Editor
S.B.C. Karunakaran

April –
May 2013

Arise

Rise : 1 ▪ Ray : 5

Association of Retired IOB's Employees

HONOUR TO COM. S.R.SENGUPTA

We have much pleasure to inform all the members that another colourful feather has been added to the cap of our General Secretary Comrade S.R.Sengupta. The meeting of the Governing Council recently held in Ahmedabad took note of the event and decided to apprise the membership about it. Reserve Bank of Inida Employees' Association organized a colourful and well attended function in Kolkata on 16th February 2013 to commemorate the 90th anniversary of their organized life. The organisation in Brtitish days was known as Currency Association which was converted and renamed as Reserve Bank of India Employees' Association in the year 1935. On the occasion of Association's 90th anniversary, RBIEA felicitated 7 (seven) illustrious Trade Union leaders belonging to different segments of society for their lifetime contribution to the movement of working class. Com.Sengupta was one of the seven such leaders. To make the occasion memorable, Dr.Amartya Sen, the Nobel Laureate delivered his well thought lecture on "Trade Union and Economic Development". The entire function was well organized and praiseworthy. AIBPARC feels that honouring Com. Mr.Sengupta is in effect a recognition of the glorious tradition of the trade unionism of supervisory cadre in the banking industry. Let us march forward from gory to glory.

To recount in brief, Comrade, S.R.Sengupta was the General Secretary of Fedration of Bank of India Officers' Association during a pretty long period of almost quarter of a century; during AICOBOO days, he was one of the prime-movers of events in the capacity of Vice President and the name of Com.S.R.Sengupta and Com.R.N.Godbole became synonymous with AIBOC which symbolizes the hopes and

aspirations of Bank Officers since 1985. he was the architect of united movement of all the trade unions of Award Staff and officers and it was principally under his initiative, UFBU saw the light of the earth. The felicitation of such a personality enlightens not only the man but the cause he served for so many years with dedication. When Comrade.Suprita Sarkar made an announcement of this event in the meeting, the entire House was overjoyed. The members present offered a standing ovation to Com.Sengupta for this marvelous recognition. When such a man with an image larger than life leads the movement of Retirees, the future of AIBPARC is bound to be bright and illuminating.

K V ACHARYA

President
All India Bank Pensioners' & Retirees' Confederation

JUDIS

DEFAULTING BORROWERS CAN'T BE PUNISHED WITH HIGHER INTEREST!

When a borrower defaults in paying instalments, the interest rate applicable to him cannot be upped by way of penalty. This view of the Kerala High Court {placing reliance on P.J. Mathew Vs Kerala Financial Corporation (1989) 1 KLT 904} was upheld by the Supreme Court in Kerala Financial Corporation Vs C.G. Narayanan. The respondent had taken a loan at 5.5 per cent interest. The lender had in the loan document reserved for itself the right to increase the interest rate from time to time. This right was exercised by it selectively against the respondent when he defaulted on payments. This is what attracted the ire of the courts.

Lenders have the right to impose penalty and resort to other remedies such as invocation of guarantees and takeover of the mortgage property but hiking the interest rate punitively and selectively is not one of them.

{Kerala Financial Corporation Vs. C.G.Narayanan - Special Leave to Appeal (Civil) No. 1118 of 2001 to Supreme Court of India – By Justice K.S.Radhakrishnan & Justice Dipak Misra on 4/12/12}

HC ORDERS GOVERNMENT JOB TO MARRIED WOMAN

Holding that married daughter of a deceased government employee is also entitled to be appointed under compassionate grounds, the Madras High Court has directed the Ramanathapuram district collector to appoint a married woman in a government job.

"If marriage is not a bar in the case of son, the same yardstick shall be applied in the case of daughter also. At this juncture, it is relevant to take note of the Maintenance and Welfare of Parents and Senior Citizens Act, 2007 which places equal duty on both the son and daughter to take care of the parents at their old age. Therefore, in the case of death of the parents, there cannot be any unequal treatment among the children based on sex," Justice Hariparanthaman, said quashing the collector's order rejecting A Chitra's request for appointment under compassionate grounds. Chitra married a daily wage farm labourer in 2002, and her father die on October 9, 2009, leaving behind her 52-year-old mother under her care.

When she applied for appointment under compassionate grounds, the district collector rejected her plea by an order dated July 13, 2012 on the ground that she is a married daughter of the deceased employee. A son of a deceased government servant, however, is eligible for a government job under compassionate grounds, it was explained. Chitra then knocked the doors of the Madurai bench of the Madras high court praying for the quashing of the collector's order and a direction to him to give her appointment. After hearing both sides, Justice Hariparanthaman passed an order quashing the collector's rejection order and also directing him to give employment to her, within eight weeks.

Source : Times of India - May 7, 2013

WIDOW TO GET PENSION AFTER 33-YEAR WAIT

Thirty three years after the death of a transport corporation employee, his widow is to get family pension with the Madras High Court directing the management to pay the relief immediately, including the arrears.

Denial of family pension to the petitioner was absolutely unfair and unjustified, Justice T.Raja said, while allowing a petition from S. Malliga. Her husband, G.Shanmugam, was employed as a cleaner in the then State Transport Department from October 1968. His services were regularized a year later. He was permanently absorbed in the erstwhile Pallavan Transport Corporation in May 1975. Five years later, he died.

By an order of November 2007, the Metropolitan Transport Corporation turned down Ms. Malliga's request for payment of family pension on the ground that her husband failed to render 10 years qualifying service. Hence, the present petition seeking to quash the order and directing the transport corporation to pay her family pension.

The petitioner's counsel said one year service was sufficient for getting family pension and this requirement had been fulfilled by Shanmugam. Mr. Justice Raja said it was not in dispute that the petitioner had put in a total service of ten and a half years. If his leave on loss of pay was excluded, the net qualifying service would come to nine years and eight months. But, the authorities had wrongly concluded that the period for which Shanmugam was on daily wage basis - from October 1968 to October 1969 - should be excluded while arriving at the net qualifying service.

This approach of the MTC was not acceptable because as per a G.O. of August 2009, half of the service on daily wage basis of employees who were absorbed or whose services had been regularized prior to April 2003 should be counted for calculating pensionable service. If that period of service was calculated, the petitioner had put in more than 10 years of service. Therefore, the petitioner's husband was entitled to get pension had he been alive, the Judge said.

Source : The Hindu - May 3, 2013

On Human Resources

S.B.C.Karunakaran

Manpower Planning & Business Mix

I wonder sometimes whether Public Sector Banks truly know the rationale behind the schemes and procedures they introduce every now and then, mostly when they happen with the change of guard. Decisions are taken impulsively and not on careful analysis of data. For instance, how is 'manpower planning based on business mix' a correct policy? A branch may have a couple of big ticket advances or bulk deposits which may not require much manpower. If we exclude these big ticket advances/bulk deposits, the balance retail credit will be far below another branch. But the branch having higher mix due to big ticket advances/bulk deposits will have surplus staff while other branch having more retail advances will suffer manpower shortage which in turn will adversely affect its supervision that in turn will impact its asset quality. It may look like that 'kingdom lost for want of horse-shoe' but it is true. Should we not, therefore, segment business mix size-wise to determine manpower requirement? Our present manpower planning of mechanical linkage to business mix is faulty. Take the officers' list and see for yourself the officer strength and its composition vis-à-vis the segmented business mix.

Manpower Planning & Age Mix

Another matter of concern is indifference to age-mix of staff with reference to clientele the branch has to serve. In a place having a large population of software employees average age of all staff /officers is above 50 with not a young officer in his thirties, leave alone twenties. How do you expect them to connect to this young population and win them. Why do you have a policy of spreading the young POs to different branches instead of posting them as a group in a few branches where they can keep company to each other and may, therefore, be motivated to stay with the bank and can also connect well with young clients. We can even think of having dress code for branches located in high income areas to go with the ambience we have developed at high cost.

Manpower and Value addition

Every organization has a hierarchical order with each layer endowed with a function. Efficiency of an organization depends on the value addition by each layer of authority. If there is going to be only duplication without value addition it is a drag on the efficiency. Duplication (like one authenticating a transaction after verifying its correctness and the other passing it also after verifying its correctness) as a measure of control is needed but not otherwise. What is the purpose of a branch official analyzing the data while preparing a business proposal which has been subjected to verification by branch head while recommending it to Regional Office & Head office where the same financial ratios & other aspects are again subjected to verification by desk officers? Should we not restrict such analysis of financial data to one layer (branch, regional office or central office) alone? When we have dearth of senior officers to promote business and monitor at the field what is the purpose of having too many layers performing only recommendatory role? Why should a note put up by a desk officer go through a Chief Officer, AGM/DGM, GM, ED/MD before being put upto Board? When there are too many layers having the same function of recommendation, apprehension of being construed as redundant and the necessity to make their role appear essential, will force lower layers to stall the process by raising queries that are immaterial even though they have every reason to endorse the recommendation made by the layers below. Is it not wise and prudent to prune down the layers to the needed minimum. A Chief Officer should be assigned only the role of a co-ordinator to monitor prompt response to branch proposals and to queries of the top management/Board by desk officers of the department and not be given a role to recommend any office note as it is only a drag on the efficiency. He will be an interface between the General Manager and the desk officer but not an interlocutor. A Chief officer will only enable direct discussion/interaction between a General Manager and the concerned desk officer. The desk officer who shall give an executive summary of his note and highlight the variation of his assessment and recommendation vis-à-vis those of the branch/regional office. All the intermediate layers shall be dispensed with and can be assigned with field duties. An analysis will show that with Metros having the large chunk of business being headed by General Managers and other regions scarcely having business falling within the discretion of General Managers there is only miniscule business coming within the discretion of a Corporate General Manager. Corporate General Managers are mostly functioning as recommending authorities only. Hence there is no need for one more recommending authority below them at corporate office when there is already a lower recommending authority at Regional Office. Too many layers do not result in value addition but in value retardation. It is high time the functionaries having good discretion are not wasted as recommending authorities when there is a crying need in the field for authorities with discretion. Why do we not slice of the functions relating to Premises, Inspection etc from Regional Heads and allocate them to the functionaries (AGM/DGM) who can be relieved from Corporate office. It helps in using their potential to good use. Is it also not better to have control of inspection separated from the sanctioning authority (i.e. Regional Head)? Manpower policy should be oriented toward extracting maximum value addition.

It does not appear to make any sense to have an intermediate layer between Regional Office and Corporate Office. When Regions that account for 70 per cent business are headed by General Managers and the balance Regions hardly have business falling below the discretion of Board/MD/ED but within the discretion of a General Manager what will be role of these intermediate layers? Such intermediate layers will only duplicate the recommendatory role of Regional Offices and will not have any value addition role. Such intermediate offices will be a drag on the system. Can we have such structures that add to inefficiency or waste precious and scarce human resources?

Employee orientation to Social banking

Why is the orientation to Social banking lacking now? Why is Priority Sector lending is no more a priority? Is it because of the hype created about big business in the media? Merchandise dealt by banks is Money which is required by everybody for productive, consumerism or consumption purposes. Money is required by big corporate, Multi National Companies (MNCs) and as well by Below Poverty Line (BPL) families. While the GDP focused government and profit minded banks would tend to channelize the money to big business the political compulsions of democracy and electoral politics would require banks to lend to small business & agriculture and social sector for education. It may look social banking is less profitable. However when we take into account the write offs and waivers banks repeatedly give for big advances, the ultimate realization from social banking ranks better. It is a pity that big business gets indirectly subsidized (through such write-offs, waivers and bail-outs) in the present globalization-liberalization era at the cost of small borrowers and depositors. Even if Bankers do not have their heart on Social banking they should realize that it is more profitable and productive than big business. We have to restore our orientation leaning towards Social banking. We should also help our borrowers find integration (backward & forward) among themselves.

Outsourcing

It may appear an irony that every organization outsources its work and procures work outsourced to it. There are two factors responsible for the growth of outsourcing. One is imperfect wage labour market and the other to use one's employees for core activities to make best use of their potential. Everyone wants to take advantage of the imperfect labour market where the same amount of work yields different wages depending on the kind of employer. Employment in Government may fetch more wages, in big corporate a little less and in small private sector enterprises still less and in unorgainized sector may hit the rock bottom. Specialization also improves efficiency and reduction in cost. Leaving security to an agency specializing in it reduces one's cost while the security agency gains by economies of scale. It has become a standard practice now to outsource work to the low paid sector so as to cut down one's wage overheads for a given task. Banks have of late been gradually outsourcing non-core activities. Such outsourcing has of course, security risks due to exposure to outsiders and reputation risk due to indifference of the outsiders and it is, therefore necessary to have a proper guarantee and control mechanism and apparatus to eliminate/mitigage the inherent risks. There is risk-return trade off in outsourcing and the return should outweigh risk. Else outsourcing should not be the choice.

Para Banking

Banks outsource their work and goes to procure insurance work outsourced to it by insurance companies. We call such work outsourced to us as Para Banking though it is not a correct description. Branch who is asked to market bank's products is also asked to market para banking products where both products target the same population of investors, banks showing off its superior rate of return and better premature closure payment (than the surrender value of insurance) and insurance companies showing off its life/accident cover. As the target population is the same, Bank deposits and Insurance Policies become competitors but the Branch Head is asked to market both competing products. It is like having the same captain to lead both competing teams. Bible says, " A servant cannot serve two masters." While it is true that it is easy for a branch head to catch the target population is it not unwise and a stress on him psychologically to play conflicting roles? Is it also not true that the easy access to target population tempt managers to overlook the basics of banking to market para-banking products by granting overdrafts/excesses over sanctioned credit limits or acceding to risky business propositions of the investors. This is not marketing but a simple of exchange of assets – the customer taking up the asset of insurance policy in return for the bank taking up the asset of customer's loan. Even if a small section of these Borrowers (core banking assets) default, the loss caused by them will knock off the profits of entire para banking. What is earned in Para banking is lost in core banking! The best way to obviate it is to have distinct functionaries to market para banking products and not make it the responsibility of a branch head. These functionaries may operate from within the branch but as independent entities having access to target population but not with discretion to accommodate them financially. ■

ALL INDIA BANK PENSIONERS' & RETIREES' CONFEDERATION
KOLKATA

Ref; AIBPARC/IBA/79b0/2013 16.5.2013

Shri.K.R.Kamath
Chairman
Indian Banks' Association
Mumbai

Dear Sir,

Sub: (1) Revision of family Pension in Banks

(2)100% D.A Neutralisation for Pre-01.11.2002 retirees

We have written two separate letters to you on the above subjects on 21.03.2013 and 31.03.2013. As no forward movement has been noticed, we once again felt the necessity of drawing your pointed attention to the issues.

1. Family Pension

RBI notification dated 7th December 2012 (copy already sent) clearly states that the family pension has been upwardly revised with the concurrence of Government of India and the number of years of service for eligibility to pension has been reduced. Since the Bank Pension Regulation is modelled on RBI pattern and Central Civil Services Rules, the facility should be immediately extended to Banks.

2.100% D.A Neutralisation to Pre-01.11.2002 Retirees

The pending case at Madras High Court may come up for hearing on any day. On the earlier date of hearing, Hon'ble Court made an observation that all the Banks should remain prepared with calculations for payment. This is sufficiently indicative of what is going to happen. We have always held the view that the judgment of the Single Bench was based on a Supre Court Judgment and hence there was little ground for IBA to move for appeals. We also made similar such request to you. In the changed context, may we request you to push forward the issue with a positive intent. Our argument in this regard gets further momentum with the information that the Chairman of SBI has also moved to the Office of IBA with similar such request and it is backed by Board Resolution.

An early intervention is solicited

S R SENGUPTA
General Secretary

Circular No.9/2013 11th March 2013

Dear friends,

We reproduce hereunder the text of our letter addressed to the Chairman, IBA and the Secretary, Department of Financial Service, Ministry of Finance, Government of India dated 11th March 2013 for your information.

Quote:

Amendment to RBI Pension Regulations, 1990 with prior sanction of Government of India

You are well aware of the fact that RBI with prior sanction of Government of India, has made amendments in Regulation 32 (Sub-Regulation 5) which reads as under:-

"The ordinary rate of family pension shall be thirty per cent of pay uniformly, subject to a minimum of Rupees three thousand five hundred only per month and a maximum of Rupees twenty four thousand four hundred ninety five only per month."

Since the Pension Regulation in Banks is modelled on RBI Pension Regulations and Central Civil Rules, this was a natural expectation that a similar such changes would be effected in Banks also. As no such instruction has come to the nationalized Banks so far, we make an earnest request to you to kindly look into the matter and take necessary steps so that the same treatment is meted towards the Bank employees and officers.

Unquote

With warm greetings,
Sd/-
(S.R.SENGUPTA)
General Secretary

CONGRATULATIONS!

Com. J.D.Sharma, President, Indian Overseas Bank Officers' Association has been appointed as Officer Director on the Board of Indian Overseas Bank on 2nd May 2013 for period of 3 years.

ARISE Congratulates Com. J.D.Sharma and wishes him all success in his assignment!

Members' Meet

Ludhiana - 20.12.2012

The first General Body Meeting of retired employees of IOB in Ludhiana Region was convened on 20th October 2012. Retired employees of IOB from various parts of Punjab State attended the Meet. Com P S Bhinder, Regional Secretary, ARISE-Chandigarh Region enlightened the need and purpose for a common platform for the retirees. Com V K Gupta, Com R D Singla, Com P L Kansal and Com Vinod Kumar addressed the members and emphasized for a strong association of retired employees so as to negotiate for legitimate issues of the retirees. The meeting was convened by Com A K Devedi who welcomed all the participants. Com D K Khatri has been unanimously nominated as Regional Co-ordinator of Ludhiana Region. He appealed to all the retirees employees of the Bank to become the members of ARISE to strengthen the hands of Central Unit of ARISE as well as the Confederation, AIBPARC. He also proposed vote of thanks.

Bangalore - 03.02.2013

The Meet was held on 03.02.2013 (Sunday) at our Bangalore City Branch premises. The same witnessed a large gathering of over 80 members.

Com M R Gopinatha Rao, Vice President–ARISE & Deputy General Secretary – AIBPARC addressed the members and explained about the events that took place since the last meeting held at Bangalore in November 2012. He also briefed on the present position of various issues pending with our Bank, IBA and Government.

When the retirees were appealed to pay the subscription of Rs.600/- per year, many members responded whole heartedly. More than 60 members issued cheques / cash for Rs.600/- each on the spot. Com Jayaram and Com Sudha Jayaram contributed Rs.5000/- each whereas Com N K Pangannayya and Com Bhagavathi Narayanan contributed Rs.1000/- each as donation to improve the financial corpus of ARISE. Sri C S Vasantha Kumar, General Manager, Bangalore Region was felicitated.

Com M R Gopinatha Rao and Sri Vasantha Kumar spoke on the occasion. The Meet ended with lunch. Members dispersed with sweet memories / feelings. The Meet was arranged in a structured manner by Com K S N Murthy, Organizing Secretary, ARISE, Karnataka.

Delhi - Picnic Meet – 10.02.2013

The members of ARISE based at Delhi went on a picnic to NOIDA Overseas Towers, the pride of IOB Officers' Housing Project. Com J D Sharma, President-IOBOA participated in the picnic. Com.A.S.Sabharwal, Chief Advisor of ARISE and the Chief Guest Mr R K Gupta, Chief Regional Manger, NCR-Delhi attended the event. The Meet was facilitated by ARISE members of Overseas Towers under the able guidance of Com S S Sharma (Former General Manager) and Com R P Goel - Secretary of the Overseas Towers. Latest developments in ARISE and AIBPARC were narrated by Com K V Acharya. The picnic has got significance because of the musical entertainment programme which was enjoyed by the ARISE members alongwith their families. Yoga and meditation classes were conducted by 'Brahmakumaris' with an idea to educate the members how to keep the body & mind pleasant. Many retired General Managers and Executives participated in the Meet. Mrs Asoka Chatterjee (Former General Manager) from Kolkata also attended. Com D K Hans, Organising Secretary-ARISE had taken care of the arrangements for this memorable event.

New Delhi - 11.05.2013

A Meet of ARISE members was organized on 11th May 2013 at New Delhi. Com A S Sabharwal, Chief Advisor of ARISE presided over the Meet. Com K V Acharya, President-AIBPARC spoke on the latest developments on the issue of the retirees and the initiatives taken by ARISE in respect of pension benefits to the select sect of the retirees in the banking industry. Many members attended the meet with enthusiasm. Com D K Hans, Organising Secretary-ARISE alongwith activist-retirees arranged for the Meet.

HIGH BLOOD PRESSURE, THE SILENT KILLER

Livadia Palace, in Crimea, Yalta, located in southern Ukraine, on the shores of the Black Sea, was the summer retreat of Russian Tsar Nicholas II. With 116 rooms, each furnished in different taste and design, it was the ultimate in opulence. It was here on February 4, 1945, that the big three world leaders — British Prime Minister Winston Churchill, American President Franklin D. Roosevelt, and Chairman of Russian Federation Joseph Stalin — met and decided to draw the curtain on one of the bloodiest human conflicts, the Second World War. While they conferred on ending the animosity, unknown to these three men, a common enemy was working silently, planning a sinister personal attack on each one of them, an attack of a different kind, Hypertension.

Exactly 68 days later, President Roosevelt died of massive cerebral haemorrhage. Joseph Stalin in 1953 and Sir Winston Churchill in 1965, died of cerebral stroke. All the three leaders succumbed to the complication of a totally preventable disease — high blood pressure, 'hypertension' in medical terms.

The most important strategy in a war is an early and clear understanding of the sting and reach of the enemy. Till recently, doctors failed to do so against 'hypertension.' As recently as 1931, the British Medical Journal (BMJ) editorial warned: "The greatest danger to man with high blood pressure lies in its discovery, because then some fool is certain to try and reduce it..."

For two long years preceding his death, Roosevelt's physicians recorded his blood pressure as high as 200/110 many times (severe hypertension by today's standards), but never felt alarmed. On April 13, 1945, the day after the President's death, his physician issued a statement that "his death came out of a clear sky," meaning there was no warning at all. At that time no one thought that this level of blood pressure was abnormal and could cause brain haemorrhage or stroke. This lack of understanding of its long-term complications is what makes high blood pressure unique.

Disease of 30%

Hypertension is often referred to as a disease of 30%! Actually, this denotes that only about 30% people with high blood pressure are aware of it; of those aware, only 30% are treated and among them it is controlled to the recommended goal only in 30%. In India, it is a dismal 50% instead of the western 30%. Stroke, brain haemorrhage, loss of vision, heart attack, bulging of vessels in the chest (aneurysm), kidney failure, are all listed as complications of hypertension.

One major problem of hypertension detection, unlike other diseases, is that it has hardly any symptom. A majority of patients with high blood pressure don't have headache or vision problem nor do they get angry or annoyed soon, despite popular belief to the contrary. This means there are hardly any warning signs. The victim can be apparently healthy, you or me. So the only way out is to get our BP checked and know our numbers.

It takes less than five minutes for a medical professional to record blood pressure. Undetected high blood pressure can result in massive brain haemorrhage and kill a person instantly. Even if the victim survives, the social and economic implications of living with a stroke-related disability are even more painful. The December Issue of Lancet quotes the Global Burden of Disease (GDB 2010) database to show that high blood pressure ranks as the number one risk factor responsible for death and disability worldwide.

May 17, every year, is celebrated as World Hypertension Day (WHD). By spending just five minutes of your time, you might benefit by decades of healthy future. Call it a short cut to good health, if you wish.

(The writer is Head, Department of Cardiology, PRS Hospital, Thiruvananthapuram. Email: tinynair@gmail.com)

Source: The Hindu - May 26, 2013

Are you 'fit' enough to be a bank director?

The YES Bank family tussle puts focus on RBI guidelines on appointment of directors The tussle between the two promoter families of YES Bank has brought to the fore the “fit and proper criteria” in the appointment of directors to bank boards.

Rana Kapoor, YES Bank’s largest shareholder and co-promoter, is locked in a legal battle with co-promoters and extended family members Madhu Kapur and her daughter Shagun Kapur Gogia. While the Kapurs allege they have been denied their rightful place in the board, Kapoor has been chanting the “fit and proper” mantra. Business Standard tries to understand what is fit and what isn’t. The Reserve Bank of India (RBI)’s framework of eligibility criteria for private sector banks is based on the recommendations the Ganguly Group Report. In 2004, RBI issued a notification that laid down specific criteria to be fulfilled by persons being appointed to the boards of private sector banks.

The notification clearly put the onus of due diligence on banks. “Banks in the private sector should undertake a process of due diligence to determine the suitability of the person for appointment/ continuing to hold appointment as a director on the board, based on qualification, expertise, track record, integrity and other ‘fit and proper’ criteria. Banks should obtain necessary information and declaration from the proposed/existing directors for the purpose in the format enclosed,” it said.

The declaration format provided by RBI requires a candidate to give details under four broad categories. The first section relates to personal details such as age, qualification and relevant experience. The second requires the details of “relevant relationships of the director”. This could be relevant to what comes into play in the YES Bank issue. Under this head, the candidate is expected to give a list of relatives connected with the bank. The candidate also has to give details of companies/ entities in which he/she is “interested in” or has “substantial interest”. Funds and other facilities availed by these entities should also be disclosed. Under the remaining two sections, the declaration also requires disclosures of “professional achievement” and “legal proceedings”.

RBI has further said the process of due diligence should be undertaken by private sector banks during the appointment/ renewal of appointment. The boards of these banks should constitute nomination committees to scrutinise the declarations. Based on the information provided in the signed declaration, these committees should decide on the acceptance. When necessary, these may also make references to the appropriate authority/persons, to ensure compliance with the requirements indicated.

The 2004 notification also refers to the Ganguly Group Report, which says, “The candidate should normally be a graduate (which can be relaxed while selecting directors for the categories of farmers, depositors, artisans, etc). He/she should be between 35 and 65 years of age. He/she should not be a Member of Parliament/Member of Legislative Assembly/ Member of Legislative Council.”

The report also requires that the directors shouldn’t be owners or related to the owners of a non-banking financial company.

Assuming Shagun Kapur Gogia and her mother were not expressly disqualified in any of the above criteria, there is one last resort for Rana Kapoor. The Ganguly Group Report also provides certain directives on the composition of the board, which could have certain implications in the YES Bank case, experts say. The report says the composition of the board “should be commensurate with the business needs of the banks”, in the context of banking becoming more complex and competitive. “There is an urgent need for making the boards of banks more contemporarily professional by inducting technical and specially qualified personnel. Efforts should be aimed at bringing about a blend of ‘historical skills’ set, i.e. regulation-based representation of sectors such as agriculture, small-scale industries, co-operation, etc, and the ‘new skills’ set, i.e. need-based representation of skills such as marketing, technology and systems, risk management, strategic planning, treasury operations, credit recovery, etc.”

The Ganguly panel said, “The above suggestions may be kept in view while electing/co-opting directors to their boards.”

What are the skill sets of Madhu Kapur and Shagun Kapur Gogia? Did the YES Bank board already have people with these skill sets and, as a result, couldn’t have more?

- Business Standard

India to take warranted steps to stem Indian rupee fall

The Finance Ministry today said it will take steps to increase foreign investment flows into the country to strengthen rupee and the regulators will act at appropriate time to contain the fall in domestic currency that touched a record low of 58.96 to a dollar. "We will continue to implement measures to ensure that portfolio investor inflows are enabled and encouraged and some of these measures will be announced very shortly.

"In the coming weeks, we will recommend to the Cabinet policies to enhance FDI limits on number of areas all this will help not just in short-term objective of financing the CAD safely but also in the longer term objective of ensuring sustainable growth," Chief Economic Advisor Raghuram Rajan told reporters here.

The exchange rate has depreciated by 5.5 per cent since January 1 and over 2.5 per cent in last two trading session. The rupee is currently trading at around --- to a dollar. "There has been some volatility in the financial markets in the last few days. The government, RBI and SEBI are watching the market development and each one will take action as warranted," Rajan said.

He said the depreciation is rupee is mainly on account of out flow of FII funds from debt instruments and trade high trade deficit. Since May 1, outflows from debt instruments stood at USD 486 million, at the same time equity inflows on net stood at USD 4.16 billion. So since May 1, the portfolio inflow into India has been USD 3.7 billion. "Despite these reasons debt outflow and larger trade deficit in May-- things are turning around," he said.

- The Financial Express

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