

ALL INDIA BANK OFFICERS' CONFEDERATION



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Circular No. 2019/21

Date: 25.03.2019

To All Affiliates (Please Circulate)

Dear Comrade,

LETTER TO SHRI NARENDRA MODIJI, HON'BLE PRIME MINISTER OF INDIA IN RESPONSE TO HIS TWEET DATED 24.03.2019 TO JOIN #MainBhiChowkidar CAMPAIGN

We reproduce hereunder our communication sent to Shri Narendra Modiji, Hon'ble Prime Minister of India vide our letter no. AIBOC/2019/41 dated 25.03.2019 on the captioned subject. Copy of the letter has also been sent to the Secretary DFS, Chairman IBA, Chairman Negotiating Committee IBA and HR Head of IBA.

With greetings,

(Soumya Datta)
General Secretary

Text of letter no. AIBOC/2019/41 dated 25.03.2019

Shri Narendra Damodardas Modiji,
Hon'ble Prime Minister
Government of India
New Delhi

Respected Sir,

**Our response to your call to Bankers
To Join #MainBhiChowkidar campaign**

Greetings from **All India Bank Officers' Confederation (AIBOC)**, the largest Trade Union of officers in the world having a membership of over 3.20 lakh spread across the nook and corner of the country, who are in constant touch directly with over 80 crore populace of the country. We are an apolitical organisation espousing the cause of our members and to work for betterment of our esteemed institutions. Our members are the officers in banking industry, who are involved in planning and implementation of various policies and programmes of the Government, in addition to routine banking activities.

2. We, the officers of the Bank are "Aarthik Chowkidars" in as much as we shoulder the responsibility of managing and safeguarding the financial system of the country. We are "Saamajik Chowkidars" as we shoulder the humongous responsibility of implementing each of the social and welfare programmes brought out by the Government. In fact, we can be considered as the 'Financial Army' of the nation safeguarding the economic independence. While your good office is well aware of the tremendous role of Bankers, who successfully implemented schemes viz. Jan Dhan Yojana, APY, Financial Inclusions, MUDRA, 59 minute loan and similar welfare programmes, we are also sheet anchors for the present state of economy and development of the country-be it Green, White & Blue Revolutions, Village Adoption, Service Area Approach, Rural Credit dispensation, SEEUY, SEPUP, PMRY, PMEGP, IRDP, Irrigation Schemes, Tribal Sub-Plans, the list goes on and on. Undoubtedly, we can stake our claim for successful implementation of Demonetisation of currency and subsequent Remonetisation of economy, which was possible only on account of the untiring and relentless

efforts of the officers in Public Sector Banks (PSBs) in the country. Officers took these tasks to their heart, engaged themselves passionately, and ensured success. Today's infrastructure, industrialisation, up-ticking purchasing power in rural, semi-urban and urban areas was the result of the commitment, sincerity and dedication of officers of PSBs. This was possible only for the reason that the major Banks are nationalised and a social cause was imbibed in these nationalised banks. We, in PSBs, believe that we are part of Government and its extended arm to carry out the wish list of Government policies, despite severe constraints and even at the cost of severe personal inconvenience as we consider ourselves to be the financial army of the nation.

3. However, we are deeply irked by the stand of the government on several pertinent issues, which are appended for your kind perusal and consideration. We have made several representations to the Ministry of Finance, however, the issues stand unresolved. At this critical juncture in the view of the ensuing polls such factors will be weighed in by the entire fraternity, who are directly connected to 80 crore populace of the country.

4. While we appreciate your *Abhiyaan*, we take this opportunity to bring to your kind attention few important issues as appended.

a. *Merger & Consolidation of Banks – Not a solution to any of the problems faced by Banking Industry today*

Mergers only add up the balance sheet numerically and do not bring any advantages factually and practically. The jargons like "economy of scale" and "value addition", "big is strong" have not worked world-wide. The recent announcement of the amalgamation of the three Banks viz. Vijaya Bank, Dena Bank and Bank of Baroda has caused deep resentment across the banking fraternity and other stakeholders. Merger & Amalgamation tantamount to 'Reverse nationalisation' and will undo all the good work done by the Public Sector Banks. A Nation like ours, where economic, social and financial disparities persist, we need more public sector bank branches instead of its rationalisation under the guise of merger to reach out to common man for inclusive development. Country has immense potential for each segment of Banks as each Bank has its own niche customers as targets.

Sir, we have made it possible to transform the lives of the populace of the country by providing banking service. Amalgamation of Banks reduces the number of banks and branches, which are not in the best interest of the country. Neither does it any value addition. Amalgamation of State Bank of India and its Associate Banks has been a colossal financial blunder. It has resulted in closure of branches in the name of rationalisation. At the end of the day, PSBs are not just meant to be profit-oriented. Social banking is an intertwined objective. Merger results in depriving the common man of the banking facilities. Banks with different cultural backgrounds should be encouraged to retain their identity. The impending amalgamation of Vijaya Bank and Dena Bank with Bank of Baroda has given rise to lot of discontentment among customers and the citizenry of the respective regions. There is a myth that mergers bring synergy. Instead, most mergers across the world have failed to work out as they did not usher in the expected synergy. Mergers will make balance sheet bigger; but does not infuse strength and make them healthy. On the other hand, mergers bring in vulnerability. Bigger entities tend to lack control and become fragile. Failure of 'Too Big To Fail' entities will be catastrophic to the nation's economy. The sub-prime crisis bears testimony as how financial giants have been uprooted overnight. Further, everyone pays the price of diminished competition, for deterioration of services, higher charges and wide scale retrenchment. It will be detrimental to the interest of the common man.

We urge upon your good office to stall the unfortunate and ill-conceived decision of amalgamation of the three banks taken by the present Central Government, apparently violating all laid down norms and bypassing the Bank Nationalisation Act, 1970/1980. Public Sector Banks have protected and insulated the economy of the country during global recession. We implore upon you to review the stand on Mergers & Amalgamations of the Bank. On the other hand, we urge upon you to nationalise the old generation private sector banks to build strong credit delivery and financial inclusion system. We also take this opportunity to say here that the de-classification of IDBI as a private sector bank has caused deep angst and resentment. This has not only affected the morale of the officers and employees who joined IDBI as it was a PSB, but has shaken the confidence of the customers also.

b. *Salary revision:* The legitimate demands of #AarthikChowkidars appears to be a non-priority to Bank Managements. While the Pay Commission and salary revision of Government, quasi-government employees take place hassle-free, salary revision of bankers do not take place without agitation and protracted negotiation. While we are needed for carrying out policies and programmes of Government, for salary revision, the government is oblivious to our need.

Salary revision is carried out in Banks through a bi-partite negotiation mechanism between IBA (an Association of management of banks) with the major trade unions and associations. Member banks of IBA formally give a mandate to IBA to negotiate on behalf of them. Though the salary revision has fallen due with effect from 01.11.17, little progress has been achieved till date. The attitude of IBA has been regressive. Few issues in this connection are:-

- i. **Fractured mandate:** In tune with the recommendations of the Report of Pillai Committee formed by Central Government (1979), salary negotiation was taking place for officers from Scale I to Scale VII (Scale I being junior most and Scale VII being General Manager). As many as seven joint negotiations of the past (till the last) have happened on the similar line. During current period, five banks out of twenty (5 out of 20) have given 'fractured' mandate to IBA to negotiate only upto Scale-V, thus leaving Officers in Grades VI and VII out of the negotiation spectrum. Again, we see a clear disparity here. Government includes messenger to cabinet secretary in its Pay Commission but does not want to include Scale VI and VII, who were very part of our negotiation mode and are governed under the same OSR.

Despite our repeated requests, discussions and agitations, neither Government nor IBA have taken any initiative to get the full mandate from those 5 banks (viz. State Bank of India, Punjab National Bank, Union Bank of India, Bank of Baroda and Indian Bank). This fractured mandate has become the major roadblock in negotiation. As such, we were constrained to excuse ourselves from the negotiations in the absence of full mandate by Banks as was the practice.

- ii. **Charter of Demands and the parity of salary vis-à-vis central government officers:** Salary of Officers of the Bank was higher than that of the IAS Officers till 1979. In the name of parity, the salaries of Bank Officers were equated, rather reduced to that of Civil Services. Later, government has been revising the salaries of IAS Officers, through CPCs, but did not favour the Bank Officers with the parity, disowning the report of its own committee. The difference has been widening with each pay revision/ bipartite settlement. Now, the starting basic pay of a Scale-I Bank Officer stands at Rs.23,700/-, as compared to Rs.56,100/- for Group 'A' Officers of Central Government. This alone is enough to tell the tale of wage revision for Officers in Banks. Incidentally, it is pertinent to mention that before 1979, the basic pay of Bank Officers was more than that of IAS Officers, while now it is just a fraction of it.

Sir, the entire situation is paradoxical. Government considers officers of the Bank as public servants for all administrative purposes. The service conditions are also on the lines of Civil Services. Banks are working as the extended arm of government, implementing its policies and programmes in the financial sector and are under the control, supervision and ownership of the Central Government. This being the situation, it is unfortunate that same yardstick is not being followed while carrying out revision of salaries and allowances for officers. While in government service, salary is paid, having no relevance to their performance or paying capacity, banks being the extended arm of government and within its ownership, similar approach should have been followed. Banks are earning and improving their Operating Profit, year after year, despite sacrificing income on account of the policies like maintenance of Cash Reserve Ratio, Statutory Liquidity Ratio, directed lending. It is only the net profit which has declined due to RBI provisioning norms and loan write off policies etc. on which neither the banks nor the Bank officers have any control. Beyond all, services of the bankers to the country is invaluable, considering the fact that they serve the citizenry at every nook and corner of the country under varied and compelling circumstances. Our members have been taking active role and responsibility in implementation of the various policies and objectives of the government as enshrined in the Indian Constitution. Further, we are the active partners in the economic progress of the country and thus in Nation Building.

We feel that paying capacity cannot be a yardstick to determine our pay structure. If the Government can present deficit budget year after year, yet takes adequate care of its employees and retirees with handsome package and regular revisions of pension; we, the bankers, also deserve similar treatment.

We request you to direct the concerned authority to complete the salary negotiation based on the Minimum Wages Principle accepted by 7th CPC and in accordance with our Charter of Demands submitted to IBA.

- c. **National Pension System (NPS):** Pension is a deferred wage and meant to ensure a dignified, reasonable living of personnel and their family, who have contributed to the growth and cause of the

Organisations in the prime of their age. In NPS, contribution to the fund is defined and known, but the returns are NOT. Pension is uncertain, and depends on the vagaries of stock/financial markets. One is not sure of return/pension payable on retirement, unlike conventional pension scheme (Old Pension Scheme). Economic downturn, financial crisis in stock/financial markets can wipe out the very pension fund itself, which affects pension amount and the fund. We have seen such situation even in developed country like US during 2008. Since the welfare and the quality of life of the retired personnel (and their family) are involved, we request that NPS may kindly be withdrawn, and replaced with conventional pension scheme.

- d. **Five Day Week:** Globally, the organisations work 5 days a week. The working conditions in the Banks have been strenuous. Poor infrastructure, lack of adequate staff has made the officers work till late in the night, resulting in poor health, huge pressure on the officers, which culminates in serious work-leisure mismatches, life style diseases and of late, repeated acts of suicides being committed by the officers of the Banks. Officers in the Banking industry are invisibly chained to their work place. Social and family life has become a mirage. Officers are called upon to work on holidays and Sundays, frequently disrupting the personal life. On account of this, officers are facing burn-outs, unable to justify themselves in their family. Introduction of Five Day Week in this era of digitisation will not only result in motivation of officers, it would also enable a meaningful social life which in turn will result in higher efficiency in work place. 5 Days' week will also rejuvenate many other commercial sectors/activities of the economy.
- e. **Pension updation:** Retirees in Banks face a peculiar situation. The basic pension is static as on the date of retirement. While pension gets automatically updated for government employees, this does not happen to retirees in banks though the pension scheme in Banks are on the lines one prevailing in Central Government. Today, pension of a senior officer (even of the rank of a General Manager) of yester years will be lesser than a staff who retires today. Family pension is a pittance (15% of last drawn pay), which cannot ensure a minimum standard of living. Recently, your goodselves were kind enough to update the Pension for Officers/Employees of Reserve Bank of India. We demand similar line of treatment in this regard.
- f. **Publication of list of wilful defaulters:** We have seen promoters of corporate bodies poorly conducting their accounts, but not a poor promoter till date. Accounts are NPAs, but the promoters are wealthy. While we appreciate the efforts of the Government in bringing fugitive offenders back to the country, keeping in view the alarming situation of stressed assets (NPAs) in the Banks, we are of the firm view that initiatives like publication of list of wilful defaulters, confiscation of passport, debarment of wilful defaulters from contesting elections and other punitive measures would go a long way in demonstrating the political will and help in cleaning balance sheets of the Bank. This will have a cascading positive effect like reduced cost of lending, recycling of funds, which will definitely augur well for the country and economy. In fact, 20% of recovery of gross NPAs will effectively imply that PSU Banks would no longer need capital infusion.
- g. **Recruitment of adequate staff:** Sir, banking industry is the only industry where business doubles every 10 years, but the staff strength halves. There was no recruitment in Banks between mid-90s to 2008. Recently, the Standing Committee on Finance has observed that the PSBs ought to step up hiring in the junior and middle levels to ensure that there is no vacuum following retirement of large number of employees in the near future. It is disconcerting to note that 14 banks have declared 'zero' vacancies in Probationary Officer/management trainees in IBPS examinations. Staff inadequacy is the mother of all problems faced in banking industry, which is causing hardship not only to customers, but also to the employees and officers, who have to shoulder humongous workload. There have been spates of suicides of bank officers, who have cited tremendous work pressure as a prime cause. Additionally, the unethical practices prevalent in Banks to force sell third party products, which is distorting the focus of core banking business and is also taking a heavy toll on Bankers, who are at the receiving end of humiliation and abuses of senior functionaries who are earning disproportionate incentives through selling of third party products.
- h. **Filling up of Workmen and Officers' Nominee Directors on the Boards of PSBs:** Though relevant Laws stipulate nomination of Workmen/Non-workmen Employee Directors on the Boards of Bank; the Government is yet to nominate any on the Board— for the reasons best known to it. In this connection it is to be mentioned that prior to 2014 such posts of workmen/ officer directors were never left vacant. We hope you would appreciate principles and the advantages of participative management, besides the fact that the Officer Nominees in the Boards of the PSBs not only ensure safeguarding the interest of the

Officers' community, but are capable of playing the role of watchdogs (chowkidars) against faulty credit decisions, if any, taken by the Boards.

- i. **Compassionate Appointment:** Compassionate appointment is meant to be a helping hand to the family when a serving Officer expires, to enable his/her family to live with dignity and respect. This is more of a humane action than anything else. Such appointments are far and few and do not impact an organisation in any way. Rather, it demonstrates the sympathy and the empathy of the employers towards its own employees.

We have been demanding that compassionate appointment, as is prevalent in Central Government service, be extended to Banks. The scheme in vogue in Banks is majorly irrelevant and infructuous and hardly helps any. We request you to support our demand for implementation of the Scheme that is adopted in Central Government service as Bank Officers are treated as public servants and their service conditions are on the lines of Civil Service of the Government.

5. Sir, in the backdrop of the issues stated in the foregoing, we urge upon you to address these issues, which have created angst and frustration amongst the entire banking fraternity, who are formidable opinion makers. Without addressing the genuine issues of 10 lakh bank officers and employees along with the entire banking fraternity, for which they are aggrieved against the policies of your Govt., you cannot expect the participation of the Banking fraternity to join your political campaign of #MainBhiChowkidar. We urge upon your good office to stall the impending Amalgamation of Vijaya Bank, Dena Bank and Bank of Baroda forthwith and also meaningfully address the issues listed in the foregoing most of which do not come under "Election Code of Conduct".

With best regards,

Yours sincerely,

Sd/-

(Soumya Datta)
General Secretary
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