



ALL INDIA BANK OFFICERS' CONFEDERATION

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

State Bank Buildings, St. Mark's Road, Bangalore – 560 001

CIRCULAR NO.6

04.02.2013

TO ALL AFFILIATES/MEMBERS:

PRE – BUDGET CONSULTATIONS

The Hon'ble Finance Minister, Govt. of India, has commenced the pre-budget consultations with the trade unions, captains of industry etc. We have given our suggestions on various issues of annual budget. Our suggestions cover wide range of budgetary proposals including direct tax on salaried persons, employment generation and poverty eradication programmes. Our main thrust is on retaining the Public Sector character of the nationalised Banks.

2. We have annexed a copy of the letter addressed to the Hon'ble Finance Minister, Sri.P.Chidambaram and the contents of the letter are self-explicit.

With greetings,

(D.S.RISHABADAS)
GENERAL SECRETARY



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State Bank Buildings, St. Mark's Road, Bangalore – 560 001

No. 1454/14/12

Date: 04.02.2013

To,
Sri. P.Chidambaram,
Hon'ble Finance Minister,
Government of India,
NEW DELHI.

Respected Sir,

PRE BUDGET CONSULTATIONS

We have been submitting our representations, Requesting to invite us for the pre- budget consultations and give us an opportunity to present our views on the various issues affecting the Banking Industry. We as a trade union of officers in the Banking Industry representing more than 2.50 lac officers are not extended the invitation for the pre-budget consultations. We are not affiliated any political party. While we once again request you to invite us for the pre-budget exercise, we wish to make the following suggestions, which kindly take note of at the time of preparation of the annual budget. We also would like to urge you to hold post - budget discussions with the trade unions, including us, as is held with the corporate Associations / Federations.

2. We express our serious concerns about the situation of the country's economy in the present global scenario. The country is reeling under high level of inflation leading to spiraling prices, huge job losses, poverty, mounting unemployment, agrarian crisis, which have attained menacing proportions. We observe that, most of the gains of DGP growth are being wholly garnered by the corporate, employers and investors and the common people of the country are left high and dry. The realistic growth of the economy is reflected in the GDP growth along with employment growth. Hence, we urge that, the ensuing budget should be people oriented addressing the issues of poverty, social infrastructure,

unemployment, agrarian crisis etc.

3. Our views and suggestions on the various issues confronting the nation, the Banking Industry and the officers, working in the Banking Industry are as follows and we request you to take -up with all seriousness so as to find appropriate reflection in the budget to be presented to the Parliament.

ECONOMIC ISSUES:

- (a) Effective measures should be taken to curb the spiraling price rise and arrest the inflation.
- (b) Tax, duty, cess on petroleum products should be rationalized as a part of anti-inflationary measure.
- (c) Speculative forward trading in commodities should be banned.
- (d) The public distribution system should be strengthened and universalized/to take care of the poor people.
- (e) In view of huge job losses, and the mounting unemployment problem, the recruitment in Government Departments, Public Sector undertakings and autonomous institutions, should be encouraged.
- (f) All the stimulus packages including extension of concessions, tax holidays to the Corporate bodies, must be made conditional to ban retrenchment, layoffs, closures, wage cut, Voluntary Retirement / Separation Schemes and should be to create more and more employment opportunities.
- (g) The massive work force engaged in Integrated Child Development Scheme (ICDS), Guest Teachers, Shiksha Mitra, Vidya Volunteers, Mid-Day Meal Scheme, should be regularized. The workers engaged in the Accredited Health Activities (Asha) should be brought under the cover of statutory minimum wages and social security.

Universalisation of ICDS is done as per the directions of the Supreme Court, by making adequate budgetary allocations.

- (h) The coverage and scope of MGNREGA should be extended to urban areas as well, and employment should be guaranteed for a minimum period of 200 days with guaranteed statutory wage.
- (i) Steps must be initiated for removal of all restrictive provisions based on poverty line in respect of eligibility coverage of the schemes under Unorganized Workers' Social Security Act 2008 and allocation of adequate resources for the National Fund for Unorganized Workers (as fixed percentage of GDP) to provide for Social Security to more than 43.5 crore unorganized sector workers including the contract, casual and migrant workers'.

PUBLIC SECTOR UNDERTAKINGS INCLUDING PUBLIC SECTOR BANKS.

- (a) Investment by the Central Government must be increased for creation of assets and decent employment. For the purpose, the Public Sector Units Undertakings should be strengthened and expanded. Disinvestment of shares of Public Sector Undertakings should be stopped forthwith and their huge reserves and surplus of more than Rs.6 lac crores should be used for rehabilitation of Sick Central Public Sector Undertakings and for modernization and expansion of other Central Public Sector Undertakings. It is pertinent to note that the CPSUs are having average debt equity ratio of 0.75: 1 as compared to 2.3:1 in Private Sector. Public Sector undertakings should be allowed to have more access to debt market of Banks and Financial Institutions instead of resource mobilization in equity market, through disinvestment.
- (b) The financial sector, including Banks and Insurance, which stood the test of time even the recent global melt-down, should be encouraged, enlarged and improved, instead of imposing the so called reforms, which will affect them and weaken their Public Sector Character.

INCOME TAX EXEMPTION LIMIT:

Income Tax Exemption ceiling for the salaried persons should be raised to Rs.3.00 lacs and the fringe benefits like housing) furniture, medical and) educational facilities should be exempted from the income tax net in totality.

Tax on perquisites for Bank officers is not justified as the benefits are extended as part of welfare measures.

TAX THE RICH FOR RESOURCES MOBILIZATION

A progressive taxation system should be put in place to ensure taxing the rich and the affluent sections who have the capacity to pay at a higher degree.

The Corporate Service Sector, traders, wholesale business, private hospitals and institutions etc., should be brought under broader and higher tax net. Increase taxes on luxury goods and reduce indirect taxes on essential commodities as at present the overwhelming majority of the population is subjected to indirect taxes that constitute 86% of the revenue.

Concrete steps must be taken to recover huge accumulated unpaid tax arrears which has already crossed Rs. 3 lac crores on direct and corporate tax account alone and has been increasing at a geometric proportion. Such huge tax evasion over and above the liberal tax concessions of around Rs. 2 lac crores on direct and corporate tax account should not be allowed to continue.

UNEARTH ACCUMULATION OF HUGE BLACK MONEY

Effective measures should be taken to unearth huge accumulation of Black money in the economy including the huge unaccounted money in tax heavens abroad. This money should be provided for expanding the

social security measures and poverty eradication programmes.

THE NPAS IN THE BANKING INDUSTRY

Concrete measures, including effective legal remedies, must be expedited for recovering the huge Non-performing Assets of the Banking System from the willfully defaulting corporate and business houses. Defaulters should not be allowed access to fresh loans. The names of willful defaults be published in leading news papers. The individual assets of proprietors or directors be attached for default of corporate loans.

STOP CONTRACT LABOUR AND OUTSOURCING.

Contractualisation of labour and outsourcing of work of permanent nature be allowed. The contract labour and outsourcing of work is resulting in exploitation of the labour and payment of wages and benefits to such workers is very poor as compared to the wages and benefits available to the regular workers of the industry/establishment. The third party mediation in banking such as Business I Facilitators or business correspondents is avoided. The bank business be carried out by permanent staff of the Bank.

4. We hope that the suggestions made above will receive your serious consideration and will find appropriate reflection in the budget to be presented to the Parliament. We once again request you to invite us for the post -budget consultations.

Thanking you,

Yours faithfully,



**(D.S.RISHABADAS)
GENERAL SECRETARY**