

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:282
ANSWERED ON:30.08.2013
OUTSOURCING JOBS IN PSBS
Das Gupta Shri Gurudas

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government/ Reserve Bank of India (RBI) has allowed/proposes to allow outsourcing of regular jobs in the Public Sector Banks (PSBs);
- (b) if so, the details thereof and the reasons therefor;
- (c) whether certain bank employees Unions have recently staged dharnas against the outsourcing of regular jobs and if so, the details thereof;
- (d) the estimated losses suffered by the banks as a result of these dharnas/strikes and the reaction of the Government thereto; and
- (e) the remedial measures taken/proposed to be taken by the Government to put an end to the outsourcing of regular jobs in banking sector and avert strikes by the bank employees?

Answer

The Minister of Finance (Shri P. Chidambaram)

(a) to (e): A Statement is laid on the Table of the House.

Statement as referred to in reply to parts (a) to (e) of Lok Sabha Starred Question No. 282 to be answered on 30th August, 2013 regarding Outsourcing Jobs in PSBs tabled by Shri Gurudas Dasgupta

(a) to (e) : The Reserve Bank of India (RBI) had issued guidelines in 2006 on 'Managing Risks and Code of Conduct in Outsourcing of Financial Services by Banks'. These Guidelines, inter alia, stipulate that the Banks should not outsource their core management functions including internal audit, compliance functions and decision-making functions like determining compliance with Know-Your-Customer (KYC) norms for opening deposit accounts, according sanction of loans and management of investment portfolios. Accordingly, the Public Sector Banks (PSBs) are outsourcing certain non-core activities.

The All India Bank Employees' Association (AIBEA) had staged a 'Dharna' on 29.5.2013 against the alleged outsourcing of regular jobs in the banking sector. However, no tangible losses occurred in PSBs as a result of the 'Dharna' since the branches/offices of all PSBs functioned normally.

In the past, strikes have also been called by bank employees unions where outsourcing of jobs by PSBs has, inter alia, been raised as one of the issues. This includes recent strikes by United Forum of Bank Unions (UFBU) on 22.08.2012, 23.08.2012, 20.2.2013 and 21.2.2013. The loss by way of delays in disposal of business etc. on account of absenteeism in various banks and disruption in services is not quantifiable.

No remedial steps are required as the outsourcing is only of some non-core activities. Banks continue to recruit against regular vacancies for core activities.