

# THE FEDERATION OF BANK OF INDIA OFFICERS' ASSOCIATIONS

(REGD.No.7364)

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Circular No. 2017/37

Date: 10/07/2017

Dear Comrades,

## **SALARY REVISION NEGOTIATIONS IN BANKING INDUSTRY** **MERGER OF PUBLIC SECTOR BANKS**

We reproduce, hereunder, the contents of AIBOC Circular No. 2017/37 dated 08.07.2017 on the captioned subject for your information & circulation.

With revolutionary greetings,

Yours comradely,

(SUNIL KUMAR)  
**GENERAL SECRETARY**

QUOTE:

## **SALARY REVISION NEGOTIATIONS IN BANKING INDUSTRY** **MERGER OF PUBLIC SECTOR BANKS**

We have sent a communication to the Chairman/ CEO of all Public Sector Banks on the captioned subject.

A copy is enclosed for information.

With greetings,

Sd/-

(D.T. Franco)

**General Secretary**

**To All Chairman/ CEO of Public Sector Banks**

Madam/ Dear Sir,

**SALARY REVISION NEGOTIATIONS IN BANKING INDUSTRY**  
**MERGER OF PUBLIC SECTOR BANKS**

At the outset, I would like to extend heartfelt greetings on behalf of the AIBOC, an organisation representing 3,20,000 Bank Officers in the Banking Industry covering Public Sector, Private Sector, RRBs and Co-operative Banks.

I am given to understand that the managing committee meeting of the IBA is scheduled to be held on 11<sup>th</sup> July, 2017. I would therefore like to request you to impress upon the IBA to remove the restriction on negotiation upto Scale-III.

Right from 1984, when the first Joint Note was signed between IBA and the Officers' Associations, the pay scales, service conditions, etc. have been made composite from Scale-I to Scale-VII notwithstanding the fact that even at that time, Scale-VI and Scale-VII Officers were defined as Top Executive Grade Officers. In all the subsequent discussions and Joint Note signed between IBA and Officers' Associations including the last one signed in May, 2015, it has been a composite one.

In this background, we find that the stand of some of the managements to restrict their mandate upto Scale-III only is preposterous and prejudiced. Further, based on this mandate of a few Banks, the IBA has also taken a stand that the discussion on the Charter of Demands of Officers will be restricted upto Scale-III Officers only. You will appreciate that the majority of the Banks have given unconditional mandate and hence the stand of the IBA to restrict the negotiations is obnoxious as it will vitiate the existing procedure followed so far.

Having regard to the practice so far and the Officer Service Rules(OSR) being a composite set of rules for Officers from Scale-I to VII and considering the fact that a large majority of the Banks have given their full mandate, it would be fair and proper not to restrict the negotiations upto Scale-III. While conveying our strong resentment, on our behalf, you are also requested to impress upon the managing committee our stand, that, it is non negotiable. In the mean time the United Forum of Bank Unions and the four officers organisation have communicated their resentment to the IBA (copy enclosed).

2. The Public Sector Banks are passing through a difficult period with deteriorating asset quality and fast receding capital base. The banks need capital for absorbing many of the losses out of stressed assets. It is very regrettable to learn that, the Governor of the regulator of Banks in India commented that merger of banks would help in dealing with the problem of stressed assets of these Banks which is very immature and irresponsible on his part. It is a well-known fact that the NPA position of PSBs today is not the creation of the Banks per se, rather it is attributed to the lopsided policies of successive Govts which virtually paved the way for sanction of big ticket size Corporate Loans to a handful of chosen borrowers, most of whom have turned wilful defaulters. Neither RBI nor the successive Govts could come out with any stringent recovery mechanism for such loans, and have been continually passing the buck on to PSBs. This has been rightly pointed out by the Parliamentary Standing Committee on Finance. The declaration of willful default as a criminal offence is still to see the light of the day, which further worsens the situation for the PSBs. It is the need of the hour that our regulators come out with more teeth for tackling NPAs, as recommended by the Parliamentary Standing Committee instead of making such irresponsible statements. Those handful of corporate loans, which have today cut a sorry NPA profile of PSBs,

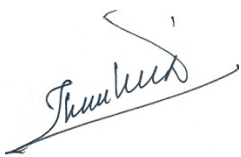
have been thrust upon them without considering external factors like change in International Trade agreements, global market trends etc. Rather, it appears that RBI is hell bent on implementation of BASEL III Norms and Asset Quality Review (AQR) by any means, even knowing that the AQR will result in mounting losses for the banking sector.

Mere merger and acquisition of weaker Bank's would not help to get rid of problems which needs a deeper introspection rather than an abrupt remedial measure. Instances from past can be illustrated how mismanaged and ill timed mergers or acquisitions of huge multinationals had resulted in huge chaos. A recent experience, being the instance of merger of Associate Banks with SBI resulting in a loss of 391 crores for the first time in the history of SBI. The Chairman of SBI has accepted that the pain is there to continue. The formation of Banks Board Bureau, National Company Law Tribunal, Insolvency and Bankruptcy code and now Financial Resolution and Deposit Insurance Authority are only steps towards privatisation which is not in the interest of the country. The removal of Development Finance Institution is consequently forcing the banks to lend to infrastructure. Conversion of DFIs into Private Bank is also compelling the Banks to lend to Telecom & Power Sector and asking them to have provision for even standard assets. Changing NPA norms every now and then and all afore mentioned steps are only gimmicks to blame the banks. There is an old saying which goes like "Call the Dog mad and shoot". In view of the foregoing, I would like to request you to raise your voice against the merger of public sector banks and the retrograde policies of the Govt. and RBI. The Preamble of the Financial Resolution and Deposit Insurance bill illustrates that it is to establish a framework to carry out the resolution of certain categories of financial service providers in distress, to provide deposit insurance to consumers of certain categories of financial services and for designation of Systemically Important Financial Institution of Central Govt. for resolution. The bill covers SBI, Public Sector Banks, RRBs, Co-op Banks, LIC and GIC, which are already controlled by RBI, Finance Ministry and IRDA. The aim appears to give out-and-out power to the authority which will be larger than the prevailing authorities. The most dangerous clauses are, "Notwithstanding anything contained in any other law, this Corporation / Authority will have powers to liquidate RRBs, SBI, LIC, GIC, Public Sector Banks & Co-operative Banks." It is really surprising to see why this draconian power is being vested to one authority.

3. We are enclosing a few publications of AIBOC in recent times on the above mentioned issues which may enable you to put strong arguments in favour of the Public Sector Banks.

Thanking you in anticipation.

With regards,



(D. T. Franco)  
**GENERAL SECRETARY**

**Enclo:: As above**