

CIRCULAR No. 17/2010

Date: 10.05.2010

TO ALL MEMBERS



Dear friends,

SALARY REVISION : AN OBJECTIVE VIEW

Ever since the revised pay scales were arrived at and communicated to the members, a lot of queries and feedback have started coming. Some are very critical of the leadership for getting revised pay scales, which are nowhere near to the pay scales of Central Govt. employees. This comparison has caused more unhappiness among the officers and whatever achieved during the negotiations has been pushed to the background. While criticisms are necessary in a democracy, it should be objective and based on the facts and circumstances leading to an understanding between the parties. In view of the frequent queries from members it was felt necessary to address such issues and place facts before the membership for better appreciation and understanding of the settlement. They are given below:

- A) **Why only 17.5% increase?:** The wage load of 17.5% was agreed by Govt./IBA after prolonged bargain and protracted negotiations over a period of time. After deliberations among constituents, UFBU agreed to accept 17.5% wage increase w.e.f 01.11.2007 and a MoU was signed on 27th November, 2009. After signing the MoU, parties cannot go back and reopen the understanding now.
- B) **Wage revision of Bank employees vis-à-vis 6th Pay Commission and wage revision of Central Government employees:** It is true that even after the salary revision under 9th Bipartite, the salary of bank employees is not comparable to that of employees in Central Govt. and PSUs. However, following facts should be borne in mind while comparing:
1. 6th Pay Commission recommendations for wage revision of Central Government employers are effective from 01.01.2006, **for a term of 10 years**. In case of Bank employees it is **for a period of 5 years** from 01.11.2007. The next bipartite will begin **from 01.11.2012**.
 2. The distribution of wage load for Central Government employees is not uniform. A meager increase of about 15-20% for lower level officials and higher increase at Secretary Level, with different pay bands is followed for them. Whereas in our case we have tried to maintain equi-distribution of load factor.
 3. In case of Central Government employees, they will first arrive at the proposed revised scales and allowances and **there is no restriction as regards cost of wage bill**. The entire cost will be debited to the National Ex-chequer of the Government of India.
 4. In the case of Bank employees, **Government of India/IBA would first determine the cost in terms of percentage** and thereafter distribution of the increased load among various components of salary and allowances, is the responsibility of IBA and Unions/Associations.

- C) **Higher increase for Officers in Scale-IV & above:** During the current bipartite the demand of the IBA was to distribute higher load to Officers of SMG Scale-IV and above, whereas the Unions demanded equitable distribution of the load to all scales/grades, as higher load to officers in Scale-IV and above will affect the scales of junior officers. Unions had suggested to the IBA to get extra cost over and above 17.5% sanctioned from the Government of India to meet their demand for higher load for officers in Scale-IV and above. The IBA did not accept this suggestion and was bent upon loading higher increase in pay scales of senior executives. However, unions were successful in minimizing such higher load. The negotiating committee after due deliberations felt that the issue being sensitive, it will not be wise to break the negotiations on this point which would have created an avoidable conflict among the membership.
- D) **Additional 2 Stagnation increments:** It could be observed from the revised pay scales that the officers in Scale-IV and above are fitted at 2 increments higher in the starting scale, while the officers in Scale-I to III are given two additional stagnation increments. Due to the higher starting (by 2 increments) pay scale, the percentage hike appears to be in the range of 20% to 30%. IBA wanted higher load factor (than whatever agreed now) and not ready to extend stagnation increments at Scale-IV and above. They were not ready to extend stagnation increments to officers in Scale-I to III. However, AIBOC could get the issue resolved in a fair manner with benefit being extended to all in more or less equitable manner either in terms of additional stagnation increments or by way of hike in pay scale. It should be appreciated that the stagnation increments are going to benefit more than 1.5 lakhs officers who are at stagnation.
- E) **Release of Stagnation Increment:** As per the settlement, the officers who were in stagnation and drawn their last stagnation increment will be eligible for two additional stagnation increments. Those who have completed 6/3 years of service as on 01-11-2007 after drawing last stagnation increment in the existing scale, will be granted two /one additional stagnation increments on 01-11-2007 and the next increment will be released on or after 01-11-2008. The release of stagnation increment will depend on the date of receipt of last stagnation increment in the pre-revised scale. Let us take two examples:

Example 1: Officer 'A' is in Scale-I and he had drawn his last stagnation increment on 1st April 2001 (Anniversary date of increment) and was at Basic Pay of Rs.21040/- (revised B.P. Rs.29700). Since the officer has already completed more than 6 years as on 01-11-2007 (date of salary revision) from the date of second stagnation increment, he will get one stagnation increment as on 01-11-2007 (B.P. revised to Rs.30600/-) and next stagnation increment will be released on 01-11-2008 (B.P. revised to Rs.31500/-). Similar treatment will be given to officers in Scale-III if they have already completed 6 years from the date of last increment as on 01-11-2007.

Example-2: Officer 'B' in Scale-II had drawn his last stagnation increment in February 2003 (Anniversary date of increment) and was at Basic Pay of Rs.22900/- (revised B.P. Rs.32400/-). Since the officer has NOT completed 6 years, but completed 3 years as on 01-11-2007 (date of salary revision) from the date of first stagnation increment, he will get one stagnation increment on 01-11-2007 (B.P. revised to Rs.33300/-) and next stagnation increment will be released on 1st February 2009 i.e. 6 years from the date of first stagnation increment. On release of the increment his Basic Pay will stand revised to Rs.34200/-. Similar treatment will be given to officers in Scale-I & III if they have completed 3 years from the date of second stagnation increment but not completed 6 years as on 01-11-2007.

- F) **Pension burden: why it was increased from 1.6 to 2.8 times of Nov 2007 'PAY'** : IBA had agreed that Rs.1800 crores to be contributed by unions being their share of pension cost will be borne by all employees irrespective of whether they are PF or Pension optees. IBA had fixed the date for signing the agreement on 27th April. The UFBU had convened a meeting on 26th April morning and in that meeting unions were informed that there are certain difficulties which have cropped up on account of the sharing of the pension cost by the existing workforce due to court cases filed in the Hon'ble High Court of Andhra Pradesh. The IBA after obtaining the legal opinion advised the convener of UFBU that **the share of pension cost could be covered only from the PF Optees who wish to avail the 2nd Option on Pension** and not from those who have already under the pension scheme. There was hectic discussion amongst all the constituents of UFBU and after threadbare discussions, UFBU keeping in view the aspiration of a large number of officers across the Industry who were eagerly waiting for second option on pension, unanimously decided to accept the view point of IBA and proceed with the agreement instead of breaking the talks on this issue. Accordingly, **the share of pension cost has to be borne only those PF optees who now intend to opt and join the pension scheme and accordingly the share stood increased from 1.6 times to 2.8 times**. It is worth remembering that it is only one time cost for those who wish to join the pension scheme now.
- G) **What will be amount an officer (who is PF optee) has to contribute to join the Pension Scheme?:** The officer who is a PF optee and want to join the Pension Scheme has to contribute 2.8 times of his revised Basic Pay as on Nov. 2007 as given below:

Basic Pay as on Nov. 2007		2.8 times of the "PAY" [Rs.]	Basic Pay as on Nov. 2007		2.8 times of the "PAY" [Rs.]
Pre-revised	Revised		Pre-revised	Revised	
10000	14500	40600	20480	28900	80920
10470	15100	42280	21040	29700	83160
10940	15700	43960	21660	30600	85680
11410	16300	45640	22280	31500	88200
11880	16900	47320	22900	32400	90720
12350	17500	49000	23520	33300	93240
12820	18100	50680	24140	36200	101360
13320	18700	52360	24760	37200	104160
13820	19400	54320	25380	38200	106960
14320	20100	56280	26000	39300	110040
14880	20900	58520	26620	42000	117600
15440	21700	60760	27300	43200	120960
16000	22500	63000	27980	44400	124320
16560	23300	65240	28660	45600	127680
17120	24100	67480	29340	46800	131040
17680	24900	69720	30020	48100	134680
18240	25700	71960	30700	49400	138320
18800	26500	74200	31600	50700	141960
19360	27300	76440	32600	52000	145600
19920	28100	78680			

Note:The amount as applicable will be recovered from the officers who are opting for pension scheme now, from the salary arrears payable to them.

H) **What are the pending issues?** The following issues remain unresolved which will be followed up with IBA:

1. Accumulation of 300 days of Privilege Leave etc.
2. Improvement and uniformity in various Loan facilities such as Housing Loan, Conveyance Loan, Personal Loan etc. as regard to quantum, repayment schedule, concessional interest etc.
3. Regulated working hours, 5 day week, compensation for extra hours of work, including working on weekly off and holidays.
4. Bank employees to be treated on par with Central Govt. employees for the purpose of Income Tax on perquisites.
5. Uniformity in Appeal and Review system under Discipline and Appeal Regulations.
6. Structured forum at IBA for consultations with IBA on all issues concerning the service matters and also the Banking industry.

I) **What we achieved during the Bipartite:** There is a campaign against AIBOC, spearheaded by minority unions who were signatories to the settlement. On one side they claim credit for whatever improvements brought out by the settlement and on the other hand they criticize AIBOC for the shortcomings in the settlement. While AIBOC stands by the understandings signed by it, these hatred mongers have no business to criticize the settlement after signing it. If they were not convinced, they should not have signed the settlement. While it is necessary for us to be aware of the areas requiring improvement, we should not forget the following achievements made during the Bipartite:

1. The highest increase in wage load i.e. 17.5%.
2. Long pending demand of officers and employees for getting the 2nd option on Pension achieved. This will provide social security for more than 2.7 lakh serving employees and about 65,000 retired employees.
3. Introduction of two additional stagnation increments for officers in Scale I to III will benefit more than 1.5 lakh officers who are in stagnation.
4. For the first time, air travel entitlement introduced for LFC for Junior Officers in Scale-I. Improvement of the air travel facility while on LFC for officers in Scale-II & III when the destination is less than 1000 kms.
5. Substantial improvement in Halting Allowance.
6. Increase in the lumpsum payable on transfer, Medical Aid etc.
7. Increase in FPP and PQP.
8. Improvement in Project Area allowance and Special Area Allowance.
9. CCA retained in spite of pressure from IBA to abolish it.

We have provided the above information so that members could understand the gains made during the settlement in its right perspective.

With greetings,

Yours sincerely,


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GENERAL SECRETARY

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