



# OFFICERS' VOICE

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## Editorial

### THE 'TREMORS' AND THE AFTER EFFECTS

**R**ecently the country witnessed tremors in the North East and the effect it had on the people of the States. Corporation Bank also witnessed manmade tremors during the last 13 months and with the retirement of Mr. Ramnath Pradeep as Chairman & Managing Director, the epicenter of the tremor, the Bank remains as devastated as the Northern States. The Corp Bankers are today proud that they could withstand the tremors and had done everything in their command to protect their beloved Bank from the second waves of tremor. Let us examine the ground situation and the challenges before us.

Like, any tremor, it is the people who are the first victims of such tremors. The happenings during the last thirteen months have deeply affected the morale of the staff who are known for their commitment to the institution. Their anguish over the recent developments and silence on the part of the concerned authorities to respond to such developments in the best interest of a century-old Bank is quite visible. Frustration is visible on their faces as authorities in Government / Regulator, vested with powers to act remain silent spectators inspite of having full knowledge of the developments.

Another area which has been badly affected is the time tested systems and procedures. Take any area - whether it is credit, resource mobilization, technology or branch expansion, the systems and procedures have been subverted in the name of business expediency. The orthodoxy which was the hallmark of the Bank and which has withstood the test of times, has been thrown to winds in the altar of aggressive banking. There is an urgent need to revisit certain controversial / questionable policy decisions which had the effect of hitting at the very root of prudent banking. It is all the more necessary when we see the erosion in the value system all around us.

Corporation Bank is having the credit of declaring uninterrupted dividends throughout its 106 years' history. With the declining trend in NIM during the last one year, there will be strain on the capacity to pay higher dividends. The bulk deposits contracted at higher cost will have a telling effect on the NIM which may continue declining for some more time. There will be limitations on the increase in yield on advances as a major chunk has been dispensed at fixed low rates without linking to Base Rate. We understand that the RBI team which had conducted inspection recently has



#### EDITORIAL TEAM

D. N. Prakash - Editor  
Kaushik Ghosh - Asso. Editor  
Eknath Baliga - Member  
H.S. Vishwanath - Member  
T.R. Bhat - Advisor

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already quantified the notional loss in this area. The after effects of the tremors, especially in the area of Credit will be visible only during the next year. Concerted efforts will be needed to improve the profitability even at the cost of balance sheet size so that the Bank can embark on a sustainable growth path.

Another major area which requires immediate attention is the manpower. The Bank had adopted a Long Range Plan (LRP) in July 2010. There are serious gaps in the LRP as it suffers from lack of linkage between components of the Plan. For example, under the Plan, the Bank will be opening 200 branches every year. This itself requires 1000 additional staff based on the existing staffing pattern. Added to this is the plan to open 6 new Zonal Offices by March 2015 under LRP. Already 12 new Zonal Offices have been declared (soft) opened with effect from 1st April 2011; a few of them are yet to be fully functional. The LRP envisages Rupees Five Lakh crore business by March 2015. Further, more than 40% of the staff will be retiring within another five years. They are experienced people who have carried the legacy. LRP does not envisage any plan to create a talent pool which will carry forward this legacy. This is going to be another major challenge. There is a need to rework the manpower plan in tune with the realities and tailor the recruitment process on a war footing.

Corporation Bank is known for its technology initiatives. The efforts of the Bank to move to a new platform have been halted for the last one year. This requires a major push as in today's world one cannot compete without state of the art technology. The technology upgradation plan needs to be put on a fast forward mode.

The last thirteen months could be considered as the darkest chapter in the history of Corporation Bank, which everyone would like to forget. But the effect of the tremors will haunt us until collectively we put these behind and march forward with a new vision.



**Believe the impossible**

Every great achievement was once impossible until someone set a goal to make it a reality.

Lewis Carroll's famous masterpiece, *Through the Looking Glass* contains a story that exemplifies the need to dream the impossible dream. There is a conversation between Alice and the queen, which goes like this:

"I can't believe that!" said Alice.

"Can't you?" , the queen said in a pitying tone. "Try again, draw a long breath, and shut your eyes."

Alice laughed. "There's no use trying," she said. "One can't believe impossible things."

"I dare say you haven't had much practice," said the queen. "When I was your age, I always did it for half an hour a day. Why, sometimes I've believed as many as six impossible things before breakfast."

When you dare to dream, many marvels can be accomplished. The trouble is, most people never start dreaming their impossible dream.

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## CBOO NEWS

### BRANCH VISITS

#### Chennai

Organising Secretary, G. Govardhanan along with Regional Secretary, B. Sridhar and R. Anbalagan, activist visited **Tiruchirappally Main, Trichy Junction and Perambalur** branch on 10th August. During the visit they interacted with the members.

- *B. Sridhar, Regional Secretary*

#### Kolkata

General Secretary, Kaushik Ghosh accompanied by G. P. Nath, Regional Secretary, Nibir Sen, Area Secretary and Gautam Chakravarty, Activist visited **Kolkata - Zonal Office, Dharmotolla, CBB and Brabourne Road** branch on 29th August. During the visit they interacted with the members.

- *G. P. Nath, Regional Secretary*

#### Kochi

K. T. Muralee Mohanan, Vice President accompanied by Regional Chairman, Jayadevan Pillai, Sobha L. Nair, Regional Secretary, Prakashkrishnan, Deputy Regional Secretary, Usha R.N. Shenoy, Lady Representative and L. K. Gopan, Area Secretary visited **Ulloor, Nalanchira, Vellayambalam, Thiruvananthapuram, Techno Park, Attingal, Kallambalam, Varkala, Pallimukku, Kollam, Alumkadavu, Cheriazheekal, Alappad, Pavumba, Muthukulam, Arattupuzha and Alappuzha** branches on 22nd and 23rd August. The team also visited Thiruvananthapuram Zonal Office and had detailed deliberations with the Zonal Head, Mr. Thomas George.

- *Sobha L. Nair, Regional Secretary*

### MEETINGS

#### Hubli

A meeting of officers working in ZO-Hubli was held on 12th August. B. L. Venkatesh, Organising Secretary and R.S. Joshi, Regional Secretary addressed the members. The following issues were

discussed:

- Conducting regular meetings
- Membership development
- Participation of members in the Strike
- Educating members about routine procedures
- Conducting SWASTI activities
- Information to RC members / activists through SMS

The meeting concluded with vote of thanks by N. Ramakrishna, Area Secretary

A meeting of officers working in and around Hubli was held on 29th August.

K. Chandrasekhar welcomed the gathering.

R. S. Joshi, Regional Secretary gave the details about the signature campaign. Ms. Kalpana Kavalekar, Secretary -Women's Wing informed about the Women's Wing Convention held at Bangalore.

The meeting concluded with vote of thanks by Devakant Pawar. About 50 member attended the meeting.

- *R. S. Joshi, Regional Secretary*

#### Mangalore

A meeting of members working in Head Office / branches and offices in Mangalore was held on 26th August. at CBOO Centre. D. N. Prakash, President, Kaushik Ghosh, General Secretary and other Central Office bearers attended the meeting. T. R. Bhat, former Charman CBOO and Sukumar Salian, former



K.S. Karthick, Regional Secretary welcoming the gathering



Kaushik Ghosh, General Secretary addressing



A view of the gathering

Secretary-Benevolent Fund were also present in the meeting.

K. S. Karthick, Regional Secretary extended a warm welcome to the members. He informed the members about the purpose of the meeting and stated that the Bank is making headlines for wrong reasons.

Kaushik Ghosh, General Secretary in his address thanked the members for turning in huge number. He dealt with the issues before the Bank and the erosion in quality of credit, systems and procedures etc. He narrated the circumstances leading to a Direct Inquiry by CVC into the allegations against the CMD of the Bank which happened for the first time in the history of the industry. He spoke on issues like soft launching of branches without proper premises and infrastructures, decision to install 2000 ATMs by December 2011, soft opening of 12 Zonal Offices etc. He thanked the members for overwhelming response to the signature campaign. He called upon the members to be in readiness to carry out any call of the Organization.

President, D. N. Prakash narrated the series of events that took place ever since the new CMD joined the Bank in Sep 2010. He recalled the changes brought in the systems and procedures, erosion in quality of credit, reliance on bulk deposits leading to fall in NIM etc. He called upon the members to be ready to face any challenges posed to the Organisation.

T.R.Bhat, speaking on the occasion, complimented the officers for putting up resistance against the erosion in the value system. He called upon the officers to use their professional judgment in the decision making and not to act under pressure. He also called upon the youngsters to come forward to shoulder organizational responsibilities.

Eknath Baliga, Dy. General Secretary appealed to the members to respond to the call of the Organization at any time. Members responded chanting "Save Corporation Bank" slogans. Thereafter, a resolution was unanimously passed in the meeting requesting the Prime Minister to intervene for expeditious action on the recommendations of the CVC. The meeting ended with vote of thanks propose by him.

More than 250 officers attended the meeting.

- K. S. Karthick, Regional Secretary

### **Kolkata**

A meeting of officers working in Kolkata was arranged on 28th August. Regional Chairman, Ambarish Kumar Singh welcomed the gathering and briefed about the purpose of the meeting.

Regional Secretary briefed the members about the deliberations of the RC meeting held on the same day. He expressed his concern on non-participation of a few members on the 5th August All India Strike.

General Secretary, Kaushik Ghosh in his address briefed the members about the recent developments in the Bank. He stated that the "Save Corporation Bank" Campaign is to protect the interest of the Bank and 13000 plus families depending on it. He called upon the members to stand united and to face the challenges before the Organisation. He took

exception to a few members not participating in the All India Strike and called upon the members to follow organizational discipline. He replied to the queries of members regarding the health of the Bank.

Alok Paul, Dy. Regional Secretary while proposing vote of thanks, appealed to the members to stand united to overcome the challenges thrust upon the Organisation.

- G. P. Nath, Regional Secretary

### Chennai

A meeting of members working in branches / offices in Chennai City was held on 29th August. Regional Secretary, B. Sridhar briefed the members about the developments in the Bank. He called upon the members to keep their eyes and ears open and observe the developments.

In the beginning, V. Pichai, Regional Chairman welcomed the gathering. The meeting concluded with vote of thanks proposed by V. S. Narayanan, Area Secretary. About 55 members attended the meeting.

- B. Sridhar, Regional Secretary

### Udupi

A meeting of members working in Udupi and nearby branches was held on 29th August at Hotel Kediyoor, Udupi. Raghunath Kodical, Vice President, Eknath Baliga, Deputy General Secretary attended the meeting. K. Venugopal, former General Secretary and senior member presided over the meeting.

Regional Secretary, M. Jayaprakash Rao welcomed the gathering.



M. Jayaprakash Rao, Regional Secretary welcoming the gathering



Raghunath Kodical, Vice-President addressing the members

Raghunath Kodical and Eknath Baliga spoke on the developments in the Bank. They gave a brief account of the scenario in the Bank and assured that CBOO will do everything in its command to protect the interest of the Bank. They called upon the members to be in readiness to face the challenges.

T. R. Bhat, former Chairman CBOO who was present in the meeting recollected the contributions made by CBOO in the development of the Bank. For the first time in the history of the Bank such disturbing developments are taking place and called upon the members to support the leadership in protecting the interest of the Bank.

The meeting concluded with vote of thanks by Vishu Kumar.

- M. Jayaprakash Rao, Regional Secretary

### Madikeri

A meeting of members working in Kodagu District was held on 18th September at Madikeri. From Central Office, H. S. Vishwanath, Secretary-Balasubramaniam Foundation attended the meeting.

Rajkrishna, Area Secretary welcomed the members.

B. P. Devaraj, Regional Secretary briefed the members regarding the developments in the Bank. He also informed about the discussions held in the 122nd Executive Committee Meeting held at Mangalore on 11th September. He appealed to the members to be in preparedness to face any eventuality.

H.S. Vishwanath in his address briefed the members on the developments ever since the present CMD joined the Bank. He gave a detailed account of various decisions taken by the present CMD. He urged all members to stand by the organisation in case of any eventuality. He called upon all members to stand united during the tough times.

The meeting ended with vote of thanks proposed by Adi Subramanya, Deputy Regional Secretary.

- *B. P. Devaraj, Regional Secretary*

### **Trivandrum**

A meeting of members working in Thiruvananthapuram Zone was convened at a short notice on 18th September at Thiruvanthapuram.

The meeting saw an overwhelming response from the membership and in spite of a very short notice 50 members attended the meeting. It was unique to see some members who came to attend the meeting in full vigour.

Regional Chairman, Jayadevan Pillai presided over the meeting. Regional Secretary, Sobha L. Nair welcomed the gathering and appraised the members about the latest developments in our Bank.

Vice President, K. T. Muraleemohanam gave a very elaborate picture about the happenings in the Bank and requested the membership to be in all preparedness for any action programme.

There was a lively open session where members aired their views.

The meeting concluded with vote of thanks proposed by Lady Representative, Usha R N Shenoy.

- *Sobha L. Nair, Regional Secretary*

### **Borivli-Mumbai**

General Secretary and Officer Director, Kaushik Ghosh addressed a meeting of members working in and around Borivali-Mumbai on 15th September at Borivali.

General Secretary briefed the members regarding the facts and event that led to the CVC enquiry against the CMD.

Many members participated in the open session and

raised the queries and got the same clarified by the General Secretary.

Rajashekar T, Organising Secretary, Ashok Hegde, Regional Chairman and Uday Khade Regional Secretary participated in the meeting.

### **Mumbai**

A meeting of members working in Mumbai was held on 17th September at St. Xavier's College, Mumbai. President, D.N.Prakash and Deputy General Secretary, Eknath Baliga attended the meeting.

The meeting began with welcome address by Uday Khade, Regional Secretary.

Organizing Secretary, Rajashekhar T. addressed the members and briefed the latest developments in our Bank.

President, D. N. Prakash in his address briefed the members about the developments in the Bank and the events/causes that led to a direct enquiry by Central Vigilance Commission (CVC) into the allegations of gross abuse of power by the CMD. He called upon the members to be united and respond to the call of the Union even at a short notice.

Eknath Baliga, Deputy General Secretary in his address stated that when some things are going wrong in the Bank, we being responsible organization cannot be mute spectators. He called upon the members to be ready for any eventuality to protect the interest of the Bank.

Regional Chairman, Ashok Hegde in his presidential address assured the central leaders that Mumbai Unit will support the call from the Central Office and it will be united and vibrant as it was.

During the open session members raised a number of queries which was clarified by the office bearers.

The meeting concluded with vote of thanks proposed by Sanjay Hile, Deputy Regional Secretary.

- *Uday Khade, Regional Secretary*

### **Ahmedabad**

A meeting of members was held on 18th September at AMA Hall, Ahmedabad. More than 140 members attended creating a record.

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*You do not wake up one morning a bad person. It happens by a thousand tiny surrenders of self respect to self - interest - Robert Braudt*

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The meeting commenced with welcome address by the Regional Chairman, Suresh Kumar. It was followed by floral welcome by Mahesh Parekh, Deputy Regional Secretary.

Satish Shetty, Organising Secretary for Ahmedabad, Baroda, Bhopal and Jaipur in his address expressed



Eknath Baliga, Deputy General Secretary addressing



A view of the gathering

concern for vacuum created/to be created by retirement of seniors in the Bank as well as in the Organisation and requested the youngsters to come forward to shoulder the organizational responsibilities. He requested the seniors to help the new officers to understand the Bank and also try to inculcate in them the good habits and culture of the Bank.

Eknath Baliga, Dy. General Secretary in his address narrated the events that took place in the Bank ever since the new CMD joined the Bank in September 2010. The membership was spellbound by the revelations made by him. He explained the role played by CBOO in safeguarding the interest of the Bank. The entire membership in one voice expressed their solidarity in the fight against the corruption in our Bank.

During the interaction session the members raised several queries, which were satisfactorily responded by the DGS.

The meeting concluded with vote of thanks proposed by Rohit Raval, Regional Secretary.

- Rohit Rawal, Regional Secretary

## REGIONAL COMMITTEE MEETINGS

### Chennai

RC meeting was held on 14th August. V. Pitchai, Regional Chairman presided over the meeting. G. Govardhanan, Organising Secretary attended the meeting.

B. Sridhar, Regional Secretary briefed the members about the developments at the Bank level. He informed about the issues discussed in the ZCC meeting.

The RC took up the agenda of filling up the post of Dy. Regional Secretary and after deliberations unanimously co-opted Mrs. Jyothilakshmi, ZO, Chennai. RC also placed on record its appreciation of the services rendered by K. Dilipan, outgoing Dy. Regional Secretary.

G. Govardhanan, Organising Secretary urged the members to stand united to face the challenges before the Organisation. He also urged to identify projects under Swasti.

The meeting ended with vote of thanks proposed by K. Jyothilakshmi, Dy. Regional Secretary.

- B. Sridhar, Regional Secretary

### Kolkata

Regional Committee meeting was held on 28th August. Kaushik Ghosh, General Secretary was also present.

Regional Chairman, Ambarish Kumar Singh welcomed the members.

G. P. Nath, Regional Secretary briefed the members regarding the developments in the Zone. He appraised the members regarding the non-participation in the All India Strike by a few members for frivolous reason. He urged the General Secretary to discuss the issue in the Executive Committee meeting.

General Secretary, Kaushik Ghosh informed the members about the developments in the Bank. The organization is continuing its tradition of protecting the interest of the Bank, he said. He called upon the RC members to spread the message and be prepared to face any eventuality. He called upon them to stand united and face the challenges.

The RC thereafter took up the issue of filling up of the vacancies in the RC that arose on account of transfers and also resignation of Mrs. Anjana Das, Lady Representative for personal reasons. The RC accepted the resignation of Ms. Das and placed on record the good work done by her. The RC filled up the vacant posts by co-option. The following are the members of the Reconstituted RC:

- Regional Chairman** : Ambarish Kumar Singh,  
ZO-Kolkata
- Regional Secretary** : G. P. Nath, ZCC-Kolkata
- Dy. Regional Secretary** : Alok Paul, ZO-Kolkata
- Dy. Regional Secretary** : Arun Mondel, Jamshedpur -  
Godown Area
- Lady Representative** : Kaberi Ganguli, Kolkata -  
Bhowanipur
- Area Secretaries** : Dipti Prakash Sahoo,  
Kolkata-LCB  
Francis Xavier Kachua,  
Mini CAPS-Guwahati  
Krishnendu Sengupta, Howrah  
Madan Mohan Kanth, Ranchi  
Munna Raja, Mini CAPS-Patna  
Muralidhar Sahoo, Cuttack -  
Katcheri Road  
Nibir Kanti Sen, Kolkata -  
Garihat Road  
Niranjana Kumar Jha, Siliguri  
Parthasarathy Paul Mazumdar,  
Dharmotolla-Kolkata  
Pawan Kumar, CCPC-Kolkata  
Raghunath Hansda, Burdwan  
Samiran Roy Choudhary,  
Ranchi

The meeting ended with vote of thanks proposed by Arun Mondel, Dy. Regional Secretary.

- G. P. Nath, Regional Secretary

## Kerala

The Regional Committee meeting was held at Thiruvananthapuram on 18th September.

Regional Chairman, Jayadevan Pillai presided over the meeting.

Regional Secretary, Sobha L. Nair welcomed the members and read out the minutes of the previous meeting.

Vice President, K.T. Muraleemohanan requested the Area Secretaries to be in constant touch with the membership. Area Secretaries, U.P. Sudhakaran, K.D. Baburajan, Prashanth, Georaj, L.K.Gopan actively deliberated on various issues faced by our members at the branches.

D. Narharikumar, R. Subramanya Iyer and Venkiteswaran attended the meeting as special invitees.

Lady Representative, Usha R.N.Shenoy proposed a vote of thanks.

- Sobha L., Nair, Regional Secretary

## ZONAL CONSULTATIVE COMMITTEE MEETINGS

### Bangalore-South

ZCC meeting was held on 6th September. Mr. K. Giridhar Shenoy, General Manager, Mr. K. K. Nayak, Dy. General Manager, Mr. Roy George, Chief Manager and Vani M. C., Personnel Officer represented the local Management. Organisation was represented by S. Ramachandrappa, Treasurer, R. S. Deshpande, Regional Chairman, Rudra Setty, Regional Secretary and Swarna Geetha, Dy. Regional Secretary.

Mr. Shenoy briefed about the progress made by the Zone under CASA campaign and also the performance under different business parameters.

The representatives of the Organisation while responding brought to the notice of the Zonal Head the problem of acute shortage of staff in different branches / offices and requested to provide adequate staff on a priority basis. General Manager assured that the issue would be addressed as soon as the ongoing recruitment process is complete. He also informed that the issue of change in weekly holiday for Sunday working branches has been taken up with HO and an early decision is awaited. He also informed about the advertisement issued for acquisition of Bank's quarters for officers.

The meeting concluded with vote of thanks proposed by Smt.Vani

- Rudra Setty, Regional Secretary

## AIBOC NEWS

### REFIXATION OF BASIC PAY TO THE OFFICERS

#### WHO RETIRED BETWEEN 01.04.1998 TO 30.04.2005

[Text of AIBOC Circular No.82 dated 07-09-2011]

1. The Officers who retired after 01.04.2008 were given salary Revision with merger of DA at 1684 points and for the purpose of pension merger of DA was at 1616 points as per the Joint Note signed between IBA and Officers' Associations on 14.12.1998. This had created an anomalous situation for the retirees after 01.04.1998, whose pension was reduced to 41% of their Basic Pay as against 50% of the Basic Pay as per Regulation 35(2) of Bank Employees' Pension Regulations 1995.
2. This anomaly was rectified during 8th Bipartite by signing the Joint Note by IBA and Officers' Associations on 02.06.2005, wherein it was agreed to, merge 1684 points of DA for the purpose of payment of pension for all the retirees after 01.04.1998; however the arrears of pension were to be paid prospectively from 01.05.2005.
3. Meanwhile, the aggrieved Retired Officers had moved the Hon'ble High Court of Adjudicature, Madras. The Hon'ble High Court has ordered to pay pension to all the officers who retired from service of the Banks after 01.04.1998 on the revised salary as per the VI Bipartite settlement. The Hon'ble Court has also ordered payment of differential commutation to all the affected officers.
4. We have addressed a letter to the Chairman, IBA to implement the orders of the Hon'ble High Court. We have annexed the text of the letter, which is self-explicit.
5. Further developments in this regard will be posted to you.

With greetings,

Sd/=  
(G.D.NADAF)  
GENERAL SECRETARY

[Text of Letter No. 1452/314/11 dated 08-09-11 addressed to IBA Chairman]

Dear Sir,

### REFIXATION OF BASIC PAY TO THE OFFICERS WHO RETIRED BETWEEN 01.04.1998 TO 30.04.2005

1. We invite your kind attention to the Joint Note signed between the Officers' Associations and IBA on 14.12.1999 wherein it was agreed, inter alia, the following:
  - (i) The Revised Salary, Dearness Allowance and Pension will be implemented from 01.04.1998. For Salary Revision merger of DA was at 1684 points.
  - (ii) The retirees will get their pension on the basic pay with merger of DA at 1616 points as per the Joint Note signed on 14.12.1999 and from 01.04.1998.
2. The above provisions of the Joint Note created an anomalous situation for the officers who retired during the period 01.11.1997 to 31.03.1998 who were denied the benefit of VII Bipartite settlement. Such officers continued to get their pension on the Basic Pay as per the VI Bipartite settlement.
3. The officers retiring after 01.04.1998 got pension at less than 50% of their last drawn Basic Pay, which was in contravention of the Pension Regulations.
4. The anomaly with regard to merger of DA at 1616 points was set right with signing of the Joint Note on 02.06.2005 but the retirees were denied the benefit of the full merger of DA at 1684 points as the Pension Scheme for the above category of officers was implemented with effect from 01.05.2005. Thus, the officers who retired during the period 01.04.1998 to 30.04.2005 were denied the benefit of the salary revision of the VII Bipartite settlement, i.e., 50% of the Basic Pay as Pension along with DA thereon for the above period.
5. Aggrieved by the above blatant injustice done to them, many retirees across the country had approached the Courts of law. The Retirees of

Bank of Baroda had filed a writ Appeal in the Hon'ble High Court of Judicature at Chennai, the Hon'ble High Court upholding the contentions of the petitioners, has delivered a judgment in favour of the petitioners, and the Hon'ble Judges have averred that:

*"In the absence of any amendment to the Regulations 2(d) and 35(2) (of the Pension Regulations 1995), the attempt made on the part of respondents, curtailing this benefit to the appellants and such other similarly standing persons by introducing the impugned amendment is illegal. It would have been a completely different thing, had the Joint Note agreed for all corresponding amendments including definitions for all corresponding amendments, including the definitions for Regulations 2(d) and 35(2), which is not the case herein. Therefore, without any hesitation, we can say that the impugned amendments brought by the respondents 1 & 2 are quite against the Regulations 2(d) and 35(2) and the very intent and purport of the Regulations are null and void".*

6. The Hon'ble Judges have further ordered that:

*"The respondents 1 & 2 are directed to calculate and pay the difference of monetary benefits to the appellants within twelve weeks from the date of receipt of a copy of this judgment".*

7. From the foregoing, it is crystal clear that the curtailment of benefit by introducing the impugned amendment is held to be illegal and all the retirees between the period 01.04.1998 to 30.04.2005 are eligible for the benefit of 50% of the revised Basic Pay as at 01.04.1998 with merger of DA at 1684 points and also for differential commutation amount.
8. The arguments of the learned Judges are supported by different decided cases. We have enclosed a copy of the judgment for your perusal and necessary orders in the matter. As the Judgment applies to all the affected officers in an omnibus way, we request you to implement the pension payment to all the affected officers at your earliest.
9. We also would request you to take-up the matter with the Ministry of Finance, Government of India for an early clearance of the matter and render justice to all the aggrieved officers.

## CLASS ROOM

### NO CLAIM BONUS (NCB)

#### What is 'No-claim' bonus?

No-claim bonus (NCB) is a discount in premium offered by insurance companies if a vehicle-owner has not made a single claim during the term of the motor insurance policy. The discount, which is on 'own damage' cover i.e., cover against damage to the vehicle, can go as high as 50% for both 2-wheelers as well as 4-wheelers.

#### How much NCB can you enjoy ?

This discount in the premium is usually 20% for the second year, 25% for the third year, 35% for the fourth year, 45% for the fifth year and 50% for the sixth year. The value of the discount depends upon the insurance claims you have made in that particular year. NCB can be carried forward and will be only allowed provided the policy is renewed within 90 days of the expiry date of the previous policy.

#### What if you sell your car ?

The no-claim bonus is a reward to the vehicle owner for prudent use of the vehicle. If you sell a 10-year old hatchback and purchase a C-segment car, the no-claim bonus will pass on to the new vehicle and you can save considerably on your insurance costs.

#### Can you get the NCB transferred to another insurance company ?

Yes, subject to evidence in the form of a renewal notice or letter, confirming the NCB entitlement from the previous insurer.

#### What should you do if you renew the policy online?

You have to scan and send the cover note to the insurance company online and it will do the needful.

#### What if you hide your claim history and avail of a no-claim bonus from a new insurance company?

Initially, you might succeed in getting a no-claim bonus by hiding your claims history. But insurers are sharing their claims databases and any false declaration will surely be detected.

[ Source: Economic Times, 18-11-09]

## WHO SAYS IT DOESN'T PAY TO DEFAULT?

- T T RAM MOHAN

The European Union is today the sick man of the world economy. The global economic outlook is more promising than thought a year ago. The world economy will grow at 4.5-5% in 2011. Emerging markets will grow at around 7%. The US is poised to grow at 3-3.5%. The EU will be stuck at 2% or less.

EU growth matters less to the rest of the world than its capacity to destabilise the world's financial system. Last year, the EU orchestrated a rescue of Greece and Ireland. What if Portugal, Spain, Italy and Belgium were to require rescue this year? Would the stronger economies of the EU, Germany and France, have the stomach to effect a bigger rescue if required? And if they didn't? These are questions that trouble the world's financial markets today. The rest of the world needs to worry less about exports to the EU than a disruption of financial flows as happened during the sub-prime crisis.

The EU is contemplating moves to reassure the markets. Support to the European Financial Stability Fund (EFSF), the bailout fund created to prevent the break-up of the euro, is to be improved. The EFSF was advertised as a \$ 440 billion fund but not all of this is available for lending.

Lending capacity is said to be around 250 billion with the rest being held in cash to ensure that EU bonds get triple A status. The EU is inclined to top up lendable capacity itself to 440 bn. The quality of support is to be improved by buying bonds in the secondary market. This will help moderate interest rates for distressed economies.

These are useful steps. But they may not suffice if contagion spreads to some of the larger economies. The bailout extended to Ireland is already proving inadequate. Greece will miss the budget targets set for it under the bailout target. It's clear that the standard approach of providing a support package in exchange for austerity measures will not solve the problem of solvency in EU's distressed economies.

When faced with a debt problem, you can grow your way out of trouble or run a budget surplus or lower your debt burden through debt restructuring or default. High growth is not an option for EU's distressed economies. Running a budget surplus will

require a decade or so of austerity on a scale that no electorate will tolerate. That leaves debt restructuring or default as the only realistic option. The first is an orderly resolution. The second is a messy one. Investors must choose.

It is not investors in sovereign debt alone who must accept losses. Today, banks hold substantial amounts of sovereign debt, thanks to huge recapitalisation by governments. As sovereign debt gets marked down, so will bank debt. Investors in bank debt too must accept losses. It is only when the costs of adjustment are shared by domestic taxpayers, investors and foreign taxpayers that the costs will be acceptable to electorates and the distressed economies have a reasonable chance of returning to solvency.

The alternative is a default. Sovereign default is not favoured because it is said to impose substantial costs: loss of access to financial markets, trade sanctions, political costs. But these costs can be exaggerated. As Reinhart and Rogoff have documented in their book, this time is different, many of today's developed economies have a long and undistinguished history of default on sovereign debt. But this did not come in the way of their transiting from emerging to developed economy status.

Between 1300 and 1799, England, France, Germany and Spain were among those who defaulted on external debt. England led the way with eight defaults. The champion defaulter in Europe in the 19th century was Spain with seven defaults. Russia and Germany too figure in the list as do several countries of Latin America. In the 20th century, eight countries in Europe defaulted. China has defaulted twice but that has not prevented it from becoming the second biggest economy in the world.

In recent years, Argentina's economic recovery since its tumultuous default of 2002 has been spectacular. As Joseph Stiglitz noted recently (ET, January 14), the Argentine economy grew at nearly 9% in 2003-2007. By 2009, national income was 75% above its pre-crisis peak.

The Economist has compared the records of Iceland

and Ireland. Iceland let its banks fail and their creditors took huge losses. Its GDP fell by 15% from its highest point before it reached bottom. Ireland rescued its banks and saw its GDP fall by 14%. Iceland's growth in the last quarter was better than Ireland's. It is also not true that Iceland did better because it could let its currency depreciate. Its trade balance improved more due to a fall in imports than a spurt in exports.

Sovereign default carries substantial costs. But, as the examples cited above and the longer historical records show, the costs are not always higher than those entailed by continued servicing of debt. Debtors will choose the less costly option.

There is evidence to suggest that capital markets may be more forgiving than is supposed: access to financial markets often becomes available after just three years. Investors will demand a higher risk premium on defaulting countries. But Paul Krugman thinks the current yields on Greek and Irish bonds already price in the probability of default or restructuring.

Governments are terrified that restructuring proposals or a default announcement will cause an exodus of investors. This fear is entirely valid when only one economy is involved. Today, sovereign debt has soared across developed economies, including the US. Investors must deal with the possibility of losses in several economies.

Are investors ready to dump sovereign and bank debt as asset classes and move elsewhere? If yes, where will they go? They cannot get exposed to emerging markets or other asset classes beyond a point. Faced with collective action from the EU, investors will have to accept the benefits of orderly restructuring vis-a-vis serial defaults. To put it bluntly, the EU should call the investors' bluff.

Whatever the resolution, the irony of the present situation should not be lost on us. Debt restructuring or default was supposed to be an emerging market problem. Today it has become an advanced economy problem. How the mighty have fallen!

[ The author is Professor at IIM, Ahmedabad. The above article appeared in Economic Times, 20th January, 2011 ]

## BANKING ROUND UP

### **Nupur Mitra is new CMD of Dena Bank**

The Centre has appointed Ms. Nupur Mitra as Chairman & Managing Director of Dena Bank. She will assume charge on November 1. Ms. Mitra will replace Mr. D. L. Rawal who is due to superannuate on October 31. Currently she is the Executive Director of Indian Overseas Bank.

- *Hindu Business Line, 04-09-11*

### **Syndicate Bank gets new Executive Director**

Mr. M. Anjaneya Prasad has assumed charge as Executive Director of Syndicate Bank. Prior to this, he was General Manager of Andhra Bank.

### **Rao assumes charge as MD at SBH**

Mr. M. Bhagavantha Rao has assumed charge as the Managing Director of State Bank of Hyderabad. He succeeded Renu Challu, who is transferred to SBI's Central Office. Before coming to SBH, he was the Chief General Manager of SBI, Bhopal Circle.

- *Financial Express, 24-08-11*

### **Srivastava named CVO of Punjab & Sind Bank**

Madan Gopal Srivastava has been appointed Chief Vigilance Officer of Punjab & Sind Bank for a period of three years. Prior to this he was with State Bank's Inspection and Audit Department in Hyderabad.

- *Financial Express, 06-09-11*

### **Parliament passes SBI Subsidiary Banks Bill**

Parliament passed a Bill that would pave the way for subsidiary banks of SBI to raise capital through public issue/ right issue and also preferential allotment / private placement of shares.

The State Bank of India (Subsidiary Banks Laws) Amendment Bill, 2011 was passed by the Lok Sabha through a voice vote after few amendments were moved by the Minister of State for Finance, Mr. Namo Narain Meena.

An amendment was moved in the wake of Rajya Sabha passing the Bill with an amendment at its sitting held on August 30. This Bill which was originally passed by Lok Sabha on August 11 and transmitted to Rajya Sabha for concurrence was

returned to Lok Sabha on September 1 in the wake of amendment made by the Rajya Sabha.

- *Hindu Business Line, 06-09-11*

### **Banks to disclose Rs.1700 cr. unclaimed deposits**

The Government has directed state-run banks to make public details of unclaimed deposits aggregating RS.1700 crores built up over the last several years to encourage account holders to reclaim funds parked with these banks and to ensure greater transparency.

Finance Ministry told all Government-run banks to display a list of in-operative accounts and the names of such account holders on their websites, senior bankers confirmed. Lenders will also have to make public the last address of the account holder as listed in their records and also the branch of the bank, in which the account has been classified as inoperative. In banking parlance a bank account is classified as inoperative or dormant either after the death of the account holder or when an account is not maintained

or business transacted for over two years.

- *Economic Times, 05-09-11*

### **RBI doubles overseas gift transfer limit.**

The Reserve Bank of India has doubled the amount a resident in India can transfer to a person resident outside India as gift to \$50,000 in a financial year. The gift can be any security including shares or convertible debentures. The transferor is however, required to obtain approval from the RBI for the gift.

- *Hindu Business Line, 16-09-11*

### **Highlights of Mid-quarterly review of RBI Monetary Policy**

- Short term lending rate (Repo) hiked by 25 basis points to 8.25%
- Short term borrowing rate ( Reverse Repo) up by 25 basis to 7.25%
- Cash Reserve Ratio (CRR) remains unchanged at 6%.

- *Economic Times 17-09-2011*

## **RETIREMENTS**

### **SUPER ANNUATION RETIREMENTS**

The following members will be retiring from the services of the Bank on 31st October on attaining the age of superannuation:

#### **1.0 Mr. P. Madhukar Rao, Senior Manager, Mysore Retail Asset Hub**

Mr. Rao joined the Bank as a clerk in 1972 and was promoted to officer cadre in 1977. He was promoted to MMG Scale-II in 1985 and to Scale-III in 1993.

During 38 years of service, he worked in Haveri, Head Office, Mangalore - Car Street, Revora, St. Jose De Areal, Bangalore -Srinangar, Mysore -Siddartha Lay out, Secunderabad - S P Road, Bangalore - Cantonment, RO, ZO-Delhi, Bangalore - ZO, LIC Hub and ZO-Mysore.

#### **2.0 Mr. H. Nagesh Kamath, Manager, ZO-Udupi**

Mr. Kamath joined the Bank as a clerk in 1974 and

was promoted to officer cadre in 1981. He was promoted to MMG Scale-II in 1992.

During 37 years of service, he worked in Mumbai-Mandvi, Worli, Fort, Belgaum -KG, St. Jose De Areal, Vidyanagar, Britona, Mapuca, Goa -RO, Udupi Main, ZO and IAD-HO.

#### **3.0 Mrs. Veena Nayak, Chief Manager, ZO-Mysore**

Mrs. Veena joined the Bank as a clerk in 1974 and was promoted to officer cadre in 1981. She was promoted to MMG Scale-II in 1994 and SMG Scale-IV in 2007.

During 37 years of service, she worked in BPDD-HO, Chickmagalur, Kannur, HO-Credit Division, SPF, Baikampady, Mangalore-M G Road, HO-ILRD, Mangalore-STC, Uliyargoli, Bantwal, HO-RLD and Bangalore - Rajmahal Vilas Extn.

### **VOLUNTARY RETIREMENTS**

The following members took Voluntary Retirement under Reg. 29 of Pension Regulations during August 2011.

### 1.0 Ms. Renuka Sharma, Computer Officer, ZO-Delhi

Ms. Renuka joined the Bank as an officer in 1989. During 22 years of service, she worked in New Delhi-GK, Karol Bagh, Delhi - ZO, IAD Cell and LIC Hub.

### 2.0 Mr. Adviacharya, Chief Manager, IAD-HO

Mr. Adviacharya joined the Bank as an officer 1984. He was promoted to MMG Scale-II in 1994 and to SMG Scale-IV in 2010.

During 27 years of service, he worked in Haveri, Hyderabad-RO, RO-Belgaum, RO-Western Region, ZO-Greater Mumbai, ZO-Belgaum, Chikmagalur - RRB and ZO-Hubli.

***CBOO while thanking for their support and co-operation, wishes them a happy, prosperous and active retired life.***

#### ***The Whole World Stinks***

*Wise men and philosophers throughout the ages have disagreed on many things, but many are in unanimous agreement on one point: "We become what we think about." Ralph Waldo Emerson said, "A man is what he thinks about all day long." The Roman emperor Marcus Aurelius put it this way: "A man's life is what his thoughts make of it." In the Bible we find: "As a man thinks in his heart, so is he."*

*One Sunday afternoon, a cranky grandfather was visiting his family. As he lay down to take a nap, his grandson decided to have a little fun by putting Limburger cheese on Grandfather's mustache. Soon, grandpa awoke with a snort and charged out of the bedroom saying, "This room stinks." Through the house he went, finding every room smelling the same. Desperately he made his way outside only to find that "the whole world stinks!"*

*So it is when we fill our minds with negativism. Everything we experience and everybody we encounter will carry the scent we hold in our mind.*

## MISCELLANY

### **Chandrasekhara Kambar gets Jnanpith award**

Front-ranking Playwright and Poet, Chandrasekhara B. Kambar has been chosen for the coveted Jnanapith Award for 2009, making it the eighth award for the Kannada language.

### **UBS Loss to trigger Investment Bank retreat**

Swiss Bank UBS is expected to shrink its investment bank business - source of a \$2 billion rogue trading loss - and could fire senior executives as it tries to retain worried private clients and avert a ratings downgrade.

Analysts said that the massive loss announced was the final nail in the coffin for UBS's investment bank which has struggled, like others in the industry, against falling markets and tough new regulation as well as the soaring Swiss Franc.

The \$2 billion that UBS said had been lost by a London-based trader in rogue dealing effectively cancelled out the first year of savings from a recently-announced cost-cutting plan involving the loss of 3500 jobs. It had hoped to make an annual 2 billion Swiss Franc ( \$2.3 billion) saving under the scheme detailed last month.

*- Economic Times, 17-09-11*

### **List of some Rogue Traders**

**September, 2011:** Switzerland's UBS discovered unauthorized trades by a trader in its investment bank had caused a loss of some \$2 billion.

**October, 2010:** Former Societe Generale trader, Jerome Kerviel sentenced to three years in prison by a Paris court for his role in a trading scandal and ordered to reimburse the French Bank 4.9 billion Euros (\$6.7 billion).

**April, 2010:** MF Global employee, Evan Dooley indicted on fraud and other charges after racking up \$141 million in losses speculating in wheat futures contracts in February 2008.

**February, 2009:** Former senior trader at Merrill Lynch in London, Alexis Stenfors banned for at least five years for deliberately overvaluing his trading positions to hide his losses, forcing the US bank to make a \$456 million write off.

**March/April 2006:** Hedge fund, Amarnath Advisors racked up \$6.4 billion in losses from natural gas contracts on NYMEX before folding in 2006.

**February, 2002:** Allied Irish Bank said trader, John Rusnak had defrauded its US subsidiary, Allfirst of \$691 million.

**March 1998:** Joseph Jett, a former top kidder Peabody bond trader, accused of creating false profits of \$350 million to hide losses and failing to keep proper records, in a scandal that eventually led to the sale of the firm.

**June 1996:** Japanese trading house, Sumitomo Corp suffers a \$2.6 billion loss over 10 years from unauthorized copper trades, primarily by chief trader, Yasuo Hamanaka. Sumitomo fired Hamanaka, once dubbed "Mr. Five Percent" because his trading team was believed to control 5% of the world's copper trading. He was later jailed for 8 years.

**September 1995:** Japan's Daiwa Bank suffered a \$1.1 billion loss from unauthorized bond trading by Toshihide Iguchi, one of its executives in the United States. He was imprisoned in 1996.

**February 1995:** Barings, one of Britain's oldest investment banks, collapses after Nick Leeson, a futures trader in Singapore, lost \$1.4 billion in derivatives trading. Leeson was jailed in Singapore.

**April 1992:** Indian banks and brokers accused of colluding illegally to siphon \$1.3 billion from the interbank securities market to fuel a boom on the Bombay Stock Exchange. Top broker, Harshad Mehta, the main person accused in the scandal, died in jail during the trial.

- *Economic Times, 17-09-11*

### **SC notice to Centre on IFCI CMD's appointment**

The Supreme Court sought a reply from the Prime Minister's Office (PMO) and the Centre on a petition challenging the appointment of Atul Kumar Rai as the Chief Executive Officer and Managing Director (CMD) of Industrial Finance Corporation of India (IFCI). The SC notice was on a plea filed by the Centre for Public Interest Litigation which alleged Rai's involvement in "serious financial irregularities".

A bench headed by Justice Aftab Alam also issued notices to the Ministries of Finance, Company Affairs

and Personnel, Public Grievances and Pensions, besides Rai, CBI and IFCI.

While seeking CBI probe into various financial irregularities and removal of Rai from the post of CMD, CPIL counsel Prashant Bhushan argued that while huge amount of Government money was going into IFCI, the institution was functioning without accountability.

He also accused Rai of financial irregularities and said that the Government was not taking any action despite its authority over IFCI.

The petition stated that although IFCI was getting huge fund as grant / loan or bailout package from the Centre, still it was holding itself out as an independent company over which Government had no control.

Rai, before joining IFCI, was holding dual position of Director in the Finance Ministry dealing with policy matters related to IFCI and was also a Government Nominee Director on the IFCI Board. Thus, he was privy to all sensitive, strategic and policy matters, CPIL said, adding that he was not eligible for taking up the post of Whole Time Director in IFCI after taking voluntary retirement from the Government job.

According to the petition, Rai had released thousands of crores to IFCI, which was created to cater to medium and long term finance needs of the industrial sector, after being converted into a company in 1993 and had then abandoned his Government job to become CMD in July 2007 after flouting the prevalent rules.

It also stated that the Government of India in last eight years had released Rs.2,409 crores as grant-in-aid (out of the total bail out package of Rs.5220 crore) and Rs.400 crore as loan to IFCI and invested Rs.523 crore in Optionally Convertible Debentures. Besides, the Government had also stood as Guarantor for raising domestic and foreign currency loans, it added.

It said that the CBI should look into several irregularities like purchase of 5% stake in the MCX-SX by IFCI on a much higher price of Rs.35 per share as against Rs.10 bought by the Union Bank of India, thereby inflicting a loss of Rs.168 crore on the IFCI.

It further said that the Registrar of Companies had in April 2009 sought explanation from the IFCI on various irregularities / allegatrons, appalling corruption including the acquisition of 17.4% stake of Rajus of the Satyam in Maytas Infrastructure.

It said that disgraced Satyam founder Ramalinga Raju had borrowed a loan of Rs.85 crore after

pledging 10 lakh shares of the Satyam and Maytas barely 72 hours before he had confessed to irregularities.

Besides, CPIL also alleged that IFCI had sanctioned loan of Rs.225 crore to Blue Coast Hotels, which had been declared as a defaulter by RBI.

- *Financial Express, 06-09-11*

## CIRCULAR ROUND UP

### 1.0 CIS Codes for Loans and Advances

[Credit Division HO Cir. No. 600/2011 dated 29-08-11]

In view of the observations of Statutory Central Auditors, branches are advised to assign 21 digit CIS Codes correctly to all borrowal accounts.

### 2.0 Auto Classification of Advances on-line

[Recovery Division HO Cir. No. 601/2011 dated 29-08-11]

### 3.0 Retail Asset Hub - Modification of operational guidelines

[RLD HO Cir. No.604/2011 dated 30-08-11]

Operational guidelines pertaining to branches NOT

LINKED to Retail Asset Hub have been modified.

Revised guidelines are effective from **1st September 2011**.

### 4.0 Implementation of Rapid Action Plan - Finance to Agriculture

[ Dev. of Priority Sector & Rrb Division HO Cir No. 628/2011 dated 12-09-11]

Government of India has advised all the Banks to cover all the non-defaulter farmers with Kisan Credit Cards before 15th October 2011.

### 5.0 Revision in Service Charges

[ CSD HO Cir. No. 623/2011 dated 09-09-11]

Service charges are revised in respect of the following services:

Sl. No.	Type of Service	Existing Charges	Revised Charges
7.11	Equitable Mortgage ( charges or original and extension of mortgage)	For Commercial loans only  Less than Rs.1 crore: Rs.10000 Above Rs.1 crore to Rs.10 crore : Rs.100,000 Above Rs.10 crore : Rs.2,00,000	For Commercial loans only [ per occasion] Less than Rs.1 crore: Rs.10000 Rs. 1 crores & Above : Rs.25,000
7.03	Jewel Loans	0.40% of the loan amount (Min. Rs.100) No charges in case of priority sector Jewel Loans	0.40% of the loan amount (Min. Rs.100) Priority Sector Jewel Loans: Upto Rs.25,000/- : NIL Above Rs.25000 To Rs.2.00 lakhs : Rs.250/- Above Rs.2.00 Lakhs : 0.40% of loan amount (MIN. Rs.800/- and Max. Rs.10 lakhs)

### 6.0 Discretion to customer for selection between RTGS and NEFT

[ ITD HO Cir. No.631/2011 dated 13-09-11]

RBI has reiterated that all the Banks should provide option to customer to choose between RTGS and NEFT and funds transferred as per the choice.

### 7.0 Distribution of Coins

[ FMD HO Cir. No. 634/2011 dated 14-09-11]

Currency Chests are advised to source coins and provide to the needy branches in pouches of 100 pieces of coins, so that demand for coins from the general public is fully met and complaints are avoided.

*The strength of a man's virtue should not be measured by his special exertion,  
but by his habitual acts - Blaise Pascal*

**8.0 RBI Inspection of branches**

[ IAD HO Memo. No. 196/2011 dated 15-09-11]

RBI is conducting the following inspections of branches:

1. Inspection under Sec.35 of Banking Regulation Act, 1949
2. Inspection of branches, conducting of Government Business transactions / Pension payments
3. Incognito inspections of branches / offices
4. Inspection of Currency Chests

Commencement of such inspection shall invariably be reported on the same day by the branches / offices to the respective Zonal Offices and HO -IAD either by letter or through e-mail.

**9.0 Zero Tolerance for misbehaviour towards customers**

[ PAD-HO Cir. No.636/2011 dated 15-09-11]

Any misbehaviour of staff towards customers shall be considered as a serious misconduct and the concerned staff shall be liable for stringent disciplinary action.

**10.0 Application of mind while signing appraisal of loan proposals**

[ PAD-HO Cir. No.642/2011 dated 19-09-11]

CVC has observed that officers put their signature on the loan proposals in their capacity as recommending officer and while replying to the charges against them, they normally take a plea that they had just affixed their signature as a formality, without application of mind.

CVC has advised that such plea cannot be given weightage while deciding on a case, as it is expected that every officer taking a decision and affixing his signature must apply his mind in the matter.

**11.0 Approval by Grid - Not applicable for Corp Schemes**

[ CRMD HO Cir. No.643/2011 dated 19-09-11]

It is clarified that "approval Grid System is not applicable in respect of Retail Loan Schemes, namely Corp Schemes (irrespective of sanctioning authorities).

**12.0 Corp Landless Labourers Savings-cum-Overdraft Scheme in CPSB in Rural Areas**

[ Dev. Of Priority Sector &amp; Rrb Division HO Cir. No.646/2011 dated 19-09-2011]

A new Scheme is formulated for landless labourers in Rural areas with a provision of Overdraft facility upto Rs.10,000 in their CPSB accounts for meeting consumption needs as per instructions of Government of India, Ministry of Finance for implementation by all the rural branches of our Bank.

**13.0 Obtention of Term sheet from borrower applicant in respect of credit limits of Rs.10 crores and above**

[ Credit Division HO Cir. No.650/2011 dated 21-09-11]

Branches shall discuss clearly the terms and conditions of the credit proposal with the applicant borrower, with specific reference to Loan Amount, Rate of interest and applicable charges etc. at the time of booking the proposal itself and submit the term sheet in respect of credit proposal for Rs.10 crore and above.

**14.0 Granting of loans to third party against NRE / FCNR (B) deposit**

[ Credit Division -CPPS HO Cir. No. 655/2011 dated 22-09-11]

No loans shall be extended against FCNR (B) / NRE deposits to third party on the basis of Power of Attorney. The loan shall be granted only when the depositor himself executes the loan document in the presence of bank officials. In order to facilitate the loan, NRI depositor may forward the loan application through a bank branch in the country where he resides and where he maintains his account since this will enable due diligence / KYC compliance by that branch.

**15.0 Need for issuing acknowledgement of credit proposals**

[ Credit Division- CPPS HO Cir. No. 660/2011 dated 26-09-11]

In order to ensure timely disposal of credit proposals, branches are advised to acknowledge the loan application to the customers and also to maintain loan application register.

## HEALTH WATCH

### IT'S THE RHYTHM OF LIFE

- Hema Vijay

Do you feel your heart beating in your chest? If the answer is 'no', then it's good news! "Normally, the beating of our heart doesn't even register on our minds. If you do become conscious of your heartbeat, it could be an indication of arrhythmia," says Padma Shri awardee Dr. K. A. Abraham, Head, Department of Cardiology, Fortis Malar. The reassuring rhythm and regularity of one's heartbeat does get disturbed sometimes; this is what cardiac arrhythmia is all about. Apparently, cardiac arrhythmia affects about eight million Indians, though much of it goes undiagnosed.

Interestingly, it is an electrical activity happening right inside the heart - in the tiny, 2-3 mm wide and 10-20 mm long sinus node in the right upper chamber of the heart - that causes it to beat and pump life-giving blood to all parts of the body, which is what keeps us alive. When this electrical activity gets disoriented, the heart may beat too fast, too slow, or irregular.

"While palpitation (awareness of fast or irregular beating of the heart), is the most common symptom of arrhythmia, arrhythmia can also manifest itself through symptoms such as giddiness, breathing difficulty, loss of consciousness, general fatigue and weakness (because of inadequate blood supply)," says Dr. Abraham. In extreme cases, arrhythmia can even cause sudden death.

#### Who is at risk?

In the normal waking state, the adult human heart beats about 60 -100 times/per minute, though the rate can increase to about 160 beats per minute with physical exertion or emotional stress. Likewise, while sleeping, during brief periods, the heartbeat may safely drop to 30-40 beats per minute, without any adverse impact. "But if the heart beats fall to below 50 per minute on a consistent basis, even in the waking state, bradyarrhythmia is suspected; likewise, if the heart speeds up to over 100 beats per minute even without physical or emotional strain, tachyarrhythmia should be considered," says Dr. Ragavan Subramanian, Head and Director, Department of Cardiology, Frontier Lifeline.

People with structural heart diseases such as rheumatic heart disease and who have suffered heart attack, and those with hypertensive heart diseases

are at risk of getting tachyarrhythmia. Other risk factors for tachyarrhythmia include inflammation of the heart, dilation and enlargement of the heart, and some congenital anomalies. "Though tachyarrhythmia can occur at any stage of life - even in the baby in the womb - more common arrhythmias occur in middle and old age. People with diabetes, lung and thyroid disease are at risk and need to be alert to arrhythmia. On the other hand, bradyarrhythmia can occur because of age-related degeneration and congenital anomalies," says Dr. A. M. Karthigesan, consultant cardiologist and electro-physiologist, Apollo Hospitals.

#### Prevention

Simply put, preventing heart disease does help prevent arrhythmia. So, any healthy physical practice such as moderate exercise and yoga, and adhering to a controlled diet keeps the heart healthy and reduces the chance of arrhythmia.

"After proper diagnosis, some arrhythmias are found to be mild and may not require treatment," says Dr. Abraham. In the case of other arrhythmias such as ventricular tachycardia and ventricular fibrillation, lack of treatment can prove fatal.

Earlier, medication was the only mode of treatment for arrhythmia. Now, cardiac medicine has an array of treatment procedures to correctly diagnose, locate the focus of the arrhythmia, and target the specific area of the heart for treatment. In fact, most cases of tachycardia (when the heart beats abnormally fast) can be cured permanently by new techniques such as delivery of radiofrequency energy [RF ablation] to the site of origin of the arrhythmia. The advantage is it eliminates the need for lifelong medical therapy. For life-threatening bradyarrhythmia (abnormally slow heartbeat) patients can be treated with permanent pacemaker implantations, which helps keep the heartbeat within the normal range.

There is lack of awareness about new treatment options, making people with arrhythmia resort to lifelong medical therapy. However, with treatment, arrhythmia can be eliminated almost completely, and the person has every reason to look forward to leading a normal life, do all the things he wants to, and restore the rhythm in his life.

[ The above article was published in *The Hindu*, July 3, 2011

## THE PLAINSPEAK

### DUTY, YES; BUT RESULT, WORRY NOT!

After the direct inquiry by a team of Central Vigilance Commission indicted Mr. Ramnath Pradeep, it was hoped that the Ministry of Finance, Government of India would take prompt disciplinary action against him. This was not to be. There was investigation by an RBI team. There were media reports. There was representation from the staff from different cadres to the Finance Minister urging upon him to take action. An appeal with all facts and reference material was sent to the Prime Minister with a request to intervene. None of these could shake the deeply entrenched Mr. Pradeep; indeed a sad commentary on the decadent system that frustrates any attempt to raise a voice against corruption in high places.

It is frustrating because there were very conscientious officers and executives who raised their voice at different occasions against the misdemeanours of Mr. Pradeep. It appears whistle blowing had triggered the CVC investigation. If the Government does not take action against its appointee, after investigation following whistle blower complaint which turns out to be true, in future employees will think twice before blowing the whistle. When the earlier attempts were frustrating who will take the pains to emulate such attempts?

In his Independence Day address this August, our Prime Minister had declared his government's commitment to eradicate corruption and assured to take firm steps. In another meeting he called upon government servants to have zero tolerance towards corruption. These calls, however, do not carry conviction. In respect of corruption at the political level action depends on political factors. When the political leadership fails to act it was the judiciary which stepped in to clean the Augean stables. It is strange that at the level of government appointees no action is taken even when the CVC recommends

such action as it happened in the case of Mr. Pradeep. Reports have appeared in the media that government has soft-pedaled actions in several cases of indictment by CVC. Such an approach exposes the Government's hollow claims of integrity in public life.

In contrast, we have many cases of junior officers suspended on flimsy grounds because here the sanctioning authority is someone inside the Bank. For various reasons he may exercise his power to suspend an officer. There are cases where on the day of retirement from the Bank's service officers are denied the terminal benefits on the allegation of irregularities. But then, they are lesser mortals and hence are governed by the law of the land.

The Government appointed Chairmen or whole time directors have immunity from action as despite adequate proof, the actions remain only on paper. And with the experience in our Bank such belief gets reinforced. One gets an impression that they are governed by a different law.

One redeeming feature of the development is that the dogged resistance of the officers' community and the spontaneous response to CBOO's call have contained further damage to the 106 year old Bank with strong fundamentals. As said in the *Bhagavadgeetha* we have a right to perform our duty but we have no right on the result. A lot needs to be done by everyone. **Those who played to Mr. Pradeep's tune will never be forgiven by history.** And the majority who valiantly fought will be remembered by a grateful posterity for their courage, conviction and sincerity towards the Bank from which they draw their sustenance. It is such people who make our life more meaningful for they responded without expecting any reward.

- T.R. Bhat

[ Views are personal ]

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*Try not to become a man of success but rather try to become a man of values. - Albert Einstein*

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# LEADER

H. B. VISHWANATH



*I Just gave the name and this is the error message received ..... !!*



*The graph is impressive...but it appears that the charges levelled have been marked there.....!!!*



*When he pointed to decline in resource mobilisation, I thought he was referring to decline in Business figures.....!!!*