



All India Oriental Bank Officers' Association (Regd.)

(Affiliated to AIBOA)

Central Office:

C/O Oriental Bank of Commerce
Corporate Office: Plot No. 5, Sector – 32,
Institutional Area, Gurgaon -112 001
Gen. Secretary Phone: 09811156296

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19th Septembers, 2015

Circular:
To, All Members

OBC Marching on the path of Restoring its Past Glory

Comrades! You are well aware about the journey of OBC, from small level private sector bank to nationalisation and post nationalisation, which has been filled with many ups and downs. Our bank was established on 19th February, 1943 at Lahore. OBC made a beginning under its Founding Father, Late Rai Bahadur Lala Sohan Lal, the first Chairman of the Bank. Within four years of coming into existence, the Bank had to face partition. Branches in the newly formed Pakistan had to be closed down and the Registered Office had to be shifted from Lahore to Amritsar and then to New Delhi in 1951. Late lala Karam Chand Thapar, the then Chairman of the Bank, in a unique gesture honoured the commitments made to the depositors from Pakistan and paid every rupee to its departing customers.

At one time our profit was only Rs.175 that prompted the owner of the bank, the Thapar House, to sell / close the bank. Then our seniors came forward to rescue the Bank. The owners were moved and had to change their decision of selling the bank and in turn they decided to improve the position of the bank with the active co-operation and support of all the employees and leaders. Their efforts bore fruits and performance of the bank improved significantly. This was the turning point in the history of this bank. After this the union and management worked together for the development of the bank. Everyone out-performed in those years and the performance improved magnificently. That time the saviours of this bank have been its employees supported with their cemented unity and infused with committed spirit to take this bank to greater heights.

The Bank was nationalized on Tuesday, 15th April 1980, in the second phase of nationalisation of the banks. At that time, it had a network of 307 branches with total business of around Rs. 435 crores and having 19th position among the 20 nationalised banks.

After nationalisation, till few years it was the golden period for the bank. The bank was considered as a trend setter in the Indian Banking Industry. The relationship and understanding between the union and the management, for the development of the bank, was a chapter of study for the RBI, IBA, IIMS and NIBM. There was curiosity in the industry in those days to know as to what was the secret of OBC's success? If OBC could do so well, why other public sector banks could not? Many a studies/researches were conducted on the significant performance of the bank.

The bank scaled new heights and changed the whole perception of public sector undertakings in the country. We changed the definition of employee-employer relationship and gave a new philosophy of partnership between the union and management for developmental purpose. Best facilities were provided to the staff and this was the time when everyone was proud to be a member of 'OBC family'. The total involvement of all the staff members and the participation of the union and management in the overall development of the bank were commendable.

Everyone had passion to perform and made the Bank as the best bank of the country. In the joint developmental meetings also, there were slogans like "Perform or perish", "If the Bank progresses, staff would also progress" and "If profits of the bank increases, staff benefits shall also increase" The role of management and union was totally proactive and supportive. Everyone worked as an ambassador of the Bank and there was a feeling among all categories of the employees as their own Bank.

The bank touched greater heights with the active participation of leadership of our Union and association. Shri S. K. Soni and our senior leaders were architect in bringing the sinking Bank to such a great height. The success of the Bank was due to his well-conceived thought i.e. "Chairman to Sweeper all are workers". Only that idea had worked to reach the institution par excellence. Under his leadership the Bank has followed the philosophy of workers' participation in the Management in letter and spirit which is still relevant and *Mool Mantra* of the success.

In recent past particularly till 2006, we witnessed making strides in various parameters resulting in one of strongest ever bank at national level and also to some extent at the international level. The basis of the banking was taken to be the consolidation of Balance Sheet. On deposit sides high cost and bulk deposits were almost removed from the Balance Sheet. Cost of deposit drastically reduced. On advances side yield on advances increased to one of the highest. The spread and margin were at highly comfortable level. Profit of the bank increased manifold. It was during this period Treasury business was taken up by the bank with utmost skill which enormously added to the profit.

Provisioning of even standard account was made resulting first time in banking industry the NPA was brought to '0' NPA level. Profitability was all time high giving space to

make provision for gratuity, pension for next many years. Over all the period was unique in the history of OBC so far as banking and bank business is concerned. The share holders reposed their confidence in the bank, share prices went up from all time low of Rs. 27 to 250/- per share giving justice to the stake holders. The confidence level on the bank was all time high. International rating of the bank's Balance Sheet filled with excellence remarks on all parameters. Bank's productivity was at highest level with lowest staff cost. Investment portfolio was very strong.

Within a decade the bank turned into one of the most efficient and best performing banks of India. The bank had to its utmost credit lowest staff cost with highest productivity in the Banking Industry. Selected under the Forbes 2000 World's Biggest Companies. One of the first few Public Sector Banks having adopted US GAAP besides Indian accounting standards. Committed to taking banking to international standards, our bank's performance has proved its worth even when evaluated as per the stringent US GAAP standards.

Rated as the "Best Bank for 2003" by Business India. Selected among "Best under a Billion, 200 Best Small Companies for 2003" out of 19000 companies from Asia and Europe by Forbes Global. Higher provisioning had been made to strengthen the Balance Sheet. Gross profit was 1163 crores i.e. 26.82%. Establishment expenses remained at 1%. Public Issue of 58 Million Equity Shares of Rs.10/-each at a premium of Rs.240 per share aggregating Rs.1,450 crores raised in April 2005.

One of the three Indian Public Sector Banks included in the list of World's Top 25 Banks in terms of Return on Capital Employed (RoCE) as on July 31, 2005. Improved its rank from 2000th in 2004 to 1811th in 2005 under the Forbes 2000 World's Biggest Corporate. Referred as the Customer Friendly by NIBM in its study pertaining to Customer Service in the Bank. **Upto 2005 this was 'AAA' rated bank.**

OBC had been rated the highest in terms of some of the vital Banking parameters, such as Business per employee, Business per Branch, Profit per employee and Return on Assets. Besides these features lowest staff cost has been maintained over the last so many years among the public sector Banks and private sector Banks.

The phenomenal growth of the Bank has been attributed to the cordial relationship and understanding for the development of the Bank between Union, Association and the Management. Unity among the workmen and the officers of this Bank has been unparallel and both work shoulder to shoulder for the development and progress of the Bank. This important feature prevalent in OBC has been so remarkable that there was a chapter of study for RBI/IBA/NIBM/IIMS owing to workers participation in the development and progress of the Bank.

After that our position has been critical and crucial as downfall on various fronts of the bank is clearly visible. It is surprising to note that the banks which were low performers

in those days are better performers today. The reason is very simple i.e. they adopted all those policies, practices and methodologies of OBC. Unfortunately OBC has diverted from its own path. Due to this many of the banks those that were below the level of OBC later on progressed and surpassed. The Bank, which was the most efficient and performing Bank of the country and gave a new concept of employer-employee relationship, is feeling uncomfortable in the new competitive environment. As a result, its performance does not commensurate with its capability and is also not keeping pace with the performance of its peers.

Amidst various challenges, cutthroat competitions and new era banking, the bank could manage to do well upto 2010. But after 2010 the bank's downfall and weaknesses were suddenly visible. Large corporate loans were slipped to NPA; large number of frauds took place in the bank which drastically eroded the profit of the bank.

In such a situation, we as the responsible Association have always been stressing upon and impressing our members to garner more of CASA deposits and extend credit in retail segment so that sufficient spread is available for the bank to register good profit. Our MD & CEO also emphasized to enhance Retail business many fold in the Bank to earn more profit and to have spread covering large number of clientele. Same is in the case of depositors, our CASA level is on 23% whereas other Private and Public Sector Banks have 33% average CASA. This directly means on (33%-23%) i.e. 10% deposits we are paying 9% or more interest which is a loss making proposition. This way our profit is eroding.

We therefore emphasize formation of Capital in the Bank from profit is the sound capital and easy means. Presently Govt. has given capital fund to only 9 Banks which means we do not come even in 50% of the total Public Sector Banks of the industry. Thus funds were given by Govt. to efficient Banks which means in the eyes of the Government our Bank may not be that much efficient.

Earning on asset and Net Interest Margin in our Bank is very low due to this we are rated as inefficient. Our profit is eroding for which alternative delivery channels & outlets like ATM, BC's, Net Banking must be used to the optimum level. Presently we are using only 33% of alternative delivery channels (ADCs) whereas other banks are using more than 60% of alternative delivery channels. Due to this there is over load of work and we are to attend more customers which results in impairment of our services. If we improve & best utilize our alternative delivery channels we can provide best customer service and in that case we can attend the customers in much better way and improve our quality capital as well as earn more profit.

The unutilized capital in the extended facility is causing blockage of capital for which we are not able to earn more profit. We are not able to earn more profit because our return on asset is reducing. If we realize and act prudently and with care our capital will grow and start earning profit for the Bank.

To overcome from the present condition of the bank our MD & CEO has given a very practical solution to this staggering and sluggish growth of our bank. Each and every member of the Association need to grab, understand and act as per the practical strategy outlined. The line of action and the measures suggested are as under:

1. RAM credit (Retail loans, Agriculture, and MSME).
2. Reduction of NPA and stoppage of fresh slippage.
3. Growth in CASA deposits.
4. Promoting ADC (Alternative Delivery Channel).

By circulating this strategy the management has discouraged corporate loans as well as bulk deposits at this critical juncture of bank's position. These suggested measures go in line with consolidating and strengthening the bank's Balance Sheet.

Comrades! We have assessed the gravity of present scenario under which the bank is passing through. We therefore strongly appeal to one and all to contribute their best possible. The time demands from each of us:

- It is time to rise to the occasion,
- It is time to fight to overcome the situation,
- It is the testing time for every individual to out-perform,
- It is time to do or die,
- It is the time to save the bank.
- It is the time to restore our past glory.

Be vigilant, check frauds and do not compromise with policies of the bank and laid down systems and procedures. Prevention is better than cure. As such, there is nothing to worry hence go ahead, march forward with vigour and strength, unity and team spirit to restore our past glory.

With revolutionary greetings,
Yours comradely,

(S. S. Shishodia)
Gen. Secretary

OUR UNITY ZINDABAD
OUR BELOVED OBC ZINDABAD