

# Banks to back staff on loan decisions with legal, financial aid

K RAM KUMAR



The move comes in the wake of bankers expressing concern at a June press meet over the arrest of top Bank of Maharashtra officials for decisions taken in the discharge of their official duties.

## To adopt plan IBA is putting together

To instil confidence and a sense of security among bankers and directors so that they continue to take *bona fide* lending and recovery decisions without fear, banks will soon adopt a comprehensive financial and legal support scheme put together by the Indian Banks' Association.

The move comes in the wake of bankers expressing concern at a June press meet over the arrest of top Bank of Maharashtra officials for decisions taken in the discharge of their official duties. Following the arrest, decisions on lending to corporates had slowed across the banking system.

As per the scheme, banks will provide full legal and financial support to defend serving/retired employees and officers, and also present/former directors and their family members against cases arising out of *bona fide* execution of a bank's work during their service period .

It will also cover instances in which complaints/prosecution have been launched by the police or the CBI , and other government agencies against employees/officers/directors when carrying out their normal duties.

Family members (parents, spouse and children) who are exposed due to the action of employees/officers/directors in the course of the recovery process or the execution of a bank's work will be covered under the scheme.

Banks will provide legal support to defend employees even after their transfer or retirement, or resignation from service till the final disposal of such cases.

Also, urgent steps will be taken by banks to avoid arrest of staff by seeking anticipatory bail. They will quickly move bail application in case of arrest or imprisonment.

Arrest of employees as a consequence of initiation of criminal proceedings against defaulters or arising out of *bona fide* execution of a bank's work during the service period will not be treated as a black mark on performance.

Banks will give due recognition to employees who have to undergo hardship in the process of recovery of dues due to the stern action taken by them towards defaulters. They will pay all legal/miscellaneous expenses, transportation and other incidental expenses incurred by the officials even after transfer, retirement, or resignation.

Whenever officials are called by the police/CBI for interaction, banks will arrange for presence of an empanelled advocate.

Banks will provide medical, legal, and financial support in case of miscellaneous hazards — physical injury, manhandling, etc — faced by employees.

Employees will be compensated at the rate of 10 times the admissible halting allowance per day for any arrest period.

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