

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3131

ANSWERED ON:07.08.2015

Sharing of Profit in Banks

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Will the Minister of FINANCE be pleased to state:

- (a) the criteria adopted by banks for sharing of the net profit with the employees as incentive;
- (b) whether the banks including State Bank of India(SBI) are proposing to offer up to 3% of annual profit to employees/staff as part of a talent retention and motivation initiative;
- (c) if so, the details thereof;
- (d) whether the banks have sought permission from the Government in this regard and if so, the details thereof, bank-wise and the decision taken by the Government, in this regard;
- (e) whether banks are already sharing 1% of their profits for incentivisation to employees, if so, the details thereof, bank-wise; and
- (f) whether SBI is considering any share purchase scheme for all employees irrespective of their posts, if so, the details thereof?

Answer

The Minister of State in the Ministry of Finance

(Shri Jayant Sinha)

(a): In 2006, Government had advised all Public Sector Banks to introduce Incentive Scheme for the grant of cash incentive to the their employees/officers based on the performance evaluation matrix prescribed with the approval of their Board of Directors.

(b) to (d): State Bank of India has initiated a proposal to offer incentives to employees with higher performance with aggregate amount upto 5% of average net profit for last three years. No other bank has made any such proposal.

(e): As per the existing guidelines, the total amount to be paid as incentive by any bank should not exceed 1% of the bank's profit after tax. The bank-wise details, as available, are annexed.

(f): SBI has initiated a proposal to offer Employees Stock Option Scheme (ESOS) to its employees to provide long term incentives at senior levels as per eligibility.
