COMMON BOND

VOL. 29 NO. 7 BANGALORE OCTOBER - 2010

ECONOMIC SCENARIO

The inflation is being underplayed by the Regulator as well as the Government of India. The inflow of the Foreign Investment to take advantage of bull run in the Indian Stock Market is yet another headache for the current managers of the economic administration of the country. It is in this background, the interest rates on both the advances and the deposits are now being looked up on indicating yet another volatile situation in the money market.

The Banking Industry is performing remarkably well, despite these uncertainties and the recession in the US, threatening its impact on all the third world countries. The US political policies which are now being advocated by the President of US is an eye opener to all those who blindly followed the dictates of the world bank and other international institutions as regards the opening up of the economy in particular in the financial sector. The Indian economy is under pressure due to the vagaries of monsoon and the GDP is expected to be maintained around 8% to 8.5% to ensure the growth trend in the International Market.

The Banks are directed to keep in tune with the Basel Norms as far as the Balance Sheet is concerned. The RBI does not want any let up in the matter. The Government is expected to maintain its equity without any dilution in all the Public Sector Banks since the Banks have returned good dividends to the Government. The Government is going through the process of disinvestment in certain Public Sector Units as advocated earlier. The policy proposed by the Government was that the revenue received on account of dilution of the Public Equity in these units will be utilized for strengthening the Public Sector units in the country. We have not seen any visible action on the part of the Government. The Government should come out with the details of utilization of the funds received due to disinvestment. As far as the banking industry is concerned, the Trade Unions as well as the political parties should insist for plough back of the dividends received from the Public Sector Banks to be utilized either to take over some of the old generation private sector banks or increase the percentage of the equity held by the Government in the Public Sector Banks so that there is no threat to the existence of the Public Sector Banks.

This is a real consolidation if at all the Government is particular about its policy of consolidation of the banking industry. There is a need for a comprehensive debate on all these issues between all the stake holders. The employees and officers being part of the stake holders, it is high time that the Government should convene a Tripartite Meeting of the Unions, the Managements and the Government representatives to enable us to share our concern on all these issues concerning the future of the banking industry in our country.

JOINT NOTE WITH OFFICERS' ORGANISATIONS FOR EXTENDING ANOTHER OPTION TO JOIN THE PENSION SCHEME TO THOSE WHO DID NOT OPT FOR PENSION EARLIER

Text of the letter No./1452/302/10,Ded. 28.08.2010 Addressed to, The Chairman,The Indian Banks' Association, World Trade Centre Complex,Centre 1, 6th Floor, Cuffe Parade, MUMBAI – 400 005.

Dear Sir,

We draw your kind attention to the letter issued by IBA vide CIR/HR&IR/G-2/665/90/2010-11/999 dated 10.08.2010, Para 13, wherein, interalia, it is indicated that, "In terms of Memorandum of settlement dated 27th April, 2010, in the case of workmen employees and Joint Note dated 27th April, 2010, in case of officer employees, those who ceased to be service on account of retirement on superannuation, death or on account of VRS under special scheme prior to 27th April, 2010 but after 29th September, 1995 from Nationalised Banks and after 26th March, 1996 from Associated Banks of State Bank of India are eligible to opt for joining the Pension Scheme now as retired employees subject to terms and conditions stipulated. Those who were in the service of the Banks as on 27th April, 2010 will be eligible to join the Pension Scheme as serving employees subject to the terms and conditions".

2. We wish to inform you that the above statement totally negates the contents of the Joint Note on agreed conclusions reached on 27.04.2010 between Indian Banks' Association on behalf of the Managements of Banks and All India Bank Officers' Confederation (AIBOC). Nowhere in the original Joint Note dated 27.04.2010 it is mentioned that the Officers who ceased to be in service on account of retirement on superannuation, death or on account of VRS under special scheme; only are eligible to opt for joining the pension scheme now, as retired employees and the above position is in total contradiction of the agreed conclusions in the Joint Note dated 27.04.2010.

3. We draw your kind attention, to the Joint Note dated 27.04.2010, item No. 3(a), under the caption "The parties held various rounds of discussions in the matter and have now reached conclusions as set out hereunder: Another Option for joining the existing Pension Scheme shall be extended to those officers who "were in the service of the Bank prior to 29th September, 1995 in case nationalised Banks/26th March, 1996 in case of Associate Banks of State Bank of India and retired after that date and prior to the date of this Joint Note".

4. The Joint Note makes a mention about the officers, who retired under special Voluntary Retirement Scheme: 2000 mooted by the Govt. of India. Please refer clause No.8 of the Joint Note, which states that:

5. "Pension/Family Pension to those who opt to join the Pension Scheme complying with the terms of this Joint Note shall be payable with effect from 27th November, 2009, provided that Officers who "retired" after that date shall get pension from the respective dates of their retirement. All the Regulations of the Bank Employees' Pension Regulations 1995/1996 shall be applicable to those who opt for the Pension Scheme in terms of this Joint Note except to the extent mentioned in the foregoing clauses of this Joint Note".

6. As the Joint Note provisions are bound by the Bank Employees' Pension Regulations 1995/1996, all the "retirees" who retired from the service of the Banks during the period 29.09.1995 and 27.04.2010 are eligible to opt for the Pension Scheme introduced now. It is pertinent to note here the provisions of the Bank Employees' Pension Regulations 1995/1996, as to the definition of "Retirement", eligibility criteria for opting for Pension etc.

7. We invite your kind attention to the following:

CHAPTER: I:PRELIMINARY:

DEFINITIONS

(a) "DATE OF RETIREMENT" MEANS: "The last date of the month in which an employees attains the age of superannuation or the date on which he is retired by the Bank or the date

WORK IS WORSHIP, DO YOUR DUTY

on which the employee voluntarily retires or the date on which the officer is deemed to have retired".

(b) "RETIREMENT" means cessation from Bank's service:

(i) On attaining, the age of "Superannuation" specified in service Regulations or settlements.

(ii) On "Voluntary Retirement" in accordance with provisions contained in Regulation 29 of these Regulations.

(iii) On "Premature retirement" by the Bank before attaining the age of superannuation specified in Service Regulations or settlement.

CHAPTER V: Classes of Pension: Regulation 29: Pension on Voluntary Retirement:

(i) On or after the 1st day of November, 1993 at any time after an employee has completed twenty years of qualifying service he may, by giving notice of not less than three months notice in writing to the appointing authority, retired from service

Provided that this sub-regulation shall not apply to an employee who is on deputation or study leave abroad unless, after having been transferred or having returned to India he has resumed the charge of the post in India and has served for a period of not less than one year;

Provided further that this sub-regulation shall not apply to an employee who seeks retirement from service for being absorbed permanently in an autonomous body or a public sector undertaking or company or institution or body whether incorporated or not to which he is on deputation at the time of seeking voluntary retirement.

Provided that this sub-regulation shall not apply to an employee who is deemed to have retired in accordance with clause (I) of regulation 2.

(ii) The notice of voluntary retirement given under sub-regulation (1) shall require acceptance by the appointing authority.

Provided that where the appointing authority does not refuse to grant the permission for retirement before the expiry of the period specified in the said notice, the retirement shall become effective from the date of expiry of said period.

(iii)(a) An employee referred to in Sub-regulation may make a request in writing to the appointing authority to accept notice of voluntary retirement of less than three months giving reasons thereof (b) On receipt of a request under clause (a), the appointing authority may subject to the provisions of sub-regulation (2), consider such request for the curtailment of the period of notice of three months on merits – and if it is satisfied that the curtailment of the period of notice will not cause any administrative inconvenience, the appointing authority may relax the requirement of notice of three months on the condition that the employee shall not apply for commutation of a part of his pension before the expiry of the period of notice of three months.

(iv) An employees, who has elected to retire under this regulation and has given necessary notice to that effect to the appointing authority, shall be precluded from withdrawing his notice except with the specific approval of such authority; provided that the request for such withdrawal shall be made before the intended date of his retirement.

(v) The qualifying service of an employee retiring under this regulation shall be increased by a period not exceeding five years, subject to the condition that the total qualifying service rendered by such employee shall not in any case exceed thirty-three years and it does not take him beyond the date of superannuation.

(vi) Pension of an employee retiring under this regulation shall be based on the average

SELF HELP IS BEST HELP

emoluments as defined under clause (d) of regulation 2 of these regulations and the increase not exceeding five years in his qualifying service shall not entitle him to any notional fixation of pay for the purpose of calculating his pension.

8. You may be aware of the fact that there is a provision in the Bank Officers' Service Regulations 1976/1979 for taking "Voluntary Retirement" which was introduced in some Banks in the late 80's. Rules regarding Voluntary Retirement of Officers under proviso to Regulation (1) of Officers' service Regulations, make it abundantly clear that:

" a. An Officer employees retiring voluntarily shall be entitled to all benefits available under the normal retirement in accordance with the provisions of Officers' Service Regulations, including encashment of accumulated privilege leave as also all other terminal benefits".

9. Therefore, it is very clear that the Bank's Voluntary Retirement Scheme is as per the Officers' Service Regulations which are approved by the Central Government. Thus, it can be concluded that the VRS Scheme introduced by the Banks is the Government approved Scheme.

10. From the above it is crystal clear that an officer having completed 20 years of service and who gives 3 months notice to retire from service and is permitted to retire under VRS, is entitled for pension option now.

11. From the foregoing it is crystal clear that the "retirees" for the purpose of opting for Pension as per the Joint Note dated 27.04.2010 comprise:

(i) Officers who have retired from the service of the Bank on attaining superannuation i.e., after attaining 58/60 years of age as per Service Regulations.

(ii) Officers who have retired under the "Voluntary retirement Scheme" of the Bank after completing 20 years of service, in conformity with Officers' Service Regulations

(iii) Officers who retired voluntarily in conformity with the provisions of Regulation 29 of Bank Employees' Pension Regulations, 1995/1996 under the Voluntary Retirement Schemes of the Banks.

(iv) Officers who retired from the service of the Bank on account of voluntary Retirement under special scheme: 2000 after rendering a minimum service of 15 years.

(v) Officers who were retired by the Bank on account of orders of the Bank to retire prematurely including employees who are compulsorily retired from service as a penalty on or after 29.09.1995 but before 27.04.2010.

12. In this background your communication restricting the Pension Option only the Officers who:

- Retired on superannuation
- Death
- Retired on account of VRS under special scheme

and precluding the officers who voluntarily retired from the service of the Bank is a unilateral, arbitrary decision and therefore we request you to issue a corrigendum to your circular letter dated 10.08.2010 to the above effect immediately. We have been informed by some of our affiliates that you have offered clarification to the effect that the officers who have retired under normal Voluntary Retirement Scheme of the Bank are not eligible for pension, has come as a shocking surprise to us.

13. Moreover, the provisions of the Bipartite settlement dated 29.10.1993 have not been amended/modified or superseded by the Joint Note and therefore your communication dated 10.08.2010 is ultra-vires the Bank Employees' Pension Regulations 1995.

14. We wish to reiterate that your communication is totally misleading, in abject contradiction of what is stated in the Joint Note dated 27.04.2010 and in contravention of the Bank Employees' Pension Regulations 1995/1996. It is totally unjust and

BE TRUTHFUL, BE FEARLESS

discriminatory and we once again request you to correct the position and issue a communication stating that the officers who have retired under Voluntary Retirement Schemes of the individual Banks, the Officers who are prematurely retired on account of imposition of punishment such as Compulsory Retirement etc., are also eligible to opt for Pension in conformity with the Joint Note dated 27.04.2010.

15. We request you to arrange for a meeting with us to have a thorough discussion on this matter, which calls for your immediate attention.

16. An early action in this regard is highly appreciated.

Thanking you,

Yours faithfully,
SD/-
(G. D. NADAF)
GENERAL SECRETARY

MANPOWER PLANNING RAISING RETIREMENT AGE OF OFFICERS

Text of the letter No: 1452/ 320/10, Dated. 20th Sept. 2010, addressed to The Chairman ,Indian Bank's Association,Stadium House, 6th Floor, Block 3,Veer Nariman Road ,Mumbai- 400 020

Dear Sir,

Please refer to the common Charter of Demands submitted to the IBA on the 29th October 2007 on behalf of four Officers' Organisations in the Banking Industry viz. AIBOC, AIBOA, INBOC & NOBO, wherein the following demands have been raised:

(i) To raise the retirement age of Officers in the Banking Industry from the present 60 years to 65 years; and

(ii) To change the date of retirement of those born on the 1st of the month to the last day of the month of birth instead of last day of the previous month.

2. Due to paucity of time on account of prolongation of negotiations for new wage structure 2nd option on Pension etc. a number of important issues like the demand for regulated working hours, 5 day week, revision in staff loan schemes, improvements in the area of vigilance and disciplinary proceedings and the abovementioned issue of raising the retirement age effective date of retirement could not be discussed and finalized before signing of the 9th bipartite settlement. While we request you to direct the IBA team to resume discussions on these issues, there is an urgent need to consider our demand regarding raising the retirement age of the officers in the banking industry from 60 years to 65 years or at least upto 62 years immediately. In support of this important and genuine demand, we would like you to consider the following submissions: -

(i) In the worst ever global recession witnessed recently, public sector banks in our country provided a contrast with their excellent performance thereby silencing our detractors and faith of the general public in them has not only been redeemed but has been fortified;

(ii) Armed with technology upgradations and new business processes in place coupled with renewed faith of people in them, the PSBs are poised to grow and multiply their business at a much faster pace in the coming years;

(iii) The manpower planning in Banks has been absent for decades and recruitment of officers and employees has failed to keep pace with the growth of these banks;

(iv) There have been large scale retirement of the existing staff in the last few years and this position is likely to worsen further as employees recruited upto 1972-74 are all going to retire by 2011-12;

(v) The above factors have inevitably led to a huge shortage of manpower. As per a study conducted by Boston Consultancy Group, it is estimated that the PSBs shall need over 5 lakh employees over the next few years. The actual requirement will, in fact, be much higher;

SUCCESS COMES ONLY TO THOSE, WHO DARE AND ACT

(vi) It will be well nigh impossible to undertake and provide recruitment of such a massive magnitude keeping in view the low compensation package, general reluctance of quality personnel to come over to the banks due to long working hours, higher risks involved coupled with a draconian disciplinary and vigilance system. Moreover, the attrition rate among the new recruits in the banks is alarming;

(vii) Resultantly, there already is and will continue in greater measure an abject shortage of trained, skilled and experienced workforce particularly the Officers. To some extent, this shortage is being reduced by appointing officers on contract basis after retirement, which is fraught with risk;

(viii) The life expectancy in India has gone up considerably and employees are able to maintain good health and efficiency upto the age of 70-75 years. A number of retirees seek employment elsewhere mainly with our competitors. Thus, the experience and expertise gained by them by working in public sector comes handy to the financial institutions in the private sector;

(ix) A good chunk of new recruits after gaining experience in PSBs are quitting and joining the new generation private banks;

(x) It was for these reasons that, the recently appointed Khandelwal Committee was strongly of the view to raise the retirement age in the PSBs to 62 years. They had reportedly made a presentation to this effect before the media and others but somehow in their final report they refrained to make this much needed recommendation.

3. In the changed scenario, The Government of India has been permitting to raise the retirement age in certain sectors like education, health judiciary etc. This is required in equal measure in banks on account of the above stated compelling factors.

4. Hence, we reiterate our demand to raise the retirement age of bank officers across the board right upto top executive level, in the interest of progress and growth of Public Sector Banks, which are the backbone of our economy and for better utilization of talent and experience acquired by officers after working over 2-3 decades or more in the banks.

5. We shall be glad to have your positive response on our genuine demand in the interest of the PSBs, as well.

Thanking You,

Yours faithfully,
Sd/-
(G D NADAF)
GENERAL SECRETARY

9TH TRIENNIAL GENERAL COUNCIL
TEMPLE CITY OF BHUBANESHWAR GETS READY FOR A GRAND GALA EVENT – PROGRAMME DETAILS

The Temple City of Bhubaneshwar is getting ready for the historic event of the 9th Triennial General Council of the All India Bank Officers' Confederation to be held on 29th January 2011 to 31st January 2011 in a grand manner. The leadership of the Orissa State Unit has been geared up to make this a grand gala event in the history of Bank Officers' movement. The affiliates are getting themselves prepared to come in a large number to attend this historic event in the Temple City.

2. The leadership of the State Unit has worked out a well planned schedule for the 3 days eventful General Council to be held in a historic and militant place in the eastern part of our country. Confederation is in constant touch with the leadership of the State Unit to make the programme a meaningful and successful event. The activities of the General Council during these 3 days have been planned meticulously. The details are as follows:-

DAY & DATE	TIME	PROGRAMME
FRIDAY 28th January 2011	At 3:00 P.M	Curtain Raiser, Media Coverage Press Conference by: President & General Secretary
SATURDAY 29th January 2011	At 11:00 A.M At 4:00 P.M At 4:50 P.M At 5:00 P.M At 7:00 P.M	E.C. Meeting Procession Flag Hoisting Inaugural Session of 9th General Council Cultural activities
SUNDAY 30th January 2011	At 10:00 A.M At 1:30 P.M At 3:00 P.M At 5:00 P.M	Business Session Lunch Business Session Felicitation to former leaders
MONDAY 31st January 2011	At 10:00 A.M At 12:30 P.M At 2:00 P.M	Business Session to continue Election Process Lunch

3. The schedule is finalized taking into account both the sessions of our General Council and also in tune with the convention followed so far. It is the responsibility of each and every affiliate to ensure a smooth conduct of these activities and also to ensure a large participation of their delegates and observers in the General Council. The affiliates are also requested to keep the Head Quarter and the Orissa State Unit, informed about the details of their travel plan, stay arrangements, the names of delegates/observers.

4. Let us all get ready for a grand march towards the Temple City of Bhubaneshwar in order to make this event a memorable one. We are confident that the leadership of the State Unit in Orissa along with hundreds of volunteers will make the General Council a grand success under the able leadership of Com. Ganesh.C.Mishra, President, and Com. A.K.Motayed, Secretary of State Unit. ❑

APPOINTMENTS

ARUN KAUL has taken over as the new CMD of UCO Bank. Before joining UCO Bank he was ED, Central Bank of India. He is an MBA in Finance & Marketing, started his career with SBI in 1978.

S. RAMAN has assumed charge as the CMD of Canara Bank. Before this, he was ED of Union Bank of India. He started his career with Bank of India in 1974.

RAMNATH PRADEEP has been appointed as CMD of Corporation Bank. Before this, he was ED of Central Bank of India. Pradeep is a law Graduate and a PG in Economics.

"Common bond" congratulates all newly appointed CMD's of UCO Bank, Canara Bank and Corporation Bank and wish them all the best in carrying out their assignments.

SAVE PUBLIC SECTOR, SAVE INDIA

SILVER JUBILEE CELEBRATION -REPORTS

MAHARASHTRA STATE UNIT-I -AIBOC

Silver Jubilee Celebrations, and State Convention of AIBOC, Maharashtra State Unit –I, was held on 4th Sept, 2010 at Patkar Communication Hall, Belgaum. The programme commenced with welcome address by Com. Shekar Kadam, Secretary of Mumbai State Unit-I. Com P.K. Sarkar, President, AIBOC after lighting the lamp along with other guest on the dais in his speech, expressed concern on internal deunionisation and called upon the members to participate in all activities of the confederation.

Com. G.D. Nadaf, General Secretary-AIBOC in his key note address covered the latest developments on 2nd option on pension, salary revision and residual issues to be tackled with the IBA. Com. Y.S. Kumar, delivered presidential address and thanked the leadership for participation in the state council. On the occasion under the silver jubilee celebrations social welfare activity was taken up.

In the business session after adopting the Secretary's report, Com.Shekar Kadam and Com. Ravi Shetty had been elected as President and Secretary of the State Unit respectively. Com. Almeda, General Secretary, All India Dena Bank Officers Federation also attended the function.

Common Bond compliment the state leadership for success of the programme.

SOCIAL ACTIVITY OF IBOA

Indian Bank Officers' Association organised a social function on 18th July 2010 at Arya Sevasrama Trust at Rajaji Nagar, Bangalore, when materials like Sweaters & blankets were distributed to orphaned inmates of the Samaj.

The programme was inaugurated by Com. G.D. Nadaf, General Secretary AIBOC. Sri. G. Raghunathachari Dy. G.M. Indian Bank, Circle Office, Bangalore, Sri. Abhyaya Kumar, Trustee of Arya sevashrama Trust, Com. T.T. Natarajan Secretary General, All India Indian Bank Officers' Association and Director of Indian Bank, Com. M. Jayanth, General Secretary, Indian Bank Employees Union (k) and Director of Indian Bank, were present on the occasion. Com. K.V. Halappa, President of the Association, presided over the function. Com. K. Dinakaran, General Secretary of the Association, welcomed the gathering. Vote of thanks was proposed by Com. H.V.J. Vasista, Treasurer. Common Bond compliment the state leadership for success of the programme

---

14TH GENERAL BODY MEETING OF ALL INDIA VIJAYA BANK OFFICERS' ASSOCIATION (REGD)

Inaugural Session of 14th General Body Meeting of AIVBOA was held in a grand manner at a well-decorated Hall of Hotel Woodlands, Bangalore on 27th August, 2010 at 6:00 P.M. The Session commenced with invocation and Welcome address by Com.T.Jagannath Hegde, President of the Association. The entire Hall was jam-packed with enthusiastic members of the Association, former and present leadership of the Association, invitees from other organisations and executives of the Bank.

2. To mark the inauguration a traditional lamp was lit by Shri. Albert Tauro, Chairman and Managing Director of Vijaya Bank along with other dignitaries on the dais. In his inaugural speech, Shri Albert Tauro had assured the gathering that he would review all pending disciplinary cases before 31.12.2010. He was also positive in releasing certain improvements in Welfare Scheme of the Bank. He explained his concern on the challenges before the Banking Industry including HR issues. He complimented the staff especially the officers' community for achievements of the Bank.

NATION FIRST, ORGANISATION NEXT, INDIVIDUAL LAST

3. Smt.Subhalakshmi Panse, Executive Director, Vijaya Bank was the guest of honour. In her address, she expressed her happiness that, technology is implemented in the Bank without any hassle. She appreciated the staff of the Public Sector Banks in general and of Vijaya Bank in particular in adapting to changes in the Banking and improving the customer service.

4. Dr. Thimappa Hegde, Director, Narayana Institute of Neuro Sciences in his keynote address advised the staff to manage stress and to lead a fearless life. He complimented the leaders of the Association for facing all challenges with courage and conviction, which are needed for every trade union leader.

5. Com.G.D.Nadaf, General Secretary of AIBOC, presided over the function. In his Presidential address, dealt in detail the achievements of the Confederation in clinching the 9th bipartite settlement along with 2nd Option on Pension. He expressed that, there is a need to review the promotion and transfer policy of officers to ensure their comfort level to perform well. He complimented the leadership of the AIVBOA for coming out successful against attacks from the Management earlier.

6. Com.G.Shivaram Alva, General Secretary of the Association proposed vote of thanks. The session concluded with singing of National Anthem. It was a well-organised and largely attended programme.

7.On 28th August, 2010, a felicitation programme to retiring leaders Com.T.Jagnnath Hegde, Com.T.Krishnaraja Bhat and Com.G.Shivarama Alva was held at Hotel Ramanashree, Bangalore at 5:30 P.M. Com.G.D.Nadaf, was the Chief Guest. A heart touching farewell was given to them by the Vijaya Bank Officers' Association and the members.

8. In the business session, Com. Shivaram Alwa and Com. Krishna Raj Bhat were elected as Chairman and Dy.Chairman and Com.Kamal Shah and Com.Ranjan Shetty were elected as President and General Secretary of the Association.

"Common Bond" compliment and wish them all the best and also compliment Com. T. Jagannath Hegde, President and Shivaram Alva, General Secretary of the Association and their team of volunteers for success of the programme. ▯

EFFICIENCY OF PSBs IS ON THE RISE

In an analytical comparison between the Public Sector Banks(PSBs) and Private bank, it is revealed that the productivity of the Public Sector Banks for the year 2009-10 has increased significantly. Four denominations have been used to assess the productivity of the banks, such as business per employee, profit per employee, deposit per employee, and incremental deposit per employee. However profit per employee of the Private Sector Bank is more than that of PSBs.

According to report average business per employee of 25 PSBs has gone up to ` 912 lakhs in 2009-10 from ` 792 lakhs in 2008-09, while average deposit per employee rose to ` 499 lakh from ` 426 a year ago. Profit per employee increased to ` 5.37 lakhs from ` 4.76 lakhs. Source: Financial Express

PAY PSB EXECUTIVES BETTER:SUBBARAO

State Bank of India, Chairman, Shri Om Prakash Bhatt and his collegues in public sector banks (PSBs) deserve a higher pay to compete effectively against well-paid executives with private sector players such as ICICI Bank and HDFC Bank, Shri Subbarao the central bank Governor said.

"If public sector banks are required to compete with private banks on a level-playing field, there is a good case for compensating them too on a competitive base," Shri Subbarao said in a seminar.

The Governor, who is paid less than a twentieth of HDFC Bank managing director Aditya Puri's compensation, believes state-run lenders will not be able to attract talent if government-determined salary structures are not raised to match salaries at private banks. "There is also the risk that if the public sector bank compensation is not improved, the public sector may lose talent to the private sector," he said.

India may be the only nation discussing better rewards for bankers after excesses in the west sank global markets due to skewed compensation and forced governments to spend trillions of dollars to prop up the financial system. Bankers' greed for millions of dollars in bonuses led to street protests and legislation restricting such pay. The Financial Stability Board has since evolved a set of principles to govern compensation practices and the Basel committee has developed a methodology to assess compliance.

In contrast, the Indian banking system had kept a lid on bankers' pay, including private and foreign banks. The government determines pay at state-run banks which have a 70% market share. The RBI has to approve pay at private and foreign banks based on their size and profitability.

"RBI has historically ensured that the compensation is not excessive, is consistent with industry norms, is aligned to the size of the bank's business and that the variable pay component is limited," he said. In respect of foreign banks, RBI has largely gone by the recommendation of the bank's head office."

Source; Economic Times, Dated. 08/09/2010

WHAT AIBOC HAS TO SAY

The comments of the Chief of the Central Bank on the discriminations in salary levels of the Public Sector Banks and their counter parts in Private Sector is very relevant and need a serious consideration. This is especially when some of the PSB have got better assets and profitability and had been paying huge dividend to the Government. Business per employee, deposit per employee, profit per employee are also on the rise. The growth of the banking sector is only with the concerted efforts of the management with the ample support and Co-operation from the members of the staff.

The authorities are well aware that the attrition is starring at PSBs; in view of the top level executives seeking greener pasture elsewhere and that many of the senior level officers including CEO's of some of the banks are on the verge of retirement. Government is talking of financial inclusion and branch expansion with the skeleton staff available, without showing inclination to fill up the staff shortage. When the banking is a specialised area of Indian economy the PSB, need talents to continue to meet the challenges ahead.

It is worth recalling that our banking system had stood like a "Rock of Gibralter" when the world economy was in turmoil. This was with the support of its strong fundamentals and quality man power. Whereas the government had been showing a step motherly attitude when talking about the salary package to the banking sector.

The enthusiasm shown in the VI pay commission for the Central Government employees was not shown when the question of settlement of 9th Bipartite in the case of banking sector, when the Officers in Private Sector and foreign banks are drawing fabulous salary.

Still certain pension related issues are remain to be resolved much to the agony of the members who have left the service. Even at this stage, it is not too late to review the pay package of the Public Sector Employees and executives, to arrest the trend of migration of talents from PSBs to Private Sector Banks. Hence the statement of Shri. Subbarao should be an eye opener to the Government.

LET NOBLE THOUGHTS COME TO US FROM EVERYWHERE

BANKS ARE TO GROOM TALENT AS BIG STAFF EXIT LOOMS

With nearly a quarter of the workforce in public sector banks set to retire in the next two-three years, the Government has asked these institutions to come up with a strategy to leverage technology and business process reengineering (BPR) to make up for bridge the gap created by shortage of staff. Seeking a detailed assessment of manpower planning to fill up shortfalls, the Government has also asked banks to build a pool of talent that can take up leadership positions.

In a communication to PSBs, including State Bank of India, Punjab National Bank, Bank of Baroda, Bank of India, and Canara Bank, the finance Ministry said they should endeavour to train their officers from the level of Assistant General Manager to prepare them to assume leadership roles.

QUALITY LEADERS

The Government, as the majority shareholder in PSBs, seems to be concerned about the quality of people who will step into the shoes of the present crop of experienced bankers. The ministry has also sought suggestions on institutionalising leadership training in the banking system so as fill gaps in the leadership pipline.

PSBs are expected to come under pressure on the manpower front on two counts. On the one hand experienced employees (recruited in the mid-1970s) will retire, on the other many will seek voluntary retirement in the wake of the recent industry-wide wage settlement, whereby provident fund optees have been allowed to plump for for pension as a terminal benefit.

DWINDLING MANPOWER

The gravity of the manpower situation in the PSBs can be gauged from the fact that the number of employees (including officers, clerks and award staff) who retired in 2008 and 2009 was around 21,500 and 25,000 respectively. In the current year about 28,000 employees will superannuate.

Manpower gap has arisen in PSBs as recruitments happened only in dribs and drabs between the mid-1990s and 2005.

In this regard, banks have been asked to come up with a plan on how the manpower shortfall in the available positions can be filled up.

Given the employees' present competence and skillsets in the face of ever increasing challenges of the banking industry, the Ministry wants banks to focus on the training requirement of the staff.

Banks will be required to prepare an action plan on the number of employees trained in risk, forex and treasury management; branch operations, credit/infrastructure project appraisal during the last two years and the number of employees who are further required to be trained.

Source: Business Line, Date 06/06/2010

PUBLIC SECTOR BANKS SHOULD FOCUS ON LEADERSHIP SKILLS

Given the ever-increasing scope for economic activity and competition, the public sector banks are faced with challenging times. Apart from meeting their business goals and ensuring good returns for their share holders, they also have social responsibilities-financial inclusion is an important one.

One wonders whether managers in banks can apply the same principles of managements, leadership and motivation as are applied by their counterparts in other sectors. "May be they have little that is different from the rest", says Renu challu, Managing Director, State Bank of Hyderabad(SBH). "The expectations of public sector banks are very high. Hence the leadership in banking needs to be a little different. One needs to be self-motivated and should be able to identify the right people for

KNOWLEDGE IS POWER

the right tasks," She said..

However, the development of knowledge through various verticals is not easy in banking as one has to be competent in many areas. "Leadership development is not easy in banks as there are regulatory issues, operational assignments and credit assessments. While foreign and private banks have different verticals, managers in public sector banks do not enjoy this luxury," she says.

SBH has put a lot of emphasis on the training and development of its manpower. It recently conducted a training programme for over 250 candidates in a two-day workshop organized by Talent Sprint, a skills development and HR consultancy firm.

According to Santanu Paul, Founder & Chief Executive Officer, Talent Sprint, the bank officials were trained in six assessment-based modules in leadership, psychology and other skill development areas. "We find that personnel from the public sector banks are rigorous in their professional dealings. The feedback for our training programmes is very good,' says Paul who was previously a key member of the leadership team at IT major Virtusa.

As PSBs have been on a hiring spree in recent years, inducting about 40,000 officers and clerks every year, a special focus on improving leadership skills is required, feels Challu. "In a bank, the staff at all levels needs to connect with the outside world. This should be practiced by those in leadership roles, so that their example can be emulated by their team members." ▯

Source: Business Line

SHOULD NETAS SEEK PARITY WITH BABUS

When India became independent, it was the aspiration of our freedom fighters to make the country a socialist, secular and democratic republic under the principles of liberty, fraternity and equality. The country was intoxicated by the sweet air of freedom after centuries of servitude.

The country bestowed their faith in the elected representatives of the people, with the expectation that they will take care of the plight of the common man. Politicians were regarded as the saviours of the poor. Politics is considered as a religion for those who wanted to serve the people with unflinching devotion and selfless sacrifice. It was considered to be sacred, taking cue from the life of Mahatma Gandhi and other freedom fighters who sacrificed their life for the Country. They are supposed to represent the people, serve them, improve their plight, make a balance between haves and have nots. Whereas, now it looks paradoxical that instead of working to improve the living conditions of the common man, they themselves are crying for more, making mockery of socialism and parliamentary democracy.

The government was reluctant to effect any hike in the their salary in view of the present economic situation in the country with high inflationary trend and price rise, as the MPs, were harping on for an increase of 500 percent in their remuneration, in parity with the babus of IAS ranks with one rupee more atleast. According to protocol MPs are 21st in the ranking while the secretary is in the 23rd position. Hence the desire. It is worth noting that the British Prime Minister is fourth in the order of precedence, excluding the members of the royal family, whereas more than 170 civil servants in England are better paid than their Prime Minister. It is also to be noted that secretary to the government in IAS cadre are coming to their position after undergoing rigorous intellectual examination and training and have got more than 30-35 years of experience in various areas of administration.

MPs belong to various political parties that are mushrooming at regional levels. Forming, Political Party has become a lucrative business. In a coalition politics, even one or two MPs are powerful and can rule the country of 1200 million people. Here majority is bound to listen to the minority, as a marriage of convenience. Consequently the welfare of the country is at stake as the majority ruling party may not be able to implement their policies and programmes as made out in their election manifesto. Here political science has become a mere business of politics.

NATION FIRST, ORGANISATION NEXT, INDIVIDUAL LAST

Survey reveals that assets growth of MPs is going up compared to the previous election. Higher they climb the ladder of lucre better the chance to acquire more. Greater the assets higher the chance of winning. Data reveals that out of 343 candidates with assets, over ` 5 crores, 112 were winners while from among 3964 candidates with assets less than `10 lakhs only 17 were winners. According to National Election watch, the assets of 300 candidates who wanted in both the 2004 and 2009 Lok Sabha elections increased by 250 percent and in the current Loka Sabha out of 543 MPs 315 are crorepathis. That is just based on their self declaration which often may not be exhaustive. Getting selected and elected are a stepping stone for their career growth which is also a prelude for growth of their wealth.

Succumbing to the pressure from the MPs the government has increased their basic salary from ` 16000/- to `50000/- pm a 300 percent increase which could not satisfy them. On their persistent pressure government was constrained to enhance their non taxable constituency and office allowance by another sum of ` 10000/- p.m, taking their pay package to ` 1.4. lacks.p.m Apart from the remuneration they are also entitled to fabulous travelling allowance, including for their spouse, who are entitled to free train travel from their native to Delhi and air fare for eight times in a year. Besides salary, their monthly pension also is set to increase from ` 8000 to ` 20000/-. The question is whether they are entitled to pension life long even if they have been MP for a day?.

The increase is with retrospective effect from 18th May 2009 the date of constitution of the 15th Lok Sabha. A bill to this effect was introduced in the Lok Sabha on 25th August 2010 with the unity in diversity the bill is expected to be passed smoothly.

There is nothing wrong in providing a reasonable hike to the peoples' representatives but not to meet their greed, provided they are also concerned about the people of their constituency. Of course politics is a social service but not a charitable work. There are allegations that people from the constituency are able to see the face of their representatives only at the time of election. According to Winston Churchill former Prime Minister of England 'politicians have got sweet tongues and silly heart who has no concern about the people in their constituency'. They simply forget the fact that it is with the mandate of the people from their constituency they are entering the parliament. There is also a general impression that instead of doing their duty under oath, their main business is to disrupt the proceedings of the houses wasting crores of rupees of the exchequer or absent themselves, availing travelling allowances. Consequently parliament has to adjourn without doing any business. According to a report, in the year 2009 the Lok Sabha was convened for a mere 64 days. As such their productivity in parliament is on the slide. The track record of their attendance, lack of meaningful participation in parliamentary debate, the number of questions raised, extant of the work done in the constituency, allowing themselves to be carried away by the Marshall due to their bad behavior in the parliament, in full public view are all the negative aspects going against their caliber.

The question is whether the MPs should enjoy many of the luxuries at the tax payers cost? If the Constitution provides power to the peoples' representatives to fix their own remuneration, that looks very odd, and needs to be amended. When in the Corporate Sector, compensations are calculated based on the cost to the company, the same logic should be applied while fixing the compensation to the MPs, as cost to tax payer, and the overall economic condition of the people should also be borne in mind.

China with biggest population in the world is marching a head of India and becoming one of the biggest economic powers in the world is only due to the austerity and control over spending. Freedom enshrined in the constitution has to go hand in hand with control. As such country needs such people who can understand the sentiments of others.

If Gandhiji the Father of the Nation and Dr. B.R. Ambedkar who drafted the constitution were to be alive to day, they would have felt disgusted, and disillusioned with our representatives who cry for a fabulous hike in their remuneration, when the nation itself is crying for help to feed millions of their countrymen. ▯

SUCCESS AWAITS AT THE DOOR WHERE DILIGENCE IS

CORRUPTION: THE SCOURGE OF OUR SOCIETY

Corruption is an evil that had been haunting the society from time immemorial. Even during the period of Chandra Gupta Maurya in the 4th Century BC, Kautilya the renowned economist and Prime Minister to Chandra Gupta Mourya in his book 'Arthashastra" on state craft, had mentioned about the existence of widespread corruption in the society. In those days the purity and impurity of ministers and their character and integrity were judged by offering temptations and appointments were based on the ascertained purity.

The malaise that has inflicted the society, passed on to generation after generation, has become part of life as society recognizes the corrupt and keeps him on a high pedestal. It has become an instinct in a man to acquire more not only to meet his needs but his greed, when billions of people are deprived of basic consumption like water, food, shelter, sanitation, health and are living in utter poverty. When money comes to a person through illegal means, he indulges in corrupt practices and unsocial activities, leading to crime in the society. When a honest person leads a disciplined life through hard earned money, the corrupt leads a lavish life, unable to resist his temptation. It is in a sense, a product of the way of life of an acquisitive society, where money talks, and people are judged by what they have rather than what they are. Prestige is measured in terms of wealth. Whereas in a cultured society when wealth is acquired by legal means man becomes, more humble, with concern for others. As an example, it is reported that Mr. Warren Breffet one of the richest Americans, who recently contributed a major portion of his wealth for charitable purposes lives in a 3 bed room apartment in US, though he is capable of having a palatial bungalow and lead a luxurious life. The hard earned money made him to continue to lead a simple living, a model rarely to be seen in modern life.

A corruption free government dreamt by Gandhiji, the Father of the nation would have taken the country ahead of many developed nations. But the rampant corruption took the country many years backward. Country is now struggling to bridge the deficit in their budget, unable to find resources for the various development and welfare programmes. Corrupt practices in various departments have made the cost of the projects escalating leading to delay or dumping certain projects.

In our administrative system powerful politicians guide the bureaucrats who are following their masters. Larger the projects, bigger the benefits. The factors that encourage corruption are scarcity of goods, lack of transparency in decision making, greed, and delay in bringing the guilty in to the books. It is reported that in early 90's when the erstwhile USSR disintegrated with the introduction of policy of glasnost and perestroika, the economy was in doldrums leading to arson and looting when the authorities could not meet the demand and control the hoarding with inflation at all times high.

The epicenter of corruption in India is our election process, where authorities have no control over the expenditure of the candidates contesting the elections. Candidates are not confident of winning the election, within the budget fixed by the election commission, as they have already corrupted the voters with money for vote. In a vitiated political set up in the country, candidates are not selected or elected based on their quality or efficiency but based on money and muscle power. As such corruption has become an avenue to generate more income.

According to a report the number of crorepathis in the present Lok Sabha has increased by 98 percent as compared to the 2004 Lok Sabha, when it had only 154 MPs as against 306 crorepathis at present. Similar is the case in the Rajya Sabha. The reality is that higher they climb the ladder of lucre, better the chance to acquire further. In order to eradicate corruption in public life government is seeking political consensus to bring about a comprehensive bill on electoral reforms that include barring criminals from contesting election, fixation of ceiling on expenditure and other reforms as recommended by Election Commission to cleanse the system. Corruption is more prevalent when there is multi party system, each party depending on the other, especially when there is a coalition government when cash for vote plays a vital role. Corruption is not confined to India alone, but also prevalent in most of the countries only with a difference that in advanced countries, those who are charged with corruption tend to tender their resignation gracefully, whereas in India the corrupt tries to clingon making mockery of administration of justice. When two party system was not prevalent in Soviet Union, Mikhail Gorbochev former Soviet leader urged the Soviet Press and intellectuals to fulfill the role of the opposition in exposing corruptions. When the corruption become a way of life, freedom loses its meaning, society degenerate with extortion, bribery, rape, treachery, murder, plunder etc. Terrorism grows out of corruption, where money comes from illegal means.

In a corrupt society, laws are like a spider web that catches the weak and poor, while the rich and poor are out of its net. In a good system a corrupt person has a hard time whereas in a corrupt society honest person finds it difficult to servive. If the corruption is not destroyed in the bud, it keeps growing stronger, when we become weaker in comparison.

After seeing the menace of corruption spreading its tentacles, Andrew Carnegie one of the richest Americans, who cameup from the position of an ordinary railway worker, declared. "It is a disgrace to die rich", God has created everything for our needs and nothing for our greed".

BANKING ON TECHNOLOGY

That the state –run banks should now face staff shortages as many experienced employees superannuate or seek voluntary retirement following recent industry –wide wage settlements is indeed ironical. Now, through a process of natural attrition, over the last three years the workforce in PSU banks has fallen by over 20,000 employees including officers and clerks. While banks are filling some vacancies, the numbers leaving far outweigh new entrants. With over a quarter of the workforce in public sector banks due to retire in the next three years, the Government is urging the banks to take remedial action to fill what is perceived as a talent gap. Who does not remember the number of times one or several PSBs remained headless on account of government delays in appointing new chiefs?

Yet, New Delhi's message to use the occasion to advance the technological bias of PSBs that have lagged behind their private counterparts in this regard has not come a day too soon given the drop in the total workforce that the attrition will engender. As banks expand branches and seek new avenues for business, the need for a newer type of skill other than simple book-keeping has to be addressed. Private banks had a head-start by leveraging new technology since their inception, thereby optimizing their employee productivity. Yet, state –run banks have not performed badly given their handicap of employment –intensity. Studies by the Reserve Bank of India show PSBs' productivity has improved over the years, keeping pace with their private sector counterparts in some respects. For instance, both private and PSU banks had an average business per employee of ` 7.44 crore as of March 2009 but the private banks generated higher profits per employee ( ` 6.1 lakh); also, fee income formed a significant proportion of their earnings, contributing more than 20 percent to their net worth in 2009. Both ratios essentially show how competitively productive private banks are; by that token they also suggest the kind of strategic concerns that should influence attempts to fill that talent gap in the state –run banks facing attrition.

With over 70 percent of banking assets in the country, state –run banks have a historical advantage and current lead in financial intermediation; but they cannot afford to be complacent. With a lower profitability per employee and the future trend for rising incomes clearly in fee-based services, PSU banks will have to become more flexible in blending technology and manpower.

SOURCE : BUSINESS LINE

R.N.I. No. 36648/82.	COMMON BOND	OCTOBER - 2010

Licence No. WPP/83, REGN. No. KRNA/BGE-203/2009-2011

No. of Pages (16) POSTED at MBC Bangalore G.P.O./BG-1on 2nd of Every Month

BANKS DRAW UP-3-YEAR PLANS TO REACH OUT TO RURAL INDIA

Efforts by the Reserve Bank of India (RBI) to enforce its initiative of inclusive banking seem to be showing results, with a majority of Indian banks submitting their business plans for financial inclusion in the next three years.

The central bank had directed all commercial banks to submit their plans to extend affordable banking services to the country's large population of disadvantaged and low-income earners.

In response to RBI's directive, a majority of banks, including State Bank of India, Union Bank of India, Bank of India, ICICI Bank Ltd, HDFC Bank Ltd, Axis Bank Ltd, Induslnd Bank Ltd, Dhanalaxmi Bank Ltd and Yes Bank Ltd, have submitted their plans.

"The Reserve Bank of India has asked banks to submit their three-year plans on financial inclusion which includes how many villages the banks will cover and what products they would roll out," said Tilisa Gupta Kaul, head of micro credit and agriculture at Dhanalaxmi Bank.

RBI aims to reach out to remote villages to spread awareness about the economy and the financial services that banks offer as well as the benefits of using such services. Banks have tended to neglect such sections of the population services to them was not financially viable.

Commercial banks have been using the bank correspondent model to tap the rural market. Under this model, the banking regulator allows to use non-governmental organizations, micro-finance institutions, a mix of retired bank employee and government employees, and many other civil society organizations to provide financial services on a commission basis.

According to data with the central bank only 5% of 600,000 habitations in the country have a bank branch and around 50% of the population has a bank account. A mere 10% of India's 1.2 billion population is estimated to have any kind of life insurance cover and 9.6% has any kind of non-life insurance.n

Source: Mint

REGISTERED NEWSPAPER

(Total No. of Pages 16)

Licensed to Post Without Prepayment

TO,

If Undelivered Please Return To

The All India Bank Officers' Confederation

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

Printed, Edited & Published by Shri G.D. Nadaf on behalf of AIBOC. Printed at L.V. Graphic, Bangalore. 23321456