



# NATIONAL CONFEDERATION OF BANK EMPLOYEES

(Registered under the Trade Unions Act 1926 - Registration No. B-2334)

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## **CIRCULAR NO. 25**

**Date: 01.10.2018**

### **TO ALL AFFILIATES & MEMBERS**

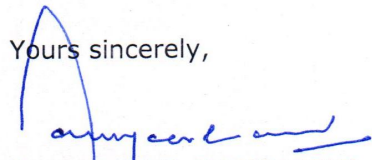
Dear Comrades,

- **Discussions with IBA on our Charter of Demands**
- **IBA proposes Fixed Pay & Variable Pay Scheme/Performance Linked Emoluments based on Operating Profits and Return on Assets**

We reproduce hereunder the Circular No. UFBU/2018/16 Dated the 1<sup>st</sup> October 2018 issued by Com. Sanjeev K. Bandlish, Convenor, United Forum of Bank Unions (UFBU), for information of all affiliates and members.

With regards,

Yours sincerely,



**(SANJEEV K. BANDLISH)**  
**GENERAL SECRETARY**

“One more round of Bipartite Discussions were held on 29-9-2018 between UFBU and IBA at Mumbai. In continuation of the last round of discussions, IBA wanted to know our reaction to their offer of 6% hike made in the last round of talks. Responding to their question from our side, we pointed out that their offer is too inadequate and we asked IBA to improve their earlier offer.

However IBA proposed that in addition to 6% hike offered by them which would be common to all Banks, additional wage increase can be worked out through a scheme by which in each Bank annual increase in emoluments can be offered based on Operating Profits and Return on Assets of the individual Bank with a view to add an element of performance linked compensation over and above the uniform pay structure.

IBA detailed their proposal as under:

	<b>% increase YoY in Operating Profit</b>	<b>Return on Assets - ROA</b>
<b>Category C</b>	0.01 % to 7 %	- 0.75 to - 0.25
<b>Category B</b>	7.1 % to 15 %	- 0.24 to 0
<b>Category A</b>	Above 15 %	Above 0

<b>No. of days for which Establishment Cost shall be paid out</b>				
<b>Return on Assets</b>				
	<b>Category</b>	<b>A</b>	<b>B</b>	<b>C</b>
<b>Operating Profit (YoY Growth)</b>	A	30	25	15
	B	25	20	10
	C	10	10	5

Pay Out as % of Establishment Cost				
Return on Assets				
	Category	A	B	C
<b>Operating Profit (YoY Growth)</b>	A	8.2 %	6.8 %	4.1 %
	B	6.8 %	5.5 %	2.7 %
	C	4.1 %	2.7 %	1.4 %

YoY Growth in Operating Profit	Return on Assets	Category	No. of days for which Establishment Cost will be paid out	Pay Out as % of Establishment Cost
Above 15 %	Above 0	AA	30 days	8.2 %
Above 15 %	- 0.24 to 0	AB	25 days	6.8 %
Above 15 %	- 0.75 to - 0.25	AC	15 days	4.1 %
7.1 % to 15 %	Above 0	BA	25 days	6.8 %
7.1 % to 15 %	- 0.24 to 0	BB	20 days	5.5 %
7.1 % to 15 %	- 0.75 to - 0.25	BC	10 days	2.7 %
0.01 % to 7 %	Above 0	CA	15 days	4.1 %
0.01 % to 7 %	- 0.24 to 0	CB	10 days	2.7 %
0.01 % to 7 %	-0.75 to -0.25	CC	5 days	1.4 %

IBA sought the reaction of UFBU to their proposal. From UFBU, we have pointed out that their above proposal based on performance/profits of the Banks is not an answer to our demand for increase in wages due to inflation, price rise, cost of living, increased workload and job profile of bank employees and officers. We reiterated that the IBA's offer of 6% hike should be substantially improved upon.

IBA while stating they are not averse to increasing their 6% offer, wanted UFBU to consider their proposal looking to the present varying Operating Profits of the Banks and consequent paying capacity. IBA proposed that UFBU may study their proposal and come out with suggestions or alternative proposals for their consideration. IBA also informed UFBU to revise the demands in terms of total cost in order to arrive at a negotiated solution. It was decided that the issue would be further discussed in the next round of discussions.

**Merger of DA with Basic Pay:** We proposed that Dearness Allowance upto 6352 points of Consumer Price Index (Quarterly Average of July, August, September, 2017 i.e. DA paid from November, 2016) be merged with Basic Pay for constructing the revised Pay Scales. IBA informed that they would give their reaction in the next round of discussions.

**UFBU Meeting:** In the UFBU meeting held thereafter, it has been decided to hold UFBU meeting on 14<sup>th</sup> October, 2018 to discuss the proposal of IBA and give our reactions thereupon.

**Renewal of Medical Insurance Policy:** The Medical Insurance Policy for serving employees and officers of the Banks is being renewed w.e.f. 1-10-2018 based on the revised quotation received UIIC."

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