



**STATE BANK OF INDIA OFFICERS' ASSOCIATION
CHANDIGARH CIRCLE**

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Circular No. 2018/134

Date: 30.12.2018

TO ALL OUR MEMBERS:

Letter to Shri Arun Jaitley, Hon'ble Finance Minister, Govt. of India Against the Statement regarding Bank Officers

We reproduce hereunder AIBOC letter no. AIBOC/2018/108 dated 30.12.2018 circulated vide AIBOC Circular No. 2018/97 dated 30.12.2018, sent to Shri Arun Jaitley, Hon'ble Finance Minister, Govt. of India in protest of his statement regarding action taken against bank officers in connection with NPAs, for your information.

(Deepak K Sharma)

General Secretary

Text of letter no. AIBOC/2018/108 dated 30.12.2018

Shri Arun Jaitleyji
Hon'ble Union Finance Minister
Government of India
New Delhi

Dear Sir,

YOUR STATEMENT REGARDING ACTION TAKEN AGAINST BANK OFFICERS IN CONNECTION WITH NPAS

This has reference to your recent statement on the action taken against bank officers being held responsible for staff delinquency in NPA accounts. You have been quoted in the media as stating:

As per the inputs received from nationalised banks, in FY 2017-18, 6,049 officers have been held responsible on account of staff delinquency in NPA accounts...minor penalty/major penalty have been imposed against erring officials and in all the cases, depending upon the amount involved, CBI and police complaints have been lodged.

(Source: http://www.ptinews.com/news/10273687_Over-6-000-officers-of-PSBs-held-responsible-for-bad-loans-in-FY18--Jaitley.html)

02. The All India Bank Officers' Confederation (AIBOC), the largest trade union of officers in the

banking sector commanding a membership of over 3.20 lakh officers is shocked and appalled by your biased and misleading statement, which tries to deliberately portray the bank officers as the main players responsible for the NPA mess. We want to convey the deeply resentful response to this statement expressed by our membership as well as vast sections of ordinary bank customers.

03. We would like to draw your attention to the fact that the total number of officers in PSBs stood at 405042 in March 2018. Hence, the number of delinquent officers, even as per the management's estimates, is less than 1.5% of the total number of bank officers. You could have simultaneously clarified while making your statement that the number of officers penalised were a minuscule minority of the total strength of officer cadre in the PSBs, and that the overwhelming majority of them are honest and hard working officers, who serve the bank customers diligently and provide banking services to the marginalised and weaker sections of society.

04. Your Ministry seems to have forgotten the services rendered by the bank officers in nation building, fulfilling the objectives enshrined in the Indian Constitution, achieving vital socio-economic goals including the green and white revolutions, achieving self-sufficiency in foodgrains production, liberating millions of small and marginal farmers from the clutches of money lenders and financing industrial and infrastructure projects, which have all contributed to economic development. During the global financial crisis of 2008-09, the PSBs in India stood like a rock and prevented the deposits of the Indian people from getting adversely affected. The schemes of your government like the Jan Dhan Yojana, Mudra Yojana etc. have all been implemented by the officers of the PSBs. During the harrowing period after the announcement of demonetisation, in November-December 2016, the bank officers worked day and night to deposit and exchange 86% of the economy's currency in circulation which were proscribed overnight by the Prime Minister. Eleven of our fellow officers died during that period, due to stress and overwork. Coming after all this, your statement has caused much hurt and anguish to the entire officer community.

05. It is also pertinent to note that "bank officer" cadre encompasses junior-most front desk officers to the chairpersons of the banks. Beyond Assistant General Managers, the cadre is called top executives. The usage of the term "bank officers", without any reference to the executives, creates the impression that lower rung bank officers are mainly responsible for the accumulation of NPAs. This is a totally misleading.

06. Over 75% of the total stock of NPAs is on account of large corporate entities. Such large corporate loans are sanctioned by the top management executives and not the lower rung officers. Big-ticket loans have been mostly sanctioned by the Bank Boards or Committees constituted by the Boards. How many instances are there where the Government has held the members of the Bank Boards and the top management executives responsible for the big ticket corporate loans becoming NPAs? When it is the top management executives who enjoy the lucrative incentives, unmatched perks, power and authority, should they not be held primarily responsible for the erroneous decisions made by the Bank Boards?

07. The Bank Boards also have representatives/nominees from RBI, Finance Ministry and others nominated by the Government. Your statement does not mention any action being taken against any such Director, holding them responsible for any of the NPAs. Are they not responsible? Is it also not a matter within the knowledge of the Government that RBI wants to withdraw their representatives from the Boards of the PSBs in order to insulate themselves from administrative and credit decisions of the Bank? Is this not another instance of shirking responsibility? Your Government has stopped nominating the workmen and non-workmen (officers) Directors on the Bank Boards, despite our persistent efforts. Even then, the officers are being given the blame while

not a word is spoken regarding the accountability of the Bank Boards.

08. The AIBOC has been consistently demanding the disclosure of the list of wilful corporate defaulters, in order to name and shame them and to prevent them from doing further damage to the banks. Despite our repeated requests and letters addressed to the Reserve Bank of India and to your Department, no action has been initiated so far. The decision makers of the Finance Ministry appear to be uninterested in divulging the details, despite being prodded by the Hon'ble Supreme Court and the CIC. We fail to understand the logic that revealing the names would shake the confidence of stakeholders in the banking system. No purpose is being served by this non-disclosure other than protecting the wilful corporate defaulters.

09. Corporate defaulters, economic offenders and fraudsters like Vijay Mallya, Nirav Modi, Mehul Choksey etc. have fled from the country after fleecing the PSBs of thousands of crore. They could run away because of the lapses on the part of the Government and investigating agencies. How many such individuals have been allowed to flee the country? Why are you silent on the lapses on your part?

10. From our own experience, we feel that the large-scale accumulation of NPAs in PSBs has occurred because of the following reasons:

a. Most of the defaults/delinquencies pertaining to large corporate houses are on account of evil design, misuse of trust and confidence reposed by the banks in their brand value and corporate stature.

b. Large advances are generally made under multiple banking/consortium arrangements, where the loan proposals travel through many pairs of eyes before it is sanctioned. These loans are sanctioned at the highest levels of the individual banks. The possibility of nexus between PSB managements and delinquent corporates need to be probed seriously.

c. As far as bank officers are concerned, they are faced with several handicaps: i) PSBs entered into an arena of Post closure of Infrastructure and Development Institutions viz. ICICI, IDBI etc. with inadequate expertise, exposure and experience in project financing; ii) Misplaced business priorities thrust by the managements; iii) Too much of multi-tasking; iv) Fear of being branded as non-performers; v) Directives of top management on credit decisions; vi) Priority to non-banking activities like cross-selling and vi) Inadequate staffing being the mother of all ills.

On behalf of AIBOC, we urge upon you to understand the NPA problem in its entirety and refrain from making prejudiced statements, which will only vitiate the environment within the banking sector. An early clarification on this matter from your side would be much appreciated.

Yours sincerely,

Sd/-
(Soumya Datta)
General Secretary