

# UNITED FORUM OF BANK UNIONS

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

C/o. State Bank of India, LHO, Plot No.1, Sector-17A, Chandigarh - 160 017

Phone (Office) : 0172-4567142, 4567042, 2702518 Fax – 0172-2721716

Mobile – 09417032548 e-Mail – ufbu.chd@gmail.com

**K K NAIR**

Chairman

**SANJEEV K. BANDLISH**

Convenor

**UFBU/ 2018/**

**Date : 03-08-2018**

**Hon, 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 incentivise 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.

	<b>Gross Operating Profit</b>	<b>Provisions for bad loans, etc</b>	<b>Net profit/Loss after provisions</b>
<b>2013-14</b>	<b>1,27,653</b>	<b>90,633</b>	<b>+ 37,019</b>
<b>2014-15</b>	<b>1,37,760</b>	<b>1,00,901</b>	<b>+ 37,540</b>
<b>2015-16</b>	<b>1,36,275</b>	<b>1,53,967</b>	<b>- 18,417</b>
<b>2016-17</b>	<b>1,58,982</b>	<b>1,70,370</b>	<b>- 11,388</b>
<b>2017-18</b>	<b>1,50,149</b>	<b>2,86,004</b>	<b>- 85,370</b>

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 19 out of 21 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 for bad loans 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.**

Presently as per Government guidelines vide DFS letter F No. 14/7/02-IR(Vol,II) dated 24-2-2012, Banks were allowed to allocate 3% of Net Profit subject to the following ceilings:

	category	Max. per year
i	State Bank of India	Rs. 100 crores*
ii	PSBs with business mix of over Rs. 3,00,000 crores and employees strength above 30,000	Rs. 25 crores
iii	PSBs with business mix of over Rs. 1,50,000 crores to Rs. 3,00,000 crores and employees strength of 20,000 to 30,000	Rs. 20 crores
iv	Other PSBs	Rs. 15 crores

**\* This has been revised to Rs.150/- Crore in 2017-18 due to merger of Associate Bank of India with SBI.**

During our delegation to Mr. Arun Jaitley on 15-9-2017 as well as on 21-3-2018, he had appreciated our suggestion for allocation based on Operating profits and assured to advice the Banks suitably in the matter.

We 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,

**SANJEEV K. BANDLISH  
CONVENER**