



ALL INDIA BANK OFFICERS' CONFEDERATION

(Registered under the Trade Unions Act 1926, Registration No.:3427/Delhi)

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

Date: 16.05.2017

“Dissolve Bank Boards Bureau Managing Directors of Banks are not Toys”

Press Release

All India Bank Officers Confederation, the largest officers' organization having membership of around 285000 officers and the apex trade union of supervisory cadre employees questions the appointment and transfer of Executive Directors in ten public sector banks of the country, based on the recommendation of the Banks Board Bureau (BBB).

A couple of months back, the Centre swapped the Chief Executive Officers (CEOs) of state-owned Indian Bank and IDBI Bank. Mahesh Kumar Jain, who was Managing Director & CEO at Indian Bank, has been appointed as Managing Director & CEO of IDBI Bank, as the govt. thought that IDBI was in some financial trouble and faced with several legacy issues; and Kishore Piraji Kharat, who was appointed as IDBI Bank CEO in August 2015, has now been appointed as Managing Director and CEO of Indian Bank. It is very strange to see that the Government of India swapped the top executives of two public sector [banks](#) -- [Indian Bank](#) and [IDBI Bank](#) because of the poor performance of IDBI. Such a move is unprecedented and is not certain to yield any better result. The government could have looked at other traditional options as well if it had to appoint a new head for [IDBI Bank to bring it back on track](#). The decision to swap will not serve the purpose it has been intended for. The government seemed to be only concerned about the plight of the IDBI by completely ignoring a growing bank like Indian Bank, whose top executive was doing exceedingly well. Mahesh Jain should have been allowed to continue in his position and instead of transferring him to IDBI, the government could have posted an executive director on elevation in [IDBI Bank](#). If the government was so keen on turning [IDBI Bank](#) around that it had to swap the EDs with Indian Bank, then it should have arranged to initiate stringent action against IDBI's top defaulters, instead of changing the top executive. Even if a new MD and CEO join, the increasing NPA levels would continue to be a challenge for IDBI Bank and it cannot be changed overnight. Moreover, there is also no point in appointing Kharat as the head of a growing bank like Indian bank if the government felt that he failed to ensure the growth of the IDBI. Hence, We strongly believe that this swapping and appointment of EDs is totally political and has been conspired to destabilize the public sector banks to pave the way for the privatization.

Now, in a surprise move, veteran banker H N [Sinor](#) has quit as member of [Bank Board Bureau](#) which was constituted last year by the Prime Minister to advise the government on top-level appointments in state owned banks. It is also very interesting to note that his resignation comes within a few days of sudden changes in the top management of two large public sector banks- [Punjab National Bank](#) and [Bank of India](#). Last week, PNB Managing Director [Usha Ananthasubramanian](#) was shifted to [Allahabad Bank](#) while head of Bank of India Melwyn Rego was moved to [Syndicate Bank](#). It seems the members of the BBB were not kept in the loop about these transfers even as one of the main functions of BBB is to advise the government on top-level appointments in banks. This gives a clear picture about the fact that the government has not distanced itself from the appointment of the top management in banks. The government, instead of indulging in these swapping and transfer of the EDs of the banks, would do better if it comes with some stringent regulations to recover the bad debts of the bank from the willful defaulters.

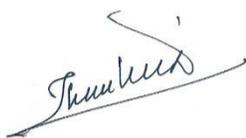
It is sad that Mr. Melwyn Rego is kept on wait for 1 ½ months without any duty. He has to takeover Syndicate Bank which is of smaller size than BOI.

One basic question is, when someone is not performing in one Bank why he / she is to be sent to another Bank to spoil it?

Banks Board Bureau itself is not a constitutional body but an advisory body. The Boards selection of MDs / EDs has not helped the Banks to improve their performance. People brought in from Private Sector as Chairman / Managing Director have not really brought any dramatic change. The Boards are not filled in time. For months Banks have been run without MD on adhoc basis affecting the Bank. Even the largest Bank, SBI has announced that 4 Directors Posts are vacant for long. The Chairman is on extension and till now next Chairman has not been announced.

Managing Directors cannot be shifted like toys. They should be fixed accountability. Otherwise the Banking Sector will collapse.

It is high time to dissolve Banks Board Bureau as demanded by some of the Columnists of Business Newspapers.



(D. T. Franco)
General Secretary
9445000806
ngcfranco@gmail.com