

# COMMON BOND

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## 9<sup>TH</sup> BIPARTITE SETTLEMENT

27<sup>th</sup> April, 2010 will be remembered as an eventful day in the history of our movement. It was on this day that the much awaited inking of the 9th Bipartite Settlement coupled with the 2nd Option on Pension took place amidst a lot of anxiety and apprehension about the possibility of reaching the mile stone of creating yet another historical settlement. There was confusion created by some of the mischievous elements in the Banking Industry who are masters in the game of misleading the masses with the faint hope of improving their base. However, the leadership of the Confederation displayed a tremendous maturity and statesmanship in ensuring the success of the 9th Bipartite more so that of the settlement on the 2nd Option on Pension.

The process of implementation of these agreements in the case of Officers needs certain formalities to be completed hence a little delay is a routine matter in the industry. In between we have been receiving anxious enquiries as to the modalities of the implementation of the salary revision, the 2nd Option, the sharing of the cost etc. We are also getting circulars issued by some of the rival unions who will never miss the opportunity of dragging the name of the Confederation into various controversies, which was their creation. It is to the knowledge of our members that the seeds for the success of the 2nd Option on settlement were sown during the 8th bipartite itself, and it could not be sorted out since these unions were rigid on the issue of sharing of the cost. It is only due to the stubborn stand of the Confederation the issue was kept open with a clear understanding that even the issue of sharing of the cost will be discussed and sorted out. But the unions which were responsible for this stalemate are now clamouring for the credit of success of the

settlement and blaming the Confederation and their affiliates for the confusion which was created on 27th April 2010. We are not new to this type of game by those elements in the rival union. They did not raise any dispute instead signed the agreement and after signing they want to raise all controversies. If they were not satisfied with the settlement they were free to walk out of the settlement rather talking rubbish.

We are also getting anxious enquiries about the methodology of the implementation of the 2nd Option on Pension in particular by those who have already retired. We have provided enough information through our circulars and the entire agreement has been brought out in the form of booklet giving all the details about the agreement and various provisions of the implementation of 2nd Option as well. We would like to counsel patience and the Confederation and its affiliates will be providing all the necessary assistance and guidance, once the instructions are issued by the IBA and the Government on the implementation of the 2nd Option on Pension.

As regards, the enquiries as to the exercising the option, the completion of the formalities such as sharing of their cost etc., the members are advised to keep in touch with their respective associations both serving as well as retirees organizations for further guidance from time to time. The 9th Bipartite settlement thus puts an end to an important issue and also remembered as a great event in the history of our movement. Let us utilize this success for further consolidation of our movement. Members are advised to refer to their respective organizations for any clarifications/doubts rather getting into the confusion on the basis of the yellow literature circulated by our good old rival comrades in the banking industry.

VANDE MATHARAM

**SALARY REVISION AGREEMENT  
A COMPREHENSIVE BOOKLET ON 9TH BIPARTITE SETTLEMENT  
RELEASED BY CONFEDERATION**

**T**he Confederation true to its tradition was to come out with a comprehensive book let on the 9th Bipartite Salary Revision and also the Pension Agreement signed between the IBA and the Confederation on 27th April 2010. The rank and file was anxious to have correct details about the 9th bipartite settlement, having been fed up with the mischievous propaganda by vested interest groups. The Confederation was advising the members to have patience since the responsible organization like the Confederation cannot indulge in mischievous propaganda.

2. There were several residual issues which were eluding finalisation of the agreement. Confederation wanted a comprehensive agreement and not a piece meal settlement since it should be a package as a whole. Hence, when they got their objectives met and a final version of the agreement, which was a comprehensive one, was ready, they agreed to sign the settlement which was one of the reasons for their to sign the agreement late in the evening of the 27th April 2010.

3. Thereafter, it was a festival mood all over the country. The membership wanted what exactly is the text of the settlement. It was conveyed to them that they would receive the entire text within no time. The affiliates/State Units etc., were also eagerly awaiting the full text of the agreement. Confederation took up the task of printing a booklet, exclusively covering the entire provisions of the 9th bipartite along with the charts on fitment, the arrears of HRA, DA, CCA etc., and advised the affiliates and the members that it would be available the very next day.

4. Federation have been getting anxious enquiries about certain doubts and clarifications from the members across the country. The first important question raised by our members is sharing of the cost of 2nd option on Pension. They had earlier negotiated for equal distribution amongst all but one of the 9 unions having agreed to the terms of negotiations, brought a legal issue at the time of signing the settlement. The IBA also came out with the same plea that they do not wish to encounter legal complications after having signed the agreement. It is at this stage, the constituents of United Forum of Bank Unions met and decided to proceed

with the changes that were offered by the IBA rather than taking the risk of delaying the finalisation of the Pension Agreement. Confederation is conscious of the feelings of those who are required to make a contribution of 2.8 times of their revised "Pay" as on Nov.2007 as against the earlier proposal of 1.6 times.

5. Yet another issue that is now raised by some of our senior comrades in the Scale IV and above is that the IBA was willing to give a higher scale but the Confederation stalled it. In reality, it is not higher as a measure of higher pay for senior comrades, but it is at the cost of the lower scales, with lower rate of increment which would have resulted in serious anomalous situation when officers are promoted from clerical scale and thereafter from one scale to another scale in officer cadre taking us back to the position of the earlier anomalous situation. It is the single handed effort of the Confederation that the inter-se anomalies which used to be the earlier situation, was averted due to constant negotiations in the earlier bipartite settlements. Having ensured anomaly-free fitment now again going back to the earlier stage was not in the interest of the officers' fraternity and hence we had to intervene and draw a scale which is scientific with equi-distribution of load factor. The Junior Officers are getting the benefit of two additional stagnation increments that are already loaded to the higher scales by elongation of scales while fixing their new scales. Hence, there is an indirect benefit of higher basic for them due to the additional stagnation increments achieved for the lower scale officers.

6. The officers are also raising the issue of the arrears and the amount that is required to be paid towards the Pension 2nd option. It is one time sacrifice which will ensure social security to over 2,60,000 employees since they are getting Pension for having awaited for over 15 years for the same. The retirees who are PF optees, numbering over 65,000 are also eligible for 2nd option which was a long pending demand.

7. Those who are interested to order for the copy of the Booklet are free to place their order to our Head quarters by remitting a draft for Rs.50/- per copy and Rs.20/- extra towards postage at the earliest.

**IMPLEMENTATION OF 9TH BIPARTITE SETTLEMENT  
PROCESS ON – IBA ISSUES GUIDELINES TO BANKS  
GOVERNMENT'S CLEARANCE IN RESPECT OF OFFICERS' AWAITED**

**W**e are happy to inform our members that the process of implementation of the 9th Bipartite is on. The Indian Banks' Association has since issued detail communication to all the banks in respect of the Award Staff who signed 9th Bipartite Settlement under the provisions of the Industrial Dispute Act, 1947, which does not require further approval of the Government. The communication in regard to the payment as well as the recovery towards the contribution to Pension Fund on account of the 2nd Option is as under:

- a) An amount equal to 2.8 times of the "Pay" for the month of November, 2007 be withheld and kept in a suspense account for crediting to the Pension Fund in case the employee opts to join the Pension Scheme complying with the terms of the Settlement dated 27th April, 2010.
- b) If any employee gives in writing an irrevocable letter stating that he does not intend to join the Pension Scheme in terms of the Settlement, 2.8 times of the November 2007 pay as above need not be withheld.
- c) Once the offer is made to join the Pension Scheme, on expiry of the period of option, the amount withheld in respect of those who exercised the option to join the Pension Scheme should be transferred to the Pension Fund. The arrears withheld in respect of those who did not opt for pension within the stipulated time, be refunded to them.
- d) No portion of arrears be withheld in respect of non-optee employees who retired from 1st

November 2007 to 27th April 2010. They will be joining the Pension Scheme by making contribution towards funding gap as retired employees in terms of the Settlement.

2. Confederation is keeping in touch with the IBA to ascertain the latest position as regards in-principle approval, pending amendment to the service regulations in respect of the Officers in the banking industry. It is understood that the approval is expected at any time. The first phase in respect of the Award Staff for the payment of arrears etc., as per the 9th bipartite settlement having been already initiated we are confident that the process in respect of the Officers will get speeded up now.

3. In the meanwhile, Confederation have been receiving anxious enquiries on implementation of 2nd Option on Pension. The process of obtaining in-principle approval from Govt. is also in progress. Members are advised to have patience for a few days more as the instructions are awaited at the earliest. It is also understood that the bank managements have already initiated necessary steps and the calculations have since been kept ready so that no delay takes place once the guidelines are received from the banking department for the implementation of the 9th bipartite.

4. The technical requirement of obtaining the approval of the Ministry of Finance including the Finance minister should not take much time since the Government is conscious of the pressures that are built across the country, awaiting implementation of the 9th bipartite.

**9th BIPARTITE WAGE SETTLEMENT IN THE BANKING INDUSTRY  
EXTENSION OF BENEFITS TO RRB OFFICERS'**

Text of our letter No.1410/148/10 Dtd. 11.05.2010, Addressed to, Sri. Pranab Kumar Mukherjee, Hon'ble Finance Minister, Government of India, South Block, Parliament House, New Delhi.

Respected Sir,

At the outset we express our gratitude and thanks from

the core of our heart on behalf of 2.5 lac officers, under the banner of AIBOC, for the settlement of 9th Bipartite Salary revision at 17.5% of the wage bill.

2. We are also indebted to your goodself in providing one more option to the provident fund optees (CPF) in Banks to switchover to the Pension Scheme.

**SELF HELP IS BEST HELP**

3. In accordance with the National Industrial Tribunal Award, Regional Rural Banks employees are eligible for parity in pay and allowance applicable in Banking Industry under "equal pay for equal work" concept. At the instance of the Govt. of India, National Bank for Agriculture and Rural Development (NABARD) has extended 8th Bipartite Settlement to the Regional Rural Banks for the period from 01.11.2002 to 31.10.2007.

4. We shall be glad, if you will please arrange to issue necessary communication to NABARD to extend the 9th Bipartite Settlement on salary and allowances to RRB employees and officers' w.e.f 01.11.2007.

5. We shall also be glad if, much awaited improvements in

Provident Fund and Pension Rules of RRBs are taken up for discussion with our affiliate AIRRBOF, to provide them an assured social security. It is needless to mention that, RRBs are doing yeomen service to the common man and are also generating profits. Therefore, they deserve to be encouraged.

6. We shall be glad to receive your positive response in the matter.

Thanking you and with regards,

Yours faithfully,

Sd/-

(G.D.NADAF)

GENERAL SECRETARY

## 2<sup>ND</sup> OPTION ON PENSION – BARE TRUTH

With our intense struggles and strikes during the 90's, the Confederation was successful in securing Pension in the Banking Industry w.e.f. 01.11.1993. Infact the Confederation demanded Pension as a third retiral benefit. But some of the Unions did not support our demand and hence we had to accept pension as second retiral benefit in lieu of Contributory Provident Fund. However, service gratuity continued along with the pension. Due to the draconian clause in Pension Regulations, treating the strike as break in service and the higher interest rates prevailing on deposits in 1993-1995, many of the employees and officers did not join the pension scheme. However, it was made compulsory for those who joined the banking service w.e.f. 01.11.1993. Subsequently, the draconian clause of break-in-service for participating in strike was removed from the pension regulations on account of agitation launched by the unions. The unions wanted that in view of the removal of the restrictions, one more option on pension should be introduced. Due to the economic slow down, opening up of our economy to global forces, interest rates on deposits came down drastically. In successive bipartites thereafter; pension scheme was improved and it became more attractive, as compared to the contributory provident fund scheme.

2. Hence, the employees and officers, who remained in CPF scheme, intensified their demand for one more Option to choose pension benefit in lieu of CPF. The Govt. of India, IBA and Bank Managements, refused

to offer one more Option to CPF Optees, as they wanted to avoid uncertain liabilities of pension payment. Pension being a social security measure, cannot be compared with the Contributory Provident Fund. But, pension funds of banks were not sufficient to take care of load of the existing pension Optees, as against the statutory contribution at 10% of pay towards the pension fund, both by the Bank and the employees, was insufficient to meet the pension liabilities. During 2001, Banks came out with a Special Voluntary Retirement scheme that put a lot of pressure on the pension fund to meet the consolidated liability, for which no additional Provisions were made by the Banks.

3. During the bipartites in 1997 and 2002, few of the Banks' balance sheets were not comfortable to bear the cost of salary revision and the pension liability. Therefore, during the VII Bipartite settlement, unions came forward to support the pension fund of the Banks by volunteering to bear a part of the additional cost (incremental cost on pension) to be incurred on account of revised pay. The IBA offered 12.25% increase in wage load. The employees and officers shared 50% of the incremental cost of revision towards pension; which was at 8.25% of pay apart from 10% of pay in lieu of P.F; out of salary revision load. The managements also contributed 18.25% of pay towards additional cost of pension. But Banks were not in a position to assure 50% of the last drawn pay as pension and hence, for the purpose of Pension, separate scales were constructed with merger of 1616 points of D.A,

BE TRUTHFUL, BE FEARLESS

whereas for the purpose of regular scales, the DA merger in the basic pay was at 1684 points with loading thereafter. This has virtually influenced IBA to accept our discussions on the issue of 2nd Option.

4. During 8th bipartite, the anomaly as regards inferior basic pay for the purpose of pension was rectified and both for pension and regular scale, a common scale with merger of 2288 points of DA with appropriate loading was considered. Here again, both managements of Banks and the employees, bore additional cost on pension on account of salary revision at 9.25% of pay in addition to 10% of pay and managements at 11.25% of pay in addition to 10% of pay in the ratio of 45% and 55%, respectively.

5. The struggle for one more Option for Pension took centre stage after signing of joint note under 8th bipartite on 2nd June 2005. A suitable clause was inserted in the joint note as regards demand of the Confederation for one more Option on pension. Accordingly, alternate scheme was to be evolved to resolve the issue. The UFBU took up the issue with all seriousness with the IBA/Government for 2nd Option on Pension, along with other issues like, compassionate appointment scheme, attack on trade union rights, opposition to merger and acquisition, early salary revision etc. The UFBU observed successful strike on 25th January, 2008 and was in readiness to observe two days strike on 25th and 26th February 2008, followed by indefinite strike from the middle of March 2008. The IBA/Govt. having assessed the situation properly convinced the leadership of UFBU to defer the two days strikes action on 25th and 26th February 2008, with an MoU on the 25th February 2008 that, they will "consider" the demand of 2nd Option on Pension favourably.

6. Accordingly, at wee hours of 25th February 2008, proposed two days strike was deferred and an MoU with IBA was signed on the same day, with an understanding that, according to the suggestion of the leadership of the Confederation common actuaries would be appointed to ascertain the gap in fund to consider the demand of 2nd Option on Pension.

7. Earlier, IBA came out with Rs. 26,000/- crore gap in pension fund to consider the demand of 2nd

Option on Pension, where as, UFBU assessed it through its Actuaries at Rs. 4,700/- crore. There was a huge difference in the assessments of the gap and hence, it was the leadership of the Confederation which suggested the then Chairman of IBA Shri.M.B.N.Rao, at a meeting held on 22.02.2008 at Delhi, for common actuaries to asses the funding of gap with common parameters agreed by IBA and UFBU together. The gap was estimated by the common actuaries at Rs. 6000/- crore to consider the demand for existing CPF Optees for 2nd Option on Pension as on 31.03.2007. As committed earlier, UFBU after due negotiations agreed to contribute at 30% of the gap i.e., Rs. 1800/- crore towards the pension fund, out of the salary revision arrears and Rs.4,200/- crores are to be contributed by the Banks. Accordingly, an MOU was drawn on 27th November 2009 with IBA for 17.5% increase in salary and allowances and one more option of pension to CPF Optees. The modalities for sharing the 30% of the gap was evolved on 13th April, 2010, at 1.6 times of the revised pay of employees and officers except SBI as they are governed by a different pension scheme. The 2nd Option is also made available to all retired employees and families of employees who died during that period from 1993/1995 onwards to the date of settlement of the scheme. It was assured that out of Rs. 3,115/- crore, fund gap in respect of retirees of Rs. 935/- crores (30%) was to be contributed by the retirees by way of refund of 156% of Bank's contribution of PF received by them towards the pension fund. There was a dispute as regards date of effect of the pension to CPF Optees and modalities of contribution etc. The UFBU decided to approach the Hon'ble Finance Minister, Government of India, as UFBU demanded a pension to CPF Optees w.e.f 01.04.2008 which was rejected by the IBA, and IBA offered it from the date of signing the final settlement on pension. Due to the intervention of the Finance Minister, on 21.04.2010 at Delhi, a via media was suggested that, pension may be effective from the date of effect of MoU i.e., 27th November, 2009. But, for the purpose of contribution of 30% of the gap, they will be treated as retirees up to the date of signing of the pension agreement. The Finance Minister was also quick in cautioning the UFBU leadership to settle the issue immediately otherwise the entire understandings may create a problem.

8. As the day of signing the settlement on 27th April,

**SUCCESS COMES ONLY TO THOSE, WHO DARE AND ACT**



2010 was fast approaching, few pension optees knocked the door of Hon'ble High Court of Andhra Pradesh and one of the Constituents of the UFBU who was a signatory to the MoU also sent a legal opinion to the IBA, protesting against contribution by the pension optees. It was a bolt from the blue. Anxious enquiries started pouring in the Confederation Office on salary revision and pension settlement. Under the chaotic situation, UFBU decided to meet on 26th April, 2010 at Mumbai to review the position, as terms and conditions of the 2nd Option cost were almost known to the entire rank and file. The following were the perceptions at different levels.

9. PENSION OPTTEES – When pension was opted in lieu of CPF during 1993/1995, why they should contribute towards the gap in the fund. In case of CPF Optees, they have option either to opt or not to opt and remain in CPF and accordingly, either to contribute or not to contribute towards pension fund gap. Whereas, for pension optees, such options are not available and it is compulsory for them to contribute towards the pension gap. In case of those, who joined the Banking Industry from 01.11.1993, there was no option for them to opt for CPF. Whatever, additional contribution made towards the pension fund during 7th and 8th bipartite by way of incremental cost on pension, was for strengthening the Pension Fund Account of Banks to take care of future liability of payment of Pension to retirees. As they are yet to complete minimum service of 20 years to be eligible for pension, they are yet to reap the fruits of pension. The 30% of gap in fund on account of 2nd Option on Pension has to be met by the CPF Optees, as they are beneficiaries of the present settlement. Hence, why Pension Optees, should contribute towards gap of pension fund for 2nd Option?

10. CPF Optees: As per the understandings reached between the IBA and UFBU, according to MoU dated 27.11.2009, all employees, have to contribute Rs. 1800/- crores gap in pension fund to take care of 2nd Option to CPF Optees. It worked out to 1.6 times of revised "pay" as on 01.11.2007 which was communicated to the membership through UFBU Circular. When CPF Optees had supported the Pension fund earlier by way of sharing portion of incremental cost on pension, why the pension optees should not

share the gap in pension fund now? They may have to shell down major portion of arrears of salary and allowance to secure pension benefit, etc.

11. IBA: They were not inclined to offer one more option to CPF Optees as Pension fund is not viable to sustain additional burden. In fact, to meet future liability of pension to existing pension optees, they are contributing more than 10% of the pay, out of the balance sheet to the pension fund. That is the reason why, they proposed differential pay scale in 7th Bipartite for the purpose of pension. Due to unions volunteering to bear additional load equally out of salary revision during 7th and 8th Bipartite, the position was improved. But, they were interested in introduction of Defined Contributory Pension Scheme in the Banking Industry for future recruits to take care of uncertainty in liability towards pension payment. The Govt. also was interested in imposing the New Pension Scheme in the Banking Industry.

12. However, due to the pressure from UFBU and also volunteering to share the additional cost to be incurred by Bank Managements towards one more option to CPF Optees, they agreed to consider the demand of UFBU. After detailed deliberations IBA agreed to contribute Rs. 4,200/- crores out of Rs. 6,000/- crores gap and remaining balance of Rs. 1,800/- crores was to be shared by the employees. Similarly, in case of retirees, 30% of gap has to be contributed by them, which works out at 156% of P.F contribution of Banks. As long as there was unanimity as regards modalities for sharing of additional cost by the employees, IBA was comfortable. But, when one of the Constituents of UFBU, raised the basic issue of sharing of cost, and few employees approached the Hon'ble High Court of Andhra Pradesh, both Govt. and IBA became alert and over cautious, and they never wanted to be dragged in to any kind of legal hassles. The Govt. was quick enough in advising the IBA to recover the agreed share of employees towards the gap in pension fund from the CPF Optees only as the option to switch over from CPF to pension was for them only. Their attitude was either take it or leave it. It was their final offer.

13. UFBU: In accordance with the provisions made in the Joint note during the 8th Bipartite for alternate scheme, UFBU was successful in ensuring existing

NEVER BEND BEFORE THE INSOLENT MIGHT

pension scheme to be offered to CPF Optees as well. UFBU did not agree for offer of IBA of inferior pension scheme or defined contributory scheme. The IBA was also proposing to impose certain restrictions to CPF Optees joining the Pension Scheme such as, Voluntary Retirement and commutation will not be considered for these optees etc. We did not agree for any change in the existing pension scheme to be offered to CPF Optees. The only condition considered by the UFBU was to share a portion of the gap by employees, as grass root level membership was desperate for pension scheme at any cost. Even, some of the leadership received a feed back from the membership that, the priority in 9th Bipartite is one more Option for Pension and they do not mind compromising on the lower increase in salary and allowances. The mandate given to the leadership was to secure 2nd Option on Pension at any cost. Therefore, the demand for 2nd Option was 'now or never'. The issue cannot be made as a dispute and declare strike, at this stage. To some extent Govt./IBA exploited the situation by offering a poor package for revision in salary and allowances, making New Pension Scheme compulsory for new recruits w.e.f 01.04.2010, date of effect of pension from a prospective date i.e., from the date of signing of the settlement on pension. In UFBU, the majority view was to share the additional cost on 2nd Option by all the employees equally. Accordingly, as late as on 26.04.2010, in the UFBU meeting it was decided that, sharing of the cost shall be at 1.6 times of revised pay by all employees to whom pension regulations apply.

14. When UFBU leadership met IBA representatives on 26.04.2010 evening, despite our best efforts to convince the IBA for recovery of cost equally from all employees, reportedly Govt. did not permit IBA to agree to our view and they stuck to their decision to offer the pension to CPF Optees at 2.8 times of revised "pay". We were advised, earlier, by IBA to come for signing of agreements, on pension and salary revision on 27th April, 2010 at 11:00 A.M. The IBA's offer to UFBU was final and this put all of us in a tight spot. We expressed our inability to toe the line of the IBA and accordingly, stalemate continued. At that moment IBA officials cancelled the signing ceremony proposed on 27th April, 2010 and advised their negotiating team members to cancel their travel plans to Mumbai.

15. 26th April 2010, a night never to be forgotten: The Constituents of UFBU, after leaving IBA office at 9:30 p.m. were receiving anxious calls from the leaders and members, about the fate of the 2nd Option on Pension and future course of action. The issue being more sensitive and delicate was to be handled carefully by the UFBU. The membership was restless. They wanted settlement to take place without loss of further time. The following were the alternatives before the UFBU.

- a) To reject the offer of the IBA and declare agitation.
- b) To accept the offer and leave it to the judgement of CPF optees to decide.
- c) Whether is it wise to raise the dispute on 2nd Option at the last stage after struggling for 15 years for the benefit, and to invite uncertainty?
- d) Whether Govt. whose priority is elsewhere, will entertain the dispute and if they go back on their offer, what is the recourse?
- e) The IBA was feeling that Rs. 6000/- crore gap in fund assessed by the common actuaries was much less as compared to the actual gap in fund due to the changed scenario on interest front and discount value. The revised gap of allowances to be assessed will be much more than Rs.6,000/- crores.
- f) Whether pension optees will support the stand of UFBU to volunteer to contribute towards the gap in pension fund to take care of 2nd Option to CPF Optees etc.

16. On weighing the alternatives, consulting leadership at all levels, reading the pulse of the grass root level membership, we never wanted that, there should be a slip between the cup and the lip. To be on the safer side, let UFBU make available the Option to CPF Optees, may be at a higher cost, but the social security available to them cannot be measured in terms of few more thousands of rupees to be contributed by them to strengthen the pension fund. The interested members may not forgive the leadership if the option is withdrawn

by the IBA/Govt. on one or the other pretext at this stage. The decision had to be taken without loss of time, as IBA/Govt. having grouse against assessment of gap in pension fund, should not find an alibi to go back on the offer.

17. Accordingly, UFBU met again on 27th April, 2010 at 10.00 a.m and after due deliberations, took a view to communicate to the IBA to go ahead with signing ceremony on the same day, on salary revision as well as on pension settlement. All the 9 constituents of UFBU signed the settlement on 9th Bipartite and Pension offer to CPF Optees with contribution of 2.8 times of revised "pay" towards the gap of pension fund. The effective date of pension to CPF Optees will be from 27th November, 2009. All those who have retired upto 27.04.2010 will be coming under the bracket of retirees and will return Bank's contribution of PF with 56% additional contribution. They will be eligible for commutation of Pension. They will not contribute 2.8 times of revised "pay" towards the gap in Pension. The

CPF Optees will contribute 2-8 times of revised "Pay" as on 01.11.2007, to switch over to the pension scheme etc.

18. Comrades, this is the saga of sacrifices and struggles by all members of the Confederation in securing Pension in the Banking Industry, and its improvements from time to time with latest benefit of another option to CPF optees to secure their future and lead a life without depending on others, in their old age. This achievement has come during the 25th year of the Confederation. We have every reason to celebrate the occasion, which is a momentous achievement in the annals of trade union history. We are confident that our learned membership will appreciate the stand taken by the Confederation in the given circumstances. The vested interest are again trying to fish in the troubled water. We have therefore brought bare truth on 2nd Option on Pension to the notice of the membership. Our membership is seasoned and matured to support the stand of the Confederation.

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## 2ND OPTION ON PENSION CONTRIBUTION TOWARDS PENSION FUND BY CPF OPTEEES

Text of the letter No./1452/145/10, Dtd. 10.05.2010, Addressed To The Chairman, The Indian Banks' Association, World Trade Centre, MUMBAI – 400 020.

Dear Sir,

### (Exemption from Payment of Income Tax)

As per pension settlement, the employees and Officers are eligible to exercise one more option towards the Pension Scheme, in lieu of the Contributory Provident Fund. The agreement also refers to the funding of the Pension Fund gap by way of contribution by the employees and Officers who are in service, out of the arrears payable to them on account of the 9th Bipartite settlement; apart from surrendering of Bank's Contribution of PF accumulated in their respective accounts.

2. The contributions made by the employees towards the Superannuation Benefits; such as Provident Fund, Pension Fund etc., are eligible for the tax exemption as per the Income Tax rules and treated as investments in the eligible securities for all practical

purposes. Thus, the money, so contributed towards pension fund in Bank is liable to be exempted from the payment of Income tax by the Tax authorities. It is in this background, there is a need to issue proper instructions to all the Banks at the time of sending guidelines for the implementation of the 9th Bipartite settlement as well as the payment of arrears to cover inter-alia:

- a) The amount contributed from the CPF Optees towards their part of contribution for the Pension Fund in view of the 2nd Option on Pension extended to them should be treated on par with their contributions towards the superannuation benefits and necessary exemption should be extended at the time of deduction of tax at source. Thus, the recovery made out of arrears for the purpose of payment towards Pension Fund to the extent of 2.8 times of the revised Pay for the month of Nov.2007 should be treated as investment towards the superannuation benefits and necessary exemption should be allowed for the purpose of calculation of Income tax. In

NATION FIRST, ORGANISATION NEXT, INDIVIDUAL LAST



other words, the payment made towards Pension Fund on account of the 2nd Option on Pension should not be treated as taxable at the hands of the Officers.

- b) The Bank Managements, while furnishing Form 16 as well as the statement of arrears paid to the Officers should make necessary entry to this effect to enable the Officers' concerned to utilize the same at the time of submission of their returns.
- c) In view of the fact that the tax on the income for the year 2007-2008, 2008-2009, 2009-2010 have already been deducted at source, the Officers' should also become eligible to apportion this amount as investment in the

next three years' income, since the money contributed is very substantial and they may have already exceeded their entitlement for such investments.

3. We therefore, request you to obtain special permission from the CBDT to exempt the entire contribution towards pension fund, from payment of tax. Please therefore look into the matter and take necessary action without further delay.

Thanking you,

Yours faithfully,  
Sd/-  
(G.D.NADAF)  
GENERAL SECRETARY

**GENERAL MEMBERS AT BANGALORE HERALD 9TH BIPARTITE  
MAMMOTH MEETING AT THE HEAD QUARTERS OF THE CONFEDERATION  
HEROIC WELCOME TO THE LEADERS OF THE CONFEDERATION**

**T**he head quarters at Bangalore was busy to receive the leaders of the Confederation who led the 9th bipartite negotiations and concluded it in a historic manner. Com.G.D.Nadaf, the General Secretary of the Confederation and Com.G.Muthuswamy, the Treasurer of the Confederation who returned after participating in the historic negotiations and signing of the agreement, were accorded a rousing reception on 28th April 2010.

2. It was a festival mood in the Office of the Confederation. Com.G.D.Nadaf, the General Secretary and Com. G.Muthuswamy, the Treasurer were received with flower bouquets by the members of the staff led by Com.Shantha Raju, the former General Secretary, Com.K.F.Mamadapur, Com.Y.Sudarshan, Com.K.Nagaraja Shastry, the Secretaries of the Federation and Confederation, Com.K.B.Ballur, the former President of the Canara Bank Officers' Association, Com.M.Ramachandran, the Manager of the Office with the entire members of the Staff and complimented him for the excellent settlement that he clinched by signing the 9th Bipartite for the entire Officers' fraternity in the country.

3. The Karnataka State Unit of AIBOC, under the leadership of Com.Jagannath Hegde, President of the State Unit and a senior leader of the Confederation,

Com.B.S.Ravindra, the State Secretary along with his colleagues in the State Unit had made elaborate arrangements for the conduct of the ' Victory Rally' to celebrate the success of the 9th Bipartite. The meeting was organised with less than 24 hours notice for assembly to the members of the Confederation all over the state. The Local Head Office compound was flooded with visitors and the members of the Confederation to participate in the mammoth meeting. The Auditorium was jampacked. The leaders when they were ushered in by the leaders of the State Unit for the victory rally it was crackers and crackers all through and slogans filled the air signalling the joy and happiness of our comrades from the State of Karnataka.

4. The meeting commenced with the melodious invocation by Com.Deshpande and his colleagues. Thereafter, the dignitaries were welcomed by Com.B.S.Ravindra, the State Secretary who also dealt at length about the successful journey of the Confederation in ensuring a historic settlement. He also desired that the opportunity should be used by the leaders to share the details of the negotiations and also provide necessary brief as regards several doubts in the minds of the members across the State. The dignitaries on the dais were Com.Jagannath Hegde, the President of the State Unit, Com.G.D.Nadaf, the General Secretary of the Confederation,

**DUTY FIRST, RIGHT NEXT**

Com.G.Muthuswamy, the Treasurer of the Confederation, Com.Shantha Raju, the former General Secretary of the Confederation along with the entire team of Office-Bearers of the Confederation. Com.Pushpa G.Kumar, the Secretary of Women's Wing and the Executive Committee member was also present on the dais.

5.Com.G.Muthuswamy, Treasurer of the Confederation dealing at length as to the intricacies, nitty-gritties of the bipartite settlements which have taken place so far in the Banking Industry, described the nuances of the working of the scales, the difficulties encountered in regard to allocation of the funds to various components, the apprehensions in the minds of the members that certain section of the people got benefit, certain section of the people were made to sacrifice etc., He also shared with the members present the tough stand that the Confederation took on a number of occasions to force the issues. He complimented the membership for their patience and declared that the outcome has been an excellent one and the 9th Bipartite is one of the best settlements in the history of our bipartite agreements.

6. Com.G.D.Nadaf, the General Secretary was welcomed on the podium with a thunderous applause and the gathering was eagerly awaiting to share the feelings of the leader of the Confederation as to the efforts put in by him and the negotiating team which was ultimately able to take the negotiations to a safe moorings in the course of the prolonged debate and discussions spanning 30 months. He commenced his speech recalling the commitment that was given by the IBA in the last negotiations under the leadership of Com.Shantha Raju, the then convener of the UFBU who ensured incorporation of a provision in the MOU that the issue of the 2nd Option shall be taken up for discussion and Unions are willing to discuss the additional cost and are open to the issue of taking a reasonable burden on themselves. He declared that this was the foundation on which we started the negotiations on the 2nd Option on Pension though the Charter of Demands for Salary Revision was already submitted. The negotiations commenced with the attempts of the Government and the Management to divide the rank and file and the Unions, in particular the Confederation, under the pretext of having different negotiations at the bank level by bigger banks. The issue came for focus in State Bank as well but it was rejected out right by the leadership of the Federation in State Bank

of India as well as other banks. Thereafter an attempt to create confusion in the rank and file, that the 2nd Option on Pension was not a serious issue amongst the State Bank Officers. An attempt was made by our Managements, Government and above all our own rivals to divide the membership on the basis of SBI and Non-SBI so that the unity gets weakened at the apex level. It is a tribute to our membership across the country that they could read this mischievous propaganda and stood with the Confederation like a rock.

7. The Government was dilly dallying as regards the extension of the 2nd Option by raising the issue of huge cost. The hurdle was overcome in an effective manner by the leadership of the Confederation and other unions under the banner of UFBU. An actuary was appointed in consultation with the UFBU and his report also came for discussions and there was a threat by the IBA that the 2nd Option is an impossible proposition. Thereafter, the UFBU had to strike work on a couple occasions to force the issue and once the 2nd Option and the salary revision at the rate of 17.5% was agreed after a protracted negotiation before the Central Labour Commissioner, the sailing was not smooth. There were a number of hurdles in the negotiations. The IBA took an adamant stand on certain issues, in particular the sharing of the cost of 2nd Option on pension, the incremental cost and the last straw in the battle was raising the issue of SBI Cost on account of pension. Thus, all out attempts were made to frustrate the finalization of the settlement. Our own rivals were also contributing for the bitterness in a substantial way.

8. Com.G.D.Nadaf, also vividly explained the manner in which the Confederation ensured a fair and equitable distribution of the load factor available with the thrust on the scales, fair and equitable increase to all sections of the officers' fraternity. The stagnation increment, the increment pattern free of anomaly, was a big challenge to the Confederation, while other organisations were making all out efforts to criticise the approach of the Confederation. It is in this background, the Negotiating Team of AIBOC led the conclusion of the negotiations in a befitting manner, declared Com.G.D.Nadaf.

9. He also shared with the members, the substantial benefit that the Officers would be getting in other areas

LET NOBLE THOUGHTS COME TO US FROM EVERYWHERE

such as the halting allowance, medical allowances, hospitalisation charges, the leave fare concession etc., He also announced that the negotiations have been concluded only in respect of those issues which are related to the salary scale and other related subjects. However, the other residual issues such as the leave accumulation, 5 days week, regulated working hours etc., shall be taken up with the IBA in the next round of discussions at the earliest opportunity, he stated.

10. Comrades, the membership were fully satisfied with the deliberations. There was thunderous applause when Com.G.D.Nadaf, concluded his speech. The gathering included a large number of members from the media both electronic and press.

11. Com.Jagannath Hegde, in his Presidential address expressed his happiness over the deliberations of the leadership of the Confederation and paid rich tributes to the State Unit under the leadership of Com.B.S.Ravindra, the Secretary for the excellent manner in which the

meeting was organised at a short notice. He was also happy that the detailed deliberations of the General Secretary has cleared a number of doubts and the membership are convinced that the 9th Bipartite, despite several odds, has proved to be one of the best settlements in the history of our bipartite negotiations.

12. Com.Kinnal, the Vice-President of the State Unit of AIBOC (K) proposed vote of thanks to the dignitaries on the dais and all the members who were present in the meeting. He also paid rich tributes to the sacrifices of the family members of the General Secretary of the Confederation who could spare the services of Com.G.D.Nadaf, for the success of the Confederation.

13. It was a memorable evening in the Head quarters of the Confederation. The sentiments, the feelings of camaraderie amongst the members of the Confederation displayed in the meeting would remain in the memory of each and every one present in the meeting and will take our movement to greater heights of glory in the days to come.

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## VAGAMON CONCLAVE

### CONCLAVE OF THE GENERAL SECRETARIES OF AFFILIATES OF THE CONFEDERATION 15TH AND 16TH MAY, 2010

15TH and 16th May, 2010 were historic days in the annals of the All India Bank Officers' Confederation.

2. The **VAGAMON CONCLAVE**, the first ever conclave of the General Secretaries of the affiliates of the Confederation was arranged, to introspect, revisit, analyse the past, the present and to plan for the future, with regard to achievements, ideology, strategies, in a fast changing economic and financial scenario.

3. VAGAMON is an enchanting piece of nature, at a height of 4500 feet above Sea level. The delegates who had assembled at Kochi airport, were taken through a dream journey, through the busy markets and small towns of Kaladi (birth place of Adishankaracharya) Thodupuzha, Muvatupuzha, Valaikkulam (Pineapple city of Kerala), that exuded typical Kerala flavour. As we started ascending the ghats of Idukki, surrounded by Rubber, Tea, Pineapple estates, and Pineforests, the temperature started dipping and in a couple of hours we were surrounded by unending mountains, mist and the greenery of vast tea estates.

4. The delegates were housed in elevated, eco friendly, wooden cottages, built around a lake, full of swans, far away from Television, mobile signals and maddening crowds, cuddled amidst, ecstatic greenery, total solitude and silence except the melodious chirping of birds and nature.

5. VAGAMON provided that calm, serene and unruffled atmosphere for brain storming and an honest introspection into our past, birds' eye view of the present and planning for future. The winding roads of Vagamon, had truly brought us to a turning point, a juncture, in the long span of 25 years of an organisation, celebrating its Silver Jubilee, where one could look back, review, rejuvenate and then traverse the terrain ahead with purpose and confidence. The Silver Jubilee Celebrations would then, be meaningful. That is exactly what VAGAMON CONCLAVE was meant for.

6. At the break of the dawn on 15th, amidst the green hilltop, surrounded by nature, the Conclave began with hopes and aspirations as the participants sang

KNOWLEDGE IS POWER

the National song '**Vande Mataram**', which reverberated across the valley. Com.V.K.Prasad, Secretary of the Kerala State Unit, welcomed the participants. He said that, history was being refined in the Silver Jubilee year. Recalling the past struggles and sacrifices that have built the movement into an edifice of strength, he welcomed Com.K.S.Shetty, the President, Com.G.D.Nadaf, the General Secretary, Com.B.S.Ravindra the Co-ordinator of the Conclave and the participants from all affiliates and Sectoral Federations.

7. The lighting of the lamp by Com.K.S.Shetty, and Com.G.D.Nadaf, marked the inauguration of the conclave. In his inaugural address, Com.Shetty, touched upon the history of the Confederation and expressed his happiness that the Confederation is celebrating its Silver Jubilee year. He said that, the Conclave was absolutely necessary to review the path travelled and to analyse and set goals for the future. "We are all, people of varied ideology. The structural vulnerability, needs of time and the visions of the past, need a relook, re-shaping and honest introspection to take the ship forward", he said. "This is an opportunity, an effort to understand each other without any camouflage and certainly, is not a fault finding mission. Let's bring forth new ideas and make the event successful" he concluded and wished the conclave all the best.

8. Com.G.D.Nadaf, in his introductory remarks said that, times are changing and every organisation needs screening, scanning and an overhaul. "Internal wisdom is the best wisdom and hence we perceived that a conclave could be designed where in we should all come out of our roles and costumes, and take a dispassionate look at the issues, in order to arrive at creative solutions. Then we can put our collective wisdom to arrive at the conclusions and make the experiment successful", he said. He also reiterated that, similar exercise will be conducted for the Presidents of the affiliates, as the General Secretaries and Presidents are the two wheels of an Organisation. "**Let's go out of the two day's conclave, more enlightened and satisfied and take the movement to greater heights**" he said and explained in detail the methodology of conducting the Conclave.

9. Com.P.V.Mathew, the General Secretary, of Federal Bank Officers' Association and Vice President of AIBOC, proposing the vote of thanks said that "well began is half done. Therefore, let's discuss, address the new challenges, arrive at strategies and hand over a strong organisation to the next generation".

10. Com. B.S.Ravindra, Co-ordinator of the programme then took over. His team comprising of Com.V.K.Prasad, Com.P.V.Mathew, Com.Y.Sudarshan and Com.K.Nagaraja Shastry have been working on the project for over two months. Right from designing the content for discussions, to identifying the calm and serene location and arranging all the intricate needs of the wonderful Conclave were co-ordinated to perfection.

11. Later, the participants were classified into five groups, Ganga, Sindhu, Brahmaputra, Kaveri and Krishna. The brain storming exercise was divided into 3 spheres – namely, Perception, Introspection and Future. Various critical, interesting and thought provoking subjects were given under the three heads, for discussion. The groups got together and formulated their views on the various topics given to each of them after thorough interaction. Finally the group views were presented by the group leaders and the issues were thrown open for discussion. Com.K.S.Shetty and Com.G.D.Nadaf, moderated the entire discussions.

12. The subjects were of such importance and relevance, that it generated immense heat and discussion, free and frank, unbridled exchange of ideas. The entire process of presentation by the group and discussions and the interaction in an open forum took two days. Finally out of the 'Churning' of the ideas, common views and opinions emerged, which were consolidated by the President and the General Secretary of the Confederation and proposed as the historical "**VAGAMON DECLARATION**", by Com.G.D.Nadaf, seconded by the participants and unanimously adopted by the Conclave.

13. Another important feather in the cap was the adoption of the "**Vision, Mission and Value Statement - 2010**". This was thoroughly debated and adopted. Com.G.D.Nadaf read out the statement which was very well received and appreciated by all

NATION FIRST, ORGANISATION NEXT, INDIVIDUAL LAST



the participants. The **Vagamon declaration and adoption of the Vision, Mission and Value Statement, was the highlight of the two days programme, as it reaffirmed the commitment of the Confederation towards what it has been strongly believing and doing over the past 25 years.**

14. During the course of the two days, a small committee comprising of Com.V.K.Prasad, Com.B.S.Ravindra, Com.Suprita Sarkar, and Com.Harvinder Singh was formed to give suggestions for strengthening and reactivation of the State Units. They submitted their report to the General Secretary of the Confederation, for further action.

15. Later, in the evening of 16th May 2010, the Valedictory programme was conducted. The President and the General Secretary distributed participation letters and mementos. Com.Harvinder Singh spoke on behalf of the participants and expressed his happiness that the purpose of the Conclave has been achieved. Feed back given by the participants reflected the enormous success of the Conclave in strengthening the movement further. The suggestions made by the participants will be looked into positively. Com.B.S.Ravindra, who co-ordinated the entire programme, conveyed his thanks to the President, General Secretary, and to all the participants with special mention to Com.P.V.Mathew and Com.V.K.Prasad for their help in identification of the place and arrangements for successful conduct of the programme. He requested all the General Secretaries of affiliates to conduct the Silver Jubilee Programme at the affiliate level, in a grand manner, to spread this message of trade unionism.

16. Later, Com.G.D.Nadaf gave his views on the programme and thanked the Comrades of Kerala

State Unit, headed by Com.P.V.Mathew and Com.V.K.Prasad. He also thanked Com.B.S.Ravindra and his team for the excellent co-ordination of the historic Conclave. In his presidential address Com.K.S.Shetty said that “this Conclave was major step towards honest introspection and organisational resurgence. Quoting Martin Luther King, he said that we have to keep moving, scaling greater heights.

17. Com.Suprita Sarkar, proposed vote of thanks in his usual flamboyant style. He felt that a similar exercise is necessary at the affiliate level. He showered his praise on the leadership of the Confederation and the Kerala State Unit for the excellent arrangements.

18. As curtains came down on the historic Conclave..... the participants came out..... more enlightened, more united and stronger together than ever. The beauty of Mother Nature at the misty Vagamon, the flavour and fragrance of the tea gardens and the vast, unending greenery all over, undoubtedly gave the deliberations an aroma of freshness and the whiff of the mountain breeze brought with it, green and creative ideas and resolutions known as the **‘VAGAMON DECLARATION’** strengthening further the roots of the movement.

19. As the participants parted to say good bye to the heights of Vagamon, it was with a steel resolve to scale greater heights, and to take the organisation to another horizon.

20. **“Common Bond”** compliment all the participants, who unmindful of the comforts involved themselves with zeal and enthusiasm in the entire exercise laid the road map for the future generation, and thank the Kerala State Unit for providing a beautiful place for holding a historic Conclave in a scientific manner.

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### VAGAMON CONCLAVE VISION, MISSION AND VALUE STATEMENT

**T**he historic Conclave was conducted on 15th and 16th of May, 2010, at Vagamon, Idukki district, Kerala, where all the General Secretaries of the Confederation participated in a two days brain storming session on critical issues and challenges before the trade union movement. The conclave introspected the past and the present, on

policy issues, ideology, style of functioning and chalked out the path for the future in order to further strengthen the movement to greater heights. In the conclave Vision, Mission and Value Statement was adopted by the participants after due deliberations. We reproduce the same.

SUCCESS AWAITS AT THE DOOR WHERE DILIGENCE IS

## VISION

AIBOC is a value based Trade Union, committed to consolidation of Bank Officers' Movement and the entire Managerial Staff in India and abroad. It is against Exploitation, Victimization and Attacks on the Working Class. Through Dedicated Service and Struggle, it upholds the Dignity, Self esteem, Professional competence of its Members to seek Fair, Equitable Compensation and Service Conditions.

AIBOC is Politically not affiliated, Self Reliant, Internally Led, Independent Trade Union upholding Democratic values and involving itself in socially relevant issues. It is committed to National Unity, National Interest and the Public Sector.

## MISSION

To carry forward the interests of Bank Officers working in India and abroad.

To remain always committed for a larger Consolidation of Managerial Staff all over the country.

To campaign in favour of Public Sector for protecting and furthering Public Interest.

Through determined, sustained Campaign and struggles strives to improve the service conditions by effectively using bipartite machinery.

To extend constructive and positive support to the Banks, in poverty alleviation programmes and for the improvement of the economy.

To work towards continuous improvements for the purpose of enhancement of customer satisfaction through dedicated customer service.

To Continuously search for healthy interaction amongst members and society, through enhancement of awareness and involvement in non-bargaining issues like

Economic Policy, Health of the Banks, Social Service etc.,

To Work as a Nodal point for organising the Professional Workers of different sectors in India.

To strive to organise the unorganized sector for protecting and furthering their Dignity and Human rights.

To uphold the dignity and self esteem of the working class.

To maintain fraternal relationship with other trade unions.

To campaign in favour of alternate Economic and Banking Policy, committed to the principles of state ownership.

To seek and achieve a stress free work atmosphere in the Banking Industry for Officers.

## VALUE STATEMENT

Affiliate wise Autonomous; Confederation wise Supportive.

Inculcating a sense of belonging amongst the Members, Affiliates and the Working Class at large.

To be sensitive and to protect Human Dignity and Self-Respect.

To improve Professional Outlook and Commitment to the Institution.

To seek continuous Enhancement of Working Knowledge and Skills through, Research, Training and Development.

To root out Corruption at all levels.

To work for the National interest and to confront New Challenges with Eternal Vigilance, Determination and Bold Initiatives.

ARISE, AWAKE, STOP NOT TILL THE GOAL IS REACHED

To Resolve Internal Organizational Challenges through Mutual Dialogue, Discussion and Consensus.

To Work Democratically to Enhance Unity and Camaraderie amongst Members and Affiliates.

{Adopted in Vagamon Conclave}

It was a historic occasion that, during the Silver Jubilee year of the Confederation, the leadership of the Confederation is coming out with Vision, Mission and Value Statements befitting the status of the Confederation. "Common Bond" compliment the participants of the 'Conclave' for a marvellous job they have accomplished.

AMENDMENT TO THE PAYMENT OF GRATUITY ACT 1972  
CEILING RAISED FROM RS. 3.5 LAC TO RS. 10 LAC

We are happy to inform the members that the ceiling under the Payment of Gratuity Act 1972 has been revised from Rs. 3.5 lac to Rs.10 lac with the passage of the Bill in the Lokh Sabha on

3.5.2010 and thereafter by the Rajya Saba on 05.05.2010. The copy of notification as published in the Gazette of India dated 18.05.2010 by the Ministry of Law and Justice is as follows;

<p><b>MINISTRY OF LAW AND JUSTICE</b> (Legislative Department) New Delhi, the 18th May, 2010/Vaisakha 28, 1932 (Saka)</p>		
<p>The following Act of Parliament received the assent of the President on the 17th May, 2010 and is hereby published for general information:-</p>		
<p>THE PAYMENT OF GRATUITY (AMENDMENT) ACT, 2010 (No. 15 OF 2010)</p>		
<p>[17th May, 2010]</p>		
<p>An Act further to amend the Payment of Gratuity Act, 1972. Be it enacted by Parliament in the Sixty – first Year of the Republic of India as follows:-</p>		
1.	<p>(1) This Act may be called the Payment of Gratuity (Amendment) Act, 2010.</p> <p>(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.</p>	<p>Short title and commencement</p>
2.	<p>In section 4 of the Payment of Gratuity Act, 1972, in sub-section (3), for the words “three lakhs and fifty thousand rupees”, the words “ten lakh rupees” shall be substituted.</p>	<p>Amendment of section 4 of Act 39 of 1972.</p>
<p>V.K.BHASIN, Secy. to the Govt. of India</p>		

The Act came in to force with effect from **24.05.2010** as per the notification issued by the Ministry of Labour and Employment in the Gazette of India dated May, 24, 2010. Members may re collect that it was with the initiative of the Confederation which prompted the Ministry of Labour to take action at the earliest for the amendment. With this amendment lakhs of employees of Banking Sector as well as in the Private Sectors will be benefited.

WORK IS WORSHIP , DO YOUR DUTY

**DEARNESS ALLOWANCE**  
**(on Existing Scale)**

The Index Numbers for the quarter ended March 2010 are as under:

MONTH	INDEX AS PER 2001 SERIES	CONVERSION FACTOR	INDEX AS PER 1960 SERIES
January 2010	172	4.63 x 4.93	3926.05
February 2010	170	4.63 x 4.93	3880.40
March 2010	170	4.63 x 4.93	3880.40
<b>Total</b>			<b>11686.85</b>
Average =		11686.85/3	3895.61
Difference in excess of 2288 points			1607.61
D.A. paid for the previous quarter on (i.e. 382x4)			1528.00
Difference			79.61
Increase in number of Slabs = 79.61/4=			19.90

Accordingly, Dearness Allowance is payable to Officers on 401 (i.e. 382+19) slabs with effect from 01-05-2010 as against 382 slabs for the previous quarter. The rates worked out are as per the industry level scales upto Scale VII including SBI.

**FUTURE OF BANK OF RAJASTHAN PROMOTERS DEAL WITH ICICI BANK**

Text of the letters No.1410/157/10 Dated: 19.05.2010, Addressed to

**Shri. Pranab Kumar Mukherjee,**

Hon'ble Finance Minister, Government of India,  
South Block, Parliament House,  
NEW DELHI.

**AND**

**Shri. D.Subba Rao,**

Hon'ble Governor of Reserve Bank of India  
Central Office, Shahid Baghat Singh Road,  
MUMBAI - 400 001.

Dear Sir,

We are disturbed by the reports appearing in both press as well as electronic media, as regards the so called decision of the Boards of the Bank of Rajasthan and also the ICICI Bank on the take over of the Bank of Rajasthan by the ICICI Bank, through buying the entire share holdings of Mr. Tayal and his group in a private treaty. This is yet another blow to the Old Generation Private Sector Bank, if this transactions are allowed to take place, since the Bank of Rajasthan which has made tremendous contributions for the economic growth of the State of Rajasthan and the surrounding northern states through a network of 434 branches in ensuring that the credit facilities reach the interior parts of most

backward places of these States. The Bank of Rajasthan is one of the oldest Private Sector Banks functioning as per the policies and guidelines laid down by the Reserve Bank of India and the Central Government from time to time in particular the lending to the priority sector so that the State of Rajasthan as well as other backward states are able to ensure their economic growth on par with other states. The Bank has also established a number of branches in the interior parts of Rajasthan while several other banks had their own reservation in serving these parts of the country. The Employees and Officers of these banks have been rendering a yeomen service to the common people of the country.

BE TRUTHFUL, BE FEARLESS



2. We have seen in the recent past that the aggressive take over which had taken place in respect of Bank of Madura by ICICI only led to frustration amongst the employees and Officers in the Bank and the ICICI Bank utilised the Bank of Madura to add to the number of branches but the yeomen service that was being rendered by the bank earlier was given a go by. Same is the case of Lord Krishna Bank, which was taken over by the Centurian Bank and subsequently by the HDFC Bank, thereby pushing these banks into the fold of the Banks, now controlled by multinationals.

3. The Confederation and its affiliates have been opposing any attempt by the new generation private Banks to take over the old Generation Private Banks with their traditional bond with the local people which are akin to the Nationalized Banks in their style of functioning as well as in discharging of their duties to the cause of the common man in this country. The events which led to the so called in principle decision of the Boards of both the banks has an organised attempt by the Promoter to hand over the Bank of Rajasthan on a platter to the ICICI bank knowing very well that there is a total opposition by the employees and officers working in this bank as well as the local public. We were hoping that with the intervention of the RBI in the matter of ensuring that the Bank of Rajasthan is functioning on a proper line by strengthening the Bank as an independent private bank restoring its past glory. But the developments are

contrary to our expectations.

4. We therefore request you to kindly intervene and provide alternative proposal for the Bank of Rajasthan to overcome the current aggressive take over by the ICICI Bank in order to ensure that the faith and trust of the General public, employees and officers in the regulator is not shattered. We are also against this so called merger. There is scope for the alternatives for helping the Bank of Rajasthan to come out of the present difficulties and the promoters should not be allowed to push the bank to the lap of the ICICI Bank and to make huge profits for himself and his associates in the process leaving the employees and officers who were the people who build this bank over the last several years in the lurch. We demand nationalisation of the Bank or merger with a Public Sector Bank instead of merging the Bank with a foreign bank.

5. Please look into the matter and take necessary steps without further delay.

6. Please treat the matter as urgent.

Thanking you,

Yours faithfully,

Sd/-  
(G.D.NADAF)  
GENERAL SECRETARY

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**BANGIYA GRAMIN BANK OFFICERS ASSOCIATION MURSHIDABAD W.B  
2<sup>ND</sup> GENERAL AND 1<sup>ST</sup> BIENNIAL CONFERENCE**

The 2nd General and 1st Biennial Conference of Bangiya Gramin Bank Officers Association was held at Berhampore, Murshidabad (W.B) on 1st and 2nd May 2010. The entire town of Berhampur was decorated on the occasion with welcome arches and posters, bearing a festive look. Eminent personalities like Sri. Basudeb Acharya M.P. and leaders of AIRRBOF and WBRRBOA and G.M. of the bank were on the dais. They spoke on the present socio economic scenario and on the role of RRB in rural development. Following Office

bearers were elected on the occasion for next biennial term along with other office bears.

SRI. UDAY SANKAR ADHURYA      PRESIDENT

SRI. SUBHAS BASU                      GENERAL SECRETARY

“Common Bond” congratulate the newly elected office bearers of the Association and wish them success in carryout their assignments successfully during their term of office.

OUR LIFE IS WHAT OUR THOUGHTS MAKE IT

## RBI TO EXTEND BANKING SERVICES TO ALL VILLAGES BY 2015

The Reserve Bank of India has set a target of extending banking facilities to all villages in the country by 2015 as part of inclusive growth, the RBI Deputy Governor, Dr. K.C. Chakrabarty, said.

As a first step, RBI has advised banks to extend banking services to every village having a population of over 2,000 by 2012.

The extension of banking facilities has not taken place in the country in the last 50 years due to absence of technological advancement and other institutional constraints, he said while speaking at after the formal release of India Micro, Small and Medium Enterprise 2010 (MSMER 2010) brought out by Institute of Small Enterprises Development (ISED) here on Friday.

He said majority of the six lakh villages in the country do not have a proper banking system and lack access to credit.

He said the growth in the MSME sector in the country has doubled in the last four years despite the global meltdown. The total credit extended to the sector by the banks is more than 25 percent and

the contribution of the sector to the GDP is 11 percent. RBI, he said, had instructed all banks to extend all help to MSMEs and urged the enterprises not to seek concessional credit. There have been complaints of entrepreneurs are not getting help from banks.

He said that all deserving entrepreneurs should get credit.

The many shortcomings in extending support to MSME sector can be rectified collectively. There is no need for giving concessional credit to unviable units, he said adding, that the MSME sector play a prominent role in keeping up the spirit of entrepreneurship.

The MSMER 2010 report highlights India's unutilized potential relating to MSME, as the sector has substantial potential of capitalising on the global warming agenda.

The report also advocates image building for the MSME sector, breaking the invisibility syndrome, enhancing manufacturing competitiveness, strengthening the institutional and policy instruments, ensuring a level playing field, tapping the vast potential of green business ideas, to capitalise on emerging new markets.

## BAD DEBTS WRITTEN OFF –SUFFICIENT GROUND FOR CLAIMING DEDUCTIONS –S C

The Supreme Court has held that bad debts written off in the books of accounts of the taxpayer is sufficient ground for claiming deduction. It upheld the tribunal's judgment that held that Vijaya Bank was entitled to the benefit of deduction on the ground that a provision for creating bad and doubtful debt by debiting the bad debt amount to the profit and loss (P&L) account was sufficient to constitute a writeoff for claiming deductions. The issue before the court was whether it is imperative for the bank to close individual accounts of its debtors in its books or a mere reduction in the loans and advance for debtors on the asset side of its balance sheet to the extent of the provisions for bad debt would be sufficient to constitute a write off.

The department had in 1994-95 disallowed a claim of Rs. 7.1 crore stating that the impugned bad debt had not been written off in an appropriate manner as required under the accounting principles. However, the apex court rejected the department's contentions that the bad debt supposedly written off by the assesses was a mere provision and the same could not be equated with the actual write off of the bad debt as per the requirement of Section 36 (1) (vii) of the Income Tax Act 1961.

Additional solicitor general Bishwajit Bhattacharya argued that a writeoff of each and every individual account under the head loans and advances' or debtors was a condition precedent for claiming deduction under the Act and the claim of actual writeoff of bad debts in relation to banks

DUTY FIRST, RIGHT NEXT

was different from the accounts of the non banking assesses. He argued that in view of the explanation inserted in Section 36 (1) (vii) of the Act vide Finance Act 2001 with effect from 1st April, 1989, a mere debit

of the impugned amount of bad debt to P&L account would constitute a provision for bad and doubtful debt and not actual write off.

Source: Financial Express dt. 20.4.2010

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### CHEQUE RETURN DELAY IN SETTTLING DEFAULTED AMOUNT? PAY 20% MORE -SC

**F**rom now, delay in settlement of cheque bounce cases will cost the defaulter heavy, up to 20% of the cheque amount.

The penalty for delayed settlement of the cheque amount, after conviction in the trial court, would rise steadily from 10% in the district courts, 15% in high courts to whopping 20% in the Supreme Court.

The SC on 3rd May 2010 took this radical step through a pioneering judgment which will curb the tendency among defaulters to sit over the amount tendered through a bounced cheque. Saddled with 30 lakh cheque bounce cases, the SC accepted most of the suggestions given by attorney general G E Vahanvati. A Bench comprising Chief Justice KG Balakrishnan and Justices P Sathasivam and JM Panchal also laid down guidelines for early settlement in cheque dishonour cases under Section 138 of the Negotiable Instruments Act.

The judgment, authored by CJI Balakrishnan, indicated that defaulters going for early settlement before the trial court would have to pay just the principal amount with applicable interest.

But if they approached the district court for settlement after being convicted by the trial court, they would have to pay 10% of the cheque amount to avoid going to jail. So if a cheque amount is for Rs. 1 lakh, then to compound the offence before the district court, the defaulter has to pay an additional Rs. 10,000 to avoid going to jail.

Similarly, if the defaulter agrees for settlement and compounding of the offence at the HC stage, then he would have to pay 15% of the cheque amount which would increase to 20% if he moves the Supreme Court. The amount so collected would be given to legal aid authorities of the respective states which provide free legal assistance to poor litigants in various forums, the apex court said.

This judgment will go a long way in reducing the pendency of 30 lakh cheque bounce cases across the country which has a jamming effect for the wheels of justice already slowed down by pendency of 2.7 crore cases.

Source: Times of India, Date: 4/05/2010

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### BANKS GEAR UP TO HIRE AGRICULTURE GRADUATES

**A**GRICULTURE graduates are much sought after these days with state-run banks gearing up to drive their financial inclusion agenda through focused hiring.

Public Sector lenders such as Punjab National Bank, Bank of Baroda, Central Bank of India and IDBI Bank have started hiring hundreds of agriculture officers this year to expand their operations in the rural areas of the country.

“Our students understand the needs of rural population, specially agriculture and that makes

them attractive propositions for both nationalized and private banks.” said B S Bisht, vice chancellor of GB Pant University. Around 100 students have been hired so far this year through campus interviews.

The hiring is in sync with the government’s emphasis on greater agriculture lending. So far, around 8 crore Kisan Credit Cards have been issued to small and medium scale farmers. The government is targeting 4% agriculture growth, which is key to its efforts to achieve 8.5% growth in the next financial year. “These officers can not only handle banking

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activities but also provide technical support to farmers. It is a big advantage for a bank, as it helps us to make penetration and increase our base," said M V Tanksale, executive director of Punjab National Bank, which is looking to hire about 400 specialised hands.

Officials with the finance ministry and RBI are also working on new technological models for spreading banking activities in unbanked areas. The government has identified 60,000 blocks with population of more than 2,000 that do not have banking facilities. "We are looking at a number of channels, which can be used for the purpose (providing banking facilities in these areas)," banking Secretary R. Gopalan said.

The government has set aside Rs. 100 crore for 2010-11 as one-time grant-in-aid to ensure provision of at least one centre or point of sales for banking services in each of the unbanked blocks in the country. This is where judicious hiring will help. Agriculture graduates understand the needs of the rural population better. Corporation Bank is planning to hire around 200 officers this year. "We will increase this number as we open more rural branches," its chairman and managing director JM Garg said.

Hyderabad-based National Institute of Agricultural

Extension Management, popularly known as MANAGE, recently placed 12 students with IDBI Bank. According to Vikram Singh, director & principal co-ordinator of the institute's post-graduate programme in agri-business management, these graduates are not only put into functions such as marketing, finance, recovery, their skills are also put to use in designing products for rural and agri-banking.

Out of the 600,000 habitations in the country, only about 30,000 have a commercial bank branch

Only 40% of the population has bank accounts

Only 10% population has any kind of life insurance cover

Penetration of non-life insurance is 0.6%

People having debit cards comprise only 13%

51% of the 89.3 million farmer households did not seek credit from either institutional or non-institutional sources.

**Source: Economic Times, Date-20/3/2010**

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