



IBOA CONNECT



All India Indian Bank Officers' Association

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Happy New year 2022

Dear Comrades,

Hope is like a road in the country: there was never a road, but it comes into existence when many people walk on it.

With a lot of hope, we welcome 2022, which would bring prosperity, good health, and dignity to people from all walks of life. It is heartening to note that more than 100 crore people have been vaccinated. Shortly, it is expected that all adults would get vaccinated, which helps the citizens to get immunized from the infections and carry out normal economic activities.

The Banking Industry continues to face challenges such as privatization, announced by the Finance Minister while presenting the budget in Feb 2021. Further, the government had listed the Banking Laws (Amendment) Bill 2021, intending to take up during the Winter Session of Parliament to privatize the public sector banks as part of the Rs. 1.75 lakh crore disinvestment target in the current fiscal year. It is part of the reforms of neo-liberal policies meticulously pursued by the central government. Immediately AIBOC has unleashed its campaign against this Government move and conducted Bank Bachao and Desh Bachao nationwide yatra. The yatras culminated in Delhi, where a massive demonstration was conducted at Parliament Street, enlisting the leaders' solidarity across the political spectrum with their physical presence at the demonstration venue. UFBU has given a call for a two-day strike on 16th and 17th December and it was a huge success which forced the government to end the winter session of the parliament a day ahead of schedule without completing its agenda of placing the Banking laws (Amendment) Bill 2021 in the parliament. Though the Government has not pursued in this session, the sword is still hanging and we have to be ready for future struggles to safe guard the PSBs.

Further, a range of public assets from railway stations, ports, airports to stadiums and roads are being sought to be monetized, which means that they would be made into commodities in the hands of private operators.

Monetizing public assets is no different from running a fiscal deficit to finance larger government expenditure. It puts assets in the form of roads, railway platforms into the hands of the private sector, and what it gets in lieu of doing so is what it spends.

Amidst the challenges, we have witnessed certain positive developments also in respect of family pension where we have got the Government approval for the payment of family pension at a uniform rate of 30% of the pay of the deceased employee, without any ceiling on family pension, effective from 01 04 2021. Furthermore, in the case of NPS, the rate of employer's contribution has been enhanced from the existing 10% of pay plus dearness allowance to 14% thereof effective from 11 11 20 after constant follow up by UFBU. We also understand that IBA has appointed a five men committee to study the issue of pension updation.

In our Bank, our Officers witness a lot of challenges without adequate staffing at the Branch level. Due to a lack of workforce, we could not follow the laid down systems and procedures in the day-to-day banking operations, which results in operational risk at the branches. Our Association is continuously pursuing with the Management to post sufficient officers at the Branch level, which could be possible only by recruiting the Probationary Officers and conducting promotion exams for clerks to officers cadre.

Issues and challenges are eternal for the Workforce and Association. We hope that our continuous efforts and pains will result in the desired results at the dawn of this New Year. We continue to bestow our best endeavors to resolve the issues and challenges for the well-being of the Officers and the Bank.

Wishing you all a Happy and a Wonderful New Year.

Yours Comradely

R Sekaran
Secretary General

Wish you Happy New Year and Pongal Harvest Festival

Staff Meeting

Comrades, You are all aware that Staff Meetings are to be conducted every month and the minutes have to be sent to the Zonal Office along with the Audit Monthly returns. The purpose of the meeting is to have effective interaction with the staff members on our Bank issues and issues faced by the staff members while rendering customer services. This meeting will enhance the ownership of the staff members towards our Bank. This kind of meeting will help for effective and efficient functioning of the Branch. When Man power is at very minimum level at the branches and they can not afford to have any meaningful interaction during the business hours. These meetings will provide exclusive platform for the staff members to share their ideas and difficulties and the ways to get them redressed. In the Staff Meetings...

- Discussions would be held about the branch business position and the ways and plans to improve.
- Ensure that the Bank's procedures and guidelines are properly followed by the staff members while performing their roles.
- Rectification measures to be taken, if any. • Constraints faced by the staff members while discharging their duties and measures for their redressal.
- Whether security measures are properly adhered to.
- Many more relevant informations can be shared which will be helpful both to the bank and staff members.
- This effective interaction will be useful especially to the juniors and the newly joined staff members.

In some branches since the laid down guidelines were not followed, staff members have been landing in troubles which may be difficult to reverse. This kind of interaction may help us to trace roots of the problem at the initial stage itself and initiate remedial measures. Since we are in a Financial Institution and dealing with finance, strict adherence to the systems and procedures only will save us from landing in troubles. Every staff member's input is very useful for the better administration and growth of the branch. By conducting such regular meetings, staff members will become more resourceful, cohesive and responsible for the Bank and its team members. Hence we reiterate that every month the Branch Managers arrange to conduct monthly staff meetings.

NATIONAL HELPLINE AGAINST ATROCITIES (NHAA)

In News: The Ministry of Social Justice and Empowerment has launched a National Helpline Against Atrocities (NHAA) on 13th Dec 2021 with an aim to ensure proper implementation of the Scheduled Castes and the Scheduled Tribes (Prevention of Atrocities) Act, 1989 which was enacted with a view to, inter-alia, preventing atrocities on members of Scheduled Castes (SCs) and Scheduled Tribes (STs).

- The NHAA will be available round the clock on toll-free number 14566 across the country. It can be accessed by making a voice call /VOIP either from a mobile or land line number of any Telecom Operator across the country. This service will be available in Hindi, English and regional language of the State/UTs. Its Mobile application will also be available.
- The objective of the helpline is to build informed awareness about the provisions of the Law that are aimed at ending discrimination and provide protection to all.
- The system will ensure that every complaint is registered as an FIR, relief is provided, all registered complaints are investigated and all chargesheets filed are prosecuted in the Courts for decision – all within the given timelines in the Act.

Neo Banks Vs Traditional Banks

What are Neo-banks?

Neo-banks are online-only financial technology (fintech) companies that operate solely digitally or via mobile apps. Simply put, neo-banks are digital banks without any physical branches.

How are they different from the traditional banks?

- Neo-banks are disrupting the traditional banking system by **leveraging technology and artificial intelligence (AI)** to offer a range of **personalised services to customers**.
- On the other hand, traditional banks follow an omni-channel approach i.e. having both physical (through branches and ATMs) and digital banking presence to offer a multitude of products and services.
- Right from customer acquisition to traditional banking services such as remittances, money transfers, utility payments and personal finance, neo-banks offer a wide range of offerings to customers across retail and small-to-medium enterprise (SME) categories.
- Typically, neo-banks apply a design thinking approach to a particular banking area and tailor their products and services in a manner that **makes banking simpler and convenient to the end consumers**.

How are they evolving?

- The term 'Neo-bank' started gaining prominence globally in 2017 as they emerged as a new challenger to the traditional banks in terms of customer engagement, connectivity and reach, and most importantly, the user experience.
- That is why neobanks are also called '**challenger banks**'.
- The market potential for neo-banks is driven by the **rising penetration of the internet** and smartphones across the globe.
- The global neo-banking market size is expected to reach \$333.4 billion by 2026, rising at a compounded annual growth rate (CAGR) of 47.1 per cent.
- There are around a dozen neo-banks in India including Razorpay X, EpiFi, Open, NiYo, Jupiter among others.

What are the advantages of neo-banks?

- **Low costs** – Fewer regulations and the absence of credit risk allow neo-banks to keep their costs low. Products are typically less expensive, with no monthly maintenance fees.
- **Personalised services**– These banks offer customers personalised services according to the needs of customers by leveraging technologies
- **Speed** – Neo-banks allow customers to set up accounts quickly and process requests speedily. Innovative strategies are employed to determine the credit value of the person while offering loans thereby cutting the usual time-consuming verification process.

Can they replace traditional banks?

- **Not entirely**. Neo-banks offer only a small range of products and services as compared to a whole gamut of services that traditional banks offer.
- Besides, since neo-banks are **highly digital focused**, they may not be able to cater to the banking needs of non-tech savvy consumers or **people from the rural parts** of the country, who believe in face-to-face interaction with their financial custodians.
- As of 2020, India had a smartphone penetration rate of just about 54 per cent.

What are the challenges that they face?

- First and foremost is **building trust**. Unlike traditional banks, neo-banks don't have a physical presence, so customers cannot literally 'bank upon' them in case of any issues/challenges.
- Secondly, neo-banks are **yet to be recognised by the Reserve Bank** of India (RBI). So, they have to engage with regulated banks and financial institutions to offer financial products and services.
- Due to the absence of enabling regulations, neo-banks **cannot accept deposits or offer lending products** on their own books.
- That is why some fintechs have a non-banking financial company (**NBFC**) as their parent to **engage in lending** activities while most others partner with banks and financial institutions.

Connected Lending

In News: The Reserve Bank of India (RBI) has recently decided to **keep on hold** the implementation of a recommendation made by an internal working group to issue banking licences to large industrial groups. Many view the RBI's decision as a prudent step to preserve financial stability.

What is it?

- An internal working group of the RBI **headed by P.K. Mohanty** in November 2020 recommended, among other things, that the RBI allow large industrial groups to set up banks.
- The group's recommendation was seen by analysts as an **effort to bring more private capital** into the banking system and help increase lending.
- The proposal was met with criticism from many experts, including former RBI governor Raghuram Rajan and former RBI deputy governor Viral Acharya.
- Many countries across the world either completely ban industrial groups from owning banks or heavily restrict such ownership.
- The RBI has been mulling the working group's recommendations over the past one year and has accepted some of its recommendations. However, it has decided to put on hold the major recommendation to allow industrial groups to own and operate banks.

What is the problem with allowing large industrial groups to set up banks?

- Critics of the working group's proposal argue that giving large industrialists such as the Ambanis, the Adanis and the Tatas the licence to own and operate banks will lead to **misallocation of capital**.
- The logic behind the opposition is that this **could give rise to connected lending**, a system where the owner of the bank gives their company or companies or connected parties (his friends and families) loans at lesser rates of interest. Basically, if you own a bank you can lend yourself money at a lower rate of interest for a risky project.
 - For example, a bank owned by the Ambanis may prefer to lend to companies that come

under the Reliance Group over those owned by the Tatas or the Adanis.

- A bank owned by a certain industrial group may also be more willing to offer loans to its sister companies even if they do not meet credit standards, critics believe. Such loans are more likely to turn into bad assets and **threaten the stability of the financial system**.
- Critics also believe that India **lacks the infrastructure necessary** to effectively implement regulations to prevent such dangerous connected lending.
- The **failure of many private banks in the past** due to bad lending decisions too has been cited as a reason to oppose the idea of large industrial groups entering banking.
- Even though private banks maintain better asset quality than public sector banks, critics still fear that private banks may be more prone to making bad loan decisions.

Are the critics right?

- Granting bank licences to industrial groups would give these groups easy access to capital. Remember that under the current fractional-reserve banking system, banks possess the rare privilege to create loans out of thin air without a commensurate size of deposits.
- So, an industrial group that owns a bank **can expect an abundant supply of loans** from its banking wing. This can potentially lead to serious problems.
- For example, an industrial group suffering huge losses could use its banking wing to keep itself afloat for a long time.
- Even though the IWG clearly says that large business groups will be allowed as promoters of banks only after necessary amendments to the Banking Regulation Act, 1949, former RBI Governor Raghuram Rajan posits that if the Indian banking system was so strong on regulation, the sector would not have had such a large problem of NPA (non-performing assets) and bad loans.

RBI's move to sweep NBFCs into PCA framework is fine, but it may involve too many exclusions.

After the shock to the financial system from the IL&FS crisis, the Reserve Bank of India has been superseding the Boards of large non-banks seen to be on the brink of failure, recently initiating such rescue efforts at the SREI group and Reliance Capital. But in initiating such actions after a non-bank has defaulted on its obligations, RBI has been criticised for intervening too late to shore up public confidence, preserve value for stakeholders or woo acquirers to the entity. While there are only a few score banks, the financial system is home to over 9,400 NBFCs which are highly interconnected to both bond markets and banks. This is why RBI's decision to introduce a Prompt Corrective Action (PCA) framework for NBFCs, on the lines of the one for banks that's been around since 2002, is a welcome, if belated, attempt to institute an early-warning system on NBFC distress.

Compared to its norms for banks, RBI appears to have set somewhat liberal thresholds for NBFCs before they attract PCA norms. The framework will apply only to middle and upper layer NBFCs, deposit-taking NBFCs and Core Investment Companies. If the non-bank's CRAR falls 300-600 basis points below the regulatory minimum, Tier 1 capital slips 200-400 basis points below norms or net NPAs soar beyond 6- 12 per cent, PCA kicks in. Based on how far an NBFC has strayed from these thresholds, RBI can impose dividend restrictions, mandate capital infusion and restrict capex or branch expansion. It also has discretion to initiate special

audits or inspections, propose a bail-out scheme or file an insolvency application with the IBC. RBI has perhaps set relaxed norms for NBFCs in recognition of the fact that they lend to far riskier borrowers than banks. But the leeway offered may also allow an NBFC to land in considerable stress before it invites regulatory actions.

It is disappointing that the PCA norms for NBFCs will not immediately apply to government companies and leaves out all 'base layer' NBFCs. NBFCs promoted by the Central and State governments in India rely quite heavily on bond funds raised from public markets and sometimes on public deposits, with some undoubtedly in precarious financial shape. Given that public sector banks are very much under the PCA framework, there's a strong case for applying it to government-owned NBFCs too. The decision to exclude the base layer of NBFCs — non-banks with a less than Rs. 1,000 crore asset base including P2P lenders, digital lenders, account aggregators and small lenders — from PCA needs re-evaluation too. RBI's earlier discussion paper found that as many as 9,209 of the 9,425 registered NBFCs fall in this base layer. Given that the digital lending and fintech revolution in India is increasingly being powered by small NBFCs, P2P firms and such, allowing such a large number of them to get away with light-touch regulations may pose risks to public confidence in the financial system, too.

Courtesy: Business Line



*14th January -
Wishing you a
Very Happy
Harvest Season.*

IMPORTANT CIRCULARS DURING THE MONTH OF DECEMBER 2021

Date of Issue	Circular No.	Subject
02-12-21	ADV-177	Interest Rate circular for MCLR and Repo linked products
02-12-21	ADV-178	RBI Master Directions – Priority Sector Lending (PSL) – Targets and Classification
02-12-21	ADV-179	Review/Renewal of Self Help Group (SHG) accounts
03-12-21	ADV-240	IBA APPROVED LIST OF TRANSPORT OPERATORS
03-12-21	ADV-241	Settlement of Claims under Emergency Credit Line Guarantee Scheme (ECLGS) for Guaranteed Emergency Credit Line Scheme(GECLS) accounts
03-12-21	ADV-242	Launch of "Credit Card Campaign"
04-12-21	ADV-243	"Roll-out of Retail Assets products in Loan Lifecycle Management System (LLMS) Software"
04-12-21	ADV-244	Marking of Mid/Large Corporate Accounts Classified under the Retail, Agriculture and MSME (RAM)
06-12-21	ADMIN-110	Launch of Campaign for on boarding Customers in IndOASIS
06-12-21	ADMIN-111	Optimum Utilisation of the Bank's Social Media Platforms - Target oriented Achievement by the Field Team
07-12-21	CRA-71	Implementation of Digital Document Execution (DDE)
07-12-21	ADMIN-112	Digital Initiatives taken by the Bank – Talking Points to the Field Functionaries
07-12-21	ADV-246	OBTENTION OF LOAN DOCUMENTS - REITERATION OF IMPORTANT GUIDELINES
08-12-21	ADV-247	STANDARD OPERATING PROCEDURE (SOP) FOR LEAD MANAGEMENT MODEL FOR AUCTION OF PROPERTIES UNDER THE SARFAESI ACT THROUGH e-BIKRAY PORTAL.
09-12-21	ADV-248	Offer of Free FASTag to the customers availing fresh vehicle loan from our Bank up to 31-03-2022
09-12-21	ADMIN-113	MONITORING SERVICEABILITY OF SECURITY SYSTEMS IN BRANCH / ATM
09-12-21	ADV-249	Free Health Care Consultation facility for Pension Loan Borrowers Through Tie up with Practo – a Digital Health Care Platform
10-12-21	DEP-29	Additional Branches permitted for acceptance of Bulk Deposit
10-12-21	ADMIN-116	Unauthorised Transactions in Internal Office Accounts
13-12-21	ADMIN-118	Customer Due Diligence for transactions in Virtual Currencies (VC)
15-12-21	ADV-251	Standard Operating Procedure for OTS
15-12-21	ADV-253	NEW PRODUCT - IND LGSCATSS - Loan Guarantee Scheme for COVID affected Tourism Service Sector
16-12-21	ADMIN-120	Curtailement of Rent on premises
16-12-21	ADMIN-121	Austerity Measures on Expenditure Management
16-12-21	DEP-30	Introduction of "TAB Banking" Opening of Savings Bank Account through Android TABLET
17-12-21	ADMIN-123	Regular/Timely Uploading of KYC Records onto Central KYC Registry - Compliance of KYC Master Direction Issued by RBI
20-12-21	ADV-254	MANDATORY e-FILING OF CASES / PETITIONS BY THE BANK BEFORE ALL COURTS / TRIBUNALS / FORA w.e.f. 01.01.2022
21-12-21	ADV-255	Master Circular – Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances
23-12-21	ADV-260	RESOLUTION FRAMEWORK FOR COVID-19- RELATED STRESS-FINANCIAL PARAMETERS-REVISED TIME LINE FOR COMPLIANCE
23-12-21	ADMIN-127	Observance of "SWACHHATA PAKHWADA, 2022" (Swachh Bharat Fortnight) from 16th January to 31st January 2022
23-12-21	CRA-73	CCTV FOOTAGE FOR LOCKER OPERATIONS PRESERVING CCTV FOOTAGE FOR NOT LESS THAN 180 DAYS
24-12-21	ADV-262	MODIFICATION IN LOAN AGREEMENTS
28-12-21	ADV-264	SHG Outreach Month from 01.01.2022 to 31.01.2022
29-12-21	HRMD-143	Revised Powers for authorising / passing transactions in CBS
29-12-21	ADMIN-130	SOCIAL MEDIA PROMOTION CONTEST
29-12-21	ADMIN-132	Business Continuity Measures in view of fast spread of Omicron Variant
29-12-21	ADV-266	Implementation of Loan Lifecycle Management System (LLMS) Software for Rural Banking Department (RBD) products

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

Retirements

Sl.No.	NAME	DESIGNATION	BRANCH
1.	Com. MAHENDRA G	GENERAL MANAGER (R&L)-I	CORPORATE OFFICE
2.	Com. VIJAY KUMAR DUTTA	DEPUTY ZONAL MANAGER	ZONAL OFFICE:PATNA
3.	Com. PUTTA LAKSHMI NARAYANA	DY. GENERAL MANAGER	FGMO BENGALURU
4.	Com. BINAYA KUMAR SAHOO	DY. GENERAL MANAGER	CORPORATE OFFICE: BANKING OPERATIONS DE
5.	Com. ANIL SHARMA	DY. GENERAL MANAGER	CORPORATE OFFICE:BPR & TRANSFORMATION
6.	Com. VENKATESWARA SRIDHAR L N P	ASST. GENERAL MANAGER	CORPORATE OFFICE: CREDIT DIVISION
7.	Com. NAKKINA ANAND KUMAR	ASST. GENERAL MANAGER	FGMO HYDERABAD
8.	Com. NARASIMHA RAO R V	ASST. GENERAL MANAGER	ZONAL OFFICE:BENGALURU
9.	Com. VARA PRASAD B V S A	CHIEF MANAGER	HYDERABAD MAIN
10.	Com. SURAJIT BISWAS	SENIOR MANAGER	HOWRAH
11.	Com. CORMATY PRASADA RAO	SENIOR MANAGER	M M PADU
12.	Com. B SATYANARAYANAN	SENIOR MANAGER	CORPORATE OFFICE:ESTATE
13.	Com. VINOD KUMAR S	SENIOR MANAGER	KASARGOD
14.	Com. MANI A	SENIOR MANAGER	MICROSATE TIRUPATTUR
15.	Com. NAGARATHINAM A L	SENIOR MANAGER	MADURAI MAIN
16.	Com. KISHORE BABU G	SENIOR MANAGER	RAJAHMUNDRY
17.	Com. ADHVARYA P P	SENIOR MANAGER	JUNAGADH CITY MARKET YARD
18.	Com. ANIL KUMAR BHALLA	SENIOR MANAGER	SECTOR-12 PANIPAT
19.	Com. SUNDER LAL VERMA	SENIOR MANAGER	ORAI
20.	Com. GUDISEVA PARTHA SARADHI	SENIOR MANAGER	BRODIPET
21.	Com. DUGGARAJU RADHA RANI	SENIOR MANAGER	BEGUMPET
22.	Com. BARUN KANTI DAS	MANAGER	A J C BOSE ROAD
23.	Com. MRINMOY KUMAR PANJA	MANAGER	ZONAL OFFICE:KOLKATA - I
24.	Com. PRADYOT KUMAR SHAW	MANAGER	JAMSHEDPUR MAIN (SAKCHI)
25.	Com. NARAYAN CHANDRA SARKAR	MANAGER	GUWAHATI BONGAIGAON
26.	Com. PROSHANTU KUNDU	MANAGER	DIGBOI
27.	Com. ARDHENDU DAS	ASST. MANAGER	GARIA
28.	Com. SHANMUGAM C	ASST. MANAGER	KMCH GOLDWINS
29.	Com. SAMBHU NATH MONDAL	ASST. MANAGER	KHARDAH
30.	RAMESH KUMAR SHARMA	ASST. MANAGER	CENTRAL PROCESSING HUB BH

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

Photo Gallery



Glimpses of demonstrations on 16th & 17th December across the country.

Members Meet



Members meet held at Salem on 10 12 21



Members meet held at Cuddalore on 18 12 21



Members meet held at Krishnagiri on 27 12 21



Tamil Nadu Grama Bank Officers' Assn -AIBOC 1st Biennial conference held at Salem on 11 12 21