



ALL INDIA BANK OFFICERS' CONFEDERATION

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State Bank of India Officers' Association

04th Floor, SBI Administrative Unit, No. 86, Rajaji Salai, Chennai- 600 001

Phone: 044-25227170 Tel/Fax 044 25227170

E-Mail: aiboc.sectt@gmail.com

To:
The Secretary
Dept of Financial Services
Government of India
New Delhi

No: AIBOC/2017/3

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Madam,

Turnaround Plan for 10 Banks – Our Concerns and Suggestions

Greetings from All India Bank Officers Confederation

Please refer to GOI Letter DO.NO.F.NO.F38/2014 BOA dated March 16, 2017 and draft MOU circulated to the Banks.

All India Bank Officers Confederation, the largest officers' organization having membership of around 280000 officers met in Kolkata to discuss the proposal of the Dept. of Finance for 10 Banks for a turnaround plan. These, ten banks have been identified by the government where capital infusion in future will be conditional. The unions/ Associations of these banks are asked to sign a MOU in respect of what they say a Turn-around Plan. Thus unions/ Associations are asked to take responsibility for turnaround whereas they were not party to the decisions. It is the policy of the government due to which the entire banking industry today is facing the menace of NPA, in which employees have very little role. While the major portion of the NPA are big ticket loans which includes Corporates and infra projects, steel, telecom etc, the credit decisions in such cases are not taken by employees represented by the respective unions but by senior executives and the Boards of the Bank. The standing committee on finance recommended in Feb 2016 for accountability of nominee Directors of RBI / Ministry on the Bank Boards as well as the CMDs / MDs of banks. The list of top willful defaulter as suggested by the standing committee is yet to be published. Except for Bank of India, none of the Boards of these Banks have employee / officer director appointed by the Govt. The responsibility of the rising NPA cannot be shifted to the employees to shield those who are accountable for wrong decisions along with the willful defaulters.

AIBOC has objections to the conditions like mobilization of capital from market and closure of Branches, as it may lead to privatization and reduction of staff. One of the conditions contains reorientation of perks / perquisites of employees and officers of these banks till their turn around. Both the officers' and employees' unions have been asked to sign a MOU. Even if all officers and employees forego their salaries and perquisites for one year that will not turn around the Banks.

If the NPA recovery is speeded up by implementing the recommendation of the Parliamentary Standing Committee on Finance, there won't be need for additional capital.

We would like to have certain changes in the MOU

Our suggestions:

1. We assure to recover smaller NPAs, through follow up.
2. Let senior executives and directors take responsibility for larger NPAs.
3. Increase credit deposit ratio by giving more loans to smaller borrowers.

4. Demand for credit is huge for rural and semi urban areas which should be part of turnaround plan.
5. Recruit more staff to cater to more borrowers.
6. Reduction in expenditure is possible without touching staff expenses.
7. Avoid meetings in star hotels, reduce electricity expenditure, reduce expenses on travel by top executives, directors etc.
8. Stop cross selling and concentrate on NPA recovery, for few years.
9. Banks shall not be placed under undue pressure to amend their MCLR matching to any change in Policy rate and Banks should be freed to fix their MCLR as it has to be the reflex of the Asset-Liability of the Individual Banks, but, not to the market sentiments, as the interest collection constitutes 70% of the total income of any Bank.
10. SLR and CRR cut have to be decided bank-wise in consultation with the respective banks and it shall be based on the Asset-Liability position of the individual banks. Interest shall be given to CRR at least matching the Savings bank rate.
11. No advances need to be granted at ROI lesser than MCLR.
12. Income tax shall be levied on the net profit but not on the operating profit.
13. No provision will be maintained on standard assets.
14. Till all the banks attain total turnaround, any dividend on the Government stake shall be retained as reserve.
15. Make public the willful defaulters list
16. No defaulter to hold public office.
17. Government business and resources shall be restricted to the Public sector Banks only.
18. A common Accountability policy shall be finalised which would act as a tool to erase the fear psychosis in the minds of the Bank officers and would be a morale booster to take bonafide credit decisions which always posses an inherent risk.
19. No merger or closure of PSBs.
20. Uniform perks, allowances and benefits to all the officers in the PSBs

We also demand

- Immediate meeting with Unions/ Associations by Dept. of Finance, GOI.
- Immediate appointment of officer/ employee Directors in the board of the Banks.
- Immediate implementation of the recommendations of the Parliamentary Standing Committee on NPA.
- Immediate publication of names of willful defaulters.
- Immediate release of compensation to Banks for the expenditure incurred in opening 27 Crore Jandhan Accounts, Implementation of Pension Yojanas and cost incurred and opportunity lost cost due to demonetization.

We request your good self to kindly convene a meeting urgently to discuss the issues.



(D. T. Franco Rajendra Dev)

General Secretary