

APPROACH PAPER
IN PURSUIT OF
EARLY SETTLEMENT OF 10TH BIPARTITE TALKS
BETWEEN
NEGOTIATING UNIONS IN BANKING INDUSTRY IN
INDIAN
&
IBA
THROUGH BILATERALISM & SOCIAL DIALOGUE

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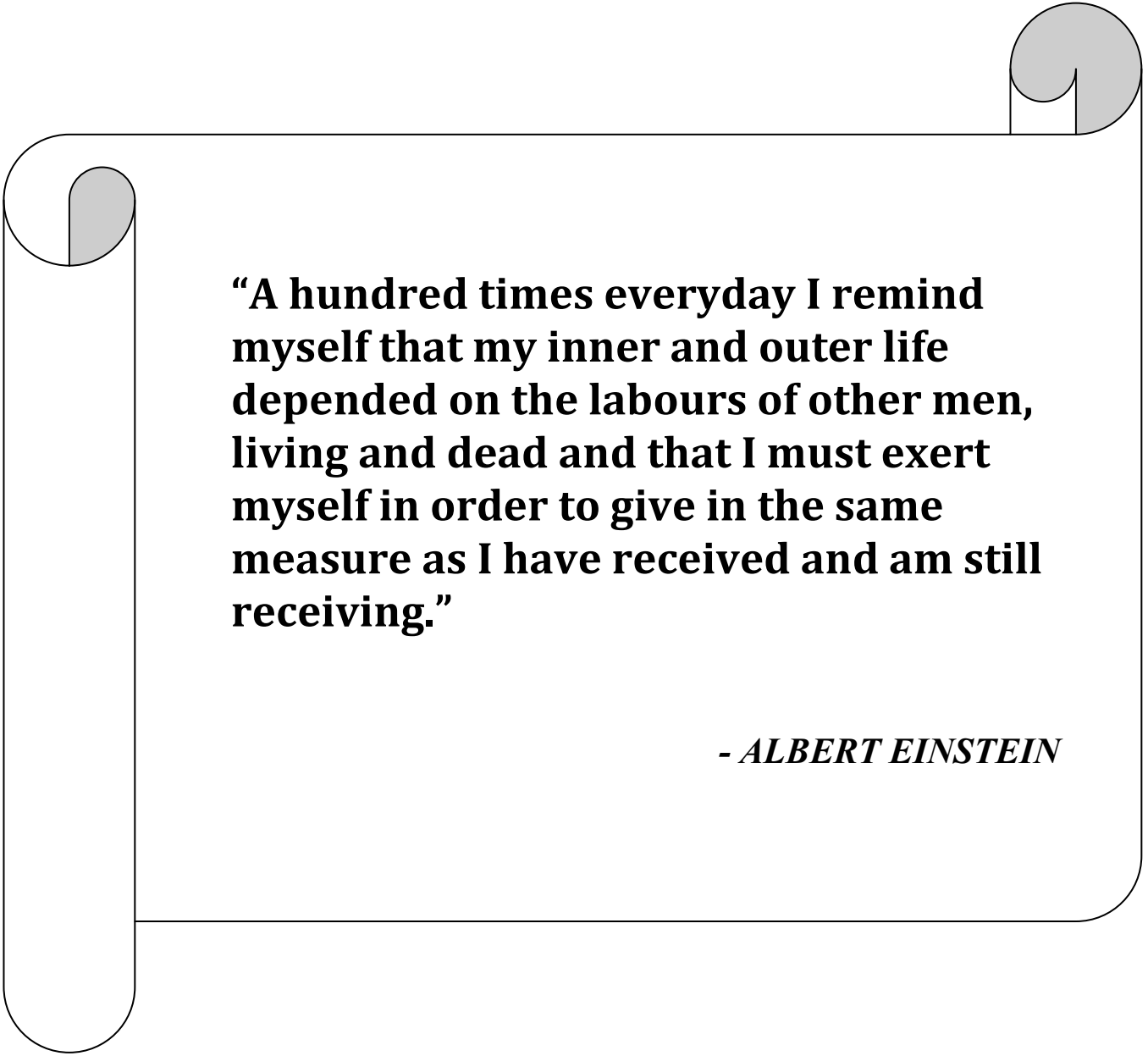


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**"our Unity and Solidarity
is our Raison d'être"**

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“A hundred times everyday I remind myself that my inner and outer life depended on the labours of other men, living and dead and that I must exert myself in order to give in the same measure as I have received and am still receiving.”

- ALBERT EINSTEIN

Dear friends

OUR STAND OF 25% HIKE IS JUST AND SACROSANCT!

Preface

This approach paper is an attempt by an retired bank trade unionist (retired very recently) having over four decades of experience in contributing substantially to bipartite settlements with independent insight and commitment in the past ,including writing script for the 10 bipartite charter on 16-06-2012 itself , which received wide publicity, acknowledgment, appreciation accolades in many social networking sites

The goal of my dissertation in this approach paper is to enhance the awareness of the bank employees and their well wishers to generate inquiring minds, with view of galvanizing strategies to settle the present impasse in the on going 10 bipartite negotiations. My goal is to prepare and merge their hearts and minds to resist, repulse the intransigence of IBA /Government combine in denying our just wage revision by considering our demand of minimum 25 % that too in pay slip components as against the tradition till 9th bipartite of settling wage load on establishment expenditure.

I have to the best of my ability enumerated things and events from an historical perspective. This paper for obvious reasons cannot be a full commentary of the finished and unfinished tasks we have.

I am not merely pro or anti establishment. On the contrary I know that we am a vital section of this establishment ourselves and unlike most other sections of the establishment I want to develop and drive a self critical and critical viewpoint with view of generating thinking , enquiring minds, enhance awareness and learning. In this process we learn, unlearn and relearn. It is with this sole objective this approach paper is presented.

The history of collective bargaining also highlights that the management as well as the unions have always operated with a **win lose strategy** and both the parties have **attempted to BAR the GAIN (rather than bargain)** of each other. As a result, there have been various strikes. In their absence the industrial relations have been far from peaceful. The management—workers and earlier union members allege—does not accept the idea of collective bargaining in its true spirit.

Even in the ongoing negotiations in the 10 bipartite we find this unhealthy bar the gain trend, against the ethos of true biapartism. **While the unions have reduced their**

demand from 30%, IBA has moved an inch from 10 % to 11 % only during the last round of negotiations on 13-6-2014 . Thereafter stalemate continues

Thereafter we find a spectacle of negotiations across the table totally stalled, put to comatose and is replaced with exchange of three letters between the parties much to disgust and disenchantment of the bank employees. Thus the 10th industry-wide bipartite wage settlement negotiations in the banking sector have dragged on for more than one-and-a-half years now without making much headway.

Only a meaningful dialogue is regarded primarily as a means aimed at achieving these goals. It is an effective tool for solving collective challenges by creating the structure and environment suitable for more efficient problem-solving.

Our public sector banks are major foundation our economy and with changing times they need to rejuvenate themselves like the private or foreign counterparts, thus giving India a new momentum. So I genuinely believe, reasonable but just wage structures *paripasu* with the peers, healthy and professional work culture is the utmost requirement for public sector banks today. A healthy wage structure and service conditions shall inspire further the bank employees to be productive and tech savvy will bolster their motivation to be more fruitful. Periodical appraisals and recognition for good work will lead to greater returns rather than making it a typical slow growing, take-for-granted government job. It's a dismal picture that once a job of reputation is losing its value. So nowadays there is huge change in career priorities of youngsters, they prefer to experiment with their careers, prefer central government jobs because of improved pay structure prevalent today and further value additions the anvil sequel to the seventh pay commission rather than settling and languishing in conventional public sector bank job in government jobs, of abysmally low wages compared with other peers in public or private sector.

It is in this context the just demand of union of 25% wage hike that too in pay slip components will alone end discrimination and bring semblance of parity , retain existing , attract dynamic, innovative , qualified youth to take banking career as primary option..

The various chapters on justification of just demand of negotiating union in the banking industry in this booklet are based innovative, thoughtful and thought provoking, ,critical suggestions and comments given by humble members of the movement in many social networking sites, circulars issued by much union on the progress on the ongoing 10 bipartite talks, other important reference materials.

I acknowledge with thanks for their the valuable inputs on this subject and for coverage given by various social networking sites espousing the cause, with no commercial interest other than inters of bank employees and their movement. These social net working sites are doing splendid job in enhancing the awareness levels of

bank employees uploading scores of other well researched articles on the subject contribute mainly of bank employees past and present.

In preparing this document I have freely made use of valuable suggestions by many individuals and also various resourceful documents, books in good faith with the hope that authors of these documents oppose patenting of intellectual property rights as they oppose IMF, WTO dictates. I term IPR as RIP – **(Restriction on Intellectual Progress)**. I hold the conviction that right to information is directly linked with bringing truth to light.

Information is power and documented information is democracy.

Any part of this book may be freely reproduced in any form by any organisation. But we would appreciate the copy of material is sent to my email id given below with comments for furthering my learning curve and knowledge.

It is hoped that this booklet will assist in a better understanding of the issues and aspects raised and discussed and end the stalemate, expedite amicable but honourable settlement.

I shall be only obliged social networking sites championing the cause of bank employees to disseminate the import of the message by uploading this in their website which has wide acceptance, acknowledgments among the bank employees.

I appeal to the apex level union is the banking industry to upload the articles in their sites, disseminate the import of the message through circulars, publications, magazines etc which has wide acceptance, acknowledgments among the bank employees with view galvanize awareness of bank employees, augmenting transparency. Only transparent public opinion shall dispel rumours, disengage truth from false hoods and in the process spread the beauty of truth.

I assure the bank employees in our country that I shall remain inseparable from the Bank Union movement that has been my extended family, and will always stand by to guide, when I'm needed

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AFTER 100 DAYS OF NEW GOVERNMENT

NO KHUSHI, STILL GHAM

FOR BANK EMPLOYEES

by

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Retired Bank Unionist

OUR STAND OF 25% HIKE IS JUST AND SACROSANCT!

In 1933, when Franklin D Roosevelt summoned a special session of Congress that would run for three months, the newly elected president got the Democrats and Republicans to work together and give Congressional passage to a series of measures aimed at job-creation and providing an impetus to a tottering economy. Those 100 days of Congress, also his first 100 days as president, saw 15 major bills get passed, a record for US legislation that FDR would go on to call the 'New Deal'.

That's how the "first 100 days" yardstick of measuring the effectiveness of new governments came to be fashioned, a measure of how much a government can achieve when it's still in the afterglow of electoral success, riding high on public opinion and driven by high expectations.

At the end of 100 days there is, doubtless, a stock-taking. There are be more pithy slogans and catchy, self-congratulatory phraseology.

During thee 100 days Bank unions met Finance Minister to press for early wage revision on June27, 2014. **Despite a lapse of 21 months since the start of negotiations, no significant improvement has been made towards expeditious conclusion of settlement.**

Make no mistake, the speeches to the countrymen by the new government will continue to be fine tuned, but the first 100 days is just bluster for bank employees expecting just wage revision of at least restoring parity with Central Government Employees sequel to the 6th pay commission, going by early indications and reports.

Yes, “ache din” (good days) have indeed come for some. But “bad days” have befallen to the Bank employees. The preposterous, stubborn stand of IBA

resulting in replacement of traditional ‘round table negotiations’ with ‘correspondences’ after the last meeting on 13th June 2014 has shattered our hopes and battered our dreams of an early settlement. The entire workforce have felt the insult inflicted by IBA, who failed to live upto the expressions made by IBA Chairman in the first round of discussions held on 22-03-2013 that *“the settlement would be concluded at the earliest with reasonable, respectable and comparable wage revision compared with external factors”*.

In short we are not hearing sunny sonnets or moonlit melodies of successful breakthrough in the wage revision , but fumbling by the Government, bungling by IBA combine , crumbling of industrial peace, grumblings by the customers and rumblings of a might upsurge of bank employees, who awakened and are in readiness to write history with blood and tears.

CHAPTER - I

JUSTIFICATION I: IT IS LAWFUL

The intransigence stand of IBA in not calling union for negotiations, disregarding spirit of bipartite culture, unique in banking industry culminating in 9 bipartite settlements so far, suddenly without any logical, transparent reasons, during this 10 bipartite under progress after 13-06 -2014 is preposterous.

Even with 25% increase we will be lagging behind the government employees if one realistically evaluates their projection in wake of announcement of 7 pay commission in the anvil.

My arguments is backed By Justice Kantilal Desai in his award popularly known as Desai Award. Hence our demand of 25% hike to restore parity with government employees and other PSU's is just and right, and is accordance with awards in force for bank employees. Abrogating the legal sanctity of these awards of learned judges by peddling spurious logic tantamount to disrespecting the laws of the land.

Our terms have always been clear. The IBA's terms have also been clear, of course according to them, for which we can never come to terms. They always find, as was the experience in the earlier negotiations, our demand and our stand to be irrational and unreasonable and yet to have conceded to some of them. So whatever we conceded is reasonable for them and what we do not concede is unreasonable for them. The reality today is nothing is well settled in labour matters in our country. The little achievements we have secured are not because our demands were reasonable but that each achievement is incomplete inspite of its reasonableness. It required bitter struggles before inch of progress could be made. Throughout this historic century of struggles runs one red thread of continuity is - resistance - by the employers to demands of the employees for improvements even though reasonable. The strange arguments advocated by the Bank Lords before the Tribunal for the Bank's disputes and now by IBA, stand eloquent witness to this conviction. I request the readers to google and go through the spurious arguments denying bank employees reasonable wages even during the Desai award (1962) days (see para 5.159. to 5.161, page 170 desai ward)

We know the methods IBA used to adopt to dilate our issues and hoodwink our demands. But this time the boldness, sophistry, ruthlessness and courage with which they have come out openly and spelt out their unwillingness to accept our reasonable demands and response makes bipartite culture a mockery.

Denial of our just demands is unconscionable and unjustified.

If today in our anxiety to secure arrears and marginal increase in wages, we compromise on principles in accepting their unreasonable, irrational demands, tomorrow we will be compelled to sign on dotted lines even in matters suicidal to our interest.

IBA's spurious, perverse theories which we exposed and exploded as the past are again in the market of industrial relations with their spurious products sowing seeds of industrial unrest. Their pet theories are standing monuments of our agony and stumbling block for industrial peace.

I have made some made so modest attempt to enhance the awareness of bank employees culling important facts from the glimpses of history. Let history record that in spite of the greatest odds Bank employees would stand up and resist injustice and reject with disdain and contempt the demands of IBA with logic and reason, retaining the ground sells of historical perspective. Needles to underscore that the present is imbedded in the past and from the present future grows as per law of nature.

Let us get emboldened from history:

Principles of Wage Fixation Source: Desai Award

5.35. This Tribunal has been constituted under the Industrial Disputes Act, 1947. The preamble to the Act indicates that the said Act was enacted to make provision for the investigation and settlement of industrial disputes, and for certain other purposes appearing in the said Act. Under section 7B, *the Central Government is empowered to constitute one or more National Industrial Tribunals for the adjudication of the industrial disputes which, in the opinion of the Central Government, involve questions of a national importance or for the adjudication of industrial disputes which are of such a nature that industrial establishments situated in more than one State are likely to be interested in, or affected by, such disputes. In considering disputes the adjudication whereof involves questions of a national importance it would not be out of place to refer to the following words of the Preamble to the Constitution of India which express the will of the people of India :—*

“We, the People of India, having solemnly resolved.....to secure to all its citizens : Justice, social, economic and political; Equality of status and of opportunity; and to promote among them all Fraternity assuring the dignity of the individual..... give to ourselves this Constitution.”

By the Directive Principles of State Policy embodied in Article 43 of the Constitution it is provided that the State shall endeavour to secure, by suitable legislation or economic

organisation or in any other way to all workers, agricultural, industrial or otherwise, work, a living wage, conditions of work ensuring a decent standard of life and full enjoyment of leisure and social and cultural opportunities.

5.36. On 21st December 1954 the Lok Sabha adopted a resolution by which the establishment of a socialistic pattern of society has been accepted as the objective of State Policy with the consent and concurrence of all the political parties in the country. The adjudication in respect of the matters referred to the Tribunal has to be done in the background of the statement in the Preamble to the Constitution, the Directive Principles of State Policy and the resolution unanimously adopted by the Lok Sabha.

5.37. The jurisdiction of a National Industrial Tribunal in determining matters which come before it is in certain respects wider than the jurisdiction of an ordinary Court of law. An ordinary Court of law proceeds on the footing that no power exists in the Courts to make contracts for persons and that the parties must make their own contracts.

The Courts reach their limit of power when they enforce contracts which the parties have made. An Industrial Tribunal is not so fettered and may create new obligations or modify contracts in the interest of industrial peace, to protect legitimate trade union activities and to prevent unfair practice or victimisation. It has been so held by the Supreme Court in *Rohtas Industries Ltd. v. Brijnandan Pande and others*, 1956 Supreme Court Report 800, 1956 (II) Labour Law Journal 444 at page 449. As observed by Ludwig Teller in *Labour Disputes and Collective Bargaining*, Vol. I at page 536:—

“Industrial arbitration may involve the extension of an existing agreement, or the making of a new one, or in general the creation of new obligations or modifications of old ones, while commercial arbitration generally concerns itself with interpretation of existing obligations and disputes relating to existing agreements.”

The Federal Court in the case of *Western India Automobile Association Ltd. v. Industrial Tribunal and others*, 1949 Federal Court Report 321 at page 345, 1949 Labour Law Journal 245, has observed that the above statement by Ludwig Teller was a true statement about the functions of an Industrial Tribunal in Labour disputes. The relations between employers and employees

are no longer left to the free play of economic forces. The concept of social and economic justice as embodied in the Directive Principles of State Policy comes into play. The needs of the industry have to be harmonised with the needs of the workmen and the dignity of the individuals. To secure a living wage is the objective of State Policy. Before a living wage can be secured to workmen various factors have to be considered. The industry concerned must have the capacity to bear the burden of a living wage to workmen

5.38. Wages have been considered under three different heads:—

- (1) Living Wage,
- (2) Fair Wage, and
- (3) Minimum Wage.

These concepts have been fairly dealt with in the report of the Committee on Fair Wages. A large part of its conclusions has been accepted by the Supreme Court in the case of *Express Newspapers (Private) Ltd. and another v. The Union of India*, 1959 Supreme Court Report 12, 1961(1) Labour Law Journal 339. The most expressive definition of a living wage is that given by Justice Higgins of the Australian Commonwealth Court of Conciliation in the *Harvester* case. A living wage is defined by Justice Higgins as one appropriate for “the normal needs of the average employee, regarded as a human being living in a civilised community.” This cryptic pronouncement has been explained by Justice Higgins by saying that a living wage must provide not merely for absolute essentials such as food, shelter and clothing but for “a condition of frugal comfort estimated by current human standards.” It must be a wage “sufficient to insure the workman food, shelter, clothing, frugal comfort, provision for evil days, etc. as well as regard for the special skill of an artisan if he is one.” In a subsequent case he observed that “treating marriage as the usual fate of adult men, a wage which does not allow of the matrimonial condition and the maintenance of about five persons in a home would not be treated as a living wage”.

In the Report of the Committee on Fair Wages it is stated in paragraph 7 as under:—
“there is general agreement that the living wage should enable the male earner to provide for himself and his family not merely the bare essential of food, clothing and shelter but a measure of frugal comfort including education for the children, protection against ill-health, requirements of essential social needs, and a measure of insurance against the more important misfortunes including old age.”

5.39. A reference may be made to the following observations of Mr. Philip Snowden at pages 1 and 6 of “The Living Wage” in connection with the concept of a living wage and the problem of converting the concept into monetary terms :—

“It may be possible to give a precise or satisfactory definition of a living wage, but it expresses an idea, a belief, a conviction, a demand. The idea of a living wage seems to come from the fountain of justice which no man has ever seen, which no man has ever explained, but which we all know is an instinct divinely implanted in the human heart. A living wage is something far greater than the figures of a wage schedule. It is at the same time a condemnation of unmerited and unnecessary poverty and a demand for some measure of justice.”

• • • •

“The amount of the living wage in money terms will vary as between trade and trade, between locality and locality. But the idea is that every workman shall have a wage which will maintain him in the highest state of industrial efficiency, which will enable him to provide his family with all the material things which are needed for their health and physical well being, enough to enable him to qualify to discharge his duties as a citizen.”

The Supreme Court in the case of Standard Vacuum Refining Company of India Ltd., v. Its workmen (including clerical staff) and another (Petroleum Refineries Employees' Sabha) reported in 1961(1) Labour Law Journal page 227 at page 234 has observed that it is in the aforesaid broad and idealistic sense that a reference has been made in Article 43 of the Constitution to the living wage. The concept of a Living Wage is not a static concept. In connection with the concept of basic minimum wage, fair wage and living wage, the Supreme Court has in the aforesaid case observed at page 233 as under:—

“the concepts of these wages cannot be described in definite words because their contents are elastic and they are bound to vary from time to time and from country to country..... What is a subsistence wage in one country may appear to be much below the subsistence level in another; the same is true about a fair wage and a living wage; what is a fair wage in one country may be treated as a living wage in another, whereas what may be regarded as a living wage in one country may be no more than a fair wage in another.” It has further observed at page 239 that under the living wage a workman would be entitled to claim an optimum diet as prescribed by Dr. Aykroyd. Similarly the requirements as to clothing and residence which have been recognised in the tripartite resolution, though appropriate in reference to a need based minimum wage would have to be widened in relation to a living wage. Besides, in determining the money value of the living wage it would be necessary to take into account the requirements of “good education for children, some amusement, and some expenditure for self development.”

5.40. In connection with the concept of a minimum wage, it has been observed by the Committee on Fair Wages that a minimum wage must provide not merely for the bare sustenance of life but for the preservation of the efficiency of the worker by providing for some measure of education, medical requirements and amenities. It has been further observed that the minimum wage must be paid irrespective of the capacity of the industry to pay the same. In connection with the concept of minimum wage a reference is necessary to the resolution passed at the 15th Labour Conference held at New Delhi on 11th and 12th July, 1957 wherein certain norms have been laid down. The same have been considered at some length in another part of this award.

5.41. In connection with the fair wage, it is observed by the Committee on Fair Wages that there was complete unanimity of opinion that the fair wage should on no account be less than the minimum wage. The Supreme Court in the case of the Express Newspapers (Private) Ltd. has observed at page 364 that the fair wage is “a mean between the living wage and the minimum wage.” As observed by the Committee on Fair Wages while the lower limit of the fair wage must obviously be the minimum wage, the upper limit is equally set by what may broadly be called capacity of industry to pay. Between these two limits the actual wages will depend on:—

- (1) the productivity of labour;
- (2) the prevailing rates of wages in the same or similar occupations in

the same or neighbouring localities;

(3) the level of the national income and its distribution; and

(4) the place of the industry in the economy of the country According to the Report of the Committee on Fair Wages in determining the capacity of an industry to pay, it would be wrong to take the capacity of a particular unit or the capacity of all industries in the country. The relevant criterion should be the capacity of a particular industry in a specified region to be ascertained by taking a fair cross section of that industry. The Supreme Court in the case of the Express Newspapers (Private) Ltd. at page 366 has observed that:—

“The capacity of an industry to pay should be gauged on an industry cum-region basis after taking a fair cross-section of that industry. In a given case it may be even permissible to divide the industry into appropriate classes and then deal with the capacity of the industry to pay classwise.”

5.42. The level of wages should be so fixed as to enable the industry to maintain production with efficiency. The fair wages fixed should not be so out of tune with wages in other industries in the region as to cause movement of labour and consequent industrial unrest. The Supreme Court in the case of Express Newspapers (Private) Ltd. has observed at page 336 as follow:-

“The main consideration which is to be borne in mind is that the industry should be able to maintain production with efficiency and the fixation of rates of wages should be such that there are no movements from one industry to another owing to wide disparities and employment at existing levels is not only maintained but if possible increased.”

5.43. E. M. Burns in the book “Wages and the States” has at page 387 referred to various considerations which have to be borne in mind when fixing wages.

“It would be necessary to inquire **inter alia** into the elasticity of demand for the product, for on this depends the extent to which employers could transfer the burden of the increased wage to consumers. It would also be necessary to inquire how far the enforced payment of a higher wage would lead employers to tighten up organisation and so pay the higher wage without difficulty.

••••

Similarly it frequently happens that an enhanced wage increases the efficiency of the lowest paid workers: the resulting increase in production should be considered in conjunction with the elasticity of demand for the commodity before the ability of a trade to pay can fairly be judged.

••••

Again unless what the trade can bear be held to imply that in no circumstances should the existing rate of profit be reduced, there is no reason why attempts should not be

made to discover how far it is possible to force employers to bear the burden of an increased rate without driving them out of business. This would involve investigation into the elasticity of supply of capital and organizing ability in that particular trade, and thus an inquiry into the rate of profits in other industries, the ease with which transferences might be made, the possibility of similar wage regulation extending to other trades, and the probability of the export of capital and organizing ability, etc.”

5.44. In the First Five Year Plan the authors thereof have observed at page 584 as follows :—

2 (a) All wage adjustments should conform to the broad principles of social policy and disparities of income have to be reduced to the utmost extent. The worker must obtain his due share in the national income.

(b) The claims of labour should be dealt with liberally in proportion to the distance which the wages of different categories of workers have to cover before attaining the living wage standard.

5.45. The principles of industrial adjudication have been well set out in the decision of the Supreme Court in the case of M/s. Crown Aluminum Works v. Their Workmen, reported in 1958 (1) Labour Law Journal page 1 at page 6 in words following which may well be reproduced here :—

“Though social and economic justice is the ultimate ideal of industrial adjudication, its immediate objective in an industrial dispute as to the wage structure is to settle the dispute by constituting such a wage structure as would do justice to the interests of both labour and capital, would establish harmony between them and lead to their genuine and wholehearted co-operation in the task of production. ** In achieving this immediate objective industrial adjudication takes into account several principles such as for instance, the principle of comparable wages, productivity of the trade or industry, cost of living and ability of the industry to pay. **** In deciding industrial disputes in regard to wage structure one of the primary objectives is and has to be the restoration of peace and good will in the industry itself on a fair and just basis to be determined in the light of all relevant considerations.”

5.46. This Tribunal will have to keep in mind these principles to the extent that they are applicable in the circumstances of the case.

5.47. The problem of wage determination cannot be considered in isolation from the larger economic and social background obtaining in the country. A delicate balance has to be struck between fair wages to workers and officers fair profits to the shareholders and fair service at reasonable rates to the community, after taking into account the share of the Government in profits in the shape of taxes and after considering the amounts of reserves and depreciation necessary for the stability and healthy functioning of the industry.

From the purely economic point of view the wage policy has to take into account the inflationary pressures. It is necessary to provide for wage differentials based on job evaluation as the economic structure in India' is not founded on the principle : "to each according to his needs and from each according to his capacity"

Para 5.137(page 135)

CAPACITY OF THE INDUSTRY TO PAY

5.137. Whilst considering the question of wages in the banking industry, it will be necessary to consider the question of the capacity of the industry to pay wages above the bare minimum wage and the place of the industry in the economy of the country. The question concerning the capacity of an industry to pay wages has been dealt with at some length by the Supreme Court in the case of Express News Papers (Private) Ltd., and another v. The Union of India and others, reported in (1959) Supreme Court Reports, page 12 at pages 89 to 93. As the Supreme Court has observed in that case, the capacity of industry to pay can mean one of the three things, viz., (i) capacity of a particular unit, (marginal, representative or average) to pay, (ii) the capacity of a particular industry as a whole to pay, or (iii) the capacity of all industries in the country to pay. After considering the various aspects of the matter, the Supreme Court has, at pages 92 and 93 of the aforesaid report, observed as follows :—

“The principles which emerge from the above discussion are:—

- (1) that in the fixation of rates of wages which include within its compass the fixation of scales of wages also, the capacity of the industry to pay is one of the essential circumstances to be taken into consideration except in cases of bare subsistence or minimum wage where the employer is bound to pay the same irrespective of such capacity;
- (2) that the capacity of the industry to pay is to be considered on an industry-cum-region basis after taking a fair cross section of the industry; and
- (3) that the proper measure for gauging the capacity of the industry to pay should take into account the elasticity of demand for the product, the possibility of tightening up the organisation so that the industry could pay higher wages without difficulty and the possibility of increase in the efficiency of the lowest paid workers resulting in increase in production considered in conjunction with the elasticity of demand for the product no doubt against the ultimate background that the burden of the increased rate should not be such as to drive the employer out of business.”

The Supreme Court has observed in an earlier paragraph that in a given case it may be even permissible to divide the industry into appropriate classes and then deal with the capacity of the industry to pay class-wise. The industry of banking, in cases where the

banks have branches in more States than one, has been dealt with class-wise, and the capacity of the industry which, so far as the banks before me are concerned, has to be determined class wise.

Having regard to the principles enunciated by the Supreme Court, the capacity of the industry considered class-wise will have to be determined after taking a fair cross section of each class. As observed by the Sastry Tribunal the wage structure should be such as to be within the capacity of the Industry to bear in the light not apply of its present position, but of its future possibilities also.

5.138. The industry of banking does not produce goods but produces services. It is an extremely important service which is rendered by banks and on the continued and efficient functioning of banks depends the smooth functioning of a large number of other industries in the country. In order that the economy of the country may develop and other industries may function smoothly, it is necessary that the industry of banking should also develop to meet the growing needs of the country. Banking has to be regarded as a public service and its activity to a certain extent is being regulated in the public interest. There are various provisions in the Banking Companies Act, 1949, and in the Reserve Bank of India Act relating to the regulation and control of the industry in the larger interest of the country. Banks have to work in a more or less rigid framework set by law. The depositing and investing public always plays for safety for its deposits and stability for its investments. Prudent banker not merely provide for what are sometimes known as secretor undisclosed reserves but provide for easy liquidity of some of its assets in order to meet any emergency. They also consider the advisability of following the policy of maintaining stable dividends. Every effort has to be made together the confidence of the public and the depositors so that the working funds and operations of the banks may grow.

5.139. The stability of the industry depends upon the over-riding factor of credit. The banks are very often described as delicate instruments of credit. The failure of the bank has its repercussions on the other banks and on the deposits made with other banks. Great care is required to inspire the confidence of the public. Deposits received by the banks constitute, to a very large extent, the raw material for providing advances to persons needing the same. A bank unlike a manufacturing concern obtains a very large proportion of its working funds from the depositors and only a small proportion from its shareholders. In considering the claims of employees, the claims of the depositors and other constituents of the bank have also to be kept in mind.

5.140. In considering the capacity of the industry of banking to bear the burden of increased wages which may be required to be paid having regard to the workmen's claims based on social justice, it is necessary to bear in mind the claim of the shareholders to a fair return on the capital invested by them.

5.141. Banking is one of the key industries in the country. The successful implementation of the Third Five Year Plan depends to a considerable extent on the successful operation of banking in the country. It is requisite that the available resources of the country should be harnessed for the successful implementation of the Third Five Year Plan. Banks have an important role to play in mobilising the resources of the country and canalizing them to productive purposes. It is necessary that the banking habit should spread throughout the length and breadth of the country so that the unused wealth of the country is not merely gathered but is put to effective use. The dependence of commerce upon banking has in modern times become exceedingly great and matters have reached a stage where the cessation for some length of time of banking activity may paralyse to some extent the economic life of the nation. Bankers issue credit. Large transactions are effected by means of cheques rather than by the exchange of currency. Banks assist the industrial undertakings by underwriting their debentures and shares and occasionally finance the purchase of real property. Banks serve as custodians of stocks and shares and other valuables. Imports into and exports out of the country are financed by banks and documents relating to the goods so imported and exported pass through the hands of the bankers. They have to deal with warehouse warrants, bills of lading, railway receipts, bills of exchange, marine insurance policies and various other documents. They advance moneys on securities and issue letters of credit and travellers cheques to customers. The functions which the bankers discharge are numerous and varied. The transactions on the Stock Exchange may be affected by the policy adopted by banks in connection with the advance on shares and securities. Transactions of purchase and sale of various commodities may be affected by the policy adopted by banks in connection with the advance on such goods. Expansion or retraction of credit may affect financing of various transactions. The smooth functioning of banks is necessary for the economic growth and welfare of the country. Peace in this industry is requisite for the economic progress of the country at the pace set by the Third Five Year Plan.

5.142. Having regard to these factors, wage scales have to be fixed in connection with each class of banks before me, so that the burden ultimately imposed may not be such as may drive any bank managed with reasonable efficiency, out of business. The wage structure should be such that it should not be unduly below the paying capacity of the bank at the top of the class, nor unduly above the paying capacity of the bank at the bottom of the class, which is reasonably well-managed. One does sometimes come across banks in the private sector which continue to function for a number of years without distributing a naya paisa by way of dividend, which do not show any substantial profits or which show even losses for a number of years without any special reason, when other banks functioning in the same region with smaller working funds and reserves make considerable profits. Such banks which continue to exist for various reasons peculiar to those who run the banks cannot be taken into account to depress the wages of the class in which such banks fall. It would be putting a premium on the

existence of unhealthy banks if they are encouraged to continue their activities by the incentive of lower wages.

5.143. There are various restrictive provisions contained in the Banking Companies Act. By Section 17 it is made obligatory on a banking company incorporated in India to create a reserve fund. A banking company is under an obligation “out of the balance of profit of each year as disclosed in the profit and loss account prepared under section 29 and before any dividend is declared” to transfer to the reserve fund a sum equivalent to not less than 20 per cent of such profit until the amount of such reserve fund together with the amount in the shares, premium account, equals the amount of the paid-up capital of the company.

(xvi) Prevailing Rates of Wages in Comparable Concerns (See page 174 - 175 of Desai Ward)

5.176. One of the important factors to be taken into account in fixing wage scale is the prevailing rates of wages in the same or similar occupations in the same or neighbouring localities.

5.177. The Sastry Tribunal in considering the prevailing rates of wages has observed that helpful comparisons could be made between wages in major banks and those in small banks, between banks on the one hand and certain industries on the other, between the bank awards and the awards in insurance companies, oil companies and textile companies and that the rates of pay in certain departments of Government such as the Posts and Telegraphs and in State Governments would also furnish material for the construction of a pay scale for the bank workmen. It also referred to the report of the First Pay Commission and stated that there were several affinities between bank workmen and Government clerks, bank subordinates and Government menials. The Sastry Tribunal has set out the scale of pay for clerks in the service of the various State Governments and also in the service of the Central Government. In paragraph 260 of its award it has observed as follows:

“Or again we may take a cross section of the wage map of India for clerical staff and compare the prevailing rates in a mixed bag consisting of industrial concerns, municipalities, insurance companies, government departments, Port Trust and Reserve Bank of India.”

The Sastry Tribunal has then set out the emoluments received at the initial start by members of the clerical staff of various concerns in this mixed bag. It has also given a summary of the emoluments given to clerks under the more important award relating to various concerns.

5.178. The Labour Appellate Tribunal after referring to the fact that the Sastry Tribunal had set out in its award the total emoluments of a mixed batch of

industries and Government and quasi-Government institutions stated that it had collected other material also. The Labour Appellate Tribunal has thereafter set out the total emoluments payable to a clerk at the initial start in 28 different concerns. After considering the emoluments payable in these

1. Burmah Shell	----	195.00	224.65
2. Standard – Vacuum	----	190.00	224.65
3. General Motors	----	170.00	— closed down
4. Ford Motors	----	154.56	— closed down
5. Glaxo Laboratories	----	161.69	192.32
6. Imperial Tobacco	----	195.00	225.00
7. Hindustan Vanaspati Hindustan			
8. Lever Brothers	----	Livers 174.87	220.00
9. United Traders			
10. Tata Oil Mills	----	154.56	178.65
11. Volkart Brothers (Voltas)		135.00	183.60
12. Greaves Cotton	----	154.56	193.50 (Under appeal in Supreme Court)
13. Swastik Oil Mills	----	149.56	179.75
14. Larsen & Toubro	----	161.12	190.86
15. Grahams Trading Co.	----	154.56	168.54
16. Imperial Chemicals	----	139.00	176.00
17. Tata Industries	120.00	----	Not available
18. Associated Cements	----	138.00	169.00
19. Oriental Assurance	----	124.50	154.39 Now part of Life Insurance Corporation
20. Reserve Bank of India	142.50	----	Under adjudication
21. British Insulated Calenders	----	138.00	178.00 Cables Ltd. (Indian Cables)
22. Bombay Gas Co.	125.00	----	Not available
23. Fortes, Forbes Campbell	----	151.00	161.25

Note: - Existing dearness allowance in the concerns in Bombay is calculated on Bombay consumer price index slab (411-420) for February 1961 at 420 Bombay index number when the corresponding all-India consumer price index with base as 1949, was 123.

If the method adopted by the Labour Appellate Tribunal for the purpose of fixing the total emoluments of a clerk in an A Class bank in Area I is adopted, there is a good case made out for revision of the emoluments of workmen in the banking industry.

(xvii) New Scales of Pay (SE PAGE 176-177 OF DESAI AWRDS)

5.179. There is considerable material placed before me to show that as a result of the awards of adjudicators and wage boards and agreements arrived at between employers and employees, there has been a considerable increase in the level of total emoluments paid by various concerns. Some of these are comparable and some are not. **By and large, they show that there is an upward trend in wages payable both to the members of the clerical staff and members of the subordinate staff.**

5.180. *It has been strongly urged on behalf of the banks that the Sastry Award as modified having linked the dearness allowance with the consumer price index number has provided for an increase in the amount of wages having regard to the increase in the cost of living and that no case exists for any further increase in the remuneration payable to workmen.* There is no doubt that workmen are being paid more today than what they were receiving at the time when the Labour Appellate Tribunal's decision was implemented. **The workmen, however, contend that there is no increase in their real wages and that, on the contrary, there is considerable erosion in their real wages having regard to the increase in the cost of living and the reduction in the purchasing power of money. The arithmetical erosion that has taken place has already been set out earlier in this chapter.** A member of the clerical staff employed by an A Class Bank in Area I in the first year of his service receives at the Index No. 123 (1949=100) by way of basic pay and dearness allowance Rs. 152.85 and Rs. 8 as house rent allowance if he is employed at Bombay and Calcutta and Rs. 6 as house rent allowance if he is employed at other places with population over 7 lakhs. The question that arises for consideration is whether what is being given under the Sastry Award as modified is sufficient having regard to the changes in the circumstances that have taken place.

5.181. **Having considered all aspects of the matter, I am of the view that to the extent that prevailing rates of wages in similar occupations in the same localities play a part in the fixation of wages, the workmen have made out a case for an upward revision of their emoluments.**

CONCLUSION (just)

1. Today the banking industry with **nationalized banks** forming major share as a whole (unlike the award days) has immensely prospered and tremendously expanded.
2. Cost of living has substantially gone up throughout India.
3. National income under Five Year Plans has considerably increased.
4. Prevailing rates of wages in other industries, including government employees have also considerably gone up. The government as model employer cannot deny justifiable and justisiable wages at par with government employees, to bank employee alone.

5. The existing wage scales as per the comparison shown in the Annexure A between government and bank employees are not at all adequate to ensure minimum subsistence wage for the clerical and subordinate staff, having regard to the high cost of living prevailing all over the country.
6. Not only the rise in the cost of living should be fully neutralized but there should be improvement in the real standard of living of the employees.
7. The nature of work in the banking industry today requires greater skill, involves risks accuracy, responsibility and hard labour than that required in other industries.

Thus it is imperative that bank employees are adequately compensated due to their glowing responsibility, transferability, accountability in order to maintain high standards of honesty, integrity as their job demands in a highly competitive and sensitive sector of the Indian economy, in view of the following

Public sector banks practically government institutions today as could be seen from the additional auxiliary work performed by bank employees which was hitherto performed by government employees and in view of the reasons adumbrated ,adduced below

1. All public sector banks acquired the public sector characteristic by virtue of a special act passed by the Indian Parliament.
2. Central Government directly and indirectly through other PSUs like LIC of India etc. holds majority of the shareholdings in public sector banks.
3. Several public sector banks are bankers to the government - Central or State - either as a lender or a custodian of government funds. Public sector banks have subscribed to several Government Promissory Notes, Treasury Bills and Bonds and Debentures issued by State/Central PSUs.
4. Public Sector Banks have established and manage Currency Chests throughout the country on behalf of RBI, thus playing a vital role in currency issue and management (*printing is the sole prerogative of RBI*).
5. Public Sector Banks run clearing houses throughout the country, thereby helping the government manage the nation's economy, trade and commerce.
6. Even today, Public Sector Banks have the majority share of the public savings (more than 77%), enjoying the confidence and trust of most of the common citizens.
7. But for the low wages, public sector banks are one of the dream destinations for thousands of aspiring youth in the country.

8. Public Sector Banks as a group are the second largest employer, next only to Indian Railways, providing employment to lakhs of unemployed youth.
9. Public Sector Banks as commercial entities and the staff working in them are one of the major contributors to government's kitty, as they are one of the few honest tax paying groups.
10. Under the guidance and supervision of RBI, public sector banks play a vital role in managing the precious foreign exchange assets of the country.
11. Banking Regulation Act, 1949 and Negotiable Instruments Act, 1881 are two important Acts of Union of India, which broadly govern the functioning of general banking in India.
12. Banking policies and operational guidelines are broadly designed by Department of Financial Services, Finance Ministry, Government of India and the banking industry is monitored and controlled by the government, in association with RBI.
13. Bank Holidays are decided by the respective State Governments and published in official gazettes.
14. Public Sector Banks issue Bank Guarantees on behalf of 'President of India'.
15. In 1979, Central Government had accepted Pillai committee recommendation on the point that the Bank officers' salary will be equal to that of Class 1 officers. By doing this, the central government has indirectly admitted that public sector bank employees are to be treated on equal footing with the government employees.
16. Central government uses PSBs for various purposes like Tax collection, implementation of socio-economic policies of the nation viz. targeted lending (priority sector lending), distribution of subsidies and grants, financial inclusion etc.
17. Bank employees are invited to apply for vacancies on deputation basis in institutions like DRT, CBI, FIU-IND, IBA etc.
18. Bank staffs are drafted for election duties by Election Commission of India.
19. Bank Managers are empowered to attest certain documents for limited purposes, by the government.
20. Successive Finance Ministers have acknowledged the fact that only because of the public sector banks in India, we as a nation could successfully insulate ourselves against the tribulations that jolted the South East Asian Countries in the late 1990s, the global recession that turned the economy of several American States topsy-turvy in 2008-10 and the very recent crisis that enveloped the European nations like Spain, Greece, Italy etc

- 21..Last but not the least, public sector banks generate very substantial revenue for the Union Government, by way of issuance of dividend on their shares
- 22.volume and varieties of work handled by bank employee are beyond comparison
- 23.The productivity per employee, business per employee and branch and profitability of public sector banks ahs enhanced many folds.
- 24.**It is pertinent to mention here that 7th Pay Commission has been constitute for revision of salaries of central government employees, whereas bank employees are yet to catch the salaries they are getting as per 6th Pay Commission report.**
- 25.There is steep raise in CPI inflation and the salaries in absolute terms have also been eroded. consumer price index ahs already increased by 1501 numbers over 4440 which was prevailing on 01-11-2012 i.e. the level at which IBA ahs agreed to merge the DA with basic pay
- 26.And above all there is a danger of pouching of the existing young and trained staff of public sector banks by new generation of private sector bans and foreign banks which will merge as per banking policy.

HENCE OUR DEMAND FOR 25 % HIKE IS JUST AND RIGHT.

Even with 25% hike we will just be inching towards some semblance of parity with pay of government employees if we evaluate the projected salary in anvil in the wake of 7th pay commission.

Friends

The capacity to pay is never the standard of any capitalist when he starts an industry. They study the market some where they find the rate of profit to be 20, somewhere 30 and some where 50. They try to cash on it and come with their accumulated capital, reserves or some things – Rs. 5 crores or Rs. 10 crores and put it in to much machinery, so much raw material and go on hunting for the worker see at what will they can buy the labour power. Then they calculate that if the labour power is purchased Rs.10 a day their rate of profit will go down from Rs.50 to 30. So they reduce the rate. **So the capacity to pay is really the capacity to earn the highest rate of profit. And we (The trade Union) change the wage rate up by bargaining, by organising ourselves and by strikes. So capacity to strike determine the capacity to pay on the part of the employer. The capacity to pay is not an abstract, unbreakable inviolable principles. It is a determinable thing determined by the rate of profit and capacity of the worker to bargain and strike for it. As the trade union maintain, it is not the industry's alleged capacity to pay that is material to**

urge fixation put the workers capacity to work without which there can be no production.

So long as there is a high volume of NPAs in banks, there cannot be defined, expected profits. NPA is not our creation. So we cannot accept this shallow and unfounded logic of capacity of the banks to pay. If that be the case wage hike for government employees cannot be granted unless The central government brings down the current account deficit to 'Zero', the fiscal deficit to 'Zero' (CAD was at Rs.216,000 crores for 2013-14 as per the news item in NDTV Profit on 21-05-2014. Fiscal deficit was at Rs.519,529 Crores for 2013-14 as per the news item published in various newspapers.

If the central government recovers a fraction of NPA which around six lakh crores through stringent legislations and measures and further recovers the huge tax arrears due from big industrial houses, large corporate groups, MNCs and high net worth individuals (HNIs), in Income Tax, Service Tax, Customs Duty, Excise Duty, Property Tax etc. in full (*Income Tax arrears alone stood at Rs.580,000 crores as at the end of March, 2014*), bank and government employees can be easily granted just share of value added in the forms of just wage revisions.

In view of the aforesaid principles laid by Indian jurisprudence, for bank employees our demand of 25 % hike in pay slip components is fair, just meets ends of justice and should be seized from unyielding hands no holds barred.

If today in our anxiety to secure arrears and marginal increase in wages, we compromise on principles in accepting their unreasonable, irrational demands, tomorrow we will be compelled to sign on dotted lines even in matters suicidal to our interest

This in short is the emerging scene and engulfing situation. We know that wages or privileges we get today are not charity of IBA. It is the heritage and legacy of our sustained struggles and inspiring sacrifices. We have survived furious storms and gusty winds. We know as a responsible Union, when to organise and how to agitate. We have the glorious past, potential present and challenging future.

Therefore let history record that in spite of the greatest odds Bank employees irrespective of their union affiliations would stand up and resist injustice and reject with disdain and contempt the demands of IBA

Our response to IBA's offer can only be our unity. Let us demonstrate once for all that the dedication and conviction we have in upholding our dignity cannot be high jacked by IBA nor it can be purchased or bartered. Let the world know our consciousness is not for sale.

We are sure you will draw appropriate conclusions and proper decisions in this regard.
(See Annexure A)

ANNEXURE A

MONTHLY SALARY OF CENTRAL GOVERNMENT STAFF AND BANK STAFF (OTHER THAN OFFICERS) AS ON 01-08-2013 – A COMPARISON

Various Components of Monthly Pay	Central Govt. Staff (in Pay Band – 1)	Sub-staff in Banks	Central Govt. Staff (in Pay Band – 2)	Clerical staff in Banks
Basic Pay	4,860	5,850	8,700	7,200
Grade Pay	1,800	<i>N I L</i>	4,200	<i>N I L</i>
Special Pay (<i>at the minimum for bank staff</i>)	<i>N I L</i>	340	<i>N I L</i>	500
Total	6,660	6,190	12,900	7,700
Dearness Allowance	5,994 (@90%)	5,506 (@88.95%)	11,610	6,849
H.R.A.	1,998 (@30%)	619 (@10%)	3,870	770
C.C.A.	<i>N I L</i>	<i>N I L</i>	<i>N I L</i>	<i>N I L</i>
Education Allowance (<i>maximum for 2</i>	2,500	500	2,500	500
Transport Allowance	1,140 (600+90% DA)	225	3,040 (1,600+90% DA)	225
Staff Welfare/Provisions	<i>N I L</i>	500	<i>N I L</i>	500
Newspaper	<i>N I L</i>	100	<i>N I L</i>	100
Gross Monthly salary	18,292	13,640	33,920	16,644

CHAPTER - II

JUSTIFICATION II:

NEED TO REIFY HISTORIC DISTORTIONS IN BANK EMPLOYEES SCALES OF PAY

For convenience and proper presentation this **JUSTIFICATION 2** is set forth under paras A, B, C.

A) There is a popular belief that the wages of bank employees stand stands when compared with government and other public sector undertakings after the advent of the 6 pay commission. This is a misnomer. The reality is that the wages of bank employees when compared with other peers in the industry has lagged behind ever since 5th bipartite settlement. In proof thereof I give the following facts. These figures shall stunt our conscience as how we ranked with other peers right from 5th bipartite.

The study based on agreements of major Public Sector Un- dertakings in India and a comparative study with bank employees was published by Shri. Arvind Shrouti on behalf of Maniben Kara Institute (HMS) in July 1991will unveil the truth. The following undertakings are covered in this study-

Sl. No.	Name of the Undertaking	Abbreviations
1.	5 th Pay Commission	—
2.	Nationalised Banks	Banks
3.	Bharat Earth Movers Limited	BEML
4.	Bharat Electronics Limited	BEL
5.	Bharat Heavy Electricals Ltd	BHEL
6.	Coal Industry	COAL
7.	Hindustan Aeronautics Ltd	HAL
8.	India Farmers Fertilizers Coop. Ltd	IFFCO
9.	India Trade Promotion Organization	ITPO
10.	Indian Tourism Development Corp. Ltd.	ITDC
11.	Life Insurance Corporation	LIC
12.	Madras Fertilizers Limited	MFL
13.	Mother Dairy	—
14.	Mahanagar Telephone Nigam Ltd	MTNL
15.	National Thermal Power Corp. Ltd	NTPC
16.	Oil India	—
17.	Oil & Natural Gas Commission	—
18.	Ports & Docks	ONGC
19.	Reserve Bank of India	—

I give below the genesis of this very informative thought provoking study which will provoke the conscience of the bank employees that we they did not get fair deal in wage revisions right form 1991 onwards. These historic blunders cascaded during the subsequent wage revision too, widening the disparity of bank employees with comparable peers like central government, insurance, RBI employees, leave alone other PSU undertakings tilting **the scales of justice of the doctrine of equal work equal pay.**

Wage in Public Sector in India
- A comparative study with Bank Employees Wages -

**TOTAL WAGES (INCLUDING ALLOWANCES) OF
SUB STAFF AT VARIOUS STAGES OF PAY
(Arranged in descending order)**

Rank	1ST STAGE	5TH STAGE	10TH STAGE	15TH STAGE	20TH STAGE	25^H STAGE
1	12337 IFFCO	13519 MD	15130 MD	16667 MD	18304 MD	1940 MD
2	12290 MOTHER DAIRY	13130 IFFCO	14194 IFFCO	15702 ONGC	17440 ONGC	19508 ONGC
3	12245 ITPO	12786 ITPO	14090 ONGS	15385 OIL INDIA	17240 OIL INDIA	19338 OIL INDIA
4	11759 ONGC	12732 ONGC	13671 OILINDIA	15183 IFFCO	16172 IFFCO	17530 MTNL
5	11185 OIL INDIA	12222 OIL INDIA	13537 ITPO	14670 MTNL	16150 MTNL	17442 NTPC
6	11172 MFL	12045 MFL	13290 MTNL	14305 MFL	15396 MFL	17242 IFFCO
7	10731 MTNL	11835 MTNL	13214 MFL	14213 ITPO	15233 NTPC	16591 MFL
8	10587 BHEL	11534 BHEL	12689 BHEL	13908 BHEL	15053 BHEL	16297 BHEL
9	9466 NTPC	10414 NTPC	1768 NTPC	13413 NTPC	14890 ITPO	15566 ITPO
10	9366 ITDC	9918 ITDC	10607 ITDC	11354 ITDC	13160 RBI	15245 RBI
11	8911 PORTS & DOCKS	9426 BEL	10160 COAL	11065 COAL	12471 COAL	13451 COAL
12	8885 BEL	9411 PORT & DOCK	10137 BEL	10855 BEL	12286 COAL	13014 ITDC
13	8602 BEML	9220 COAL	10066 PORT & DOCK	10847 PORTS & DOCK	12127 PORT & DOCK	12907 PORT & DOCK
14	8496 COAL	9143 BEML	9854 BEML	10572 BEML	11584 BEL	12312 BEL
15	8212 HAL	8669 HAL	9283 HAL	10545 RBI	11300 BEML	12029 BEML

Rank	1 ST STAGE	5 TH STAGE	10 TH STAGE	15 TH STAGE	20 TH STAGE	25 ^H STAGE
16	7233 5 TH PAY COMMISS ION	7978 5 TH PAY COMMISS ION	8909 5 TH PAY COMMIS SION	9907 HAL	10846 5 th pay	11776 5 TH PAY
17	6097 RBI	6850 RBI	8574 RBI	P839 5 th pay	10566 HAL	11191 HAL
18	5282 LIC	6072 LIC	7106 LIC	8186 LIC	9520 LIC	11017 LIC
19	5133 BANKS	5607 BANKS	6538 BANKS	7760 BANKS	9213 BANKS	10730 BANKS
AVERA GE	9366	10132	11201	12336	13629	14896
RATIO OF MINI : MAXI	1:2.40	1:2.41	1:2.31	1:2.15	1:199	1:1.85

SIGNIFICANT FINDINGS AND ANALYSIS

- When one compares the minimum wages paid in various PSU's one finds a good deal of variation. Wages vary not only with the level of skills of the employees but also with the industries or units.
- As far as the quantum of wages in these units is concerned one finds that wages in the Banking industry at the recruitment stage are low for sub staff i.e. Rs. 5133 p.m. at 2600 CPI. While for the same level wages paid in IFFCO are very high Rs12337. The wage disparity ratio at the said level is 1:2.40. The average total wage of sub staff at the recruitment level is Rs 9366. At the 25th stage is the lowest i.e. Rs10370 & and MOTHER DAIRY is Highest i.e. 19840.
- Wages for clerical staff at recruitment level on 2600 CPI again bank is the lowest i.e. Rs.5579, while for the same level wages paid in IFFCO are very high i.e. Rs. 19077. The wage disparity ratio is 1:42 at this level. At the 25th stage of clerical staff HAL is the lowest, i.e. Rs. 18430 & ONGC is the highest. i.e. Rs. 33455. The average wage for clerical staff at recruitment level is Rs.12194. Here again in most stages bank employees are paid less than the average.

- At one time Banking Industry was the second highest paying organization (clerical grade –at higher stages) within PSU's. But now that is not the case. At that time in most of the PSU'S a flat rate D.A. was in existence and very few undertakings had double linkage D.A. & Bank was one of them. Now mostly all PSU'S have double linkage D.A. scheme with 100% neutralization at all levels.
- Average HRA for sub staff in Banking industry is Rs.345 which is lowest while at the same level OIL INDIA is the highest i.e. Rs. 1962. For the clerical grade also the situation is the same. The reason behind such scenario is the rate of HRA. In BANKING industry the HRA is paid @ 8.5% while in most of PSU's this rate is 30%(A + cities)
- Other allowances paid in most of the PSU'S are very high as compared to banks. The average of total allowances in banking industry is Rs 723 while for the same level it is Rs.4544 in MOTHER DAIRY. This is also one of the major factors contributing to huge wage disparity between banking sector and other PSU's.
- There is no much increase in real wages of Bank employees as compared to other PSU's. In the period of last 12 years the wage growth in BANKING industry is nearer to growth in AICPI. In short the real wages are maintained in banking industry. While in other PSU's there is a fantastic raise in real wages.
- Inference: bank employees are high wage island is a canard. Our charter in the VIII Bipartite Wage Revision is therefore just and right.

B) In Annexure A reproduced again in the Justifications I had given the comparison of monthly *salary of central government staff and bank staff (other than officers) as on 01-08-2013. A close scrutiny of the same will reveal that* Sub Staff and clerks already lag behind The Central Government Employees by 25.43% and 50.93%

ANNEXURE A

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H.R.A.	1,998 (@30%)	619 (@10%)	3,870	770
C.C.A.	<i>N I L</i>	<i>N I L</i>	<i>N I L</i>	<i>N I L</i>
Education Allowance (<i>maximum for 2 children</i>)	2,500	500	2,500	500
Transport Allowance	1,140 (600+90% DA)	225	3,040 (1,600+90% DA)	225
Staff Welfare/Provisions	<i>N I L</i>	500	<i>N I L</i>	500
Newspaper	<i>N I L</i>	100	<i>N I L</i>	100
Gross Monthly salary	18,292	13,640	33,920	16,644

Source: <http://www.allbankingsolutions.com/Wage-Revision/Xth-Bipartite-Settlement/Comparative-Salaries-in-GoI.htm>

In respect of officers the disparity stand more pronounced as the following cogent, pellucid reasoning and statistics will reveal.

**MONTHLY SALARY OF CENTRAL GOVERNMENT OFFICERS AND BANK OFFICERS AS ON 01-08-2013 –
A COMPARISON**

Various Components of Monthly Pay	Central Government Officers (<i>in Pay Band – 3 – Stage I</i>)	Bank Officers in JMGS I	Central Government Officers (<i>in Pay Band – 3 – Stage II</i>)	Bank Officers in MMGS II	Central Government Officers (<i>in Pay Band – 3 – Stage III</i>)	Bank Officers in MMGS III
Basic Pay	15,600	14,500	18,930	19,400	21,900	25,700
Grade Pay	5,400	NIL	6,600	NIL	7,600	NIL
Total of Basic + Grade Pay	21,000	14,500	25,530	19,400	29,500	25,700
Dearness Allowance	18,900 (@90%)	12,898 (@88.95%)	22,977	17,256	26,550	22,860
H.R.A.	6,300 (@30%)	1,233 (@8.5%)	7,659	1,649	8,850	2,185
C.C.A. (Maximum@4% for bank officers)	NIL	540	NIL	540	NIL	540
Education Allowance (<i>maximum for 2 children</i>)	2,500	NIL	2,500	600	2,500	1,000
Transport Allowance / Monthly Conveyance	6,080 (3,200+90% DA)	2,200 (30 litres of petrol)	6,080 (3,200+90% DA)	3,000 (40 litres of petrol)	6,080 (3,200+90% DA)	3,750 (50 litres of petrol)
Staff Welfare	NIL	500	NIL	500	NIL	500
Staff Entertainment Expenses (<i>pro rata</i>)	NIL	300	NIL	400	NIL	500
Gross Monthly salary	54,780	32,171	64,746	43,345	73,480	57,03

Source: <http://www.allbankingsolutions.com/Wage-Revision/Xth-Bipartite-Settlement/Comparative-Salaries-in-GoI.htm>

“In proportion therefore, as the repulsiveness of the work increases, the wage decreases.” — Karl Marx, The Communist Manifesto.

Ricardo developed a theory of distribution within capitalism, that is, a theory of how the output of society is distributed to classes within society. The most mature version of this theory, presented in [On the Principles of Political Economy and Taxation](#), was based on a labour theory of value in which the value of any produced object is equal to the labor embodied in the object. (Adam Smith also presented a labor theory of value but it was only incompletely realized.) Also notable in Ricardo's economic theory was that profit was a deduction from society's output and that wages and profit were inversely related: an increase in profit came at the expense of a reduction in wages. Marx built much of the formal economic analysis found in *Capital* on Ricardo's theory of the economy. **Marx employed a labour theory of value, which holds that the value of a commodity is the socially necessary labour time invested in it. In this model, capitalists do not pay workers the full value of the commodities they produce; rather, they compensate the worker for the necessary labor only (the worker's wage, which cover only the necessary means of subsistence in order to maintain him working in the present and his family in the future as a group). This necessary labor is, Marx supposes, only a fraction of a full working day - the rest, the surplus-labor, would be pocketed by the capitalist.**

Marx theorized that the gap between the value a worker produces and his wage is a form of unpaid labour, known as [surplus value](#). Moreover, Marx argues that markets tend to obscure the social relationships and processes of production; he called this [commodity fetishism](#). People are highly aware of commodities, and usually don't think about the relationships and labour they represent

Karl Marx argues in *Capital* that "the relation between wage-labor and capital determines the entire character of the [capitalist] mode of production. Due to the functioning of the market, the way that exploitation takes place under capitalism is more disguised than in previous modes of production. An important tool in uncovering this process is Marx's "law of value" or "labor theory of value." Marx theorized that the gap between the value a worker produces and his wage is a form of unpaid labour, known as [surplus value](#). Moreover, Marx argues that markets tend to obscure the social relationships and processes of production; he called this [commodity fetishism](#). People are highly aware of commodities, and usually don't think about the relationships and labour they represent.

With these clear understandings he philosopher Karl Marx said

One factor in restoring profitable accumulation is a depreciation in the price of variable capital (workers' labor power)—in other words, a reduction in the wages and benefits paid to workers. Marx summarizes this process as follows: "the stagnation of production would have laid off a part of the working class, and would thereby have placed the employed part in a situation where it would have to submit to a reduction of wages even below the average. This has the very same effect on capital as an increase of...surplus value at average wages would have had. **A contemporary example of this process involves the computer software industry. Technology workers perform an average of 50 hours of work per week, yet with recent increased layoffs, are accepting lower and lower wages and salaries for their work. At the same time, they are producing the same (and sometimes more) value for their employer. This fact helps restore and increase the capital accumulation of a section of the capitalist class.**

Economic crisis also produces desperate attempts by capitalists to shore up their profits at the expense of each other. As Marx notes, "as soon as it is no longer a question of sharing profits, but sharing losses, everyone tries to reduce his own share to a minimum and to shove it off upon another.... **How much each individual capitalist must bear of the loss, i.e., to what extent he must share in it at all, is decided by strength and cunning, and competition then becomes a fight among hostile brothers. For example, when facing problems in extracting surplus value from workers, or in realizing surplus value, capitalists will often prefer to use their "idle money" for purposes of speculation in things such as stocks or currencies, rather than investing in new capital. This occurs at the end of every business cycle as profits begin to decline; hence the "irrational exuberance" of the stock market Marx's analysis leads to the consideration of economic crisis.**

"A propensity to crisis—what we would call *business cycles*—was not recognised as an inherent feature of capitalism of by other economist of Marx's time," observed Robert Heilbroner in *The Worldly Philosophers*, "although future events have certainly indicated his prediction of successive boom and crash including The Recent Global Economic Recession Crash Of 2008

This is as true today as it was over 150 years ago as said by the great philosopher of working class -Karl Marx.

- C) Prior to 1979, Group 'A' Officers of Central Government were earning less than bank officers. In 1979, the Pillai Committee was constituted to study the salary structures of bank officers and Group 'A' Officers of the Central Government and bring equity among various banks.**

The Committee observed that the functions and responsibilities of bank officers in the new set-up were comparable to those of Group 'A' Officers in the Central Government and suggested pay parity between them.

The Pillai Committee recommendations were implemented in banks with effect from July 1, 1979, and the pay scale of the lowest rung of officers in banks were equated with pay scales of the lowest rung of Group 'A' Officers of Central Government at Rs 700.

The parity which was established by implementing the Pillai Committee Recommendations was distorted by subsequent Pay Commission revisions. In the Sixth Pay Commission, the wages of Group 'A' Officers zoomed past the bank officers' wages. External relativity was given a quiet burial.

It is quite appropriate to compare the salary of bank officers with Group 'A' Officers of the Central Government to ascertain whether bank officers constitute a high-wage island.

The basic pay according to the Fifth Pay Commission for Group 'A' Officers was Rs 8,000 and the corresponding pay for bank officers was Rs 7,100. But in the Sixth Pay Commission the basic pay for Group 'A' Officers of the Central Government went up to Rs 21,000 (basic pay Rs 15,600 + grade pay Rs 5,400) whereas the pre-revised basic pay of bank officers was only Rs 10,000.

Between the Fifth and the Sixth Pay Commissions, the basic pay of Group 'A' Government officers went up by 162.5 per cent.

The gross salary of government officers was Rs 31,312, whereas the bank officer's salary was only Rs 16,110. It can be seen that a bank officer draws a gross salary which is just 51.45 per cent of the gross salary of Group 'A' officers at the lowest rung.

Even house rent allowance was paid at 30 per cent of basic pay for government officers, whereas bank officers were getting a maximum of 8.5 per cent in metros. The pre-revised salary of the bank clerk was Rs 6,600 as compared with the Central Government clerk's salary of Rs 11,000.

Many State Governments have adopted the Sixth Pay Commission Recommendations. A number of public sector undertakings have implemented the Pay Commission recommendations as a benchmark for their salary revision.

The Central Government Employee gets the pension 50% of the his average emoluments per of the last month before his Superannuation from the

consolidated fund from the Government of India who joined before 2004 while the bank Employee does not get it from the consolidated fund of Government of India.

For the Central Government Employees in the past, the revised scales are close to 300% (3 times) every time, in the 10 years cycle. In case of bankers, the revised scales are 150% (1.50 times) after revision once in 5 years. Thus in each cycle of 10 years, the revision amounts to 225% (2.25 times) for bank staff. Precisely because of this reason, our wages have consistently come down relatively. Today, we have sunk to the bottom, from the top position we enjoyed 30 years ago.

Our HRA when compared with Central Government staff & and PSU the system rates (varying from 10% to 30% of the revised basic pay). Right from 5th bipartite onwards is the lowest

If we compare the limited working hours a day and 5 day week for central government employees , officers in particular bank officers need to be paid additional amount for the extra hours worked (40%) more than the government officers.

NOTE: The demand of government employee or employees of financial sector including Banking , for that matter any section of the working class for just wages and service conditions has antimonopoly content and therefore they are not non-antagonistic. Our interests and that of government employees are complementary and not contradictory. We wish to underscore here that government employees deserve further and assure them of bank employees' solidarity to their just cause in tune with our slogan *working class unity zindabad!* For further improvements and value additions in the 7th pay commission. Nor do we envy Government Employees getting better share of wages in the 6th pay commission. All that we are emphasizing and demanding is semblance of parity with the Central Government Employees wages as on date as the Central Government which the real owner of the Public Sector Banks in India as a model employer is duty bound like all organs of State should be committed to the Directive Principles of State Policy and Article 39 which enshrines the principle of equal pay for equal work

The volume of and varieties of work handled by bank employees are beyond comparison.

Public sector banks are required to perform all types of non productive work such as payment of pension, old age pension, MANREGA payment, teacher salary payment, tax collection, shoulder the responsibility of target for Financial Inclusion fixed by

the government. Recently The Prime Minister has already sent 7.25 lakh emails to bank officers informing them about the financial inclusion scheme PMJDY, which he had announced in his Independence Day address to the nation. The PMJDY has been conceived as a national mission on financial inclusion with the objective of covering all households in the country with banking facilities and having a bank account for each household. Transcending the vision of the honorable Prime Minister into reality will involve bank employees working beyond working hours and even on Sundays as per the targets set by the respective banks higher echelon which the conscious bank employees perform without demur without any additional compensation.

It is also an irrefutable fact that during last two years banks have opened more than 5000 branches in rural areas without adding number in their total manpower. Business of banks have almost doubled without any increase in total number of staff .In the name of Financial exclusion , management of each bank is busy in making effort to please minister and forcing available staff to work in late hours and on Sundays and holidays. As such bank staffs are facing Social Exclusion in their effort to get success in Financial Inclusion.

To add fuel to fire public sector banks did not make any employment or made negligible recruitment since 1991 due to which average age of bank employee in PS banks is more than 45 which having deleterious effect to cope with this extra workload.

If the working hours, leave and holidays of bank staff and ground realities are taken into account, bank staff in fact deserve much more than the salaried class of people from any other part of the society. If the risks and responsibilities, link failures and late sitting are taken as the yardstick, '*risk allowance*' of not less than 30% of the Basic Pay must be paid to all bank staff.

An overstretched business plan and over exerting pressure on clerical strength due to continuous depletion, if the present trend continuous will naturally reach a breakpoint. If we take into consideration that 80% of staff are above 45 years, marketing of business strategies, may get affected under the weight of work pressures due to age related problems.

Ground realities:

Here I would like to bring to the notice of the readers and top echelons in IBA / Finance Ministry, a news item appearing in the Hindu Business Line , august 24,2012 under the title **“Challenge for banks: Get people to join up, stay”**

“Recently, at the graduation day ceremony in a B-school near Mangalore, some students approached a former senior banker, who is the head of academic council there, for his blessings before starting off on their career in banking. He had this piece of advice for them: “Build loyalty to the organisation you work for.”

When we posed the question of loyalty to another banker, who heads the regional office of a public sector bank in Mangalore, he said: “That is for later. The first challenge is to get people to join the banking sector.”

Citing the example of his bank, he said there were over 900 vacancies for the post of officers. After completion of the selection process, hardly 200 among the short-listed candidates confirmed their willingness to join. And, finally, only 20 per cent actually joined the bank.

Lest we thought the problem was unique to his bank, he hastened to add: “This is not limited to our bank alone. It is an industry problem.”

NOT SATISFIED

*Here is another instance: Four people joined a public sector bank in Mangalore city as probationary officers. **No sooner had they joined the bank, than they started surfing the Net for better opportunities in other sectors.** A banker in the know of this happening said the new recruits were told about the benefits of a bank job vis-à-vis those in other sectors. Besides, banks also offer accommodation/quarters at some locations.*

***But these benefits don't seem to impress many engineers and B-school graduates, for whom a bank job is only a stopgap arrangement.** “They join a bank only because they want a job. And before long, quit to join elsewhere,” said a banker in Coimbatore. Bankers feel that management grads and engineers are overqualified for clerical jobs in a bank, yet they apply and get in because they want to be employed somewhere.*

A public sector bank official says the trend is almost similar in the officer category too.

“Even if they join as probationary officers, they don't stick on for long as in the past. They are invariably posted to the credit section and are set responsibilities. The present day youth is not prepared to take on the burden of responsibility. Youngsters feel their package is not commensurate with the hours they toil in the bank.”

Source: <http://www.thehindubusinessline.com/industry-and-economy/banking/challenge-for-banks-get-people-to-join-up-stay/article3817060.ec>

This is the ground reality. Considering the present rate of inflation, future inflation and the anticipated salaries of central government staff after 7th CPC, it is be very fair and just for the bank staff to demand 25% hike in pay slip component to retain existing talents , stop exodus, attrition and open window for future talented qualified youth to take up jobs in Public Sector Banks and meet the challenges in manpower planning posed due to the huge retirement likely to incur from 2016 onwards.

Hence it is all the more imperative that the Government and IBA ensures that that Public sector banks have the uniform wage structure as prevalent in Government Departments and other public sector undertakings.

Needless to underscore that the difference between a highly successful organization and those lagging behind is due to how efficiently and effectively the human resources are planned, developed , retained with just salary packages, incentives and service conditions and utilized.

Stephen Richards Covey (October 24, 1932 – July 16, 2012)
an [American](#) educator, author, businessman, and keynote speaker said”

“But first you have to treat your own people the way you want them to treat your best customers”

I append below thought provoking model of human resource development formulated by Vineet Nayar, CEO of HCL Technologies, a global IT – services firm, published his book “Employees First, Customers Second” which had yielded better results, turning Conventional Management Upside Down, **“What our experience at Merck Ltd., Thailand had shown us was: If we take good care of our employees, they will take good care of our customers. Happy customers will buy again and again which will generate profits for our shareholders. And happy shareholders will return profits to the society. Like this, everyone can be a winner.”**

Ends of justice demands that learned people in Finance ministry and IBA will take import these sound logic and consider our sacrosanct demand of 25% hike objectively , to augment staff motivations to higher levels , in fulfillment of the ambitious , pragmatic targets set by our Prime Minister and his government in respect financial inclusions and growth of public sector banks in full gears.

CHAPTER - III

JUSTIFICATION III: OUR DEMAND IS A JUSTIFIABLE DEMAND

Let us compare the chart of the price of 14 commodities, which go into the computation of minimum wage. Placed here under is the computation of the Minimum wage on the basis of the prices of the requisite articles as in January, 2013. It could be seen that **while the prices on an average registered an increase of 243.26.% the DA compensation had only been 76.50%**
(For Nov-Dec-Jan 2012-13, AICPI 4877, slabs 510 and % 76.5)

If we take the quarter July 2010-Sept2012, it was 63% in February 2012).

This fact may kindly be used to bring home the necessity of revision of wages and arriving at minimum basic wage immediately Rates and Present Rates Common Items Used on Daily Basis.

Comparative Chart:

S,No	Item	Per	Rates as on 1.1.2006* in Rs	Rates as per CPI as on 1-1-2013 in Rs	Rates as per market rates in a government departmental store in Rs as on 1-1-2013	% change compared to 1-1-2006 prices
1	Rice	Kg	18	26	55	266
2	Dal (Toor / urd)	Kg	40	59	85	145
3	Raw Veg	Kg	10	15	50	500
4	Greenleaf Veg	Kg	10	14	25	250
5	Other Veg	Kg	10	17	40	400
6	Fruits	Kg	30	25	80	266
7	Milk	lt	24	26	34	125
8	Sugar and jaggery	Kg	24	34	40	166
9	Edible Oil	Kg	50	96	100	200
10	Fish	Kg	120	157	320	266
11	Meat	Kg	120	257	320	266

S,No	Item	Per	Rates as on 1.1.2006* in Rs	Rates as per CPI as on 1-1-2013 in Rs	Rates as per market rates in a government departmental store in Rs as on 1-1-2013	% change compared to 1-1-2006 prices
12	Egg each	each	2	4	5	250
13	Detergents etc	Kg	200	240	350	175
14	Clothing	Mt	80	61	150	187
15	Cokked meals			32	70	187

Total %
increase

3649/15=243.26%

Market Rates as per local
market rates in metro

***Rationale of comparison as on 1-1-2006:**

These are prices as mentioned in table 2.21 of 6th pay commission

Source: table 2.2.1 Pg.53 Chapter 2 of Sixth CPC Report

We note from above as against the increase of 243.26%. %, the bank employees were granted DA @76.50%% as on January 2013

Minimum Wage based on* 15th ILC Norms

As per the prevailing rates of commodities as on 01.06.2013

Item	Per Day PCU (in Grams)	Per month 3 CU (in Kg)	Price per Kg As on 01.01.2013	Total cost per month
Rice/Wheat	475	42.75	55	2351.25
Dal Toor / Urad / Moong	80	7.2	85	612
Raw Veg	100	9.00	50	450
Green Leaf Veg	125	11.25	25	281.25
Other Veg Onion, potato, tomato	75	6.75	40	270
Fruits	120	10.8	80	864
Milk	200 ml	18 Lt	34	612
Sugar/Jaggery	56	5.00	40	200

Edible Oil	40	3.6	100	360
Fish		2.5	320	800
Meat		5.00	320	1600.00
Egg		90 Nos	5	450.00
Detergents etc Bath & washing soap, washing powder, etc			350 per month	350
Clothing \$		5 mtrs per month. Deduced from 60 mtrs per annum	Rs150. per meter	750.00
Cooked food meals like Maggie and idli flour, pizza etc during expediency on some days		10 days in month Due to late sittings etc..	70	2100
Total				12050.50
Misc. @ 20% *				2410.10
Total				14460.60
Addl. Exp @ 25% **				3615.15
Total				18075.75
Housing				1500
Grand Total				20654.25

PCU = Per Day Consumption Unit

3 CU = Three Consumption Unit

* = 20% miscellaneous charges towards fuels, electricity, water, etc

** = Additional Expenses @ 25% includes expenditure towards education, medical, treatment, recreation, festivals, etc. as per Supreme Court decision.

\$ Clothing as prescribed is 70 yards per year. This will work out to 5 mtrs per month and the cost include the ancillary charges like stitching etc

Hence the minimum wage to be demanded for 9 bipartite settlements should be Rs.20654 that is basic pay applicable to sub staff employees.

Whereas the Basic Pay Based on 4440 merger at 60.15% of DA is only Rs.9369

Taking the relativity formulae of 9th bipartite at the initial stage between clerk and sub staff which is.5850:7200, the minimum basic pay for clerical staff works out to Rs.. 25404/-

Whereas the Basic Pay Based on 4440 merger at 60.15% of DA is only Rs. 11531.

Infact a Clerk in Central Government Service (*in Pay Band – 2*) earns a monthly salary of Rs. 33,920, sub staff 18,292 whereas the monthly salary of JMGSi officers in bank is Rs.32,171. (Both at the beginning of the scale). Compare this with the salary of **Central Government Officers (*in Pay Band – 3–Stage I*)** which is Rs. 54,780 (See: justification I, II of this article series) this is the mother of all injustice. As stated above the rules of the game have now changed totally, with the constitution of 7 CPC. So it will be imprudent to demand less than 50% wage hike, in order to settle for 45% ultimately remember, even with 45% increase in establishment cost components (26.5% of pay slip components) we will be marginally better off as compared to 6 the CPC scales . So after 1-01-2016 Central Government Staff will surpass us again and we will be left far behind.

So let us be bold and ask for realistic salary suiting our intelligence, work load, risk, complete sprit demanding minimum 25% hike in pay slip components.

Even though the Seventh Pay Commission is due from 01.01.2016 only, the Government has approved composition of Commission well before its due date to decide about the pay structure of Central Government employees which will be revised after the report is submitted by the 7th **Pay Commission with effect from 01.01.2016.** (This in addition to the provision of 50% merger of DA with Basic Pay during the intervening period) The comparative scales since 1979 are as under:-

Year	Group-A Officers of Govt. of India	Scale-I Officer in a Bank
Prior to 1979	Rs.450/-	Rs.500/-
In 1979	Rs.700/-	Rs.700/-
In 1986	Rs.2,200/-	Rs.2,100/-
(4 th pay commission from 1987)	Rs.8,000/-	Rs.7,100/-
In 1996	Rs.12,500/-	Rs.10,000/-
(5 th pay commission from 1997)		
In 2006	Rs.15,600/- + GP	Rs.14,500/-
(6 th pay commission)	Rs.5,400/-	
	Total Rs.21,000/-	

There is steep rise in the CPI inflation and the salaries in absolute terms have also been eroded. Consumer price index has already increased by 1501 numbers over 4440 which was prevailing on 01/11/2012 i.e. the level at which IBA has agreed to merge the DA with basic pay.

Therefore minimum 25 % hike as demanded by the union is a justifiable and reasonable demand which will meet and ends of justice and minimize the gap between the Minimum Wage based on* 15th ILC Norms and actual basic pay sequel 4440 merger at 60.15% of DA as mentioned above

NOTES:

I adduce and adumbrate the above logical, rational, approved concepts further as under:

`1) *Resolution 1.7.1, 1.7.2 adapted in 15th Session of the Indian Labour Conference held at New Delhi in July 1957

***1.7.2** At the 15th Session of the Indian Labour Conference held at New Delhi in July 1957, an important resolution was passed, which laid down that the minimum wage should be need-based and should ensure the minimum human needs of the industrial worker. The following norms were accepted as a guide for all wage- fixing authorities including Minimum Wage Committees, Wage Boards, Adjudicators, etc.:

- I. In calculating the minimum wage, the standard working class family should be taken to comprise **three consumption units** for one earner, the earnings of women, children and adolescents being disregarded.
- II. Minimum food requirements should be calculated on the basis of a net intake of **2700 calories**, as recommended by **Dr. Akroyd** for an average Indian adult of moderate activity.
- III. Clothing requirements should be estimated on the basis of a per capita consumption of 18 yards per annum, which would give for the average workers family of four a total of 72 yards.
- IV. In respect of housing, the norm should be the minimum rent charged by Government in any area for houses provided under the Subsidised Industrial Housing Scheme for low income groups ; and
- V. Fuel, lighting and other miscellaneous items of expenditure should constitute 20 per cent of the total minimum wage. The Resolution further laid down that wherever the minimum wage fixed was below the norms recommended above, it would be incumbent on the authorities concerned to justify the circumstances which prevented them from adherence to the aforesaid norms. The Resolution, thus, tried to give concreteness to the whole concept of minimum wage.

****In 1991, the Supreme Court in its judgment expressed the view that children's education, medical requirement, minimum recreation, including festivals ceremonies, provision for old age and marriage should further constitute 25 per cent and be used as a guide for fixing the minimum wage.**

2. **Fifteenth Session, (1957) The Thirtieth Session (1992) The Indian Labour Conference once gain ratified the above resolutions.**
3. The theory of 3 consumptions units of single bread winner as prescribed by experts of the Fair Wages Committee 1947 after the industrial truce resolution of 1947 which is basis for wage structure in India and Indian labor conference 1952 mentioned above is valid even today. A released Census 2011 data shows that An overwhelming 51 per cent of urban households live on the income of a single earner, while double-income families are a distant 26 per

cent. In rural areas, the situation is quite different. While 34 per cent of families have a single worker, double-worker families are slightly more at 35 per cent. In fact, the double-income-no-kids (DINK) lifestyle celebrated as a cosmopolitan aspiration is prevalent in nearly 42 per cent of two-member rural families compared to just 22 per cent of similar urban families. Most of the bank employees belong the single income bracket of sole bread winner with minimum 4 dependents.

- a) In 1940 Central Govt. appointed an Enquiry committee consisting of BN Rau, Shri. Shafat Ahmad Khan and Mr. Humes ICS to report on the grant of war DA to employees in GIP Railways.
 “What has been the rise in the cost of living for the lower paid worker since the outbreak of war? Committee came to a conclusion that Industrial worker needs 3 c.u
- b) **Subramanian’s Report findings 1924 prescribed that Middle class worker requires 3.6 c.u at start, 5.6 c.u eight years of service, After allowing a deduction of 8 units for wife and 0.6 unit for each of two children**
- c) Thereafter. Justice Rajadhakshya posted/telegraph award 1945 came to the conclusion after family budget enquiry, and thorough investigation and study that Cost of living of Middle class = 80% cost of living Industrial worker. This 1.8 coefficient became the bench mark used to determine the remuneration payable to members of Sub staff in Justice Sen. award of 1951, Sastry Award 1953 and Desai Award of 1962.
- d) Deshpande's Report submitted **based on the representation submitted by employers** to government thereafter reduced the Minimum requirements of a new entrant to 2.25 c.u.
- e) But the Sen tribunal without intending to lay down rule or formulate a definite principles, the Sen Tribunal believed that it was not like to be much mistaken if the requirement of an employee in the 1st year of Service were taken to 2.25 c.u. The Sen tribunal also considered that in the 8th year of his service an employee has to maintain 3 c.u. and that towards the end of his service he would have to maintain 4 c.u.
- f) The Sastry Tribunal held the following views

1. Proper method was to provide for an employee and his wife at the initial start and then provide for reasonable increments for the growing needs of himself and his family including children that are likely to be born.
2. Calculating in according with the to Lusk coefficient it came to conclusion: 1st year 1.8 c.u., 10th year 3.c.u. towards the end 3 c.u.
3. It changed 8 yrs to 10 yrs.
4. It stated that since quite an appreciable number of workmen remained unmarried in the age group of 25-30 and suggested to take 10th year as the proper stage in which 3 c.u. should be allowed.

6) The unions wanted the consumption units as per Subramanian Report.

7) Lest this article does not become research paper by itself on determination of consumption of sole breadwinner alone fudging the focus of the main article without haranguing further on this concept I give below the summary of findings of Sen, Sastry And Desai Tribunal with regard to consumption units

	Sen	Sastry	LAT	Desai
1 st Year	2.25	1.8	2.25	2.25
8 th Year	3	3	3	3
End scale	4	4	4	4

The Sen award-1949 fixed the span of 25 years , Sastri award(1953) 25 years , LAT (1954) 25 years , Bank Awards Commission (1955) 25 years and Desai award modified it to 20 years and thus the demand of union for fixing span of 20 years which still in vogue since Sen award was finally fulfilled.

These sacrosanct awards governing the bank employees even in vogue today concluded that **“a young man of India starting his careers as a clerk has to shoulder the obligations imposed on the social structure of which he is a part. It may be demands of Joint Hindu family system or other claims of Kith and Kin. It may not be a wife or child at the commencement of his employment, but it can be a father of mother or both or a sister or a younger brother and to ignore such members of the family as not being workman’s early responsibilities on the context of our social and economic conditions are just unrealistic.**

Let us see how LAT approached the problem. “We consider Sastry Tribunal’s approach to the subject is very narrow. We have to take a common sense view of these matters. A young man having matriculated joins a bank as a Clerk mostly because he is unable to afford a higher education. It is the economics necessity which forces him to work at early age. The extent of necessity is a question of fact in each particular case but no investigation has been made in this field or to as to this particular aspect. Wages are necessarily fixed in accordance with the normal expectations of family even though a particular workmen will may never marry and nor have any dependent”.

Note: It is because of this sound logic that bank employees get graded increments commensurate with responsibilities and obligations to his family and dependents in accordance with the increase in age when compared with other industries who have fixed increments.

All the above irrefutable facts mentioned above is covered in the REPORT OF THE NATIONAL COUNCIL OF APPLIED ECONOMIC RESEARCH NEW DELHI ON WAGE STRUCTURE IN INDIAN BANKING PUBLISHED BY NONE OTHER THAN THE INDIAN BANKS ‘ASSOCIATION, BOMBAY ON 18TH APRIL 1969. FORWARDED BY THE THEN DEPUTY CHAIRMAN F.K.F.NARIMAN.

4. Even the 6th pay commission adopted above principles while arriving at just conclusions as below.

“The sixth pay Commission Report says that it has attempted an in-depth study into working of the private sector and noted that the compensation structure in the private sector is quite different as compared to Government sector. Since the establishments in private sector primarily work for commercial purposes the employee’s cost is compared to the business worth. Such comparison is not feasible in Government jobs obviously for the reason that the Government sector is primarily service oriented. Also the variation in range of salaries in private sector is quite wide.

On comparison with Government sector it noted that the salaries can be said to be definitely better in private sector only in reference to jobs which can be compared to Group A services. However in that respect the prestige and challenge offered by the Government jobs is also quite high and the Government jobs also provide incentives

by way of compensatory allowances, housing and transport facilities etc... The biggest advantage offered by a Government job is the job security attached to it and the assured retirement benefits. Commission has attempted to make the retirement benefits more attractive. It has thus attempted to harmonize the tangible and intangible benefits offered by the two sectors for achieving some element of parity.

For tackling the demand of the Government employees for making the minimum salary in the range of Rs. 10000/- per month the Commission has followed a multi pronged approach. Firstly it worked out the minimum monthly requirements for the family of lowest paid employee. It has based its calculations keeping in view recommendations of the 15th International Labour Conference. The expenses when calculated on a family size of three units which is the expected family size for a job entrant came out in range of Rs.5500/-per month.

Thereafter the pay scales were fine tuned to make the minimum salary in the range of Rs. 6600/- in order to make the same approximate to the minimum needs of the lowest paid employees. Commission feels that the addition of HRA and other allowances would make it some where in range of Rs.10000/- as was demanded.

However simultaneously it also had to ensure that the relief is not considered as a windfall gain for the employees. It has therefore suggested transformation of the lowest paid employees into multiskilled workers whose skill levels could justify the higher wages. The Commission has therefore recommended that the Group D employees be converted to Group C employees in those cases where they fulfill the qualifications prescribed for Group C posts.

This would ensure that they not only get higher wages but also handle higher responsibilities. The employees who do not possess the minimum qualifications should be trained for skill up gradation and subsequent transition to Group C posts. Recruitment to Group C posts is proposed to be stopped forthwith”

Hence my calculation of minimum basic pays of Rs **25404** clerical staff and **Rs.20654**. For substaff is per principles adopted by the 6th pay commissions, which was basis in Sen , Sastri, Desai awards too as explained in **Justification I of this article series** .

- 5) Comparing price rise in last 30 yrs are so we can observe in last six years the price rise graph has risen dramatically, i.e. the prices have increased to a maximum beyond common mans reach, the rupee value has gone down drastically , internationally the dollar rate is higher, GDP is very low just around 6%. The purchasing power has gone down. The value of our salary six years back and now if we make a simple compare, our salary is nothing compared to private market
- 6) There are nearly 252 items in the consumer basket for determination of consumer price index, in real terms the essential items for determination of CPI should have been only 52 items as per need based wages, by keeping a vast items in the basket the actual price rise is not reflected.
- 7) The Miscellaneous articles weight age accounts for 25%. the food articles accounts for 58% weight age. Even if the rise in food articles is there, the cost of TV, Computer, and Mobile etc where there is reduction is taking place, thus depriving of the actual increase in CPI. Overall the Consumer Price Index for the Bank / Govt. Employees is not satisfactory, this has deprived us of the actual DA & wages
- 8) The actual cost of the goods at villages and the cities are differently different The cost of one kg of tomato will cost around Rs 15 in a village after it brought to a retails shop in a city it is sold at Rs 40/- per kg. The weight age of just 20% is not correct it should be 40%.
- 9) The whole system of the All India Consumer Price Index Number for Industrial Workers (CPI-IW) on base 2001=100 & DA formula for the Government employees is wrong and needs a relook
- 10)as in case of petrol prices as and when the international crude is increasing the oil companies raise their prices of petrol, so no burden on them, same should be the case of bank employees **as and when the AICPI increase then the DA should automatically increase every month and not average of quarter and the Basic Pay should be suitably increased with appropriate merger &loading to take care**

11) In view of the existing system of quarterly average being accepted between the parties to the negotiations rectify the same as pointed by a reader **Compensation for increase in AICPI in the form of D.A. must be not less than 0.15% each slab of 4 points in the 1960=100 series. It will be suicidal to agree for 0.10% and if there is any psychological barrier to accept 0.15%, then 0.14% increase for each slab may be insisted upon and achieved.**

12) Now finally let us answer the question of government paying capacity. One can find cogent article and through analysis, contributed by ebullient bank employee uploaded by to All Banking Solution .com. giving ***Performance highlights of specific parameters of Public Sector Banks in F.Y.2012-13***

See: source

<http://www.allbankingsolutions.com/Wage-Revision/Xth-Bipartite-Settlement/Wage-cost-vs-profit.htm>

This thoughtful article reveals the following inalienable truth

- **Staff Cost as compared to Total Income is only 10.48% in all Public Sector Banks**
- **Provisions & Contingencies are higher than the Staff Cost in all Public Sector Banks.**
- **Provisions & Contingencies constitute 11.66% of the Total Income in Public Sector Banks.**
- Provisions have a direct bearing on Net Profit and also the leverage for giving higher compensation to the bank staff.
- Except the provisions made for terminal benefits (and wage arrears, if any).
- Bank staffs are in no way responsible for keeping higher provisions.
- **Even if additional 2% of Total Income is spared for hike in Staff Benefits of Public Sector Banks, it will amount to Rs.12, 233.16 Crores.**

13) Only our demand of 25 % hike can compensate to some extent the erosion in real wages due to inflation as explained below

Inflation in simple terms is the rise in prices of various goods over a period of time. However, if everyone's income went up by the amount of the prices, then no problem would arise except that in nominal terms things would seem more expensive. The difficulty arises when some people gain out of inflation. Typically in inflation, the prices rise faster than the wages do. In other words, those who have property income like profits and rent, gain more than the others. Actually, the properties gain at the expense of the wage and salary earners. Through indexation of wages to prices, the workers try to protect themselves. However, this is usually not enough. Further, as soon as inflation levels reach into double digits, there is pressure to break this link. Finally, in India 90% of the work force is in the unorganized sectors and is unable to protect its income from the ravages of inflation.

Basically inflation is caused due to two broad reasons:

The 'cost push' given to the prices of key inputs like petrol, coal, steel etc. By the government which translates into an escalation of prices all around, and increase in the supply of currency circulating in the economy resulting in 'too much money chasing too few goods'. For example, the money supply in the economy is increased whenever the government faces a shortage of funds to balance its expenditure. The impetus for this comes either because some import prices have risen (like, petroleum goods) or margins of trade and industry have risen or there is a bottleneck in supply leading to increased margins (like, drought or floods or speculation).

A close examination of the economy reveals a number of additional culprits:

The indiscriminate increases in indirect taxes affecting prices of essential commodities, and the entry of vast amounts of black money in the trade of various goods and increased speculation in real estate.

Even the Consumer Price Index may not reflect the real rate of inflation, as experienced by common people, for several reasons. First, the basket of commodities that is chosen for the purpose of measuring price rise may not reflect actual consumption patterns – either the commodities may be different,

or the weightage given to each commodity may be different. Secondly, the reporting of prices from various centers may be understated.

A third reason is one that is particularly relevant now, when there is rapid price rise in essential commodities: During such a period, despite the higher prices, people cannot greatly reduce their consumption of such commodities (the term used is that “demand is inelastic in relation to price changes”); consequently, in their total basket of consumption, common people cut back more on other commodities. In that case, even if the consumption basket for CPI were initially correct, it would get rapidly outdated during such a period. Let us assume that food items have a weight of 60 out of 100 in a consumer price index; when prices of food rise rapidly, food items might actually consume 70 per cent of the expenditure of that section of consumers. but the inflation rate would still be calculated as if they only made up 60 per cent, and hence the official rate would understate the real consumer price inflation. This is one reason why people feel the official rates have little to do with the real rate they experience, and the impact of it on their lives. (Another reason is, of course, the fact that most common people are already having difficulty making ends meet. In such circumstances even a ‘moderate’ price rise can push them over the edge into dire poverty.)

Source: know globalization beyond jargon published me for my union on 24-7-2004
With this understanding let us grimace and gloss through Inflation by country / region

- The inflation tables below features and overview of the inflation by country in 2006 & 2013: The inflation rate is based upon the consumer price index (CPI).

CPI inflation 2006 by country / region

current inflation / country	annual inflation (dec vs. dec)	average inflation
CPI inflation Austria 2006	1.49 %	1.44 %
CPI inflation Belgium 2006	1.64 %	1.79 %
CPI inflation Brazil 2006	3.14 %	4.20 %

CPI inflation Canada 2006	1.67 %	2.01 %
CPI inflation Chile 2006	2.57 %	3.40 %
CPI inflation China 2006	2.81 %	1.65 %
CPI inflation Czech Republic 2006	1.78 %	2.55 %
CPI inflation Denmark 2006	1.81 %	1.89 %
CPI inflation Estonia 2006	5.14 %	4.44 %
CPI inflation Finland 2006	2.20 %	1.57 %
CPI inflation France 2006	1.53 %	1.68 %
CPI inflation Germany 2006	1.39 %	1.58 %
CPI inflation Great Britain 2006	2.97 %	2.33 %
CPI inflation Greece 2006	2.91 %	3.20 %
CPI inflation Hungary 2006	6.50 %	3.92 %
CPI inflation Iceland 2006	7.03 %	6.68 %
CPI inflation India 2006	6.53 %	5.79 %
<i>CPI inflation Indonesia 2006</i>	<i>6.60 %</i>	<i>13.34 %</i>
CPI inflation Ireland 2006	4.93 %	3.94 %
CPI inflation Israel 2006	-0.10 %	2.12 %
CPI inflation Italy 2006	1.87 %	2.09 %
CPI inflation Japan 2006	0.30 %	0.24 %
CPI inflation Luxembourg 2006	2.34 %	2.67 %
CPI inflation Mexico 2006	4.05 %	3.63 %
CPI inflation Norway 2006	2.24 %	2.33 %
CPI inflation Poland 2006	1.40 %	1.31 %
CPI inflation Portugal 2006	2.51 %	3.11 %
CPI inflation Russia 2006	9.02 %	9.69 %
CPI inflation Slovakia 2006	4.17 %	4.48 %
CPI inflation Slovenia 2006	2.77 %	2.46 %
CPI inflation South Africa 2006	4.82 %	3.24 %
CPI inflation South Korea 2006	2.09 %	2.24 %

CPI inflation Spain 2006	2.67 %	3.52 %
CPI inflation Sweden 2006	1.64 %	1.36 %
CPI inflation Switzerland 2006	0.62 %	1.06 %
CPI inflation The Netherlands 2006	1.00 %	1.17 %
CPI inflation Turkey 2006	9.65 %	9.59 %
CPI inflation United States 2006	2.54 %	3.24 %

- See more at: <http://www.inflation.eu/inflation-rates/cpi-inflation-2006.aspx#sthash.eaVtI8Ay.dpuf>

CPI inflation 2013 by country / region

current inflation / country	annual inflation (dec vs. dec)	average inflation
CPI inflation Austria 2013	1.87 %	2.00 %
CPI inflation Belgium 2013	0.97 %	1.11 %
CPI inflation Brazil 2013	5.91 %	6.21 %
CPI inflation Canada 2013	1.24 %	0.94 %
CPI inflation Chile 2013	3.02 %	1.79 %
CPI inflation China 2013	2.51 %	2.57 %
CPI inflation Czech Republic 2013	1.40 %	1.42 %
CPI inflation Denmark 2013	0.78 %	0.78 %
CPI inflation Estonia 2013	1.40 %	2.79 %
CPI inflation Finland 2013	1.61 %	1.48 %
CPI inflation France 2013	0.69 %	0.86 %
CPI inflation Germany 2013	1.43 %	1.51 %
CPI inflation Great Britain 2013	2.00 %	2.56 %
CPI inflation Greece 2013	-1.71 %	-0.92 %
CPI inflation Hungary 2013	0.37 %	1.74 %
CPI inflation Iceland 2013	4.16 %	3.88 %
CPI inflation India 2013	9.13 %	10.92 %
CPI inflation Indonesia 2013	7.72 %	6.82 %

CPI inflation Ireland 2013	0.20 %	0.50 %
CPI inflation Israel 2013	1.84 %	1.55 %
CPI inflation Italy 2013	0.66 %	1.22 %
CPI inflation Japan 2013	1.61 %	0.36 %
CPI inflation Luxembourg 2013	1.54 %	1.74 %
CPI inflation Mexico 2013	3.97 %	3.81 %
CPI inflation Norway 2013	2.04 %	2.13 %
CPI inflation Poland 2013	0.73 %	0.99 %
CPI inflation Portugal 2013	0.20 %	0.27 %
CPI inflation Russia 2013	6.48 %	6.77 %
CPI inflation Slovakia 2013	0.43 %	1.40 %
CPI inflation Slovenia 2013	0.68 %	1.77 %
CPI inflation South Africa 2013	5.30 %	5.77 %
CPI inflation South Korea 2013	1.14 %	1.28 %
CPI inflation Spain 2013	0.25 %	1.42 %
CPI inflation Sweden 2013	0.14 %	-0.04 %
CPI inflation Switzerland 2013	0.07 %	-0.22 %
CPI inflation The Netherlands 2013	1.70 %	2.53 %
CPI inflation Turkey 2013	7.40 %	7.49 %
CPI inflation United States 2013	1.50 %	1.47 %

:<http://www.inflation.eu/inflation-rates/cpi-inflation-2013.aspx#sthash.GloAMJrq.dpuf>

The average inflation of India in 2006: 5.79 % rose to 10.92 % in 2013 (See: Source: India, Ministry of Finance, Monthly Economic Report, December 2012) and the inflation India is the highest as above table reveals.

14) Procrastination Is the Culture of The Bankers

With the government/s failing miserably to curb inflation undertaking control of inflation reforms ,despite pool promises and policy pronouncement while in power there is strong case made by us to the GOVERNMENT /IBA

considering our just demand of 25 % increase ,more so when wages in other countries in the table is for above the wages paid in India , despite their lesser inflation rates , especially when the globalization , LPG rhetoric are buzz words and mantras of the successive Government in power since 1991, in respect any factors ,including denationalization , mergers & acquisitions , Indian banks to achieve global standards etc ,blah, blah ;blah .. etc, etc.. in Indian economy.

My article demanding 5 day charter with its exhaustive memorandum to government of 133 pages with its well researched justifications, in tune with the global trends in vogue which was covered in 38 social networking sites and recognized and appreciated in media was rejected by the government / IBA

See:

<http://www.allbankingsolutions.com/Wage-Revision/5-days-week/5-days-week-NUBE-detailed-note.pdf>

http://bankingonly.com/5-day-week-demanded-by-national-union-of-bank-employees-with-133-pages-justifications_4985.html

<http://importantbankingnews2.blogspot.in/2014/07/letter-to-fm-for-5-days-week.html>

Another article of mine in demanding increase in retirement age for well with its once gain well researched memorandum within 24 hours after the news papers published report that the government is planning to increase the retirement age for whole time directors, in consonance with global trends in force which was once again covered in 39 social networking sites and media is also not considered by the IBA/ Government combine till date.

See

<http://www.allbankingsolutions.com/Wage-Revision/Retirement-Age/Retirement-age-NUBE-demand.htm>

http://bankingonly.com/news/5-day-week-demanded-by-national-union-of-bank-employees-with-133-pages-justifications_4985.html

<http://importantbankingnews.blogspot.in/2012/12/national-union-of-bank-employees-nube.html>

During 1996, on account of Supreme Court Judgement in the matter of Steel Authority of India Vs Union of India, the appointment on compassionate ground was not to be claimed as a matter of right, but management to offer it on the basis of the 'penury' and 'precarious' living conditions of the family of the deceased employee. The Government of India, advised all Public Sector Banks to adhere to the spirit of the Supreme Court Judgement on compassionate appointment. They also laid down penury norms for appointment on compassionate grounds. However, in case of death while on duty, on account of dacoity, violence, robbery etc., compassionate appointment as well as cash compensation was made available.

Subsequently, based on the recommendations of the IBA, Payment of ex-gratia to the dependent family members, instead of appointment was introduced during 2005.

One of the reasons for depriving the appointment was, the IBA Managing Committee felt that, such appointments will dilute the efficiency of the Bank.

After protracted struggles, strikes ever since this noble scheme, prevalent in Government services was annulled only in banks since 1996, UFBU submitted scheme for compassionate appointments in Public Sector Banks at par with government employees' scheme on 03-04-2008 explaining and justifying the reintroduction with rationale and logic.

Even this noble scheme was considered by the government after repeated memorandums, delegations, struggles only after 18 years, only very recently during July 2014. This in quintessence shows the culture of procrastination of the IBA/ Bankers combine.

Needles to underscore here that in respect above three demands, introduction of 5 day week at par with government employees, increasing retirement age, and introduction of compassionate appointment scheme in banks at par with central government schemes, during negotiations, as the circulars the union reveals IBA has consistently adapted either neutral or agreed (without assurances) favourable recommendation to the Government, which was kept in cold storage by the Government for many years. As mentioned above barring compassionate appointment scheme, that too after 18 years, none of the so called favorable recommendation by IBA in respect other two important demands mentioned above, which does not cost any exchequer to the banks, have been considered by the Government till date.

That being the case, logically our demand should be on global standards as applicable to bank employees in our countries. . Since it may look utopian, or ambitious, desirable but not possible we have constricted our demand to that too in just 25 % hike in pay slip components cannot be rejected outrightly by IBA without dialogue and discussion, disregarding historic traditions of bilaterism and bipartite on spurious and jest grounds. Is this not double talk or peddling in sophistry? At whose instance?

15) Learn from history:

Friends,

We learn from history as well as fail to learn from history sometimes history repeats itself. The reality underlying the edifice and life of tradition movement in India is that nothing is ever settled and methodical in labour matters in our country. The little achievements we have secured required bitter struggles before each inch of progress could be made. Throughout this millennium of struggles runs one red thread of continuity and synonymity – *struggle-success-struggle...*

History records that when the year 1947 witnessed industrial unrest in the country on an almost unprecedented scale and the number of man days lost during the year was 16.6 million, the highest recorded since 1939. Production had also fallen all round and the engineering and manufacturing concerns. Of ‘produce or perish’ was raised. In Dec. 1947, the Govt. of India called a tripartite conference of representatives of the central and state Govts. Employees, employers in order to consider what action should be taken to remedy the situation.

The conference unanimously adopted what has since come to be known Industrial Truce resolution. The object of that resolution was to recommend measures to arrest the rapid deterioration in relations between employers and labour and to ensure conditions that would encourage production, which was so vital to the economy of the country, could not be achieved without the fullest cooperation between labour and management.

In consonance with ITR, the Fair wages committee and profit sharing bonus committee, which were tripartite in character, were constituted by the central govt.

The report of this committee forms an important land mark in the evolution of the wage level and the wage structure in Indian industry. Its main task was to define the 'fair wage' in Industry, but in its terms of reference it was asked to state in addition what was understood by:

- a) Minimum wage
- b) Fair wage
- c) Living wage

These concepts were explained by me with great details in JUSTIFICATION 1 of this series

The experts committed were of the view that the level of national income at that time does not permit payment of living wage. In deciding the question as to whether the Living wage has been introduced by any employer the experts opined as per studies reveal "it not be necessary to examine the wage structure paid to the relevant working class as a whole. It is well established that the claim for bonus is recognized on the basis of the contribution made by the working as a whole to the profits of the employer and we think of will be invidious and on principles unreasonable to isolate a few cases where higher wages may be paid and to claim immunity from the payment of Bonus .

With today amendment to bonus act being our long pending demand ever since 1986, none of bank employees in subordinate and non subordinate cadre coming within the bonus ceiling brackets as applicable as per acts in vogue, payment of Bonus to bank employees for the value added by them in creation profits has become a distant dream.

Thus:

Living wage is our dream!

Fair wage is our goal!

Minimum wage is our protection!

In view of fact the realistic calculations as above calculations are based on the sound principles laid by experts committee set by Governments such as fair wages committee 1947, Indian Labour Conference Resolution etc which stand test time even today before many wage boards, The inevitable conclusion which leads therefore as a corollary is our demand of 25 % hike in pay slip components is fair, just meets ends of justice of securing Just and fair wage and should be seized from unyielding hands no holds barred

P.S Read my article titled “What Constitutes a Reasonable and Justifiable Hike in Basic Pay in the 10th BPS?” written a year ago even before the commencement of 10 bipartite wage negotiations in conjunction with this article.

See: <http://www.allbankingsolutions.com/Wage-Revision/Xth-Bipartite-Settlement/What-is-reasonable-hike.htm>

CHAPTER - IV

Justification IV: Our Demand is commensurate with the increase in our productivity and efficiency

Since the process of liberalisation and reform of the financial sector were set in motion in 1991, banking has undergone significant changes. The underlying objective has been to make the system more competitive, efficient and profitable.

With greater globalisation and expansion of financial services, risk management has become critical and indispensable. Since 1991, there have been two major stock market scams — those engineered by Harshad Mehta and Ketan Parekh. These were systemic crises that cast doubts about the efficacy of the banking system. Low labour productivity was cited as one of the important factor for this state of affair.

The standard measures of productivity, better known as accounting measures, involve calculation of output per unit change in a single input assuming that other variable factors, technology and institutions remain unchanged (average productivity). Business per employee, profit per employee, ratio of operating costs to average assets or ratio of operating income to staff expenses are often used as traditional measures of productivity in the banking sector

Banking, by nature is an information and human capital intensive industry, notwithstanding the increased reliance on technology solutions for improving productivity. Hence, labour cost plays an important role in determining the profitability of banks. Therefore, at a disaggregated level of operating costs, labour cost (expenditure on salaries) per unit of earning assets assumes importance among the components of operating costs.

In manufacturing, value added or net output is taken for output measurement. In the services sector, output is not tangible; therefore, it is difficult to quantify.

Different proxy indicators such as profit and volume of business per employee are used to measure labour productivity, an important but not the sole factor influencing profitability. **The real variable, such as the number of accounts per employee, is the other indicator of labour productivity.** Against this backdrop, we try to analyse the concept of productivity and profitability. Output of bank employees India measured in real and monetary terms.

Table A

**PERFORMANCE HIGHLIGHTS OF PUBLIC SECTOR BANKS
FOR THE PERIOD 2006-2007 & 2011-2012**

	2006-2007 (in Rs.Cr.)	2011-12 (in Rs.Cr.)	Increase in %	CAGR%
Deposits	1994200	4372985	119.28	21.7%
Investments	664856	1328534	99.82	18.9
Advances	1440146	3305632	129.53	23.1
Total Business	3434346	7678617	123.58	
Int. income	164185	366318	223.11	22.2
Int. expended	101960	231153	126.70	22.7
Net int. income	62225	135165	117.21	21.4
Business per employee (in Rs.Lakhs)	471.18	1013.63	115.12	
Profit per employee (in Rs.Lakhs)	2.76	5.93	114.85	
Source R.B.I				

If we look at 5 years historical performance (i.e. from the 9th bipartite settlement) Public Sector Banks as per above table

- Public sector bank has grown its deposits, advances and business per employee by the highest rate 21.7%, 23% and 21.1% respectively.
- As far as net interest income is concerned it has grown in Public Sector Banks by 21.4%.
- The total business has grown by 123.58%
- The growth in the business per employee and profit per employee has been the highest for public sector banks, in absolute terms, and has almost doubled. The average business per employee of all PSBs taken together increased from Rs. 47.84 in 1992-93 to Rs. 215.60 lac in 2002-03 to Rs. **1013.63 i.e. 21.55 times when compared with 1992-93, 4.70 times when compared with 2002-03 and 2.16 times when compared with 2006-07**

Staff strength in public sector banks

- Concurrent to his increase in volume of business in the banks as the figures in the table reveals, The staff strength of public sector banks which stood at 8,83,648 in 1998-99 has reduced to 7,57,535 as on 2010-11 – a drastic reduction of 1,26,111.

Where as the number of branches in public sector banks increased from 42301 to 64673 an increase of 52.88% during the period 1998- 2011 .As on 31-3-2012 number PSB branches is 67,930. The year 2013 -2014 witnessed aggressive and intensified branch expansions with respective managements .bank managements opened hundreds and thousands of branches during last two years without adding equivalent number of employees in their bank.

- Whereas during the same period private sector banks staff strength increase from 60,777 in 1998-99 to 2,18,679 an increase of 1,57,902 underscoring a vital point that Public Sector Banks are no longer the major employment provider in the financial market.

It may be noticed from below given chart that total number of employees in public sector banks has come down from 8.83 lacs in the year 1998-99 to 7.71 lac in the year 2012-13. In a span of 13 years of reformation, number of branches has increased at least two fold and the volume of business has gone up by at least ten times.

Though per employee business of state run bank has increased compared to that in private banks to labour exploitation policy adopted by these banks, the quality of assets is much better in private banks than in public sector banks. Customers get better service in private banks and investors give better value to shares of private banks.

CHANGING EQUATIONS

Year	Public Sector Banks		Private Sector Banks	
	Employees (lakh)	Cost per employee (Rs lakh)	Employees (lakh)	Cost per employee (Rs lakh)
1998-99	8.83	1.68	0.60	1.69
2002-03	7.57	2.70	0.59	3.55
2008-09	7.31	4.72	1.76	4.84
2010-11	7.57	7.16	2.18	5.63

Source: RBI

Moreover during sixties and seventies, public sector banks used to have one officer over five to six clerical staff. It means clerk to officer ratio used to be 5: 1 or 6: 1. As of now the situation is just opposite to it. Now in public sector banks ratio of clerk to officer is now 1: 5 or 1: 6

These Banks may achieve the target of number of branches under Financial Inclusion to please their mentor ministers but may not stop escalation in resultant risk banks likely to face in future. They may not stop rise in bad assets and rise in quick mortality of assets. These banks may show little rise in profit by manipulation, they may fraudulently show bad assets as good assets by using the tools of restructuring bad assets , they may reduce provision on bad assets to book more profit and so on. But no power on earth can save these banks from going from bad to worse as long as these reduction of jobs persists, inadequate manpower planning whims and fancies bereft of logic and science at the cost of quality of their assets and at the cost of joy and pleasure of human resources working at grass root level by denying them competitive, comparable and justifiable wage.

- This other words means **there is an increase in pressure of work on public sector bank employees , increased work load due reduced staff strength and disproportionate increase in branches** , and as a result additional of other auxiliary works instructed by Government like collection tax, electric bills, telephone bills, other miscellaneous government department work at state and central level from time to time such as disbursement of pension to unorganized , rojgar yojnas, NREG schemes and etc in addition to routine bank work.
- **The current sensx index is at an all time high but 65% of Indian households do not have bank account (in rural India that is 70% according to the Census of India household survey).** In this context we appreciate and support the steps taken by the Hon. Prime Minister with a view to eradicate poverty, to get rid of “financial untouchability,” in his Independence Day speech to the nation launching the campaign Pradhan Mantri Jan Dhan Yojana stressing the importance of financial inclusion. Even as Prime Minister launched the scheme in New Delhi, officials from various banks simultaneously brought financial services to 77,852 towns, villages and remote hamlets across the country. The Prime Minister has also asked that the target of opening 7.5 crore bank accounts is to be completed by 26th January, 2015. **Reports confirm that almost all the bank managements has decided that henceforth, the bank will be holding such camps on weekly basis, from 8 am to 8 pm on all Saturdays so that the target of covering unbanked households is achieved well in time for the success of this scheme.**

- Needless to underscore here even before launching this scheme bank employees have been actively participating the CASA, NO FRILLS ACCOUNTS, NPA Recovery campaigns. The respective unions and officers association in tandem have whole heartedly supported and will be supporting in the days to come, the endeavor the bank management spiritedly all these days, even campaigning on Sundays, holidays and beyond the working hours on week days expecting no incentives or monetary compensations to meet the targets set in the quarterly business plan in their respective banks. It is because of the commitment shown by the bank employees that the business and productivity parameters shown in the table above have increase in leaps. **Naturally such business promotions have resulted in higher work load on the staff. in pursuance of success of such campaigns employees are required and found to be working beyond their stipulated working hours after completing the days routine transactions which on normal days , due to depleted man power, even extends beyond working hours. Needless to emphasize here, bank employees and their unions/ officer associations uphold the doctrine, ‘our progress is intertwined with banks progress banks prosperity is our security’, have exhorted and participated in such noble endeavors . This being an irrefutable fact ‘higher the work load – higher should be wage ‘and hence our demand in this regard is just and right. .but wage as a ratio to total expenses has down.**
- Compounding to above problem is the special efforts taken for educating customers, more so illiterate customers to fill up account opening forms in strict observance of KYC norms as per extant RBI guidelines. **The consequent time taken by an employee to educate, create awareness and key date in the KYC module exercising due diligence consumes at an average minimum of 10 minutes (provided there is no link failures).** This naturally results in extended hours of work as one has to also attend to other allotted routine work. When it comes mass CASA campaigns , the task force entrusted with the task with view of mobilizing substantial counts in day gets the forms filled up and keys the data after the campaign hours often sitting late to some times even upto late nights, sacrificing their social time, leisure and work –life balance **if the target set up the prime minister of opening 7.5 crore bank accounts is to be completed by 26th January, 2015 is be met than will translate into opening 573770 accounts per day resulting in 95628 additional hours.**
- If the objective analysis of the time available per man per year has to estimated on following assumptions

Days in a year
Saturdays in a year
Sundays in a year
Gazetted Holidays in a year (Excluding Sundays)
Casual Leaves
Days average leave availment by employee / year
Days Sick Leave
Days training and other purposes

Available working time per man year (Minutes) should be calculated as

Available time / man / day = 7 hrs – 0.5 hrs (for lunch)
Monday to Friday = 6.5 hrs – 390 minutes
Available time of Saturday = 4 hrs = 240 minutes
Available time / man / year = [{365 days – (52 Sundays + 22 days
Gazetted Holiday + 12 days Casual Leave + 15days Average Earn Leave + 10
days Average Sick Leave + 5days Training)} X 390 Minutes + {52 Saturdays
X 240 minutes}] = 89310 Man – Minutes / year

Based on the above adequate manpower planning should be made by the bank management providing necessary additional allowances for exigencies such as availment of leave, retirement, resignations, promotions, death etc

With cost cutting only on labour , down sizing being the order of the day , need based recruitments and business mix consequent to the above additional tasks being mismatch in practice , ahs put enormous work strain on the existing employees.

- **Added to this additional work pressure is the Menace of Counterfeit Currency and sorting of soiled notes.** The problem has acquired serious proportions of late. Setting aside the primitive printing methods criminals involved, the racket of fake currency now use sophisticated gadgets to manufacture fake India currency notes which conform to almost all security parameters. Hence differentiating between the fake and genuine ones is rendered very much difficult. More so in the midst of our preoccupation with our routine duties extending precautionary measures beyond a certain level is rendered not possible. The quality of counterfeiting has scaled new heights that only a close scrutiny and that too by an expert alone can detect the discrepancy. In Chennai in one instance the police referred two wads of Rs.500/- denomination to a Nationalised Bank which was passed by them for genuine. However further verification sought through the Reserve Bank of India proved that it was fake. Under such a serious risk only we are

constrained to carry out our duty across the counter in the Currency Chests. It is ascertained that the number of cases registered has been increasing year after year. The Govt. itself has conceded that through some District in Jharkhand and West Bengal State placed near the border with Bangladesh, the fake currency is pumped into the country by Pakistan based Agencies.

An RBI data reports that for year 2010-11 the counterfeit notes detected 435607 pieces, and for 2011-12 as 521155 pieces , out of which Rs 500 denomination fake notes for the relevant period were 2,46,049 and 3,01,678 respectively .

Denomination-wise Counterfeit Notes Detected by the Banking System (April-March)

(No. of pieces)

Year	₹2	₹5	₹10	₹20	₹50	₹100	₹500	₹1000	Total
1	2	3	4	5	6	7	8	9	10
2010-11	-	-	139	126	10,962	1,24,219	2,46,049	54,112	4,35,607
2011-12	-	-	126	216	12,457	1,23,398	3,01,678	83,280	5,21,155
2012-13	1	1	321	221	9,759	1,08,225	2,81,265	98,459	4,98,252

We reproduce herewith the relevant excerpts from a latest RBI Report on this subject Currency Management which is self explicit.

Source: Report of the Central Board of Directors on the working of the Reserve Bank of India for the year ended June 30, 2013 submitted to the Central Government in terms of Section 53(2) of the Reserve Bank of India Act, 1934, in VIII Currency Management

“Managing currency is one of the core functions of the Reserve Bank, being the central bank of India. Although coins of all denominations are issued by the government, they are put into circulation through the Reserve Bank. The Reserve Bank is the sole authority for issuing banknotes in India under Section 22 of the Reserve Bank of India Act, 1934. The Reserve Bank has the responsibility for providing banknotes throughout the country and also for maintaining the quality of the banknotes.”

“At 11.6 per cent, the growth in value of banknotes outpaced the growth in volume terms (6.0 per cent) in 2012-13. Notes of denominations of ₹500 and ₹1,000 together accounted for around 83 per cent of the total value of banknotes in circulation

during the year”

“The total supply of notes received from the Presses in volume terms increased by 8.6 per cent in 2012-13 /the supply of coins also increased during the period by 12.9 per cent over the previous year”.

“A r o u n d 14.1 billion pieces of soiled banknotes (20.4 per cent of banknotes in circulation) were processed and removed from circulation during 2012-13”.

“The number of banknotes withdrawn from circulation and eventually disposed of at the Reserve Bank offices increased over the previous year by 358 million pieces. During 2012-13, around 8.97 billion pieces were processed through 59 Currency Verification and Processing Systems (CVPS) and the remainder were disposed of under other modes.

Due to the increased use of NSMs, bank branches detected more than 94 per cent of the total detected counterfeit banknotes during 2012-13 (Table VIII.7). Of the counterfeit notes detected by the Reserve Bank in 2012-13, around 79 per cent (23,093 pieces) were detected in the soiled note remittances by banks and about 21 per cent (6,107 pieces) were tendered over Reserve Bank counters”.

‘During 2012-13, the detection of counterfeit notes in the denomination of `1000 increased by 18.2 per cent, whereas detection of counterfeit `500 and `100 notes decreased by 6.8 per cent and 12.3 per cent, respectively, in comparison with the previous year”.

**Number of Counterfeit Notes
Detected (April-March)
(No. of Pieces)**

Year	Detection at		Total
	Reserve Bank	Other banks	
1	2	3	4
2010-11	45,235	3,90,372 (10.4)	4,35,607 (89.6)
2011-12	37,690 (7.2)	4,83,465 (92.8)	5,21,155
2012-13	29,200 (5.9)	4,69,052 (94.1)	4,98,252

Note: Figures in parentheses represent the percentage share in total.

The total expenditure incurred on security printing (note forms) during 2012-13 (July-June) was `28.72 billion as compared to ` 27.36 billion in 2011-2012 (July-

June). The increase in security printing charges by ` 1.36 billion (5.0 per cent) over the previous year was mainly on account of increase in the supply of banknotes during 2012-13. Expenditure on remittance of treasure has increased from ` 528 million in 2011-12 (July-June) to ` 641 million in 2012-13.

- Here again the blame is put on the employees working in the chests and branches handling sorting and counting machines when something goes wrong and many times amount is recovered from them leave alone other disciplinary proceeding launched against them for negligence... Bank employees through their unions have been impressing upon the administration that when such notes escape the scrutiny of the machines it has to be treated as a risk inherent in the system itself. To arrive at an amicable solution which will safeguard the interest of the Institution as well as the individual union have been impressing upon the administration to arrange for a meeting with the administration. Unfortunately notwithstanding the repeated assurances from the administration such a meeting is yet to take place.

The total number of accounts per employee for PSB AND RRB's is the highest even as of financial year 2000.

Source: The Hindu business line Wednesday, Sep 03, 2003.

An analysis of the Banking Statistics Report For The Year 2000, RBI Annual Report makes it pellucid that, “when it comes to productivity and profitability of the banking sector, it is found that the total number of accounts per employee, at 885 for (RRBs), 834 for public sector banks, other scheduled banks 505 . It is highest for regional rural banks .**For foreign banks it is 291, the lowest amongst the bank groups.** But a further break-up into credit and deposit accounts shows that the large number of accounts per employee in RRBs is because of higher deposit rather than credit accounts. This is true in the case of other traditional bank groups as well.

The workforce composition shows that foreign banks have the highest percentage (61) of officers. Surprisingly, RRBs have the highest percentage (41) of officers amongst Indian banks. **Around 50 per cent of the staff in Indian banks is clerical and 20-35 per cent subordinate.**

Considering the country's overall requirement, what is optimal workforce mix? As a large portion (70 per cent) of the population still lives in rural areas, spreading the banking network and the basic activities of savings mobilisation and lending should remain the core objective. Much of rural India's credit needs are still met by local moneylenders.

Bringing clerical and subordinate staff into the mainstream will promote productivity. This would not only lower the cost of service but also enhance profits and business volumes.

As far as central banking is concerned, its activities broadly comprise currency management, supervision of banking activity and formulation of monetary policy. Country-wise data on central bank staff per 1, 00,000 population is rather revealing.”

Source: The Hindu business line Wednesday, Sep 03, 2003.

Over the period the number of accounts per employee ahs increased manifold in RRB’s and Public Sector Banks with the public sector banks alone undertaking other schemes to buttress financial inclusion as per government dictates , ‘dikats’ and or other wise.

- Contrary to the general impression that labour cost and wage expenses are going up, it would be observed as shown below that over the years, the ratio of wages to total expenses has slided down.

Wage as to % total expenses

In public sector banks Year	%
31-3-2008	14.66
31-3-2009	13.88
31-3-2010	14.79
31-3-2011	17.50
31-3-2012	13.72

The above observations of my study have been endorsed by experts, proficient personnel’s in business schools as adduced below.

Studies of experts on increased productivity and efficiency of public sector employees

- A) A study on Productivity and Cost, a comparative study of banks in India during 1997 to 2008 by Sharad Kumar and M Sreeramulu, published by the Reserve Bank of India (RBI) as one of its occasional papers reveals the following (*Source_The Financial Express, Tuesday June 12,2012*)
 - **Business per employee for traditional banks—public sector and old private sector banks—has continuously improved during the past 12**

years by nearly 7.29 times. **Employees' Productivity and Cost, a comparative study of banks in India during 1997 to 2008** by Sharad Kumar and M Sreeramulu, published by the Reserve Bank of India (RBI) as one of its occasional papers, noted that business per employee for traditional banks has gone up from Rs 75.28 lakh to Rs 549.21 lakh between 1997 and 2008

- **“In case of modern banks — new generation private sector banks and foreign banks — the business per employee has increased only 3.06 times, less than half compared to the increase for traditional banks during the same period.** It has, however, marginally declined during 1999, 2001, 2002, 2005 and 2007 compared with the previous years for the modern banks. The ratios of business per employee between modern and traditional banks have decreased drastically from 5.28 times in 1997 to 2.21 times in 2008, indicating that the gap in business per employee between modern banks and traditional banks is consistently reducing due to the efforts made by the traditional banks,” said the study.
- Talking about the profit per employee, the study revealed that this parameter has increased both for traditional and modern banks from 1997 to 2008. **However, this increase has been significantly higher for traditional banks (6.79 times) compared to modern banks (2.73 times) during the period of 12 years.** There has been decline of profit per employee during 1999, 2001 and 2005 compared with the previous year both for traditional and modern banks, indicating effect of some external factors impacting profitability of banks during these years.
- **The employee cost as a ratio of operating expenses in traditional banks has remained more or less constant from 1997 to 2002, and reduced gradually thereafter.** In case of modern banks, the ratio fluctuated within a narrow range and reduced marginally up to the year 2006, before showing an upward trend during 2007 and 2008.
- The employee cost to operating expenses for traditional banks remained more than double for modern banks till 2006. **This ratio, however, decreased significantly during 2007 and 2008 (1.77 and 1.65 times, respectively), indicating that efforts made by the traditional banks to reduce the wage bills in relation to operating cost made an impact during recent period, said the study.**
- As regards employee cost to total business, it has been consistently reducing for traditional banks from 1.45% in 1997 to 0.68% in 2008. On the other hand, it has been increasing for modern banks in a very narrow range from 0.57% to

0.64% up to 2004, thereafter increased drastically to 1.23% in 2005 and again reduced to 0.88% in 2008. This **trend clearly indicates that the traditional banks have reached the level where they can very well compete with the modern banks as regards to the marginal cost of expanding new business (deposits plus advances).**

- While comparing the 12-year data from 1997 to 2008 on productivity factors like business per employee, profit per employee and employee cost factors like employee cost to total business, employee cost to total assets and employee cost to operating expenses, it was observed that the performance of the modern banks like foreign and new private sector banks was much superior than the traditional banks like public sector and old private sector banks.
- However, the gap between the performance of modern and traditional banks on all the five variables has shown a decreasing trend, which. has significantly reduced during the period of 12 years under study...
- It is interesting to **observe the reduced gap in business per employee owing to improved performance of traditional banks. This gap is likely to be reduced further due to certain measures taken by the traditional banks recently.** However, the trend has to be closely monitored to come to a firm conclusion.
- In case of modern banks— new generation of private sector banks & foreign bank — *the business per employee has increased only 3.06 times during 1997 to 2008, less than half compared to increase for traditional banks; It has, however, marginally declined during 1999, 2001, 2002, 2005 and 2007 compared to the previous years in respect of modern banks*
- The **employee cost as a ratio of operating expenses in respect of traditional banks has remained more or less constant from 1997 to 2002 and thereafter reduced gradually**
- In case of modern banks, the ratio fluctuated within a narrow range and reduced marginally up to the year 2006 before showing upward trend during 2007 and 2008

(B) Another study on Productivity, cost and profitability performance of scheduled commercial banks in India - a comparative evaluation by K. Sarala Rao Assistant Professor, Tata Institute of Social Sciences, Mumbai, India gives the startling revelations as under, grinding to dust the canard let loose by business houses, vested interests, with oblique motives about performance and productivity of public sector bank employees.

Business per employee: The business per employee of traditional banks increased 2.68 times (Rs.32.87 million to Rs.88.20 million) from the year 2005 to 2011, whereas in case of modern banks the increase is only 0.79 times (Rs.91.55 million to Rs.114.60 million). The business per employee has marginally declined during 2007 in case of modern banks. The ratios between the modern and traditional banks have shown a significant decline from 2.78 times in 2005 to 1.30 times in 2011, implying that traditional banks made a significant improvement on this indicator. The gap between the modern and traditional banks reduced significantly from 47.15 percent in 2005 to 13.02 per cent in 2011 (72.39 per cent reduction)

Profit per employee: the profit per employee of traditional banks during the period 2005-2011 increased from Rs.0.13 million to Rs.0.55 million (4.34 times increase), while for the modern banks the increase is 1.80 times (Rs.1.01 million to Rs.1.82million). It is pertinent to note that the profit per employee declined in 2010 as compared to previous year for modern banks. The ratios between modern and traditional declined from 7.96 times in 2005 to 3.31 times in 2011 indicating improvement shown by traditional banks on this front. The gap between modern and traditional banks reduced from 77.70 per cent in 2005 to 53.67 per cent in 2011 (30.93 per cent reduction)

Net income per employee: Per employee net income of traditional banks increased from Rs. 0.98 million in 2005 to Rs.2.22 million in 2011 (2.26 times increase) and that of the modern banks reported an increase from Rs.2.78 million to Rs.5.43 million (1.95 times increase) during the same period. The gap between the traditional and modern banks revealed a slight decline till 2007 and thereafter assumed low to moderate fluctuations for the remaining years during the period of the study.

Business per branch: The business per branch of traditional banks increased from 456.4 million in 2005 to Rs.1048.41 million in 2011 (2.29 times increase), whereas in case of modern banks the increase is only 1.67 times. It is pertinent to note that the modern banks have shown exemplary performance through out the period as compared to traditional banks. The gap between the modern and traditional banks reduced significantly from 164.72 in 2005 to 153.20 in 2011 (6.99 per cent reduction).

Profit per branch: The profit per branch of traditional banks increased steadily during the period 2005-2011 from Rs.2.0 million to Rs.6.5 million (3.21times increase), whereas in case of modern banks, profit per branch increased from Rs.55.1 million to 133.1 million (2.41 times increase) during this period. Modern banks reported decline in profit per branch in 2010 as compared to the previous years. The gap between the modern and traditional banks reduced

marginally from 9.30 per cent in 2005 to 9.06 per cent in 2011 (2.48 per cent reduction)

Staff cost as % to operational expenses: The staff cost as a ratio of operating expenses with regard to traditional banks is more or less constant with slight fluctuations towards the close of the period. **In case of modern banks, the ratios revealed an upward trend during the entire period** The gaps between the modern and traditional banks on this indicator reduced from 37.77 per cent in 2005 to 20.39 percent in 2011 (46.02 per cent reduction) implying the efforts made by traditional banks to reduce the percentage staff cost to operating expenses.

Staff cost to net income: The staff cost to net income of traditional banks and modern banks remained more or less constant with slight to moderate fluctuation during the period. The staff cost to net income of traditional banks were almost double the cost of modern banks during the year 2005, 2006 and 2007 and thereafter showed a declining trend revealing significant efforts made by traditional banks to be cost efficient. The gap index between the traditional and modern banks reduced from 38.99 per cent in 2005 to 23.39 per cent in 2011 (40.02 per cent reduction)

Staff cost as % to total business: staff cost to total business of traditional banks revealed an declining trend from 0.96 per cent in 2005 to 0.71 per cent 2010 and then an increase in 2011, while in the case of modern banks the staff cost to total business increased from 0.63 per cent in 2005 to 0.96 per cent in 2009, then declined in 2010 and again increased in 2011. The staff cost to total business of modern banks remained significantly lower as compared to traditional banks up to 2006, but the traditional banks overtook the modern banks during the next 5 years of the study period. During this period the gaps between the modern and traditional banks reduced drastically from 20.75 per cent to -11.11 per cent (153.54) per cent reduction

Return on Assets: The traditional banks have reported a steady increase in terms of ROA during the study period except for the year 2007 and 2010 wherein the ROA was reported significantly high and significantly low as compared to the previous years. The ROA has increased 1.66 times (0.55 per cent to 0.91 per cent) from 2005 to 2011. In case of modern banks the ROA has increased 1.21 times. The ratios of ROA between modern banks and traditional banks have decreased from 2.24 times in 2005 to 1.59 times in 2011. The gap index between traditional and modern banks reduced from 38.2 in 2005 to 22.88 in 2011 (40.10 per cent) implying the traditional banks made efforts to improve on the profitability front.

Interest income as % to Total income: It can be observed that the income interest to total interest of traditional banks remained more or less constant with slight fluctuations in their year to year performance and so is the case of modern banks during the study period. **The ratios between traditional banks and modern banks decreased marginally from 1.42 times in 2005 to 1.15 times in 2011. The gap index between traditional and modern banks reduced from 17.38 in 2005 to 7.06 in 2011 (59.38 per cent)**

Spread as % to total assets: The traditional banks reported an increase in 2006 as compared to the previous year, subsequently registered decline from 2007 to 2010 and significant increase in the year 2011. In case of modern spread as % to total assets increased from 2.76 percent in 2005 to 3.25 per cent in 2011(1.17 times increase). Except for the year 2005, modern banks have reported higher ratio on this indicator during the period of study. The gaps between traditional banks and modern banks during the period of study revealed year to year fluctuations.

Credit -Deposit Ratio: Credit -deposit ratio of traditional banks increased by 1.27 times (57.49 per cent to 73.18 per cent) from the year 2005 to 2011. In case of modern banks the credit -deposit ratios were more or less constant except for the year 2010. The gap index between traditional and modern banks reduced from 18.04 per cent to 5.75 per cent (68.13 per cent)

The expert based her just conclusions after objective analysis as below:

The analysis of data on productivity ratios i.e. Business per employee, Profit per employee Net income per employee, Business per branch, Profit Per Branch reveal that modern banks have outperformed the traditional banks. **However the gap between the modern banks and traditional banks registered a declining trends on all the five indicators during the period 2005-2011.**

On cost efficiency ratios, modern banks out performed traditional banks in terms Staff cost as % to operational expenses and Staff cost to net income. **Traditional banks registered exceptional improvement post 2006 with regard to Staff cost as % to total business by registering low on this ratio.**

In terms of profitability, modern banks have registered above the benchmark (more than one per cent) on ROA, while the traditional banks displayed a significant improvement on this ratio during the period of study.

With regard to interest income as % to total income, traditional banks outperformed the modern banks while modern banks performed better than traditional banks in terms Credit -Deposit ratio.

Source: International Monthly Refereed Journal of Research in Management & Technology ISSN-2320-0073 Volume II, March'2013

"... the driving force in the path ahead will be the immense capabilities that we possess in terms of human resource. In the years to come the 'human bias' is likely to get stronger and the quality of human resource would become the cutting edge of competitiveness... "

Dr Bimal Jalan. Former Governor of Reserve Bank of India

JUST CONCLUSIONS:

- If the influx of new recruitment continues in the same trend not commensurate with the vacancies arising due huge retirements as result of superannuation and voluntary retirement under pension regulations, and other wastages, increase in volume of business, rapid branch expansion, the workload on the existing employees has increased manifold.
- It is estimated that 75,000 bank employees are set to retire by 2015. Taking into account the present trend of huge attrition rate among the new recruits mainly due to better salary packages and perks privileges offered by comparable peers in public and private sector there is need for better compensation package to retain young employees in future.
- In the context of all-round increase in the cost of living, erosion in wages of the employees, spiraling price rise, increased work load on the employee, freezing of recruitment, contribution of the employees in improving the business of the Bank, present wage structure with comparable peers **our demand of minimum increase of 25% in pay slip components in the 10th Bipartite is fair , just & right**

EXPLODING THE MYTHS UNVEILING FACTS AND TRUTH: REVEALING STATISTICS:

After a gap of 3 months with the last negotiations held on 14-3-2014 *which was especially for non-monetary issues raised by the unions*, another round of discussions took place with IBA on 13-6-2014 .

IBA informed, profits of the banks have come down as on 31-3-2014 and therefore they can offer maximum of **11 % (increase of meager 1 % our emphasis!)** on the cost of Pay Slip components of the wage bill which would amount to **Rs.3,465 crores** and which would be exclusive of other costs on retirement benefits, LFC, hospitalization expenses, etc Since negotiating

unions rejected the offer of 11% increase, IBA wanted to know the expectation of the union. A representative of the umbrella of nine unions informed that their minimum expectation is 25% increase in the Pay Slip components cost.

IBA expressed their total inability to accept the same as it is beyond the paying capacity of the Banks.

Thereafter there is virtual breakdown in talks and even as on date stalemate continues.

In all the previous settlements salary increase was given a load to total establishment expenses. In this wage negotiations we have been offered on fixed pay components .As against the total establishment expenses of Rs.56292 crores the pay slip component is only Rs.31503 crores.

In other words pay slip component / establishment expense = 55.96%

We shall now explain the concepts pay slip cost and establishment cost on reverse logic terms in the 9th bipartite IBA offered (for award staff) Rs 2577 crores or 17.5% of establishment cost.

Out of which amount allotted to pay slip components is Rs.1514 crores or 10.3 %(apporx.)

Therefore the formulae for conversion factor from pay slip cost to establishment cost works out to 17.5 divided by 10.3, which is equal to 1.70.

Applying the above reverse logic we can construct the following table for easy understanding.

Demand	Payslip cost in %	Payslip cost in Rs. (in crores)	Establishment cost in %	Establishment cost in Rs (in crores)
IBA last offer	11%	3465	18.69%	10520
Unions demand	25%	7875	42.48	23912
Difference (for which stalemate continues)	14%	4410	23.79	13391

Now we revert back to Table A which I am once again reproducing to justify that our demand is achievable.

FOR THE PERIOD 2006-2007 & 2011-2012

	2006-2007 (in Rs.Cr.)	2011-12 (in Rs.Cr.)	Increase in %	CAGR%
Deposits	1994200	4372985	119.28	21.7%
Investments	664856	1328534	99.82	18.9
Advances	1440146	3305632	129.53	23.1
Total Business	3434346	7678617	123.58	
Int.income	164185	366318	223.11	22.2
Int. expended	101960	231153	126.70	22.7
Net int. income	62225	135165	117.21	21.4
Business per employee (in Rs.Lakhs)	471.18	1013.63	115.12	
Profit per employee (in Rs. Lakhs)	2.76	5.93	114.85	
Source R.B.I				

I will now explain by means of Table B, C as how our demand of 25 % hike in pay slip constitute only infinitesimal percentage of business mix , in other words value added by labour between 2006 to 2012 .

TABLE B

	2011-12	Pay slip 25%	Establish ment %	Increase over 2006-2007	Pay Slip %	Establish ment %
Total Business	7678617	0.10	0.31	4244271	0.18	0.56
Interest income	366318	2.14	6.52	202133	3.89	11.82
Interest expended	231153	3.40	10.34	129193	6.09	18.50
Net interest income	135165	5.82	17.69	72940	10.79	32.78

TABLE C**(Constructed on the difference between IBA offer and Unions demand)**

	Pay slip 25% 2011-12	Establishment Cost % 2011-12	Increase business Pay slip%	Increase business Est. cost %
Total Business	0.05	0.17	0.10	0.31
Interest income	1.20	6.52	2.18	6.62
Interest expended	1.90	5.79	3.41	10.36
Net interest income	3.26	9.90	6.04	18.35

➤ Taking into account Establishment expenditure for 2011 is 56292 cr, out of which the pay slip component is Rs.31503 crores. The increase of 25% sought by us to award staff as per conventional distribution wage load (54% to award staff) when arrived as a percentage of total business mix for 2011-2012 will work out a mere 0.04%, 0.08% of Interest income, 1.35% of Interest expended and 2.31% of Net interest income which by any standards is not only fair but just and right.

➤ Is not percentage of total business mix for 2011-2012 which work out a mere 0.04%, total business mix, 0.08% of Interest income, 1.35% of Interest expended and 2.31% of Net interest income for the value added by labour by sweat, toil, devotion and dedication a mere pittance and cannot be denied is question to be pondered by stake holders.

➤ There are reports in news papers that soon after Prime Minister launched the scheme Pradhan Mantri Jan Dhan Yojana on this independence day Sources in the finance ministry said that the PMO is keeping a watch on banks' rising NPAs, estimated to be Rs 2 lakh crore.

Source: See: DNA **Friday**, 29 August 2014, <http://www.dnaindia.com/india/report-day-1-of-pm-narendra-modi-s-mantra-to-end-financial-untouchability-sees-15-crore-bank-accounts-created-2014554>)

➤ In absolute terms our demand of 25% increase in pay slip components it will work out measly 37.85%. if we calculate on the difference between IBA offer and unions demand for which stalemate persists it will

infinitesimal figure of 22 %, which the bank employees – THE PERFORMING ASSETS assures the Government they will recover from the defaulters no holds barred in express time. That is the reason we aver that our demand is sacrosanct!

REJECTION OR NON CONSIDERATION OF OUR JUST, REASONABLE DEMAND BY THE GOVT/ IBA COMBINE IS MENDACIOUS, PERFIDIOUS AND PREPOSTEROUS.

CHAPTER - V

JUSTIFICATION V: Our Demand Demolishes Untruths & Falsehoods

Paul Joseph Goebbels -a [German](#) politician and [Reich Minister of Propaganda](#) in [Nazi Germany](#) from 1933 to 1945 in his lecture on the "Big Lie" said **"If you tell a lie big enough and keep repeating it, people will eventually come to believe it"**. This theory popularly termed **Goebbels theory** influenced Adolf Hitler, [German Chancellor](#), leader of the Nazi party, to make a statement **Make the lie big, make it simple, keep saying it, and eventually they will believe it.**

When ever bipartite negotiations of the bank employees are in progress we had witnessed as in the past, a systematic ,and deliberate attempt is of calumny, slander , misinformation and canard is let loose, vomited by 'higher ups' , 'corridors power', chorused through their accordions and paraded in the daily press (now in electronic media too) to fudge and sidetrack our just demands through prevarications in tune with the above *Goebbels theory* .

These self proclaimed unauthentic, irresponsible statements couched with *spurious statistics* by the 'higher ups' with any rationale, logic, investigations or study gets accelerated push when ever bank employees are forced to observer strike in pursuance their just demands and is covered by the fourth estate, hood winking our fair demands, without any cross verification or truth.

For example even during this 10 bipartite negotiations, news paper were agog covering statement of these 'higher ups' such as

'State-run banks' average salary overtakes that of private peers'

'Staff costs higher at public sector banks'

'Employee-benefit provisioning to hit public sector banks hard'

'All profit can't be used to pay higher wages'

And son, so on...

Such irresponsible utterances by 'higher echelons', honchos are new to new to all us.

Mark Twain, was an American author and [humorist](#) said "There are three kinds of lies: lies, damned lies and statistics" .as rejoinder to the false propaganda unleashed by forces inimical to our just demands ,we hasten to rewrite Mark twain's quote as *There are: lies, damned lies and statistics of honchos in the Indian banking industry*

But I have implicit faith and self belief that in the sunshine and reality of our struggles for just causes these opportunists, weeds and poisonous ivy, stand exposed and our betrayers will betray themselves

Right from the Sen, Sastri And Desai Tribunal days these strange arguments advocated by the bank lords before the tribunals for the bank's disputes and now by IBA, stand eloquent witness to this conviction

On the expiry of first bipartite in 1966, when bank unions raised demand for second bipartite as per the tenor of first bipartite, IBA came out report of 271 pages to National Council Of Applied Economic Research New Delhi On Wage Structure In Indian Banking Published By None Other Than The Indian Banks 'Association, Bombay on 18th April 1969 misrepresenting facts that there is substantial increase in bank employees salary already.

We had often witnessed, The Finance Ministry's Bureau of Public Enterprises (BPE), after discussions with the representatives of the managements only (**not with the unions also**) of the public enterprises advise the Administrative Ministries with regard to the finalization of the terms of the long term settlement of wage structures. For example Bureau of Public Enterprises in its communication of November 12, 1981 to the various administrative ministries, explained how it has calculated the cost of likely wage settlements in the public sector undertaking and had set out the "guidelines (*blue print for wage freeze!*) which the Public Sector Managements are required to adhere while entering into negotiations with the unions in their respective undertakings"

In 1980, with the foreign reserves depleted, and India was in verge of bankruptcy, unable to pay the dues abroad, the then Government was constrained to enter into an agreement with IMF for \$ 5 billion loan. The IMF in return demanded stringent conditionalities and introduction of structural adjustment policy. According to IMF memorandum 1981, India had to carry out a liberalized import regime with liberal import of capital and technology including relaxation in foreign subsidies to all kinds of exporters, replacement of direct taxes by regressive indirect taxes, discouraging the public distribution system and encouragement of open market policies even regarding food, wage freeze and necessary trade union law amendments including new anti-strike laws; and all round encouragement to private sector with regard to investment, production and trade. This package of policies; became the basis for India's import-pushed export oriented growth strategies in 1980's. With this loan the seed for NEP which sprouted under subsequent regimes began to proliferate in subsequent government/s era and thereafter. **It should be noted it is not that the NEP was introduced for the first time in 1991 in the country as sometimes made out to be by the left parties in our country. In tune with the policies of IMF, even in 1981, government of India opened 3 point new chapter in Industrial relations –**

ordinance, notifications, and directives. Agreement, settlements, customs, practice and culture of individual banks were sealed in airtight containers and confined to the Department of Achieves (for future historians to have a field day). Negotiations, discussions not only consume time and energy, but also require the logic and sense to meet sagacity of unions. So even individual banks internal agreements on housing loans, promotions, transfers and other welfare schemes etc. as well some service conditions in the bipartite signed in accordance ID acts were replaced by directives – unilateral, arbitrary and often meaningless. In tune with above adverse trend as per the advise of **Bureau of Public Enterprises (BPE** of the Administrative Ministries set out the directives camouflaged as “guidelines (*blue print for wage freeze!*) which the Public Sector Managements including IBA are required to adhere while entering into negotiations with the unions in their respective undertakings with regard to the finalization of the terms of the long term settlement of wage structures, resulting in stalemate in negotiations and consequent impasse. **In the history of 9 successive bipartite settlements in the banking industry, IBA has never exercised their independent power and will to concede to the meritorious logical arguments so the unions (have often pleaded helplessness in the negotiating table) but have acted as per the dictates - the directives of the Finance Ministry even on non financial matters. Therefore so called independence bestowed on banks / IBA in deciding HR policies bilaterally with the unions as per traditions are mere rhetoric or appellations in a Minister’s speech, in simple terms be called as hoax.**

On the occasion of their Golden Jubilee in the year 1983 the Employer’s Organizations in India issued a statement of Wage Policy and Structure, for which my comments are as under:

The Wage Policy statement tried to feed the public with falsehoods and worn out theories exploded long back. It is of course baseless and contrary to facts that “vocal and organized groups have successfully secured larger share for their members from the national product. The Wages Policy statement continues to harp on the antiquated, worn out and long exploded fallacy of the wage price spiral theory which is denounced even by conservative trade unions all over the world as an antic designed to put down the real wages.

The employers, in the name of a “meaningful wage policy”, wants to do away with the system of sliding scale darkness allowance and the policy statement argues that “wages are an important ingredient of cost and therefore, automatic linkages between price and wages make the inflationary process self propelling”..

“Another bugbear trotted out by the employers in season and out of season is the system of bonus payment. The policy statement also did not miss it, and repeated in the same vein. It stated “It is inconceivable that a concern which has incurred proved

losses has to pay a minimum bonus. The net outcome has been closure of several mills or their unsatisfactory functioning “In no case of closure, however, has it be established that its cause is payment of bonus to its employees. But, even in the event of profits of an establishment, the statement says, “it would be patently wrong to fritter away a large share of this to meet immediate consumption needs”. Therefore, the statement concludes “considering all the aspect of the present bonus scheme it seems that bonus should be abolished altogether”.

Then what kind of a wage policy the employers want? According to them, there can be no automatic compensation of the rise in the cost of living which in effect would constantly erode the purchasing power of wages, bonus payment system should be abolished altogether and there is nothing in the scheme of things drawn up by the employers in the shape of a wage policy to determine wages taking into account even the minimum needs of the workers. The wage policy statement talks about “a meaningful wage policy”, which must subserve... clearly defined national objective of securing higher rate of economic growth”, Will not lead to “sectoral imbalances”, will not upset price stability, and that “capacity to pay is the fundamental ingredient of a wage policy, and so on and so forth, **and does not even mention that wages are meant to satisfy human needs and to maintain a certain minimum standard of living in the given situation.**

Understandably, the main target of attack, both ideological and otherwise, of the captains of industry and trade has invariably been the organised working class who despite odds have been able to build up bargaining power unlike vast sections of unorganized workers who are denied even elementary rights and benefits. All loud talks and shedding of crocodile tears for the unorganized workers for the well-being of the community and for the national economy on the part of the employers, are mere pretexts to counteract the demands of the organised workers, to weaken their collective strength, to create ill feeling and enmity towards the organised workers and thereby checkmate the latter’s’ claims for higher wages, benefits and rights, Similarly, the right of collective bargaining has been subjected, more so lately, to all kinds of battering and incurred the odium of the powers that be. **Big business spokesmen characterize it as “Coercive bargaining” and perhaps according to them, genuine collective bargaining would be signing on dotted lines by the union.**

The drive to bring about host of amendments to the existing labour laws all aim at establishing Government control over the trade unions and their activities at the behest of the employers, to emasculate their role of defending and furthering the interests of workers and to rob them of their fundamental rights.

The Wage Policy statement, however, refers to the international standards of wage determination laid down by the ILO which of course contradict the criteria that are

conceded by the employers in their framework of a wage policy. **The recommendations of the World Employment Conference referred to in the policy statement, states that, that the national wage policy of a member state should be such that ensure minimum levels of living and the real wages of workers are protected and progressively increased.**

The wage policy adumbrated by the employers adds up to a policy of denial of proper wages to workers, does not even mention need based norm of a minimum wage to which they agreed along with the trade unions and the government in 1957. No wonder, such a totally anti worker wage policy if put into practice will be a constant source of friction and conflict between labour and capital, and the greatest cause of industrial disputes and strikers and struggles”

Naturally we cannot ignore such irresponsible diatribes against our just demands. We wish to answer to the spurious statistical justifications in their wage policy statements by these reviling critics in the words of Prof **Aaron Levenstein**- leading economist who wrote in the syndicated newspaper column in November 1951 itself ***"Statistics are like a Bikini bathing suit. What they reveal is suggestive, but what they conceal is vital"***

In this article an attempt is made to expose the reality and explode the myths about the bank employees’ present wages by presenting realistic bank employee’s budget by replying to the falsehoods of ‘higher-ups’ mal- propaganda as under. ***“There are two kinds of statistics: the kind you look up and the kind you make up”***. My presentation is based on the statistics you look up in your monthly Pay Slips.

Hon’ble Pillars of Indian Society

Revered Sirs, Let me have the honour of presenting this Budget in the interest of our anxiety of having cordial relations with the sea of poverty. There are only two favoured sections in our society who enjoy the unique position of being deported to covetous Islands on Governmental flats. The British Government obliged the freedom fighters like V.D. Savarkar and Bhagat Singh’s colleagues by deporting them to Andaman Island. Such honour was bestowed on bank and insurance employees by the Government of the Independent India on the recommendations of the corridors of power and ruling elite. . As per their recommendations all bank and insurance employees have been deported to the high wage Island and since then all Ministers (of all hues), public figures, sheltered intellectuals, Press Barons and ‘Experts’ of all sorts have unhesitatingly lent their assistance in safe guarding the territorial integrity of this covetous Island, by raising very many barricades on ‘war footing’.

Sir, I have spent my forty two years' experience in constructing this Budget. I waited for 42 years in giving 'final touches' to this Budget but the disparity between Receipts and Payment disheartened me every time.

Emboldened by the Deficit Budgets every year and unhampered expansion of State Governments' over drafts, I gathered enough raw courage to present this so called High wage Islander's Budget. I am extremely thankful to the learned leaders of our society for making me realise that Deficit Budgets are part of our life, like High or low blood pressures and diabetes and that I have to live with it "boldly", preferably by blaming others, such vituperations will serve as palliatives and tranquilisers. All existing Governments have blamed the previous Governments, such periodic outbursts have helped me in restructuring our value pattern. Structural changes for self-reliant economy can wait but structural changes in our values must be made on war footing.

Sirs, I am also extremely thankful to those who inspired me in drawing this Budget with their Brilliant ideas of Malthusian Madness and Keynesian methods of postponing the crises, without their help, no sensible man can draw Budgets.

PRELIMINARY REMARKS:

1. The basis of this High Wage Islander's is the Islander who completed his 10 years of service who gets highest increment called as hump increment of Rs.1300 in running scales of pay of 20 stages and thereafter stagnation on this covetous Island. Such an Islander is not generally subsidized by his parents from the "Sea of Poverty" and whose family components have sufficiently grown up to voice their demands relying on the 'experts' of the society.
2. There are mainly two items of subsidies:
 - b) The Islanders have an inalienable Right to marry any one from the Sea of Poverty. Such income coming from the Sea of Poverty in the form of wife's or husband's salary need not be considered separately in view of the fact that such subsidies are offset by the social overheads such as taking care of children while both husband and wife are at work. They also incur exorbitant expenses on monitoring the studies of their children. Moreover the pattern of their savings (or absence of savings) convinced me that they can be taken at par with the bread winning Islanders.

- c) Overtime Allowance: As per ministerial declarations. O.T is banned and is excised in his lexicon though it exists on paper in bipartite settlement in vogue which is now consigned to historical archives.

N.B. Since there is no chance of full neutralization of liabilities, I transferred these liabilities to the General Liabilities Account, in view of stoppage of overtime on the Island.

Revered Sirs, I am fully aware that there are very many constraints on my compilation due to correct statistical information. But if Simla Bureau can construct the Index Numbers for our D.A. without statistical information and the Govt. of India, when under the Stewardship expert, economic advisors could come to the conclusion of allotting 0.8 consumption Unit to wife, without any rational basis, Sir, I feel my methods of compilation are commensurate with the General ethos of the land.

Receipts and Payments at a glance:

*R E C E I P T S		P A Y M E N T S	
Basic Salary	Rs.18500	Grocer's Bill for (6 persons) (aged mother & father, spouse , widowed sister, 2children)	Rs.5000
D.A	Rs.19721	Electricity Charges	Rs.3450
H.R. A	Rs.1925	Milk	Rs.1235
C. C A	N.A	Rationing	Rs.2470
PPA/FPA	Rs.250	Newspapers	Rs.210
Conveyance allowance	Rs.275	Fees	
SWO –B	Rs.500	Maid Servant	Rs.1000
		School fees / tuition class fees	Rs.3000
		Cable charges	Rs.500
Total	Rs.41171		Rs14395

** based on the pay slip of member for the month August 2014.*

Less: Standard Deductions

Component.	In Rs.
P.F	1925
Professional tax	200
Social benefit scheme (to be paid to family of deceased on death in harness)	140
Union fees	100
Income tax	1500
Credit society loan	7152
Festival advance (in lieu of Bonus)	3800
NSC loan	1000
Provident fund loan	1270
Staff housing loan	4333
Additional staff housing loan (on enhancement in quantum for repairs and renovations, additions)	4364
LIC	1633
Staff club	50
Total	27467

Net Salary Rs. 2604

Add Min.

a) Conveyance for all family members	Rs. 3000.00
b) Out of Pocket exp. of Children	Rs. 600.00
c) Entertainment expenses	N.A
d) Social obligation	N.A
e) Expenses of Books & Periodicals for enlightenment	N.A
f) Expenses on clothes & footwear	N.A
g) Expenses on Medicines beyond M.Aid	N.A
h) Payment of installment on loan for dowries,	N.A
60-40 basis in addition to Housing loan granted to Employees.	

Revered Sirs, Kindly note that the accommodations are not available without payment of on money (which the Government of India tried to attract) and the employer does not pay for this money.

N.A. Figure not available

I have not reconciled total deficit because of variable factors and I propose to leave the calculation of the total deficit on the imagination and conscience of the Hon'ble pillars of the Society.

I respectfully beg pardon of all my colleagues for having disturbed their Social prestige, but I am confident that at least by now our colleagues must have realised the Truth in this Social system: **Credit worthiness is assessed on liabilities, as it represents society's faith in the person**

End note to bank employees: it is true that we get automatic increase in D.A every quarter when price go up. But it is also a fact that purchasing power crashes with the speed of rocket. The condition of the pay packet getting empty too soon is what the economists call 'inflation' – rather a contradiction in terms, since what you experience, in fact, is the very opposite deflation. We need not quarrel with the economists over the coining of the word since we have other things more important to quarrel about. And that quarrel is that when the capacity of the pay pocket to stretch gets rather shrunk, the size of the shrinking should be seen in the rise in the cost of living index (or the consumer price index) but invariably both do not totally. That is, when you can live without a loan till the 30th of the month under ordinary circumstances and on a given standard of subsistence (as the appropriate pay commissions or tribunals have condescended to fix) and the experience is repeated in subsequent months, the cost of living index will remain constant. But when the loan becomes immediate on the 20 the subsequent month, it means your purchasing power is reduced by one-third and this should be seen in the rise in the cost of living index by 33.3 per cent But when that rise is not even shown as three per cent let alone 33.3 per cent you have a right to be indignant with the economists and statisticians. Hence For all us first week happens to be **paper week** and last week **pauper week**. In between we raise loan, once again raise loan to repay old, outstanding loans. This **irrevocable letter of debit** continues till we retire. And when we retire the measly superannuation benefits are not enough to tide over of miseries of retired life. This is reality and plight of a bank employee which he or she covers under the facade of false illusions and petty middle class notions.

It is a pity as serving employees are being denied parity with Central Government Employees 6th pay commission's scales. And retired employees are denied updation at par With Central Government Employees as per the 6 pay commission. Is this not miscarriage of justice to all of us?

You Are Valuable

A well known speaker started off his seminar by holding up a Rs.500 bill. In the room of 200, he asked, "Who would like this Rs.500 note?"

Hands started going up.

He said, "I am going to give this Rs.500 to one of you but first, let me do this." He proceeded to crumple the dollar bill up.

He then asked, "Who still wants it?"

Still the hands were up in the air.

"Well," he replied, "What if I do this?" And he dropped it on the ground and started to grind it into the floor with his shoe.

He picked it up, now all crumpled and dirty. "Now who still wants it?" Still the hands went into the air.

"My friends, you have all learned a very valuable lesson. No matter what I did to the money, you still wanted it because it did not decrease in value. It was still worth Rs.500.

Many times in our lives, we are dropped, crumpled, and ground into the dirt by the decisions we make and the circumstances that come our way.

We feel as though we are worthless. But no matter what has happened or what will happen, you will never lose your value.

You are special - Don't ever forget it

Therefore have self belief in your ability and capacity that you can make things happen against all odds. On you depends everything in the Union, for history is a process of evolution of human thought and consciousness. It is not made to order. We contain in ourselves a well of creative forces. It is a spring which never dries up. The more we draw from it, the more we feel energized, elated and exhilarated. It is the correct combination of the creative process which spring from the well of thought and consciousness that pushes the human story to crescendos of glory and achievements. If we are static everything remains static. Remember! That we are architects of our own destiny. Let us grapple the horns of history, shake it, and shape our future by unleashing propaganda against forces ganged up in unison to deny our just wage revision by explaining correct facts and truths. The object of this series of articles giving justifications of our demand is to disengage truth from falsehood for truth is beautiful and truth triumphs always.

Remember friends: wages or privileges we get today are not charity of IBA/Govt. It is the heritage and legacy of our sustained struggles and inspiring sacrifices

Dare to struggle, Dare to win in pursuance of sacrosanct demand hike of 25% in pay slip component.

CHAPTER - VI

JUSTIFICATION VI: OUR DEMAND IS REASONABLE AND ACHIEVABLE

The concept of Public Sector., it is by now common knowledge was promoted in India at the behest of the captains of Indian Private Sector as early as in 1944. Private sector Industrialists including JRD Tata were involved in drafting the 1944-Bombay Plan' detailing the need for creating a Public Sector. Private Sector industries needed cheap infrastructure like power, railways and roads. They needed subsidized raw materials. They were neither willing nor had the financial resources of such massive scales to invest in long-gestation periods

The Indian Public Sector, however, along with all that cheap economic infrastructure also generated a demographic revolution not unlike in erstwhile Soviet Union after the 1917 revolution. With secure jobs came several generations of children of free India – who grew up in relative affluence – with sturdy health, steady homes and educational opportunities unknown before creating the new world renowned technical manpower of India – the third largest in the world. Thus the Great middle class of India which included bank employees became an International force to reckon with.

They have transformed a backward country into a modern nation threatening to upset the hegemonic ambitions of super powers and imperialist forces.

Pitching for consolidation in the banking industry, former Finance Minister P Chidambaram said India would need one or two global-size banks as it marches ahead to become the world's third largest economy at the Bancon-2012 **recently at Pune on 24 November 2014.**"**Finding new business models will inevitably lead to some consolidation ... We must create at least 2 or 3 world size banks. China has done it.**" "We should not fear consolidation. I know there is pride and identity, but ultimately some consolidation would have to take place in the banking system in this country," he said." And if India wants to be ... and it will be the third largest economy in the world ... we must also have one or two world size banks and some consolidation is inevitable," he said at Bancon-2012 meet , disregarding historical facts and comparison on the other important factors which led to nationalization of banks in china such prevalent wages in banking industry in china .Reports confirm that The salaries and bonuses expenditure of bank employees in china increased from 19.9 billion to 3.222 billion Yuan, an increase of 62%between 2100-.The high profits and high salaries on offer at Chinese banks have been brought into question as the country's economy begins to slow, with senior executives now earning as much as 80 times the salary of a general employee.

When it comes to historical facts it should be understood contrary to popular perceptions, **Unlike China only on July 19, 1969, (22 years after independence) fourteen major banks of the country were nationalized despite Banking determining the backbone of the economy.**

Bank Nationalisation -

The Imperial Bank merely changed its name to the State Bank of India [SBI] by the State Bank of India Act 1952. In 1953 the Palai Central bank collapsed. A similar fate faced most of the banks run by the erstwhile maharajas, due to the large funds siphoned off. To save these banks from default and to bail out the maharajas, 10 banks belonging to the princely state were taken over by SBI in 1956 – these included the State Bank of Patiala, Saurashtra, Bikaner, Jaipur, Indore, Baroda, Mysore, Hyderabad, Travancore and a number of smaller ones like Sangli, manipur, Mayurbanj, etc.

In 1959 Palai Central Bank Ltd, Kerala which had *reportedly financed some assembly / parliament elections went into liquidation*. It was followed by failure of Lakshmi Bank Ltd Akola, in the next year .The list of such banks before Nationalization will be too big to be named here.

In the late 1950s the government appointed the Mahalanobis Committee to look into the precarious conditions of the private Banks. The Mahalanobis Report, recommended besides handing out the standard formulae **to reduce flab, trim size, etc., it suggested the amalgamation of the less profit making banks with the others**. This resulted in the number of banks being reduced **from 605 in 1950; to 423 in 1956; to 292 in 1961, to 102 in 1966 and on the eve of nationalisation in 1969, to just 86.**

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Most of these banks that had existed were the offshoots of local landlords/Maharajas or big traders and moneylenders who sought to extend the scope of their financial activities. Most were in a state of collapse, due to irregularities and the take-overs by the SBI and mergers saved them from default of depositor's monies. Besides, in the new scenario, after 1947, the big bourgeoisie who became the dominating partner in the ruling class alliance could not allow the fiscal anarchy profligacy of the

moneylender / landlord / trader combine and had to bring system into finance and banking to tap resources to the maximum. Following the recommendations of the Rural Banking Enquiry Committee, the then Imperial Bank of India was asked to open 114 new branches in rural and semi-urban areas within a period of 5 years from 1.7.1951 to 30.5.1955. Only 63 branches were opened by it. Credit disbursed to the rural areas was practically nil.

In the aforesaid background and on the recommendations of All India Rural Credit Survey Committee, State Bank of India Act was enacted in 1955, transferring the Imperial Bank of India to State Bank of India. Reserve Bank of India contributed nearly 97% of the equity of SBI. Within a period of 5 years from its inception, SBI opened 415 branches as against a target of 400 branches given to it. Pursuant to the same objective SBI (Subsidiary Banks) Act was passed in 1959, which enabled the SBI to take over associate banks as its subsidiaries. Thus, the period of 1955 to 1959 marked the beginning of public sector banking.

The aforesaid steps provided a fillip to provisions of credit to rural sector and also the expansion of bank branches. This forced the Government to introduce the scheme of “social control” in 1968.

That is why, 246 insurance companies were also taken over in 1956, with the formation of the LIC. And to organise fiscal controls more tightly as per the goals set by the Tata-Birla Bombay Plan, Nationalisation of the 14 major banks became a necessity. **Anyhow, if not nationalized, many of the private banks would have collapsed.** The 14 major banks nationalised out of the existing 86 banks, controlled 85% of banking in India. In 1980 another 6 banks were nationalised to save them from collapse.

Big business required massive investments in infrastructure if it was to grow. Lack of infrastructure and capital was leading to stagnation and decline. **Nationalisation and the expansion of banking, was a necessary factor, to systematically tap the people’s savings in order to generate the necessary capital.** The rural sector faced an agrarian crisis. The widespread famine in 1967 found the rulers panic-stricken. The PL-480 grain doles, had, by now got thoroughly discredited. An alternative had to be found. The ‘*Green Revolution*’ was their answer to stem off peasant uprisings which gained acceptance and momentum among the progressive sections of the population. There were three basic elements in the method of the Green Revolution:

1. Continued expansion of farming areas;
2. Double-cropping existing farmland;
3. Using seeds with improved genetic

The initiation of the Green Revolution required certain amounts of seed capital, given on a concessional (even free) basis to farmers, to encourage them to turn to the HYV varieties. **Such capital and widespread disbursement could best be achieved through nationalized banking. A vast network of rural banking was needed to be set up, first to promote the green revolution; second to tap the surplus created to channel it into savings for use by government/big business for infrastructural development. Besides, linked to this, the focus for rural development changed.... from asset generation to poverty alleviation.** This coincided with Indira Gandhi's slogan of '*Garibi Hatao*'

Why Privatisation?

In the period of globalisation and increasing domination of international finance capital, the model of development and the focus for market expansion is the top 10% of the population. So all economic policy is aimed at hitting hard the bottom 80 to 90%, in order to fatten the top 10%. So subsidy cuts, disbandment of PDS, drastic reduction in welfare measures, etc. are geared to push the mass into even further destitution, and utilize those funds to subsidies / promote big business, TNC's interest, infrastructure development etc.

In addition, the green revolution is in crisis and the banking structures that accompanied them are not longer required. Besides, foreign agri-business plans to enter straight into the agricultural sector. Finally, the bulk of the poverty alleviation schemes are being wound up or reduced to nominal levels in regions. So the banking structures that accompanied it are no longer required. Finally, the tapping of people's savings will be restricted, due to mass impoverisation; and the 10% that will be able to invest their savings will be serviced by private and foreign banks, with higher service charges.

Some of the liberalisers argue that we need to infuse the blood of dynamic foreign banks into the Indian banking industry.

Some time in January 2005 the Finance Minister called the Chairmen of the public sector banks and told them that they must immediately act to merge their banks and reduce the number of public sector banks to just four. Also they were told to write off their NPAs (Non-performing Assets; or money loaned to big business and not paid back) fast. The entire purpose was to make the banks viable for foreign take-over. Along with the rethink on the question of FDI in banking, the government has been emphasizing the need for consolidation of Indian banks. The need to compete effectively with world class banks asserted in the Finance Minister's speech cannot possibly refer to operations in overseas markets, since the Indian banks are still too small both in terms of size and range of operations and products necessary to compete internationally. What perhaps the profitable Indian banks could at most hope

for in the near future is to service the Indian diaspora and the international operations of Indian corporates. The talk of taking on the global majors is therefore arguably on Indian soil where the government is adopting a paradoxical policy of, on the one hand, pushing for consolidation of PSBs for fear of competition from world-class banks, while simultaneously soliciting more FDI into banking. **The government's fear that international banks could out-compete domestic banks and ultimately take control of economy-wide banking assets is real. But precisely for these reasons there is need to restrict and discourage banking FDI.**

So, the privatisation of banks is necessary aspect of the ongoing globalisation of their economy. It will result in massive retrenchment of staff. [i.e., agriculture, handicrafts and small scale sector putting the vast domestic savings at the service of TNCs, closure of 'non-viable' branches and throwing interest rates to the vagaries of the market.

But it is a irrefutable fact that Since 1969, we have been witnessed 77 Bank mergers and acquisitions, mainly because of the failure of private sector banks .mainly due to Mergers and acquisitions were done in public interest and to save depositors. Most of the private Sector banks, which could not survive, were bailed out by Public sector Banks

So it becomes evidently clear one of the hidden items of agenda of the privatisers (fully supported by the recommendations of the two Narasimham Committees) is to clean up the balance sheets of the PSBs and make them ready for a takeover. Mergers would make them more attractive for the sharks roaming around the global financial seas.

Any reforms of the banking system should be built on the institutional structure that has created it rather than seek to destroy it as is now being done.

The banking industry is in need of true reforms in pursuit of true nationalization, but the strategy for it does not have to subvert the basic goals of development nor does it have to be forced at a pace that will result in liquidation of the institutional structure built up over decades of faith.

Today efficiency and profitability has become the catchwords. It was thought that perhaps such wholesome overhauling, will be impossible for Indian banking industry to withstand and that it will finally give in and make room for the foreign giants in this field. Thanks to the inbuilt resilience of our banking system the banking industry has come out victorious. It could avert the crisis that often follows the reform process. **To fall in line with global standards,** nationalized banks also adopted Prudential accounting norms, Income recognition and Asset Classification and

became strong and healthy. Apart from undertaking the Social Banking, the Public Sector Banks are equally competitive at International Banking landscape.

Public Sector Banks operate in a disciplined manner by observing compliance of regulatory requirements and in fact it was because of this that the Indian banks have emerged relatively unharmed from the recent global financial crisis.

The workmen and officer employees of banking sector have actively involved in nation building by effectively implementing national agenda of employment creation and economic & Industrial growth and enjoy lot of respect and popularity particularly in Rural & Semi Urban areas

While the efficiency of the banking operation leaves much to be desired, what has been achieved has been unparalleled spread of bank branches and generation of employment, which has made tremendous difference to the rural and urban economic activity.

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The banking industry is in need of true reforms in pursuit of true nationalization, but the strategy for it does not have to subvert the basic goals of development nor does it have to be forced at a pace that will result in liquidation of the institutional structure built up over decades of faith.

Since 1969, we have been witnessing 77 Bank mergers and acquisitions, mainly because of the failure of private sector banks as quoted in the earlier paragraphs of this report. Mergers and acquisitions were done in public interest and to save depositors. Most of the private Sector banks, which could not survive, were bailed out by Public sector Banks

That is why in India-we reject-and totally reject any discussion about the Public Sector only in terms of their profitability-inspite of the fact that they are indeed far more profitable than the private sector.

Where did the Narasimham report come from. It is a Xerox copy of the IMF conditionalities. All the TNCs and MNCs of the advanced nations in general and America in particular.

We know the names of the foreign banks taking away the cream of business from the Public Sector banks. We know the new names of Cold Drinks, potato wafers, soaps and soap operas, cars and white goods, television and stereos, mobile phones and

hotels, ice creams and footwear. The list is long. They are already everywhere. Not only will such a step further infringe on the sovereignty of the country, but will have a disastrous impact on the lives of the people. But the rulers of our country, acting as the most vile agents of the foreign powers, are pushing through this 'reform' at break-neck speed. They will get bouquets from the super powers, but brickbats from the masses of India.

We are not interested in their 'on line offences against our structured wage structures. We know they are not interested in even one day's honest labour – they want to leave it to us.

We know that they cannot afford to close down the public sector banks in rural areas and non profitable centers. They are only interested in the cream in the cities and profit centers like their cats warming itself inside in the fire place while we slog outside and guard the country like loyal dogs.

Let them not however think that the great working people of this country, the great middle class of this country, don't know what is going on. It is not incidental that the working people of this country, the great middle class of this country don't know what is going on...It is not incidental that the working people of this country strike in a telling manner whenever there is an election... no wonder they are willing to make any kind of an alliance to avoid elections. They know, alright, that we do know.

"FINANCIAL REFORMS", 'NPA'S & SCAMS ARE LIKE AN OBJECT AND ITS SHADOWS! DENYING JUST WAGE REVISIONS

The way the politicians, bureaucrats and private parties, industrialists bled the public sector banks., appropriated its resources and generally used it for building their regime of patronage system is also well known across the country and needs no detailing. The industrialists and ruling elite always skimmed off the entire cream of public sector profits for their own private consumption resulting in burgeoning NPA's and consequent higher provisioning depressing profits and our share of wages. They have collected the returns, reaped the profits and generally demoralised the morale. The Public Sector has survived inspite of them and because of the dogged determination of the working people of the country to preserve their jobs, security, dignity and future. As far as the Public Sector banks – from the infamous Nagarvala to the equally flamboyant Harshad Mehta, Ketan Parekh – scams are only increasing in their volume and audacity every day compelling banks to cushion higher provisioning and consequent depletion of profits and share of just wages.

Economic Times Bureau recently on Jun 10, 2014, reported that **Just five of the 27 government owned banks presently have net non-performing assets below 2%, he pointed out. The development is significant as the Indian economy's growth**

slipped from 4.96% in 2012-13 to 4.7% in 2013-14, leading to a 36% surge in gross NPAs reported by banks in the period. By March 2014, gross NPAs in banks stood at nearly Rs 2.4 lakh crore

On Friday, July 5, 2013, almost all the leading news papers reported that Write Off IS More Than Real Recovery of Bad Loans in Banks Public sector banks are writing off more loans than they recover, despite repeated advisories from the finance ministry. In the fourth quarter of the last financial year, of the 26 state-run lenders, as many as 17 banks had written off more loans than they recovered.

“The write-off by these 17 banks in the January-March quarter of 2012-13 was higher than the write-off by all the 26 public sector banks in 2011-12. According to data compiled by the finance ministry, 17 public sector banks, including big lenders like State Bank of India, Bank of Baroda and Punjab National Bank, had written off loans worth Rs 10,777 crore in January-March quarter, while the recovery was Rs 4,172 crore during this period. During 2011-12, public sector banks wrote off loans worth Rs 2,300 crore, while the recovery was Rs 47,800 crore. The issue has alarmed the finance ministry, which in a note to the banks, highlighted the practice and reminded them the issue was raised as early as July 2006 and was reiterated in March this year. The issue was raised during a meeting of bankers with former Finance Minister P Chidambaram. A loan is written off after making 100 per cent provision, which hits bank's profitability. However, this also helps banks to show lower gross NPAs. Banks, particularly the government-run ones, are facing headwinds as far as asset quality is concerned amid economic slowdown. **Not only gross and net NPAs of public sector banks are higher than that of their private sector counterparts but these banks also share higher burden on restructured loans”.**

As per Report of the Central Board of Directors on the working of the Reserve bank of India for the year ended June 30, 2013 submitted to the Central Government in terms of Section 53(2) of the Reserve Bank of India Act, 1934, in scheduled commercial banks the **Gross NPA to Gross Advances which 2.9 in 2012 increased to 3.4. The Net NPA to Net advances for the same period increased form 1.2 to 1.5.**

- The bad loans in PSBs has increased from Rs 39,000 crore in March 2008 to Rs 1,64,000 crore in March 2013 and the bad loans restructured and shown as good loans accounts to Rs 3,25,000 crore.
- Of the restructured loans, Rs 2, 70,000 crore was in favour of corporate borrowers. If we include the bad loans in the private banks and foreign banks

and other financial institutions, the total bad loans are more than Rs 2,50,000 crore

- The provisions made for bad loans from the profits earned by the Banks has been growing and it has show a growth from Rs 11,121 crore in 2008-09 to Rs 43,102 crore in 2012-13, accounting to a total of Rs 1,40,266 crore as provisioning in the five years.
- A list of top 50 loan defaulters, mainly the corporate firms, whose total [default](#) amount to the banks is allegedly to be around Rs 40,528 crore.
- In a period between 2008 and 2013, the banks' gross profit before provisions for bad loans was at Rs 3,58,893 crore, of which the provisions made for bad loans was Rs 1,40,266 crore leaving the banks with net profit of Rs 2,18,627 crore.
- Meanwhile, the provision coverage ratio has been falling, making the banks more vulnerable and susceptible to risks against loan losses and as compared to the provision coverage ratio of 68 per cent as on March 31, 2012, it has reduced to 62 per cent by March 31, 2013.
- "According to RBI, the ratio in the entire banking system has fallen from 55 per cent to 45 per cent while the global average ratio is 70 to 80 per cent
- Former finance minister Mr. Chidambaram accepted that at least 215 projects with investment of Rs 7 lakh crore have been delayed in the infrastructure space. Banks have disbursed around Rs 54,000 crore loans towards these stalled projects. Of the 126 new projects worth Rs 3.55 lakh crore, banks have sanctioned Rs 43,000 crore as loan
- Reserve Bank of India ([RBI](#)) Deputy Governor K C Chakrabarty said [banks](#) had written off Rs 1 lakh crore in the past 13 years and criticised the lenders because as much as 95 per cent of these write-offs were for large [borrowers](#).
- “During the past 13 years what we see is that the banking system as a whole has written off more than Rs 1 lakh crore in advances,” Chakrabarty, the senior-most of the deputy governors at RBI, said.
- He said over 95 per cent of such write-offs have been observed in the case of big accounts and expressed anguish that public discourse focuses only on the government’s agricultural debt waiver scheme of 2008.

“We only talk about the debt waiver of the agricultural borrowers, we don't say big players and of this (Rs 1 lakh crore) 95 per cent are all big borrowers and it has been written off,” he said.

- Having earned a gross profit of Rs.1,12,290 crores [2011-12], the present offer of IBA is too meagre as against our minimum demand of 20% on pay slip components as explained in justification 4 of this article with the stalemate offer of IBA being 11%(Rs3465crores)our demand of 25% to be met is (Rs.7875crores) , the cost analysis of demand is meagre 8% of the gross profit . After setting apart this negligible percentage from out of the profit earned to the hard working bank employees, the balance can be diverted towards providing bad debts and other purposes prescribed by the Hon'ble Finance Minister. Do we not deserve a small share of profits to meet our legitimate demand of reasonable compensation? When the responsible reply does not come forth, should we not conclude that the Government policy is profiting the private by allowing the banks to decay through demoralising the staff?
- Adding fuel to fire, the statement of former Finance Minister in the meeting, at the 78th foundation day of Indian Overseas Bank, painted a picture that the entire profit earned are to be set apart for the wage increase for the Bankmen when public sector bank employees went on a two-day strike today seeking just share wages . Finance Minister P. Chidambaram said the profit of banks cannot be used only to enhance salaries because there are other obligations. The expressions of the former FM is really unfortunate and a provocative one.
- The banks, which refuse higher wages to its employees, waived bad loans of big corporates causing severe loss to the banks. While the NPAs of big corporates were ignored or waived, the small defaulters were made to suffer with punitive action. Then why are we being asked to participate in their insincere crocodile tears for the efficiency and profitability of the Public Sector banks .especially when The productivity per employee, the business per employee and branch and profitability of the public sector banks has enhanced many folds.
- "Bank loan write-off is an industry by itself. The write-offs are very systematic and scientific. as socially conscious citizens we hold the view unanimous that employees cannot be held responsible for the banks' bad loans.
- As per the data published by a leading employees union the NPA of top 50 corporate defaulters in this country is estimated to be **Rs.40, 528 Crore. Even if 19.43% is recovered it is sufficient to meet our demands**

- And finally amount is If the four defaulters of the country [i.e.] Kingfisher Airline (whom some banks have declared recently as wilfuldefulter) Rs.2673 crores, Winsome Diamond and Jewellery Co., Ltd., Rs.2660 crores, Electrotherm India Ltd., Rs.2211 crores and Zoom Developers P Ltd., Rs.1810 crores amounting Rs.9354 crores would also suffice the minimum demand of Rs. 7875cr as just wage revision to the entire Banking workforce.
- By initiating the following steps, we can easily find necessary resources to meet all our just demands, without costing the exchequer. There must be a time bound action plan for enforcing them.
 - a) Strengthen the recovery tools and legal mechanisms, quicken the process time and cut down the delays.
 - b) Make the CDR, OTS under Compromise route and Writing off more transparent, accessible to general public through voluntary disclosures and get them covered under RTI.
 - c) Publish the photographs of the defaulters in all national websites - respective lending banks/financial institutions, RBI, CIBIL, Rating Agencies, SEBI and MCA.
 - d) Stop lending further to the borrowers/institutions blacklisted.
 - e) Beyond certain amount of Real Account Liability (say, Rs.10.00 Crores), banks must be allowed to sell the properties mortgaged, after following due process of law, without the intervention of courts and without even resorting to action under SARFAESI Act. But, it must be ensured that Principles of Equity and Principles of Natural Justice are followed.
 - f) Adequate incentives and compensation must be given to the banks for lending under government schemes
 - g) In case of massive loan waivers, banks must be compensated upfront (i.e. funds must be provided beforehand to the banks
 - h) **Publish the list of bank loan defaulters of Rs 1 crore and above, make willful default of bank loan a criminal offence, order investigation to probe nexus and collusion, amend recovery laws to speed up recovery of bad loans and take stringent measures to recover bad loans.**
 - i) Do not incentivise corporate delinquency.
 - j) Devise and Grant incentives tangible (cash) and intangible (fast track promotions, soft postings etc...) to staff augmenting recoveries of NPA.

Reforms Should Benefit All

The Oxford English Dictionary has stamped its approval on the word by defining "reform" as "make changes in (something, especially an institution or practice) in order to improve it".

In recent times, another shade of meaning has got loaded onto the word: "reform" as an action that lets market forces set the prices of goods and services as well as interest rates.

Conversely, it means having the state play a lesser role in economic affairs.

Thus, "banking sector reforms" in India have come to mean allowing more private sector banks to set up shop and letting the market, not the Reserve Bank of India, set interest rates. In other words, it means giving banks more freedom to operate.

What is puzzling, though, is that in the US today "banking reform" has exactly the opposite meaning to what it has in India. When American media and policy makers talk of "banking reform", they mean putting more controls on banks.

Former Prime Minister Indira Gandhi was roundly condemned by the US and other Western powers when she nationalized banks in our country in order to ensure that credit reached the poor and powerless. Deemed to be a socialist - or communist-like measure -, it has now been adopted without any qualms by the avowed world leader of free market economies. It seems the US government had little choice, as otherwise widespread mayhem may have resulted for the average citizen both within US and abroad. Clearly the rules of the game change for Western economies during crisis. Nationalization can be resorted to when the American other developed nations people need to be protected but the same measure can be decried when a developing economy needs to do so to similarly protect its far more impoverished citizenry.

Thus, the "banking reform" under way there currently, according to The Wall Street Journal, will put "new heightened capital and leverage limits" on big banks, "instructs the government to conduct unprecedented, ongoing audits of the central bank's lending programs".

Not only does "reform" mean different things in different countries, it may also mean different things in the same country at different points of time. For instance, "labour reforms" in the 1950s in India generally meant giving workers the right to form unions.

Today, however, they mean the opposite: giving employers greater flexibility in hiring and firing workers.

It is also useful to remember that a "reform" of one era could result in a situation that requires "reforms" of another era to be undone. For example, the general sentiment in the 1960s was that Indian banks were too cosy with business groups that owned and controlled them, and were not risk-taking enough in opening branches and lending to new entrepreneurs.

These sentiments, in the course of time, led to the nationalisation in 1969 of 14 of the largest banks, which were then pushed to expand. By 1990, deposits had increased eightfold to Rs 1.1 lakh crore and the number of branches tenfold to 60,000. But this heady expansion also created non-performing assets and hidden losses on their balance sheets. Voila! The 1991 "banking reforms" recapitalised these banks, with the government pumping money.

You can also set different standards for "reform" for yourself and for others. Thus, the stockbrokers on the Bombay Stock Exchange are always in the forefront of calls for "financial reform" in the economy but resist "stock exchange reforms". So strong was the brokers' resistance to, for example, computerisation that the government had to set up a parallel stock exchange, the National Stock Exchange, to get it done.

The success or failure of reforms can also be invented. In their recent working paper, "The Social Construction of Successful Market Reforms", Oxford University sociologist David Stuckler and the co-authors say that the success of "reforms" and the statistics to prove that they are successful are socially constructed by motivated actors such as the bureaucrats in agencies that ran their programmes and players in the financial services industries. For instance, the extensive statistics published by the European Bank for Reconstruction and Development (EBRD) about the East European experience in the 1990s are the basis of the belief that large-scale privatisation (= "reforms") leads to rapid economic growth. But when the authors re-examined the same data, "the positive growth effect of large-scale privatisation disappears ... [suggesting] that many cross-national studies using the EBRD's statistics have potentially substantially overstated the links between neo-liberal reforms and positive outcomes".

The next time you hear a call for "reform", it might be useful to ask, "For whose benefit is this reform?"

The Guardian British national daily newspaper published on 27-2-202 some startling revelations with regard wages paid in public's sector vis-à-vis private sector in U.K.

"Public sector workers are more skilled, work shorter hours and earn more money than their private sector counterparts, according to a new analysis of the differences in [pay](#) out today.

But, if you have a degree, you will get paid better in the private sector - and, for five out of eleven years of data [published by the Office for National Statistics](#), the private sector got better pay increases.

But, if you have a degree, you will get paid better in the private sector - and, for five out of eleven years of data [published by the Office for National Statistics](#), the private sector got better pay increases.

The key facts are:

- In 2011, public sector employees were paid on average between 7.7% and 8.7% more than private sector employees
- The public sector is made up of a higher proportion of higher skilled jobs – widening over the last decade as lower skilled jobs have been outsourced from the public to the private sector.”
- The public sector consists of a higher proportion of older employees and earnings tend to increase with age and experience

Source: <http://www.theguardian.com/news/datablog/2012/mar/27/public-private-sector-pay>

With The main mantra LPG policies argued by protagonists and by successive governments in power being global competitiveness, global brand, and global standards. etc. I hope they may take leaf from this article and adopt similar progressive wage structures in Indian Public Sector – described as temples of modern India by Pandit Jawaharlal Nehru and to its employees.

These progressive thoughts were echoed by the former Reserve Bank of India (RBI) governor D Subbarao. Concerned over low salary structure in PSU banks, he said that in the absence of suitable compensation package they would lose talent to private sector lenders.

“The executive compensation in the public sector, as is well known, is lower than that in the private sector...If public sector banks are required to compete with private sector banks on a level playing field, there is a good case for compensating them too on a competitive base”, Subbarao said a conference organized by IBA and FICCI.

“There is a good reason to revise their (PSU bank executives) compensatory packages...There is also a risk that if the public sector bank compensation is not improved, the public sector may lose talent to the private sector,”

Source: PTI Sep 07 2010

<http://www.livemint.com/Politics/VIWozAh3qvmWscRLE5yhmM/Subbarao-for-higher-salaries-to-chiefs-executives-of-PSU-ba.html>

While endorsing the suggestion the governor whole heartedly. a logical corollary one can draw is that Bank employees can legitimately expect the same concerns to bestowed on them in the 10 bipartite when talks are afloat of in making Indian banks competitive globally in pursuit of its ranking with in the first 100 banks.

From the forgoing the vital point that arise for consideration if we evaluate the wage load purely in Rupees as per the trend followed in the previous bipartite settlements to which my submission and answers inter-alia is as under

Bipartite at a glance of **award staff** only

Additional Per Capita Expenditure on Wages (Workmen)

3 rd BPS	Rs. 950 per annum
4 th BPS	Rs. 2,200 per annum
5 th BPS	Rs. 4,150 per annum
6 th BPS	Rs. 7,390 per annum
7 th BPS	Rs. 12,550 per annum
8 th BPS	Rs. 23,330 per annum
9th BPS	Rs. 55,070 per annum

Annual Wage Increase in Previous Settlements (For Workmen)

	Amount in Rs. / Crores
3 rd BPS	33.00
4 th BPS	120.00
5 th BPS	271.00
6 th BPS	482.00
7 th BPS	818.00
8 th BPS	1288.00
9th BPS	2,577.00

Note: This annual increase of **Rs. 2,577 Crores** is in addition to the contribution by the Banks at **Rs. 4,200 Crores** (for existing PF Optees) and Rs. 2,100 Crores (for Retired PF Optees) to enable them to join the pension Scheme

Percentage Annual Wage Increase in Previous Settlements (For Workmen)

Settlement	Wage load in Rs.	Increase in Rs	Increase in %
3 rd 1-8-79	30		
4 th 17-9-84	120	90	300
5 th 10-4-89	252	132	110
6 th 14-2-95	388	136	53.96
7 th 27-3-2000	818	430	110.82
8 th 2-6-2005	1288	470	57.45*
9 th 27-4-210	**2577	1289	100.07

- *before the 8th bipartite computerization increment was settled. we have to add that also with this load
- **pension option cost excluded

Wage load for 9th bipartite was, Rs.2239 crores for officers i.e. 45.91 % and 2577 crores for award staff i.e. 53.5% and Total wage load Rs 4816 cr.

In other words between 8th and 9 bipartite the increase in wage load for award staff (workmen) was 100.07% i.e. in 5 years

Applying the similar logic the increase in wage load the initial offer in this 10 bipartite for workmen alone has to be Rs 2577 + 2577= 5154 cr

Applying the same logic for both officers and award staff if the traditional approach distribution of wage load to award staff and officers is followed as the 9th bipartite pattern the total wage load in rupees for both (workmen and officers) should be minimum Rs8600 cores, which in percentage terms works out to 27.5%

It is pertinent to underscore here the total number of workmen has come down from 4,70,000 as on March 31,2007 to 4,50,000 as on March 31,2012, whereas the number of branches in PSB's increased from 49,573 to 67,930. (other than IDBI bank) despite the fact between 1984 to 2004 new recruitments in the PSBs was stopped, and restrictions were imposed on issuance of licenses augmenting branch expansion, and around 2 lakh bank employees accepted VRS 2001 and their vacancies were not filled up. In terms of statistics, the results of VRS2001 scheme were dramatic. In 2000-01, the staff cost of all the 27 public sector banks (including Corporation Bank, which did not opt for VRS), was Rs 21,050 crore. By 2001-02, staff costs had dropped to Rs 18,959 crore. There were reports in news media that a candid notice were issued by some banks asking customers to bear with the inconvenience caused by the voluntary retirement scheme (VRS) says it all. Banks suffered as a result of the industry-wide VRS that was implemented by 26 banks from 2000. VRSs had an impact on employee morale. But it is also true that the exercise has left several bank managements dissatisfied with the results in business terms too. It should be acknowledged here that the surviving staff in this crucial VRS period shared additional work load to satisfy customer inconvenience

And the wages as % to total expenses which was 14.66 as on 31-3-2008 has drastically come down to 13.72 as on 31-3-2012. The business per employee which was Rs.594lacs as on 31-3-2008 increased to 1151lacs as on 31-3-2012. The profit per employee which was 3.7 lacs as on 31-3-2008 increased to 6.4 lacs as on 31-3-2012.

The productivity per employee, the business per employee and branch and profitability of the public sector banks has enhanced many folds during the interregnum.

Further there is steep rise in the CPI inflation and the salaries in absolute terms have also been eroded. Consumer price index has already increased by 1501 numbers over

4440 which was prevailing on 01/11/2012 i.e. the level at which IBA has agreed to merge the DA with basic pay.

You sow what you reap!

With the banks amortizing the cost of VRS 2001 in their balance sheet, the same method can be adopted by banks whose balance sheet are not robust because of heavy provisioning of NPA, to meet the difference between IBA's offer and unions demand which can be offsetted/adjusted with NPA recovered during the amortization period by adapting aggressive steps mentioned above and due to bolstered motivational levels of the employees in augmenting recoveries which just revision is bound to have effect.

Where there is will, there is away!

The inevitable conclusion which even laity can draw therefore is **IBA's stalemate offer of 11% which amounting only 3465 crores is unjust. Hence our demand of 25% hike amounting to Rs 7875 crores alone shall meet End of justice, fair play and equity. (Q.E.D.) (Quod erat demonstrandum)**

“Making decisions is often difficult. We hesitate, not sure if we are making the right decision. Sometimes we need to trust ourselves and move ahead. It is normal to second guess one's self — to question if one is doing the right thing. But ultimately, one must stand up and be counted. What decisions are you facing that you are uncertain about? What decisions are you regretting having made? What does your heart say? Don't let your analytical mind win. Trust your heart. Go ahead with your thought centric posts.”

— Bertolt Brecht

**German Poet, Playwright
1898 - 1956**

CHAPTER - VII

CONCLUSION

WAY FORWARD

The goal of my dissertation in this approach paper is to enhance the awareness of the bank employees and their well wishers to generate inquiring minds, with view of galvanizing strategies to settle the present impasse in the on going 10 bipartite negotiations. My goal is to prepare and merge their hearts and minds to resist, repulse the intransigence of IBA /Government combine in denying our just wage revision by considering our demand of minimum 25 % that too in pay slip components as against the tradition till 9th bipartite of settling wage load on establishment expenditure.

I have to the best of my ability enumerated things and events from an historical perspective. This paper for obvious reasons cannot be a full commentary of the finished and unfinished tasks we have.

I am not merely pro or anti establishment. On the contrary I know that we are a vital section of this establishment ourselves and unlike most other sections of the establishment I want to develop and drive a self critical and critical viewpoint with view of generating thinking , enquiring minds, enhance awareness and learning. In this process we learn, unlearn and relearn. It is with this sole objective this approach paper is presented. To me Serving the interest of our members and contributing to the developments of a free democratic trade union in the country is the goal that I had fixed to myself . . This is my guide for the present and vision for future – a free community of trade unions; independent but interdependent, non political but politically critical, uniting one great family of working class, outgrowing and transcending the hates and fears that rend our age. I will not reach that goal today or tomorrow. I may not reach the goal in our lifetime. But the quest is one of the greatest adventures I wish could undertake.

Somebody was reported to be telling that something is better than nothing. Nothing, if nothing happens, but everything possible should be explored, and for that everybody should be prepared. When nothing is projected as everything, anybody can understand that something is wrong somewhere. Of course the fault lies with IBA. They leak out some places of information and somebody loyal to them exaggerates things and tries to mislead bank employees. So in this paper I have

justified our demand under 6 subheadings with some statistics, which justify a better deal for Bank Employees in the ongoing 10 bipartite.

We have narrated till now in justifications 1 to 6, back with rationale, logic, and in a historical perspective what we have been able to do and what remains to be done. We should self critically evaluate our performances, our positive sides as well as our deficiencies and only then can we amend our shortfalls and strengthen ourselves

I consider it highly essential for the young generation of Bank employees to be conversant with the history of Bank employees' Trade Union Movement. It is a matter of pride that **the pioneers in the history of Bank Employees' Trade Union Movement the first and foremost among the Bank: Employees' Trade Union Movement was The Imperial Bank of India Indian Staff Association that was formed in 1920 much before the advent of Indian Trade Unions Act in 1926** itself. A glimpse of the glorious history of the bank employees movement is replete with facts from Aug 1 till midnight of Sep 15, 1946 the Strike in Bengal Circle stretching from Chittaganj in North and N-E India to Peshawar in North-West in the sub-continent in 300 branches and pay-offices involving 6.100 employees **under the banner of Imperial Bank of India Indian Staff Association**. Before launching the strike action employees made repeated appeals to the bank to stop deductions of 15% (10+5%) from pay. The Monthly pay bill of 6.100 employees – Rs. 2.70.000/- i.e. avg. Rs. 44/- per head (excluding D.A.). But that of only 42 white officers (lords) – 85.000/- i.e. avg. Rs.2.260/- per head (excluding D.A.). So the ratio 1: more than 51.

Their demands for strike action were:

40% RISE IN PAY (In 1931 the management effected a cut of 10% on Pay on the plea of recession and a further cut of 5% towards Pension Fund)

Rescinding of 5% cut towards Pension Fund Leave

rule as available to Govt. employees Medical

Treatment at Bank's cost

Promotion Policy

Gratuity to those deprived of Pension

Specific working Hours

Dearness Allowance as per cost of Living

Proper Enquiry before entering adverse comments in the service record etc.

From 1950 to 1962 our service conditions were settled in Industrial tribunals. Because of the bitter experience before the Tribunals from 1949 to 1964, union demanded direct negotiations and collectively bargained settlement to decide the wages and service conditions of bank employees. They launched powerful agitation in 1964, 1965, 1966 including the famous 'work-to-rule movement' due to

which the Government and the bankers had to concede the demand and the **first ever industry – level bipartite settlement was signed on 19-10-1966**. Due to efforts of the unions the principles of collective bargaining between IBA (organisation of the employers in banks) and apex body of all India unions in the banking industry and settling dispute bilaterally and through dialogue came to vogue instead of the government intervention in the matters pertaining to employment conditions and industrial relations, Since then, periodical Bipartite Settlements have been entered into between IBA and unions, the last one being the 9th Bipartite Settlement signed on 27-04-2010. **Thus bank employees can be justly heralded as precursors for introduction of era of bipartism in other industries, more so in Public Sector Undertakings in India.**

A objective study of The collective bargaining agreements in public sector undertakings including banking sadly reveals that are always applicable to all the permanent workers irrespective of whether they are formal members of the union or not. However, the casual workers, which comprise about 20 per cent of the workforce, are not bound by the collective bargaining agreements. Unions' right to collective bargaining has had its ups and downs. The management's had their own assumption about the legitimacy and role of collective bargaining and therefore the true spirit of freedom of association and collective bargaining has been missing for many years. Some agreements have clauses that are detrimental to the interests of workers and workers feel that the various clauses are a sellout. Both unions and workers have resigned to the fact of the ascendancy of the management.

The history of collective bargaining also highlights that the management as well as the unions have always operated with a **win lose strategy** and both the parties have **attempted to BAR the GAIN (rather than bargain)** of each other. As a result, there have been various strikes. In their absence the industrial relations have been far from peaceful. The management—workers and earlier union members allege—does not accept the idea of collective bargaining in its true spirit.

Even in the ongoing negotiations in the 10 bipartite we find this unhealthy bar the gain trend, against the ethos of true biapartism. **While the unions have reduced their demand from 30 %**

(see the Hindu business line January, 16, 2014

<http://www.thehindubusinessline.com/industry-and-economy/banking/wage-revision-talks-bank-unions-may-demand-30-pa>), **IBA a has moved an inch from 10 % to 11 % only during the last round of negotiations on 13-6-2014.** There after stalemate continues.

Thereafter we find a spectacle of negotiations across the table totally stalled, put to comatose and is replaced with exchange of three letters between the parties much to disgust and disenchantment of the bank employees. Thus the 10th

industry-wide bipartite wage settlement negotiations in the banking sector have dragged on for more than one-and-a-half years now without making much headway.

Trade union members are not only workers, but also consumers and citizens. As workers they expect unions to defend their rights and interests at work. As consumers they are not content if the quality is shoddy or inconsistent, prices are unreasonable, supply erratic and attitudes of staff reprehensible. As citizens they want their rights above other workers rights. As members of the community they want the government to set things in order, stem pollution and cut red tape. Thus today trade unions have additional dilemmas because their members wear different hats. In the enterprise where they work, they are affected employees seeking to protect and defend the rights and interests as employees, or they look at issues through the eyes of a consumer or member of the community. We will be isolated if we merely and narrowly pursue the selfish sectional interests of the members at the enterprise. We should therefore fit in the role of aligning our members with the interest of those of the immediate community and the wider society.

It is time trade unions in banking industry look at changing role of trade union with regard to its multiple stakeholders in the wider society: government, employers, members, consumers, community, non-governmental organizations and other civil society institutions and makes a case for demand of 25% hike by making for broader coalitions and wider networking with social media, networking sites of bank employees and for the bank employees to be able to make an impact. There is imperative need to forge alliances establish broad alliances with various institutions in the civil society. And above all there is urgent need to form a real untied forum, uniting all the unions in adapting a common strategy for struggle in fulfillment of this demand and break the ongoing stalemate.

Governments, IBA or Bank unions acting alone cannot achieve economic prosperity, stability and social progress to which public sector banks stand for. Social dialogue provides social partners in the negotiation table and other stakeholders with the opportunity to participate in deciding their future. The aim of this participation and cooperation is to facilitate agreements on a mutually acceptable combination of just wages, progress of banks to subserve the objects of progressive provisions of reforms, economic and social progress, social security, stability and equity. **Only a meaningful dialogue is regarded primarily as a means aimed at achieving these goals. It is an effective tool for solving collective challenges by creating the structure and environment suitable for more efficient problem-solving.** In other words, it is about facilitating constructive interaction in order to arrive at social consensus/compromise among the stakeholders in the banking system.

The imperative need now is that that both the IBA and negotiating unions bring out paradigm shift, reorientation in their values and beliefs while dealing with each other to end the stalemate , impasse and move

From	To
Suspicion	Trust
Confrontation	Collaboration
Finding fault with each other	Respecting one's own faults
Disregarding each other	Respecting one another
Self centered	Mutual benefit
Low credibility	High credibility
Being biased	Becoming objective
Taking a stand and being closed	Examining possibilities and being open
Getting lost in trivial details	Setting ones own priorities
Customer insensitive	Customer sensitive.

It has to be realized that a WIN- LOSE option only leads to stagnation, which hampers growth. In the current scenario one cannot afford to stagnate. On the contrary if every issue can be addressed objectively, keeping in mind the interest of the bank, the solution is going to be an obvious outcome which would further lead to growth of our organization. A WIN-WIN process leads to progress and growth of the organization, which benefits the management and union. I am confident this model to be adopted by the parties in the negotiations cannot be rejected for its simplicity, for what each one of us need to understand is that there is a simple way out to complex problems *but the problem with us* is that we can understand simple things only when they are presented in a complex way.

This healthy model in IR suggested by me is not new. It was propounded by Justice Kantilal Desai in June 1962 (Para 5.138 to 5.142. of Desai Award) which I am appending below.

“The Need For Good Industrial Relation And Fair Wage Structure In The Banking Industry”

“The industry of banking does not produce goods but produces services. It is an extremely important services which is rendered by banks and on the continued and efficient functioning of banks depends the smooth functioning of a large number of other industries, in the country. In order that the economy may develop and other industries may function smoothly, it is necessary that the industry of banking should also develop to meet the growing needs of the country. Banking has to be regarded as a public service and its activity to a certain extent is being regulated in the public interest. There are various provisions in the Banking Companies Act 1949 and in the

Reserve Bank of India not relating to the regulation to work in a more or less rigid frame work set by law. The depositing and investing always play for safety for its deposits and stability for its investments. Prudent banker not merely provide for what are sometimes known as secret or undisclosed reserves but provide for easy liquidity of some of its assets in order to meet any emergency. They also consider the advisability of following the policy of maintaining stable dividends. Every effort has to be made to gather the confidence of the public and the depositors so that the working funds and operations of the bank may grow.

The stability of the industry depends upon the overriding factor of credit. The banks are very often described as delicate instruments of credit. The failure of the bank has its repercussions on the other banks and on the deposits made with other banks. Great care is requirement to inspire the confidence of the public. Deposits received by the banks constitute, to a very large extent, the raw material for providing advances to persons needing the same. A Bank unlike a manufacturing concern obtains a very large proportion of its working funds from the depositors and only a small proportion from its share holders.

In considering the capacity of the industry of banking to bear the burden of increased wages which may be required to be paid having regard to the workmen's claims based on social justice, it is necessary to bear in mind the claim of the share holders to a fair return on the capital invested by them.

Banking is one of the key industries in the country. The successful implementation of the Five Year Plan depends to a considerable extent on the successful operation in banking in the country. It is requisite that the available resources of the country should be harnessed for the successful implementation of the Five Year Plan. Banks have an important role to play in purposes. It is necessary that the banking habit should spread throughout the length and breadth of the country so that the unused wealth of the country is not merely gathered but is put to effective use. The dependence of commerce upon banking has in modern times become exceedingly great and matters have reached a stage where the cessation for some length of time of banking activity may paralyse to some extent the economic life of the nation. Bankers issue credit, exchange of currency. Banks assist the industrial undertaking by underwriting their debentures and shares and occasionally finance the purchase of real property. Banks serve as custodians of stock and shares and other valuable. Imports into and export out of the country are financed by banks and documents relating to the goods so imported and exported pass through the hands of the Bankers. They have deal with warehouse warrants, bills of lading, railway receipts, bills of exchange, marine insurance and various other documents. They advance money on securities and issue letters of credit and travelers cheques to customers. The functions which the bankers discharge are numbers and varied. The transactions on the stock Exchange may be affected by the policy adopted by banks in connection

with the advantage on shares and securities. Transactions of purchase and sale of various commodities may be affected by the policy adopted by banks in connection with the advance on such goods. Expansion or retraction of credit may affect financing of various transactions. The smooth functioning of banks is necessary for the economic growth and welfare of the country. Peace in the industry is requisite for the economic progress of the country at the pace set by the Third Five Year Plan”.

Having regard to these factors, wage scales have to be fixed such that it should not be unduly below the paying capacity of the Bank at the top of class nor unduly above the paying capacity of the bank at the bottom of class which is reasonably well managed. One does sometimes come across banks in private sector which continue to function for number of years without distributing a nays paisa by way of dividend, which do not show any substantial profits or which show even losses for number of years without any special reason, when other banks functioning in the same region with smaller working funds and reserves make considerable profits. Such banks which continue to exist for various reasons peculiar to those who run the banks cannot be taken into account to depress the wages of class in which such banks fall. It would be putting a premium on the existence of unhealthy banks if they are encouraged to continue their activities by the incentive of lower wages”.

- Justice Kantilal Desai June 1962 (Para 5.138 to 5.142. of Desai Award Chief Justice of the High Court of Gujarat

These provisions the Desai award are still in vogue and is binding on IBA

If this approach paper serves the purpose of ending the deadlock, resurrection of negotiations, and expedite settlement, my objective of presenting this practical approach paper shall be served.

In would like to end this approach paper with an inspiring anecdote which my opinion is the way forward for unions.

Once the five fingers, which normally shared a warm friendship, got into a serious argument. Of course, the subject is the same old one that has been plaguing all living things since the dawn of Time - namely who is the biggest of them all. The Thumb responded first with a contemptuous look on its face and with a perceptible sneer wondering why there should be an argument at all about it. “Without me”, the thumb said, “you guys are powerless. Try doing anything without my support and you will know!” The middle finger laughed out aloud at this statement and said “You pygmy! I am the tallest here and strategically placed at the middle. Haven’t you seen that in any group photo, the most important person occupies the middle seat? Do I need to say anything more?”

The ring finger listened to all this with a disinterested yawn. He looked around him with the kind of authority that only the affluent could afford to exhibit and, flaunting his expensive diamond ring set in platinum, said, "You guys seem to forget that I give you all the status that you enjoy. All of you get noticed only because of me!" The mercurial index finger was furious at this preposterous statement. "Status, my foot" he thundered. "Don't you guys know that when our man is roused to fury, he uses me to put his adversary in his place? And when someone seeks his direction, he uses me again to show him the right path to take. I am the symbol of his power and authority", he said. All fingers now turned to the little finger to hear what he had to say. The poor fellow who was listening to all others had now shrunk to half of his size with shame and remorse. He could feel the look of ridicule around and he started crying.

Next morning, the owner of the fingers went to a temple and stood before the Lord in prayer with folded hands. As the ringing of bells and drums reached a crescendo, the Lord appeared before the little finger and smiled at him. "The other fingers may be big in their own way but you are the closest to me when your man stands before me with folded hands. Do you want to be bigger than that?" He asked the little finger smilingly. The little finger's heart overflowed with joy and when he wept this time, it was with tears of joy!

Moral of this story:

Just like Every individual has a place to fill in the world, and is important in some respect, whether he chooses to be so or not, every negotiating unions in the banking industry are important entities by itself. Any call for preparedness for total unity and struggle beyond mere verbosity and rhetoric has become more meaningful and pronounced today than ever before in view of prolonged stalemate.

If only all 11 negotiating unions endeavor to build broadest possible unity amongst the members, commonality of perception and perfect amity assiduously built up everywhere through democratic methods by free and uninhibited exchange of views and thereby making bank employees unity still stronger ,nothing , no power can countervail bank employees march to victory.

Adios! Good Luck to all Bank Employees!

"Our Unity and Solidarity is our Raison d'être"

CHAPTER - VIII

The Scintillating Voyage So Far...

From Vexatious Tripartitism to Land Mark Bipartitism

Glimpses of Our Momentous Movement!

- A revolutionary upsurge and a rising wave of mass strikes were witnessed all over after World War II. The employees of the Imperial Bank in Bengal were already on an indefinite strike demanding fair wages and decent service conditions. In such an atmosphere, the glaring discrimination, inferior service conditions and unfair treatment meted out to the then Imperial Bank employees provoked the thoughts of the employees in our bank and other banks to organize themselves into a Trade Union.
- There were growing agitations and struggles for betterment of wages and service conditions. Bank employees were getting organized more and more and there were strike actions by bank employees in different states.
- In this background, on **30-04-1949**, Central Government promulgated an Ordinance whereby Banking and Insurance sector were made Central subjects in respect of Industrial Disputes Act.
- Immediately thereafter, on 13-06-1949, all disputes in the banking industry were referred to a National Tribunal headed by justice K C Sen. the Tribunal gave its Award on **12-8-1950**. This was known as **Sen Award**. For the first time, service conditions of bank employees were codified at All India level. But bankers were unhappy. They challenged the Sen Award on technical grounds and unfortunately on 9-4-1951, the Sen Tribunal was declared as null and void by the Supreme Court.
- This led to lot of resentment amongst bank employees and there were large scale protests and agitations. Hence Government appointed another Tribunal with Justice Divitia. Unions objected to his appointment as he was found to be a shareholder in many Banks. Hence Justice Divitia was forced to resign in August, 1951.
- Struggles ensued, with strikes and actions rocketing in different states. When thrust before tribunals and courts, the organization continued its struggles there also. Simultaneously came the repressive measures from the Bankers. Trade union activists and leaders came under the axe of dismissal, yet the struggles continued relentlessly. Thus the bank employees organizations grew and drew into its fold bank employees in ever increasing numbers

- In view of the continued unrest in the banking industry, the Government appointed another Tribunal on 5-1-1952 with Justice Panchapakesa Sastry as Chairman. Sastry Tribunal gave its Award on **20-04-1953**. This Award is famously known as **SASTRY AWARD**.
- But Sastry Award resulted in wage cut for bank employees. Once again powerful agitation was launched by then Bank Unions. Hence the Award was referred to the Labour Appellate Tribunal. The **LAT Award** given on **28-4-1954** restored the wage cut. But shockingly, the Government, at the behest of the bankers, unilaterally modified the L
- Angered by this unfair and illegal action of Government, bank employees observed the **first All India Strike by Bank Employees on 23-9-1954** and the strike was a thunderous success. After this then Bank Unions gave a call for **indefinite strike** from 10-12-1954.
- ***Shri V.V.Giri, the then Labour Minister supported our cause and resigned from the Cabinet protesting against the Government's unwarranted interference with the judicial pronouncement of LAT Award.**
 - *e fervently request the ministers in the present government who have won with massive mandate, and whose 100 days of governance has received overwhelming appreciation in news media and in the minds of the people to rally with bank employees for speedy settlement our just demand.*
- The Government appointed Rajya Dhyaksha Commission on 17-09-1954 to enquire into the effect of LAT Award. Upon his death, Justice P.B.Gajendra Gadkar was appointed as the head of this Commission.
- ***Upon persuasion by many MPs including Com. S.A. Dange and Shri. Ashok Mehta, Bank Unions deferred the indefinite strike.**
 - *We request the progressive M.P's in the present government to represent our just cause for early settlement of 10 bipartite impasse with appropriate deciding authorities in pursuit of peace and harmony in the banking industry, the core economic hub for country's progress in all spheres.*
- Gajendra Gadkar Commission gave its Report on 25-07-1955. This is known as **Bank Award Commission**. The recommendation of this Commission was duly incorporated by the Government by enacting Industrial Disputes (**Banking Companies**) Decision Act, 1955.
- Section 4 of this Act provided that **Sastry Award as modified** by the LAT and

Bank Award Commission would be effective up to 31-03-1959.

- On 21-03-1960, the Government appointed the National Industrial Tribunal (Bank Disputes) with Justice K.T.Desai as the Presiding Officer. The Award of this Tribunal known as **DESAI AWARD** was published on 13-06-1962.
- **The Award was made effective from 1-1-1962 to 31-12-1962. However, Government extended the Award up to 31-12-1963 and again up to 31-03-1964.**
- Because of the bitter experience before the Tribunals from 1949 to 1964, Bank Unions demanded direct negotiations and collectively bargained settlement to decide the wages and service conditions of bank employees. Bank Unions launched powerful agitation in 1964, 1965, 1966 including the famous ‘work-to-rule movement’ due to which the Government and the bankers had to concede the demand and the **first ever industry – level bipartite settlement was signed on 19-10-1966. Three independent unions entered into settlement with their respective bank management on lines with wages structures arrived at industry level settlement with further innovative value additions in allowances and other service conditions.**
- Since then, periodical Bipartite Settlements have been achieved by Bank Unions, the last one being the 9th Bipartite Settlement signed on 27-04-2010.
- Thus, it can be said that the **service conditions of bank employees are today governed by the provisions of Sastry Award (1953) as further amended by subsequent Awards and Settlements.**
- Thus it is a long journey of struggles and achievements - from jungle law to Tribunals and Awards – from arguing before the third party Tribunals and getting Awards to direct negotiations and signing Bipartite Settlements. Today when we see attacks on collective bargaining and bilateralism in the form of Khandelwal Committee recommendations. The main task is to defend and preserve the system of bipartism besides improving our wages and service conditions.
- From the fierce and unrelenting struggles of the early days, when sacrifices were as supreme as numerous, we have come a long way. The vortex of history has swallowed these names. Yet, let it not be forgotten that to-day’s sweet fruits have come from their labours. The path and progress of our union movement has been consecrated by the blood of many martyrs.
- The present generation is poised to face new challenges in pursuit of the coming programmes on the health of the industry. It is their turn now to add new

dimensions to this sterling movement. It is their turn now to continue the heritage and traditions of being pacesetters and pathfinders.

- In this historical task, let each and every one of the bank employees should rededicate themselves so that the posterity will always remember them as those who have contributed their best for the emancipation of the downtrodden
- In this historical background of *struggles, sacrifices and successes*, **now** we are endeavoring for just resolution our reasonable Demand of 25 % hike in pay slip component in this ongoing 10th Bipartite Wage demands.

There is no alternative to continuous and arduous struggles!
Hold high the dignity of labour!

**BANK EMPLOYEES
IMPROVEMENTS IN WAGES & SERVICE CONDITIONS
AWARDS / SETTLEMENTS - JOURNEY SO FAR**

Sen Tribunal

Appointed	13.06.1949
Award Given	12.08.1950
Declared Null & Void	April 1951

H.V. Divatia Tribunal

Appointed	July 1951 but resigned
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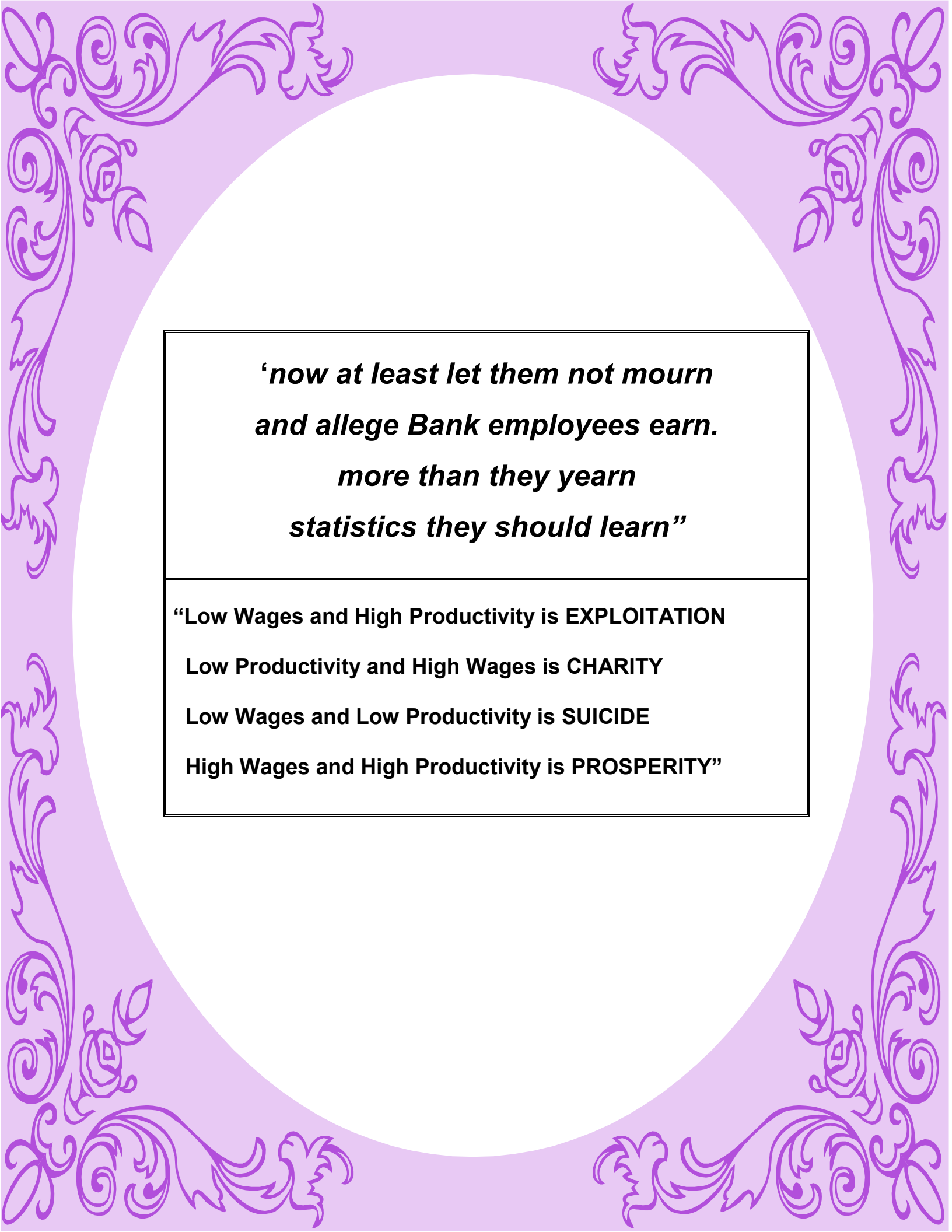
Sastry Tribunal

Appointed	05.01.1952
Award Given	20.04.1953
LAT	28.04.1954
Govt. Modification Order	24.08.1954
Bank Award Commission	25.07.1955
Sastry Award as modified	1957
DA Amendment Notification	13.02.1960

Desai Tribunal

Appointed	21.03.1960
Award Given	13.06.1962
1st Bipartite Settlement	19.10.1966
2nd Bipartite Settlement	12.10.1970
Settlement	23.07.1971
Other Issues	08.11.1973
3rd Bipartite Settlement	01.08.1979
Other Issues	31.10.1979
Settlement for B/C Class Banks	22.11.1979
Settlement for J & K Bank and KVB	22.11.1979
Settlement for Exchange Banks	22.11.1979
Minutes of discussions with IBA	15 / 16.06.1980
Settlement	21.04.1980
Computer Settlement – I	08.09.1983
Other Issues	08.09.1983
4th Bipartite Settlement	17.09.1984
Settlement on B Class Banks	28.02.1985
Other Issues	05.01.1987
Computer (ALPM) Settlement – II	29.03.1987
5th Bipartite Settlement	10.04.1989
Computer Settlement – III	10.04.1989

Settlement on B Class Banks	03.02.1990
Supplementary Settlement	29.06.1990
Settlement on B Class Banks	13.10.1990
Other Issues	16.07.1991
Computer Settlement – IV	29.10.1993
Pension Settlement	29.10.1993
Minutes of HRA at Surat, Jaipur, Lucknow	22.06.1994
6th Bipartite Settlement	14.02.1995
MOU on Relative issue	30.09.1996
Relativity Settlement	14.12.1996
Other Issues	28.11.1997
7th Bipartite Settlement	27.03.2000
Disciplinary Action & Disciplinary Procedure	10.04.2002
8th Bipartite Settlement	02.06.2005
Record Note on Pension	22.06.2005
9th Bipartite Settlement	27.04.2010
Pension Option Settlement	27.04.2010



***‘now at least let them not mourn
and allege Bank employees earn.
more than they yearn
statistics they should learn”***

“Low Wages and High Productivity is EXPLOITATION

Low Productivity and High Wages is CHARITY

Low Wages and Low Productivity is SUICIDE

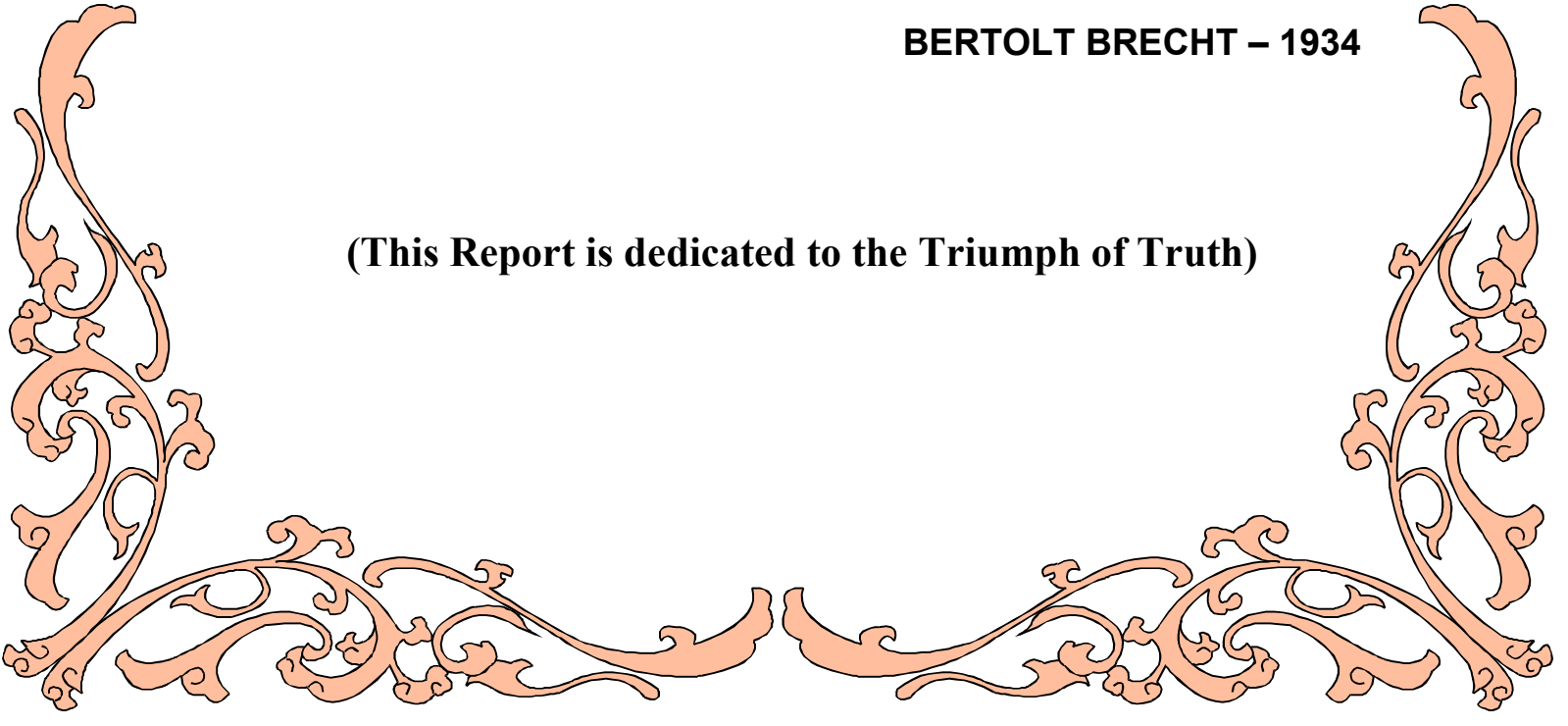
High Wages and High Productivity is PROSPERITY”



FIVE DIFFICULTIES IN WRITING TRUTH

- 1) Courage to write the truth although it is being suppressed.**
- 2) The intelligence to recognise it, although it is being covered up.**
- 3) The judgement to choose those in whose hands it becomes effective.**
- 4) The cunning to spread it among them.**
- 5) The truth must be beautiful.**

BERTOLT BRECHT – 1934



(This Report is dedicated to the Triumph of Truth)

A decorative border in a dark red color with gold-colored scrollwork and flourishes, framing the text.

“Those who take the meat from the table,
teach commitment.

Those for whom the taxes are destined,
demand sacrifice.

Those who eat their fill,
speak to the hungry of wonderful times to come.

Those who led the country into the abyss,
call ruling to difficult for ordinary folk”

- Bertolt Brecht -