ALL INDIA BANK EMPLOYEES' ASSOCIATION

CENTRAL OFFICE: CHENNAI

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CIRCULAR TO ALL UNITS

19TH February, 2015
Camp: New Delhi

Dear Comrades,

AIBEA-AIBOA's meeting with Finance Minister today

In order to take up some of the important issues with the government, we had sought for an appointment with the Finance Minister, Government of India. We are happy to inform our units that with the help of Com. D. Raja, Member of Parliament, CPI, we met Shri. Arun Jaitley, Hon. Finance Minister today in his office in Delhi. From our side, Com. Rajen Nagar and Com. C.H. Venkatachalam, President and General Secretary of AIBEA and Com S.S. Shisodia and Com. S. Nagarajan, President and General Secretary of AIBOA were present in this meeting. Com. D. Raja was also present along with us.

For about 40 minutes, we explained our issues to him and Finance Minister gave a very patient hearing with positive observations on some of the issues raised by us. We also submitted a joint memorandum to him covering the issues taken up during the discussions.

We reproduce herein the copy of the Memorandum for the information of our units and members.

Yours comradely,

C.H. VENKATACHALAM
GENERAL SECRETARY
AIBEA

S. NAGARAJAN
GENERAL SECRETARY
AIBOA

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Dated : 19th February, 2015

To

Shri. Arun Jaitley,
Hon. Minister for Finance
Govt. of India
New Delhi

Dear Sir,

On behalf of **All India Bank Employees' Association (AIBEA),** the leading trade union of bank employees in our country and its counterpart, **All India Bank Officers Association (AIBOA),** we thank you for sparing your valuable time to meet us and we wish to submit the following few important issues for your personal attention and favourable consideration.

1. Wage Revision for Bank employees and officers : As you are aware, the revision of wages and service conditions in the banking sector is due from November, 2012. 16 rounds of negotiations have taken place between the Indian Banks Association and the Unions in the last more than two years. But unfortunately, the issue is still lingering without resolution thus frustrating the entire workforce in the banking industry. Everyone is fully aware that the price rise and inflation has been on the higher side in the last few years and this has seriously eroded the real income of the wage-earners. Additionally, the banking sector has expanded in the recent years with larger clientele to serve and varied Governmental schemes to be implemented. In the absence of adequate manpower at various levels, the existing staff are over-burdened with very heavy workload in the bank branches. In this background, the entire workforce deserves and rightly expects a fair increase in their emoluments.

But unfortunately, the Indian Banks' Association has been pleading on behalf of the Banks, their limitation in taking any huge burden of wage revision cost as the net profits of the Banks have been under stress due to higher provisions on account of bulging bad loans.

While we fully share their concern, we may submit that that the Operating Profits of the Public Sector Banks have gone up from Rs. 99,981 cr in March 2011 to Rs. 116,345 cr in March, 2012 and to Rs. 121,917 cr in March 2013 and further to Rs. 127,652 cr in March, 2014.

Since the provisions for bad loans and other contingencies have increased from Rs. 55,080 cr in 2012 to Rs. 66,831 cr in 2012 and to Rs. 71,334 cr in 2013 and further increased to Rs. 90,633 cr in March 2014, obviously the net profits have come down and stood at Rs. 44,901, Rs 49,514, Rs 50,583 and Rs 37,019 crores respectively.

But it is unfair to pass on the entire burden of the bad loans and the consequent provisions for the same on the shoulders of the employees. Hence IBA should take a holistic view and come forward to resolve the demands amicably.

Wage revision has been taking place in various public sector undertakings and very reasonable wage revision has been given. Employees in central government and many state governments also get better wages. Inadequate wages in the banking sector is a major demotivation and hence the expectation of bank employees and officers for a fair increase in wages in very legitimate.

Govt. should intervene: When the entire workforce in the banking industry is making every effort to implement the various programmes of the Government including the recent Jan Dhan Yojana, when employees and officers are working under lot of stress and maximum difficulty due to manpower shortage and increased volume of work, we regret that the issue remains unresolved and the workforce is constrained to express their grievances through various protest actions which are otherwise avoidable if the issue is attended to and resolved expeditiously.

We urge upon you to intervene in the matter and advice the IBA to adopt a reasonable and fair approach and we assure that we would not lag behind in reciprocating the same so that an amicable solution is worked out immediately. Wage revision settlement brooks no further delay.

2. Regulated Working Hours for Officers in the Banks : It will be highly appreciated that except the senior officials and Executives of the Banks, other officers and supervisory staff in the Banks are normal employees of the Banks and it is a pity that there is no regulated or prescribed working hours for these officers. Being staff members with higher responsibilities they may not be treated at par with the workmen employees in the clerical and subordinate cadre but by no stretch of imagination, they may be expected to work in the Banks without any prescribed or defined working hours in the normal course. As and when it is needed and warranted, officer staff do rise to the occasion but this cannot be used as a ruse to avoid prescribing and providing some broad guidelines of defined working time for the officer staff also. This is a very vital issue which concerns the entire officer staff in the banking sector and deserves a positive approach from the Government and Bank managements to find out a workable and amicable solution to the same.

3. Improvements in pensionery benefits : Pension and other superannuation benefits are a very important part of the service conditions of the employees and officers. In the Banking sector, pension benefits have been akin to Government pension rules and have been introduced on such lines. But while there is revision and updation of pension along with the wage revision of in-service employees in the Government, there is no such provision in the Bank Employees Pension Regulations. Employees and officers who retired from 1986 onwards continue to draw the same pension which was fixed at the time of their retirement. Similarly, the formula of Family Pension payable to the family of deceased employees also remains unaltered in the last three decades while the same has undergone improvements in the government rules and even in RBI. Even the demand for extending 100% DA compensation on Pension for those who retired prior to 2002 is awaiting favourable consideration by the Government.

The employees and officers who have retired from the Banks look upon the Government and the IBA to consider their demands with sympathy. Hence we seek your kind and personal attention to the above genuine demands and cause suitable instructions and advice to the IBA.

4. Problems faced by Daily Deposit Collectors in Banks:

Banks have been engaging the services of Daily Deposits Collectors to augment deposits, from the general public, since late 1970s. The need arose to codify the incentive remuneration payable to them and hence the issue was referred to a CGIT in Hyderabad in 1980. The Tribunal gave its Award in 1988 prescribing incentive commission with minimum Fall Back Wages at Rs. 750/- per month, Conveyance amount of Rs. 50/100 etc. and also held that the Deposit Collectors are 'Workmen' under the I.D. Act. Bank managements did not accept the Award and challenged it before High Court of Andhra Pradesh and the High Court gave its judgement in 1997 confirming the Award. Still the Bank managements did not implement the Award and chose to go to the Supreme Court on appeal. In 2001, Supreme Court also upheld the Award but the process took nearly 13 years to get the Award of 1988 implemented. Since the incentive commission and Fall Back Wages were based on inflation level and consumer price index of 1988, the need arose to demand revision of the rate of incentive commission linked to current price-level. Bank managements refused to concede this genuine, justified and reasonable demand and hence the demand was referred to a Tribunal in 2003. After 10 years of proceedings, the CGIT gave its Award on 7.10.2013 revising the rate of incentive commission as under w.e.f. 19.7.2005 .

The Central Government has duly notified the Award on 19.11.2013. 15 months have lapsed since the Notification was issued, but the Bank managements have not yet implemented the Award. The action of the Bank Managements in not implementing the Award is unfair and illegal having regard to Section 17 of the Indl. Disputes Act, 1947. The Government's National Litigation Policy advisory also suggests that Awards in favour of the workers should not be automatically be challenged and invariably implemented without dragging workers from one Court to another Court.

At a time when Banks are required to reduce their high cost deposits and mobilise low cost deposits, the approach of the Banks in discouraging the Daily Deposit collection Schemes and demotivating the Deposit Collectors is unfair, unreasonable and clearly anti-labour. Hence, we urge upon your intervention to advise the IBA & Banks to implement the Award immediately to uphold the sanctity of the Award secured by the Deposit Collectors after 10 years of waiting before the Tribunal. If there are any issue concerning the Banks in this regard, we assure to sort out the same through mutual discussions. The matter deserves your personal attention, Sir.

5. Problems of Co-op. Bank employees and Co-op. Banks:

a. Income Tax Relief sought for Cooperative Banks

The erstwhile Union Government in the year 2006 Budget had introduced the scheme of levying of income-tax on cooperative banks, which are coming under the purview of B.R. Act. Levying of income-tax on the profits of the co-operative banks has adversely affected the vast sections of population of our country, who belong to the economically poor and suffering masses in the farm sector. Your Honour must be aware that the slapping of income-tax on the profits of the cooperative banks was a deplorable decision by the previous Government. Whatever might be the pleading from all sections of people for removal of income tax on the profits of the co-operative banks, the then UPA Government did not bother about the well-meant pleadings of the various co-operators, Apex Co-operative Banks, National level co-operative credit institutions, apart from our All India Bank Employees' Association. All the pleadings were ignored and income tax was levied. **We would request you to please remove the levying of Income Tax on the profits of the Co-op. Banks by repealing the amendment brought to Section 80(P) of Income Tax Act.**

b. Agriculture and Rural Development Banks all over the country have been facing numerous problems including loss making situation:

We have desired that the Task Force – II recommendations headed by Prof. A. Vaidyanathan for providing the balance of Rs.3,070 crore for totally eliminating the loss making situations of these Agriculture and Rural Development Banks will have to be released not only for improving the PCARDBs, but also for improving the disillusioned conditions of the farmers of our State.

c. Rate of interest on crop loan:

Crop loan is one of the major credit facilities given by the cooperative banks all over the country, to the extent of Rs.1,07,000 crore, which benefits mostly the small and marginal farmers and more particularly the Dalits, who are mainly dependent upon the cooperative banks for their credit needs. Even though the ultimate rate of interest for crop loan is varying from State to State, the basic factor that determines the rate of interest for crop loan is the interest that is charged by NABARD to State Co-op. Banks for crop loan disbursement. We desire that the NABARD shall charge not more than 2.5% rate of interest for reimbursement credit to State Co-op. Banks for being given by them to the

Central Co-op. Banks and also the Primary Agricultural Co-op. Societies and finally to the farmers of our country. By giving subsidy to the co-operative banks, both by the Centre and also by the State Governments, **the ultimate rate for the farmers for getting the credit facility for the farm operations shall be at 0%.** The farmers of our country deserve to get all help and support both from the Central and State Governments. Today the rate of interest for crop loan in many States is varying from 0% to 7%. We would desire that the GOI may kindly give reimbursible credit to the State co-operative banks at not more than 2.5% and the present rate of interest at 4.5% by NABARD to SCBs is not only against the interest of the farmers but also against the interest of the masses of our country.

d. Agriculture and Rural Development Banks and Primary Agricultural Co-operative Societies shall be brought under the Banking Regulation Act:

We have requested your Honour that the PCARDBs and PACS shall be brought under the B.R. Act, which would help these base-level cooperative credit organisations to get the status of Banking organisations and it would also help them to mobilize the deposits from the public for becoming resource-based banks.

e. Reintroduction of Agriculture Infrastructure Development Fund:

The earlier NDA Government provided necessary funds in the Budget for improving agriculture and increased infrastructure facility in the name of **"Jayaprakash Narayan Agricultural Infrastructure Development Fund",** whereas the previous UPA Government had dismantled it, insofar as it had the name of Jayaprakash Narayan in the context of certain political overtones and the exclusive funds for agricultural development has come down. We would request you to kindly reintroduce that the Agricultural Infrastructure Development Fund, specifically to ensure that the infrastructure development for agricultural growth is coming about in a larger extent.

f. Maintenance of SLR requirement – Revised instruction by RBI through its notification dt.5.6.2014.:

It was notified by RBI that the balance kept with the State Co-operative Banks as also the Time Deposits with the Public Sector Banks will not be eligible for being reckoned for SLR purposes. The balances with the SCBs by the DCCBs will not be eligible for being reckoned for SLR purposes, effective from 1.4.2015. Apart from this, the RBI has given instructions to increase the CRR from 3% to 4% of the

Total NDTL. However, on our representation seeking the withdrawal of the above notice on the grounds of protecting the co-operative banks, you had issued instructions to RBI and RBI through its revised notification dt.25.7.2014 has informed that for maintenance of SLR in the form of approved securities on NDTL, it shall be in a phased manner. According to this revised notification, as on 25th July 2014, investment in approved securities as percentage of NDTL shall be for 5%. For the year 2016, it shall be 10% and for the year ending 31st March 2017, it shall be as per the prescriptions to be done by RBI on that day.

We submit that the co-operative banks will face financial crunch, if the above order is implemented. We would desire that with respect to maintenance of CRR/SLR by the CCBs will have to be as per the position prior to 2014. We would request you to consider our request.

g. Prime Minister's Jan Dhan Yojana

Co-operative Banks of all categories must be permitted and motivated to open accounts as per the programme of Jan Dhan Yojana (PMJDY) since there are 1,20,000 cooperative credit outlets in our country. In the PMJDY only the co-operative banks which are coming under the CBS have been permitted to open bank accounts. We submit that suitable instructions may be given for permitting all the co-operative banks to implement the Jan Dhan Scheme of the Prime Minister and thereby 1,20,000 co-operative credit institutions would go massively for opening the accounts for the millions of India's poor thus helping financial inclusion.

Our immense thanks for having revived the 23 de-licensed DCCBs in 4 States:

In the States of Uttar Pradesh, Maharashtra, West Bengal and Jammu & Kashmir, 16 DCCBs in Uttar Pradesh, 3 in Jammu & Kashmir, 3 in West Bengal and 1 in Maharashtra were able to be brought into the status of getting banking licence once again through infusion of recapitalisation assistance of Rs.2,375.42 crore. The assistance is borne by the Central Government, 4 State Governments and also by NABARD. This is a remarkable and timely assistance which enables the 23 DCCBs in the above 4 States to get revived and also protecting the interest of the depositors and catering to the credit needs of lakhs of farmers. While expressing our happiness in this behalf, we would further desire that the amount pronounced shall reach to the benefit of the concerned DCCBs at an early date.

6. Problems of Regional Rural Banks:

Regional Rural Banks (Grameena Banks) have been established with a view to developing the rural economy by providing, for the purpose of development of agriculture, trade, commerce, industry and other productive activities in the rural areas, credit and other facilities, particularly to the small and marginal farmers, agricultural labourers, artisans and small entrepreneurs, and for matters connected therewith and incidental thereto. In view of above, in terms of the original Act, the capital issued by a Regional Rural Bank under Sub section (1) of Section 6, 50% shall be subscribed by the Central Government, 15% by the concerned State Government and 35% by the Sponsor Bank.

But, by way of intended amendment of the RRBs Act (Amendment) Bill, 2014 (**Bill No. 188 of 2014-tabled in Lok Sabha on 18-12-2014 and passed by the House on 22-12-2014) i**t has been provided to lower down the share capital of the Union Government and Sponsor Banks from present proportion of 50% and 35% respectively (total 85%), to bring it down to 51%, and the rest 34% to be provided for private share capital, keeping rest 15% optional for the State Government. This means provision has been made for 49% of private capital where State Government will opt out from the ownership.

The relevant portion of the Bill is reproduced below for your kind reference: -

Amendment of Section 6: - "4. In the principal Act, in section 6, (*b*) in sub-section (*2*), the following provisos shall be inserted, namely:— "Provided that in case the Regional Rural Bank raises its capital from sources other than the Central Government or the State Government or the Sponsor Bank, the shareholding of the Central Government and the Sponsor Bank shall not be less than **fifty- one per cent**.:

Sir, in case the aforesaid Bill takes the form of an Act, the basic concept of establishment of RRB would be jeopardized as no private investor would take interest as much as taken by the Union Government for economic welfare and social development of rural people of the country. It may kindly be noted that the role played by all the RRBs, now 56 in number, has been acknowledged and appreciated by not only the huge number of beneficiaries in different parts of the country, but also by the RBI, NABARD and the Government of India. In view of the above, we appeal to you to see that the Bill in the form of RRBs Act Amendment Bill, 2014 is dropped and scrapped in the larger interest of common and rural people of the country.

Merge RRBs with Sponsor Banks : Further, when there is a lot of discussion and debate at various levels on consolidation in the banking sector, it is high time that the Government would merge the various RRBs with their sponsor Banks. This would instantly give extra, flesh, muscle and additional infrastructure the PSBs in their expansion agenda and enable them to make further inroads in the deep rural areas which is the objective of the PSBs. We urge upon you to take this suggestion forward by constituting a Working Group to examine this proposal.

Pension benefits to RRB Employees and officers : In terms of the National Industrial Tribunal Award, thee is to be parity in the service conditions of the RRB employees and sponsor Banks. But still some of the service conditions of the sponsor banks are being denied to the RRB employees. Particularly, the benefit of pension is being denied and looking to their genuine demand, the issue needs to be considered favourably.

7. Delay in appointment of Workman Employee Directors :

In terms of the Government's Scheme, trade union representatives are being appointed as Employee Directors in the PSBs. The scheme provides for procedure to enable the Government to appoint the Employee Directors in time once in three years when the term is over. However, in the recent months, in the case of Canara Bank, Union Bank of India and Corporation Bank, the appointment has been unduly delayed and hence these positions remain vacant thus defeating the purpose and objective the scheme. We seek you intervention to expedite the appointment of Employee Directors in these Banks immediately and also to ensure that in future such delays do not recur.

We are extremely thankful to you for your kind indulgence and precious time to meet our delegation and to submit our above suggestions and problems seeking your attention and redressal.

Yours faithfully,

C.H. VENKATACHALAM
GENERAL SECRETARY
AIBEA

S. NAGARAJAN
GENERAL SECRETARY
AIBOA