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INFORMATION CIRCULAR NO. 12493

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TO : ALL BRANCHES / ZONAL & REGIONAL OFFICES

**INCENTIVE SCHEME FOR OUTSTANDING PERFORMANCE  
IN LENDING TO NEW MICRO ENTERPRISES AND CANVASSING CGTMSE ACCOUNTS  
DURING THE FY 2014-15**

**HIGHLIGHTS**

- ✓ Cash Incentive of Rs. 60,000/- to "Top Zonal Office" on All India basis.
- ✓ Cash Incentive of Rs. 60,000/-, Rs. 50,000/- and Rs. 40,000/- to three "Top Regional Offices" on All India Basis.
- ✓ Cash Incentive of Rs. 60,000/-, Rs. 55,000/-, Rs. 50,000/-, Rs. 45,000/- and Rs. 40,000/- to Top 5 "All India Topper Branches" on all India basis.
- ✓ Cash Incentive of Rs. 30,000/- and Rs. 20,000/- for "RO Leader Branches" to 2 Top Branches of each Regional Office.

1. MSMEs play an important role in the Indian economy and consequently, assume great importance for Banks. For greater focus and penetration into this important segment, our Bank had launched an incentive scheme for FGMO/RO/Branches for outstanding performance in lending to MSE Borrowers during the FY 2013-14. There was an overwhelming response from the field functionaries with over 52000 MSE Accounts was sanctioned and disbursed during the campaign period.
2. As per the recommendations of the Prime Minister's Task Force on MSME, all commercial Banks are required to give more thrust on the credit flow to Micro Sector and credit flow to Micro Enterprises should constitute 60% of total credit flow to Micro and Small Enterprises. During last FY 2013-14 though our Bank has achieved healthy growth, we remained short of achieving target of 60% of MSE advances to Micro Enterprises.
3. In an endeavor to achieve the target of lending to Micro Enterprises and to motivate the Field functionaries for putting their maximum efforts towards achieving the benchmark as given above and reward their outstanding performances, the bank has launched similar incentive scheme for the current FY 2014-15 for lending to Micro Enterprises.

The salient features of the Scheme are as under:

4. Objective of the scheme:

The basic objective of the scheme is to identify, recognize, motivate and suitably reward the staff members working in branches for extending credit facilities to Micro Enterprises. Thrust shall be given to bring in more and more new connections under Micro Segment of the Bank. Coverage of CGTMSE Accounts by Regions and Zones shall be given additional weightage.

5. Target Group and Campaign Period:

Target Group shall be all the Branch Heads, and Credit Officers at RO & FGMO, and the campaign period shall run from 1<sup>st</sup> August 2014 to 31<sup>st</sup> Mar 2015 (8 Months).

6. Methodology of Calculation of Incentives:

6.1 The basic purpose of this incentive scheme is to bring into our fold new customers under Micro segment. Hence the minimum standard of performance shall be linked to credit facilities to new Micro customers sanctioned and disbursed during the campaign period from 01.08.2014 to 31.03.2015.

6.2 Each new connection to which disbursements are made under Micro Advances (New Borrower only) will fetch 2 points.

6.3 If one new connection/Borrower is sanctioned and disbursed multiple credit facilities such as TL/CC/BG/LC etc, it shall be treated as one disbursement and not four disbursements.

6.4 Branches achieving the following annualized growth rates (%) on the outstanding quantum of Micro Advances as of 31.03.2015 over 30.06.2014 shall earn additional points, elaborated as under:

- |   |                        |
|---|------------------------|
| 6.4.1 Branches achieving growth of 20-30 %    | - Additional 25 points |
| 6.4.2 Branches achieving growth of 30-40 %    | - Additional 50 points |
| 6.4.3 Branches achieving growth of above 40 % | - Additional 75 points |

6.5 Total points scored by each Branch shall be the sum of points earned under each of the above parameters.

6.6 The Top 3 Regions with highest percentage of Branches Qualified (sanctioning and disbursing at least 30 New Micro Accounts during the campaign period) within the Region shall be adjudged winners, subject to at least 75% of branches achieving more than 5 Micro Disbursals during the campaign period.

6.7 The Top Zone with highest percentage of Branches Qualified (sanctioning and disbursing at least 30 New Micro Accounts during the campaign period) within the Zone shall be adjudged winners, subject

to at least 75% of branches achieving more than 5 Micro Disbursals during the campaign period.

- 6.8 Branches to ensure that correct MIS Codes are given in newly opened Micro Accounts. Any deviation / reclassification may disqualify the branch for any incentive.

## 7. Eligibility Criteria:

- 7.1 All Branches / Regions / Zones across India are eligible to participate in this incentive contest.
- 7.2 Branches canvassing /disbursing a minimum of 30 New Micro Enterprises borrowers/customers during the campaign period are eligible for the Incentive.
- 7.3 Top Regions shall be selected subject to covering at least 500 New CGTMSE Accounts during the campaign period (in 8 months), apart from highest percentage of Branches Qualified within their jurisdiction. Likewise, the Top Zone shall be selected subject to the maximum Regions achieving at least 500 CGTMSE accounts per Region operating under the Zone's jurisdiction during the campaign period.
- 7.4 Disbursements made to New Micro Borrowers on or after 01.08.2014 only are eligible. Since the basic purpose of scheme is to bring into our fold new connections, Regions to ensure that advances to existing customers under Micro Enterprises are not adjusted and re-booked to show as new advances. Similarly multiple facilities to one new customer will be treated as one disbursement.
- 7.5 Advances booked under Gold Loans and coded under Micro Advances shall not be considered in the calculation of points at all levels.
- 7.6 Percentage Annualized Growth shall be calculated based on outstanding position of 30.06.2014.
- 7.7 Calculation of the points as above for selecting the winners shall be done based on the reports generated from MIS only subject to excluding gold loans classified as Micro advances and fresh loans to existing customers as mentioned in para 7.4 above.

## 8. Categories of the Awards

- 8.1 "Top Zonal Office" - The Top Zone with highest percentage of Branches Qualified within the Zone shall be adjudged winner, subject to at least 75% of branches achieving more than 5 Micro disbursals during the campaign period and maximum Regions achieving minimum 500 new CGTMSE accounts per Region within the Zone.
- 8.2 "Top Regional Offices" - The Top 3 Regions with highest percentage of Branches Qualified within the Region shall be adjudged winners, subject to at least 75% of branches achieving more than 5 Micro disbursals during the campaign period and minimum 500 new CGTMSE accounts within the Region.

8.3 **"All India Leader Branches"** - Based on the total points earned by the branches, the Top 5 Branches securing highest points pan India shall be selected as "All India Leader Branches".

8.4 **"Region's Leader Branches"** - Based on the total points earned by the branches, the top 2 Branches securing highest points in each Region shall be selected as "RO Leader Branches" of the respective Region.

8.5 And all the branches that shall achieve the threshold level of disbursing 30 new Micro Accounts during the campaign period shall be awarded with a "Special Appreciation Letter" from the Executive Director.

## 9 Selection of winners

9.1 No branch shall be eligible at a time for incentive under more than one category.

9.2 If a Branch is selected as "All India Topper Branch", it shall not be eligible for incentive under "RO Topper Branch" category. In such cases next ranked Branch under the category shall be eligible for Incentive.

9.3 If there is a tie of points between 2 or more Branches / Region / Zone, the Branches / Region / Zone with the highest disbursements under Micro Enterprises during the campaign period shall be selected.

## 10 Quantum of Incentive at various levels:

10.1 "Top Zonal Office" - One Zonal office shall be selected -

<u>Rank</u>	<u>No. Of winners</u>	<u>Incentive</u>
First Rank	1	Cash Reward of Rs 60,000/-

10.2 "Top Regional Offices"- Three Regional Offices shall be selected -

<u>Rank</u>	<u>No. Of winners</u>	<u>Incentive</u>
1 <sup>st</sup> Rank	1	Cash Reward of Rs 60,000/-
2 <sup>nd</sup> Rank	1	Cash Reward of Rs 50,000/-
3 <sup>rd</sup> Rank	1	Cash Reward of Rs 40,000/-

10.3 “All India Leader Branches” category: 5 branches on all India basis shall be selected -

Rank	No. Of winners	Incentive
1 <sup>st</sup> Rank	1	Cash Reward of Rs 60000/-
2 <sup>nd</sup> Rank	1	Cash Reward of Rs 55000/-
3 <sup>rd</sup> Rank	1	Cash Reward of Rs 50000/-
4 <sup>th</sup> Rank	1	Cash Reward of Rs 45000/-
5 <sup>th</sup> Rank	1	Cash Reward of Rs 40000/-

10.4 “ RO Leader Branches” Two Branches from each Region shall be selected

Rank	No. of winners	Incentive
1 <sup>st</sup> Rank	1 from each RO	Cash Reward of Rs 30,000/-
2 <sup>nd</sup> Rank	1 from each RO	Cash Reward of Rs 20,000/-

### 11 Sharing of Incentive

- 11.1) Incentive for “Top Zonal Office” shall be awarded to the entire Credit Team at FGMO, who had coordinated and monitored the progress under Micro Enterprises during the campaign period.
- 11.2) Incentive for “Top Regional Office” shall be awarded to the entire Credit Team at Regional Office, who had assisted in monitoring and guiding the Branches in increasing Micro advances during the campaign period.
- 11.3) For the “Top Branches”, the Branch Manager and the Credit Officer shall share the incentive in the ratio of 60:40.
- 11.4) In those Branches where two or more Credit Officers are posted Branch Manager's share shall be 40% and the share of Credit Officers shall be in equal proportion.
- 11.5) In Branches where no Credit Officer is posted, the Branch Managers shall share their incentive with at least 1 team member in the ratio of 60:40 who has assisted him during the campaign period.
- 11.6) If Zonal Heads/Regional Heads/Branch Managers or Credit Officer have been transferred from or to the Zone/RO/Branch during the campaign period and the Zone/RO/Branch is selected for incentive, the sharing of the incentive shall be in the ratio of their length of service in the Office/Branch during the campaign period.

### 12 Competent Authority for sanction of Incentive:

The General Manager, CP & MSME Department is the Competent Authority for sanction of incentive based on the ranking finalized as above.


### 13 Role of Zonal Office/Regional Offices:

- 13.1 Zonal/ Regional Heads to ensure that proper due diligence must be carried out at Branch level while sanctioning New Micro Proposals. Post sanction monitoring should be done meticulously.
- 13.2 It should also be ensured that the quality of asset is not compromised due to this incentive scheme.
- 13.3 Zonal Heads/Regional Heads should popularize the Incentive Scheme amongst the staff members working in branches and ensure their whole hearted participation.
- 13.4 Regional Head to form a team at RO level to guide and monitor the progress of scheme on periodical interval which will help increasing Micro advances to new connections by the branches under their jurisdiction.

### 14 Role of Branch Officials:

Branch Managers and their respective Credit Officer should concentrate on financing to Micro Enterprises during the campaign period; so that they can sanction credit facilities to more and more new customers especially under the newly launched "UNION PROGRESS Scheme".

We expect active involvement of all Field Functionaries in achieving the objective of this incentive scheme.

  
Kanekal Chandrasekhar  
General Manager