



UNION BANK EMPLOYEES' UNION - TAMILNADU

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Dear Comrades,

We append hereunder the text of the letter of All India Union Bank Employees Association written to the MD & CEO of the bank about the June 2019 Quarter results of the Bank and the same is self-explanatory.

“Sub: **June 19 Results - Our views and suggestions**”

Bank had declared its First quarter results in the ensuing fiscal today. Bank had made a consolidated profit of 230 cr for the quarter and the same will definitely enthuse the workforce besides infusing more confidence to pursue the Bank's goals. But minute study of the results indicates that the Bank is still not out of the stress and the worst is not over. The reading of the results points out following facts.

- 1) Growth has been wanting. Although the YOY growth in global business is 3.7% the incremental growth over March 19 is only 1.37% and the same is low compare to other peers in the industry.
- 2) Out of the growth registered, the deposits had grown by Rs Rs14099 cr over March 19 where as Advances had de-grown by Rs 3919 cr exhibiting high liquidity within the system affecting the profitability.
- 3) While Domestic deposits grew by 15860 cr over March 19 cr the CASA has degrown by Rs 3738 cr compare to March 19 indicating that the total growth under deposits is in Term Deposits that in-turn had increased the cost of deposits.
- 4) While Retail Advances had grown marginally by 643 cr the agriculture has degrown by Rs 1528 cr and MSME by Rs 1014 Cr indicating that RAM share has reduced.
- 5) Thus the growth story of the Bank in the quarter is not encouraging and it falls short of goals.
- 6) The quality of Assets is still under stress as Bank has added Rs 3090 cr in NPA in June quarter and the same is at the average level of additions in last 2 quarters. The reduction is at the lowest in last 3 quarters within which the recoveries and up-gradations put together is the lowest in last 5 quarters. With no growth in advances and fresh additions to the NPA, the NPA ratios had increased but with PCR coming down.
- 7) Agriculture and MSME sectors has contributed 60.45 % of additions in NPA in the quarter indicating that now the stress has shifted from corporate sector. But the infrastructure and NBFC/ HFC have accounted for substantial growth in incremental increase in credit exposure.
- 8) Despite all the above, the operating profit has been the highest in last 3 quarters and Business per branch, Gross Profit per branch as well as per employee had also improved along with ROE, Book Value Per share and EPS.

In the light of above results we feel following steps need to be initiated to improve the performance in the coming quarters.

- a) Bank needs to grow around estimated growth rate of 15% particularly in advances to improve the scale of operation and thereby improving the operating profit and also net profit. This will also reduce our NPA ratios.
- b) Bank needs to curb its avoidable and wasteful expenditure and necessary instructions have to be sent to field functionaries to restrain from reckless spending to improve profits.
- c) Quality of assets need to improve through continuous and consistent follow-up to minimise the slippages.
- d) Our recovery measures have to be geared up and fine-tuned to ensure more cash recoveries and up-gradations with lesser write-offs.
- e) There is a need to improve the quality of due diligence and the sourcing of proposals besides fine-tuning the credit appraisals.
- f) More concentration has to be offered in core activities rather than subsidiary activities.
- g) The Infrastructure continues to be the leading sector of deployment of credit for the Bank and NBFCS have sizable quantum of exposure. Steps are required to monitor these exposures on a continual basis to maintain the asset quality and avoid slippages.
- h) Recovery needs to be geared up by bringing in more seriousness and by deploying more officials in addition to pursuing resolution of high ticket stressed advances through IBC.
- i) The changes to the internal business processes to make them different are not capturing our Association's views and suggestions submitted from time to time. Corrections to the Business process re-engineering involving Award Staffs as suggested and demanded by the Association are yet to take place. In the name of implementing EASE agenda the laid down policies are being violated and or not implemented leading to unrest among employees. Job roles are being decided outside the scope of industry wise settlement. Recruitment of sub-staff is kept pending despite commitment to the Association.
- j) The exercise of human resource management requires more transparency particularly with regard to Manpower requirement of Award Staffs and its estimates. The capacity building, succession planning and developing the workforce to understand the future challenges are heavily loaded in favour of officers under the perception that Award Staffs do not have any role in the development of the Bank. Our suggestions to revisit the promotion and Higher Assignment Policies to fine-tune the same to meet the changing times are yet to be given final shape despite meeting many times and reminders thereafter.
- k) HRM Department and its officials need to be advised to implement the policies within the timeline as specified by the policies to avoid violation and confrontation.
- l) Rewards in the form of appreciation and certificates should not end up in one section of workforce being overwhelmingly recognised. This will derail the progress of the Bank. Instead it needs to be worked out by taking our Association in to confidence and by considering our suggestions and views.

We hope our above viewpoints will be taken in the right perspectives and we are sure that Bank under your leadership will take necessary steps in the matter.”

With Greetings,

Yours Comradely,

(A.CHIDAMBARAM)
General Secretary