

Talk on 'Policy decisions of Reserve Bank of India and Its impact in Economic Development' on 17.08.2012 at Hotel Aida, Kottayam.



Dr. V.A. Joseph, CEO, South Indian Bank addressing the TRAMA members.



A view of the audience.

Synopsis of the Programme

TRAMA in its short history have hosted some brilliant speakers on wide ranging subjects and this evening the members had the opportunity to interact with one of the finest brains of Indian Banking Industry, Dr.V A Joseph Managing Director and CEO of South Indian Bank. The heavy rains and blocked roads did not dampen the enthusiasm as the members and students were in almost full attendance.

While Introducing him, Mr. Kumaran Pillai, the President of Bankers club and senior Manager State bank of Travancore rightly said that it is rare to find a Phd holder at the helm of affairs of a leading Bank.

Unassuming in Nature Dr VA Joseph spoke eloquently on a subject which he himself thought was boring and through the evening I am sure the TRAMA members, Bankers and the students gathered there never had a moment to shift in their seats.

He started off by talking of the fascinating history of Banks in INDIA from the pre Independence era where we had the three presidency banks of Calcutta, Mumbai and Madras which amalgamated into Imperial bank in 1921 which later became the State bank of India in 1955. In one of the major milestones of the banking history, Indias Central banking institution, RBI was nationalised in 1949. The nationalization of 14 Banks in 1969 and the liberalization in 1993 which saw the emergence of new generation banks were other key landmarks.

The growth of Banking from 1969 onwards has been remarkable .From modest 73 commercial banks to 166 banks, 15 foreign banks to 40 currently, Employees from 1.5 lakhs to 15 lakhs, the numbers do tell a story and reflect the rapid strides the banks have taken.

RBI as INDIA'S central banking institution controlling the monetary policy and is the Bankers Bank acting as the bank of National and state governments. It is through the Prudential and strong regulations that the Indian Banks have remained strong even in times of tumult. Dr. VA Joseph stressed the fact " GROWTH should be Steady and never be fast beyond a point" as any growth in financial sector beyond a point is unsustainable.

RBI also ensures the spread of banking to rural areas and aims for inclusiveness and getting more and more people to operate in banks.

Some of the major challenges he talked were of growth of Technology from the ATMS, mobile banking, Instant remittance for NRIS. He talked of future when even cheques need not be remitted in banks but could be scanned on your smartphones and amount getting remitted. RBI through its Institute for Development and research in Banking Technology (IDBRT) focusses on technological advancements in the sector.

A question from a management student elicited an answer which reflected the role of RBI. She asked what will happen if a Deposit of Rs. 10 lakhs is deposited in bank and then bank stops its operation on a one bad day. DR Joseph assured that the RBI has through its strong

monitoring in terms banks asset liability management, Mobilization of liquidity and proactive measures ensures that the bank will remain strong and even if the bank fails due to its over eagerness to grow fast, the RBI will facilitate in the amalgamation with another bank causing least damage to its depositors. The interest of the depositors have made RBI to bring under its ambit even Non Banking financial companies who at times have unhealthy high growth rates.

Dr VA Joseph in his talk showed his vision of better economy. He felt that lack of irrigation and support to agriculture leads to uncultivated lands. This leads to not only a rise in food prices and inflation but also an exodus of rural population to cities that is bursting at its seams. Thrust on agriculture especially better irrigation facilities would help the people to stay back in villages and enjoy a quality life.

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