



IBOA CONNECT



All India Indian Bank Officers' Association

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Internal Circulation

February 2022

The State of the Indian Economy

Dear Comrades,

The economy across the globe is yet to recover from the impact of COVID successive infections since 2020. The Indian economy, too, is affected by lack of investments, reduced labour income, consumption, and high unemployment rate, and these have not been restored even to pre-pandemic level as in 2019-20.

For investment and employment has to increase, labour income and private consumption has to be improved. To achieve this, the government has to increase its expenditure in social sectors such as MGNREGS, agriculture and allied activities, health, education, building infrastructure, etc. This government spending will boost the people's purchasing power and consumption, which results in increased production of goods, employment, and investment. Though ECLGS unveiled in May 2020 has worked as a lifeline for lakhs of MSMEs, particularly the micro and small units in the wake of the pandemic, but this alone not capable of reviving the consumption and employment rate at least to pre-pandemic level.

But the government has been pursuing the policy of reducing the corporate taxes expecting more investment from the corporate, increasing indirect taxes, particularly on oil, cutting the expenditure on social sectors. Unless consumption increases, corporate may not bring new investments to ensure optimum capacity utilization. Increasing indirect taxes will again reduce the purchasing power in the hands of the people, and further tariffs on oil will result in increased transportation costs and additional inflation. Reduction of expenditure in social sectors will lower the labour income and employment and leads to demand constrained economy.

As the US is now witnessing unprecedented inflation in a decade, the Federal Reserve Board is planning to

increase its interest rate, which is now at near-zero level, to arrest the inflation. In the event of an increase in interest rate in the US, the foreign investment in India will move to US, and our exchange rate will be depreciated. Depreciation in the exchange rate will lead to increased costs of imported goods and further inflation.

There is no change in income tax rates in the current budget, no concessions for the income tax-paying middle class, no reduction in indirect taxes to reduce the inflation rate and increase consumption expenditure, and a slew of expenditure cuts on social schemes. As a result, all tax and non-tax revenue lessen the people's net income, thereby reducing aggregate demand. On the other hand, all Government expenditure generates aggregate demand in the economy. While the budget does not address this distress, the indications are that this distress will increase for reasons that have to do with both the Indian economy and external developments.

What is needed at present is more significant government expenditure in social sectors such as MGNREGS, agriculture and allied activities, health, education, and building infrastructure, which empowers the working people. For much larger expenditure, resources have to be raised through significantly increased taxation of the rich. This would put greater purchasing power into the hands of the working people. Quite apart from the direct economic implications of such a strategy, it would also entail a strengthening of democracy in the country through greater empowerment of the working people.

Yours Comradely

R Sekaran
Secretary General

Budget: Analysis of Fiscal Consolidation

Context: The Union Budget for FY23 has projected a fiscal deficit of 6.4% of nominal GDP, a narrowing from the 6.9% assumed in the revised estimates of FY22.

- Finance Minister said the move was consistent with the broad path of fiscal consolidation announced in 2021 in order to reach a **fiscal deficit level below 4.5% by 2025-26**.

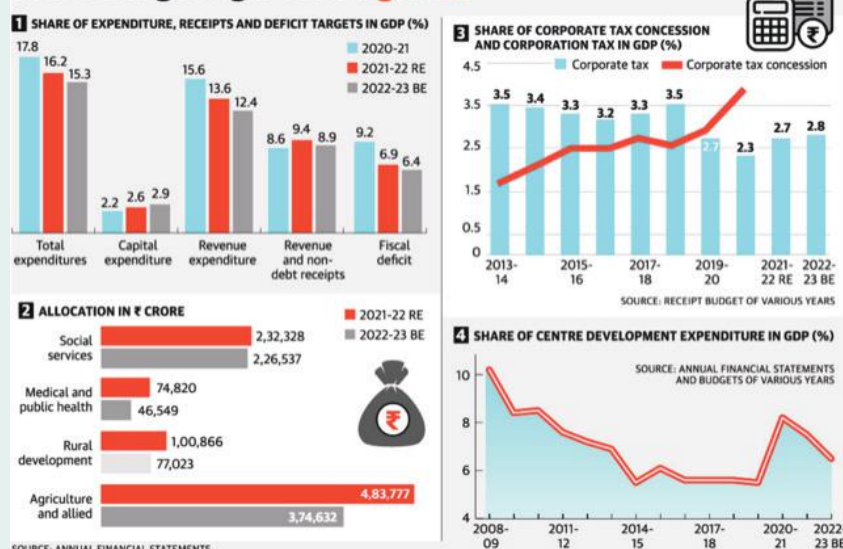
What was the economic context to this year's Budget formulation?

- Sharper reduction in Labour Incomes:** Though every economic crisis involves sharp reduction in output growth rate, the uniqueness of the present crisis in India lies in the sharper reduction in labour income as compared to profits.
- Low Consumption:** The consequent reduction in income share of labour was associated with fall in consumption-GDP ratio as well as absolute value of consumption expenditure during the pandemic.
 - While the GDP in 2021-22 is estimated to attain the pre-pandemic level, real consumption expenditure remains to be lower as compared to 2019-20.
- Pre-Pandemic Slowdown:** The slowdown during the pandemic was itself preceded by what turned out to be the longest episode of growth slowdown in the Indian economy since the liberalisation period.

What were the broad challenges with the budget 2022?

- The first challenge is specific to the pandemic and pertained to the need of undertaking policies that boosts labour income and consumption expenditure.
- The second challenge pertained to addressing the structural constraints of the Indian economy that restricted growth even during the pre-pandemic period.

Some Budget figures at a glance



How has the Budget fared in this backdrop and what are the key shortcomings?

Continuing with the objective of **fiscal consolidation**, the Budget falls short of addressing both the above said challenges. There are three distinct features of this fiscal consolidation process.

1. Revenue Expenditure Cut Down as path for Fiscal Consolidation

- Firstly, while share of revenue and non-debt receipts in GDP has remained more or less unchanged, the objective of fiscal consolidation has been sought to be achieved primarily by reducing the expenditure-GDP ratio (see figure 1).
- The brunt of this expenditure compression fell on revenue expenditure.
- The allocation of capital expenditure as a share of GDP has been marginally increased in 2022-23 as compared to 2021-22. Additional capital expenditure could be financed either by postponing fiscal consolidation process or by increasing revenue.
- However, the budget has sought to increase capital expenditure and achieve fiscal consolidation by reducing the allocation for revenue expenditure-GDP ratio.

2. Labour Income not given boost

- Secondly, since the bulk of the revenue expenditure comprises of expenses in social and economic services like subsidies, reduction in the allocation for revenue expenditure has adversely affected the income and livelihood of labour (see figure 2).
- For example, allocation for both agriculture and allied activities and rural development registered a sharp decline in nominal absolute terms in 2022-23 as compared to 2021-22.

3. Increased Tax Concessions

- Thirdly, despite sharp increase in profits during the pandemic, the corporate tax-GDP ratio has continued to remain below the 2018-19 level due to tax concessions.
- The last decade registered a sharp rise in the share of corporate tax concessions in GDP, which reached its peak at 3.9% by 2020-21 (see figure 3).

- As a result, corporate tax-GDP ratio registered a decline particularly since 2018-19 when corporate tax-ratio declined sharply from 3.5% to 2.7%.
- Despite the objective of fiscal consolidation, the **corporate tax ratio continues to remain low** and **restrict revenue receipts**.

What are the implications for development spending?

- The objective of **fiscal consolidation** along with the **inability to increase revenue receipts** has posed a constraint on development expenditure.
- With non-development expenditure comprising of interest payments, administrative expenditure and various other components, the brunt of expenditure compression has fallen on development expenditure.
- Figure 4 shows the trend in **share of centre's development expenditure** (development expenditure is calculated as the sum of expenditures on social services and economic services) in GDP since 2008-09.
- While the decade of 2010s was characterised by different governments meeting fiscal targets by adjusting their expenditure, it registered a sharp **decline in the development expenditure ratio** till the advent of the pandemic in 2019-20.
- The **fiscal stimulus** implemented in the first year of the pandemic brought about a brief recovery in 2020-21.
- The fiscal consolidation strategy carried out in the last years has once again led the development expenditure ratio to slide downward.

- The reduction in the allocation for development expenditure ratio for 2022-23 reflects reduction in the allocation for food subsidies, national rural employment guarantee program, expenditure in agriculture, rural development and social sector.
- The reduction in the allocation for development expenditure would have **adverse impact on labour income and consumption expenditure**.
- The positive impact of higher capital expenditure on the recovery process would be largely curtailed by the adverse impact of more than proportionate fall in revenue expenditure.

What are the prospects of export-led growth?

- Given the fiscal consolidation strategy of the Government, the prospect and extent of economic revival at the present remains heavily dependent on external demand.
- Despite the limited recovery in exports in the last few quarters, the possibility of sustained economic recovery relying exclusively on the export channel appears to be bleak at the present as different countries have already started pursuing fiscal consolidation.

Conclusion

- What the Indian economy lacks at the moment is an effective policy instrument that can boost labour income and aggregate demand.

WEDDING BELLS

Selvan **Rohit Sivakumar**

(S/o Com. Kalpathy V. Sivakumar, Former Secretary, IBOA(TN&P))

Married to

Selvi **Pradhiba**

At Chennai on 20 01 22

Selvi **Srirajarajeswari**

(D/o. Shri. A Ganesaraman, FGM, Coimbatore)

Married to

Selvi **V Thyagarajan**

(S/o. Shri. N Venkatanarayanan, DGM, CO,IBD)

At Chennai on 20 01 22

Selvan **R Balaganesh**

(S/o. Com. K Rajendran, Former Sec. General, AIIBOA)

Married to

Selvi **R Raja Sheeba**

(D/o. Shri. N Rajamani, AGM, Indian Bank, MAPC, Madurai)

At Tirunelveli on 23 01 2022

Selvan **S. Bhuvanesh**, B.Tech., IRPFS,

(S/o. Com. V Selvaraj, Manager, Indian Bank (Retd))

Married to

Selvi **R N Sulthana Begum, M.A.,**

At Chennai on 23 01 22

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

IMPORTANT CIRCULARS DURING THE MONTH OF JANUARY 2022

Date of Issue	Circular No.	Subject
03.01.2022	CRA-77	Revision of Interest Rates for Small Savings Schemes
03.01.2022	CRA-76	Covid- Vaccination of two doses by 100% Of Employees
03.01.2022	CRA-79	Extension of time period for submission of Life certificate till 28th February, 2022
03.01.2022	ADV-276	Clarifications Provided on Prudential Norms on IRACP
04.01.2022	ADV-278	Master circular on ib pension loan scheme (IBPLS)
04.01.2022	ADV-279	Master circular on ib pension loan scheme (IBPLS)
04.01.2022	ADV-280	RBD products in National Portal
05.01.2022	ADMIN-134	Steps to minimize LFAR observations in ensuing Statutory Audit
05.01.2022	GEN-16	Standard Operating procedure(SOP) for online generation of Internet Banking credentials
06.01.2022	ADV-282	Revised Guidelines on IBVL - Loans for Purchase of new Two Wheelers
06.01.2022	ADV-283	Retail Assets products in National Portal
06.01.2022	ADV-284	Revised Guidelines on IBVL - Loans for Purchase of used cars
06.01.2022	CRA-82	Ensuring seeding of correct mobile number of customer in cbs before entering requests for issue of personalised cheque books
07.01.2022	ADV-285	"ONLINE OTS DRIVE" CAMPAIGN-IV from 01.01.2022 to 31.03.2022
10.01.2022	ADMIN-135	Social Media Promotion Contest – Modification of Campaign dates for each FGMOs
11.01.2022	ADV-286	Compromise/ Negotiated “One Time Settlement” (OTS) of Non-Performing Assets
12.01.2022	FX-81	Country Risk Management Policy – Changes in the Risk rating of countries
13.01.2022	ADV-287	Mega e-Auction of Properties under the SARFAESI Act for Q4 of FY 2021-22
17.01.2022	ADMIN-137	Formation of Super-Achievers Team in the Bank
17.01.2022	CRA-83	Locker Rent Rate for Staff members/Retired Staff members/Spouse of the Deceased Staff
17.01.2022	HRMD-163	"Online Test on Job Knowledge for FY 2021-22 for Officers / Executives in Scale I to Scale VI – Third Test FY 2021-22"
20.01.2022	GEN-17	Vehicle Loans - Adhere to guidelines: Avert frauds
21.01.2022	ADV-288	Restriction on Exposure to Nine Non-Banking Financial Companies
21.01.2022	FX-83	Active Promotion of Gold Card Scheme for Exporters
21.01.2022	DEP-33	Identifying Ineligible Savings Bank Accounts in the names of Companies / Societies
25.01.2022	ADMIN-141	Compensation to customers due to fraudulent / unauthorised electronic debit transactions (UEBT)
25.01.2022	CRA-84	Payment of family pension in respect of child suffering from a disorder or disability of mind through the person nominated by the Government servant/Pensioner/family pensioner
25.01.2022	CRA-85	Introduction of Android PoS In-app Billing Payment Solution
25.01.2022	DEP-34	Rolling Out of TAB Banking to 1000 Select Branches PAN India
27.01.2022	ADV-289	Revised Agreement of Hypothecation for Agricultural Loans (D-68 MCLR)
27.01.2022	ADV-290	KCC- Sanction Letter Format
27.01.2022	ADV-291	Standard Operating Procedure for One Time Settlement – Clarification
29.01.2022	ADMIN-142	Compliance of KYC/AML Guidelines: Ensuring observance of proper Customer Due Diligence (CDD) process during onboarding /Re-KYC/ CIF amendment
29.01.2022	CRA-86	Agreement for Safe Deposit Locker (Modified) - D116
31.01.2022	ADV-293	Extension of "IBHL-Premium" upto 31.03.2022
31.01.2022	ADV-294	"Extension of “Utsav Dhamaka – FY 2021-22” upto 31.03.2022 - for Home loan, Vehicle Loan and Jewel Loan (N.P.) products"
31.01.2022	CRA-87	Digital Campaign to have at least 100 digital customers per branch

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

Retirements

Sl.No.	NAME	DESIGNATION	BRANCH
1.	Com. RAMESH KUMAR DHAR	ASST. GEN MANAGER	FGMO HYDERABAD
2.	Com. MANOJ KUMAR MISHRA	CHIEF MANAGER	SAMV MUMBAI
3.	Com. BIPIN BIHARI PRASAD	CHIEF MANAGER	BHAGALPUR UNIVERSITY
4.	Com. SANTANU BHATTACHARYA	CHIEF MANAGER	ZONAL OFFICE:KOLKATA - I
5.	Com. SOMASUNDARAM JAYAPRAKASH	CHIEF MANAGER	TAMBARAM WEST
6.	Com. RAMESH CHAND KOUNDAL	SENIOR MANAGER	SAMV DELHI
7.	Com. SUKAMAL SAHA	SENIOR MANAGER	ALIPORE
8.	Com. VIJAY KUMAR C	SENIOR MANAGER	BHILAI
9.	Com. SHAMBHU PRASAD SINGH	SENIOR MANAGER	BAHERA ZAHIDPUR
10.	Com. KESHAV HARIRAM BARAPATRE	SENIOR MANAGER	BANDRA (E)
11.	Com. SIVAPRAKASAM N	SENIOR MANAGER	CORPORATE OFFICE: VIGILANCE DEPT
12.	Com. SURAJIT KUMAR ROY	SENIOR MANAGER	CHAMPADALI MORE
13.	Com. RAMASRAY PRASAD BARNWAL	SENIOR MANAGER	CAPC NEW DELHI
14.	Com. PARIJAT JHA	SENIOR MANAGER	DURG KASERDIH
15.	Com. DEV DUTTA SEN	SENIOR MANAGER	DAMC KOLKATA
16.	Com. ASHOK KUMAR SINHA	SENIOR MANAGER	DAMC LUCKNOW
17.	Com. ELANGO R	SENIOR MANAGER	ERODE
18.	Com. C P S TOPNO	SENIOR MANAGER	GIRIDIH
19.	Com. MALAY KUMAR DUTTA	SENIOR MANAGER	IC KOLAKATA - II
20.	Com. JAYARAJAN M S	SENIOR MANAGER	KOZHICODE
21.	Com. BENOYKUMAR DUTTA	SENIOR MANAGER	KHARAGPUR (W B)
22.	Com. NEERJA MISRA	SENIOR MANAGER	KHERI MAIN
23.	Com. ASHOK KUMAR	SENIOR MANAGER	GHAZIABAD NAVYUG MARKET
24.	Com. SUBRAMANIAN K	SENIOR MANAGER	ODDANCHATRAM MARKET
25.	Com. NASEER KHAN	SENIOR MANAGER	TENDURA
26.	Com. PAMARTI BALAJI RAMANA	SENIOR MANAGER	ZONAL OFFICE:BERHAMPUR
27.	Com. VIDJEACOUMAR M	VIGILANCE OFFICER	ZONAL OFFICE:PUDUCHERRY
28.	Com. NIRMAL CHANDRA MONDAL	MANAGER	BAGUIATI
29.	Com. KAMAL KUMAR PARWANI	MANAGER	AHMEDABAD BOPAL
30.	Com. UMESH PRASAD CHOURASIA	MANAGER	GHAZIPUR
31.	Com. RAKESH KUMAR	MANAGER	KAILI
32.	Com. R BHUWANESWARI	MANAGER	VALASARAVAKKAM
33.	Com. SOMAMBIGAI S	MANAGER	TIRUPPAPULIYUR
34.	Com. GOBARDHAN RAJAK	ASST.MANAGER	BHAGALPUR AMHARA
35.	Com. ARAV A SOLOMON	ASST.MANAGER	CHITTOOR
36.	Com. KRISHNA CHATTERJEE	ASST.MANAGER	GHOLA
37.	Com. UMESHWAR THAKUR	ASST.MANAGER	KANHAULI
38.	Com. PREMKUMAR LAL	ASST.MANAGER	ST. FRANCIS DE SALES SCHOOL
39.	Com. SUDHANSHU RAY MONDAL	ASST.MANAGER	BISHNUPUR (SOUTH)
40.	Com. SUSANTA KUMARR DAS	ASST.MANAGER	TARAKESHWAR

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

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.

Photo Gallery



Shri. T Dhanraj, GM CDO inaugurated the Online Prepromotion Training Programme arranged by AllBOA in coordination with IMAGE on 8th January 2022.



Central Consultative Committee Meeting is held with our Bank Management at Corporate Office on 13th January 2022. The meeting is inaugurated by our MD & CEO and Executive Director. In the meeting issues related to Technology, Manpower, CAPC, DAMC, Vigilance, payment of allowances as per OSR, and other HR issues were discussed in detail and persuaded for solution.

Our Office Beares provided New Year diaries to our Members visiting the branches in Tamil Nadu



Chennai South



CPCC



Kumbakonam



Chennai North



Trichy



Puducherry



Salem



Tiruvannamalai



Coimbatore



Krishnagiri



Kancheepuram



Vellore



Poonamallee



Karaikudi



Madurai



Corp Office



Tirunelveli



Cuddalore