

UNITED FORUM OF BANK UNIONS

(AIBEA-AIBOC-NCBE-AIBOA-BEFI-INBEF-INBOC-NOBW-NOBO)

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K K NAIR
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SANJEEV K. BANDLISH
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UFBU/ 2018/08

Date : 21.03.2018

To

Hon'ble Shri Arun Jaitley,
Minister for Finance,
Govt. of India,
New Delhi.

Respected Sir,

Reg: Allocation of funds for Staff Welfare Scheme in the Banks

You are aware that in order to motivate and incentivize the employees of the Banks, the Government has given its guideline for implementing various welfare schemes for the benefit of the employees and officers and their families. The scheme provides for allocation of 3% of the published net profit of the banks towards these staff welfare schemes.

For the past two years, due to RBI's guidelines, maximum amounts are being provided towards provision for Non-Performing loans in the Banks. This has resulted in drastic reduction in the net profits of the banks and many banks have even turned red. The following table will explain the drastic reduction in net profits of the banks in the last few years.

Rs. In crores

	2013-14	2014-15	2015-16	2016-17
Gross Operating Profit	127,653	137,760	136,275	158,982
Provisions for bad loans, etc	90,633	100,901	153,967	170,370
Net profit/Loss after provisions	37,019	37,540	- 18,417	- 11,388

The position of the results of the Banks as on 31-3-2018 is not going to be different, rather, there will be more stress on the Balance Sheets due to the increased NPAs, provisions on account of cases referred to NCLT, etc.

Hence, we have been requesting the Indian Banks' Association and the Government to allow allocation of funds towards Staff Welfare Schemes out of the Operating Profits of the banks instead of Net Profits.

Since Net Profits are negative in many Banks, the employees and officers of these banks are being deprived of any allocation towards staff welfare schemes. You will appreciate that employees have no control over the provisions to be made and consequently on the net profits of the banks. Hence, in all fairness, it would be proper that the allocation for staff welfare schemes is made out of the operating profits of the banks.

During our delegation to you on 15-9-2017, you had appreciated our suggestion and assured to advise the Banks suitably in the matter.

We once again request you to kindly consider this genuine representation favourably and pass necessary instructions to the Department for issuing revised guidelines to the Banks.

Thanking you,

Yours faithfully,


K.K. NAIR
CHAIRMAN


SANJEEV K. BANDLISH
CONVENOR