021-22
16-Sep-21	FX-35	ECGC payment of premium for the period 01.07 2021 to 30.06 .2022
16-Sep-21	ADV-117	Process flow under SARFAESI Act,2002 and strict adherence of time lines by Field functionaries / Authorized Officers to expedite recovery
17-Sep-21	ADV-118	IND-PMSVANIDHI 2 - 2nd Tranche of loan under PMSVANIDHI
17-Sep-21	ADV-119	Policy on prepackaged Insolvency Resolution Process
21-Sep-21	ADV-122	Utsav Dhamaka for Home Loan, Vehicle Loan and Jewel Loan (NP)
23-Sep-21	CRA-38	Submission of Annual Life Certificate
23-Sep-21	ADV-123	Automation of PMSBY Claim process (online submission of claim details & documents)
24-Sep-21	ADV-125	Income Recognition, Asset Classification and provisioning pertaining to advances - Quarterly closing of accounts as 30 09 2021
24-Sep-21	ADV-124	Reopening of PMFBY portal for completion of data entry for Khariff 2021 under PMFBY/RWBCIS
27-Sep-21	ADV-126	Jewel Loan adherence to System and Procedure
27-Sep-21	ADV-127	Financing under IB-BYST Scheme - Renewal of MOU
27-Sep-21	GEN-10	Implementation of RBI guidelines on monitoring of cash in ATMs - Standard Operating Procedure
28-Sep-21	ADV-128	Mega e auction of properties under SARFAESI Act for the FY 2021-22
28-Sep-21	ADV-129	IND- PMSWANIDHI Additional Guidelines.
29-Sep-21	CRA-39	Pensioners Meet in October 21
29-Sep-21	CRA-40	Fast Tax Mobile Application
30-Sep-21	ADV-132	Substituion of Asset Reconstruction Companies in place of Bank in Bank Suit filed cases
30-Sep-21	ADMIN-69	Validity of erstwhile Allahabad Bank Cheques
30-Sep-21	ADMIN-70	Attendum to Internal Audit Policy for FY 2021-22
30-Sep-21	HRD-6	Change of Incentive Amount for specific Non- Mandatory Courses
30-Sep-21	ADV-131	Revised service charges for Authorized Vehicle Dealers/Sales Executives for successful vehicle loan leads under IBVL

Non Inclusion of a circular does not reflect on its importance.

Retirements

Sl.No.	NAME	DESIGNATION	BRANCH
1.	COM. NARAYANAN V S	GM (CORPORATE CREDIT)	CORPORATE OFFICE
2.	COM. ANUJA BANERJEE	DY. GEN MANAGER	CORPORATE OFFICE: HRM
3.	COM. JAGANNADHA RAO V.	ASST. GEN MANAGER	SAPTAGIRI GRAMEENA BANK
4.	COM. RAJEEV KHANNA	ASST. GEN MANAGER	ZONAL OFFICE:MEERUT
5.	COM. GANESH V.	CHIEF MANAGER	ZONAL OFFICE:CHENNAI (NORTH)
6.	COM. BADRI LAL MEENA	CHIEF MANAGER	JAIPUR
7.	COM. CHANDRASEKARAN S.	SENIOR MANAGER	CMDA, CHENNAI
8.	COM. ABHIRAM SUBNIVIS	SENIOR MANAGER	HYDERABAD MAIN
9.	COM. VASANTHI DINANATH SHENOY	SENIOR MANAGER	MALAD
10.	COM. SUNDER NAGARAJAN	SENIOR MANAGER	SERVICE BRANCH, MUMBAI
11.	COM. GOPAL KACHNAR	SENIOR MANAGER	CAPC BHOPAL
12.	COM. SURESH CHANDRA	SENIOR MANAGER	DEVINAGAR
13.	COM. MALAY SARKAR	SENIOR MANAGER	ULTADANGA
14.	COM. BHAKTAHARI MOHAPATRA	SENIOR MANAGER	BHADRAK
15.	COM. SWAPAN KUMAR ROY	SENIOR MANAGER	HOWRAH N. S. ROAD
16.	COM. SHESH PAL ANAND	MANAGER	DAMC LUCKNOW
17.	COM. SUJIT KUMAR PANDA	MANAGER	BANKURA
18.	COM. ANIL KAPOOR	MANAGER	TONK ROAD
19.	COM. PRANTIK LALA	MANAGER	DUMDUM CANTONMENT
20.	COM. SATISH BABURAO THAKUR	MANAGER	NASHIK CITY
21.	COM. TAPAN CHANDRA HAZARIKA	ASST.MANAGER	GOLAGHAT
22.	COM. ANJAN BASU	ASST.MANAGER	DAKSHINESWAR
23.	COM. JITENDRA DAMODAR PATEL	ASST.MANAGER	ZONAL OFFICE:KOLKATA - II
24.	COM. UVARAJ BAPURAO SUSHIR	ASST.MANAGER	SHEGAON
25.	COM. PARVEEN NARANG	ASST.MANAGER	MOHALI
26.	COM. M S POORNIMA	ASST.MANAGER	JAYNAGAR
27.	COM. USHA CHAUHAN	ASST.MANAGER	LAKSHMINAGAR

AIIBOA Wishes the above Comrades a Very Happy, Healthy and Peaceful Retired Life.

Photo Gallery

Preventive Vigilance workshop organised by IBOO (Delhi & Rajasthan) unit at New Delhi on 2nd October 2021.

Com. Sunder Nagarajan, General Secretary, Maharashtra Unit felicitated on his superannuation on 30th September 2021.

Members meet at Vellore & Tiruvannamalai on 22nd September 2021.

IBOA Eastern Zone organised Preventive Vigilance workshop at Guwahati on 9th October 2021.