



IBOA CONNECT



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Dismantling of India's PSUs - A Dangerous Move

Comrade,

Recently Finance Minister Ms. Nirmala Sitharaman said the government will soon come out with a new public sector enterprises policy that will define strategic sectors which will not have more than four PSUs. As part of the 'Aatmanirbhar Bharat Abhiyan' package, the Finance Minister in May had announced that there will be a maximum of four public sector companies in strategic sectors, and state-owned firms in other segments will eventually be privatised.

The Department of Investment and Public Asset Management (Dipam) functioning under the finance ministry, which moved a cabinet proposal in August on 'Redefining Public Sector Participation in Commercial Sector Enterprise', has classified 18 strategic sectors into three broad segments - mining and exploration, manufacturing, processing and generation, and the services sector.

The biggest fallout is expected to be on sectors like banking. It appears that Government feels that even after the merger of 10 state-owned banks into four last year, and the mergers in 2017 and 2018, there are still 12 state-owned banks in India.

Why government wants to privatize the Public Sector Undertakings.

On one side even before covid pandemic due to economic slowdown, Government earnings are getting reduced and Government slowly reducing the allocation to its social and welfare programmes. To finance the expenditure, the government could not resort to more borrowing either by way of **Debt Financing** (This involves borrowing from public (issuing bonds), borrowing from external sources like World Bank and the International Monetary Fund) or **Direct Monetization of Deficit** (This involves government selling treasuries to Reserve Bank of India) because its hands are tied by the **FRBM Act** (The main purpose was to bring down the fiscal deficit to a manageable 3% of the GDP).

The Government can raise its revenue by taxing the rich as wealth tax etc., This will reduce the inequality also. But the government is not doing that. Instead it resorts to selling Public sector equities or PSU assets to reduce the fiscal deficit. Another advantage, the Government thinks for resorting to this method is public sector can be privatized and Government divest some of its ownership.

In the case of Public Sector Banks as the NPA is expected to touch 14.5% in March 2021, more capital required to be infused by the Government to enable PSBs for further lending to revive the economy. If the Banks are privatized, this will reduce the overall amount the Government needs to inject as bank capital which in turn will reduce its fiscal deficit.

Further Government appears to show some tough love to undercapitalized banks by initiating tough prompt corrective action. Such action will lead to no further growth in deposit base and lending for the undercapitalized banks. This will ensure gradual run-off and encourage deposit migration away from the weaker PSBs and it will lead to its natural death.

The Government is in the habit of washing its hand off after utilizing the services of PSBs even during more critical times. In this pandemic period also, the bankers are going about their business with grit and determination, at times even risking their lives. Like doctors, health workers, police and media persons, bankers are also Covid warriors. They are with their customers to meet their banking needs and more. For the Bank staff in 1.55 lakh Branches in India, the Covid-19 time is far more challenging than the demonetisation days.

This pandemic period should be an eye opener for the Government as it is able to pass on the economic relief to the common people only through the PSBs. Private Sector banks balance sheet parameters may appear sweeter than PSBs but lack of transparency in Private Sector Banks may explode the crisis at any moment like one exploded in YES Bank.

Hence the Government instead of resorting to Privatization, can devise suitable strategies to improve efficiency and governance of PSBs, so that our economy is insulated from the clutches of global slowdown.

Yours Comradely



R Sekaran
Secretary General

AIIBOA Executive Committee Meeting

Held through Zoom Meet on 30.08.2020

The Executive committee meeting of our Association was held through Zoom Meet on 30th August 2020 to discuss about various issues emerged after amalgamation of Allahabad Bank with Indian Bank, issues related to Transfers, Bipartite Settlement and issues aroused during Pandemic period etc.,

The meeting was presided over by President **Com Jyotirmoy Roy**. The President elaborated on the various current issues that is posing challenges to the Bankers in General and Officers in particular. He also touched upon the recent transfer process that has taken place in our Bank. He further narrated on the details of the discussion that took place between the leaders of AIIBOA and AIABOA (All India Allahabad Bank Officers Association) on amalgamation of Associations. As he is retiring from the services of Bank on 31 08 2020, he recollected his journey in the Bank and in the Association and requested the leaders to be more proactive to face challenges in the days to come as difficult days are ahead of us. He expressed his sincere thanks for extending solidarity for the Association and his leadership and assured that he will stay connect with everyone and available for all guidance in the coming days.

Then he requested **Com R Sekaran**, Secretary General to brief the house on the latest developments. At the request of Secretary General the house observed a minute silence for all the comrades who left us during this period. Then he reported the impacts which have been faced by the banking fraternity and the bank due to this outburst of CORONO infection. He also narrated about the series of events which had taken place in the Banking Industry, the status of 11th Bipartite settlement and the amalgamation of Associations etc., Then he briefed about the recent transfer and posting of officers in our Bank. He observed that due to this COVID situation, only minimum transfers have taken place to avoid posting of officers to far off places. He also recollected the contribution of Com. Jyotirmoy Roy for the Bank and to the Association and praised that he was always a source of strength for both the Bank and the Association. He also requested the house to keep connect with the members and advise our members to stay safe and follow all precautionary measures to break the chain of infection.

The President then invited General Secretaries, President and other leaders of units for deliberations. All the speakers felicitated Com Jyotirmoy Roy for his

outstanding contribution to the Association and following are the main points referred by the participants.

- Transfers were not issued as per the Transfer Policy. Many eligible officers have not got the transfers.
- Officers should be posted to the Zonal Offices according to the strength of the Branches of Indian Bank and e Allahabad Bank in each Zone.
- Management should show some leniency in relieving of officers during this pandemic period.
- Some of the HRM portal is blocked and it could not be accessed.
- Some of the Transfers issued by some FGMs are against the transfer and placement policy.
- Improvements in Furniture schemes such as streamlining of GST charges and depreciation percentage etc.,
- ESPS loss to be compensated by the Bank
- Some Zones are witnessing huge variance with regard to incoming and outgoing officers and it results in shortage of officers in these zones.
- Amalgamation of the Associations to be expedited without further delay.

Then Secretary General gave the reply.

He fully explained the steps taken by the Association in respect of transfers and COVID relief measures for the officers and on the issues deliberated above.

Then President proceeded with the next agenda of co opting the New President as he is retiring on 31st August 2020. The Secretary General narrated the convention of choosing the President from among the senior General Secretaries. He further explained that keeping the interest of all units, this convention is being followed and informed the house that the turn now comes to Com B K Keshava, Karnataka Unit General Secretary and his name was proposed by the Secretary General. The President also requested the house to support the Secretary General's proposal. The House unanimously supported **Com B K Keshava as new President of AIIBOA.**

Further since the Treasure Com. M Pothiraj has attained superannuation on 30th April 2020, Secretary General proposed Com A Kathchiappasivam as Treasurer of AIIBOA. The House unanimously supported **Com A Kathchiappasivam as Treasurer of AIIBOA**

After transacting all the listed items as per agenda the meeting was concluded with Com. Gollapudi Sathish Chandra, General Secretary, IBOA (AP&Telangana) thanking members for their cooperation.

RBI's Annual Report

The Reserve Bank of India (RBI) has released its annual report.

What are RBI's assessments?

- The RBI's assessment of the economic landscape and its prognosis for near-term prospects posit a stark picture of:
 1. Demand hollowed out by the severe shock to private consumption,
 2. Public finances strained by the imperative of funding mitigation measures,
 3. Anaemic appetite for investment among corporates and
 4. Credit-flow-impeding risk aversion among bankers.
- The RBI said that the Covid-19-induced economic contraction is almost certain to extend through the July-September period.
- Reimposition of lockdowns in the country in July and August damped the tentative revival in momentum seen in the preceding two months.
- The RBI said that several recent high-frequency indicators pointed to an unprecedented retrenchment in activity.
- It noted that the consumption which survived the shock was now manifesting.
- It said so as essential spending with services including transport and hospitality are almost completely eviscerated.

What would the governments do?

- The Central government has attempted

'pandemic proofing' demand by increasing its net revenue expenditure by a third in the first quarter.

- However, it is likely to find itself strapped for resources in the coming months.
- So, it would have little leeway to continue to undergird momentum.
- States are expected to find their finances so tightly squeezed as to have to cut capital spending.

What does the RBI suggest?

- The RBI suggests that the government should help crowd in private investment through targeted public investment.
- This public investment could be funded by monetising assets in steel, coal, power, land and railways.
- But the private companies are too highly in debt and keen to use gains from the government's corporate tax rate cut to repay loans.
- So, it is hard to see the government raising much out of its privatisation efforts.

What could be done?

- The Centre may opt to marshal its meagre resources more prudently.
- It should wait for the curve of infections to start flattening before committing to any further stimulus spending.
- A revival will ensue only once consumers regain confidence to go out and spend.

Source: The Hindu

*26th August 2020, Founding Day of our Association
Distribution of Household Groceries to Differently Abled Persons at Chennai.*



IMPORTANT CIRCULARS DURING THE MONTH OF AUGUST 2020

| Circular No. | Date of Issue | Subject |
|--------------|---------------|---|
| ADV-93 | 03 08 2020 | Revised Single and Group Borrower Limits for 2020-21 |
| ADV-95 | 05 08 2020 | Consolidated Interest Rate circular for MCLR and Repo linked products. |
| GENL-13 | 05 08 2020 | Fraudulent activities in the name of PM-KUSUM Scheme |
| HRMD-59 | 05 08 2020 | TDS from Salary for FY2020-21 |
| ADV-96 | 05 08 2020 | "IND-GECLS COVID-19" – Modification In Product Guidelines For Micro` Small & Medium Enterprise (MSMEs) / Other Business Enterprises and PMMY Borrowers |
| ADV-97 | 05 08 2020 | Introduction of New Interest Rate Module (NIRM) in Core Banking Solution (Bancs) |
| ADMIN-50 | 06 08 2020 | Virtual Meeting Etiquette - Do's and Don'ts In |
| CRA-28 | 06 08 2020 | Relaxation in KYC requirements for PMJDY/BSBD/Small Accounts in view of PM Garib Kalyan Yojana |
| DEP-11 | 07 08 2020 | Procedure for UPDATION of KYC at Host Branches |
| ADV-101 | 14 08 2020 | New Loan Product – "IND- KRISHI INFRA FUND" |
| ADMIN-52 | 17 08 2020 | Zonal Office – Key Responsibility Areas (KRAs) |
| ADMIN-5 | 17 08 2020 | SOP for Merger/Shifting of Offices` Branches and Central Processing Centres – Additional Points |
| ADMIN-54 | 19 08 2020 | Sharing of constructive suggestions by employees - Improvising / Simplifying Products / Processes |
| ADV -103 | 19 08 2020 | NEW RETAIL PRODUCT "OD AGAINST GOLD JEWELS" |
| ADV-104 | 20 08 2020 | Legal Decision affecting Bankers – Insurance of Hypothecated Assets Precautions to be followed. |
| ADMIN-55 | 20 08 2020 | Standard Operating Procedures (SOPs) for Rationalisation of Administrative offices and Branches |
| ADV-106 | 21 08 2020 | Process flow for Permitting Excess / Temporary Overdrawing (TOD) in CBS |
| DEP-12 | 26 08 2020 | CAUTION ON OPENING OF ACCOUNTS IN THE NAME OF PM CARES FUND |
| ADMIN-56 | 25 08 2020 | Introduction of SARFAESI Screen - Change in procedure for collecting GST on Sale of Assets through auction / Acquisition of Assets out of Recovery Proceedings. |
| GENL-14 | 27 08 2020 | Amendments to Section 194N – Finance Act 2019 (TDS on cash withdrawals) |
| ADV-105 | 27 08 2020 | Festival Bonanza for Home Loan and Vehicle Loan |
| ADV-108 | 28 08 2020 | Complaints from Retail Loan customer for not switching their accounts to Repo Linked Rate |
| ADV-109 | 28 08 2020 | Credit Risk Assessment by Credit Review Department |
| ADV-111 | 29 08 2020 | BLOCKING OF MANUAL UPGRADATION OF NPA ACCOUNTS AT IB - BRANCHES |
| ADV-112 | 31 08 2020 | Changes in Delegation of Administrative/Discretionary powers for according sanction to institute Suits/initiate recovery proceedings and sanction to file or not to file appeal/ review/revision – reg. |
| ADV-117 | 31 08 2020 | Micro` Small and Medium Enterprise (MSME) Sector- Restructuring of Advances |

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

Wedding Bells

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



Selvan **S Vignesh B.E.,**

(Indian Bank, Tirupattur)

Married to

Selvi **S.J.Sri Banupriya M.Sc.,**

@ Tirupattur on 21.08.20

Selvi **Deepa R**

(Daughter of Com.K Ravi, Chief Manager)

Married to

Selvan **Sriram V**

@ Chennai on 21 08 20

Selvi **Dr. B Ishwariya Prabha, M.B.B.S.,**

(Daughter of Com.M. Balu Ex Secretary, IBOA(TN&P))

Married to

Selvan **Dr. A Raghu, M.B.B.S.,**

@ Erode on 28.08.20

Selvi **Dr. N Pradeepa.,**

M.B.B.S., M.S (General Surgery)

(Daughter of Com.G Narayanasamy, AGM (Retd))

Married to

Selvan **Dr. B. Pradeep Balaji,**

M.B.B.S., M.D (General Medicine)

@ Tiruvannamalai on 24.08.20

Selvi **S. Saranya B.E.,**

(Indian Bank. Head Office)

Married to

Selvan **R Vigneshwar B.E.,**

@ Namakkal on 24.08.20

Retirements

| Sl.No. | Name | Designation | Branch |
|--------|-------------------------------|-----------------|-------------------------|
| 1 | Com UDAYA BHASKARA REDDY K | General Manager | CORP. OFFICE |
| 2 | Com BATHULA NAGARJUNA | General Manager | CORP. OFFICE |
| 3 | Com JYOTIRMOY ROY | Chief Manager | IRPC, KOLKATA |
| 4 | Com VIKRAMAN M | Chief Manager | IRPC, ERODE |
| 5 | Com PULUSU VENKATESWARA REDDY | Chief Manager | IRPC, VIJAYAWADA |
| 6 | Com UMASHANKAR R | Chief Manager | CORP. OFFICE |
| 7 | Com ANIMESH SINHA | Chief Manager | ZO:PUNE |
| 8 | Com MYNASABGARI CHAN BASHA | Chief Manager | ZO:CHENNAI(S) |
| 9 | Com RAJAKUMAR P | Senior Manager | H O STATIONERY |
| 10 | Com VENKATA SYAM PRASAD M | Senior Manager | IRPC, VIJAYAWADA |
| 11 | Com PRABAKAR M | Senior Manager | ETHIRAJ SALAI |
| 12 | Com JAYASEKAR D | Senior Manager | MELVISHARAM |
| 13 | Com GANESA MOORTHY A S | Senior Manager | TIRUPATTUR (SG) |
| 14 | Com KATHIRAVAN C | Senior Manager | LAWSPET |
| 15 | Com AMAL SARADAR | Manager | JODHPUR PARK |
| 16 | Com PONNASAMY C | Manager | ELAKKIAMPATTI |
| 17 | Com ANAND SINGH RAWAT | Manager | BADAUN |
| 18 | Com SUDHIR HEMROM | Manager | MICROSATE BRANCH RANCHI |
| 19 | Com APPARAO T | Manager | RAMPA YERRAMPAL |
| 20 | Com MANI K | Asst. Manager | ESPLANADE |
| 21 | Com KALPANA MUKUND DEOGAONKAR | Asst. Manager | KALYAN |
| 22 | Com RATHAN BHALLA | Asst. Manager | GACHI BOWLI |
| 23 | Com MANOHAR P | Asst. Manager | KORANAD |

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