Vol. 38 No. 4 Total 12 Pages BANGALORE Single Copy Rs. 3/- JULY - 2019

Editorial

50 DEFINING YEARS

July 19, 2019 will complete the cycle of 50 years of the defining moment of India's history when 14 major commercial banks were nationalized by the Government of India. Common Bond salutes the law makers, the academia and the economic advisory council of Government of India for drawing the blue print and to millions of bank men's struggle over the years which made it possible. In a larger sense the government's decision to nationalize major banks was motivated by the need to seize control of the access to an allocation of the nation's savings from the big business interests that had taken control of it in the period after independence to ensure an alignment with the objectives of a planned economic development.

Development, after the nationalization of the 14 large commercial banks, preceded by taking over of Imperial Bank of India and rechristened as State Bank of India in 1955, followed by nationalization of 6 more large commercial banks in 1979 was dramatic. There was a huge expansion in the number of bank branches, a dramatic fall in the population coverage per bank branch and rise in the share of the rural branches. The rise in the share of rural branches was reflected in the steady increase of the contribution of rural areas in aggregate deposits and credit. More significantly, the credit deposit ratio of the rural branches touched 65 per cent as against the ideal parameter of 60 per cent set for the banking industry as a whole. It was not only rural credit; there was an upsurge in small borrower accounts. An important mechanism for extending the reach of banking was the establishment of the institutions of Regional Rural Banks. Together, the banking system had a phase of outstanding performance in the two decades after bank nationalization.

It was not the failure of the publicly owned banking system, to achieve the goals of bank nationalization, that triggers, the perceived need for the continuous and sweeping shift in the banking policy, when the Indian banking system became the target of a policy engineered structural transformation since 1991. The so called shift to a new liberal economic policy regime which provided the theoretical cover for banking sector reforms originated actually from a balance of payment crisis which had nothing to do with the Indian banking or the stellar role played by the bankers from metropolitan cities to the remotest corner of the country extending the benefit of social mass banking to the millions of the countrymen. It was during this period that the attempt at policy reversal focused on low profitability, so called emergence of NPA, reportedly out of directed credit to priority sector and poor level of customer service. Two reports of a committee chaired by Mr. Narasimham (1991 and 1998), was the first structured attempt to write the epitaph of public sector banking.

The post liberalization period has been characterised by an important structural break in banking policy and performance separating the years 1991-2003 from the subsequent period until 2014. The first feature was the shift in bank's lending strategy due to the requirement of a reduction in NPA ratio and increase in capital adequacy ratio. This twin condition has in effect made bank cautious and hold back on lending. But during the same period the world was hit by the worst economic crisis since the end of the Second World War and for insulating the domestic economy there was a virtual explosion of credit. So the initial benchmark of a reduction in NPA ratio and increase in capital adequacy ratio was replaced by a mad race for credit expansion giving a go bye to the accepted principles of credit management. Such reckless expansion in both corporate and personal sector including housing finance did partially insulate the Indian economy but the story of decline of the system was invisibly written in such reckless adventurous credit expansion which finally exploded in so many big ticket defaults in post 2014 period.

Such large scale default by big corporate borrowers because of policy induced credit expansion and failure to have an efficient recovery mechanism despite enactment of IBC Code and setting up of a powerful NCLT, leads to the clamour for providing additional equity for nationalized banks. But the government is itself now chained by its own fiscal responsibility and budgetary management act which put a ceiling on fiscal deficit and virtually blocking provision of adequate capital from budgetary resources. An easy solution is the need to privatize nationalised banks because of the paucity of fiscal resources which is unfortunately a spacious one. Another alternative mechanism is bank consolidation attempted through amalgamation of associated banks of SBI with the parent followed by merger of Dena Bank and Vijaya Bank with Bank of Baroda, for the failure of the government to provide adequate equity support to tide over a crisis created by the policy maker themselves, may be with, different political colours.

The mainstream economic logic for consolidation rests on the assumptions that size would increase bank efficiency through more efficient scale, better organization, increased scope, improved product mix and downsizing of the labour force, which is unfortunately not supported by any empirical evidence.

The measures initiated now, even if partially implemented, coupled with the deflationary policy which keep the growth low, will again ensure the return of NPA menace and the less privileged will be forced to cut off their relation with the banks, a relation that has been cemented for the last 50 years. This is nothing but traversing the return route from a situation where social control over the nation's savings had been achieved, to one where the control is ceded to big business with damaging consequences for growth, financial stability and financial inclusion. July 2019 calls upon the bank men to take the oath of fighting back all these regressive policies aiming at reverse nationalisation for upholding the flags of public sector bank and by pledging them to the service of the nation and the real stake holder, the less privileged section of the society. ■

LONG LIVE THE IDEALS OF JULY 19, 1969!

Organisational Issues

91ST

EXECUTIVE COMMITTEE MEETING OF AIBOC IN PROGRESS ON 24TH AND 25TH JUNE, 2019 AT BENGALURU

THERE IS NOTHING PERMANENT EXCEPT CHANGE

ASSAULT ON BANKERS – LOSS OF LIFE IN THE LINE OF DUTY

Text of letter no. AIBOC/2019/56 dated 19.06.2019 written by the General Secretary to the Hon'ble Home Minister, Union of India, on the dastardly killing of a young officer Comrade Karan Singh Negi of Bank of Baroda :

Shri Amit Shah
Hon'ble Union Minister for Home Affairs
Government of India
North Block,New Delhi-110 001

Respected Sir,

ASSAULT ON BANKERS – LOSS OF LIFE IN THE LINE OF DUTY

At the outset, All India Bank Officers' Confederation (AIBOC), the apex organisation of bank officers in the country, having a membership of over 3.20 lakh congratulates your goodselves and new team of ministers led by respected Shri Narendra Modiji, Hon'ble Prime Minister. We are sure that, with your acumen and commitment, the country will attain greater heights in all spheres of life and ensure equity and justice to all.

02. Sir, with deep consternation, we wish to bring to your kind attention, that on 18th June, 2019, Shri Karan Singh Negi, a promising young officer of just 31 years of age working in Bank of Baroda, at the Bank's Nimbol branch, in the Jalgaon Region of Pune Zone was shot dead by a couple of unidentified miscreants, while he was in line of duty. At around 2: 20 p.m. on that day, two unidentified miscreants entered the premises with helmets on their heads and revolvers in hand. It is learnt that one of them fired on the wall so as to frighten the employees / officers / customers present at the branch. Shri Negi valiantly warded off the miscreants and somehow managed to press the security alarm, which normally is connected to the nearest police station. In retaliation, Shri Negi was fired upon by the assailants and died on the spot. They had also fired bullets towards another employee of the branch, who somehow escaped. The miscreants walked away from the branch after the gruesome murder in broad daylight.

03. Sir, this incident is not an isolated one. In the past few years various bank managements have been compromising with the basic requirement of security arrangements including posting of armed guards at branches and security personnel at ATM sites in the name of curtailing overheads. For past more than one-and-a-half years, almost all banks – both public and private sectors – have stopped deploying armed security guards at their branches and ATM counters. As such, banks and ATM sites have become soft targets for the dacoits and terrorists. The victims are mostly bank officers, whose precious lives are lost in the line of duty due to the faulty policies of the bank management. Customers have also been killed and injured during such attempted heists. The security arrangements need to be fortified to instill the confidence in officers and customers.

04. Shri Karan Singh Negi had been a committed worker and always been true to his duty. Even at the time of the attempted heist, he did put bank's interest first over his life. The loss to the bereaved family is irreparable and his presence amongst the banking fraternity is irreplaceable. His death has sparked off deep resentment amongst the entire banking fraternity, who are seething with anger and demanding justice for Shri Negi and arrest of the miscreants.

05. We salute the sacrifice of Shri Negi, who laid down his life in the line of duty. We also urge upon your good office to ensure that the bank managements ensure adequate safety and security arrangements forthwith. We also demand that a complete impartial inquiry be conducted by any preferable government agency, and the bank management publishes a white paper on the same. We also demand the accountability of the board of the bank for the precious loss of human life for the misplaced priorities of the concerned bank.

06. Finally, we request your good office to take up the matter with the concerned departments as well as the State Governments to issue appropriate

instructions immediately for ensuring adequate security arrangements at bank branches and ATM sites for the bank personnel and customers.

07. We request your good office to meet a small delegation of our Confederation at your earliest convenience to present our views on this issue.

With best regards,

Yours sincerely,
Sd/-
(Soumya Datta)
General Secretary

Wage Revision

WAGE REVISION

After the installation of the new government IBA again invited AIBOC and UFBU for wage revision talks on 19.06.2019. In tandem with the decision taken in the meeting of the General Secretaries in 4th March, 2019, AIBOC along with NOBO informed UFBU Convenor about their inability to attend the wage revision talks till the issue of fractured mandate is completely resolved. Unfortunately, despite having identical views on the mandate issue AIBOA and INBOC attended the meeting.

Subsequently UFBU issued a circular on 19.06.2019 wherein they informed that the decision of AIBOC and NOBO not to participate in the discussion was communicated to IBA by them. UFBU also submitted a letter to IBA reiterating its demand that the discussion on officers' charter of demand should cover all grades of officers' from Scale – I to Scale – VII. IBA informed UFBU that in absence of AIBOC and NOBO, they are unable to accede to the request of UFBU at present. Further in the absence of AIBOC and NOBO they would discuss and conclude the settlement for the workmen employees and based on the same similar wage revision may be extended to the officers'. IBA also informed that in view of the need to continue the Group Medical Insurance Policy for employees/officers and retirees from October-November 2019, they need to initiate the process by inviting quotations from various insurance companies in both private and public sector. IBA further informed the attending unions that IBA managing committee will meet on 24th June, 2019 and talks may be resumed thereafter based on the decision taken in the managing committee meeting.

At the initiative of AIBOC, the four officers' organisations met at Bengaluru on 25th June, 2019 and drafted a Joint Note, the text of which is reproduced hereunder and submitted to the Chairman, IBA.■

The Chairman
Indian Banks' Association, Mumbai

Camp: Bangalore
Date: 25.06.2019

Dear Sir,

8TH JOINT NOTE – UNCONDITIONAL MANDATE TO COVER ALL OFFICERS

Further to the communications resting at your end for immediate resolution on the captioned subject matter, the delay on your part halts further progress of wage revision exercise of officers.

2. To make it specific, Officers' Service Regulations introduced in the year 1979 covers entire Officers' fraternity, which is also a statute for all practical purposes.

3. All the four officers' organisations met today and discussed the issue threadbare. It is decided by all the four officers' organisations that IBA should forthwith resolve the issue of fractured mandate to enable us to move forward in completing the wage negotiation process.

4. We, the four officers' organisations urge upon your good office to resolve the impasse positively by **2nd July, 2019** to enable us to take part in the discussion meaningfully and fulfil the aspirations of the entire officers' fraternity.

Yours Sincerely,

Sd/-	Sd/-	Sd/-	Sd/-
(Soumya Datta)	**(Nagarajan S)**	**(K K Nair)**	**(Viraj Tikekar)**
General Secretary	General Secretary	General Secretary	General Secretary

THE JOURNEY OF A THOUSAND MILES BEGINS WITH ONE STEP

Subsequently, a delegation of AIBOC leadership comprising of Comrade Debasis Ghosh, President, Comrade Ravinder Gupta, Sr. Vice President, Comrade Deepak Kumar Sharma, Vice President and Comrade Soumya Datta, General Secretary met Shri Anurag Singh Thakur, Hon'ble Minister of State for Finance and Corporate Affairs, Govt. of India at his official residence at 14, Janpath, New Delhi and handed over a memorandum to him. Hon'ble Minister gave the delegation a very patient hearing and assured to address each and every issue mentioned therein. Text of the memorandum is appended. ■

Text of letter no. AIBOC/2019/58 dated 26.06.2019

Shri Anurag Singh Thakur ji,
The Hon'ble Minister of State for Finance & Corporate Affairs ,
Government of India
North Block,New Delhi - 110001

Respected Sir,

Few issues confronted by the bankers

At the outset, we, the largest association of officers in the banking industry representing more than 3,20,000 officers, congratulate you on your being elected as the Member of Parliament for the third successive term and also being chosen as the Minister of Finance for State in the NDA-II Government led by Shri Narendra Modi ji. We are sure that with your vast experience in Lok Sabha and various public positions assumed by you in the past more than a decade, would immensely help in building up a strong and pro-people Finance Ministry of the Union Government.

2. Our members have been playing active role and responsibility, right from framing the policy, till its implementation in Banks. Aims and objectives of banks, especially Public Sector Banks, are entwined with the constitutional objectives and the pleasure of the government of the country. Contribution of the public sector banks and old generation private sector banks towards nation building is immense and noteworthy. Bankers have been drivers of growth for decades. Nationalization of Banks in 1969 gave new dimension to the banking in the country. Banks became extended arms of the Government, implemented wholeheartedly, various pro-society programmes such as village adoption, irrigation, dispensation of credit for agriculture and small business, realized the objectives of Government in successful completion of green, white, blue revolutions. Rural and semi urban economy underwent unimaginable change on account of programmes like Service Area Approach which resulted in comprehensive development and infused purchasing power. Banks realized dream projects of Government – Pradhan Mantri Jan Dhan Yojana (PMJDY) affordable insurance scheme, Aadhar linking, DBT and Demonetisation/Remonetisation of economy. Banks today, have touched nook and corner of the country, thereby achieving the pursuit of financial inclusion.

3. While wishing you a great success in all your endeavours as a Union Minister of State for Finance, we take this opportunity to place before few issues pending and invoke your immediate attention.

a. Salary revision: Salary revision is carried out in Banks through a mechanism of bi-partite negotiations between IBA (an association of managements of banks) with us, the trade unions (represented by UFBU). Member banks of IBA formally give a mandate to IBA to negotiate on behalf of them. Though the salary revision has fallen due for revision from 01.11.17, no meaningful dialogue has taken place till date. There have been few issues which have become impediments in the negotiations. They are:

i. Fractured mandate: So far, member banks were giving mandate to IBA for salary negotiation up to General Manager cadre (from Scale I to Scale VII – Scale VII being General Managers), as they are subjected same sets of service rules. A few banks have given mandate to IBA to negotiate only up to MMGS III, thus leaving officers in Senior Management in Grades IV, V, VI and VII in no-man's land. On the contrary, it may kindly be observed that Central Pay Commission is applicable to all section of Government employees, from messenger to the Cabinet Secretary. Despite our repeated requests, discussions and agitations, neither Government nor banks nor IBA have

A MAN CAN BE DESTROYED BUT NOT DEFEATED

taken any initiative to get the mandate from 5 banks which are yet to give full mandate. This fractured mandate has become stumbling block in negotiation. As a majority organisation representing the entire bank officers' fraternity irrespective of scale, we are not in a position to initiate wage negotiation talks only for officers upto Scale-III – particularly when majority of the state sector Banks (15 out of 20) have conveyed their full and unconditional mandate to IBA for wage negotiation for all Bank officers up to Scale-VII (i.e. General Manager) cadre. Banks which are yet to give full mandate to IBA are: ***State Bank of India, Bank of Baroda, Punjab National Bank, Union Bank of India and Indian Bank.*** We request you to please issue suitable instruction to them to mandate IBA immediately, paving way for meaningful negotiation.

ii. Charter of Demands and the parity of salary vis-à-vis Central Government officers: Salary of officers of the banks was higher than that of the IAS officers till 1979. In the name of parity, the salaries of bank officers were capped and clipped. Later, Government has been revising the salaries of IAS officers, through CPCs; but not the salaries of bank officers with the same parity. The gap has been widening with each pay revision. Now the starting Basic Pay of a Scale I officer in a PSB stands at Rs.23700/- compared to Rs.56100/- for Group 'A' officers of Central Government. This alone is enough to tell the tale of wage revision for officers in banks. To be brief, before 1979, the Basic Pay of a bank officer was more than that of an IAS officer, while now the emoluments of bank officers is a fraction of what an IAS officer draws.

For all practical purposes, officers of banks are treated as public servants. As a matter of fact, Bank officers have been equated to Group 'A' officers of Central Government. The service conditions are also on the lines of Civil Services. Banks are working as the extended arm of the Union Government, implementing its policies and programmes in the financial sector and are under the control, supervision and ownership of Government. This being the situation, it is unfortunate that the same yardstick is not being followed while carrying out revision of salaries and allowances for these two sets of officers. While in government service, salary being paid to the officers, is having no relevance to their performance, banks being the extended arm of Government and within its ownership, there is no rationale as to why similar approach cannot be adopted. Moreover, banks are earning and improving their operating profit, year after year, though the net profit has declined on account of the policies like maintenance of Cash Reserve Ratio (earning zero income for banks), Statutory Liquidity Ratio, directed lending, provisioning norms, write off policies, hair-cuts driven by Insolvency & Bankruptcy Code etc. over which neither the banks nor the bank officers have any control. Beyond all, services of the bankers to the country cannot be valued at all, considering the fact that they serve the citizenry of the country under varied and compelling circumstances, sometimes even endangering their lives.

Government has been following a contradictory stand. While for the purpose of control and monitoring and restrictions – bank officers are treated as Government servants, for the purpose of salary and allowances, they are NOT!!

We request that the profit and any such parameter be delinked for the purpose of salary revision, as we serve the nation like other Government employees.

b. Pension updation: Pension is revised for retired Government employees with every pay revision automatically. Recently, Government has updated pension of RBI personnel. But, for bankmen it does not happen at all. With this, many are being paid pension which are awfully low. Retirees cannot meet day to day expenditure and cannot afford a dignified living. Family pension is nothing short of a pittance – half the rate applicable to Government employees!! Pension drawn by officers in highest Scale (i.e. General Managers) of yester years is lesser than that of clerks who have retired / are retiring today.

We request that pension needs to be updated with every salary revision and family pension needs to be revised as is applicable to Government employees. Retired officers have a right to lead a reasonable life for having devoted their life time to the cause of the Organization and Nation Building.

c. Working Environment in Banking Industry and recruitment of staffs: Perhaps, banking industry is the only industry where business doubles every 10 years, but the staff position halves. There was no recruitment in Banks for decades and decades. This decade is termed as decade of retirements. Large number of officers/ staffs who were recruited in 1980s is retiring and there will be an exodus in next couple of years. With this, the existing officers have to shoulder huge work load. They are forced to work on all days, disregarding weekly and other holidays. Officers, thus, have been invisibly chained to their offices and have lost personal, social and family life. **Work-life balance** has been severely impaired. This needs to be seen from the angle of human rights also.

This has also been one of the reasons for increased ill-health among bank officers. A large number of suicides are being reported. Young Officers are suffering from cardiac/lifestyle diseases. It is not out of place to mention here with recently, a young officer in 30s suffered a heart attack on duty. There is an urgent necessity to bring in a suitable law so as to prohibit exploitation of officers.

There is also an imperative need to recruit employees in all cadres. This not only provides respite to working officers/employees, but also employment to the youth and helps building 'knowledge– bank' and continuity.

d. Misplaced focus of bank business: Banks were meant to be a bridge between savers and the users of money. Banks are regarded as trust houses of citizenry who keep their savings which are deployed by banks, by way of credit, for productive purposes so that money becomes useful to the society, improves economic conditions and add to the productivity and the GDP of the country. Additionally, Banks were also carrying on few ancillary services, which are not being handled by any other Institutions as such, like Custodial Safe Deposit, Safe Custody, Advisory Services etc. to help customers. In fact, these were complimentary services to the banking business. The core activity of banks continued to be collecting deposit and lending. Of late, a misplaced concept has crept in. Powers that be, want the banks to be '*super market of all financial services*" and hence included marketing of third-party insurance, mutual fund products etc. within the ambit of banking business while there is no augmentation of staff for the same. There are exclusive institutions/organizations and financial system in existence to extend such insurance and mutual products. There is no necessity that bank should be indulging in these sorts of activities, discarding its main objective. In fact, these are one of the prime reasons for deterioration in asset quality. Deliberately and by evil design, marketing of these third-party products has been incentivized. Incentives are in the form of financial, non-financial bounties and perks. Foreign excursions are being arranged in the name of education / training programmes (from junior level to the topmost management). Officers / Staffs are being lured and allured by these incentives. With this, the focus of banks and the officials has shifted from core activity of lending, serving customers to just marketing third party products. The shift has been so intense that prime and important activities like follow-up, monitoring and recovery of loans have been relegated to back stage. These are going to harm the very fabric of banking. As these third-party products are sold on the basis of incentives, mis-selling / wrong selling / force selling is rampant. There is an urgent necessity to stop handling of such non-banking activities in banks in the interest of banks and the customers.

e. Strangulating and Weakening Public Sector Banks: There is an orchestrated effort to strangulate and weaken the Public Sector Banks through the NPA weaponry. Through a designed set of Schemes (like CDR, SDR, JLF, S4A etc.), the RBI permitted the banks to evergreen their NPAs for more than a decade. Suddenly in the year 2016 & 2017, the banks were forced to declare these evergreened accounts as NPAs and provide for them out of their Operating Profits within two-three quarters under the Asset Quality Review (AQR) policy (which was declared by the then RBI Governor, Shri Raghuram Rajan, but was found to be totally wrongful two years later). Due to this ruthless body-blow of AQR, most of the PSBs were made to bleed and post net losses and eventually pictured as weak. Even before the banks could manage to wriggle out of the AQR assault, RBI introduced an illogical Prompt Corrective Action (PCA) concept and brought more than 11 banks under this restrictive and retrograde mechanism. Later on, many of these banks have arbitrarily been declared to be out of PCA restrictions. There is a need to relook into this aspect.

f. Denationalization of Banks: During 1969 and 1980, the then Government nationalised many banks to ensure availability of banking facilities to the common man of the country, liberating them from the clutches of money lenders. Banks have contributed to the successful implementation of various policies and programmes. Public Sector Banks have played a stellar role in the success of all revolutions be it Green, Blue, White. Public Sector Banks took banking to the places which were not accessible and in which private banks were/are not interested. Public Sector Banks have implemented pro-citizenry programmes like No-Frill Accounts, Jandhan, affordable insurance schemes of the government including Aadhaar, which are unheard in any part of the world. Today's financial and economic independence of the countrymen is on account of the active role played by the Public Sector Banks which account for around 80% of Indian banking and nearly 100% in rural areas.

Of late, there have been attempts to merge the Public Sector Banks in the garb of efficiency, scale of operations, NPAs etc. These, in fact, no way help either the merging entities or the common man. The result will be closure of bank branches in name of rationalization of branches. Credit delivery will be affected. Common man will suffer as branches will be closed. We have already witnessed this in the merger of Associate Banks with State Bank of India (It is reported that more than 2500 branches have been closed after merger in SBI). These, we believe, are steps in the direction of privatization. Robust, time-tested and huge banking resources and network may go to the hands of corporates and foreign entities. We think that this is nothing but reverse bank nationalization. Government is fast tracking Mergers & Acquisition in banking, which is a route already proved to be unsuccessful and therefore abandoned in the global economy. If this is not stopped, irreparable and irreversible damage will occur to these banks and the customers and other stakeholders of these banks. This year, being the Golden Jubilee Year of Bank Nationalization, we appeal that the benefits derived from Nationalization may please be kept in mind and endeavour to flourish the public sector banks. Further, we urge you to nationalise all old generation private sector banks in the larger interest of customers and the nation.

g. Five Day Week: Keeping in view the scientific practices prevailing across the countries, the demand for Five days week was originally placed in the 10th BPS, when 2nd and 4th Saturdays were declared as holidays. At present, it has become a priority, which is likely to bring many positive effects, such as increased productivity, improved job satisfaction and morale, decreased absenteeism, reduced energy costs and work-life balance. Globally, the organizations work 5 days a week. The working conditions in the Banks have been strenuous. Poor infrastructure, lack of adequate staff has made the officers till late in the night, resulting in poor health, huge pressure on the officers, which culminates in serious work-leisure mismatches, life style diseases and of late, repeated acts of suicides being committed by the officers of the Banks. Officers are called upon to work on holidays and Sundays, frequently disrupting the personal life. On account of this, officers are being burnt-out, unable to justify themselves in their family. Introduction of Five-Day Week will not only result in savings to the organization in terms of overheads and bring in a human element in the officers' lives, but also would enable a meaningful social life – which in turn will result in higher efficiency in work place. 5 Days' week will also rejuvenate many other commercial sectors/activities of the economy. A positive move in this regard would be hailed by one and all. The matter may please be addressed at the earliest.

h. National Pension System (NPS): While the contribution is defined and certain in this scheme, the return is most uncertain and undefined. The funds of NPS are subject to market risk. This does not provide family pension, which convention pension provides, in cases of unfortunate death of pensioner. We also urge upon your good office to restore the Old Defined Benefit Pension scheme and scrap the National Pension System, which has been implemented in Banks since August, 2010. There is tremendous resentment amongst the new recruits, who want restoration of the Old Pension Scheme.

i. Reckoning allowances as Basic for the purpose of arriving superannuation benefits: We also invite your kind attention to the Judgment delivered by Hon'ble

Supreme Court on 28th February, 2019 in Civil Appeal No. 6221 of 2011 filed by Regional Provident Commissioner (II) West Bengal, wherein it was held that the Special Allowance payable in all these concerns to all the employees without exception falls within the definition of Basic Wages in Sec 2(b) of Employees Provident Fund Act, 1952. It is also pertinent to submit that the definition of Basic Wages in Sec 2(b) of EPF Act is similar to the definition of Wages in Sec 2(s) of Payment of Gratuity Act, 1972. The above judgment is clearly applicable to Banks' Provident Fund Scheme too, making it obligatory on Banks to reckon Special Allowance for contribution to Provident Fund for employees, who are PF optees and as a sequel extend its application to pay defined under Pension Regulation 2(s). In view of the ratio applied by the Hon'ble Supreme Court, the Special Allowance with its Dearness Allowance component should be reckoned for payment of Gratuity, contribution to Provident Fund and computation of Pension. It is also pertinent to submit that **all allowances** counted for the purpose of making contribution to the Provident Fund and for the payment of Dearness Allowance are the component of Pay for the purpose of computation of Pension in terms of Pension Regulation 2(s)(b)(ii). The employees who fall under the Xth Bi-partite settlement should also be rightfully extended the benefits of this landmark judgment.

***j*. Attack on Bankers – Need to put in place adequate security measures**: There have been frequently reported incidents of attacks on bankers, both by miscreants, disgruntled elements and motivated mobs. Recently, an officer was shot dead in the broad day light by miscreants within the bank premises. Many officers monitoring loans and on recovery job, have lost their precious lives in the line of duty or faced fatal injuries due to the faulty policies and inadequate security measures deployed by the bank management. Customers also being injured/ murdered when such incidents happen. These have instilled sense of fear and uncertainty in the officers and staff as well as customers of the Banks. The lackadaisical approach of the management of the banks is very evident. Banks have been compromising with the basic requirement of security arrangements including posting of armed guards at branches and security personnel at ATM sites in the name of curtailing overheads. For past more than one-and-a-half years, almost all banks – both public and private sectors – have stopped deploying armed security guards at their branches and ATM counters. As such, banks and ATM sites have become soft targets for the dacoits and terrorists. The security arrangements need to be fortified to instil the confidence in officers and customers. Finally, we request your good office to instruct the banks and all the state government machinery to provide adequate security arrangements at bank branches and ATM sites for the bank personnel and customers. Banks should recruit their own permanent security personnel for better and continuous monitoring of security measures in the Bank, instead of depending on out-sourced personnel/agencies.

k. Taxing Leave Encashment: Sir, every employee, whether in government or others, works hard, makes all endeavour to save the Privilege Leave (Earned Leave) as it can be encashed upon superannuation. To that extent, employee would have undergone stress, strain and inconvenience, with the only aspiration these saved leaves can be monetised, resulting in a corpus amount that can come to his/ her rescue, post-retirement. Essential this is a part of a social security measure, Government should think of.

Here, we have observed an aberration of inequal treatment of citizens of the country. Income Tax Act treats the government and non-governmental employees differently. While entire Leave Encashment amount is tax free in the hands of government employee and the legal heirs of diseased, non-governmental employees, including bankmen, are not extended with this benefit and in their cases, tax exemption is restricted to Rs. 3 lakh only, which is unfair and discriminatory. Further this ceiling has been fixed decades and decades back. Keeping in view the inflation, present value of the earnings, and in order not to discriminate the salary earners, please exempt the leave encashment fully. We request that necessary Amendment may please be carried out to ***Sec 10AA of Income Tax Act***.

l. Data integrity and safekeeping: Banks have been collecting personal details, Aadhar, PAN, thumb impression of customers and staff for various purposes, be it a party of KYC or for access control.

There are umpteen number of incidents where bank appoints third party in handling its affairs. In the garb of access control, the thumb impression of officers and staff are obtained and handled by third-party, outsourced agents. This is a ticking bomb. These are likely to be hazardous sooner or later unless they are safe-vaulted and third party vendors are obviated. We request you to instruct, in strict terms, that the Banks shall not assign any task which involves storage and handling of personal / KYC details to third party vendors. This is not only in the interest of the officers / staff and customers, but also in the interest of the banks and the economy.

4. Sir, as a responsible Trade Union representing the aspirations of over 3.20 lakh bank officers, we have already taken up these issues with IBA, individual banks and also the Ministry of Finance. Despite repeated attempts and agitations, issues stand unresolved as yet. With your assuming the office, we sincerely seek your kind indulgence and request you to direct the concerned to resolve the issues to the mutual satisfaction urgently.

With best wishes and regards,

Yours sincerely,
Sd/-
(Soumya Datta)
General Secretary

Article

ARTICLES FROM PRINT MEDIA

Ever since the information technology revolution transformed the way we think, work and lead our life, a debate is going on that whether it is replacing human labour as a factor of production contributing to jobless growth of economy or actually it is creating new jobs? Today we are entering the next phase of IT revolution when artificial intelligence, robotics and other innovations, it is apprehended, may decisively replace human labour. But there is a counter point. The issue was debated in the panel discussion in Global Trade Union meet at Thiruvantapuram organised by AIBOC. Encouraged by the deliberation in that meet, Common Bond is publishing this article.

AI, TECH INNOVATIONS HAVE SHORT-TERM IMPACT ON JOBS

Suddenly, there is a lot of debate on whether Industry 4.0 with a strong underpinning of artificial intelligence (AI) and machine learning is going to result in large-scale unemployment. This seems a bit odd because neither technology nor automation is 21st century phenomena.

The battle between man and machines goes back centuries. At one point in time, the worry was whether spinning machines would replace weavers and whether steam engines would edge out horse carriages. In more recent times, we have moved on to worry about the impact of self-driving cars, automated checkout counters and other applications of AI.

The central theme of the debate has always revolved around whether technology is replacing humans or just easing workload. The debate has often been lopsided and has focused on job losses induced by technology changes, simply because these tend to attract more attention, and the cause-effect factor is more pronounced here.

On closer examination, you will find that most innovations in technology have been about being able to do something that could not be done before, or doing something on a scale not seen earlier. They have rarely been about completely replacing what one individual was doing.

Take the case of the famous 'Spinning Jenny'. Weavers went out of business as a result, but this innovation helped clothe the world to a degree that would not have been possible otherwise. The price of clothing dropped to such a low level that even the poor could afford clothing.

Steam engines put horse carriages out of business but reduced the cost of transport. So much so, that along with subsequent innovations, it transformed the world into a global village. It allowed people to travel further and take up work far from their places of birth. This transformation would not have been possible with horse carriages. Earth-digging machines, along with dynamite, did not replace human labour. On the contrary, they helped humanity build dams and skyscrapers that would otherwise not have seen the light of day. Bigger projects such as the Suez and Panama canals were then undertaken and the need for human labour grew at an unprecedented rate.

Most innovations in the field of medicine resulted in more advanced procedures and treatments than were conceivable earlier. This created room for the growth of super-specialty hospitals along with employment for doctors, nursing staff, technicians, and medical equipment-manufacturing staff.

What the apostles of doom are missing

This brings us to a very interesting point: The apostles of doom have ignored the most important variable in the whole equation, which is the elasticity of human needs. They assume that human needs are limited and the number of jobs fixed. They see human society playing a zero-sum game. Therefore, if an individual is replaced by a machine, it is one job lost.

The reality is that human needs are infinitely — and I repeat, infinitely — elastic. When one need is fulfilled, many new needs are created. Without this phenomenon, life would be one boring affair. The other phenomenon that these apostles are missing is that one innovation spawns another, resulting in a continuous web of innovation. This web of innovation is continuously, and rapidly, enlarging the pie of goodies available to society.

New replaces old

However, new jobs are replacing old jobs. And new skills are replacing older skills. The risk of existing skills (and therefore professions) being replaced by new skills (and professions) has always been there. However, when one avenue closes, others open up. While there will be short-term winners and losers at a micro level, at a macro level, technological advancements and innovation will continue to benefit society even when they end up creating intelligent machines and algorithms. I am with Peter Thiel when he says that machines created by humans are most likely to complement what humans do and not replace them. This has always been the case and, I believe, will be true in the future as well.■

Banking News

CASH IS STILL KING, BUT WHERE ARE THE ATM'S ?

Finding an ATM in India is getting tougher even as dependence on cash persists, thanks to tighter regulations that make it more costly to run the machines. The number of automated teller machines in the country shrank in the past two years despite an increase in transactions, Reserve Bank of India figures showed. India already has the fewest ATMs per 100,000 people among BRICS nations, according to the International Monetary Fund.

The drop may continue as banks and ATM operators struggle to absorb the cost of software and equipment upgrades mandated by the central bank ***last year*** to bolster security. That risks undermining Prime Minister Narendra Modi's campaign of increasing financial inclusion in a nation where cash remains king less than three years after he pulled most banknotes from circulation. "Declining numbers of ATMs will impact a large segment of the population, especially those who are socio-economically at the bottom of the pyramid,'' said Rustom Irani, Managing Director at Hitachi Payment Services Pvt. Ltd., a provider of the machines. "Penetration in the country is already very low."

INTERCHANGE FEES

As ***security costs swell,*** ATM operators are being squeezed because the fees they rely on for revenue remain low and can't rise without the approval of an industry committee. ATM operators – which include banks as well as third parties – charge a so-called interchange fee of 15 to the lender whose debit or credit card is used for cash withdrawals. "Interchange fees are the biggest factor behind muted growth of ATMs. They have to reflect ground reality," said R. Gandhi, a former RBI deputy governor. "Banks are finding it cheaper to pay interchange fees to other banks rather than operating their own ATMs." Yet not everyone agrees that increasing fees is the solution. If they are raised, banks might pass the higher charges on to customers, according to R. Subramaniakumar, Chief Executive Officer at

COMMON BOND ENGLISH MONTHLY-R.N.I.NO:36648/82-TOTAL NO.OF PAGES 12 JULY - 2019
REGN. NO. KRNA/BGE -1122/2017-2019 PUBLISHED ON 25-06-2019
POSTED AT BANGALORE PSO, MYSORE ROAD, BANGALORE - 560 026 / ON 2ND OF EVERY MONTH
LICENCED TO POST WITHOUT PRE-PAYMENT-LICENCE NO. WPP 330

Indian Overseas Bank. Access to ***basic financial services*** including ATMs has become more crucial after Prime Minister Modi's Jandhan Scheme added 355 million people to the banking system since taking office in 2014. Many Indians opened accounts when the Prime Minister made 86% of banknotes illegal in November 2016. That boosted direct transfers of welfare benefits to people's accounts, increasing reliance on ATMs.

Branch rationalization by some public-sector lenders is another factor behind the drop in ATMs. State Bank of India cut 1,000 outlets in the first half of fiscal 2018 after acquiring five associate banks and a local lender.

Banks will rely less on branches in the future as digitization changes how the sector operates, said Dinesh Kumar Khara, Managing Director at SBI. The declining number of ATMs is likely to further boost mobile banking, which is growing rapidly in a country with the world's largest millennial and Generation Z populations. The number of mobile banking transactions grew 65 times in the past five years alone. "People are shifting to mobile apps," said Ashutosh Khajuria, Chief Financial Officer at Federal Bank Ltd. "It's too early to write an obituary on ATMs but it's certainly declining. No one will invest in a declining proposition."■

CIRCULARS

★ **32 dated 30th May, 2019:** Rebuild Odisha – Confederation contributes

★ **33 dated 06th June, 2019 :** Text of letter no. AIBOC/2019/53 dated 04.06.2019 addressed to the Governor, RBI against RTGS payment system - extension of transaction time

★ **34 dated 19th June, 2019:** Text of letter no. AIBOC/2019/56 dated 19.06.2019 sent to Shri Amit Shah, Hon'ble Union Minister for Home Affairs on Assault on bankers –Loss of life in the line of duty

★ **35 dated 25th June, 2019:** Text of 8th Joint Note – Unconditional Mandate to cover all officers submitted by the Four Officers' Organisations to the Chairman, IBA

★ **36 dated 26th June, 2019:** Text of Memorandum submitted to Shri Anurag Singh Thakur, Hon'ble Minister of State for Finance vide letter no. AIBOC/2019/58 dated 26.06.2019■

..Subscribe.........Establish......."Common Bond"

An Official Publication Of AIBOC

EDITORIAL BOARD

Editor: Soumya Datta

Members: Sunil Kumar & Debasis Ghosh

RATES OF SUBSCRIPTION: ANNUAL: ₹ 30/-

Drafts Should be Drawn

IN FAVOUR OF AIBOC AND MAILED TO

ALL INDIA BANK OFFICERS' CONFEDERATION

C/O STATE BANK OF INDIA OFFICERS' ASSOCIATION (Bengal Circle)

6th Floor, E-Block, Samriddhi Bhavan, 1, Strand Road, "Kolkata – 700001" ☎ 2210-1234, Fax (033)2210-2210

E-mail: aiboc.sectt@gmail.com

Web site: http://www.aiboc.org

REGISTERED NEWS PAPER

LICENSED TO POST WITHOUT PREPAYMENT

TO

If Undelivered Please Return To

The All India Bank Officers' Confederation

SBI Buildings, St.Mark's Road, Bangalore - 560 001.

Printed & Published/Edited by Shri Soumya Datta on behalf of AIBOC. at State Bank Building, St.Mark's Road Bangalore- 560 001.
Printed by Shri. Ranga Reddy, at L. V. Graphics 3968, 7th Cross, 2nd Main, Gayathri Nagar, Bangalore - 560 021.