

ALL INDIA BANK OFFICERS' CONFEDERATION

(Registered under the Trade Unions Act 1926, Registration No.:3427/Delhi)

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PRESS RELEASE

A CASE FOR SALARY REVISION FOR 10 LAC BANK OFFICERS AND WORKMEN IN BANKING INDUSTRY

Historically, salary revision for bank officers from Assistant Manager to General Manager is being done at industry level by IBA once in five years and so far nine Bipartite Settlements have taken place and Joint Notes were signed between IBA and representatives of Officers' Organisations.

The four Officers' Organisation have submitted a combined **Charter of Demands** to IBA on 30th October 2012, **before** the due date for the commencement of negotiation for the 10th Bipartite Settlement which was **due from 01.11.2012**.

Even though one and a half year have passed, no forward movement has taken place with regard to our Charter of Demand except an understanding arrived at on two issues Viz. 1) Date of Effect from 01.11.2012 and 2) Merger of DA at 4440 points.

This time, it has been consciously decided by IBA and Unions that the negotiation will be on Salary components only and its impact on Superannuation Cost will be borne by the banks. Accordingly, IBA has decided to offer salary increase on Payslip Components (Basic Pay, DA, HRA, CCA and Annual Medical Aid) as against Total Establishment Expenses hitherto being followed.

Having settled for 17.50% on **Total Establishment Expenses (higher quantum)** during last Bipartite, IBA has made **an initial offer of only 5% salary increase on "pay slip component" (lower quantum)** which was enhanced to 9.5% after a Strike Call and finally improved the offer by 0.50% i.e. **from 9.50% to 10%** on 27th January 2014. **Since the offer of 10% amounting to Rs.3150 Crore was lower than the last settlement commencing from 01.11.2007 amounting to Rs.3300 Crore** and IBA was not willing to negotiate further on load factor, we were forced to go for 48 hours strike on 10th and 11th February 2014.

PARITY ON SALARY WITH CENTRAL GOVERNMENT EMPLOYEES :

Salary Revision for Central Government employees will be effected based on Pay Commission recommendations once in ten years and their present salary is as per Sixth Pay Commission recommendations. Before 1979, bank officer's salary used to be higher than the Group "A" officer of Central Government. To have a parity with Government employees, Pillai Committee was constituted in 1979 and as per the Committee's recommendations the **pay scales of bank officers were rationalised and made at par and aligned with Pay Scales of Government Officers**. Such parity was distorted to the disadvantage of bank officers by implementing 4th, 5th and 6th Pay Commission Recommendations at much higher levels and the salary difference at all levels is alarmingly high. To quote, the bank officers' gross pay slip amount at initial stage is about Rs.30700/- as against Rs.56400/- for Government officers. Similar differences exist at different stages in the hierarchy. It has caused serious impact on the quality of recruits in a highly sensitive sector like banking which involves dealing with public money.

Many State governments have adopted 6th Pay Commission recommendations and many Public Sector Undertakings have also adopted them as bench mark for salary revision which has created a huge gap between the bankmen on one hand and government employees and PSU employees on the other.

Even though the Seventh Pay Commission is due from 01.01.2016 only, the Government has approved composition of Commission well before its due date to decide

about the pay structure of Central Government employees which will be revised after the report is submitted by the 7th **Pay Commission with effect from 01.01.2016**. (This in addition to the provision of 50% merger of DA with Basic Pay during the intervening period) The comparative scales since 1979 are as under:-

Year	Group-A Officers of Govt. of India	Scale-I Officer in a Bank
Prior to 1979	Rs.450/-	Rs.500/-
In 1979	Rs.700/-	Rs.700/-
In 1986 (4 th pay commission from 1987)	Rs.2,200/- Rs.8,000/-	Rs.2,100/- Rs.7,100/-
In 1996 (5 th pay commission from 1997)	Rs.12,500/-	Rs.10,000/-
In 2006 (6 th pay commission)	Rs.15,600/- + GP Rs.5,400/- Total Rs.21,000/-	Rs.14,500/-

YEOMEN SERVICE RENDERED BY PUBLIC SECTOR BANKS :

The Nationalisation of major commercial banks in July 1969/1982 was one of the **bold decision taken by the then Prime Minister Mrs. Indira Gandhi just to prevent concentration of wealth in private hands and mobilize more resources for economic development and chanelize the same to the needy / neglected Sectors of Indian economy namely Agriculture , Small and Village Industries etc.**

Consequent to nationalization, **Public Sector Banks have done a commendable job** in enhancing the penetration level of bank branches in remote villages, Financial Inclusion, implementation of various schemes of the Government etc. The number of bank branches has gone up from **8262 to 74200 branches as of 31st March 2013** with more presence in rural India. **The priority sector lending was given more thrust as a part of social objectives which has helped to uplift the rural poor. To fall in line with global standards,** nationalized banks also adopted Prudential accounting norms, Income recognition and Asset Classification and became strong and healthy. Apart from undertaking the Social Banking, the Public Sector Banks are equally competitive at International Banking landscape.

Public Sector Banks operate in a disciplined manner by observing compliance of regulatory requirements and in fact it was because of this that the Indian banks have emerged relatively unharmed from the recent global financial crisis.

The ten lac officer and workmen employees of banking sector have actively involved in nation building by effectively implementing national agenda of employment creation and economic & Industrial growth and enjoy lot of respect and popularity particularly in Rural & Semi Urban areas.

PRESENT OFFER :

In all the previous settlements, salary increase was given as a load to Total Establishment Expenses and presently we have been offered salary increase on Fixed Pay Components. If the percentage increase is offered on Total Establishment Expenses, the total quantum will be more when compared to Fixed Pay components as explained below.

Total Establishment Expenses	Payslip component
Rs.56292 Crore	Rs.31503 Crore
Offer of 10% on Rs.56292 Cr	10% on Rs.31503 Cr
Quantum available Rs.5629 Cr	Quantum offered RS.3150 Cr

IBA's present offer of Rs.3150 Crore for one million employees is far below the amount offered during last bipartite settlement. The percentage offer on Fixed Pay Components (Pay slip) has to be improved so as to match with market related salary in view of the following.

The work force of Public Sector Banks are responsible for increase :

1. In the **Business Mix** of the Public Sector Banks from **Rs.53,71,959 Crore** during the year 2008-2009 to **Rs.102,18,471 Crore** during the year 2012-2013.
2. **in Operating profit** from **Rs.45,495 Crore** during 2008-2009 to **Rs.1,21,917 Crore** during 2012-2013.
3. **in Net Profit** has gone up from **Rs.34,382 Crore** during 2008-2009 to **Rs.50,583 Crore** during 2012-2013.
4. **in Total Income** (interest and other income) has gone up from **Rs.3,15,554 crore** during 2008-2009 to **Rs.6,11,658 Crore** during 2012-2013.
5. The Net Profit for the year 2012-2013 is Rs.50,583 Crore after providing for NPA Rs.46,021 Crore due to huge slippages during the year 2012-13 of Rs.1,19,613 Crore. Addition to NPA has affected the net Profit in two ways. It has not generated income and the provision has further drained the income.

Thus it is imperative that bank officers and workmen are adequately compensated due to their growing responsibility, transferability and accountability in order to maintain high standards of honesty and integrity, as their job demands, in highly competitive and sensitive sector of the Indian economy, particularly in view of the following facts:

1. That bank officers who were getting more than government officials earlier, were brought at par with Government officers on implementation of Pillai Committee report in, 1979, are now getting approximately Rs. 20 thousand less than government officials at first stage of the pay.
2. It is pertinent to mention here that 7th pay commission has been constituted for revision in salaries of Central Government employees, whereas Bank employees have yet to catch the salaries they are getting as per 6th pay commission report.
3. There is steep rise in the CPI inflation and the salaries in absolute terms have also been eroded. Consumer price index has already increased by 1501 numbers over 4440 which was prevailing on 01/11/2012 i.e. the level at which IBA has agreed to merge the DA with basic pay.
4. The productivity per employee, the business per employee and branch and profitability of the public sector banks has enhanced many folds.
5. There is a danger of poaching of the existing young and trained staff of the Public Sector Banks by the new generation Private Sector Banks and Foreign Banks which will emerge as per new Banking Policy.



**(HARVINDER SINGH)
GENERAL SECRETARY**

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