

# STATE BANK OF INDIA OFFICERS' ASSOCIATION

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Circular to All Unit Secretaries / Members:

No. 56 /31/ 2017  
27<sup>th</sup> September 2017

Dear Comrade,

### OFFICERS PLACED UNDER SUSPENSION

We came to understand that a few of our officers have been served the Suspension Orders for some alleged/suspected omissions and commissions done by them while discharging their duties and the suspension period is kept too long, thereby, such of those affected officers are facing the stigma, shame and social ostracism besides financial loss. The sword of Damocles has been hanging on the head of such unfortunate officers for a longer period, socially affected their standings and they are also outcast by their family and community.

02. The transformation of banking industry from Manual form of record of accounts to the electronic and digital form has gone a sea change. Along with this advancement, came the attendant risks associated with the process. The Bank is revising the instructions through e-Circulars then and there whereas the Officer's find no time to update their knowledge / systems and procedures due to severe stress and strain experienced by them in discharging their duties in the pressure cooker situation prevailing at the Branches.

03. In the melee, the chances exist for irregularities or lapses bound to happen because of following the oral instructions received from their Controllers; yielding to the pressure exerted by the Public, VIPs, Politicians and herculean task of budget given to the Branch and the officials are forced to somehow achieve the budget.

04. The analysis of incidents of suspension reveals that the alleged lapses are due to obeying the oral instructions from the Branch Head / Controllers in processing the loan applications / release of funds without pre/post sanction inspection; allowing excess drawings; non submission of control returns, non-verification/ obtention of valid KYC documents and also not protecting the bank's interest by analyzing the mitigating factors.

05. To protect the interest of the Members, our Association proactively thought and brought out "**You Should Know**" book emphasizing you to follow-up the systems and procedures meticulously and ways and means of monitoring the advances portfolio; general banking besides the scrutiny of various CBS reports from time to time.

06. While business growth is taking place no support is being given to the officials and all types of encomiums are heaped on the officials, but when an unintentional slip takes place, it is only the unfortunate official who has to bear the brunt and none else.

07. We are confident that you will concur with our views that an order of suspension has the effect of debarring an Official from exercising the powers and discharging the duties of his office for the period the order remains in force. Though suspension is not a punishment, it constitutes a great hardship and definitely visits the concerned person with somewhat penal like consequences in the sense his right to live a decent and dignified life is affected.

08. A bird's eye view of the Management which led to invoke suspension on the official and the ways to avert them is cited as under:

### **Agricultural Gold Loans - Lapses**

- AGL loans sanctioned to non-farmers
- Quantum of loan not based on Scale of Finance
- Spurious ornaments accepted as security
- Ornaments not tested and certified by the Appraiser
- Delivery of gold ornaments without ensuring the closure of accounts.

Preventive Vigilance to safeguard ourselves

- ✓ Verify the original Revenue Records/Chitta/Adangal/ID issued by the Govt. and keep a copy with loan documents
- ✓ Strictly adhere the Scale of Finance announced by SLBC
- ✓ All the gold ornaments received as security have to be tested and certified by the Appraiser
- ✓ Ensure the closure of accounts before delivery of ornaments
- ✓ Do not relax norms for Cross Selling
- ✓ No debit of Insurance Charges without consent after explaining the scheme.

### **Car Loans / Auto Loans - Lapses**

- No proper appraisal done, application is not properly filled in with data
- Loans sanctioned without ensuring margin money
- Assets not purchased and end use of funds not ensured.
- Loan amount credited to Savings Bank Account instead of sending remittance by RTGS to the Dealers.
- Receipts issued by the Dealers are forged / fabricated one.
- No Insurance, No RC Book copy on record
- KYC documents / IT Returns are forged one.
- Loan for Audi Cars sanctioned at a small Village Branch
- The Auto Loan Consultant as well as a Car Dealer were part of the fraud.

## Preventive Vigilance

- ✓ Verify Salary Certificate with the Employer.
- ✓ Verify the KYC original documents and keep a duly certified copy along with loan documents
- ✓ Proper appraisal to be and loan to be sanctioned on merit
- ✓ Confirm the payment of margin money and verify the genuineness of the receipts issued by the Dealer
- ✓ Disburse the loan through RTGS direct to the Dealer's Account and get acknowledgement of receipt
- ✓ Take the Photograph of Car along with the borrower and keep it on record. Obtain a certificate from the Dealer for the purchase of car along with Chassis Number etc. and keep it on record.
- ✓ Obtain a copy of RC Book, verify the Bank's lien; so also the Insurance Copy.

## Housing Loans - Lapses

- Many blank columns observed in the loan applications
- KYC documents / IT Returns are forged one.
- NMI/EMI & LTV norms not followed for arriving quantum of loan
- Stage-wise disbursements not observed
- No plan approval; estimate not certified by the Bank Engineer
- EM/MOD formalities not completed
- TIR/Panel Valuer's Certificate not in proper format

## Preventive Vigilance

- ✓ Application forms to be filled properly with all relevant data
- ✓ Verify the KYC original documents and keep a duly certified copy along with loan documents
- ✓ No violation in the eligibility criteria and loan should be sanctioned on merit
- ✓ Stage-wise disbursements to be made after inspecting the constructions site
- ✓ Stage-wise work completion certificate to be obtained and kept on record
- ✓ Verification of records at Registrar of Assurances to be done
- ✓ TIR/Panel Valuer's certificate should obtained in the approved format
- ✓ Timely completion of formalities of EM/MOD to be ensured

## SME LOANS - Lapses

- Opinion Report on borrowers/guarantors and CIR on suppliers not obtained
- Assets & Liabilities of borrower/guarantor/director not obtained
- MCCC/ZCC terms and conditions of sanction not adhered
- Payments made by DD instead of RTGS remittance direct to the suppliers
- End use of funds not ensured. Assets were not created
- Take over norms not followed
- Collateral Verification report was ignored.

## Preventive Vigilance

- ✓ Compile the Opinion Report, Assets & Liability Statement on the Borrowers/Guarantors before processing of loan request
- ✓ End use of funds and creation of assets purchased out of bank finance to be verified during post sanction inspection
- ✓ CIR on Suppliers to be obtained so also the other Banker's in case of taking over of advance
- ✓ Make Direct payment to the Supplier / submit the DD in person to other banks for taking over of advances
- ✓ No deviation of sanctioned terms and conditions
- ✓ All formalities to be completed before disbursement of loan

09. In all cases Cross Selling has been done. In some cases for huge amount. This has lead to dilution of norms.

10. Tremendous pressure has been there from above but now nobody is there to help the Officer. Officers should know that inspite of legal opinion from Lawyer and Valuation Certificate from an approved valuer, officer is certifying the validity and hence the liability is only on him / her.

11. Once again, we appeal and caution our Members to strictly adhere the Bank's laid down instructions in regard to Deposits / Advances /General Banking areas; avoid violations and not yield to pressures from any quarters and protect your skin first and protect the interest of the bank.

Comradely yours,

**(D.THOMAS FRANCO RAJENDRA DEV)**  
**GENERAL SECRETARY**