



**COMMON BOND
DECEMBER - 2012**



LITIGATIONS ON BIPARTITE SETTLEMENTS

One of the perennial problems that the workforce in the Banking industry confronted with is the series of litigations seeking the correct interpretation of various agreements that are signed by the unions and associations with the Indian Banks' Association and some of the provisions contained therein. This is almost an eternal bane resulted due to the vague provisions or the water tight compartment interpretations of the agreements signed at the industry level.

We have witnessed a series of litigations emanating from the members on the question of the extension of the 2nd option on Pension to various group of retirees in the banks. The initial problem which we encountered was the question of those who had retired under volunteer scheme not the special volunteer scheme introduced by the Government in the banks and those who retired under the service conditions. The agreement did not bar these members from getting the benefit of the 2nd option on Pension. However, the managements of some of the banks sought an interpretation from the IBA and the issue became a contentious one and each bank adopted their own interpretation resulting in chaotic situation in the banking industry. The issue is yet to see the finality. There are reports indicating that communications have gone from the Government to IBA giving the correct interpretation and we are awaiting for a detailed communication from the IBA so that the members who were earlier deprived is benefitted under the pension scheme.

There is a need to have a code of conduct when such situation develops, especially on the question of the interpretation of the rules. The IBA assumes the role of the interpreter and it interprets according

to its understanding of the provisions of the agreement. In reality it is the duty of both the parties to sit and understand the correct interpretation and thereafter take view whenever a disputes arise to avoid unnecessary litigation and frustration amongst the members of the organizations in the banks.

The interpretation of the provisions of the agreement should be a positive one to help the employees and officers' rather denying the benefit to them merely on technicality under the provisions of the service rules. The agreements are signed after a protracted negotiations and by making discreet enquiries as to the provisions of the service regulations and all the relevant rules that are presently governing the bank employees. In all such situation, the IBA should hold consultation with the respective unions and associations and thereafter take a positive view. In such a situation the cost would always be negligible since only a section of the workforce are affected and any negative decision would deprive them of their legitimate right under the bipartite settlements.

The provisions contained in the agreements that any doubts or clarifications in the matter of interpretation, would be resolved through mutual discussions is observed more on paper rather applying the same in its true spirit. Now it is gratifying to note that after protected correspondence and persuasion it has been clarified by IBA on the direction of the Ministry of Finance that the benefit of the 2nd Option on pension has been extended to all those members who had retired voluntarily under the service rules provided by the bank. It is high time that the IBA should prepare a code of conduct and a frame work containing guidelines as to the methodology that is required to be adopted in such dispute infuture. ■

Appointments

VIJAYALAKSHMI IYER NEW CMD OF BANK OF INDIA

Government had appointed Smt. Vijayalakshmi Iyer as Chairperson and Managing Director of Bank of India with effect from 5th November 2012. She succeeded Shri. Alok Mishra who retired at the end of August 2012 and will continue till 31st May, 2015. Smt. Vijayalakshmi Iyer had joined banking service with

Union Bank of India in the year 1975 and was promoted as Executive Director of Central Bank of India in September 2010.

“Common Bond” congratulates Smt. Vijayalakshmi Iyer for having elevated to the post of CMD of Bank of India and wish her all success in her future assignments. ■

Organisational Issues

CHARTER OF DEMANDS SUBMITTED TO IBA

Text of the UFBU Circular No.27 dated 31st October, 2012 contents of which are self-explicit.

On 30th October, UFBU met the IBA for the purpose of submitting our Charter of Demands for revision of wages and improvements in our service conditions. Leaders of all our 9 constituent unions were present. IBA was represented by its Chairman Mr.K.R. Kamath along with Mr. T M Bhasin, Vice Chairman, IBA and CMD, Indian Bank, Mr.D Sarkar, CMD, Union Bank of India, Mr.S.L. Bansal, CMD, Oriental Bank of Commerce, Mr. Bhaskar Sen, CMD, United Bank of India, Mr. Syam Srinivasan, MD, Federal Bank, Mr. Balakrishna V Choubal, SBI, Mr. Unnikrishnan, Dy. Chief Executive, IBA and Mr. Probir Moulik, Senior Advisor, HR&IR, IBA.

2. From our side, the respective common charter of demands of the Workman Unions viz. AIBEA, NCBE, BEFI, INEF, NOBW and of the Officers Associations viz. AIBOC, AIBOA, INBOC, NOBO were submitted.

3. Welcoming Mr.Kamath on his recent assumption as Chairman of IBA, the Convener hoped that under his stewardship, the demands submitted by the Unions would be considered favourably. He pointed out to the alarming price rise and inflation and the resultant adverse impact on the real wages. He also referred to the wage-level in other comparably sector and the justified need to substantially improve the wages in the banking sector. He urged upon the IBA to commence the negotiation early and conclude the settlement expeditiously.

4. Com. C.H.Venkatachalam, General Secretary, AIBEA, Com.M.V.Murali, General Secretary, NCBE and other leaders of the constituent unions, in their observations, referred to

the increased volume of business in the last five years, the various types of new services being undertaken by the banking staff nowadays, the changing job profile of the staff, the increasing responsibilities, risks and accountabilities, increased workload and pressure-levels, the need to maintain the integrity-level of the workforce by adequate wage compensation, the need to arrest attrition rate through better wages, etc.

5. Receiving our Charter of Demands and responding to our submissions, Mr.Kamath stated that IBA was fully conscious of the aspirations of the bank employees and expectations of the Unions. Stating that the IBA was equally comfortable with bilateral discussions to resolve the issues, he urged upon the Unions to also keep in mind the various constraints of the Banks. He referred to the increasing cost of provisioning for pension, the stress on profitability, the need to improve the earnings of the Banks in order to sustain the increasing costs, etc. He also stated that the various issues of the management raised and discussed during the last wage revision exercise and desired those issues to be resolved in the current process. He also informed that IBA would be constituting a Negotiating Committee with Mr.T.M.Bhasin as Chairman to examine our demands.

6. From our side, while assuring of our continued positive approaches, we reiterated our request to the IBA to commence the discussions on our demands at the earliest.

7. Wage revision constitutes a very important task of the trade unions. Even though our demands are reasonable, there would be many difficulties in achieving our demands. Our unity and united efforts alone would guarantee the expeditious conclusion of the settlement and a better deal for the bank employees and officers. ■

WORK IS WORSHIP, DO YOUR DUTY

2ND OPTION ON PENSION EXTENDED TO OFFICERS RETIRED VOLUNTARILY

One of the contentious issues that was engaging the attention of the Confederation in the matter of the interpretation of the agreement signed on the 2nd option on pension under joint note on 27th April 2010 with the Officers' organization by IBA under the leadership of the United Forum of Bank Union was the option to be granted in respect of all the Officers' who retired under the service rules of the respective banks voluntarily. The IBA in the subsequent clarification issued to the banks denied the benefit of 2nd option to all such members on the grounds that the joint note does not provide for the extension of this benefits to other than those who have retired under the special scheme formulated by the Government and introduced by the banks with a view to reduce the workforce in the banking industry.

2. The issue was raised by the Confederation immediately on receipt of the clarification issued by the Indian Banks' Association by way of several communication urging upon the IBA for the removal of this anomaly created by them through a wrong interpretation of the understandings reached between the IBA and the Officers' organizations. There were several litigations by the individual members apart from the issue being flagged in the subsequent agitation call given by the UFBU at the industry level as well.

3. The leadership of the Confederation also met the Chairman of IBA and sought his intervention in the matter. The issue was also independently raised with

the Ministry of Finance for a proper clarification to IBA so that the anomaly which was created is rectified by the IBA. After protracted correspondence and persuasion, we are happy to inform all our members who are affected across the country that the matter has since been clarified by IBA on the direction of the Ministry of Finance and a detail communication has been sent to all the members banks for extending the benefit of the 2nd option to all those members who had retired voluntarily under the service rules provided by the bank.

4. A copy of the communication issued by the IBA to the member banks is enclosed for information.

5. All our affiliates are requested to ensure the proper implementation of the instructions issued by the IBA in their respective banks and also see that the members so affected are properly guided to take advantage of this revised instructions by the IBA.

6. Comrades, with this development one of the major issues that was unnecessarily created by the authorities concerned is resolved. We are also happy that the continuous efforts on the part of the leadership of the Confederation has provided the necessary relief to all those affected members and the members of the families of the deceased members who were otherwise entitled for the benefit of the Pension Scheme. ■

IBA LETTER NO. CIR/HR & IR/2012-13/G2/6213, DATED: NOVEMBER 9, 2012: ADDRESSED TO CHIEF EXECUTIVES OF MEMBER BANKS WHICH ARE PARTIES TO THE JOINT NOTE DATED 27.4.2010 ON PENSION OPTION

Dear Sirs,

JOINT NOTE DATED 27.4.2010 WITH OFFICERS' ORGANISATIONS FOR EXTENDING ANOTHER OPTION TO JOIN THE PENSION SCHEME TO THOSE WHO DID NOT OPT FOR PENSION EARLIER

We would like to draw your attention to our Circular no. CIR/HR&IR/G2/665/90/2010-11/999 dated

10.8.2010 forwarding copies of the Settlement / Joint Note on extending another option for pension to the non-optees who were in the service of the bank prior to 29th September 1995 in case of Nationalised Banks and 26th March 1996 in case of Associate Banks of State Bank of India and continued to be in service on or after the said date and did not opt for pension earlier.

SELF HELP IS BEST HELP

2. In terms of aforesaid Joint Note, another option for joining the existing Pension Scheme was extended under the following clauses to those officers who-

Clause-2(a): Were in the service of the bank prior to 29th September 1995 in case of Nationalized Banks/ 26th March 1996 in case of Associate Banks, of State Bank of India and continue in the service of the bank on the date of this Joint Note;

Clause-3(a): Were in service of the bank prior to 29th September 1995 in case of Nationalized Banks /26th March 1996 in case of Associate Banks of State Bank of India and retired after that date and prior to the date of this Joint Note;

Clause-4: The family of those officers who were in the service of the bank prior to 29th September 1995 in case of Nationalized Banks / 26th March 1996 in case of Associate Banks of State Bank of India retired after that date and had died will be eligible for family pension.

Clause-5: The family of those officers who were in the service of the bank prior to 29th September 995 in case of Nationalized Banks / 26th March 1996 in case of Associate Banks of State Bank of India, but have died while in service of the bank after that date will be eligible for family pension.

Clause- 7: Officers who ceased to be in service on or after 29th September 1995 in case of Nationalized Banks / 26th March 1996 in case of Associate Banks of State Bank of India on account of voluntary retirement under special scheme after rendering service for a minimum period of 15 years, shall be eligible to exercise an option to join the Pension Scheme subject to the terms and conditions mentioned for retiring officers opting for joining the Scheme.

3. The Joint Note dated 27.4.2010 for extending another option for pension to the non-optees indicates the categories of employees eligible for another option. In accordance with the provisions contained in the Joint Note dated 27.4.2010, Banks had extended the benefit of exercising another option to

join the Pension Scheme to the eligible category of employees within the prescribed time schedule.

However, the Joint Note did not specifically include a provision for offering another option to join the pension scheme to those officers who took voluntary retirement. Consequently, a number of representations were made by such category of officers to banks/IBA/Government and many of them moved to court of law. Besides, representations have also been made by UFBU to resolve the Issue.

4. The above matter has been engaging the attention of Government as well as IBA for quite some time. Accordingly, the Managing Committee of IBA at its meeting held on 30.10.2012 had decided that those officers who took Voluntary retirement within the meaning and provision of Regulation 19(1) of Bank Officers', Service Regulations, 1979 may be extended the benefit of exercising another option to join the existing Pension Scheme strictly in accordance with the terms and conditions laid down in the Joint Note dated 27.4.2010.

5. We are, therefore, to advise that the banks may, as decided by the Managing Committee of IBA extend the benefit of exercising another option to join the Pension Scheme to those officers who had taken Voluntary Retirement from the Bank's service on or after 29.6.1995 in case of Nationalised Banks / 26.3.1996 in case of Associate Banks of State Bank of India in terms of rules framed by each Bank's Board pursuant to the proviso to Regulation 19(1) of Bank Officers' Service Regulations, 1979. Besides, the family of those officers who were in the service of the bank prior to 29.9.1995 in case of Nationalised Banks/26.3 .1996 in case of Associate Banks of State Bank of India, retired after that date and had died thereafter will be eligible for another option to join the existing Pension Scheme for family pension. These categories of officers/ family members are to be sanctioned the benefits in terms of Regulation-29 of Bank Employees' Pension Regulations, 1995.

6. In extending the aforesaid benefits, all terms and conditions contained in Joint Note dated 27.4.2010 as enclosed with our letter no. CIR/HR&IR/G2/665/

BE TRUTHFUL, BE FEARLESS

90/2010-11/999 dated 1.0.8.2010 should be strictly adhered to.

7. No other category of officers outside the purview of Regulation 19(1) of Bank Officers' Service

Regulations, 1979 would be eligible to exercise another option to join the existing Pension Scheme. ■

K. Unnikrishnan
Dy. Chief Executive

UNIFORM HOLIDAYS UNDER CHENNAI GRID BASED CTS UNILATERAL INSTRUCTION OF RBI WITHDRAWN

Reserve Bank of India Chennai Office has given instructions given to all the Banks under Chennai Bankers Clearing House to adopt uniform holidays with a view to operationalise the Grid based Cheque Truncation System. Confederation had taken up the matter with The General Manager, Regional Office, Reserve Bank of India, CHENNAI vide our letter No.1481/142/12 dated 17.10.2012 copy of which was circulated to all our affiliates through AIBOC Circular No.79 Dt.18.10.2012. The UFBU had also taken up the matter with the Chairman, Indian Banks Association vide its letter dated 17.10.2012, since the unilateral instruction of working on holidays is a violation of the bilaterally negotiated settlement between the Banks and the Unions. The local chapter of the UFBU also met the General Manager of RBI,

Chennai on 17.10.2012 and submitted a memorandum requesting him to restore the holidays as per the NI Act.

2. We are happy to inform all our affiliates that the Reserve Bank of India, has since withdrawn its unilateral instructions and the standing committee of the Chennai Bankers Clearing House at its meeting on 18th October 2012 decided that the Chennai Grid based CTS will not function on the dates which are holidays declared under NI Act by the state Government of Tamil Nadu.

3. We have once again proved that only collective action by the Bank Unions can protect the Trade Union Rights. Let us remain united in all our struggles. ■

APPOINTMENT OF WIDOW/ELIGIBLE FAMILY MEMBER ON COMPASSIONATE GROUND UPON THE DEATH OF AN EMPLOYEE/OFFICER WHILE IN SERVICE OF THE BANK.

Text of the UFBU Circular No.28 dated 1st November, 2012 contents of which are self-explicit.

Our unions and members are aware that the earlier scheme of compassionate ground appointments was unilaterally discontinued by the Bank managements in the name of IBA guidelines, Government directive, Supreme Court judgement, etc. In the last one decade, from UFBU, we have been fighting against this unfair scheme and demanding restoration of appointments on compassionate ground when unfortunately any employee or officer dies while in service. Due to our agitational steps the issue was discussed at IBA level and some alternative scheme was worked out. But for the past more than three years, even these suggestions have been not accepted or implemented and the issue is still hanging without solution. In our recent 2 days strike action also this

issue was highlighted.

2. The issue was discussed in our UFBU meeting held at Chennai on 28th September, 2012 and it was decided that when compassionate ground appointments are given in every other sector including in the Government service, there is no reason to deny or delay the same in the banking industry. Accordingly, we have addressed a letter to the Chairman of IBA in this regard conveying the decision of our meeting and the letter was handed over to the IBA Chairman during our meeting with him on 30-10-2012.

3. A copy of the letter is furnished herein for the information of our unions and members. The issue needs to be further pursued vigorously. ■

SUCCESS COMES ONLY TO THOSE, WHO DARE AND ACT

Text of the Letter
To Chairman, Indian Banks Association, Mumbai, Dated 29-10-2012

Dear Sir,

REG: APPOINTMENT ON COMPASSIONATE GROUND ON THE UNFORTUNATE DEATH OF AN EMPLOYEE/OFFICER WHILE IN SERVICE.

This has reference to the present scheme on compassionate ground appointment-cum-financial compensation scheme unilaterally implemented by the Banks based on IBA guidelines. You are aware that this issue is the most sensitive issue on which our UFBU has been fighting for in the last one decade. In fact, in every strike observed by UFBU, this has been a very prominent issue.

Besides discussions with the IBA on various occasions, this issue had been taken up by UFBU with very high authorities including the Hon. Prime Minister, Finance Minister and Labour Minister of our country during our delegation and deputation to them.

This issue has also been discussed in details before the Chief Labour Commissioner of the Government of India during every conciliation proceedings preceding our strike actions.

We also refer to your kind attention to the exhaustive and comprehensive document submitted by the UFBU to the IBA during our discussions held on 3-4-2008 in which our viewpoints have been explained in detail besides drawing the attention of the IBA to the various schemes available in the Central Government, State Government, Railway, LIC, Public sector units, etc. wherein the compassionate appointments are taking place regularly.

We further refer to the series of discussions held between IBA and UFBU on this issue. For the sake of an amicable solution, we had agreed to accept an alternative scheme by which the compassionate appointments will be restrictive but financial compensation will be made available to the family subject of course to the economic condition of the family of the deceased employees/officers.

We were assured that the scheme would be got approved by the Government and implemented. This was in February, 2009. It is matter of deep regret that for the past 44 months, the matter is said to be under ' active consideration ' but has not seen the light of the day.

The issue is highly agitating the minds of the bank employees and officers as well as our unions, particularly when compassionate appointments are taking place in every other sector and department of the Government.

It is learnt that the Government has reservations about the proposed scheme since it combines both appointments and also financial compensation which is at variance with the scheme available in the Government and other sectors.

The issue was discussed in the recent meeting of the UFBU held at Chennai on 28th September, 2012. The meeting unanimously decided and accordingly we convey the following for your attention.

1. In all cases of death while in service, compassionate appointments should be given to the eligible family member subject to penury conditions.
2. Neither Supreme Court nor any other Court has banned or prohibited compassionate appointments. In quite a few cases, some Courts have actually ordered for compassionate appointments in the recent period.
3. Another reason for the Banks to be reluctant to extend these appointments was the general restrictions on recruitments of staff in the Banks. But all the Banks have started recruitments and hence this cannot be a reason to deny appointment to the widow or the eligible family members.
4. If the Government, which is the biggest

NEVER BEND BEFORE THE INSOLENT MIGHT

employer in our country, can implement compassionate appointment scheme smoothly and without any problem, it is not understood as to why the same cannot be implemented in the Banks.

5. The incidence of death while in service is very very negligible in the Banks and hence this continued denial of compassionate appointments in the banking industry

smacks of lack of human approach to the welfare of the employees.

In view of the above and considering the genuineness of the need for compassionate appointments, we urge upon the IBA to urgently re-visit the issue and extend the Scheme on compassionate appointment similar to the scheme as obtained in the Government departments. Please treat this as most urgent and important. ■

DEARNESS ALLOWANCE

The Index Numbers for the quarter ended September 2012 are as under:

MONTH & YEAR	INDEX AS PER 2001 SERIES	CONVERSION FACTOR	INDEX AS PER 1960 SERIES
July 2012	212	4.63 x 4.93	4839.09
Aug 2012	214	4.63 x 4.93	4884.74
Sep 2012	215	4.63 x 4.93	4907.56
Total			14631.39
Average = 14631.39/3			4877.13
Difference in excess of 2836 points			2041.13
D.A. paid for the previous quarter on (i.e. 468x4)			1872.00
Difference			169.13
Increase in number of Slabs = 169.13/4 =			42.28
Accordingly, Dearness Allowance is payable to Officers on 510 (i.e. 468+42) slabs with effect from 01-11-2012 as against 468 slabs for the previous quarter. The rates worked out are as per the industry level scales upto Scale VII including SBI. ■			

Banking

63,000 PUBLIC SECTOR BANK JOBS UP FOR GRABS THIS FINANCIAL YEAR

Public Sector banks will hire over 63,000 people, including officers and clerical staff, during the current fiscal.

“There are huge job opportunities for young men and women in banks. It’s a very attractive career, and young men and women must take advantage of it,” Finance Minister P. Chidambaram announced on 15th November, 2012 after a review meeting of public sector banks and financial institutions. According to report on September 30, all Government-owned banks had a total vacancy (officers, clerks and sub-staff combined) of 84,489.

Of this, banks plan to recruit 63,200 during the current financial year. As on March –end 2012 the total workforce of public sector banks (including nationalized banks, SBI and its associate banks) was 8,01,509.

The Finance Minister also said that the State Bank of India alone had plans to recruit 1,200 officers and nearly 20,000 clerks this year. As on September-end, the total vacancies in the SBI and its five associate bank stood at 28,979.

A senior Finance Ministry official said the

SAVE PUBLIC SECTOR, SAVE INDIA

Government, in consultation with public sector banks and Institute of Banking Personal Selection (IBPS), has tried to simplify and rationalize the recruitment process. Now, there are common eligibility criteria and interview for all public sector banks and a one-time application fee. He said the Government had

also suggested carrying on the recruitment exercise in each cadre at least once a year. To fill vacancies in the clerical cadre, IBPS has already invited applications for an examination scheduled next month, he added. ■

Source: Business Line 16.11.2012

Articles

TOO FEW WOMEN AT TOP OF PSU BANKS?

India's government-owned banks have something to cheer about. For the first time, the public sector banks, which account for about 70% of the banking assets in the country, will have three women chief executive officers (CEOs). In its 43-year history, the state-run banking industry has had only 3 women chiefs, including Nupur Mitra, the current chairperson of Dena Bank in Mumbai, who will step down in December.

Shubhalakshmi Panse, an executive director (ED) of Vijaya Bank, will take over as chairperson of Allahabad Bank in Kolkata in August, and Canara Bank ED Archana Bargava will move to the top of another Kolkata-based lender, United Bank of India, in January. Vijayalakshmi R. Iyer, Central Bank of India's ED, will take over as CEO of Bank of India in October.

Fourteen large private banks were nationalized in 1969 and seven more in 1980. The industry had to wait till June 2000 to get its first women CEO, Ranjana Kumar, who is credited with turning around Indian Bank in Chennai that was crumbling under the burden of bad loans. H.A. Daruwalla of Central Bank was the second women CEO. State Bank of India (SBI), the nation's largest lender, has not seen any woman occupying the corner room. It has two women deputy managing directors though—Arundhati Bhattacharya and Soundara Kumar. Bhattacharya has the age and the talent to get the top job.

Bharathi Rao became the first deputy managing director of SBI in 2006, in charge of international operations, Renu Challu was the second woman to rise up to that rank as the head of State Bank of Hyderabad. But no woman has risen to become a managing director in State Bank as yet. After three EDs mentioned above become CEOs, only one state-run bank will have a woman ED-

Punjab National Bank's UshaAnanthasubramanian. With over five years to retire, she has a fair chance to head a bank or two. Vijaya Bank's Panse, too, became an ED at 53, after having become a general manager at 49; but her carrier progression at the last lap has been slow. Typically, it does not take so long to move up at this level. SunandaLahiri is one ED- the first in a Kolkata bank (United Bank of India) - who didn't rise to become a chairperson as she did not have too much time left till retirement.

TarjaniVakil was the first woman to get the top job in a state owned financial institution, predominantly a male bastion. She took over as the chief of Export Import Bank of India in October 1996.

In the private sector, women have been playing significant roles at the top. ChandaKochhar heads ICICI Bank Ltd, India's largest private lender, and Shikha Sharma, Axis Bank Ltd. ICICI Bank, where Sharma also used to work, has been seen always as an equal-opportunity employer that encourages women professionals. Two names that instantly come to mind are KalpanaMorparia (now head of JP Morgan in India) and LalitaGupte. MadhabiPuri-Buch (Now with London-based private equity firm Greater Pacific Capital) and Renuka Ramnath (Multiples Alternate Asset Management Pvt. Ltd) also had long stints with the ICICI group. There are other women powerhouses as well in the financial sector such as NainaLalKidwai (Hongkong and Shanghai Banking Corp.Ltd), MeeraSanyal (ABN Amro), KakuNakhate (Bank of America -Merrill Lynch), AshuSuyash (Fidelity International), Shashi Sharma (IFCI Ltd), ManishaGirotra (Moelis and Co.), VishakhaMulye(ICICI venture Fund Managements Co. Ltd) and FalguniNayar (till recently with Kotak Mahindra Capital Co. Ltd). For the record, India's central bank has had three women deputy

NATION FIRST, ORGANISATION NEXT, INDIVIDUAL LAST

governors in its 77- year history K.J. Udeshi, Usha Thorat and ShyamalaGopinath.

A recent article in the Economist, quoting a report from Mc Kinsey, a consultancy, says Asian women lag far behind women in the West where they typically make up 10-20% of the upper management and the company boards. Australia is an exception where women's share of board and executive –committee jobs is almost at par with that in America and parts of Europe.

The article says in India only about one woman in three has a formal job, and even education is unequal. In 2009-10, only 10-15% of students entering the elite Indian Institutes of Management were female. Based on interviews with 1,500 executives at 744 large companies in 10 Asian countries, the Mc Kinsey report, authored by Claudia Sussmuth-Dycker hoff, in Wang and Josephine Chen, says most senior managers in Asia, unlike their Western counterparts, do not see "gender diversity" as a strategic priority. I don't have the latest data, but going by March 2009 numbers, women constitute about 17% of the total workforce in nationalized banks. In the clerical cadre, women account for a little more than one –fourth of the workforce

(26.5%) but the percentage drops to 18.87% in the officer cadre and 2.66% in the executive cadre (deputy general manager and above). There were only 17 women among 383 general managers in nationalized banks in 2009. At that time, SBI had 59 women in the executive cadre and 8,524 women officers. A finance ministry – appointed panel on human resources in state-run banks, headed by former Bank of Baroda Chairman, A.K. Khandelwal, identified women's reluctance to transfers as the main reason for their inadequate representation in senior management. This is not a big issue in technology savvy private banks, which focus on urban India.

The Economist article cites two of the most common reasons for lower representation of women at the top- the double burden of work and domestic responsibilities and the need to be always available and free to travel. They are very similar in Europe and Asia. The Khandelwal panel has recommended a two-year sabbatical for women employees to take care of domestic responsibilities. The top management's reluctance to move women into credit and strategy in banks also comes in the way of women moving to the top. ■

Source: Mint: Banker's Trust, October 2012

COALGATE WHETHER A NATIONAL GAIN OR LOSS

Before the dust on account of 2 G Spectrum Scam settled down, a more serious scam like allotment of coal blocks to vested interests, as exposed by Comptroller and Auditor General of India (CAG) has shocked the nation. Thanks to the upright attitude of this statutory authority, many scams have been unearthed in recent times much to the embarrassment of the government.

The present scam known as 'Coalgate' had started haunting the Central Government though they tried to put up a brave face and justify their action. Opposition parties had stalled the entire monsoon session of the Parliament, demanding resignation of the Prime Minister who was handling the Coal Ministry port - folio that provided license to many interested parties in an irregular and arbitrary manner, selling 142 coal blocks against the prescribed norms

causing a loss of Rs.1,86,000 crores to the ex-chequer according to CAG. When the allocation of coal blocks confer windfall gain to the recipients the process of selection of parties should have been fair, objective and transparent.

While the opposition termed the loss as mother of all scams, the Finance Minister had ridiculed the opposition with a sophisticated denial that ' If the coal is not mined, if the coal remains buried in Mother Earth, where is the loss? he asked; though by any account the argument is simply on other way of saying there was no or zero loss. More refined argument than the contention of zero loss was made earlier by the Minister for Information and Technology in the case of 2 G scam who had to cut a sorry figure when the judiciary intervened and the then Tele- com Minister

DUTY FIRST, RIGHT NEXT

who was involved in the scam was put behind the bar. At every revelation the government known for its zero administrative capacity and tolerance, maintained that there is zero loss.

The Prime Minister instead of taking corrective steps and action against those involved in this irregularity has made a virtue of his own silence, that was ridiculed by the international community. The function of the CAG is more than the function of a statutory auditor under the Companies Act 1956 where the auditor is required to report to the share holders of the company with his qualifications if any, on the true and fair view of the state of affairs of the company. The company cannot disown or question the veracity of such report other than to take corrective steps. Provisioning has already become part of accounting practice through which a balance sheet can show either profit or loss. Any provisioning made in the balance sheet in respect of the contingent liability that may arise at a later date is only in accordance with accepted accounting practices. No principle in economics or in accounting practice says that losses are real but profits are not. As such the assessment of loss by the CAG over the natural resources belonging to the nation given away at wind fall price against all norms, cannot be ignored.

After having failed to sustain with their argument over the assessment of the loss by CAG, now the spokesperson of the government, including the ministers and the Prime Minister have started attacking the competence of the CAG a constitutional authority, who according to them is only a reporting agency not an investigating authority, forgetting that he has every right to question any arbitrary and discretionary allocation of scarce natural resources belonging to the country. Visualizing the importance of CAG, Dr. B.R. Ambedkar, the Chairman of the Drafting Committee of the Constitution, opined that CAG is the most important officer in the constitution of India. Even according to Pt. Jawaharlal Nehru, the former Prime Minister of the country, criticizing the CAG on the floor of the house would tend to undermine the special position that has been granted to him under the constitution to discharge his duties without fear or favour. CAG will be under mandate to inform the

Parliament of potential revenue loss which is now under debate.

The 2 G Scam report is now pending before the Public Accounts Committee for verdict. Government now has chosen to challenge the coalgate report before the CAG once again. Instead of taking corrective steps the government is now in an attacking mood, making a mockery of the whistle blower and trying to divert the attention of the public by introducing various reforms. Recently the Union Home Minister had made a sarcastic comment that like the Bofors that was haunting the government during the beginning of 90's had gone down in the memory of the general public, the present Coalgate Scam will also have the same fate, casting asperation on the general public with amnesia. Every thing important seems to have been forgotten to the advantage of the government.

The financial gain that was passed on to the private players could have been enjoyed by the nation had there been a transparent method followed by the Screening Committee while allocating the coal block when there is such a committee. According to CAG, competitive bidding could have been adopted through administrative instruction. Honourable Apex Court on a presidential reference has given their opinion that auction should be the preferred method for distribution of natural resources though not the only one. However all decisions and actions of the government were open to being questioned by the court for their constitutional validity according to the court. The current situation prevailing in the country looks like that the country is drifting away from their announced policies leading to eruption of corruption. Economy is slipping from distress to crisis, which the government is trying to correct through various reforms. It should be the policy of the union government that the benefit of Indias large stock of coal reserves, a sovereign property should be enjoyed by the nation and its people not by speculators, investors, politicians and their relatives. The country needs a good administrator to come out from the present crisis not a stoic philosopher or a bystander.■

INHERENT STRENGTH OF INDIAN BANKING SYSTEM

Financial Sector in India saw various reforms after globalization. Narasimham Committee was appointed when it was felt that sector needs checks and balance on the scope and scale of financial engineering. Based on the committee reports I and II released in the years 1991 and 1997, respectively various banking reforms were carried out, The reforms made tremendous changes in the banking industry and Indian economy that resulted in improvements of the capital with the resultant increase in net worth, Operational efficiency, strengthening of prudential and supervisory norms etc., This has also enabled the banks to improve their productivity at the international level.

The competitive environment made the banks to penetrate to more areas with more innovative products such as credit/debit card, ATM, core banking etc., With the increase of capital, profitability and financial soundness, banks could reduce their risk factor by increasing their capital adequacy ratio. Thanks to the inherent strength of the Public Sector banks, parameters of Basel norms are maintained that made the PSB's more stronger.

The year 2009-10 saw all the Nationalised banks performing extremely well which is a reflection of the strength of banking sector in India. With the result of increase in business and profitability, the business per employee, profit per employee per branch has also increased during 1997-2008. While appreciating the growth of the organisation, the human resources that worked behind such growth cannot be ignored. The workforce in the industry responded positively for the mammoth task of technology up gradation, introduction of a blow of new product bracing up to the challenges thrown by the new generation private sector banks. This has also enabled the banks to serve more customers with better efficiency.

Human resources are the real assets of the banks like any other working capital. In the name of technology and cost cutting managements of various banks are reluctant to replenish the shortage of manpower, instead resort to outsourcing putting enormous stress on the existing staff. Already man power is running short in PSB's, with better service conditions in spite of technology up gradation. The attrition due to career switch is also a reason for staff shortage.

Federation always opposed to outsourcing, being resorted by the banks in selling their products, as the outsourcing agents do not follow the stipulated norms. Complaints emerge when the banks try to enforce the original conditions with regard to the products and ultimately the officers have to bear the brunt of the fault committed by agents. Always customers prefer a personalized service in spite of technology upgradation.

Notwithstanding the meltdown being felt all over the world with specific reference to US, the Indian financial system withstood all pressures with its strong fundamentals. This has increased the confidence of public, especially the Corporate Sector in the PSBs compared to new generation and foreign banks and started parking their funds with them.

While the banking system in India is growing there are attempts to consolidate the banking industry to make it a giant to compete with other giants in the international banking sector. Though the finance ministry is still harping on mergers of the banks, according to Reserve Bank of India the financial inclusion is a more urgent task than bank mergers, as time is not ripe for consolidation. In fact the banking system is key to government plans to further inclusive growth. But the current crisis in US, the fall of Lehman Brothers a giant investment bank who succumbed and collapsed on their own weight due to the sub prime mortgage crisis, the biggest bankruptcy failing should be an eye opener that even a behemoth is bound to fall. It is pertinent to note that there was no bank failure reported in India during this period. Here the role played by the unions as a watch dog cannot be ignored. Whenever the polices of the government goes against the public interest, unions had raised their fingers stalling the ill advised policies. The officer's federation had been vehemently opposing the consolidation of banking sector in India as our public sector banks are meant for our county's basic economic development with special social responsibilities. The merger will only result in closure of smaller branches and loss of employment. Consolidation means only a grater concentration, posing systemic risks. Always small is beautifully but also provides better administrative control. ■

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Judicial Verdicts

**APEX COURT REVERSES OWN VERDICT ON CHEQUE DISHONOUR
COMPLAINTS CAN BE FILED EVEN AFTER SECOND, SUBSEQUENT NOTICES**

The beneficiary of a cheque who chose not to prosecute the drawer after serving the first notice on him can do so after serving on him a notice the second and subsequent times, held the Supreme Court. In **MSR Leathers v. Palaniappan and Another**; the Court overturned its own verdict delivered in **Sadanandan Bhadran's** case in 1998. In that case it had held that if the beneficiary of a cheque after serving notice on the defaulting drawer- within a month of notice of dishonor – to pay up within fifteen days, does not follow it up with a complaint to the magistrate within a month of lapse of the fifteen day's time to pay up, he forfeits the right to file a complaint with the magistrate if his second and subsequent notices also remain unheeded.

The Apex Court wondered why in the earlier judgement it had not examined the doctrine of waiver of right to prosecute to condone his failure to prosecute hot on the heels of the first default. A beneficiary of cheque might waive his right to prosecute for a variety of reason including the possibility of the drawer landing funds on the second and subsequent occasions. Instead the Apex Court had in the earlier verdict chosen to press in the

doctrine of absolution according to which when a person does not prosecute a person in respect of a non- cognizable offence he is deemed to have pardoned the defaulter. Taking a refreshing new look into the issue, the Court pointed out that a beneficiary cannot be presumed to have granted absolution but given more opportunities for the defaulter to pay up. Viewed in this light, the cause of action rose each time, the beneficiary served notice and gave time to pay up. In other words, it did not die with his failure to prosecute after the first notice as was held in the earlier judgement. In any case, the Court pointed out, the law has since been amended to vest the magistrate with the power to file a complaint within a month of failure to pay up with in fifteen days of the notice which is a tacit statutory admission of the right to waive prosecution for the time being.

The Apex Court for good measure pointed out that constructive interpretation must be placed on statutes so that its objects are furthered and not stymied by narrow interpretations.

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