AIRRBOF News Letter December, 2015
"Sky is not the limit, we cover it..."
The Voice of All India RRB Officers' Federation
Vol - XXII SILIGURI No. 12

EDITORIAL

RESERVE BANK REVISED PRIORITY SECTOR LENDING TARGET – RRBS SET TO ACHIEVE THE GOAL

Reserve Bank of India has announced the Revised Priority Sector Target for RRBs effective 1st January, 2016.

Regional Rural Banks - Priority Sector Lending – Targets and Classification

During the last decade, Regional Rural Banks (RRBs) have undergone significant structural and operational changes, be it two-phased amalgamation, implementation of CBS platform or recapitalization, inter alia. Considering the growing significance of RRBs in pursuit of financial inclusion agenda, it has been decided to revise the priority sector guidelines for RRBs. Accordingly, the comprehensive revised guidelines on Priority Sector Lending – Targets and Classification for Regional Rural Banks are enclosed as Annex. The revised guidelines supersede all earlier guidelines mentioned in the Master Circular RPCD.CO.RRB.BC 5/03.05.33/2014-15 dated July 1, 2014 on Regional Rural Banks - Lending to Priority Sector.

Some of the salient features of the guidelines are as under:-

i. Targets: 75 per cent of total outstanding to the sectors eligible for classification as priority sector lending and sub sector targets as indicated in subsequent paragraphs.
ii. Categories of the Priority Sector: Medium Enterprises, Social Infrastructure and Renewable Energy will form part of the Priority Sector, in addition to the existing categories, with a cap of 15 per cent of total outstanding.
iii. Agriculture: 18% per cent of total outstanding should be advanced to activities mentioned under Agriculture.
iv. Small and Marginal Farmers: A target of 8 percent of total outstanding has been prescribed for Small and Marginal Farmers within Agriculture.*
v. Micro Enterprises: A target of 7.5 per cent of total outstanding has been prescribed for Micro Enterprises.**
vi. Weaker Sectors: A target of 15 per cent of total outstanding has been prescribed for Weaker Sections.
vii. Monitoring: Priority Sector Lending will be monitored on a quarterly as well as annual basis.

(*RRBs that have not achieved the 8 percent sub target may achieve the same in a phased manner i.e. 7 per cent by March 2016 and 8 per cent by March 2017.)

(**RRBs that have not achieved the 7.5 percent sub target may achieve the same in a phased manner i.e. 7 per cent by March 2016 and 7.5 per cent by March 2017.)

The revised guidelines will be operational with effect from January 1, 2016. The priority sector loans sanctioned under the guidelines issued prior to this date will continue to be classified under priority sector till repayment/maturity/renewal.

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EXCERPTS FROM AIRRBOF CIRCULARS

Circular # 87:2015 14th November 2015

VIOLATION OF RRB (APPOINTMENT & PROMOTION OF OFFICERS & EMPLOYEES) RULES, 2010 BY ADVISING IBPS TO HOLD INTERVIEW FOR RECRUITMENT OF OFFICERS OF PASCHIMBANGA GRAMIN BANK

We reproduce hereunder the text of the letter written by the Federation on the captioned subject to The Secretary, Dept. of Financial Services, Ministry of Finance, Govt. of India, for your information & necessary action.

"It is reliably learnt that IBPS is holding interview for recruitment of officers of Paschimbanga Gramin Bank on 16th November, 2015. This, we understand, is accordance with the direction of DFS.

You would appreciate that as per 3rd schedule as per rule 8 and 11 of Regional Rural Banks (Appointment and Promotion of officers and employees) Rules, 2010 and Amended Rules, 2011 IBPS cannot hold interview which would be violation of the Rules and may definitely fraught with legal hazard. Unless and until the concerned Rules in modified by Govt. of India, adopted by Board of the RRB and properly gazzatted the administrative order of the GOI, DFS, cannot over ride the Rules, which is a subsidiary legislation".

Circular # 88:2015 20th November 2015

AIBOC EXTENDS FRATERNAL SUPPORT TO AGITATING COMRADES OF IDBI BANK

We reproduce hereunder the text of All India Bank Officers' Confederation Circular No. 74 dated 19th November, 2015.

Against the Govt's move to dilute stake in the IDBI Bank, the employees and officers have decided to go on a nationwide strike on November 27. The employees and officers of IDBI Bank are on agitation path opposing the contemplated move of the Government of India to privatize IDBI Bank by diluting its shareholding to below 51% from 76.5%, throughout the country. AIBOC, the largest inclusive trade union of the supervisory organization in the banking industry, has been extending all support to the agitating comrades of IDBI Bank. Com. Soumya datta and Com. Sanjay Das, the President and Secretary, respectively, of West Bengal State Committee addressed the Dharna at Kolkata to express our solidarity and extend fraternal support to the movement of the officers in IDBI. Local Officers of IDBI posted around Kolkata have expressed their desire to form an organization under the umbrella of AIBOC in order to garner support from such a mammoth organization. In Odisha, Andhra Pradesh, Maharashtra, Delhi and other parts of the country also the AIBOC is taking an active role to stand by their side. In Odisha, in absence of Central leaders, Com. Amit Motayed, former State Secretary addressed the Dharna, in Hyderabad, Com. Harshvardhana M., Advisor, AIBOC and in Mumbai, Com. Ram Kumar Sabapathy, President, MS I have been providing all fraternal support. In Delhi, also AIBOC leadership has extended solidarity with the agitating comrades. We request all our State committees to extend all support to agitating comrades of IDBI Bank and make all out efforts to organize them under the umbrella of our Confederation.

We strongly oppose the move of the Government and reiterate our demand to convert IDBI into a development financial institution.

Mass Casual Leave taken by United Forum of Reserve Bank Officers and Employees

17000 employees of Reserve Bank of India affiliated to four recognised Unions of Officers and Workmen, under the banner of United Forum of Reserve Bank Officers & Employees' observed strike in the form of mass leave on November 19, 2015, paralysing RBI functions all over the country. The protest was to demand improvement in pensions and to protest against the move to dilute the Central Bank's autonomy by the Government who is keen to virtually take over the function under the pretext of Legislative Reforms Commission headed by Justice Sri Krishna set up by the Government of India. The Ministry of Finance is reportedly giving final shape to shift Government's debt management functions from RBI to the proposal Public Debt Management Agency (PDMA), which will also henceforth function as depository of Government securities (G-Sec), that was the exclusive jurisdiction of RBI so far. This is thus taking away from RBI some vital operations having relevance to money market as well. The call for agitation had been given to press mainly the demands of saving the RBI from the proposed mechanism of Monetary Committee (MPC) and aimed at "Crippling the apex bank in the name of the draft financial code and legislative reforms".

The RBI staff has also been demanding improvement in pension conditions, under which pensioners are not entitled to periodic updation of pension. Updation of pension was granted to pre – 2002 retirees by the RBI Central Board, but the Government withdrew it unilaterally.

The Mass Casual Leave program was a thunderous success with the participation of all the officers and employees, throughout the country. In all the major Cities, dharna and rallies were organized where in the leadership of AIBOC was also present. Throughout the country from cheque clearance to foreign – Exchange, and remittance transaction got affected profusely. It is a land mark victory in the Trade Union movement.

We congratulate all the comrades of RBI and wish them success in their struggle. We also assure to extend all fraternal support to them.

Circular # 89:2015 4th November 2015

GOVT. OF INDIA, DFS ISSUED INSTRUCTIONS TO ALL RRBS TO ADOPT RRB (APPOINTMENT AND PROMOTION OF OFFICERS AND EMPLOYEES) RULES 2015

Govt. of India, Dept. of Financial Services, issued guidelines to all 56 RRBs to adopt Regional Rural Banks (Appointment and Promotion of Officers and Employees) Rules. 2015. The new rules shall replace 2010 rules with some changes like handing over Interview Process to IBPS and certain changes in eligibility criteria in length of service. We have risen our objection to GOI. DFs. We attach the new policy set out as an attachment to this circular. Office bearers/CC members/affiliates may notify AIRRBOF Central Office any inconsistencies in the rules and the amendment proposed. We shall consolidate the suggestions received and correlate to ventilate the same to GOI and DFs. Please treat the matter as urgent.

Circular # 90:2015 30th November 2015

NEWS ROUND UP

The 78th Meeting of the Executive Committee of AIBOC took place at Mangaluru (Karnataka) on 27th November, 2015. The Meeting was sponsored by Corporation Bank Officers' Organisation. The Meeting was attended by Com. S.K. Bhattacharjee, Advisor, AIBOC and E.C. Members Com. R.G. Makhija, Com. K.M. Shukla and Com. M.V. Karer. Lot of deliberations took place. The Executive Committee co-opted Com. R.G. Makhija as Dy. General Secretary of AIBOC. With the co-option of Com. Makhija as Dy. General Secretary the AIRRBOF is represented in AIBOC by Com. S.K. Bhattacharjee as Advisor, Com. Makhija as Dy. General Secretary and Com. K.M. Shukla and Com. M.V. Karer as E.C. Members.

2. On behalf of AIRRBOF we raised the issue of taking up the case of Pension Parity in RRBs and called for inclusion of the issue in any future call given by AIBOC. After lot of deliberation the E.C. of AIBOC decided to include the demand of extension of Pension Parity to officers of RRBs. AIBOC gave Strike Notice dated 27th November, 2015 for observing one day strike on 11th December, 2015. We are reproducing separately the AIBOC Circular and Strike Notice. All our affiliates/members shall observe one day Token Strike on 11th December, 2015 in all RRBs and make the programme a grand success.

3. Meeting of the Regional Level Officers of Karnataka Vikash Gramin Bank Officers' Federation (KVGBOF) took place at Hotel Moti Mahal, Mangaluru on 27th November, 2015 evening. The Meeting was attended by enthusiastic members of KVGBOF at the Heera Banquet Hall of the Hotel. The Meeting was specially organized on the occasion of visit of President and General Secretary of AIRRBOF to Mangaluru. Com. M.V. Karer, General Secretary, KVGBOF also attended the Meeting. Com. S.K. Bhattacharjee spoke at length on different issues and elaborated the plan of Action of the Federation to clinch different issues. The Meeting was a grand success.

4. President and General Secretary of our Federation also visited Medikari and other places of Kodagu Dist. and visited serve branches of Kaveri Grameena Bank. The purpose of the visit was to interact with the officers to update themselves with ground realities.

5. General Secretary, AIRRBOF visited Odisha Gramya Bank, Head Office at Bhubaneswar on 30th November, 2015. General Secretary, AIRRBOF along with Com. Debakar Nayak, President & Com. P.C. Panda, General Secretary, OGBOO met Shri Brundaban Nayak, Chairman, Odisha Gramya Bank and deliberated on several issues concerning the officers of the RRBs. Com. Bhabani Mishra, Dy. General Secretary, All India IOB Officers' Association also accompanied the team of AIRRBOF. The discussion took place in very cordial atmosphere.

Circular # 91:2015 30th November 2015

60TH MEETING OF THE CENTRAL COMMITTEE OF AIRRBOF SUCCESSFULLY HELD AT BHUBANESWAR ON 29TH NOVEMBER, 2015

The Banquet Hall of Hotel Excellency at Bhubaneswar was tastefully decorated on the occasion of the 60th Meeting of the Central Committee of AIRRBOF. The programme was organised by our affiliate, Odisha Gramya Bank Officers' Organisation led by Com. Debakar Nayak, President and Com. P.C. Panda, General Secretary. The Central Committee Meeting was well attended.

At the outset President called the house to order. Com. P.C. Panda, General Secretary, OGBOO rendered welcome address. Then agenda wise discussion followed. The Proceedings of the last Meeting held on 24th May at Darjeeling was laid before the house and was approved.

Then General Secretary, Com. S.K. Bhattacharjee presented before the house detailed report in writing on all developments in the intervening period. The developments with special regard to Salary Revision, Other Allowances, Karmakar Committee Report, the Supreme Court proceeding in parity, the Report of the Committee constituted on Pension, the NABARD Committee on other allowances was specially mentioned and discussed. Lot of members participated on the deliberation on the General Secretary Report. After threadbare discussion the report was adopted and following decisions were taken:

i) Odisha Gramya Bank Officers' Organisation was granted affiliation after due process of merger of Odisha Gramya Bank Officers' Association with it.
ii) Poduvai Bharathiar Grama Bank Officers' Association in the state of Poducherry was granted affiliation as a new organisation.
iii) The house hailed the decision of AIBOC to call for One day Strike on 11th December, 2015 and inclusion of the issue of Pension Parity in RRBs as one of the issues.
iv) House decided to advise the General Secretary to take up with DFS for extension of Fixed Personal Pay (FPP).
v) The recently circulated Draft Appointment and Promotion Rules, 2015 by Govt. of India, DFS was severely criticized by the house and it was demanded that the eligibility criteria in terms of number of years of services for appointment/promotion to MMGS – II & MMGS – III should be the same. It was also resolved that the Federation should take up with DFS for relaxation of eligibility criteria for promotion in all cadre by at least two years.
vi) The house expressed its anxiety over delay in release of compassionate appointment scheme by DFS. Federation should once again take up with DFS the issue.
vii) Joint struggle under the banner of UFRRBU should be carried out to clinch the issue of Pension but Federation should remain vigilant in regard to the sabotage by other Organisations.
viii) The house severely criticized the attitude of some affiliates not to clear in full subscription, Supreme Court Levy and Salary Revision Levy. It was decided to call upon all affiliates to clear the dues latest by 31st December, 2015.

The house co-opted the following Office Bearers/Central Committee Members:

i) Com. P.C. Panda, General Secretary, OGBOO in place of Com. N.K. Das, since superannuated.
ii) Com. Debakar Nayak, President, OGBOO as Central Committee Member.
iii) Com. Sanjib Aich, Treasurer, AOPBGB as Central Committee Member as representative of West Bengal State.
iv) Com. J. Murugan, General Secretary, PBGBOA, Poducherry was co-opted as Central Committee Member.

The house discussed at length the attempt of Management to engage officers on 2nd & 4th Saturday and Sunday on various official engagements. In line with the AIBOC to decry such move we call upon officers to express their grievance. All affiliates of AIRRBOF should also convey to the Management their resentment.
In regard to other allowances Federation should reemphasise their demand that the allowances like Halting/Diem allowance should not be a matter of negotiation between Sponsor Bank and RRBs and DFS should issue instruction along with releasing other allowances circular.

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The house further decided that Federation should pursue with all concerned, that RRBs should become Associate member of IBA and for establishment of Negotiating Forum at IBA Level only.

The house also resolved to reorient the units at Baroda Rajasthan Gramin Bank and Murudhara Rajasthan Gramin Bank as AIRRBOF Unit by suitable means so as to get those affiliates has the status of check off and recognition by Management. General Secretary has been authorized to take suitable measures in this regard.

The curtains were drawn on 60th Meeting of the Central Committee with rendering of vote of thanks by Com. Ashok Prasad, General Secretary, Jharkhand Gramin Bank officers' Association.

Circular # 92:2015 30th November 2015

ONE DAY STRIKE IN ALL BANKS INCLUDING RRBS ON 11TH DECEMBER, 2015

In accordance with the decision of the Executive Committee of AIBOC and Central Committee of AIRRBOF One Day Strike shall be observed in all Banks including RRBs on 11th December, 2015. The demands for Strike include Extension of Pension Parity in RRBs. We attach the Strike Notice served to DFS with copies to all 56 Chairmen of RRBs. Affiliates should not give any separate Notice to the management. A copy of our Notice should be duly handed over to the Chairman's Secretariat and get duly acknowledged.

The 60th Meeting of the Central Committee of AIRRBOF called all our affiliates/members to make the strike a grand success.

Encl: Strike Notice

Ref no. 2022:89:2015 27th November 2015

To
The Secretary,
Dept. of Financial Services,
Ministry of Finance,
Govt. of India,
Jeevan Deep Building,
Parliament Street,
New Delhi -110 001

ONE STRIKE IN RRBS ON
11TH DEC. 2015 AT THE CALL OF AIBOC

In accordance with the decision of All India Bank Officers' Confederation (AIBOC) to whom our Federation is affiliated and in accordance with the provisions contained in sub-section (1) of section 22 of the I.D. Act, 1947, we hereby give you notice that officers of 56 Regional Rural Banks (RRBs) in the country shall observe one day Strike on 11th December, 2015 demanding:

DEMANDS

1. WITHDRAWAL OF ANTI- PSB PROPOSALS AND RECOMMENDATIONS SUGGESTED IN THE GYAN SANGAM.
2. INITIATING THE IMMEDIATE STEPS TO RESOLVE THE RESIDUAL ISSUES OF THE 10TH BIPARTITE SETTLEMENT, VIZ.,

A. RECTIFICATION OF ANOMALY WITH REGARD TO ADDITIONAL STAGNATION INCREMENT
B. FURTHER DISCUSSIONS ON DISCIPLINARY MATTERS DELIBERATED IN THE SUB-COMMITTEES WHICH REMAIN INCONCLUSIVE

C. SETTLEMENT OF POINTS COVERED IN THE RECORD NOTE ON THE ISSUES OF BANK RETIREES SIGNED ON THE DAY OF SIGNING OF JOINT NOTE DATED 25.05.2015

3. TO SEND AN ADVISORY TO MEMBER BANKS THAT OFFICERS SHOULD NOT BE CALLED ON SUNDAYS AND HOLIDAYS.
4. PROPER IMPLEMENTATION OF NEW MEDICAL INSURANCE SCHEME AS PER ESSENCE AND SPIRIT OF THE JOINT NOTE AND RESTORATION OF DOMICILIARY TREATMENT TO RETIREES OPTED FOR MEDICAL INSURANCE SCHEME.
5. STOP ATTEMPTING THE INTRODUCTION OF VARIABLE PAY IN THE NAME OF "PERFORMANCE BASED INCENTIVES" AND ESOP FOR THE SENIOR EXECUTIVES.
6. RESTORING THE BILATERALISM AND IMPLEMENT THE BILATERAL UNDERSTANDINGS IN DHANALAKSHMI BANK.
7. SCRAPPING OF NPS AND REINTRODUCE THE BANK LEVEL PENSION SCHEME FOR THE RECRUITS ON OR AFTER 1ST APRIL 2009.
8. IMMEDIATE APPOINTMENT OF OFFICER/WORKMEN DIRECTORS IN PUBLIC SECTOR BANKS WHICH IS UNDULY KEPT PENDING.
9. IMPLEMENTATION OF PENSION IN RRBS.
10. WITHDRAWAL OF PROPOSALS TO AMEND TRADE UNION LAWS.
11. TO PAY UNIFORM PAY AND ALLOWANCES IN THE BANKING SECTOR.
12. PENSION FOR SBI OFFICERS TO BE IMPROVED TO 50% OF THE LAST DRAWN PAY WITHOUT ANY CEILING.

Statement of the case is attached.

With regards,
Yours faithfully,
(S.K. Bhattacharjee)
GENERAL SECRETARY

STATEMENT OF CASE

1. WITHDRAWAL OF ANTI- PSB PROPOSALS AND RECOMMENDATIONS SUGGESTED IN THE GYAN SANGAM.

We have been opposing the Banking Sector reforms aiming at Privatization, dilution of Government share holding, putting undue pressure on lending, not providing stringent laws for recovery of loans, plan to end bipartite settlements etc.

IDBI was started as a Development Finance Institution which had contributed to the growth of the Industry. It was converted into a Bank which deprived the country of a DFI. Now there are efforts to reduce the Government share holding to 45% which amounts to privatization which we strongly oppose.

We have been opposed to the recommendations of the P.J. Nayak Committee which had recommended dilution of the Government Share holding in Public Sector Banks. Now in the name of Indra Dhanush the Govt. has announced formation of a Banking Boards Bureau which will function from 1st April 2016. There is nothing in the structure proposed which will bring professionalism as proclaimed.

BBB is aimed at the direction of forming a Banking Investment Company. The Public Sector Banks have provided huge income to the Government of India in the form of dividends and taxes much more than the investment made by the Govt. of India.

Moreover, it is the Public sector banks which have supported infrastructure lending and Govt. sponsored schemes including the Jan Dan. While we demand that there should be no interference from the Ministry in the day today functioning of the Bank, we can foresee that the proposed BBB and BIC are in the direction of privatizing the public sector banks.

We strongly oppose the scheme and demand that there should be no further dilution of the shares of the Govt of India and there should not be any Banks Board Bureau. The Reserve Bank of India is fully capable of controlling and supervising the Public Sector Banks.

Human Resources are the biggest assets for the Banking Industry. The HR policies have to be discussed with the Associations and Unions. Over a period of time considerable improvement has taken place due to periodic discussions and the Associations have always supported the Banks in their innovations and technology up gradation.

There is an effort as an offshoot of the Gyan Sangam recommendations to change the HR Policies similar to that of the Bell Curve method which is providing incentive to few at the top and ignoring the majority. This has failed miserably and many of the companies including multinational companies in our country and abroad have given up. Now the thinking across the world is to switch over to a people oriented approach instead of the talent oriented approach which has failed but because of the Gyan sangam recommendations Banks are moving towards talent oriented approach which has to be stopped and discussions should take place with the Associations for improvement in the present HR policies.

1. INITIATING THE IMMEDIATE STEPS TO RESOLVE THE RESIDUAL ISSUES OF THE 10TH BIPARTITE SETTLEMENT, VIZ.,

A. RECTIFICATION OF ANOMALY WITH REGARD TO ADDITIONAL STAGNATION INCREMENT

The Joint Note signed between IBA and Officers' Association on 25.05.2015, provides for an additional stagnation increment for the officers in Scale II who have automatically moved to scale of pay of MMGS III and also for the officers in substantive Scale III, two years after receipt of 3rd and 4th stagnation increment respectively. The said provision has led to an anomaly, as explained below:

- **a.** As per Para 2 (b) of Annexure 1, an officer in MMG Scale II who has moved to scale of pay for MMG Scale III is eligible for three stagnation increments of Rs.1460/- each for every three completed years of service and fourth stagnation increment of Rs.1460/-- two years after receipt of third stagnation increment.
- **b.** As per Para 2(c) of Annexure I, an officer in substantive MMGS III, i.e. who is recruited in or promoted to MMGS III, is eligible for four stagnation increments of Rs.1460/- each for every three completed years of service and fifth stagnation increment of Rs.1460/-- two years after receipt of fourth stagnation increment.
- **c.** Thus an officer in MMGS II who has automatically moved to scale of pay of MMGS III will get fourth stagnation increments at the end of 11 years after reaching maximum of scale of MMGS III, whereas an officer in substantive MMGS III will get fourth stagnation increment at the end of 12 years after reaching maximum scale of MMGS III. Thus an officer who continues in MMGS II and moves to the scale of MMGS III is in an advantageous position compared to an officer who is promoted to MMGS III and takes higher responsibility.

Considering the above, we request amendment of Para 2 (C) of Annexure 1 of the Joint Note by providing to the officers in substantive MMGS III, the fourth and fifth stagnation increment of Rs.1460/- each for every two completed years of service after receipt of third stagnation increment and rectify the anomaly.

B. FURTHER DISCUSSIONS ON DISCIPLINARY MATTERS DELIBERATED IN THE SUB-COMMITTEES WHICH REMAIN INCONCLUSIVE

In the current scenario, the Banks - a highly sensitive sector - are essential for economic progress and sustenance but carrying out the business has become highly risky and there would be a reflection of serious ramifications in case of little deviation/ failure.

Nevertheless, it is the basic duty of the officers in the banking sector to carry on with the business continuously despite the presence of so many demotivating factors encountered in making credit decisions in order to keep the Industry vibrating.

Among various risks involved in carrying out the day to day functions of the Bank, the credit risk is considered the major risk which impacts the performance of the Bank in a big way.

As we all are aware that, though the Credit dispensation function is inherently risky, we, the bank officers are expected to effectively discharge our responsibilities without having any insulation or protective gear.

In this regard, the M.S.Verma committee, during 1999, has given a call for reintroduction of credit culture as the fear of staff accountability has "killed" initiative for fresh business. In the same tone the Kapoor committee on assessing credit, observed as follows-

"While fixing accountability, a line should be drawn to separate malafide decisions from normal bonafide credit decisions in order to keep the morale of the employees high". It further says "to instill confidence in the staff and encourage them to make decisions including some bonafide mistakes there is a need to evolve a system in Public Sector Banks in assessing the performance of each Officer in taking credit decisions."

Even Khandelwal committee also advises the Public Sector Banks to put in a place a staff accountability policy.

Everybody will accept that while mistakes may happen, an atmosphere of fear of being subjected to investigation at some later date and the associated stigma is not conducive for efficient and informed decision making.

Under today's dynamic situation that drives every nerve in expanding banking business, with the young and comparatively lesser experienced supervisory workforce in the operations side, it is very much required to devise a comprehensive policy with an objective to erase the fear of accountability from the minds of Officers.

Such policies must have the following few ingredients –

1. The essence of the policy should be able to motivate the credit decision making capability of the Officers.
2. The tools of the policy should be able to differentiate the malafide intentions from the bonafide decisions.
3. It should be able to differentiate the various roles in credit decision making process and accountability may be fixed accordingly.

4. The process of investigation should be handled by the persons from the operational area.
5. The job of fixing accountability should not be vested with one individual but it may be handled by a committee consisting of experienced persons involved in such decision making process.
6. There should be a specific time frame within which the accountability, if at all, should be fixed on any individual.
7. The punishments should be proportionate and should be codified.
8. There should be specific guidelines in deciding the vigilance angle.
9. There cannot be multiple punishments and the punishments should not deter anybody in pursuing career elevations.
10. Disciplinary issues if any should be concluded well before the retirement date and there should not be any post retirement harassment for the officers.
11. There should be a specific time frame for disposing the appeal and review petitions.

Many operation level issues were brought for discussion and there was a mutual understanding to pursue the issue further keeping the essence of above calendared items as a guideline.

No further discussions as agreed after the initial discussions and the issue remain inconclusive.

C. SETTLEMENT OF POINTS COVERED IN THE RECORD NOTE ON THE ISSUES OF BANK RETIREES SIGNED ON THE DAY OF SIGNING OF JOINT NOTE DATED 25.05.2015

It was consistently being demanded by the confederation from the beginning that,

1. LFC and Hospitalization reimbursement should be extended to retired bank employees / officers
2. Revision in the rates of Family pension on the same lines of the Central Government Scheme and RBI Scheme
3. Extending Dearness Relief at 100% compensation to all pre-November, 2002 pensioners as in the case of post November 2002 retirees.
4. Upgrading the basic pension of all the pensioners at the common and uniform index of 4440 points
5. Updation of pension for all existing pensioners and family pensioners
6. Periodical updation / improvement in pension along with occasions of wage revision of in-service employees on the lines of the Central Government
7. Uniform percentage of allocation from Welfare Fund towards schemes pertaining to retirees

With reference to demands referred in the Record Note, issues of Bank retirees are as under:

a. Hon. Supreme Court of India in Civil Appeal No. 1123 of 2017 arising out of SLP (c) No. 321 of 2015 has in no uncertain words held that revision in Pension and revision of pay scales are inseparable. When Pension is upheld to be a right and not a bounty, upgradation/revision of pension is equally a right and not a bounty. The Hon. Supreme Court has gone further so as to aver that a plea of financial burden to deny legitimate demand cannot be taken as justification and that unwarranted litigation should not be encouraged to deny legitimate rights of the pensioners.
b. While on several aspects of pension improvement, IBA has been repeatedly forwarding the plea of cost burden but at no point of time during negotiations, authentic data has been presented in support of its contention. On the contrary, authentic pension fund data categorically reveals that as on 31.03.2014, the corpus of Pension Fund stood at about Rs. 1,14,000/- crores. More importantly Pension Funds of Banks are in surplus consecutively

over the years and such surplus is growing year by year despite the fact that Banks have failed to provide for the required sum in pension funds as agreed in Bipartite Settlements. Under these circumstances, demands of retirees for improvement in Family Pension in line with RBI, 100% DA neutralization to pre Nov 2002 retirees as also updation of Pension, cannot be delayed/ denied.

c. Bank Employees Pension Regulations specifically provide for updation of Pension. This is in reference to Regulation 35 (1) thereof which reads as under;
"Basic Pension and additional pension wherever applicable shall be updated as per formula given in Appendix I" As a matter of fact, such updation has already been given effect earlier for the pensioners retired prior to 01.11.1987, who were positioned on par with retirees under 01.11.1987 Wage Settlement. Hence, updation of Pension has a statutory basis and it becomes a statutory obligation.

d. In the matter of 100% DA neutralization for retirees prior to 01.11.2002, there have been several speaking judgments and favourable court orders. Though the matter is still sub-judice, IBA should settle the matter positively so that the expensive litigation can be put to rest once and for all. Waiting for conclusion of court proceedings will only add to the delay denying justice to pensioners who are above the age of 72-75 years and are anxiously waiting for the justice.

e. The issue of Pension to left overs also a vital one. The category of those retired compulsorily and the resignees have been denied benefits due to strict interpretation of instructions from the Government in June, 2012. Existing Pension Regulations categorically provide for pension to those compulsorily retired from service. Denial of pension option to them is violative of the very existing Pension Regulations itself. Denial of Pension option to Resignees has also been tested through litigation and several judgments including the one in Vijaya Bank Case, is a clear pointer that they cannot be denied pension after the stipulated period. In fact consequent upon such court verdict, several resignees have already been conceded the benefit of pension option. It is pertinent to note that the number of those retired compulsorily as also those resigned from Banks (after putting in requisite pensionable service) is very small and the cost factor cannot and should not stand in the way of extending benefits to them.

f. Besides, there are still several issues of pension, which need to be discussed and sorted out.

2. TO SEND AN ADVISORY TO ALL BANKS THAT OFFICERS SHOULD NOT BE CALLED ON SUNDAYS AND HOLIDAYS.

IBA had assured during the subcommittee meeting held on 16th March 2015, that a communication to the member banks will be sent advising them not to call officers on Sundays and holidays unless there is any specific emergency. It was also assured that the matter will be taken up in the HR Committee of the IBA on the issue of compensatory off or monetary compensation for the days on which officers will be called to work on holidays in emergent circumstances.

Communication on the above lines is yet to be sent to the member banks as the issue of calling officers on Sundays and holidays still continues.

3. PROPER IMPLEMENTATION OF NEW MEDICAL INSURANCE SCHEME AS PER ESSENCE AND SPIRIT OF THE JOINT NOTE AND RESTORATION OF DOMICILIARY TREATMENT TO RETIREES OPTED FOR MEDICAL INSURANCE SCHEME.

As per the Joint Note signed on 25.5.2015 between IBA and Officers' Association, a new scheme for reimbursement of medical expenses has been formulated.

Accordingly, IBA has issued a letter to the Chief Executives of member Banks which are parties to the Bipartite discussions vide their letter dated 29.6.2015 regarding the implementation of Medical Insurance scheme for the officers in lieu of the existing Hospitalisation Scheme.

Again, IBA has addressed one more letter dated 1.10.2015 regarding implementation of Medical Insurance scheme to Retirees as agreed vide Joint Note dated 25.5.2015.

Basing on the above guidelines by IBA, member Banks have come out with the scheme details and terms of the scheme called for applications/option letter/ authorization letter from all the eligible retired officers / employees who are drawing pension with instruction to submit the same on or before 30.9.2015 which was further extended till 20.10.2015.

In terms of the IBA guidelines and guidelines issued by the Banks, following are the some of the important scheme details, inter alia.

The scheme shall cover expenses of the officers / employees and dependent family members in cases he/she shall contract any disease or suffer from any illness (hereinafter called DISEASE) or sustain any bodily injury through accident (hereinafter called INJURY) and if such disease or injury shall require any employee/ dependent family member, upon the advice of a duly qualified Physician/Medical Specialist/Medical practitioner (hereinafter called MEDICAL PRACTITIONER) or of a duly qualified Surgeon (hereinafter called SURGEON) to incur hospitalization/ domiciliary hospitalization and domiciliary treatment expenses as defined in the Scheme, for medical/surgical treatment at any Nursing Home/ Hospital / Clinic (for domiciliary treatment)/ Day care Centre which are registered with the local bodies in India as herein defined (hereinafter called HOSPITAL) as an inpatient or otherwise as specified as per the scheme.

The new Scheme as applicable to the officers/ employees in service would be continued beyond their retirement/superannuation/resignation, etc. subject to payment of stipulated premium by them.

While reimbursement to the officers / employees shall be made by the Banks as hitherto, the Scheme shall be administered by the Banks through a scheme worked out between IBA/Banks and Insurance companies and officers / employees would in no way be directly bound by the terms and conditions of such scheme or arrangements.

The above stated scheme would not supersede the continuation of any bank-level arrangement or scheme providing for reimbursement of medical expenses, which is not covered herein, that may be in operation in any Bank.

The new Scheme would also cover the existing retired officers/ employees of the Banks and dependent spouse subject to payment of stipulated premium by them.

Continuity benefits coverage to officers / employees on retirement and also to the Retired Officers / employees, who may be inducted in the Scheme.

DOMICILIARY HOSPITALIZATION: Domiciliary Hospitalization shall be covered under this scheme and would mean medical treatment for an illness/disease/injury which in the normal course would require care and treatment at a hospital but is actually taken while confined at home under any of the following circumstances: (clause 2.11)

a. The condition of the patient is such that he/she is not in a condition to be removed to a hospital or
b. The patient takes treatment at home on account of non-availability of room in a hospital.

DOMICILIARY TREATMENT: Treatment taken for specified diseases which may or may not require hospitalization as mentioned in the Scheme under clause Number 3.1 (clause 2.12)

In terms of the above, it is obvious that the retirees are also covered under all the benefits of the scheme enumerated in the annexure to Joint Note, including domiciliary hospitalization.

Accordingly, retired officers from all our member banks have enrolled to the scheme with the absolute understanding that domiciliary treatment expenses are also covered and many have submitted their claims.

However, it is now informed by certain insurance companies that retired officers are not eligible to claim under domiciliary hospitalization which is not fair and contrary to the understanding reached by UFBU with the IBA.

The Bank retirees were induced and encouraged to opt for the group mediclaim policy based on the attractive features. Now when large number of retired officers have exercised their option to buy the policy, their accounts have already been debited for payment of premiums and policy has come into force with effect from 1.11.2015, to **advise them at this stage by TPA / Bank Management / IBA that domiciliary treatment expenses coverage will not be available to retirees is nothing but gross violation of the guidelines enumerated in the scheme, suppression of the vital clause of the policy and non-disclosure of vital information from the policy holders.**

4. STOP ATTEMPTING THE INTRODUCTION OF VARIABLE PAY IN THE NAME OF " PERFORMANCE BASED INCENTIVES" AND ESOP FOR THE SENIOR EXECUTIVES.

There have been proposals from IBA in past more particularly at the time of wage negotiations for introduction of variable pay to the officers in Public Sector Banks. Such proposals were not found acceptable and hence were dropped. Similar proposals were deliberated upon in the Gyan Sangam at Pune where there was no representation from the officers' community.

Hence the decisions of Gyan Sangam on the issues relating to bilateralism are bad ab-initio.

Under these circumstances, the public utterances by some functionaries in the industry finding place in National print media about introduction of variable pay in the form of sharing certain percentage of the net profit with the officers / employees based on their performance are uncalled for

The performance in Public Sector Banks is a team effort and cannot be attributed to individuals who are sought to be rewarded by way of profit sharing in whatever form including variable pay, employee stock option plan, cash incentive etc.

It is to be appreciated that the sterling performance of an individual would depend on the supportive role played by peers and sub-ordinates apart from the encouragement from superiors at corporate level who play a vital role in performance of field level functionaries.

If the decisions at corporate level do not support the proposals received from the field functionaries, such of those functionaries will be constrained to show performance below their potential. It is thus clear that performance in the business of banking is an outcome of collective efforts.

IBA and Government have invariably been using the constraint of affordability and paying capacity for rewarding the officers of Public Sector Banks at the time of salary revision, improvement in family pension, pension updation, pension up gradation etc.

The approach of IBA and the Government has been largely responsible for relatively higher rate of attrition in Public Sector Banks in recent years. The discriminatory attempt to selectively reward a chosen few will accelerate the process of demoralisation and demotivation leading to lower levels of job satisfaction and career orientation amongst the officers.

IBA or government would not like to drive the morale of officers of the Public Sector Banks southward. Introduction of the discriminatory benefits in any form would be the natural acceleration to deteriorating quality of the human resources in Public Sector Banks.

The banks like State Bank of India, Corporation Bank etc., who are mulling to introduce such discriminatory incentives shall be bad trend setters in the Industry. The considered view is that any incentive in the guise of performance based incentive and ESOP would amount to robbing Peter to pay Paul.

As mentioned earlier the performances in banking industry are inter-dependent and any allurement would lead to undue pressures from superiors, dilution and violation of lending norms etc., which are perfect recipe for slippages of loan accounts to non-performing assets apart from causing a sense of frustration and deprivation amongst the officers at lower rung of hierarchy.

The strain and stress caused by growing non banking activities like PMJDY, life and non-life insurance, Mudra loan etc. being thrust on Public Sector Banks will get further aggravated.

Considering the serious implications of introduction of variable pay, performance based incentive, ESOP etc., which have not yielded desired result elsewhere in the sectors domestically and globally, it is suggested that the bank officers should be paid 5% of the profit in the form of ex-gratia in a non-discriminatory manner as that will go a long way in enhancing the level of motivation among the officers of Public Sector Banks.

It will also lead to better performance and healthier Balance Sheets in the years to come, which otherwise seems a Herculean task in absence of willingness to reform the banking sector in India by introducing stringent loan recovery mechanism.

5. RESTORING THE BILATERALISM AND IMPLEMENT THE BILATERAL UNDERSTANDINGS IN DHANALAKSHMI BANK.

Sri P V Mohanan, General Secretary of Dhanalakshmi Bank Officers Organisation and President of All India Bank Officers Confederation, Kerala State was terminated from the services of Dhanlaxmi Bank on June 11th 2015 invoking clause 14(1) of the Service regulations without quoting any reason. In a conciliation meeting held in the presence of Home Minister Kerala on July 14th 2015, Management of Dhanlaxmi Bank had agreed to freeze the termination and maintain status quo before the June 11, 2015. Mohanan is continuing on leave as per the understanding arrived on July 14th.But Management of Dhanlaxmi Bank is yet to implement the understanding. We demand to cancel the termination order issued to P V Mohanan and allow him to continue in the service.

We also demand to scrap the clause 14(1) of Service Regulations.

6. SCRAPPING OF NPS AND REINTRODUCTION OF THE BANK LEVEL PENSION SCHEME FOR THE RECRUITS ON OR AFTER 1ST APRIL 2009.

We had been demanding scrapping of the new pension scheme for long. The new employees who are joining the Banking system are not happy with the new pension scheme which is not appreciating in value as we would wish and there is no assured pension. Pension is a deferred wage which should be provided to the employees when they are in their old age. So we demand scrapping of the new pension scheme and adopt bank level pension scheme for all which will ensure a minimum assured pension.

7. IMMEDIATE APPOINTMENT OF OFFICER/WORKMEN DIRECTORS IN PUBLIC SECTOR BANKS WHICH IS UNDULY KEPT PENDING.

Appointment of Officer Directors and Workmen Directors in Public Sector Banks has been pending for long in many banks. The recommendations sent by the Banks are pending with Department of Financial Services for months together though submitted much before the expiry of the term of the existing directors. This has led to a vacuum in the boards and the interest of the workers and officers which are also the interest of the banks have been neglected. We demand an immediate resolution to this issue.

8. IMPLEMENTATION OF PENSION IN RRBS.

The Officers of RRBs are covered by EPF & Misc. Provisions Act 1952. NIT &Hon'ble Supreme Court had pronounced in their award & Judgement to grant parity in respect of P.F. & Pension also. Rajasthan High Court in a judgement directed Govt. of India to extend the P.F. & Pension parity in RRBs.

Instead of straight away implementing the judgement of Rajasthan High Court Govt. of India came up with a proposal to grant P.F. & Pension at par in RRBs depending upon the health of RRBs.

The same cannot be acceptable as certain RRBs located in eastern & north eastern states do not have required infrastructure to have the required level of profitability.

Govt. also challenged the judgement of Rajasthan High Court before Supreme Court.

The apex court directed GOI to come up with an acceptable proposal to officers & employees by consensus. Still then Govt. of India is adamant & not agreeing to extend P.F. & Pension in all RRBs as per scheme in PSBs.

9. WITHDRAWAL OF PROPOSALS TO AMEND TRADE UNION LAWS.

The Government of India has proposed to bring amendments to different legislations that are providing security to the labour. One of the proposed amendments makes it almost impossible for any Trade Union to go on a strike when issues are not sorted out. The proposed amendments will affect the large section of working class in the unorganized sector leading to exploitation of labour and also removal of social securities guaranteed by the present labour laws.

10. TO PAY UNIFORM PAY AND ALLOWANCES IN THE BANKING SECTOR.

It is observed that though the pay is settled at the Industry level some banks are offering more basic pay for the same level of appointment which is against the principle of "EQUAL PAY FOR EQUAL WORK". Similarly, various allowances are also not paid uniformly and thus we demand the pay and allowances for the work force must be the same in tune with the agreed principle.

11. PENSION FOR SBI OFFICERS TO BE IMPROVED TO 50% OF THE LAST DRAWN PAY WITHOUT ANY CEILING.

State Bank of India Officers have been demanding 50% of the last drawn pay as pension without any ceiling at par with the Industry. However they continue to get only 50% of the last drawn pay up to Rs.31500/- and there after it is 40% of the last drawn pay with a maximum of Rs.15750. We demand an immediate settlement on the issue.

PRESS CORNER:

RBI UPS RRBS' PRIORITY SECTOR LENDING TARGET

Come January 1, 2016, Regional Rural Banks will be up against a higher priority sector lending (PSL) target.

However, the Reserve Bank of India has liberalised the amount they can lend to segments such as agriculture and also included medium enterprises, social infrastructure and renewable energy under PSL category.

The RBI said 75 per cent of RRBs' outstanding advances should be for PSL, which also include loans to micro and small enterprises, weaker sections, housing and education, against 60 per cent now. The PSL norms have been revised considering the growing significance of RRBs in pursuit of financial inclusion agenda, it added.

Among the significant revisions in the PSL norms are upping of the limit on loans to individual farmers from Rs. 10 lakh to Rs. 50 lakh against pledge/ hypothecation of agricultural produce (including warehouse receipts) for a period not exceeding 12 months and doubling the aggregate limit to Rs. 2 crore per borrower in the case of loans, among others, to corporate farmers, farmers' producers organisations/ companies of individual farmers, farmers partnership firms/ co-operatives engaged in agriculture and allied activities.

Shyamal Bhattacharjee, General Secretary, All India Regional Rural Bank Officers' Federation, said RRBs are well placed to achieve the revised PSL targets. Most of the banks are already meeting the extant targets.

In the case of housing loans, the RBI has lowered the quantum of loans that will qualify as PSL. Loans to individuals up to Rs. 20 lakh (Rs 25 lakh now) for purchase/construction of a dwelling unit per family provided the overall cost of the dwelling unit should not exceed Rs. 25 lakh will be reckoned as PSL. Housing loans to banks' own employees will be excluded.

As on March-end 2015, there were 56 RRBs operating in the country, with a network of 20,059 branches covering 644 notified districts in 26 states and the Union Territory of Puducherry.

Source – The Hindu Business Line, 4th December, 2015.

17,000 RBI STAFF TO GO ON MASS LEAVE TODAY

Around 17,000 employees of the Reserve Bank of India (RBI) will be on "mass casual leave" on November 19 to demand improvement in pensions and to protest against the Union Government's move to dilute the central bank's autonomy.

The strike in the form of mass leave is the first in over six years and threatens to disrupt settlement activities and the bond and foreign-exchange markets.

A walkout staged by RBI employees in 2009 hampered bond trading and agency reports suggest that investors have been informed to be prepared about a similar possible disruption.

However, according to a source, the RBI is trying to ensure that the public is not inconvenienced and will try to run the RTGS facility.

The United Forum of Reserve Bank Officers and Employees, an umbrella organisation of four recognised unions of officers and workmen in the RBI, proposed to go on a day's mass leave to protest against the Union government's alleged moves to take away power from the RBI in the name of the draft financial code and legislative reforms and press for a hike in pension to keep up with rising living costs and wage increases.

RBI staff have been seeking a hike in pension as their basic pension once fixed does not increase. Pending for nearly eight years now, the updation of pension was granted to pre-2002 retirees by the RBI central board and was withdrawn by the Government.

In August, the RBI had said it is reviewing compensation and pensions, as it is losing more junior officers than it "should be comfortable with".

In its annual report, the banking regulator said: "This is why a revamp of the professional challenges we offer our staff is very much needed…A key factor in RBI's success has been a satisfied staff."

Samir Ghosh, General Secretary of the All India Reserve Bank Employees' Association told PTI: "With the proposed mechanism of Monetary Policy Committee (MPC), the government plans to intervene and themselves decide the monetary policy, which has been the exclusive jurisdiction of RBI so far," he said.

Further, the Forum termed the government's intention as curbing the central bank's activity and intervening into monetary policies.

"The cease-work programme is intended, inter alia, to strongly oppose Government of India's current moves to cripple RBI in the name of the draft financial code and legislative reforms," the Forum said in a statement recently.

"The Finance Ministry is reportedly giving final shape to shift Government's debt management functions from RBI to the proposed Public Debt Management Agency (PDMA), which will also henceforth function as a depository of government securities (G-Secs), thus taking away from the RBI some vital operations having relevance to the money market as well," it added.

Source – The Hindu Business Line, 19th November, 2015.

23.55% BONANZA FOR CENTRAL STAFF

As many as 47 lakh Central government employees appear set for healthier pay packets if the Centre accepts the Seventh Pay Commission's recommendation of a 23.55 per cent hike in pay and allowances. The report, submitted to Finance Minister Arun Jaitley today by panel head Justice, AK Mathur, will benefit 52 lakh pensioners. It will cost the exchequer Rs. 1,02,000 crore, or 0.65 per cent of GDP.

Jaitley told newspersons that an implementation secretariat, headed by the Expenditure Secretary has been set up. The government, he said, took five-and-a-half months to announce the implementation of the Sixth Pay Commission report, but will take a decision on the latest recommendations without any delay. The recommended date of implementation is January 1, 2016.

The minimum recommended pay is Rs. 18,000 a month. Justice Mathur said the maximum pay will be Rs. 2,25,000/month at the apex scale and Rs. 2,50,000/month for Cabinet Secretary-level posts. "Out of the total financial impact, the increase in pay would be Rs. 39,100 crore, that in allowances would be Rs. 29,300 crore and the increase in pension would be Rs. 33,700 crore. While Rs. 73,650 crore … will be borne by the General Budget, Rs. 28,450 crore will be accounted in the Railway Budget.

"In percentage terms, the overall increase in pay and allowances and pensions over the 'Business As Usual' scenario will be 23.55 per cent. Within this, the increase in pay will be 16 per cent, increase in allowances will be 63 per cent, and increase in pension would be 24 per cent," a release from the Pay Commission said.

The rate of annual increment is being retained at 3 per cent. The Commission has recommended abolishing 52 allowances. "Another 36 allowances have been abolished as separate identities, but subsumed either in an existing allowance or in newly proposed allowances. Allowances relating to Risk and Hardship will be governed by the proposed Risk and Hardship Matrix," Mathur said. House rent allowance will be paid at the rate of 24 per cent, 16 per cent and 8 per cent of the new Basic Pay for Class X, Y and Z cities respectively.

The panel also favoured introduction of a Health Insurance Scheme for serving staff and pensioners. It also recommended a One Rank, One Pension formulation for civilian employees, including paramilitary personnel, as for Defence personnel.

The gratuity ceiling has been enhanced from Rs. 10 lakh to Rs. 20 lakh. The Commission said it had received many grievances relating to the New Pension Scheme.

Employees' unions, however, were not satisfied. "This report is disappointing. The fitment benefit is very less. There is a huge gap between minimum and maximum wages. Anomalies were not addressed," said Virjesh Upadhyay, general secretary of Bharatiya Mazdoor Sangh, affiliated to the BJP.

Source – The Hindu Business Line, 20th November, 2015.

BANKING SERVICES PARTIALLY HIT AS RBI STAFF GO ON PROTEST LEAVE

Banking services, including the clearing and payment system of the central bank, were hit for about five hours on Wednesday after employees of the RBI went on mass leave seeking wage increase and updation in pension to keep up with rising living costs. The labour union leaders said the stir was also to protest against the government's move to take away the central bank's role in public debt management, besides seeking a strong role in the proposed monetary policy committee.

The clearing and payment system of the central bank resumed at 11 am with no impact on banking operations for the rest of the day.

Among the services that were affected in the earlier part of the day were cheque clearances, payments & settlements and forex transactions. Real Time Gross Settlement or RTGS, a central payment mechanism for transactions, was also not working when the markets opened for trading.

This led to a spike in the overnight call money market (market where banks borrow from each other to meet liquidity mismatches) trades with short-term rates gyrating from 7.40 to 5.77 per cent during the day before closing at 5.77 per cent. The benchmark rate at which banks borrow short-term funds from the RBI is 6.75 per cent.

Sources confirmed that about Rs. 20,000 crore worth liquidity was infused into the banking system as operations normalised.

Government bond trade volumes had dipped on Wednesday in anticipation of disruptions in settlement of trades the next day. "The volumes declined a tad but the impact of the strike wasn't much as operations normalised in the morning itself. Rupee and dollar trade volumes were also less than normal (normal trade average at $10 billion)," said a dealer with a public sector bank.

Some bank officials had to personally visit the RBI headquarters to get certain work done but failed to do so. Except RBI Governor Raghuram Rajan, the entire workforce of the apex bank across its 20 offices were said to be protesting against the Central Government.

"Majority of the employees of the Reserve Bank of India were on mass casual leave today responding to a call given by the United Forum of Reserve Bank Officers and Employees. This led to thin attendance across various offices of the Reserve Bank. Resultantly, there were some interruptions to clearing and settlement operations of the Reserve Bank during opening hours of the day," RBI said in a statement.

Services, however, resumed after the workers' representatives were assured of action on their demands. "The management engaged with representatives of the United Forum and persuaded them in largely restoring normalcy, including in the operations relating to Real Time Gross Settlement (RTGS) and National Electronic Funds Transfer (NEFT) systems," the RBI said.

Explaining the reason for the mass leave by employees, Suryakant Mahadik, General Secretary of the All India Reserve Bank Workers' Federation, said, "About Rs. 14,000 crore worth pension has been cut from our employees' salaries since 1992. We have the right over those funds. The RBI Governor and the Board are convinced about our demands and we have been assured (by the management) that it would be taken up with the government."

He added that the protest will get more aggressive if their demands are not met.

Mahadik said that the number of employees at the RBI has declined from 40,000 in 1980s to 20,000 now amid retirements and no new recruitments with the increase of technology and outsourcing of forex and cash department operations.

Source – The Hindu Business Line, 20th November, 2015.

JAITLEY HINTS AT SECTORAL INTERVENTION TO TACKLE BANKS' BAD LOAN ISSUES

At the second-quarter performance review meeting of public sector banks (PSBs), Finance Minister Arun Jaitley is understood to told bankers that the government was willing to consider sectoral interventions to stressed sectors such as steel and aluminium.

Monday's meeting also saw discussions around "specific banks" (about five) that are facing difficulties on the asset (loan) quality front. "Results will not come overnight. The problems of each sector have to be addressed separately. The series of steps announced by the RBI will help improve the asset quality situation. The government on its part has also been taking proactive steps in certain sectors," Jaitley told reporters after a nearly three-hour-long meeting with chief executives of PSBs here on Monday.

Asked about "wilful defaulters" and banks' willingness to take action, Jaitley asserted that PSBs already had the required "authority" and "autonomy" to effectively deal with each of their debtors. He also said the ability of banks to get failed borrowers to exit will increase if the bankruptcy law gets enacted in Parliament soon.

The Finance Minister expressed confidence that the asset quality of the PSBs would "improve significantly" in a "reasonable time" on the back of a series of steps announced by the RBI and being implemented by several banks.

Jaitley said part of the problem of the "unacceptable level of NPAs" could be attributed to the "pressures of the past", which need to be removed.

The meeting also saw Secretary-level representation from several ministries and government departments, including MSME, Agriculture, Housing and Urban Poverty Alleviation, Food Processing, Rural Development, Textiles and Solar Energy. "The Secretaries made presentations on the requirements of their sectors as far as PSBs were concerned and the type of synergies between banks and the departmental needs", Jaitley said.

Source – The Hindu Business Line, 24th November, 2015.

STAFF STIR AT KERALA GRAMIN BANK ENDS

The two-month-long staff agitation at the Malappuram-headquartered Kerala Gramin Bank, one of the premier regional rural banks in the country, has ended.

The agitation was called off following negotiations held by Malappuram Collector T Bhaskaran with the representatives of the bank management and the employees' and officers' unions, which are affiliated to the Bank Employees' Federation of India.

The agitation had begun following the management's decision to hold the annual joint conference separately with the officers' union and workmen's union. The unions had wanted the earlier practice of holding a common conference — which prevailed at the South Malabar Gramin Bank, before its merger with the North Malabar Gramin Bank to become the present Kerala Gramin Bank — to continue. However, the management, citing current norms, stuck to the official stand.

The majority unions had resorted to work-to-rule, which later became round-the-clock sit-in and fast in front of the bank headquarters.

On Wednesday, the unions and the management agreed to a suggestion made by the District Collector that there could be a common conference where the officers' and employees' unions could discuss common issues, while the management could also call separate conferences with both the unions. A management source claimed that the agitation had caused huge business and revenue losses to the bank, which had become a single entity last year.

A leader of one of the unions, which had not gone on agitation, told *BusinessLine* that it was the ego clash between the leaders of the majority unions and the management that had kept the agitation brewing. He also alleged that the issue of contention was 'petty' which had not warranted such a long agitation.

Source – The Hindu Business Line, 27th November, 2015.

BANK RETIREES, INSURANCE COMPANY SPAR OVER MEDICLAIM POLICY

Bank pensioners and retirees have expressed fears over the fate of a medical insurance scheme introduced as part of the 10th bipartite settlement.

The stance of United India Insurance, which is implementing the scheme, has caused a lot of anguish, says the All-India Bank Pensioners' and Retirees' Confederation.

SR Sengupta, General Secretary of the Confederation, has written to the Chairman of Indian Banks' Association (IBA) demanding that retirees be granted identical insurance benefits as regular employees "as agreed by the bipartite settlement".

The insurance company has, in its advisory to banks on November 13, gone back on the terms of the policy already agreed upon and to which premium has already been paid by the respective banks, Sengupta said. But United India Insurance has vehemently contested this. It is not as if a cover already granted is being taken off, top sources in the company told *BusinessLine* .

The controversy is borne out of inadequate understanding of the policies that apply separately to employees and retired persons. These policies have been devised on a footing different from each other. For instance, employees join as a group and the banks pay the premium. In the case of retired persons, it is optional for banks to do this.

Some of them probably provide a subsidy to the insured but others don't. Mostly, the retirees are on their own, and are required to pay the premium individually. The two covers cannot be compared since they have been different from day one.

And this had been conveyed to the banks and the unions separately. The issue here is that the retirees want the same policy as the regular employees, sources said. Sengupta agreed saying banks could decide on sharing/bearing the premium payable for retirees.

But the Department of Financial Services wants banks to bear the entire premium for both serving and retired employees, he claimed. He also said that the company had in presentations made at different centres explained the highlights of the policy for retirees.

These included coverage of pre-existing diseases; no entry age bar; cover for critical illnesses; domiciliary treatment on submission of medical prescription every 90 days; coverage for treatment under all systems of medicines.

The IBA had separately entered into agreements with employees' unions and officers' organisations to the effect that an insurance cover similar to that of serving employees would be extended to the retirees as well, Sengupta said.

Source – The Hindu Business Line, 28th November, 2015.

GOVT EMPLOYEES MAKE BETTER RETURNS IN NATIONAL PENSION SYSTEM

The 43 lakh government employees contributing to the National Pension System (NPS) have a reason to smile. This is because the returns from their NPS plans have been superior to others.

How was this achieved? The government NPS plans need to invest at least 85 per cent of the corpus in gilts, corporate bonds and money market instruments. This higher exposure to debt has proved to be a blessing in the last one year. The Central/State government NPS plans have delivered 8.5-9.5 per cent return in the period. On the other hand, non-government employees who opted for the NPS under the all citizens plan may have made a lower return. This plan allows higher equity exposure — as much as 50 per cent. The pure equity plans have recorded a negative 5-8 per cent return over the past 12 months. Bond markets' gains have trumped those made by the equity market over the past 12 months.

From the beginning of 2015, as inflation came down on plummeting commodity prices, the Reserve Bank of India delivered the first rate cut by January 2015 and followed it up with two in quick succession. This made bond yields, whichhad been moving down since late 2013, fall further. The yield on 10-year government bonds fell from 8.7 per cent in September 2013 to 8 per cent in December 2014 and to 7.5 per cent by October this year.

The drop in yields and the rally in bond prices made debt funds' returns soar. The government bond funds under NPS have delivered a return of 10.3-10.9 per cent in the last one year. The corporate debt plans posted even higher 11-12 per cent returns.

All employees of the Central/State government contribute 10 per cent of their salary to NPS. Their funds are managed by LIC Pension Fund, SBI Pension Fund and UTI Retirement Solutions. The subscribers currently can't choose the fund managers or deploy in excess of 15 per cent in equities.

While the debt market has done well in 2014 and 2015, equities had a bad time. Slowing global and domestic demand, sluggish investment activity, falling profits and the slow-pace of reforms made stock prices lose the froth they acquired in 2014. Nifty — the benchmark stock index — is down 7 per cent in the last one year.

Equity plans under NPS, which are passively managed, have tracked the returns of the index. PFRDA is now planning to allow Central government employees to deploy up to 50 per cent of their investment in NPS into equities. Is that a good idea?

While pure equity funds have done badly over the past year, it is not the norm. A retirement portfolio should necessarily have a higher equity component as equities have demonstrated double-digit returns over the long term. The best performing equity diversified funds have generated an annualised return of 15-16 per cent in the last 10 years.

Source – The Hindu Business Line, 30th November, 2015.

BANK OFFICERS CALL FOR STRIKE ON DECEMBER 11

The All-India Bank Officers' Confederation (Aiboc) has given a call for a nationwide strike on December 11 in support of its various demands.

The notice of strike has been served by mail to all concerned, says Harvinder Singh, General Secretary, Aiboc.

The one-day strike will be preceded by other types of protests, including wearing of black badges while on duty on December 2, demonstrations at the headquarters of all banks on December 4 and mass demonstrations at major centres and state capitals on December 7.

Singh recalled that the Joint Note for the 10th bipartite settlement was signed on May 25, but many issues were left pending on the assurance of the Indian Banks' Association (IBA) that action would be taken without delay.

Among these are issues pertaining to retirees covered in the record note, disciplinary matters, calling officers for work on Sundays/holidays and anomaly in stagnation increments.

Singh said even settled issues of medical aid and reimbursement of medical expenses for retired employees through insurance, have not been implemented.

Despite the lapse of six months and our several reminders, no steps have been taken by the IBA to resolve them.

There is no move either to start negotiations or restart discussions, Singh said.

These apart, the Centre is announcing and implementing policies based on the recommendations of PJ Nayak Committee to dilute stake in public sector banks, privatise them through denial of capital, put up a Banking Bureau Board, delay appointment of officer-directors on boards, pick private entrepreneurs as MDs and chairmen in Banks, and permit FDI.

Source – The Hindu Business Line, 30th November, 2015.

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