

# ALL INDIA BANK OFFICERS' CONFEDERATION



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Circular No. 2018/56

Date: 06.08.2018

## To All Affiliates (Please Circulate)

Dear Comrade,

### MEMORANDUMS SUBMITTED TO HON'BLE FINANCE MINISTER ON 03.08.2018

We reproduce hereunder the copies of memorandums submitted by UFBU leadership on 03.08.2018 to the Hon'ble Finance Minister, Government of India, for your information.

With greetings,

(Soumya Datta)  
General Secretary

### Text of Memorandums submitted by UFBU on 03.08.2018

UFBU/ 2018/

Date: 03-08-2018

Hon'ble Minister for Finance,  
Govt. of India,  
New Delhi.

Respected Sir,

### Reg: Allocation of funds for Staff Welfare Scheme in the Banks

You are aware that in order to motivate and incentivise the employees of the Banks, the Government has given its guideline for implementing various welfare schemes for the benefit of the employees and officers and their families. The scheme provides for allocation of 3% of the published net profit of the banks towards these staff welfare schemes.

For the past two years, due to RBI's guidelines, maximum amounts are being provided towards provision for Non-Performing loans in the Banks. This has resulted in drastic reduction in the net profits of the banks and many banks have even turned red. The following table will explain the drastic reduction in net profits of the banks in the last few years.

	Gross Operating Profit	Provisions for bad loans, etc	Net profit/Loss after provisions
2013-14	1,27,653	90,633	+ 37,019
2014-15	1,37,760	1,00,901	+ 37,540
2015-16	1,36,275	1,53,967	- 18,417
2016-17	1,58,982	1,70,370	- 11,388
2017-18	1,50,149	2,86,004	- 85,370

Hence, we have been requesting the Indian Banks' Association and the Government to allow allocation of funds towards Staff Welfare Schemes out of the Operating Profits of the banks instead of Net Profits.

Since Net Profits are negative in 19 out of 21 Banks, the employees and officers of these banks are being deprived of any allocation towards staff welfare schemes. You will appreciate that employees have no control over the provisions to be made for bad loans and consequently on the net profits of the banks. **Hence, in all fairness, it**

would be proper that the allocation for staff welfare schemes is made out of the operating profits of the banks.

Presently as per Government guidelines vide DFS letter F No. 14/7/02-IR(Vol,II) dated 24-2-2012, Banks were allowed to allocate 3% of Net Profit subject to the following ceilings:

	category	Max. per year
i	State Bank of India	Rs. 100 crores*
ii	PSBs with business mix of over Rs. 3,00,000 crores and employees strength above 30,000	Rs. 25 crores
iii	PSBs with business mix of over Rs. 1,50,000 crores to Rs. 3,00,000 crores and employees strength of 20,000 to 30,000	Rs. 20 crores
iv	Other PSBs	Rs. 15 crores

\* This has been revised to Rs.150/- Crore in 2017-18 due to merger of Associate Bank of India with SBI.

During our delegation to Mr. Arun Jaitley on 15-9-2017 as well as on 21-3-2018, he had appreciated our suggestion for allocation based on Operating profits and assured to advice the Banks suitably in the matter.

We request you to kindly consider this genuine representation favourably and pass necessary instructions to the Department for issuing revised guidelines to the Banks.

Thanking you,

Yours faithfully,  
Sd/-  
**SANJEEV K. BANDLISH**  
**CONVENER**

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UFBU/ 2018/

Date: 03-08-2018

To  
Hon'ble Minister for Finance,  
Govt. of India,  
New Delhi.

Dear Sir,

**Reg: Undue delay in appointment of Workman Employee and Officer Employee Directors in the Banks**

This has reference to our representation made during our delegation on 15-9-2017 and 21-3-2018 on the above issue.

You are kindly aware that the Bank Nationalisation Act provides for appointment of Workman Employee Director and Officer Employee Director in all the Public Sector Banks. The scheme has been in vogue since 1972 and all these years, the Workman Employee and Officer Employee directors have been appointed in terms of the procedure provided in the Scheme. This scheme was included in the Act in order to provide workers participation at the Board management level.

While so, we are concerned to observe that for the past more than three years, no appointments of workman employee director and officer employee director has been released by the Government.

As of now, in all the Public Sector Banks, both these posts are kept vacant and remain unfilled. Not filling up these posts amount to negation of representation and right of workers participation.

As provided in the scheme, the names of panel have been duly submitted to the Banks and in turn, the Banks have also forwarded the same to the Government with their due recommendations. But, the papers are kept pending at the Government level for months and years together. This has created serious apprehensions in the minds of the unions and employees that the Government is deliberately avoiding to appoint these directors.

We were assured to look into the matter and advice the concerned officials to expedite. But we find that the posts of Workman Director and Officer Director in all the Public Sector Banks remain unfilled even now.

We urge upon you to look into this matter earnestly and seriously and give necessary instructions to ensure the appointment of workmen employee directors and officer employee directors in all the banks without any further delay.

Thanking you,

Yours faithfully,  
Sd/-  
**SANJEEV K. BANDLISH**  
**CONVENER**

UFBU/ 2018/

Date: 03-08-2018

To  
Hon'ble Minister for Finance,  
Govt. of India,  
New Delhi.

Respected Sir,

We thank you for your precious time to meet our delegation amidst your busy schedule of work. We wish to submit the following issues for your kind attention.

### 1. Alarming increase in Bad Loans in Banks:

You are aware that Bad Loans/ Non-Performing Assets in the Banks increasing day by day and are reaching alarming proportions. From about Rs. 75,000 crores in 2011, it has touched around Rs. 10 lac crores at present.

Year	Gross Bad Loans
2011	74,664 crores
2012	1,17,000
2013	1,64,461
2014	2,16,739
2015	2,78,877
2016	5,39,955
2017	6,41,000
now	10 lac crores

This alarming increase in bad loans is not only dampening the economy but it is directly hitting the Banks in terms of their profitability and earning capacity besides restricting their capacity to lend further. This is also have an adverse impact on the capital adequacy of the Banks. Hence urgent and stringent measures are needed to recover these bad loans.

We have been suggesting that the names of these defaulters should be published periodically by the RBI and Government and criminal action should be taken on the wilful defaulters. In a recent reply to the Parliament, the Government has stated that there are 9063 wilful defaulters of bank loans who owe Rs.100,050 crores. Hence special efforts are need to recover the bad loans. The present Scheme under IBC is resulting in the Banks suffering from severe haircuts and hence further measures are required to safeguard the interest of the Banks.

### 2. Need to withdraw embargo on Dena Bank:

Like all other Banks, Dena Bank is also facing problems of high level of bad loans, lower earnings and consequent higher provisions and net losses. But Dena Bank has been making Operating Profits in all years. There are 11 Banks which are currently under PCA norms of RBI and Dena Bank is one amongst them. There is nothing specially alarming about Dena Bank and the management as well as the entire workforce on the job to work for the recovery of the Bank to better health.

At this juncture, RBI has clamped a total embargo on the lendings of the Bank which will hit the Bank severely if it is continued. Dena Bank is an important Bank in many part of the country like Gujarat, Maharashtra, etc.They have lead responsibilities and as a public sector Banks, Dena Bank has the obligation to lend to priority sectors. By this embargo, all lendings have been stopped.

We strongly feel that Dena Bank is being singled out and isolated while the problems facing the Bank are similar to the problems in many other Banks. Hence we submit to you, Sir, to advice the RBI to reconsider their directive and withdraw the embargo on lendings by the Bank.

### **3. Government to maintain 51% Equity Shares in IDBI Bank:**

When the IDBI Repeal Bill was passed by the Parliament in 2003, the then NDA/BJP Government assured to maintain a minimum of 51% in the Equity Share-holding of the newly set up IDBI Bank and accordingly, the same was incorporated in the Articles of Association of the Bank. But we are concerned to note that Government is now permitting LIC to invest in IDBI Bank upto 51% with the result that Government's shareholding will come down to 43%. This, you will appreciate, Sir, would be against the assurance of the Government to the Parliament and would also change the character of IDBI Bank. Hence we strongly urge upon the Government to revisit this decision and ensure that Government maintains minimum of 51% equity shareholding in IDBI Bank.

### **4. Banks are not to issue Aadhaar Cards:**

Recently the Ministry of Electronics and Information Technology has given instructions to the Banks that they must undertake Aadhaar Enrollment services. Keeping in view that already so many Government schemes are thrust on the Banks leading to a great stress on the employees and officers at the branches, we submit that this sensitive work of issuing Aadhaar cards should not be given to the Banks especially when issuing Aadhaar cards does not come under the purview of banks. We request you to kindly send necessary guidelines in this regard to the banks.

### **5. To stop harassment of Bank Officers:**

You are well aware that bank employees and officers are doing their jobs to the best of their ability and beyond their capacity to meet the requirements and expectations of the people. But we are bound by the rules and regulations of the Banks. We are sorry to point out that and it has been brought to our notice that Mr. Hansraj Ahir, Union Minister of State for Home, had issued instructions to some District Magistrate that annual increment should be stopped for Bank Managers, who have not completed the target to sanction Mudra Loans. This is highly unfair and arbitrary and is working as a great demotivation to the Branch Managers/officers concerned. We seek your intervention to stop these harassments.

Similarly, you will be aware that in the case of Bank of Maharashtra, the Managing Director and few other officials were arrested by the local police in Pune even though they do not enjoy such jurisdiction. Consequently the powers of these officials have been withdrawn. While we do not support any wrong-doers, we feel that the Government should come out with clear guidelines and instructions that such things do not reoccur.

Thanking you,

Yours faithfully,  
Sd/-  
SANJEEV K. BANDLISH  
CONVENER

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UFBU/ 2018/

Date: 03-08-2018

To  
**Hon, Minister for Finance,  
Govt. of India,  
New Delhi**

Respected Sir,

#### **Reg: Wage Revision in Banks**

You are aware that the wage revision in the Banks are due from 1-11-2017 since the previous Settlement has expired as of 31-10-2017. Finance Ministry has been repeatedly reminding the Banks and Indian Banks' Association to expedite the wage revision process.

Even though Indian Banks' Association has commenced the discussions with the unions on the Charter of Demands submitted by us for revision of wages and improvement in service conditions, the issue is being delayed. Several rounds of negotiations have taken place but IBA has not come forward with any acceptable offer.

Recently the IBA has made an offer of 6% hike in the total wage bill, which you will kindly appreciate is most inadequate looking to the cost of inflation, price rise, etc.

Further Bank employees and officers are working under a lot of stress and tension due to multiple tasks and responsibilities. Bank staff are handling implementation of so many Government schemes with the result that the workload has gone up considerably.

You will kindly appreciate, Sir, that all the Banks are making impressive Operating Profits despite the present difficult circumstances.

### **Increasing profits of Banks**

	<b>Gross Operating Profit of Public sector banks</b>
<b>2013-14</b>	<b>1,27,653</b>
<b>2014-15</b>	<b>1,37,760</b>
<b>2015-16</b>	<b>1,36,275</b>
<b>2016-17</b>	<b>1,58,982</b>
<b>2017-18</b>	<b>1,50,149</b>

**Declining wage cost:** The cost of wages to total expenses in the Banks is infact on the decline and hence there is every reason to extend a fair deal to bank employees and officers by adequate increase in their wages.

<b>Year</b>	<b>Wage bill as % of total expenses</b>
<b>31-3-2012</b>	<b>13.72</b>
<b>31-3-2013</b>	<b>11.44</b>
<b>31-3-2014</b>	<b>11.62</b>
<b>31-3-2015</b>	<b>11.35</b>
<b>31-3-2016</b>	<b>10.81</b>

### **We urge for early and expedited settlement of wage revision:**

Negotiations on wage revision in Banks has been going on for the past 15 months and this delay is frustrating the employees and officers. Further at a time when the entire attention and energy of workforce in the Banks has to be work hard to pull the Banks out of their present problems, this delay in settling our Charter of Demands is highly demotivating the staff. Hence we urge upon you to advise the Indian Banks' Association to resolve and conclude the wage settlement without any further delay.

### **Wage Revision to cover all Scales of Officers:**

You will be aware that in respect of Officers, right from 1979, at the instance of the Government, the Officers' Service Regulations covering pay scales and other entitlements of the officers are covered from Scale-I Officers to Scale-VII Officers.

However, in the current negotiations, the Indian Banks' Association has informed us that this time, the Officers negotiations will be confined only from Scale-I to Scale-III. Thus, the officers from Scale-IV to Scale-VII are attempted to be kept out of negotiations and wage revision. While the duties and responsibilities of higher level officers may differ from that of lower level officers, their service conditions have always been composite under a common Regulation. All wage revision accords so far from 1979 have been covering all Scales of Officers.

Most of the Banks have infact already submitted their mandate to Indian Banks' Association consenting for common wage revision accord for all Scales of officers.

We request you to interfere in the matter and advise the Indian Banks' Association to include all Officers from Scale-I to Scale-VII in the ensuing wage revision.

Thanking you,

Yours faithfully,  
Sd/-  
SANJEEV K. BANDLISH  
CONVENER