



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

C/O State Bank of India, Local Head Office, Sector 17, Chandigarh
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Circular No. 2018/28

Date: 09.03.2018

TO ALL OUR AFFILIATES/MEMBERS:

MEDIUM AND LARGE CORPORATE ADVANCES
RECENT HAPPENINGS AT THE INDUSTRY

We reproduce hereunder the Circular No. 20 dated 09.03.2018 issued by All India State Bank Officers' Federation on captioned subject, the contents of which are self-explicit.

Comradely yours,

(Deepak K Sharma)
General Secretary

QUOTE

We have today sent a communication to the Management on the above subject. A copy is enclosed. We note to keep our members advised of further developments in due course.

With greetings,

--sd--

(Y.SUDARSHAN)
GENERAL SECRETARY



ALL INDIA STATE BANK OFFICERS' FEDERATION
(Registered under the Trade Unions Act 1926, Registration No:
727/MDS)

State Bank Buildings, St. Mark's Road, Bangalore - 560 001



No. 6180/12/18

DATE: 09.03.2018

To,
The Deputy Managing Director & CDO,
State Bank of India,
Corporate Centre,
Madame Cama Road,
MUMBAI - 400 021.

Dear Sir,

MEDIUM AND LARGE CORPORATE ADVANCES
RECENT HAPPENINGS AT THE INDUSTRY
NEED TO BUILD CONFIDENCE OF OUR OFFICERS

We have all been a witness to the recent scams in the Industry concerning large corporate advances. Suddenly the CBI, the RBI, the CVC, the Government and the press wake up and create a ruckus, denting the image of Public Sector Banks and raising innumerable questions on their functioning, systems and procedures.

2. In State Bank of India, we have time tested systems and procedures which are amongst the best in the World. However, Banking theory and practice are slightly at variance from each other. In practice there is always an element of flexibility and in order to garner and retain business, our officer's take decisions which tantamount to small deviations. Many a times they receive oral instructions from Superiors. Due to sensitivity and with a fear of embarrassing their superiors, the junior officers/executives do not take written confirmation of the same.

3. There are innumerable occasions when they indulge in a 'fair Banking Risk' within reasonable limits, and in the best interests of the Bank and to ensure that the unit is running and healthy. But in the event of the account going bad, hundreds of questions are raised and the most legitimate and bonafide decisions fall into questionable areas.

4. We are happy that our Bank has always protected bonafide decisions and has caused no harm to an officer in terms of career or punishment. But the same cannot be said of outside agencies like the CVO, the CVC or the CBI or the Police.

5. Now in the light of the recent scams and fraud, the outside agencies will tighten their monitoring mechanism not just for future, but for back dated proposals as well, and put hapless officers under the lens of scrutiny, arrests and harassment etc.

6. The above measures will create fear amongst the officers as, even the slightest slip from instructions book or the SOP can land them into the police/CBI/CVC/CVO net.

7. But it is also an incredible fact that if the instructions book is followed verbatim the scope for advances get restricted, which will hit the banks business and growth. If the Bank has to grow we have to lend. At the same time the officers cannot afford to stick their necks out to the enforcement agencies. We are in a dicey situation and the need of the hour is to instill confidence in our officers.

8. Therefore in view of the above, we suggest that -

a. There is need to take up the issue at the highest level - with the Ministry of Finance, the CBI, the CVC and with enforcement agencies to ensure that bonafide actions are protected and does not lead to harassment.

b. There is a need to form a committee to study the rules which are out dated or which need to be modified in a manner that is implementable. There are many obsolete instructions and therefore in the changing environment, changing customer needs, there is a need to issue revised guidelines which are practicable and implementable.

c. There is a need to find out if an account has gone bad because of a 'policy'? Many a time the policy, the circumstances and the environment in the market/economy, like lack of demand, overall sluggishness etc., may lead to an account turning into a NPA. Therefore in our internal investigation also there is primary need to look into -

(i) What Went Wrong?

(ii) How it went Wrong?

(iii) Why it went Wrong?

and then decide on WHO is responsible? In practice all investigation officers pin down on who is responsible rather than finding out the loopholes in the systems, procedures, circumstances, and policy issues.

Therefore there is a need to have an honest relook into the 'Investigation Procedures' and the 'accountability policy' so that our officers can work in a free and fair atmosphere without fear.

d. There is a need to ensure that all instructions from superiors are in 'writing' and not 'oral'. It is also to be ensured that undue pressure to grant a particular loan is not exerted on officers down the line.

- e. Under a committee approach, the accountability aspect has to be shared and not just passed on to implementing officers down the line.
 - f. Under BPR, we find that there is no ownership. Accountability is scattered as there is a division of labour. Therefore the onus or ownership of an advance is not there. Also the outsourcing of KYC verification etc., has led to dilution and shifting of the responsibility.
 - g. There is again, a need to take out incentives from cross selling. Many advances are linked to insurance and other products leading to dilution in quality of the advance. Apart from the above, the focus of the controllers and officers gets shifted from monitoring the quality of advances and NPA follow-up to ensuring that cross selling targets are achieved.
 - h. Unnecessary filing of FIR for all cases and very small amounts as a matter of routine leads to arrests of all officers and undue harassment at the hands of police. Closing a case is not easy. Therefore there is need to review this policy if needed by taking up with RBI etc.
 - i. The system of fraud reporting, identifying etc., need to be reviewed.
 - j. There is a need to take up with the ministry and the CVC to simplify the Disciplinary procedure and to ensure that punishments are simple and not disproportionate. The system of sealed cover procedure needs to be reviewed as it is faulty in its present form. Many punishments have an implied multiple impact leading to a double punishment without the knowledge of the Disciplinary authority. Also at the implementation level lot of misinterpretations lead to wrong implementation and higher penalties.
9. Under circumstances we request that a detailed study of new situation prevailing in the Industry be made on a priority basis and the entire gamut of the obsolete rules, instructions and disciplinary area be revised. We shall be glad to lend a helping hand through progressive suggestions.

Thanking you,

Yours sincerely,



(Y.SUDARSHAN)
GENERAL SECRETARY

UNQUOTE