



IBOA CONNECT



Indian Bank Officers' Association (TN & PONDY)

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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“The Merger Panacea”

Comrades,

With the announcement of Merger of PSBs, the Government has wiped out century old banks from the landscape of the Indian Banking Industry. Merger of Banks is part of the Financial Sector Reforms. If we look into the reforms implemented in the Public Sector Banks in the last 5 years, they were all recommended by Mr.P J Nayak in his Report namely 'The Committee to Review Governance of Boards of Banks in India' which was released in May 2014. The following are few important recommendations.

- ❖ It would be desirable to entrust selection of the Top Management of Public Sector Banks to a newly constituted Banks Board Bureau.
- ❖ Since the recapitalisation of these Public Sector Banks will impose significant fiscal costs, the Government has two options: either to privatise these banks and allow their future solvency to be subject to market competition, including through mergers or to design a radically new governance structure for these banks.
- ❖ The Government should set up a Bank Investment Company (BIC) to hold equity stakes in banks which are presently held by the Government. BIC should be incorporated under the Companies Act, necessitating the repeal of statutes under which these banks are constituted, and the transfer of powers from the Government to BIC through a suitable shareholder agreement and relevant memorandum and articles of association. Ownership functions should be taken over by BIC from the Government.
- ❖ The Government should also cease to issue instructions to public sector banks in pursuit of development objectives. Any such instructions should, after consultation with RBI, be issued by that regulator and be applicable to all banks.
- ❖ BIC ensures that each bank splits the position of the bank's Chairman into a non-executive Chairman (nominated by BIC) and a CEO (nominated by the board)
- ❖ The Government should consider reducing its holding in banks to less than 50 per cent, in order that there is a restoration of a level playing field for public sector banks in matters of vigilance enforcement, employee compensation and the applicability of the right to information.
- ❖ It is desirable for RBI to raise the limit for voting rights to 26 per cent. It is also desirable to further amend legislation to remove all constraints on voting rights in order to align it with company law.

As per the recommendations, the Government has already split CMD post. The Banks Board Bureau has been formed to recommend selection of chiefs of government owned banks and financial institutions. Series of Mergers is happening in the Public Sector Banks. Now the recommendations that are yet to be carried out are formation of Banking Investment Company (BIC) and transferring the Government ownership to BIC. The Government having managed to reduce the PSBs from 27 to 12, reducing its holdings to below 50 percent may not be much difficult for them.

At present in many amalgamating Banks such as United Bank, Oriental Bank of Commerce, Andhra Bank, Corporation Bank and Allahabad Bank, the post of Non Executive Chairman is kept vacant. Non filling up of these posts conveys that the Government was preparing for mergers of PSBs for quite long time.

While announcing the mergers, our Finance Minister has listed out the benefits of post mergers such as increase in volume of credit, reduction in cost of funds for the bank borrowers, quicker recovery and not even a single retrenchment etc.

With regard to credit, post merger there is every possibility that average size of credit will be increased in the banks. It is a fact that of the present NPA level in the PSBs, 86% pertains to big corporates. Hence if average size of credit is increased, the NPAs will swell further. On recovery, the bigger banks with the eager to clean the balance sheet may give more haircut than warranted using capitalized funds. Sensing this, the big corporates may demand more haircut at the cost of the banks. On cost of funds, at present PSBs offset the NPA losses with the income earned from the standard assets and hence any reduction on interest rate will further weaken its bottom line. On Manpower front, there will not be any fresh recruitment for a couple of years which will not augur well for the economy which is witnessing 45 year high unemployment rate.

The Government offers series of measures to recover the NPAs but there is lack of initiation to arrest the source of NPA. As the Government has not found any meaningful alternative to finance the cost intensive projects, the merged entities will be again forced to finance these projects. Hence couple of years after, these merged entities will face the similar and even bigger NPA crisis and that time the Government with no other solution may sell its equities to the private corporates. As a result, with ownership of smaller capital, the big corporates will take total control on the public fund and it may lead to mismanagement of public money and to bankruptcy. Hence any kind of reform will only facilitate the private corporates to take control of the public assets which will be detrimental to the economy and to the people.

Yours Comradely,



R Sekaran
General Secretary

Executive Committee Meeting

Held on 14.09.2019 at Chennai

The Executive committee meeting of our Association was held in Chennai on 14th Sep 2019 to discuss the status of various issues and especially on proposed merger of banks by the Government.

The meeting was presided over by Com K Rajendran, President. At the beginning of the meeting the house paid floral tributes to Com. A K JANA, former president of AIBOA and of our apex organization AIBOC who passed away on 31.08.2019 in Kolkata.

Com K Rajendran, in his presidential address informed that as a mark of 56th founding day celebration of our unit, a cricket tournament was conducted in phases. Nearly 400 young comrades participated in the event. This event has created great link among the comrades across the state and further strengthened the bond with the Association. With regard to merger of PSBs, he opined that "Mergers will kill the Banks" and we have to stop mergers at any cost. Mergers will lead to closure of Branches/Zones and the same has been conveyed to the AIBOC leadership. He

has informed that the leaders are meeting the top management regularly and appraised our pending issues. Recently some welfare measures are announced like reduction in rate of interest on SHL, Improvement in Milestone award and reduction in rate of interest on Staff Pension loan. We are expecting a circular to be issued by the respective departments shortly. As announced by Government of India, our Bank's board is proposed to be convened at New Delhi on 18th Sep 2019 to approve the merger of Allahabad Bank with our Bank. On that day a massive demonstration is being organized in front of our Corporate Office at 1.45 PM and requested all Chennai City officers to participate in large numbers to make it a grand success. Then he has requested Com R Sekaran General Secretary to present his report to the house.

General Secretary Com R Sekaran, presented the report. A Two minutes silence was observed for all the comrades who left us during this period. In his report he has given various statistical points with





regard to Indian Economy and performance of the Banks in the last 5 years. His report also covered the Proposed Merger of Banks, present state of Bi partite Settlement, our pending issues, Vigilance front and on Housing project.

The committee members deliberated on the following points.

- ❖ In Tirunelveli zone, single man branches are increasing day by day with the opening of new branches with single officer.
- ❖ Even after clear instructions, Joining time is not given and lump sum amount are not paid in some zones and the matter should be taken in the ensuing Zonal Level consultative committee meetings.
- ❖ Selling of third party insurance products has become very difficult and there is lot of pressures from our Zonal Offices in this regard. Many members requested secretariat to intervene in the matter.
- ❖ At present Officers are eligible for SVL only

when they reach Scale II scale of pay and it should be modified and SVL to be given to all confirmed Officers. As many young officers are ineligible under present scheme, they are forced to apply for IBVL and could not utilize SVL facility.

- ❖ In loan accounts, interest rates and EMI are getting changed automatically. It poses great problem for the field level functionaries.
- ❖ On recent BMs meeting on Holidays at the direction of DFS and take away of that meeting.
- ❖ Several layers of the administration asking for repeated data viz., Corporate office, Zonal Office and FGM office
- ❖ Since our share prices are coming down, the losses should be compensated.
- ❖ In the proposed strike on 26th and 27th many members emphasized for ensuring participation of Chief Manager and Probationary Officers.
- ❖ Login Day and campaign have become daily phenomena. Recently our Bank has signed 5 agreements with various Private insurance companies which will further increase pressure on our Branches for selling these products.
- ❖ Specialised Officers to be posted to FX/Credit.
- ❖ In ATM/POS without balance, the transactions were successful on many occasions. Service provider is not attending the problems of KIOSK and pass book printer promptly.



- ❖ OD limit to Staff to be increased and the NPS contribution should be increased equivalent to the central government employees.
- ❖ There is delay in settlement of claim with the present TPA M/s HITPA and there is high delay observed in the Cashless scheme. In the renewal a good TPA to be introduced.



As many as 30 comrades took part in the deliberations after which the President

requested the General Secretary to give his reply. The General Secretary appreciated the deliberations and welcomed the view points of the members which would help in enriching his reports. He explained about the background of the issues and steps taken by the Association towards resolving them and also assured to take up the issues referred in the deliberations for resolution. Finally the report of the General Secretary was adopted by the House.

The following members were co-opted on account of vacancies arising in the respective zones.

Name of the comrade	Present branch	Post co opted
Jevin Jebaraj J	IRPC Chennai North	ECM
P Saravanan	ZO /Vellore	ECM
P B Balamurugan	Perumugai / Vellore	ZS Vellore
Ramireddygaru Murali Moha	Vengikal / Tiruvannamalai	ECM
S Manojkumar	Nidamangalam / Tiruvarur	ECM
P Ramalingam	Kilvelur / Tiruvarur	ECM
R Bharathiraja	Semmandalam/Cuddalore	ECM
Lokesh	ZO Cuddalore	ECM
J Munu Adithan	ZO Salem	ECM
G Vijesh Kumar	ZO Krishnagiri	ECM
Ranjith Kumar	CC Coimbatore	ECM
NR Prakash	Srirangam/Trichy	ECM
Madhanavel Rajkumar J	Seydunganallur/Tirunelveli	Secretary (TMTK)

Accounts were submitted by Treasurer Com Pothiraj and it was adopted unanimously.

After transacting all the listed items as per agenda the meeting was concluded with The President thanking members for their cooperation.

Important Circulars during the month of September 2019

Circular No.	Date of Issue	Subject
Dep-09	03-09-19	Revision of Interest Rates on Domestic Term Deposits
Adv-69	03-09-19	"Introduction of Home Loan and Vehicle Loan scheme Linked to RBLR (Repo Based Lending Rate) "
Adv-70	03-09-19	""""Festival Season offer for the current financial year 2019-20"" - Home Loan and Vehicle Loan- w.e.f. 09-09-2019 to 31-01-2020 "
FX-18	03-09-19	NRO - CAPITAL GAINS DEPOSIT
Adv-71	03-09-19	Review of MCLR/Introduction of RBLR
Genl-35	03-09-19	VIGILANCE AWARENESS WEEK FROM 28.10.2019 TO 02.11.2019
Genl-36	04-09-19	Atal Pension Yojana (APY) Mobile App - Revised Features.
Genl-37	05-09-19	Launch of 'Ind Advantage' - Indian Bank's Loyalty Programme
Adv-72	03-09-19	Service Charges on Loans and Advances - Clarifications
Adv-73	03-09-19	AUTOMATION OF TERM LOAN REVIEW CHARGES
HRMD-70	06-09-19	Code of Ethics
Genl-39	07-09-19	Revision of enhancement of per day fund transfer limit for Internet Banking Transaction
Adv-76	10-09-19	"Enabling ASBA (Applications Supported by Blocked Amount) for Non Convertible Debenture (NCD) Public Issues through CBS "
Adv-77	10-09-19	FESTIVAL SEASON OFFER - NEW HOME LOAN & VEHICLE LOAN PRODUCT CODES UNDER MCLR
Admin-35	09-09-19	OPERATIONAL CONTROL POLICY 2019-20
Adv-79	12-09-19	"Income Recognition` Asset Classification (IRAC) and provisioning pertaining to Advances- Quarterly Closing of Accounts as on 30.09.2019 "
CRA-19	17-09-2019	"Cash withdrawal at Indian Bank Point-of-Sale (Cash@POS)-Amendment on cash withdrawal limits "
Genl-40	18-09-2019	Electronic Voucher Verification (E-VVR) – Reiteration
CRA-20	18-09-2019	"Submission of Life Certificate from all Government pensioners 80 years and above in any of our Branches. "
Adv-80	19-09-2019	Credit Linked Capital Subsidy Scheme (CLCSS) - Guidelines
HRMD-77	16-09-2019	Periodical rotation of work
Adv-82	21-09-2019	Administrative / sanctioning powers related to SAM Branches.
Adv-83	21-09-2019	Template for submission of account details for coverage under Credit Guarantee Trust for Micro and Small Enterprises (CGTMSE)
CRA-22	23-09-2019	RuPay Card Insurance Program - 2019-20
HRMD-79	23-09-2019	Availment of Mandatory Leave by all Employees
Adv-84	19-09-2019	New Product Codes for Working Capital Loan under Loan system for delivery of Bank credit.
Genl-41	20-09-2019	Amendment to Master Direction on KYC
HRMD-83	25-09-2019	Loan against Pension at concessional rate of interest for all retired employees of our Bank drawing pension from our Bank
HRMD-86	26-09-2019	Scheme for Grant of Overdraft Facility to Staff Members with diminishing drawing limit
CRA-23	26-09-2019	Introduction of IQA validation on doc type c cheques
HRMD-84	25-09-2019	"CONVERSION OF FULL TIME SWEEPERS (FTS) / PART TIME SWEEPERS (PTS) AS HOUSEKEEPER-CUM-PEON"
Adv-85	30-09-2019	Repo Linked Interest Rate for Loans and Advances
Adv-86	30-09-2019	"Withdrawal of Festival Season Offer on Home Loan and Vehicle Loan Products linked to MCLR Interest Rates "
Adv-87	30-09-2019	"Introduction of REPO linked interest rates for Retail Asset products w.e.f. 01.10.2019"
Adv-74	30-09-2019	Introduction of New Product –IB ECO VAHAN

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

Wedding Bells

Selvi **Vallikannu Shantha**
(Daughter of Com Chockalingam, Manager)

Married to

Selvan **Adaikappan (a)Ayyappan**

On 01.09.2019 @ Pallathur

Selvan **D Prabhu Raj**
(Senior.Manager, Gnanavolipuram)

Married to

Selvi **M Janarthani**

On 02.09.2019 at Dindigul

Selvan **U Siddharth**
(Son of Shri V Uthayakumar, Zonal Manager,
Zonal Office, Tiruvannamalai)

Married to

Selvi **R Udayasankari**

On 04.09.2019 @ Chennai

Selvi **S Sowmiya**
(Daughter of Com A Sivakumar (Retd))

Married to

Selvan **M Arivarasu**

On 05.09.2019 @ Tirupattur Town

Selvan **I S John Devanbu**
(Son of Com P Vasantha, Asst.Manager,
Government Business Branch, Chennai),

Married to

Selvi **Z Jasmine**

On 13.09.2019 @ Chennai

Selvi Dr. **Amritha Lekha A.K**
(Daughter of Com V Kayalkodi Asokan)

Married to

Selvan **Narendran B.S.**

On 29.09.2019 @ Chennai.

IBOA (TN&Pondy) Wishes a Very Happy Married Life to the Newly Wedded Couple.

RETIREMENTS

Sl. No.	Name	Designation	Branch
1	Com. GOPAL V	General Manager	Corporate Office
2	Com. BHAGYALAXMI PATNAIK	DGM / Principal, IMAGE	Corporate Office
3	Com. MURALEEDHARAN M S	Asst. General Manager	Zonal Office, Chennai (N)
4	Com. BHAVANI SHANKAR S	Chief Manager	Padi
5	Com. CHANDRASEKARAN	Chief Manager	International Division
6	Com. RAMAN K	Senior Manager	Corporate Office
7	Com. AVICHI V	Senior Manager	IC: Coimbatore
8	Com. SELLADURAI P	Senior Manager	Puduchery Main
9	Com. ANNAMALAI A	Manager	Korattur
10	Com. LAKSHMI NARASHIMAN S	Manager	Zonal Office, Puduchery

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

Cricket Tournament - Final on 14.09.2019

