



Circular letter 8/2019

READ AND CIRCULATE

Kodialbail, Mangaluru -3

Date : 05.07.2019

Dear members,

CHIEF GENERAL MANAGERS APPOINTMENT ON CONTRACT BASIS IN THE BANK

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In our earlier circular we have informed with regard to the protest letter addressed to the Managing Director for the action of the Management in having appointed two Chief General Managers on contract basis. The issue was pursued thereafter by addressing another letter on 17.05.2019 expressing the protest of the local Managing Committee of both AIKBEA and KBOO on the subject matter which took place on 16.05.2019 at Mangalore. In response to these actions resorted to by us we have received the **letter from the Managing Director of the Bank bearing number HO/HR&IR/AIKBEA/KBOO/755/2019-2020 dated May 31st 2019** which is reproduced hereunder:-

Dear Sir/s,

Sub: Appointment of Chief General Managers on contract basis.

Ref.: 57/2019 dt. 08-05-2019 and 74/2019 dt. 17-05-2019

We are in receipt of above referred letters and noted your concerns.

In this regard, please be informed that, in order to have better operational efficiency and also to give more thrust and focus on the respective business niches, the Bank felt the need for concentrating on two verticals i.e. Business and Operations and accordingly decided to reorganize the organizational structure of the Bank. This is more of a forward looking initiative in further strengthening the administration, keeping in mind the growing size of the Bank.

Accordingly it was decided to have two executives in the rank of the Chief General Manager i.e. CBO & COO, and vacancy was proposed to be filled up on contract basis

either through internal promotion or external recruitment.

The role of CBO and COO is highly, challenging & demanding and accordingly this pay structure is aligned with the prevailing structure of peer Banks and is also linked to the performance. You are aware that, the existing IBA pay structure does not permit variable pay and hence to commensurate the pay to the risk taken, many banks have gone in for recruitment under contractual terms, especially in the Top Management cadre. Accordingly it was decided to go for contractual terms and also proposed a variable pay component, linked to KRAs, as per industry practice. Further, please note that many of the peer group Banks have adopted this system long ago.

Further to give thrust to our own executive cadres of the Bank, we had decided to invite willingness from all the eligible executives by duly informing the terms and conditions, along with the details of remuneration including variable pay. We had decided to go in for external recruitment, only if the eligible internal candidates are not found suitable.

Further, as already clarified to both of you in person, the compensation fixed to the COO and CBO is not on CTC basis. The appointment on contract basis with a provision for variable pay is also the Board mandated Management decision, which please note.

You will appreciate that a qualitative all round growth is the need of the hour and in order to have improved efficiency, existing structure has to be modified in tune with the changing scenario and this necessitated the Bank to recruit CBO & COO in the cadre of CGM, on contractual basis. This was purely to meet the future business demands based on the industry level requirement/competition.

Hope you will appreciate the view points as the matter stands clarified.

Further, while appreciating your full involvement in 'KBL-VIKAAS', we solicit your continued support to all the business needs so as to take the Bank to greater heights in the days to come.

Yours faithfully,
Sd/- Managing Director & CEO

Taking the above stand point of the Management, we have decided to submit our view point in detail to the Management as **no appointment on contract basis in the Bank can be welcomed or acceptable whatever may be justifiable circumstances, as enumerated by the Management.** Accordingly the letter bearing No. 115/2019 dated 4.7.2019 was addressed to the Managing Director of the Bank which is reproduced hereunder for the information and guidance of our members:-

Dear Sir,

**Sub : Appointment of two Chief General Managers on
contract basis in the Bank.**

We have for reference your letter HO/HR&IR/AIKBEA/KBOO /755/ 2019-2020 dt. 31.05.2019 with regard to the above subject matter in response to our letter No.57/2019 dt.08.05.2019 and Letter No.74/2019 dt.17.05.2019 addressed to your goodselves.

In both of our above letters, we have voiced our protest for the action of the Management in having appointed two Chief General Managers in the Bank, on contract system violating the existing hierarchical set up in the Bank, which you are well aware. Both of our Associations, cannot subscribe to the idea of contractual appointment in the Bank for whichever post in spite of your attempt to justify the circumstances under which two Chief General Managers were appointed on contract basis insisting for their resignation for the post of General Manager which they enjoyed earlier. Moreover, introducing the concept of variable pay as a part of package to these two Chief General Managers is also opposed by us as this is an attempt to discriminate between the cadre level post or from that of one cadre to other under the plea of performance.

Your contention that the said appointment was necessitated for better operational efficiency as well as to give more thrust to respective business niches in the bank is not acceptable to us. This is quite justifiable as all earlier Chief General Managers in the bank, including your goodselves, was permanent employee and majority of them were elevated to the post of Chairman or that of Managing Director. Therefore, the deviation now resorted to by the Management is nothing but an attempt to put the old wine in new bottle and say, this is for better performance efficiency. We feel that this is being done in accordance to the recommendation / suggestion of M/s.Boston

Consulting Group who are now engaged as consultants in the Bank for improving the operational efficiency and development of the Bank.

Under the circumstances, we once again prevail upon the Management to reconsider the said appointment of both the Chief General Managers on contractual basis so that they would continue as regular employees in the Bank as they were being employed hitherto. If the Management feels that this was a necessity under prevailing circumstances in the industry, we have to express our dissent on the score, and remain aloof.

Yours faithfully,

Sd/- **Gen.Secretary, AIKBEA**

Sd/- **Gen. Secretary, KBOO**

Comrades, it is an article of faith of AIBEA and AIBOA as well as both of our Associations that any appointment on contractual basis or appointment on C2C basis in the Bank is not acceptable to us. Therefore it is our endeavour to continue to oppose and fight against any such appointment.

With greetings,

Yours comradely,

Sd/-

(P.R. KARANTH)

General Secretary, AIKBEA

Sd/-

(K. RAGHAVA)

General Secretary, KBOO

ALL INDIA KARNATAKA BANK EMPLOYEES' ASSOCIATION...	ZINDABAD
KARNATAKA BANK OFFICERS' ORGANISATION	ZINDABAD