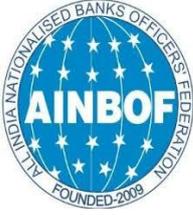


ALL INDIA NATIONALISED BANKS OFFICERS' FEDERATION

(Registered under Trade Unions Act 1926)

(Regn No: 25127/West Bengal)



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To

All Affiliates

Dear Comrade,

Sub : Press Note on Wage Revision

Please find enclosed a press note prepared on the Wage Revision talks based on our demands made in the Charter of Demands submitted to IBA.

Please get it translated in vernacular language and ensure media coverage in local newspapers and channels.

Yours faithfully,

MANIMARAN G V
GENERAL SECRETARY

Encl: Press Note

PRESS NOTE ON WAGE REVISION

BY

**SRI G V MANIMARAN, GENERAL SECRETARY,
ALL INDIA NATIONALISED BANKS OFFICERS FEDERATION,**

1. The Bank officers were deeply annoyed and insulted with the offer of just 2% hike, which is not at all in tune with the risk and responsibility for officers.
2. With more than 70% of officers being highly talented youth joined in the banking sector after 2009 after undergoing the rigorous eligibility test conducted by IBPS in all the cadres, the real wage requirement is to be understood in different perspective of attracting and retaining such talents.
3. Our salary revision is due from 1.11.2017. Government of India advised the banks to settle the wage revision through their communication commenced in Jan 2016 itself.
4. The trade unions have submitted their charter of demands during 2017 well in advance separately for the officers and employees.
5. The bank officers are enjoying the monetary benefit as it is happening in any industry including the Government sector on three components.
 - A. Pay slip component
 - B. Various allowances like House Rent, conveyance, LFC etc.,
 - C. Few loan facilities like Housing loans and vehicle loans at a concessional rate.
6. The benefits of Components B and C are available only to the officers who avail it and may be linked to the paying capacity of any institution.
7. Component A is the major monetary benefit decided at the industry level through bipartite discussions with the trade unions and also would be available irrespective of the Bank an officer is employed.
8. In the 10th Bipartite settlement, the hike was decided for the pay slip component (Basic, DA, HRA, Special Pay, CCA) alone. And the load factor was decided primarily based on the profit and paying capacity of the Banking sector, which resulted in total allocation 15% of the total expenditure incurred on the pay slip components of the Industry.
9. In view of this approach the bank officers could not get the wage revision matching to their status when compared to their counterparts in other industries including the Government as their basic pay was increased to 2% only after the merger of DA with the Basic pay then.
10. The fruits of 2% increase over the merged basic is also could not be fully utilized by the seniors as a new component "Special pay" was introduced without accounting such sum for arriving the PENSION BASIC.
11. Thus with an intention to correct the deteriorating pay structure which placed the Bank officers and employees in a disadvantageous position when compared to comparable in the industry, a U turn in approaching wage settlement is felt required which would give

the Bank officers and employees a decent living matching to the RISK, RESPONSIBILITY, ACCOUNTABILITY and TRANSFERABILITY involved in their working conditions.

12. Accordingly various models were assessed and analysed and it was found that the most practical, recent and scientific approach adopted in fixing the Basic+DA by 7th Central pay commission is highly matching to the needs and requirements of the Bank employees.
13. The relevant paragraphs of the Central Pay Commission Report on 7th CPC which fully encompasses the concept of Wages and the need for revision is as below;

4.1.5 *The real challenge before this Commission is to provide a pay structure which is competitive yet affordable, attractive yet acceptable, forward looking yet adaptable, simple yet rational, and one which matches with the current socio-economic and political conditions as well as the changing perception of the overall administrative machinery and the public governance system.*

4.1.11 *The pay matrix addresses the important issue of adequacy of the compensation structure. The Commission observes that the purpose of pay is to compensate the employees for work done, to motivate them to perform well. The purposes also include attracting talent to government service and also retaining them, thus avoiding the need for expensive recruitment and training for replacement.*

4.1.17 *The Commission has adopted an innovative design to make the remuneration structure attractive. It has adopted the need based minimum wage formula for designing the pay matrix. The rationalization of pay levels has been done keeping this minimum pay as the base for all calculations. It has been recommended that the minimum pay at each level will be the entry pay for direct recruits for those levels. Each level has been placed equidistantly. The various stages within a level moves upwards at the rate of 3 percent per annum. Owing to this rationalization, the quantum of increase in pay on promotion, either on regular basis or through the MACP, is likely to be substantial. This design will make the existing remuneration pattern in the government more attractive.*

4.2.1 *The estimation of minimum pay in government is the first step towards building its pay structure. In doing so, the approach is to ascertain, by using the most logical and acceptable methodology, what the lowest ranked staff in government needs to be paid to enable him to meet the minimum expenditure needs for himself and his family in a dignified manner.*

4.2.8 *The Commission has estimated the minimum pay through the following steps:*

Step 1: *The food, clothing and detergent products listed and their respective quantities specified by the 15th ILC have been adopted. These quantities indicate the monthly consumption of the listed products by a family comprising three consumption units. [For e.g. for the product 'Dal' the quantity specified for daily consumption is 80 grams per consumption unit per day. The monthly consumption of Dal by a consumption unit thus works out to 2.4 kg (80 x 30). Accordingly the monthly consumption of Dal by a family comprising 3 units is 7.2 kgs (2.4 x 3).]*

Step 2: *The quantities have been multiplied by their respective product prices to arrive at product wise cost. The price adopted for each product is the average of prices of various items that are included in the product. The price of an item is the average of its prices prevailing in each month from July, 2014-June, 2015. [At monthly family consumption of 7.2 kg the Commission has estimated the monthly expenditure on Dal at Rs.704.44 after calculating the price of Dal at Rs.97.84 per kg. The price of Dal has been calculated as the average of prices of Toor, Urad and Moong Dal items specified under the product Dal and whose prices have been determined at Rs.87.86, Rs.109.66 and Rs.96.00 respectively. The prices of these three Dal items are the twelve monthly average prices for the period July, 2014–June, 2015.]*

The prices of all items have been sourced from Labor Bureau, Shimla. These prices are used in the calculation of the CPI (IW) and subsequently the calculation of Dearness Allowance. In the current exercise the prices of all items are for the period July 2014-June 2015 and have been used in the calculation of DA at 119 percent operative from 01.07.2015.

Step 3: *The cost of food, clothing and detergent products obtained from Step 2 has been divided by 0.8 to arrive at a total, of which 20 percent provides for fuel and lighting expenses. This addresses the fifth component under para 4.2.3. The fourth component on housing under para 4.2.3 has not been addressed at this stage as its quantification at the final stage of pay estimation is considered more appropriate by the Commission.*

Step 4: *The cost estimated from Step 3 is divided by 0.85 to arrive at a total, of which 15 percent is towards recreation, ceremonies and festivities. The prescribed provision of 25 percent to cover education, recreation, ceremonies, festivals and medical expenses has been moderated to 15 percent because expenses on educational and medical necessities are being separately provided for through relevant allowances and facilities and thus need not be provided here. This partially addresses the first of the two components outside the 15th ILC norms.*

Step 5: *The cost estimated from Step 4 is increased by 25 percent to account for the skill factor, following the reasoning that there is no unskilled staff in the government after the merger of Group D staff in Group `C`. This addresses the second of the two components outside the 15th ILC norms.*

Step 6: *The cost estimated from Step 5 is divided by 0.97 to arrive at a total, of which 3 percent provides for housing expenses. This is done in view of the observation that license fees for government accommodation is about 3 percent of the total pay. This addresses the fourth component*

stated under para 3 but partially so, as the 15th ILC norms had fixed the housing provision at 7.5 percent.

Step 7: The cost estimated from Step 6 is as on 1 July, 2015 when the DA was 119 percent. The DA is assumed to be 125 percent as on 1 January, 2016, the day from which the Commission expects its recommendations to be implemented by the government. Accordingly the cost estimated from Step 6 has been increased by 3 percent ($2.25/2.19 = 1.027$ or nearly 3%).

4.2.9 *The cost estimated from Step 7 is next rounded off to Rs.18,000, which is the minimum pay being recommended by the Commission, operative from 01.01.2016. This is 2.57 times the minimum pay of Rs.7,000 fixed by the government while implementing the VI CPC's recommendations from 01.01.2006. Accordingly, basic pay at any level on 01.01.2016 (pay in the pay band + grade pay) would need to be multiplied by 2.57 to fix the pay of an employee in the new pay structure. Of this multiple, 2.25 provides for merging of basic pay with DA, assumed at 125 percent on 01.01.2016, while the balance is the real increase being recommended by the Commission. The real increase works out to 14.2 percent ($2.57 \div 2.25 = 1.1429$). The following table shows the real increase given by each CPC/Government over the previously set minimum pay:*

(in percent)

<i>II CPC</i>	<i>14.2</i>
<i>III CPC</i>	<i>20.6</i>
<i>IV CPC</i>	<i>27.6</i>
<i>V CPC</i>	<i>31.0</i>
<i>VI CPC</i>	<i>54.0</i>
<i>VII CPC</i>	<i>14.3</i>

4.2.13 *After considering all relevant factors the Commission is of the view that the minimum pay in government recommended at Rs.18,000 per month, w.e.f. 01.01.2016, is fair and reasonable and one which, along with other allowances and facilities, would ensure a decent standard of living for the lowest ranked employee in the Central Government.*

14. It can be understood from the above paragraphs that the Basic + DA to be given to the employee for him to lead a decent life matching to the status he is enjoying in the institution without linking to the profit / paying capacity.
15. Similarly, wage revision should take care of inflationary aspect and any increase due to wage revision must ensure the same standard of living.

16. Considering the above our demand was to fix the wages on the principles of Central Pay Commission. Accordingly in Charter of Demands, Page 6. "Broad Summary of Charter of Demands" it was incorporated and was submitted signed by all four officer organisations. Hence, we reiterate that the formula used in CPC to arrive at Basic + DA should be made applicable for arriving at the Basic and DA.
17. As far as officers are concerned the basic + DA for a Grade "A" officer was fixed at 3.11 times of Rs.18000/-. Since the officer in JMG Scale 1 are equated to Grade "A" Officer vide cabinet approval accorded for norms for establishing equivalence of posts in Central PSUs, Banks Insurance institutions for claiming benefit of OBC reservations dt. 30.08.2017 we demand the same wages which works out to Rs.57000/-. We request IBA and Government of India not to proceed the discussions based on the paying capacity and profitability but to fix the wages based on the robust principles of CPC for fixing the minimum wages.
18. Incidentally, Code on Wages Bill 2017 also delves on similar lines. As per the proposed bill, "WAGE" means all remuneration, be payable to a person employed in respect of his employment or of work done in such employment. The Government's intentions itself is to provide a minimum wage envisaged covering the "employees" such as Supervisory, Managerial and Administrative working in "appropriate Government" which includes Banking and Insurance Companies as per the Code on Wages Bill 2017.
19. Also as per the 7th Pay Commission recommendation, wage means Basic + DA. Other allowances are not part of wages. It further says, how wages is to be calculated. The Pay CPC report further states that wage is the compensation given to an employee by an employer for being employed , to give a decent life to the employee. Decent life should be matching to the status the employee is enjoying in his institution. If there is no price rise or price is reduced, there may not be need for wage revision. So, we need revision to lead the same decent life under the inflationary circumstances. The Pay commission report has been thoughtfully incorporated in the charter of demands and we demand that the wage revision should be based on these principles.
20. Our other demands are
 - a. Scrapping New Pension Scheme and reintroducing bank level pension in order to bequeath huge pension corpus inherited from the elders to the newly recruited officers.

Presently Pension is paid out of the interest portion of the huge corpus of pension fund built up over a period by the contributions from all our yesteryear employees and employees who joined in banks till March 2010. The number of pensioners is dwindling and with no system of pension updation, the corpus of pension fund has grown significantly over the years. Surely, the current crop of pensioners and the pension optees will go out of the system at some point of time and what would happen to the pension corpus fund which runs into lakhs of crores of rupees and is being passed over by the seniors to juniors all along. In order to ensure that the employees who joined the banking system on or after 01.04.2010 enjoy the fruits of the hard labour it is imperative that the NPS should be scrapped and the Bank level pension is

reintroduced. Hence we demand scrapping of NPS and reintroduction of Bank level pension scheme.

- b. Running scale of pay as the present system of increments is linked to promotion and the promotion process is not uniform and also not in the hands of the individuals.

Currently a new recruit officer will be reaching stagnation within 12 -15 years in the absence of promotion and for rest of his service the increments will be few and far between. As the recruitments happened / happening in large scale for entry level officers through IBPS, the promotion opportunities for this talented bunch of youngsters will be limited, going forward. As promotion process is not uniform in the banking system and getting promotion is also not in the hands of the individual officer such officers would be stagnating in one stage without any yearly increase for no fault of theirs. Hence, we demand that running scale of pay should be introduced in the banking system to obviate the issues of stagnation.