‘SAM’ARAMBH RECOVERY CAMAPIGN OF UNION BANK FO INDIA: A CASE STUDY OF WARANGAL REGIONAL OFFICE.

NPA has been scourge of Nationalized Banks for long time, EASE reforms were initiated by government of India in the view of peaking NPA in 2016. NPA in Union bank is also a concern for the 5th largest Public Sector Bank of India. Gross NPA (%) reduced by 4.76% and Net NPA (%) reduced by 67 bps on YoY basis to 1.03% as on 31.03.2024. But still Rs 43,098 crs GNPA and 8,990 crs NNPA is not a positive sign for Bank . Hence, at the start of the Financial year 24-25 the Management started a campaign ‘SAM’ARAMBH 2 nd April to 30th June,2024) for wiping out NPAs by offering customers very reasonable settlement terms for secured and unsecured loans. There is certainly need for the study the happening in this campaign how CO issued instructions and how ZOs, ROs implemented the directions(Now the campaign is extended upto 20th Dec,2024) What challenges it has faced in operational ways and for field level functionaries is a matter of great interest. Though earlier Modular approach was followed to settle the accounts but this campaign gives a rare opportunity to settle the NPA accounts(> 2 years) immediately by paying 10% of the amount in running ledger when the RL balance is below 25 lakhs under Module-1 ad if it is above 25 lakhs and less than 1.00 cr it is settled under Module-2. Different bands such as 10%,to 70% depending on the age of NPA and Security Value and marketablity. RO, Warangal with 70 branches was already leading performer bagging no 1 position in India, it took up this challenge by adopting the multi-pronged strategy to get success in this campaign. Since how successfully it navigated the campaign with aplomb and where it faltered forms the crux of the case study.

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CERTIFICATE OF ORIGINALITY

This is to certify, that the Case Study and the Facilitation Note submitted by us are an outcome of our independent and original work. We have duly acknowledged all the sources from which the ideas and extracts have been taken. The project is free from any plagiarism and has not been submitted elsewhere for publication / presentation.

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Cover Page of Abstract and Case Study

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‘SAM’ARAMBH RECOVERY CAMAPIGN OF UNION BANK FO INDIA: A CASE STUDY OF WARANGAL REGIONAL OFFICE.

Introduction and need for the study:

NPA has been scourge of Nationalized Banks for long time, EASE reforms were initiated by government of India in the view of peaking NPA in 2016. NPA in Union bank is also a concern for the 5th largest Public Sector Bank of India. Gross NPA (%) reduced by 4.76% and Net NPA (%) reduced by 67 bps on YoY basis to 1.03% as on 31.03.2024. But still Rs 43,098 crs GNPA and 8,990 crs NNPA is not a positive sign for Bank . Hence, at the start of the Financial year 24-25 the Management started a campaign ‘**SAM’ARAMBH 2nd April to 30th June,2024)** for wiping out NPAs by offering customers very reasonable settlement terms for secured and unsecured loans. There is certainly need for the study the happening in this campaign how CO issued instructions and how ZOs, ROs implemented the directions**(Now the campaign is extended upto 20th Dec,2024)**

What challenges it has faced in operational ways and for field level functionaries is a matter of great interest. Though earlier Modular approach was followed to settle the accounts but this campaign gives a rare opportunity to settle the NPA accounts(> 2 years) immediately by paying 10% of the amount in running ledger when the RL balance is below 25 lakhs under Module-1 ad if it is above 25 lakhs and less than 1.00 cr it is settled under Module-2.

Different bands such as 10%,to 70% depending on the age of NPA and Security Value and marketablity. RO, Warangal with 70 branches was already leading performer bagging no 1 position in India, it took up this challenge by adopting the multi-pronged strategy to get success in this campaign. Since how successfully it navigated the campaign with aplomb and where it faltered forms the crux of the case study.

Scope framework &applicability:

The scope of study is within framework of Samarambh campaign, which was initiated on 2nd April,2024 and scheme was valid up to 30th June,2024 and taken forward it in next quarter i.e.330th Sept,2024. The research analyses how RO, Warangal devised strategy in first /second quarter to galvanise this campaign and how the field level functionaries responded to this campaign widens the scope of this study. This study also delves into how campaigns of CO reaches lowest rung and whether it is achieved desired results forms the epicentre of study. The applicability of this study will stand out because of its unique significance of not only eliminating NPA by getting direct profit to the bank but also delves deep into the working of RO, Warangal which has carved out a niche in The past two years with its achievements on all fronts maintaining its no .1 position. The study segregates into area of improvement and sectors where it falls short of expectations.

Methodology:

Researcher adopts case study method which is a very popular of qualitative analysis and involves a careful and complete observation of a unit i.e. Union Bank of India, RO, Warangal. It is a method of study in depth rather than breadth. The object of this case study is to locate the behaviour patterns and execution in RO, Warangal. Researcher will do intensive investigation in the context of Samrambh campaign and over all recovery policy of Bank. Here the researcher has the Unique advantage of "Participant Observation" in the research since he was associated with this campaign thus giving him a wider exposure to do the research.

Process&flow: When SAM vertical has announced SAMRAMBH campaign and no of eligible accounts were shared and sent to branches. DGM summoned CLRD team and discussed the campaign and targets achievements and strategy adoption was decided. DY RH was made in charge to monitor entire process. The DGM has taken some Vertical Heads were given the responsibility of monitoring the progress of this campaign. Ro, Warangal was given the target of 3507 out of eligible 17,941accounts under Module 1 and Module-2 where reduction of amount target was Rs 17.50 cr Business Correspondents meeting was also organized focussing mainly on Branches who are having higher number of eligible accounts. On the instructions of Field General Manager, Hyderabad special mega OTS campaigns were organised at Kaleshwaram and Gudur where both Dy RHs attended the camp on 18th May and 1st June further giving fillip to campaign along with the representatives of FGMO. On the similar lines vertical Heads have gone to branches which are having more no of accounts. These OTS camps have the desired results where more accounts have been mobilized. The CRLD made team made two officers one Chief Manager and Sr.Manager to go around the branches

Which were lagging and DGM, DY RH were monitoring he daily progress. Daily Dashboard of accounts were sent to FGMO for compiling report. Branch entries were scrupulously authorized at RO coordinating the executives and following due procedure of conducting RLCC 1 meetings and ratifying the same. The branches were given sometimes deputation when there is a scarcity of staff to do this work. CLRD team very meticulously planned visits so that branch will get the confidence of settling the accounts. This campaign was run without disturbing the assigned works of CRLD like SARFAESI actions and other proposals of recovery. CLRD team acted with alacrity while errors were coming while entering the prescribed Menu 'LAW" Mangers were guided properly to rectify them. Managers are reminded that even if accounts are not eligible under this two schemes there was always a provision for sending the proposal in Module III in earlier formats.

Finally, Warangal on 30th June, achieved the target 3580 accounts reducing 11.81 crs of NPA but lagged in collecting amount(i.e 1.92 cr settlement amount) thus vied for its 1 st position achieving no of accounts on PAN India basis, but overall position of Warangal was 19th rank in India and 2nd in Hyderabad Zone behind Nizamabad.

As the scheme was extended up to 30th Sep,2024 RO, Warangal continued its same pace and at the end of 30th sep,2024 it has achieved 2911 acs settlement as against the target of 6657 accs with 43.7% and reducing NPA to 16crs where settlement amounts totalling upto 1.92 crs.

Hyderabad stood at 18th position on all India ranking.in second quarter. But in conclusion of the quarter campaigns the questions being raised why Warangal RO has got partial success.

Facilitation notes

Q1. Why Warangal RO failed to achieve the targeted amount?

Q2. Why there was discrepancy between central office eligible accounts for settlement?

Q3. Why Module 2 accounts were not settled and reasons for poor performance?

Q4. In conclusion what steps must be taken for future to contain NPA and making a health balance sheet?

Q5. What are the important takeaways from this campaign?

Q1. Why Warangal RO failed to achieve the targeted amount?

Ans. In entire campaign in a quest to show more accounts branches concentrated on smaller tickets to pay off due amounts because settlement was less difficulty since customer was easily convinced and offer was very luring.

Q2. Why there was discrepancy between central office eligible accounts for settlement?

There was discrepancy ineligible accounts since systems lifted 0 amounts and Rs 100 amounts which were kept aside during amalgamation though these accounts are showing 0 or 100 in their balance but they have been segregated because real amount were to be seen in Legacy system of respective banks.

Q3. Why Module 2 accounts were not settled and reasons for poor performance?

Module 2 accounts were not settled as per given targets, since they have secured with properties

It would have been more beneficial for bank. But main reason for not having settlement in these cases that they are entangled in legal cases. Some of the accounts are fraud and several legal steps pending before we go for settlement.

Q4. In conclusion what are steps must be taken for future to contain NPA and making a health balance sheet?

While navigating the campaign one factor is established that Credit due diligence was the source of scourge, they are genuine cases, but evaluation of credit proposals secured and unsecured comes under scanner. Sometimes though salary bound govt employees were given loans they have also been over the years turned into NPAs which was very well avoidable. Simple follow up would have made the difference to stop that accounts becoming NPA.

Many a time amounts were collected in NPA accounts for settlement but due to delay in correspondence those amounts became unattended in Sundry Creditors thus adding operational burden on Branches.

Despite these failures Ro, Warangal had a mixed bag of achievements where under the leadership of DGM and Dy RH gave solid support to CRLD team where Managers are also participated enthusiastically. Some chronic accounts are settled through this scheme which was a major relief for branches and region. Further visiting branches by CLRD staff inculcated the vitality and significance of NPA management in branches. During the interactions executives got the birds view of Branch affairs further strengthening to resolve the NPA to a greater extent.

This campaign gave a valuable lesson to executives on maintenance of health of accounts and how mistakes are becoming burden on branches and overall, on Bank. Once again it emphasized the need to educate field staff about circulars regarding the policy to instil confidence in them.

Q5. What are the important takeaways from this campaign?

There had been positive attitude in resolving the NPA issues because of the campaign. It also shown the way long standing NPA can be resolved by showing patience and probing attitude on the part of the staff. The most positive outcome of this campaign is that Management witnessing its success extended this campaign for second quarter i.e. Sep,2024. Though we achieved number of accounts considerably but the amount wise we were not able to do much infact for increasing the profit the settlement amounts should have been higher since Bank has gone overboard in sacrificing the amounts to give relief to the customers. Hence, further their is need to look after big tickets to contribute better profits to the Bank.

Review of literature:

1.Samarambh circulars ICno.04740/2024 explained the guidelines of settling accounts under this process,

2.Recovery policy of Union Bank of India for 24-25(IC no.04729/2024 : This policy enumerate the bank guidelines in recovery matters.

Foot note: Warangal Region comes under Hyderabad Zone headed by CGM.K.Bhasker Rao,

Regional Head P.Satyam, DY Rh.P.Sreeram and DY.Rh.A.Mahesh.