ALL INDIA BANK OFFICERS' CONFEDERATION

(Registered under the Trade Unions Act 1926, Registration No.:3427/Delhi)
State Bank of India Officers' Association
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Circular No. 2017/47 Date: 19.08.2017

To All Affiliates/State Units/ Members

ALL INDIA BANK STRIKE
CONCILIATION MEETING WITH CLC

We reproduce hereunder the full text of UFBU Circular No. **UFBU/2017/16** dated 18th August, 2017 on the above subject for information of all concerned.

(D.T. Franco)

General Secretary

TEXT

QUOTE:

Dear Comrades,

As scheduled, the conciliation meeting between IBA and UFBU was held today before the Chief Labour Commissioner in his office in Shram Sakthi Bhavan at New Delhi. Shri A.K. Nayak, CLC(C) conducted the proceedings. On behalf of UFBU, we explained all the issues and demands and urged upon his intervention to prevail upon the IBA and Government to come forward and resolve the issues. The representatives of Finance Ministry and IBA were present but could not make any commitment on any of the issues raised by us. In view of this, the meeting failed to yield any positive result and hence it has been decided to go ahead with the strike action on 22nd August, 2017 as already decided.

All unions and members are requested to implement the strike enthusiastically and ensure that the strike becomes a total success.

We furnish herein the detailed submission made before the CLC for the information of our unions and members.

With greetings,

Yours comradely,

Sd/-
SANJEEV K BANDLISH
CONVENOR

UNQUOTE

UFBU SUBMISSIONS TO CHIEF LABOUR COMMISSIONER

To Chief Labour Commissioner(C), Ministry of Labour, Govt. of India, New Delhi

Copy to: The Chairman, Indian Banks' Association, Mumbai.

Sir,

Reg: Strike Notice dated 3-8-2017 by UFBU on IBA
Ref: Your Office communication dt. 10-8-2017

In accordance with the provisions contained in sub-section (1) of Section 22 of the I.D. Act – 1947, we had given notice that members of the constituent unions of **United Forum of Bank Unions** (AIBEA, AIBOC, NCBE, AIBOA, BEFI, INBEF, INBOC, NOBW, NOBO) propose to go on strike on the **22nd August, 2017 on the following issues and demands:**

1. **Do not privatise Public Sector Banks**
2. **Stop plans of mergers and consolidation of Banks**
3. **Do not write off corporate Non-Performing Assets(NPAs)**
4. **Declare wilful Default of Bank loans as criminal offence**
5. **Implement recommendations of Parliamentary Committee on recovery of NPAs**
6. **Ensure accountability of Top Management/Executives for bad loans and put in place stringent measures to recover bad loans.**
7. **Withdraw proposed FRDI Bill**
8. **Abolish Banks Board Bureau**
9. **Do not pass on the burden of corporate NPAs on bank customers by hiking charges**
10. **Do not increase Service Charges in the name of GST**
11. **Reimbursement of cost of demonetization and other Government Schemes to Banks by the Government.**
12. **Settle issues of Employees and Officers connected with demonetisation scheme.**
13. **Immediately fill up posts of Employee/Officer Director(s) in Bank(s)**
14. **Implement Compassionate Appointment Schemes in Banks as per Government guidelines.**
15. **Removal of Gratuity Ceiling under Payment of Gratuity Act, 1972 & Total Exemption of Income Tax on Gratuity and Leave Encashment on retirement**
16. **Pension related issues Improvements in Pension Scheme similar to RBI/Central Government including for past retirees - Extension of erstwhile Pension Scheme in banks in lieu of NPS - Follow-up of Record Note dated 25.05.2015**
17. **Adequate Recruitment in all cadres**

While thanking you for your intervention and arranging this conciliation meeting, we wish to submit to you the following reasons and justifications of the issues and demands raised by us.

1. Do not privatise Public Sector Banks

As of now there are 20 Public Sector Banks in our country and together with the 52 Regional Rural Banks which are also in public sector, these Banks constitute nearly 80% of the banking business in our country. Thus public sector banks are the main engines of economic growth and development.

In a developing country like India, we need resources for development. Know as we do about the constraints in finding resources for development, Banks have been playing a vital role in mobilizing the savings of the people and making them available for the developmental projects. Private Banks have their limited and profit making role and hence public sector banks and public sector banking are inevitable for our country's future growth and progress. When economic progress is the avowed objective of the Government, public sector banks have to be further strengthened to enable them to play this patriotic role. Hence Banks are not be privatized.

All of us know that nearly 80% of the deposits of the Banks are domestic savings of the poor and common masses and this precious social capital has to be preserved for utilisation for developmental role. Moreover, this savings needs to be protected against abuse and misuse and people's money needs to be guaranteed. Given the bitter experience of so many private banks abusing and misusing depositors' money leading to closure of banks, we need to be doubly careful and guarantee the safety of people's money which is most possible in a public sector institution. Hence our Banks are not to be privatized.

Even under the path of development, the needs of sectors like agriculture, employment generation, poverty alleviation, women empowerment, rural development, health and education, infrastructure, etc, are of priority importance and credit is to be available in big measure for these sectors. Important sectors like agriculture, poverty reduction programmes need to be given credit at cheaper rates necessitating cross-subsidisation. This is possible only in public sector institutions with social orientation unlike private banks which are solely profit oriented. Hence Banks are not to be privatized.

But it is observed that there are various measures afoot towards diluting the ownership control of the public sector banks leading to privatization of Banks.

On the one side Government is denying adequate capital to the public sector banks to pressurize more private capital to be augmented. On the other hand, banking is so much liberalized to allow all types of private enterprises to do banking business and corner creamy banking business. In the absence of enough capital provision by the Government, PSBs will be either crippled or forced to be privatized for survival.

Hence Government should give up the present measures which would dilute public sector banks and result in privatization of banks. Country needs economic development for that we need vibrant and effective public sector banking institutions.

2. Stop plans of mergers and consolidation of Banks

Public sector banks have expanded in our country and hence banking is now by and large available to common people at more and more places and villages. But there is still a great scope and need to further expand to reach all people and places. Banking needs to be more inclusive and make banking services accessible to everyone. This is one of reasons for schemes like Jan Dhan Yojana. Even now large number of people are not able to access banking. Even by global comparison, banking density in India is one of the lowest indicating that banking needs to be expanded in India. But Government is now talking of mergers and consolidation of banks. According to all reports, mergers would result in closure of branches and reduction in banking accessibility. Mergers would reduce employment potential when our country needs more employment generation. Further, if Banks are made bigger by merger, there is no guarantee that big banks will be strong banks. In many countries big banks have tended to take big risks and have landed in bigger troubles. In India, our banks function with people's money and we cannot afford to take such risks with people's money. We need expansion and not consolidation. There is no evidence that big banks are more efficient rather they are risky. Hence Government should give up the present plans of merger of our Banks.

3. Do not write off corporate Non-Performing Assets(NPAs)

The only major problem faced by the Banks today is the alarming increase in bad loans. It is around Rs. 15 lac crores including the loans restructured by the banks. It is well-known that bulk of these NPAs are bad loans due from big borrowers and corporate houses. Earlier they were called bad and doubtful debts, then called as bad loans, till recently as Non Performing Assets and stressed assets but recently nomenclature as dues from non-coopertive borrowers. While some loans becoming bad can be expected and accepted in banking business, today taking loans from banks and making it as NPA has become an exquisite art. Many huge NPAs are deliberately defaulted and hence are willful defaulters under the RBI norms. No serious efforts are being taken to recover loans given. What is being done is NPA reduction, NPA restructuring, NPA management, NPA resolution, NPA provisioning, NPA write off but no concrete measures are taken for NPA recovery. It is well-known that no interest is received on these bad loans.

Thus, on an average, Banks are deprived of an annual interest income/ revenue of about Rs. 1,50,000 crores. To that extent Banks' profits are dampened and depressed. Adding oil to fire, from the income earned from other performing loans, huge amount is set off and provided bad loans.

Rs. In crores

	2013-14	**2014-15**	**2015-16**
Gross Operating Profit	127653	138721	137306
Provisions for bad loans, etc	90633	100901	155713
Net profit/Loss	37019	37540	- 18417

From such provisions made from the earned profits, loans are finally written off.

	Bad loans written off
2012-13	27,231 cr
2013-14	34,409 cr
2014-15	49,018 cr
2015-16	57,586 cr
2016-17	81,683 cr
In 5 years	**249,927 cr**

If the accountwise details of these write offs are brought out, it will be revealed that it is in favour of big corporate borrowers. All of them have capacity to repay, and hence it is big drain on banks and national economy. Hence we demand that corporate NPAs should be recovered and not written off

4. Declare wilful Default of Bank loans as criminal offence

RBI has defined borrowers as willful defaulters if the loans taken by them are misused, diverted, siphoned off, etc. There are number of loans which come under this definition. They are deliberate defaulters and hence we are demanding that the names of these will defaulters be published publicly and such willful default be termed as criminal offence and suitable criminal action should be taken against them. RBI Act should be amended to provide for publication of the names of these defaulters

5. Implement recommendations of Parliamentary Committee on recovery of NPAs

The Standing Committee of the Parliament on Finance has discussed the issue of increasing bad loans in the Banks on many occasion and lst year they submitted a report to the Government suggesting ways and means to take action on the erring borrowers and to recover the bad loans./ So far no action has been taken on this Report's recommendations. Hence it is our demand that the recommendations of the Parliamentary Committee be accepted and implemented to ensure better recovery of bad loans.

6. Ensure accountability of Top Management/Executives for bad loans and put in place stringent measures to recover bad loans.

Banking is handling people's money. Hence there has to be proper accountability norms when we deal with people's money. While there are rules and regulations on accountability for employees and officers at the lower leave, when it comes to top management, there seems to be laxity to provide for strict rules of accountability. Especially, when huge powers are given to the top Executives for sanctioning big loans and also to write off the loans, such provisions are very crucial.

7. Withdraw proposed FRDI Bill

Already there are many rules and legislations are in place under the existing laws and Acts. The objective of this Bill is obviously to heavily empower the new authority with sweeping powers to dismantle and erase public sector financial institutions like banks and insurance companies and hence it is apparently draconian. Hence we demand the withdrawal of this Bill.

8. Abolish Banks Board Bureau

Banks Board Bureau has been administratively created as a super boss to deal with the affairs of banks that are created under the statute of Parliament. Accountability of the decisions of this body are not transparent and it is observed that this body is seeking to override and bypass defined authorities even on policy matters of the Government. We feel that this body is superfluous and hence needs to be abolished.

9. Do not pass on the burden of corporate NPAs on bank customers by hiking charges

We have already stated that huge amount of earnings and income of the banks are set off against bad loans of big borrowers. Consequently, the profits and profitability of the banks are adversely impacted. Some of the Banks are compelled to show losses though earning very good operating profits. Instead of recovering the bad loans and preventing these losses, banks are increasing the charges to the common customers for all types of normal banking services. Even penal charges are made applicable. Now, interest rate on savings deposits of small customers are reduced while write off of crores of rupees of bad loans for corporate borrowers goes unabated. We demand that this passing on the burden of bad loans on the ordinary bank customers is unfair and hence to be stopped.

10. Do not increase Service Charges in the name of GST

With the introduction of GST, the additional tax is being levied on the customers. Either it should be borne by the Banks or the GST for banking services should be reduced.

11. Reimbursement of cost of demonetisation and other Government Schemes to Banks by the Government.

Demonetisation scheme was announced by the Government in Nov.2016 to deal with black money, fake notes, etc. Banks were asked to handle the scheme for its implementation. The whole country witnessed the magnificent manner in which banks and banking staff handled such a tough situation. In the process Banks have incurred substantial amount as expenses and this has further impacted on their profits. When Banks are already facing challenges of reduction in profits, it is expected that Government should reimburse the Banks the cost of implementing the demonetisation scheme.

12. Settle issues of Employees and Officers connected with demonetisation scheme.

While employees and officers of banks were extracted with unprecedentedly heavy work in implementing the scheme by sitting very late hours on daily basis, including on holidays, it is most unfortunate that the compensation for such additionally work legally entitled to them has not been paid so far. We demand the same to be paid immediately.

13. Immediately fill up posts of Employee/Officer Director(s) in Bank(s)

The Bank Nationalisation Act provides for appointment of Board of Directors of the Banks and the scheme therein provides for appointment of a Workman Employee Director and an Officer Employee Director. The scheme is in vogue since 1972 and for 43 years, it was being implemented. Ever since the present Government came to power, the appointment of the Employee and Officer Directors have been stopped. It is unilaterally, arbitrary, illegal, undemocratic and denial of workers' participation as envisaged in the Scheme. We demand that these posts should be filled up immediately. When the Government believes and talks of good governance, this is expected of them to adhere to the scheme.

14. Implement Compassionate Appointment Schemes in Banks as per Government guidelines.

For more than 30 years, banks were extending jobs to the eligible family member of an employee or officer upon death while in service as a compassionate scheme. This scheme was unilaterally withdrawn by the banks. After prolonged agitation, struggles and strikes, the Government interfered and issued guidelines to implement the Government scheme in the Banks. Government scheme provides for employment to the eligible family member of the family of the deceased employee/officer. But some Banks have unilaterally changed the scheme from jobs to money compensation. We demand that the Government scheme as agreed by the Governmetn and IBA should be implemented in all the banks.

15. Removal of Gratuity Ceiling under Payment of Gratuity Act, 1972 & Total Exemption of Income Tax on Gratuity and Leave Encashment on retirement

At present there is a ceiling of Rs. 10 lacs for payment of Gratuity under the Gratuity Act. Since Gratuity amount ceiling has been increased for government employees, RBI, etc, there is a need to revise and increase the ceiling under the Gratuity Act also. While there are reports that the Labour Ministry has agreed to this proposal, the amendment to the Act has not been done so far. Our demand is to expedite the amendment and implement it from 1-1-2016 as in the case of government employees.

Also, there is ceiling for exemption of retirement benefits from payment of income tax. We demand that this ceiling needs to be removed to enable employees and officers to get the full benefit of the retirement benefits paid to them on the lines of other employees.

16. Pension related issues - Improvements in Pension Scheme similar to RBI/Central Government including for past retirees - Extension of erstwhile Pension Scheme in banks in lieu of NPS - Follow-up of Record Note dated 25.05.2015

Pension scheme was introduced in banks on the lines of government/RBI scheme. While improvements have been made in their scheme, the same are being denied in the banks. Other demands have raised by us for updation of pension, family pension, uniform DA for past retirees, etc. All these were discussed and a record note was signed on 25-5-2015. But two years are over and there is delay in discussing the issues further. We have also been demanding extension of DA linked pension scheme for employees recruited after 1-4-2010. All these issues are being ignored by the managements/IBA and we demand resolution of these demands expeditiously.

17. Adequate Recruitment in all cadres:

While Government, managements and everyone is taking about efficiency and better customer service in the banks, adequate staff are not being provided. On the other hand, more and more Government schemes are being foisted and forced on the Banks. All these schemes require more manpower. Hence our demand for adequate recruitment in the banks.

We seek your intervention to conciliate these demands with a view to find amicable resolution of the issues and to restore industrial harmony in this vital so that the strike can be averted.

Thanking you,

Yours faithfully,

(SANJEEV K. BANDLISH)
CONVENOR