

ALL INDIA BANK OFFICERS' CONFEDERATION

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To All Affiliates/State Units/Members

Dear Comrades,

"ALL PROFITS CAN'T BE USED TO PAY HIGHER WAGES" :AGREED BUT ARE THESE MEANT TO PROFIT THE PRIVATES ?

While we share the anger and anguish of our membership over the statement of Hon'ble Finance Minister, Sh. P. Chidambaram on the occasion of 78th foundation day of Indian Overseas Bank on 10th February,2014, we also thank him for once again (he is already on record in Parliament that profitability of the banking industry is increasing) accepting the fact that **BANKS ARE EARNING PROFITS**. We also agree with him that Banks' profits are not for enhancing the wages, but, we also wish to remind the following:

1. The Prime objectives of the Nationalisation were to bring parity in the society which was branded as a major bold and historical decision of the century by late Smt. Indira Gandhi, the celebrity Prime Minister of the country.
2. Nation had acknowledged that it was historical as it believed that prime focus after Nationalisation would be poverty alleviation by upbringing the rural poor through various welfare schemes introduced and implemented through nationalised banks.
3. The workforce of the Nationalised banks also responded fittingly by spreading its presence from 8000 to more than 80000 branches since Nationalisation, in every nook and corner of the country, dedicated and devoted their lives in executing government's initiatives and policies, unmindful of personal comforts, participated whole heartedly in the nation building by way of uplifting the downtrodden above poverty line.
4. Through this unparalleled dedication by the employees of PSBs the presence of branches today has crossed 100000+ from mere 8262 branches as on the date of Nationalisation during 1969.
5. Against their own policy, the government has attempted to encourage private sector to enter in to banking business. The resultant is that many private banks which commenced their business with fanfare became failure, a few transformed in to foreign banks and one was taken over by nationalised bank at the cost of nationalised bank's business and profit.

But still the nationalised banks were commanding 70% market share and making huge profits.

6. Years back, world witnessed the failure of banking institutions all over and west was worst hit which brought the top banks to dust. Economic recession was the word substituted for the mismanagement. But Indian banking sector was shining as usual and Indian banks were making huge profits even in that adverse scenario.

Is it not the testimony for the managerial ability of workforce of Indian banking system?

7. Keeping the eyes on the vote bank, debt relief schemes were introduced which has marred the recovery mechanism in the banking industry and it became a major contributor in NPA building in the rural branches.

Still banking sector made profits.

8. Government forced the banks to restructure the advances due to natural calamities, banks did so to revitalise the rural economy.

Still banks generated profits.

9. When the Govt. wanted the inclusive growth by introducing financial inclusion and ordered to ensure the presence even in remote, The Banks responded instantly to bring unbanked corners under banking services at huge expenses.

Still banks earned profits.

10. When the govt. wanted to introduce DBT, we have readily agreed and accepted to carry out the un-remunerative business unminding the profit in the interest of countrymen.

Still banks have shown profit in the business.

11. So many self employment training institutes are run by the banks for skill development in Indian youth at huge cost from out of the income earned.

Still banks are making profits.

12. Recently Election education to the public is also entrusted to the banks in 543 districts. Banks will be undertaking this responsibility also with their resources and manpower.

Still banks are running their business with profits.

13. In order to help the private corporate, CDR was forced on PSU Banks which is a drain on hard earned income of Banks. The income is further drained out in the form of Income tax and forced dividends from profits.

Still sufficient Profits are available.

The causative factors for pulling down the profits (beyond the reach of employees) are:

- a. Policies of the government.
- b. Impact of economic slowdown which is also resultant of government policies.
- c. Write off of bad debts.
- d. Concessions to be extended in permitting CDR to corporate.

In the midst of all the above adverse situations forced by the controllers' compulsions where the workers are not having any role, the Indian banks are making profits.

A view on the following will depict a perfect picture on the power of public sector banks' work force.

	PSU BANKS PROFITABILITY (IN CRORES)		
	2011	2012	2013
GROSS PROFIT	99,981	116,335	121,943
PROVISIONS	55,080	66,821	71,360
NET PROFIT	44,901	49,514	50,583

Notwithstanding the fact that PSU BANKS are consistently earning huge and increasing profits, we, the most responsible trade unions, are not linking our wage demand to the profit and we are *DEMANDING WAGES AS OUR RIGHT.*

It was well defined and designed policy decided between bank employees and IBA to revise the wages **every five years to provide a decent living** for the bank employees who are playing a pivotal role in nation building. More so, for the officers the wage increase shall be linked to risk and responsibilities they shoulder.

It is only the IBA which is linking the profitability with wage revision. Though we are primarily differing from the IBA's views of linking the profitability with wage revision, the following arguments naturally arise even if it is taken for a debate

1. If the profitability is the basis for the wage increase how the govt. employees are given manifold increase from out of the deficit budget?
2. Why the value of the current shareholding is not reckoned by the govt. which nationalised the banks at par value, which was built up to the current level by the hard work rendered by the bank employees?
3. When the govt. talks about capital infusion to increase their hold, why the dividend received over a period of four decades is not taken into account?
4. If the govt. wants to take big chip in the name of Income tax also besides the huge dividend, how people would believe the crocodile tears of building up capital from the internal resources?
5. If the govt. really wishes to build the capital out of internal resources how the govt. will justify their action of siphoning huge money from the banks in the name of interim dividend in September 2013 itself without even allowing the banks to retain such money and employ it to maximise the profit till march 2014?
6. The PSB Banks would witness huge exodus due to superannuation within a period of five years from today to the tune of about 80% which needs about 10 lac employees to be recruited over a period of five years to replace the retirees and to face the future growth.
-Is it not the responsibility of the Government, the majority stake holder, to initiate steps to recruit quality youth and introduce policies to retain youth in the Industry, so as to ensure the existence of PSBs from the potential threat of becoming extinct?
-Should the threat of poaching the existing staff of PSB banks by New generation Private Sector Banks and foreign banks, not be a concern of Managements/IBA and Govt.

DO WE NOT DESERVE A SMALL SHARE OF PROFITS TO MEET OUR LEGITIMATE DEMAND OF REASONABLE COMPENSATION

PSU Banks in India posted a profit of whopping 121917 crores during the year 2012-13 and if 15% of the profits is provided, a reasonable wage hike can be given to the bank staff for next five years. After setting apart this negligible percentage from out of the profit earned to the hard working bank employees, the balance can be diverted towards providing bad debts and other purposes prescribed by the Hon'ble Finance Minister.

It is indeed unfortunate and provocative that the finance minister suggests providing towards bad debts at the cost of employees legitimate salary revision, instead of initiating recovery measures by introducing stringent recovery measures.

When the responsible reply does not come forth, should we not conclude that the Government policy is profiting the private by allowing the banks to decay through demoralising the staff?

WE REQUEST OUR MEMBERS TO WIDELY CIRCULATE THIS COMMUNICATION TO OUR CUSTOMERS AND MEMBERS OF THE SOCIETY TO CREATE AWARENESS AND PUT THE FACTS STRAIGHT.

With Revolutionary greetings,

Yours comradely,



(HARVINDER SINGH)
GENERAL SECRETARY