

# OFFICERS' CAUSE OCTOBER - 2018





## AN EXTRA MILE

**T**he Indian economy is under pressure. The balance of payment is adverse. The dollar rate has gone up due to Trade War between China and USA coupled with the oil prices increasing on daily basis affecting the international market. The efforts of RBI to stem the rot by providing the required liquidity and foreign exchange could prove only a limited relief but did not bring expected results in the economic situation. The Banking Industry which was already under tremendous pressure due to the huge provisioning and as well as the slackness in the credit off take during the last couple of years have resulted in the dismal performance of the Banks. The Public Sector banks shares have reached rock bottom to these developments. The expected support of equity funding has not come from the Government - although there was a budgetary provision and allocation towards the equity provision for the banks taking into account the increased NPA's in the recent past. The Parliamentary Committee went into the reasons for the growth in NPA's. The Banks were asked to take advantage of the various legal enactment brought into force by the Government, aimed at strong recovery measures. The RBI insisted for strict adherence to the instructions/guidelines issued by them for the recovery of the large advances.

There was all round expectations that the recovery of NPA would be substantial due to various forces coming into operation. Unfortunately, it did not take place. Whatever may be the reasons but the fact remains that the dismal performance by all the banks during the last couple of quarters.

The last 2 quarterly results of our Bank were in no way different from the banking industry. The State Bank of India was always standing above all the banks in performance despite several hardships in the banking industry and notch higher growth in profits and all other parameters. But the last 2 quarters has definitely given raise to a serious thinking at all levels. The Federation has been in the forefront in advancing the corporate goals whenever there was a shortcoming in the performance of the bank. No doubt, we have our own stand as regards the accumulation of NPA's and the reasons for the growing NPA's etc., The Federation has been espousing the cause of the Public Sector Bank and was always in the forefront whenever there was a threat to the existence of the Public Sector Banks and has stood by the Confederation and UFBU in campaigning for continued support of the Government for replenishing equity in the banks.

During the course of discussions on the need for ensuring that the Officers are able to maintain their work-life balance by giving sufficient time to their family as well as personal life in order to give their best to the institution. In response to our continuous efforts, the Bank came out with a detail guidelines in regard to the work-life balance and wanted that the controllers at all levels should do their best in this regard. Thus, the SBI was the first bank to come out with a detail advisory to all the controllers as regards the work-life balance and guidelines as regards the extension leave and other benefits to the Officers so that they are able to give their best to the institution.

One of the issues that was taken up for discussions in the last Central Negotiating Committee Meeting was the quarterly performance of the Bank. The Deputy Managing Director and CDO., while explaining about the current position of the bank instilled a sense of confidence amongst the participants that despite these adverse situation and two quarters results, the Central Management is confident of overcoming the present crisis and improving their performance in the remaining 2 quarters and again the bank would be able to declare good results. The Federation has also assured that all out support will be extended by the Officers in ensuring that the goal of the Corporate Centre is fully met. This was not a routine offer of the Federation. The Federation has walked hand in hand along with the Management in all its endeavors be it technological advancement, expansion, the customer service, and what not; on all occasions. The Executive Committee of the Federation which

met thereafter had threadbare discussions of the various factors which have affected the performance of the Bank. There were occasions when the Federation extended all support to the Management in redefining the administrative structure, the rapid expansion of the bank branches, the implementation of Core Banking Solution, aftereffect of huge exodus of employees and officers due to Voluntary Retirement Scheme introduced in the bank, ATM network and the latest one is digital technology. The leadership of the Federation also while acknowledging the seriousness of the current situation has decided to appeal to all our members to go all out in extending all support and co-operation to see that the bank is able to come back to its original glory and prosperity by walking an extra mile together with the Management at all levels to achieve the targets fixed by the Bank at various levels.

Comrades, we owe a responsibility to the huge family of the State Bank of India which consists of nearly 3 lac of serving employees and over 2 lac employees of the retirees in the bank. We need to protect the trust and confidence of the customer as well. This calls for a tremendous effort on the part of the entire workforce in the bank. We have faced several challenges earlier and overcome all of them successfully by walking together, hand in hand with the Management and come out victorious. Let us therefore stand up to the present challenge in equal measure and extend all support and co-operation to the Management for ensuring fruitful results in the coming quarterly performance of the Bank. ■

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## **Text of AIBOC Circular No.70 dated,1st October, 2018**

### **DISCUSSIONS WITH IBA ON CHARTER OF DEMANDS**

#### **\* Discussions with IBA on our Charter of Demands**

#### **\* IBA proposes Fixed Pay & Variable Pay Scheme/Performance Linked Emoluments based on Operating Profits and Return on Assets**

One more round of Bipartite Discussions were held on 29-9-2018 between UFBU and IBA at Mumbai. In continuation of the last round of discussions, IBA wanted to know our reaction to their

offer of 6% hike made in the last round of talks. Responding to their question from our side, we pointed out that their offer is too inadequate and we asked IBA to improve their earlier offer. However

**SUCCESS AWAITS AT THE DOOR WHERE DILIGENCE IS**

IBA proposed that in addition to 6% hike offered by them which would be common to all Banks, additional wage increase can be worked out through a scheme by which in each Bank annual increase in emoluments can be offered based on Operating Profits and Return on Assets of the individual Bank with a view to add an element of performance linked compensation over and above the uniform pay structure.

IBA sought the reaction of UFBU to their proposal. From UFBU, we have pointed out that their above proposal based on performance/profits of the Banks is not an answer to our demand for increase in wages due to inflation, price rise, cost of living, increased workload and job profile of bank employees and officers. We reiterated that the IBA's offer of 6% hike should be substantially improved upon.

IBA while stating they are not averse to increasing their 6% offer, wanted UFBU to consider their proposal looking to the present varying Operating Profits of the Banks and consequent paying capacity. IBA proposed that UFBU may study their proposal and come out with suggestions or alternative proposals for their consideration. IBA also informed UFBU to revise the demands in terms of total cost in

order to arrive at a negotiated solution. It was decided that the issue would be further discussed in the next round of discussions.

#### **Merger of DA with Basic Pay:**

We proposed that Dearness Allowance upto 6352 points of Consumer Price Index (Quarterly Average of July, August, September, 2017 i.e. DA paid from November, 2016) be merged with Basic Pay for constructing the revised Pay Scales. IBA informed that they would give their reaction in the next round of discussions.

#### **UFBU Meeting:**

In the UFBU meeting held thereafter, it has been decided to hold UFBU meeting on 14th October, 2018 to discuss the proposal of IBA and give our reactions thereupon.

#### **Renewal of Medical Insurance Policy:**

The Medical Insurance Policy for serving employees and officers of the Banks is being renewed w.e.f. 1-10-2018 based on the revised quotation received UIIC. ■

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## **PROTEST LODGED BY UFBU AGAINST AMALGAMATION OF THREE BANKS**

### **\* Protest against Government's proposal of amalgamation of Bank of Baroda, Vijaya Bank and Dena Bank**

#### **\* Held Demonstrations on 9th October, 2018**

In the wake of the Government's announcement to amalgamate Bank of Baroda, Vijaya Bank and Dena Bank, we had immediately asked all our units to hold protest demonstrations on 18-10-2018 and we are happy to observe that the demonstrations were successfully observed in all the State capitals.

Subsequent to that, when we found that the Banks were holding their Board meeting to consider this agenda, we had given the call for holding demonstrations at the station where these Board Meetings were held and for wearing black badges by all employees/officers in these Banks on that day. This programme has also been implemented successfully. It is learnt that in these 3 Banks, the

respective Boards have approved the agenda and hence they may proceed further. The issue was discussed in the UFBU meeting held on 29-9-2018 and it has been decided to call upon all our unions to hold protest demonstrations all over the country in all State Capitals and in all other towns on 9th October, 2018.

Accordingly, all our unions are requested to hold protest demonstrations in all State Capitals and in all other towns on 9th October, 2018 (Tuesday). The issue will be further discussed in the ensuing UFBU meeting being held at Mumbai on 14th October, 2018 when further course of action will be decided upon. ■

**ARISE, AWAKE, STOP NOT TILL THE GOAL IS REACHED**

## Text of AIBOC Circular No.64 dated 15th September, 2018

### DISCUSSIONS WITH IBA ON MEDICAL INSURANCE SCHEME

Units are aware that there was a meeting with the IBA on 8-8-2018 on the issue of medical insurance scheme wherein we had submitted various suggestions, particularly with a view to achieve a reduced premium rate especially under the retirees medical insurance policy where UIIC has proposed steep increase in the premium rates.

Based on these discussions, IBA had discussions with the United India Insurance Company and in that background, another round of meeting took place with IBA yesterday. IBA reported on the details of the discussions they had with UIIC and the data given by UIIC to them.

<b>Policy for In Service employees/officers:</b>			
	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>
Premium paid	389 cr	769 cr	763 cr
Claims Settled	809 cr	805 cr	804 cr

<b>Policy for Retirees (Option I – Without Domiciliary)</b>		
	<b>2016-17</b>	<b>2017-18</b>
Premium paid	134 cr	203 cr
Claims Settled	175 cr	337 cr

<b>Policy for Retirees (Option II – With Domiciliary)</b>		
	<b>2016-17</b>	<b>2017-18</b>
Premium paid	149 cr	106 cr
Claims Settled	313 cr	149 cr

<b>No. of Families covered:</b>		
	<b>2016-17</b>	<b>2017-18</b>
In service employees/officers	6.46 lacs	7.14 lacs
Retirees ( Option I)	1.04 lacs	1.61 lacs
Retirees ( Option II)	89,000	38,000

<b>Premium paid – claims reimbursed – Net Negative (Existing employees/officers + Retirees)</b>			
	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>
Premium paid	518 cr	1052 cr	1105 cr
Claims Reimbursed	1134 cr	1293 cr	1423 cr
Brokerage/TPA Charges	44 cr	71 cr	71 cr
Net Negative/Loss	660 cr	312 cr	392 cr

In view of the continued gap and imbalance between the premium paid and claims settled, UIIC had explained to IBA the need for increasing their rate of premium and had further informed IBA that if there can be some restructuring of the scheme, the premium rates also can be reviewed and revised accordingly.

In this background, IBA had sought our views and suggestions for possible modifications in the Scheme for In-Service employees/officers as well as for retirees with a view to peg down the premium rates. After discussions, it was mutually understood by UFBU and IBA that the existing Medical Insurance Policy as per our Agreement with IBA should be continued and IBA should deal only with public sector insurance companies.

IBA also clarified that in view of Government's advice, broker companies would not be involved in the Scheme. Some possibilities of modification in the Scheme were discussed and IBA had also made their suggestions for our consideration. IBA has requested UFBU to submit its suggestions and views in a day or two where after the issue will be taken up by IBA with UIIC based on which the UIIC would revise their quote on premium rates.

In the meantime, at our request, IBA has agreed to advise the Banks not to go ahead with seeking options from retirees for renewal of the Policy based on the earlier offer of UIIC. ■

**WORK IS WORSHIP , DO YOUR DUTY**

## **OFFICERS : FACILITY OF LEASED ACCOMMODATION AT THE PLACE OF CHOICE POST MERGER**

**Text of letter No. 6710/48/18, Dated. 4/10/2018, Addressed to DMG & CDO, SBI Corporate Centre, Mumbai.**

**A**s per the extant instructions, the Officers in Scale I to VII are permitted to avail leased Housing Accommodation at a place of choice as under.

- a) Where an officer avails leased accommodation facility at a place of choice other than his place of posting within the Circle, the rental ceilings applicable at the place of leased accommodation shall be applicable.
- b) If the officer retains the lease accommodation at the previous place of posting (place other than within the Circle) the lease entitlement of that place will be applicable for one year from the date of his transfer, if the entitlement is lower at the place of posting.

As pointed out in the CNC meeting held on 17th September 2018, some of the Officers from Jaipur, Delhi and Hyderabad have availed leased accommodation at choice centre as per provisions within the Circle. Post merger, these lease accommodations fall under para b above and therefore the Circles have now advised the recovery of difference amount from the Officer from the Month of April 2018, i.e. 1 year after the date of merger.

Federation has requested you to revisit the provisions contained at para b above and permit these officers to continue leased accommodation at the rates applicable as per para 1 above, and also request you to do away with the restriction of one year for continuance of leased accommodation where the officer retains the family at a place of previous posting which is other than within the Circle. ■

## **INCENTIVE SCHEME FOR MERITORIOUS CHILDREN OF STAFF PURSUING PROFESSIONAL COURSES AT ELITE INSTITUTES IN INDIA EXTENSION OF LAST DATE FOR SUBMISSION OF FRESH APPLICATIONS FOR THE ACADEMIC YEAR 2017-18**

**T**he bank has decided to extend the last date for submission of fresh application for the academic year 2017-2018 to 20th September 2018. The issue of extension was taken up by the Federation during the follow-up meeting held at

Corporate Centre Mumbai on 9.08.2018. Application earlier returned by Corporate Centre /Circles due to delayed submissions may be re-submitted by our Officers before 20th September 2018. ■

## **PAYMENT OF CORRECT FIXED PERSONAL PAY**

**Text of letter No. 6505/46/18, Dated. 12/09/2018, Addressed to DMG & CDO, SBI Corporate Centre, Mumbai.**

**A**s per extant instructions vide Circular No. CDO/P&HRD-IR/112/2011-12 dated 20/03/2012, "If an employee is promoted after drawing FPP in clerical cadre, he/she would continue to get the same amount of FPP in JMGS – I (except when the said FPP is changed on wage revision) till such time he/she reaches the maximum in JMGS – I scale. On completion of one year at the maximum of the JMGS – I scale, he/she shall be eligible to get FPP as applicable to the higher scale (JMGS – I) in which he/she is placed. Accordingly, effective from 01/11/2007,

the FPP will not be considered for the purpose of computation of Adjusting Pay and instead will be protected separately". Accordingly officers promoted on or after 01/11/2007 after drawing FPP in clerical cadre are getting the same amount of FPP. The revised FPP on account of 10th bipartite settlement was apparently paid correctly upto May 2015 while making payment of wage revision arrears. However, it is observed that in many circle(s), The rate of FPP paid in the revised salary from June 2015 is not as per the revised rates. Similarly in cases where few centers have been upgraded as Major 'A' and Area- I centers as per Census 2011 (Circular No. CDO/P&HRD-IR/45/2015 – 16 dated 02/09/

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2015, the FPP needs to be revised accordingly. Which do not appear to have been done. Federation

reproduce the correct rates as per the said circular for ready perusal.

#### FIXED PERSONAL PAY

Area of Posting	Total FPP payable as per 9 <sup>th</sup> bipartite settlement	Total FPP payable as per 10 <sup>th</sup> bipartite settlement	Total FPP paid by the bank w.e.f. June 2015
(1)	(2)	(3)	(4)
<b>CLERICAL STAFF</b>			
(i) Places with population of more than 45 lakhs	940	1585	
(ii) Places with population of 12 lakhs and above including State of Goa	930	1570	1430 1440 1450
(iii) Places with population of 5 lakhs and above, State Capitals and Capitals of Union Territories and other than places mentioned in (i) and (ii) above	920	1550	
(iv) Places with population below 5 lakhs not covered in (i), (ii) and (iii) above	915		

Federation has requested the HRMS Department to review such cases and arrange for suitable rectification in the salary with respective effect .■

#### ***Text of Joint Note dated 25/09/2018, by Four Officers' Organisation***

### **PUBLIC SECTOR BANK'S ENGAGEMENT IN CROSS SELLING OF INSURANCE / MUTUAL FUND BUSINESS**

At the very outset, we wish to convey our sincere thanks for issuing suitable guidelines to State Bank of India and other Public Sector Banks vide communication F.No 14/42/2015-Vig/Vp dated 10th September 2018, from Shri Gurdeep Singh, Under Secretary (Vigilance), Govt of India, Ministry of Finance, Department of Financial Services, not to pay commission on cross-selling business to the employees of the Bank as they are full time employees and are paid fixed salaries. The communication has been widely appreciated by Bank employees and officials across rank and file.

You will recall that the representatives of all four Officers organisations viz. AIBOC, AIBOA, INBOC, NOBO had met your good office and other senior functionaries on 16th July, 2018 and had submitted a memorandum on this issue.

In this connection, we wish to express certain apprehensions regarding the interpretation of the communiqué. A similar communiqué was issued to all banks in 2015 in which it was clarified by RBI that there is a statutory restriction on payment of commission to bank staff under the Banking Regulation Act 1949 and it will amount to violation of BR Act if commission is offered to Bank staff for

selling insurance products. Thereafter, the Banks had clarified that no commission was paid to any employees. Incentives were paid as reward/recognition of their efforts in cross selling business. We have been given to understand that in Public Sector Banks, employees are rewarded for their performance in cross-selling business through payment of incentives and the amount equivalent to such reward/incentive is loaded in a prepaid card (also termed achiever card) after deducting the TDS as applicable. The term commission is not mentioned anywhere. Thus, the Banks are likely to circumvent the instruction and continue to pressurise employees to focus only on cross selling for individual gains.

Besides the above, employees of all categories of the Banks are also being rewarded with one or two foreign tours every year in the name of 'educational tours' for their performance in cross selling of insurance and mutual fund products and the cost of which is entirely borne by the concerned Insurance/Mutual Fund Company.

Against the above backdrop, we shall be glad to have a few lines from your esteemed office as to whether incentive and commission are having same

**BE TRUTHFUL, BE FEARLESS**

meaning and whether foreign tours provided by Insurance Companies fall within the ambit of commission/incentive. The interpretation of the communiqué in its letter and spirit would be instrumental in ensuring ethical selling of third party products and reduce the pressure of bank employees and officials to force sell third party products to customers resulting in rampant mis-selling. We again reiterate that, we have no issues against cross-selling per se; we are only concerned about the way

it is being forced on bankers resulting in unethical practices. We once again thank you for the most sought for direction in this regard from the Government. We do hope that the Public Sector Banks will henceforth abide by the said instruction in letter and spirit and undue pressure on employees for increasing cross selling business for personal gain will stop forthwith and more focus will be given on quality advances/other core products and recovery of monies. ■

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### ***Text of Joint Note dated 29.09.2018, by Four Officers' Organisation***

#### **OBSERVE WORK-LIFE-BALANCE, IN LETTER AND SPIRIT**

**W**e are aware that the officers fraternity has been subjected to enormous stress due to ever increasing workload, inadequate staff, continuous pressure from multifarious controllers, over-ambitious targets, mis-placed business priorities, extended working hours et al. This has taken a heavy toll on the efficiency level and is the root cause of frustration and anxiety disorder resulting in depression, helplessness and life-style diseases viz Diabetes, High BP and Cardiac problems etc. Officers are constantly receiving SMS and instructions over WhatsApp messages even at odd hours. This has adversely affected their social and family life. Banking system has forgotten that an Officer is just not an employee of the Bank, but also a spouse/son/father/mother and an integral part of society. This situation has become intolerable as we find Officers are virtually chained to their official duties and have no respite, even while

at home. Work-Life-Balance is the need of the hour. Many top global companies are addressing this sensitive issue through various measures. State Bank of India has issued a comprehensive instruction addressing the need for a Work-life balance. However, the ground reality almost in every institution is that majority of the officers are stressed and do not have a work-life balance, which is attributed specially to the instructions received through SMS and WhatsApp.

All four officers' organisations have unanimously decided to address this menace. It has been decided to call upon all our Officers not to attend/respond to the 'official' SMS/WhatsApp messages, received from their Controlling Authority/Zonal Heads between 8pm and 8am. ■

*Articles*

#### **HALT RECOVERY OF COMPENSATION FROM OFFICERS OF ERSTWHILE ASSOCIATE BANKS: SBI UNION**

SBI officers' union has come out in support of the officers of five erstwhile associate banks (e-ABs) on the issue of recovery of demonetization compensation. The union feels that such a move will create a kind of division among the officers and accordingly, it has requested the management to "hold in abeyance the recovery of the amount already paid and enable us to discuss the issue amicably.

"The amount involved is very small and a cost benefit analysis vis-à-vis the sentiments that it can affect will far outweigh the small cost involved," read the letter written by the All India State Bank Officers' Federation to the Deputy Managing Director and CDO of the State Bank of India.

The letter further said that this was an emotional

issue and "there should not be a division and hurt feeling among the E-Associate Bank Officers". The union made it clear that these officers are part of the SBI family. Despite repeated text messages and calls, the General Secretary of All India State Bank Officers' Federation, Y. Sudharshan, could not be reached for comments. This newspaper, on July 9, reported that the SBI has instructed its various zones to recover the 'compensation' given to officers of its erstwhile associate banks for overtime work during the days of demonetization in late 2016.

**Merger with SBI:** It was said that "the compensation was meant for those working in SBI's branches, and related to the period when the five associate banks functioned on their own". Over 70,000 officers and employees became part of the SBI when its associate banks –State Bank of Patiala,

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**OUR LIFE IS WHAT OUR THOUGHTS MAKE IT**

State Bank of Hyderabad, State Bank of Mysore, State Bank of Travancore and State Bank of Bikaner and Jaipur – merged with the parent bank on April 1, 2017.

The communication had mentioned that the claim related to the period prior to the merger of e-ABs should have been dealt with by e-ABs at that time and “we have no record of any commitment to pay the same”.

It had also mentioned that the instruction issued earlier this year for the payment of compensation was only in respect of those who worked in SBI branches. The management of SBI has not commented so far on this issue. However, the union countered this and argued that after the merger,

the onus of making payments to officers of e-ABs as and when these were made rested with the bank. Therefore, when SBI decided to make payments and instructed the circles during March 2018, the circles paid the officers of e-ABs without any discrimination.

Moreover, “they clearly did not have any instructions (to) not make payment to E-Associate Banks”, the union said emphatically. Many officers and employees were paid for working beyond 7pm during the demonetization period between November 14 and December 30, 2016. The compensation was different for each circle; for officers, it could be as much as Rs.30000, and for clerical and other staff, Rs.17,000. The amount was paid as ‘out of pocket expense’ between March and May, 2018 ■

**Source: Business Line-Dt.20.7.18**

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## **PAINS WILL BE TAKEN FIRST,SO GAINS CAN COME LATER: SBI CHIEF**

Chairman of State Bank of India Sri. Rajnish Kumar is confident that the bank will come out of the bad loan problem with a stronger balance sheet in a year’s time. There will be provisions, so that the pains are taken first, with gains coming in later. Bank, had deposits of Rs.27,06,343 crore, advances of Rs.20,48,387 crore, 22414 branches and 59,541 ATMs as of March –end 2018, is looking to optimize its balance sheet and increase the return on assets and pro-provision; operating profit by growing its interest income, treasury returns, fee income and by reducing interest expense.

According to the Chairman, steps are being taken with a long –term perspective. One is the immediate resolution, recovery and follow-up. That is being done with an eye on the short term. But the major change in the long term in SBI is the complete revamp of the corporate credit structure.

The stressed assets resolution group (SARC) has also been overhauled. Earlier, our NPAs and stressed assets were scattered all over. Now, they have been brought under SARC. The impact of this will be that our corporate accounts group (CAG), our commercial credit group (earlier called mid-corporate group) will be free from managing stressed assets, and will focus only on current business growth. As for other initiatives, the digital blueprint is ready and we are implementing it in a major way..... These will give good cost efficiency. This is the major change and this has given us more confidence. We are confident that we will come out of the difficulties. We plan to increase our

provision coverage ratio further. It is good now, and the intention is to improve it further. That is the whole game plan. The balance sheet should be stronger next year.

On the performance of the bank the Chairman said don’t look at the quarterly performance alone. There can be timing differences with regard to provisioning or recovery and that can result in variation. But as far as the operating income of the bank is concerned, we are seeing an improvement in the net interest margin (NIM). The negative impact in treasury, due to market –to market provisions, is taken care of.

For retail, we have to get our channel strategy right. We are doing this and more and more emphasis is being placed on digital and alternative channels. And the product refinements keep on happening, depending on the market needs.

As far as retail reach goes, we have a very wide footprint in the country. Our distribution reach is unmatched. We are well- entrenched in the digital and payments space. So, going forward, retail will be a game of technology.

If you look at our digital bank YoNo (you need only one app) it is banking super –store on your mobile. It gives you not only access to banking services, including opening of account online, creating fixed deposits, and recurring deposits, but also allows you to buy mutual fund, insurance and credit card and even trade on your account. So, everything is on one

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mobile application. It is a fantastic experience for the consumer. And further enhancements are happening.

Similarly, we are using technology for lead generation. We have a 43- crore customer base. So, using data analytics, we want to drive more value out of this huge customer base. Ultimately, we want to give convenience to those customers (new generation) who are tech-savvy, give a good experience to the people who still want to go to

the branches.

So, the quality itself should be improved. And small lending –consumer loans, pre approved personal loans, housing loans and SME loans- will be fully digital, added the Chairman. ■

**Excerpts from the interview given to Business Line.**

**Source –Business Line- Dt.6.7.18**

*Judicial Verdict*

**2017-III-LLJ-379 (Cal)  
LNINDORD 2017 CAL 309  
IN THE HIGH COURT OF CALCUTTA**

**Present:**

**Hon'ble Mr. Justice Rakesh Tiwari and  
Hon'ble Mr. Justice Shivakant Prasad  
F.M.A. No. 4436 of 2016 with C.A.N. No. 3981 of 2016  
with C.A.N. No. 2860 of 2017**

**Pradip Singh and Another ...**

**Versus**

**State Bank of India and Others**

**10th April, 2017  
Appellants**

**Respondents**

***Compassionate Appointment – Ex-gratia Payment — 1st Appellant's father who was employed with Respondent/Bank died while in service - Appellants applied for compassionate appointment which was not taken into consideration — First writ petition filed by Appellants dismissed - Respondent had Scheme for compassionate appointment in exceptional circumstances and ex-gratia lump sum payment in other cases — Appellants denied compassionate appointment under said Scheme – Petition which was again filed by Appellants also dismissed on ground that Appellants cited wrong Scheme seeking appointment on compassionate ground and they could no longer be entitled to seek such appointment under said Scheme — Aggrieved, Appellants filed present appeal — Whether Appellants entitled to seek compassionate appointment under Scheme — Held, Appellants applied for appointment on compassionate ground after demise of employee when scheme for compassionate appointment was not available – This Scheme of compassionate appointment in case of Appellants not available as they did not fall within parameter of Scheme aforesaid, however, bank had scheme for lump sum ex-gratia payment — Appellants had no legal right to seek appointment on compassionate ground — .Ex-gratia payment as per Scheme framed by Bank, may be extended to relief of Appellants — Bank got specific format for consideration of payment of lump sum ex-gratia under Scheme-Appellants directed to furnish information as per format to Bank and Respondent Bank would take into consideration case of Appellants.***

**ORDER**

**Mr. SHIVAKANT PRASAD, J** Pradip Singh, one of the appellants, preferred tile writ petition under the scheme of Article 226 of the Constitution of India with the chronological events that the appellant no.1's father, who was a Group-D staff of the respondent State Bank of India, had died on 13th January, 2006. The appellants applied for

compassionate appointment on 7th September, 2006 which was not taken into consideration.

2. Then the appellants preferred the first writ petition, being W.P. 8408(W) of 2007 on 10th September, 2007 relying on a decision of National Confederation of Bank Employees for compassionate appointment. Subsequently, the scheme for appointment on compassionate ground was issued

**DUTY FIRST, RIGHT NEXT**

by the concerned bank authorities on 7th August, 2014. On the basis of that scheme, the appellants made a demand of justice on 8th July, 2015 by further submission of representation for appointment on compassionate ground. The said writ petition was dismissed by learned Single Judge.

3. By the impugned order dated 17th February, 2016, passed in W.P. 2501(W) of 2016, the Writ Court dismissed the writ petition on the ground that the petitioners had cited a wrong scheme seeking appointment on compassionate ground and they can no longer be entitled to seek such appointment under the said scheme. The State Bank of India, the respondent herein, had placed a scheme for compassionate appointment in exceptional circumstances and ex-gratia lumpsum payment in other cases. On behalf of the petitioners, a decision reported in (2014) 7 SCC 413 was referred to the Court in order to fortify their contention wherein the Supreme Court observed that an appointment on compassionate grounds must be given at the earliest or the entire purpose of granting an appointment on compassionate ground is lost.

4. In the present case, the appellants had applied for appointment on compassionate ground after the demise of the employee when the scheme for compassionate appointment was not available. The matter was mooted out by the Ministry of Finance by a letter dated 7th August, 2014, addressed to the Chairman, Indian Banks' Association, whereby revision of the Compassionate Appointment Scheme in Public Sector Banks (PSBs) on examination of the proposal by the Ministry of Finance was done and it was decided to convey for approval of the Government on the proposal of IBA on the following points:

“1) To open the Compassionate Appointment in PSBs on the lines of Central Government.

2) Discontinuing the provision of ex-gratia in lieu of Compassionate Appointment in PSBs.

5. In response thereto, the Chairman of the State Bank of India vide letter dated 16th October, 2014, vide Annexure R-9, wrote to the Secretary, Financial Services, Ministry of Finance, detailed the factual aspects of the scheme of compassionate appointment which shows that the scheme of compassionate appointment always throws many unanticipated

problems for the Bank and the dependent family members of the deceased employee as well. The Bank does not generally get desired quality employees who satisfy requirements of current working environment of the Bank. However, a proposal was made to continue two erstwhile schemes viz. (a) scheme for payment of ex-gratia lumpsum amount and (b) scheme for appointment of dependents of deceased employees on compassionate grounds in exceptional cases without going for compassionate appointment in other cases and further proposed to improve the compensation amount of ex-gratia with the approval of the Bank's Board.

6. The scheme for appointment on compassionate ground in exceptional cases was framed as under:

- i) Employee dying while performing his official duty, as a result of violence, terrorism, robbery or dacoity.
- ii) Employee dying within five years of his first appointment or before reaching the age of 30 years whichever is later, leaving a dependent spouse and/or minor children.

7. Obviously, this scheme of compassionate appointment in case of the appellants is not available as they do not fall within the parameter of the scheme aforesaid. However, the bank has a scheme for lumpsum ex-gratia payment.

8. Learned counsel for the respondents submits that in no case, the appellants are entitled to get appointment on compassionate ground under the existing scheme as the said scheme was not available when the appellants submitted their application for appointment on compassionate ground. It is settled principle of law that compassionate appointment cannot be claimed as a matter of right and the appellants may not have the legal right to get appointment on compassionate ground, however penury has to be taken into consideration while considering the appointment on compassionate ground. The appellants at the best may have their relief by way of payment of lumpsum ex-gratia as per the scheme framed by the State Bank of India, appearing at page 25. It would be profitable for us to reproduce the SBI Scheme for Payment of Ex- Gratia Lumpsum Amount which reads thus:

**NEVER BEND BEFORE THE INSOLENT MIGHT**

*“Dear Sir,*

**4th August, 2005  
Srvn. 13, 1927(S)**

**SBI SCHEME FOR PAYMENT OF EX-GRATIA  
LUMP SUM AMOUNT**

The Scheme for appointment of dependents of deceased employees was introduced in the Bank with effect from the 1st January, 1979. Amendments and modifications to the Scheme have been carried out from time to time on the basis of Government advices. Last amendments / modifications were made with the approval of ECCB on 24.01.2003 which was circulated vide circular letter no. CDO/PM/ 18/ SPL/ 1900 dated 11.3.2003. In terms of the Scheme, Bank has been considering employment on compassionate grounds to the dependents of the employees dying while in service and also in the dependents of employees retiring on medical grounds provided they are below 55 years of age at the time of retirement.

2. This scheme for appointment of dependents of employees dying in harness/retired on medical grounds has been throwing up some unanticipated problems for the Bank as also for the dependent family members. While the Bank does not generally get employees who satisfy the requirements of working in computerised environment, many a time, the families of our deceased employees also do not get immediate support because the process of employment takes some time. In some cases, no dependent of the deceased employee is eligible to take up the job immediately and as such, there is no immediate support to the dependent family.

3. To overcome these problems, immediate monetary assistance in lieu of compassionate appointment may be the best alternative. The Executive Committee of the Central Board in its meeting held on 4th August, 2005 has approved a scheme for payment of ex-gratia lumpsum amount in lieu of appointment on compassionate grounds named as “SBI Scheme for Payment of ex-gratia Lumpsum Amount”. The new Scheme has come into force with effect from today i.e. 4th August, 2005. This scheme will replace our existing Compassionate Appointment Scheme (referred in paragraph 1 above) and no request for compassionate appointment shall be entertained or considered by the Bank under any circumstance with effect from today i.e. 4th August, 2005.

4. We enclose, for your information and necessary action our scheme for payment of ex-gratia lumpsum amount named “SBI Scheme for Payment

of ex-gratia Lumpsum Amount”. The Scheme will be applicable in the following cases:

- (i) Employees dying in harness.
- (ii) Employees seeking premature retirement due to incapacitation before reaching the age of 55 years.

Applications pending under the Compassionate Appointment Scheme as on the date will be dealt with in accordance with the new Scheme for payment of ex-gratia lumpsum amount provided they fulfil all the terms and conditions of this Scheme. In such cases, fresh application for payment of ex-gratia in lieu of compassionate appointment should be obtained on the format enclosed with our captioned Scheme.

5. The concerned Branch Manager/Department Head should counsel the spouse/dependent family member nominated by the family to receive the ex-gratia lumpsum amount to invest the same as Temp Deposit/Special Term Deposit with the Bank or in any annuity scheme of SBI Life/SBI Mutual Fund.

6. Please arrange to submit the control return on monthly basis on the enclosed format (Annexure - A) alongwith a soft copy on floppy diskette for our necessary action.

7. Please arrange accordingly.

Yours faithfully,

**For Dy. Managing Director & Corporate  
Development Officer.”**

9. Learned counsel for the respondents submits that the format for ex-gratia payment in lumpsum has been provided and it was available to the appellants but the appellants never attended the bank to apply for such scheme and invites our attention to a letter dated 28th December, 2006, addressed to the appellants regarding payment of terminal benefits and payment of ex-gratia lumpsum amount vide Annexure R-4 to the affidavit, filed in compliance with the order dated 21st March, 2017 of this Court, which reflects that the appellants were addressed by the Bank’s Assistant General Manager (Operations) that in spite of advice given, no application for payment of terminal benefits in connection with the termination of services of the deceased father of the appellant no. 1 on account of death on 13th January, 2006, was received by them. It was also informed by the said letter that the Bank had already withdrawn the provision for appointment on compassionate ground with effect from 4th August, 2005 and in lieu thereof payment

**TIME AND TIDE WAIT FOR NONE**

of lumpsum ex-gratia has come into effect. This aspect has already been communicated to the appellants number of times and one of the officers of the bank had also called upon the appellants in 2006 for obtaining various application forms required to be submitted for payment of terminal benefits and ex-gratia but the appellants did not show any interest and did not apply. Accordingly, it was expressed that the terminal benefits and payment of lumpsum ex-gratia got lost due to loss of time.

10. Thus we find in consideration of the totality of the materials placed on record and upon hearing leaned counsel for the parties that the appellants have no legal right to seek appointment on compassionate ground on account of demise of the employee, being the father of the appellant no. 1 and they have also lost the opportunity for seeking lumpsum ex-gratia payment, which now we propose to the appellants and accordingly we are of the view that ex-gratia payment as per the scheme framed by the State Bank of India, may be extended to the relief of the appellants herein.

11. The format for payment of lumpsum ex-gratia has been annexed, which provides for furnishing information. Learned counsel for the appellants points out that in the application for recommendation for appointment on compassionate ground of dependants of deceased employees, information is

to be furnished with regard to the financial condition of the family, monthly income of the family from all sources and the particulars of dependants of the deceased employee. Based on those information, payment of lumpsum ex-gratia can be made to the appellants but we find that the Bank has got a specific format for consideration of payment of lumpsum ex-gratia under the scheme. It is imperative for the appellants to furnish information as per the format for payment of ex-gratia which is Annexure R-1 at page 41 of the affidavit of compliance furnished by the respondent State Bank of India.

12. We accordingly direct the appellants to furnish the information as per the format to the Bank within two weeks from the date hereof and the respondent Bank will take into consideration the case of the appellants within four weeks from the date of furnishing information in the prescribed format.

13. List the matter after six weeks. On that date, the Bank will inform the Court the amount payable to the appellants, to be calculated according to the scheme, along with simple interest @f 5%o per annum.

14. urgent photostat certified copy of this order, if applied for, be furnished on priority basis.■

**Ordered accordingly.**

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