

# THE FEDERATION OF BANK OF INDIA OFFICERS' ASSOCIATIONS

(REGD.No.7364)

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## **For circulation among our members only**

Dear Comrades,

### **BANK'S FINANCIAL RESULTS – INTROSPECTION & COURSE CORRECTION** **TEAM WORK DIVIDES THE TASK AND MULTIPLIES THE SUCCESS**

Being responsible and concerned officer, all of you must have gone through the results of our Bank for the quarter ended December 2014. It is indeed a cause of concern for all of us. You all know that Government of India has not agreed to meet our bank's need for infusion of Capital but has given further capital to our peer banks. The reason being our bank's mounting NPAs which is higher than March'13 level. We really feel pained that the Bank which has been brought to its glory by our predecessor's hard work and nurtured by all of us with commitment and zeal is facing such challenges. What is also intriguing is, despite our experience in dealing with the intricacies of big bank, why we are lagging among our peer Banks when the circumstances & economic situation are common to our peer too ! It is not that all our efforts are going down the drain. There are areas which have shown growth and there are areas which have shown green shoots. However, there are areas which are really cause of concern, where we have shown growth in figures is at the cost of profitability. There could be different interpretational analysis on the performance data available with us but brief of the reasons attributable to waning parameters is given below;

#### **i) Fall in interest income of domestic branches:**

This has been largely on account of flat credit growth during the quarter. The increase, if any, has been in the last week of the quarter putting a further strain on the Capital Adequacy and other ratios of the Bank, without adding to the profitability. The sequential growth is negative by Rs 79 crores from Rs 7,339 crores in Sep'14 to Rs 7,260 crores in Dec'14. The Quarter on Quarter negative growth is Rs 911 crores (from Rs.7,260 crores to Rs. 6,349 crores). The issue of credit being augmented right at the end of the quarter, just for balance sheet management is a practice which will have to be shunned.

#### **(ii) Increase in interest expenses of domestic branches:**

This has happened mainly due to concentration by Zones on high cost deposits rather than retail deposits and low increase in CASA. The increase, wherever it has happened, in CASA has also been mainly in the form of credit balances in advance accounts and sundry deposit accounts, clearly showing that this has been done to shore up CASA right at the end of the quarter. Sequentially the interest expenses have gone up by Rs 114 crores from Rs 6,725 crores in Sep'14 to Rs 6,839 crores in Dec'14. The Quarter over Quarter increase is Rs 1,191 crores from Rs 5,648 crores to Rs 6,839 crores. Thus, the Net Interest Income Quarter on Quarter has come down substantially by Rs 280 crores. At the same time the Year on Year Net Interest Income is reduced by Rs 193 crores (From Rs 614 crores to Rs 421 crores).

**(iii) Fall in recoveries in written off accounts :**

Comparing the amount of recovery in written off accounts year on year, we find that there has been a drastic fall in the figures. It was Rs.226 Crores for the quarter ended December 2013, which has declined to Rs.93 Crores in December 2014 quarter. In comparison with Sep'14 quarter, the same is less by Rs 12 crores (Rs 93 crores in Dec'14 against Rs 105 crores in Sep'14).

**(iv) Need for arresting NPAs :**

The NPA has gone up from Rs.10,023 Crores as on 31/12/2013 to Rs.16,694 Crores as on 31/12/2014 – a net increase of Rs.6,671 Crores which not only affects our gross and net NPA ratios, and provision coverage ratio, but also our profitability as in such cases interest is ceased and there is reversal of unrealized interest. In Sep, 14 quarter the same was at Rs 14,118 crores. In Dec'14 quarter it increased by Rs. 2,576 crores to Rs 16,694 crores.

**(v) Non-interest income :**

Non interest income for the 9 month period ended December, 2014 has also declined by Rs 267 crores (7.9%) from Rs.3,378 Crores in 9 months ended December 2013 to Rs 3,111 Crores in Dec'14. Sequentially also, the Non interest Income has increased marginally by Rs 73 crores, from Rs 1,006 crores to Rs 1,079 crores.

Comrades, we have analyzed the results. We, as field functionaries have toiled and are willing to continue to put our might in reversing the trend. There, however, ought to be clear directions from the management for operations at the field level, keeping in view the requirements as analyzed above which is need of the hour, to bring sustained and long term growth of the bank .

As a concerned organization, we too have to find solutions – swiftly and correctly with positive attitude and zeal to succeed. It is not difficult, if we recognize the immediate need for solution. In the fierce competitive banking industry, where every institution is vying to get share of scarce resources, the winner would be the one who can catch up fast on CASA, NPA Recovery and quality advance.

Team work divides the task and multiplies the success. I very strongly feel that it is possible for all of us to contribute our might in the remaining 45 days of this financial year which will show exemplary outcome, only if pursued in right spirit. May I call upon all officers to bring in a minimum of 5 CASA deposit accounts and call upon each officer to take up vigorous follow-up in 5 NPA accounts by all means. Here is an opportunity to show up your hidden talents and skills. Sincere efforts do pay results !

**We, in the past, have shown our resolve on many occasions. We will do it now also !  
March on Comrades! Let us show our combined strength and team work. Team-Together  
Everyone Achieves More. We will surely overcome and win back !!!!**

With best wishes in your endeavour and God speed,

Yours comradely,



(HARVINDER SINGH)  
**GENERAL SECRETARY**