

'New banks will poach public sector staff' -
Harvinder Singh

OUR BUREAU

Disgruntled staff of public sector banks are sitting ducks for poachers, says Aiboc

Thiruvananthapuram, March 7:

The new banks will trigger a scramble for human resources and this will lead to unhealthy competition for capital, resources and talent, he added.

Staff of public sector banks are sitting ducks for 'poachers,' Singh told newsmen here on the eve of the 10th triennial conference of Aiboc.

The cause of poachers are more than served by Indian Banks' Association which has kept the employees deprived and frustrated during the last few years and 13 rounds of wage negotiations, Singh said.

Aiboc feels the intent was evident from the aggressive posturing of Finance Minister P Chidambaram over wage revision after he met with chiefs of public sector banks in New Delhi on Thursday.

Rising non-performing assets are the result of faulty policy-making and lack of effective monitoring. It is farcical to blame it on either the employees or their demand for timely revision of wages, he said.

Profit motive

Singh also found fault with the tendency to compare public sector banks with counterparts in the West in terms of resilience in the face of uncertainties triggered by the financial tsunami. "We are not commercial banks. Our constitution as public sector banks with a social objective does not give much importance to profit motive," he said.

These banks handle non-remunerative government business and implement development programmes of Central and State governments. But this is not acknowledged by managements and policymakers.

Non-performing assets (NPAs) are to the tune of Rs. 2.3 lakh crore as on March 31, 2013. The restructured portfolio is another Rs. 3.5 lakh crore and is rising every quarter. Big-ticket advances and mid-sized entities are major defaulters. Corporate debt restructuring, one-time settlements and write-offs drain hundreds of crores of rupees from bank profits.

Nowhere else in the developed world do banks stretch themselves thin to finance long-term infrastructure. This is best achieved by specified institutions and instruments.

The social objectives demand adhering to policy initiatives such as debt waivers to certain sections of customers.

"We do not mind targeted initiatives for deserving customers.

But this creates a moral hazard in that a genuine customer with a clean slate is let down," said Harshvardhan M, President, Aiboc.

Banks are also arm-twisted by the government into parting with seizable dividend, which should normally get ploughed back to boost capital and reserves, he added.

Also present at the press conference were C. Rajkumar, Senior Vice-President, Aiboc; PV Mohanan, President, and Abraham Shaji John, State Secretary, Aiboc (Kerala).

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