

THE FEDERATION OF BANK OF INDIA OFFICERS' ASSOCIATIONS

(REGD.No.7364)

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Circular No. 2019/07

Date: 26.06.2019

Dear Comrades,

Re: Memorandum submitted to Shri Anurag Singh Thakur, Hon'ble Minister of State for Finance.

We reproduce, hereunder, the contents of AIBOC Circular No. 2019/36 dated 26.6.2019 on the captioned subject for your information & circulation amongst members.

With warm greetings,

Yours comradely,

(SUNIL KUMAR)
GENERAL SECRETARY

QUOTE:

Dear Comrade,

Memorandum submitted to Shri Anurag Singh Thakur, Hon'ble Minister of State for Finance.

Today a delegation of AIBOC leadership comprising of Comrade Debasis Ghosh, President, Comrade Ravinder Gupta, Sr. Vice President, Comrade Deepak Kumar Sharma, Vice President and the undersigned 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.

With greetings,

(Soumya Datta)
General Secretary

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 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. Strangling and Weakening Public Sector Banks: There is an orchestrated effort to strangle 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 unequal 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 deceased, 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

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UNQUOTE