UNITED FORUM OF BANK UNIONS

(AIBEA-AIBOC-NCBE-AIBOA-BEFI-INBEF-INBOC-NOBW-NOBO)

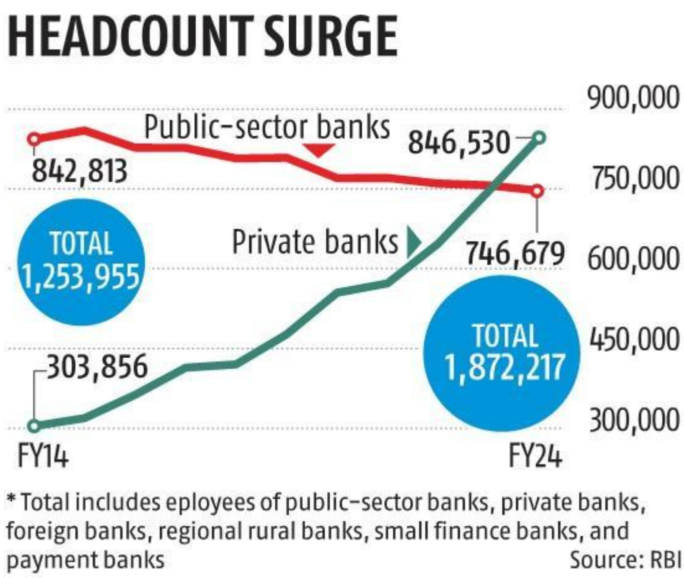
Date : 3-3-2025

To
Shri. M. Nagaraju
Secretary
Dept. of Financial Services,
Ministry of Finance
Govt of India, New Delhi

Dear Sir,

On behalf of the United Forum of Bank Unions, we the representatives of the 9 constituent Unions, wish to submit the following representation to you with a request to consider the same for favourable perusal and outcome.

1. Need for adequate recruitments: The public sector banking system in India forms the backbone of the country's financial infrastructure, ensuring the effective implementation of government schemes, financial outreach programs, and inclusive economic growth. However, over the years, the workforce in public sector banks (PSBs) has dwindled significantly, creating an unsustainable work environment and compromising the efficiency and reach of these institutions. Over the last decade, the employee count in public sector banks has seen a steady decline due to retirements, voluntary exits, and inadequate recruitment drives. Similar is the problem in the old private Banks, Regional Rural Banks and Co-op. Banks. But in contrast, new private sector banks have rapidly increased their workforce, leveraging aggressive recruitment strategies to enhance their operational efficiency and customer service. . Since 2013, employees in the clerical category of state-owned banks have gone down from 3,98,801 to 246,965 and the number of sub-staff went down from 1,53,628 to 94,348 for the same period. In contrast, employees in the private banks have gone up from 225,805 in FY2014 to 796,809 in FY2024.



Despite having a larger market share and wider reach, public sector banks are significantly understaffed compared to their private sector counterparts. Public sector banks account for over 60% of the total market share, with a network of approximately 90,000 branches across the country. Private sector banks, with less than 40% market share, operate fewer branches yet employ a greater number of personnel, highlighting the disparity in workforce allocation.

In public sector banks, the average customer-to-employee ratio goes upto 2000:1, far surpassing the average of 300:1 in the new private banks. This disparity burdens public sector employees with excessive workloads, resulting in delays, errors, and deteriorating customer service. Public sector bank employees report high levels of stress and burnout due to overwork, inadequate staffing, and increasing administrative responsibilities. Reports have surfaced of mental health crises among employees, with incidents of suicides, depression, and toxic work environments becoming alarmingly frequent.

Public sector banks handle a disproportionate share of government-directed financial inclusion initiatives, such as, Pradhan Mantri Jan Dhan Yojana, Mudra Loan Scheme, PM Kisan Samman Nidhi etc. PSBs execute over 80% of these programs, despite their limited workforce, while private sector banks largely abstain, citing lower profitability and higher operational costs. Due to inadequate staff, the ability of PSBs to reach underserved populations is compromised, affecting the broader economic goals of the government.

The lack of permanent subordinate staff has led branches to rely on temporary housekeeping personnel for essential, sensitive tasks, such as handling documents and managing restricted areas like currency chests. This dependency creates significant security risks, as temporary staff may inadvertently access sensitive information, increasing the potential for fraud and breaches. The high customer-to-employee ratio intensifies pressure on officers', leading to burnout and affecting both their mental and physical health.

The continued neglect of the banks to address the requirement of adequate staff and officers for effectively running the banking operations smoothly and effectively and for preventing fraud and cyber crimes has given rise to the urgent need for recruitment of regular employees in PSBs.

Regularise temporary employees: In the absence of adequate recruitments in the Banks and virtual bank on recruitment of substaff and housekeeping staff, in almost all the Branches, employees are engaged on temporary basis. These temporary employees are working in the branches for years together. But they are permanently temporary. The very fact that Banks and Branches are employing these temporary employees explains the shortage of staff in branches and the need for recruitment of permanent employees. While doing so, these temporary employees need to be regularized.

2. Implementation of 5 Days Working Per Week : Bipartite Settlement/ Joint Note was signed by the Indian Banks' Association with the Employees Unions and Officers Organisations in the Banks on 8-3-2024 covering revision of wages and improvements in other service conditions for the period from 1-11-2022 to 31-10-2027 and

In every round of negotiations, the unions/ associations unequivocally demanded that IBA should ensure that 5-day work week would be implemented before the signing of the final settlement and

A Memorandum of Understanding was signed between the unions/ associations and the Indian Banks' Association on 7-12-2023, where it was written that the recommendation for declaring all Saturdays as holidays under the NI Act for Banking Industry in line with earlier negotiations with unions/ associations had already been sent to the Govt. The unions/ associations urged for implementation of the same before signing of the final bipartite Agreement/ Joint Note.

It was agreed in the Settlement/Joint Note dated 8.3.2024 that in terms of understanding dated 7th December, 2023, reached between IBA and Unions/ Associations for declaration of all Saturdays as holidays under Negotiable Instrument Act for Banking Industry, IBA has accordingly recommended to the Government and the due changes in the working hours will be effective after approval by the Government of India and necessary clearances from Government/Reserve Bank of India.

It is more than an year that the IBA has recommended to the Government and till date the approval has not been received. Hence we seek your intervention to approve and introduce the same at the earliest.

3. Violation of bilateral agreement : The Performance Linked Incentive (PLI) scheme was introduced in the Banks under the last Settlement signed between IBA and Unions/Associations in 2020. The Scheme covered all workmen employees and all Officers from Scale I to Scale VII. This PLI Scheme has been introduced after detailed discussions between the parties based on mandates provided by member Banks' Boards. During the year 2024, the PLI scheme has been modified improved upon by further mutual discussions and minutised between the parties.

Whereas the DFS Notification No. eF No. 15/6/2024-BO.I dated 19.11.2024 violates the accepted principle of equity and undermines this well-established framework, violating the sanctity of collective bargaining and the bilateral settlements and introduced a selective approach to incentivise only officers from Scale IV to VIII (counting less than 5% of the total workforce), while excluding over 95% of employees who primarily drive business at the field level. It risks fragmentation of the workforce and impairing the collective growth and harmony, which is paramount and essential for any organizational growth and sustainable success.

Besides the DFS directive which amounts to violate the collectively bargain PLI scheme uniformly applicable to entire workforce from part time sweepers to General Managers of the Banks with uniform rate of incentive for all, it also will result in huge inequity and differentiation in the incentive by extend a highly disproportionate incentive model for a small section of the workforce. Uniformity of the incentive will be the casualty. If the scheme needs any review, UFBU is ready to re-negotiate the same but unilateral and discriminatory change in the scheme is unfair and unacceptable.

4. Efficiency Review: DFS has sent a directive to all Banks on 26-9-2024 asking them to review the efficiency of all employees and officers on reaching the age of 55/57/58 and submit the report of the review report to the Government every month.

This policy not only infringes upon the operational autonomy of banks but also undermines the morale and job security of dedicated Bank employees and Officers across the country. We stand firm against any initiative that jeopardizes the career stability of bank staff. We are for efficiency workforce and there are adequate safeguards and rules evolved through bilateral agreements to ensure the same. Government directive is nothing but intimidation of the employees and officers.

The PSBs are already facing severe staff shortages, exacerbated by the lack of recruitment in clerical and sub-staff cadres, this DFS directive threatens the very sustainability of the industry. Adding further stress to an overstretched workforce, the policy requires banks to undertake monthly reviews and submit reports detailing the number of employees reviewed and retired prematurely, a step that will severely detract the attention from core banking operations.

The directive also undermines established mechanisms, including the Bipartite Settlements and Officers' Service Regulations, which provide comprehensive provisions to address performance-related concerns without resorting to arbitrary dismissals, under the new mandate, officers face premature retirement with a three-month notice period (or pay in lieu), while clerks and sub-staff receive only a two-month notice. Such unilateral measures are both provocative and intimidating, disregarding existing processes for handling employee performance fairly.

Such directive from the Department of Financial Services has undermined the sanctity of the bilateral provisions of service conditions and tantamount to interference in the internal autonomy of the Bank Boards and such arbitrary action of the Government is one of the reasons for the unrest amongst the bank staff.

5. Increasing assaults on Bank Managers/officers/other staff: Bank employees are increasingly facing verbal and physical assaults while performing their duties, often at the hands of unruly elements, sometimes even backed by political forces, and these incidents not only compromise their safety but also disrupt essential banking services. Reports of physical attacks on bankers have been on the rise, with staff frequently threatened while on duty which is being further exacerbated by the reduced workforce.

Despite the advisories from the Department of Financial Services, Government of India, urging strong action against such behavior, these incidents persist nationwide. In several cases, officers are coerced into avoiding recovery actions or sanctioning loans without the required compliance from borrowers. Recent violent episodes in Maharashtra, Uttar Pradesh, Chhattisgarh, Punjab, Gujarat, Bihar and other states have escalated, leaving bank Managers, officers and other staff feeling helpless and demotivated, severely impacting their ability to fulfil their duties.

In the light of these grave concerns, an enactment of a stringent legal framework is required and there should be dedicated Act safeguarding bankers from physical harm and undue pressure related to their professional duties encompassing the coverage of the provisions under Bhartiya Nyaya Sanhita (BNS) that protects Public Servants from similar abuse and threats, as listed below:

- BNS Section 332 - Voluntarily causing hurt to deter public servant from his duty.
- BNS Section 121(2) - Assault While Performing Official Duty.
- BNS Section 132 - Assault or criminal force to deter a public servant from discharging their duty.
- BNS Section 219 - Obstructing sale of property offered by authority of public servant for sale.
- BNS Section 221 - Obstructing public servant in discharge of public functions, Interrupting Government Work by Insult or Misbehaviour
- BNS Section 224 - Threat of injury to public servant

Our demand for protective measures for bank staff against assaults and enactment of legal provisions for our safety in Branches is another important.

6. Fill up the posts of Workman/Officer Directors in PSBs: The appointments of Workmen Employee/Officer Employee Directors to the Boards of Banks remain pending for a decade, despite clear legal mandates, judicial directives. The provisions of The State Bank of India Act, 1955, and the Banking Companies (Acquisition and Transfer of Undertakings) Act of 1970/1980 mandate the inclusion of one Workman Director and one Officer Director on the Boards of SBI and all nationalized banks. This provision is further reinforced in the Nationalized Banks (Management and Miscellaneous Provisions) Scheme, 1970.

The Department of Financial Services (DFS) has been repeatedly approached to expedite the appointment process to ensure adherence to statutory and legal provisions, promoting an inclusive governance structure across public sector banks. Unfortunately, even then, the posts of Workman Employee/Officer Employee Directors in all the 12 PSBs remain unfilled. This is yet another important demand

7. Convert all employees/covered by NPS to OPS : Pension is not merely a retirement benefit; it is essentially a social security measure designed to provide financial stability and dignity in post-retirement years, whereas the NPS, being a market-driven scheme, has shown inconsistent returns subject to market fluctuations, leading to unpredictability and financial vulnerability for retirees. Further it is also a contributory scheme. With inflation and living costs continuing to rise unabated, a pension scheme unlinked to D.A. neutralization will severely impact the quality of life for retired bank employees covered under NPS, who deserve stability and security in their retirement.

These issues have been raised before the Government and IBA/Managements for an umpteen number of times, and the failure of the IBA and the Government of India to address the justified demand and restore the Defined Benefit Pension Scheme for post-2010 bank employees/officers, has given rise to unrest amongst the employees and we urge upon the Government to consider the same positively.

8. Updation of Pension for existing pensioners: We have been demanding periodical updating of pension along with wage revision settlement and it was agreed that without prejudice to the Court cases in various litigations relating to pension scheme including the demand for updating of pension, for pensioners up to 31.10.2022 an ex-gratia shall be paid which would be due for review in April 2024. It was also agreed that there shall be annual review of the ex-gratia amount as may be mutually agreed between IBA and the union/association. Now, there is no discussion initiated by IBA either for review of ex-gratia amount or for developing a framework of periodical pension updating as demanded without prejudice to the Court cases. Hence it is very important issue that required the immediate attention of the Government.

9. Improvement in Gratuity under the Act and exemption from Income Tax : Gratuity is a statutory retirement benefit provided to employees as a token of appreciation for their service and loyalty to the organization. Over the years, the Government of India has periodically revised the gratuity ceiling, the latest being Rs. 20 lakhs under the Payment of Gratuity (Amendment) Act, 2018. However, this ceiling remains lower compared to the benefits provided to government employees under the Central Civil Services (Pension) Rules, where gratuity is capped at Rs. 25 lakhs, along with a full exemption from income tax.

Government employees enjoy a higher gratuity ceiling of Rs. 25 lakhs with no income tax liability. The banking sector has consistently contributed to the nation's progress, implementing government schemes, expanding financial inclusion, and delivering critical services even in challenging conditions. The sector's employees and officers deserve recognition through better retirement benefits. With the increasing cost of living and inflation, the current ceiling of Rs. 20 lakhs does not adequately compensate employees upon retirement. Raising the limit to Rs. 25 lakhs would provide greater financial security in post-retirement life.

Gratuity is a one-time benefit earned over decades of service. Subjecting it to income tax is inequitable and diminishes the value of the benefit. Government employees already enjoy tax exemption, and this principle should extend to all employees, including bank officers and award staff. The absence of appropriate amendments to the Gratuity Act has caused widespread dissatisfaction among bank employees.

We have been demanding the appropriate amendments to the Payment of Gratuity Act **increasing the ceiling on Gratuity from Rs. 20 lakhs to Rs. 25 lakhs** and **exempt the entire gratuity amount from income tax** to ensure employees receive the full benefit of their service. Hence it is an important issue confronting the bank employees and officers.

10. Need to exempt staff welfare oriented benefits from the purview of perquisite and consequent Tax: Whereas, every profession offers specific benefits tailored to its nature. Across sectors, such perks are legitimate, remain untaxed, and form an integral part of employment packages. These benefits not only attract India's brightest minds but also help organizations hire the best talent. In the financial sector, the liability of income tax on perquisites borne by the bank is a motivating factor for employees, encouraging them to contribute more effectively to the organization.

It is important to note that many employers provide in-house products or services either free of cost or at subsidized rates to their employees like in railways, airlines, telecom companies, schools, hospitals, etc, where the staff get certain concessional benefits which are not treated as perks and hence not taxed. These are ways of how employers extend such benefits to their workforce. Given that the banking sector deals primarily with financial products, it is only reasonable that similar privileges, such as concessional loans, are extended to us.

It is pertinent to highlight that the cost of delivery for staff loans is minimal since these loans require no publicity or marketing and are fully secured through mechanisms like a lien on superannuation benefits or insurance coverage. Furthermore, these loans entail no recovery costs, as repayment is directly deducted from employees' salaries.

Among the limited benefits enjoyed by bank employees, concessional staff loans play a critical role in ensuring financial stability, especially given the high-stress conditions of their work environment. Taxing this singular benefit, while similar perks in other sectors remain untaxed, is both arbitrary and unjust. These benefits are not handouts but rather a part of the crop harvested by employees, provided to them on concessional terms.

We, therefore, demand that such concessional staff loans and staff welfare related benefits be exempted from the ambit of perquisite taxation.

11. DO NOT privatise IDBI Bank – Maintain minimum of 51% of capital with Government: IDBI was made a specialised Bank to deal with long term needs of the industries and has done yeoman services. Later, this has been converted as IDBI Bank as a regular commercial Bank. It has been assured on the floor of the Parliament that at any point of time, the Government shall maintain a minimum of 51% of the capital of the Bank with itself. Today Government and LIC put together has the capital upto 95%. There are repeated reports that the Governments wants to disinvest in this Bank and more than 51% of the shares would be divested. This would obviously mean privatisation of IDB Bank and would be against the assurances made on the floor of the Parliament by the then Finance minister. We seek your attention to this important issue.

12. Micromanagement of PSBs on IR related issues : We express our deep concern and misgivings over the increasing intervention by the Department of Financial Services (DFS) in the routine affairs of Public Sector Banks, leading to excessive micromanagement.

During the Gyan Sangam held at Pune on 2nd and 3rd January 2015 the Hon'ble Prime Minister of the country had said that "Banks would be run professionally, and there would be no interference". It was also decided that the Bank's Board should be given full autonomy on HR decisions such as on recruitment, Consequence management and Compensation. This was extensively covered by the Print and electronic media and the decision was welcomed across the board. The department of financial services vide its office memorandum no F.No.4/9/I/2014-IR (Pt.) dated 13th January 2015 has also emphasised on the same and the brief extract of the communication says

" The undersigned is directed to refer to the subject cited above and to say that Gyan Sangam was recently held on 2-3 January, 2015 at Pune where the Hon'ble Prime Minister interacted with the Chief Executives of Public Sector Banks and Financial Institutions (PSBs/ Fis). During the discussion, it was conveyed from the highest level in very clear terms that the Government will not interfere in the working of the Banks/ FIs."

The current directive, which prescribes how senior officers should perform and prioritize their work to earn incentives, surely infringes upon the autonomy of public sector banks. The directive to periodic performance review upon attaining certain age disregards the governance structures of banks' Boards and imposes centralized control, which could stifle strategic decision-making aligned with individual banks' unique challenges.

Such micro-management by the Government sets a negative precedence, undermining the independence of functions of the boards of the public sector banks. Particularly, when the directives or instructions from the DFS infringes policies or schemes evolved by collective bargaining and bilateral agreements concerning the employees and officers, it becomes an industrial dispute and hence avoidable.

We have also come across instructions from DFS which amounts to declining the trade unions available to employees and officers to join the trade union of their choice and curbing the same would amount to unfair labour practice. For example, the directive from DFS discouraging and barring senior management employees (SMGS-IV and above) from being part of Associations with other officers is a blatant infringement of Article 19(1)(c) of the Constitution of India, which guarantees every citizen the fundamental right to form and participate in associations or unions. Trade Unions Act, 1926 also enables the same right. Hence this is also an important issue in the strike notice.

The DFS directive to alter the protection granted to office bearers of recognised trade unions on promotion is a clear case of interference in the autonomy of unions and associations. Such actions amount to unfair labour practices as defined under the Industrial Disputes Act and the Industrial Relations Code. These protections are not privileges but safeguards essential to ensure free and fair functioning of trade unions, enabling them to represent the workforce effectively. The directives issued by the DFS not only challenge the rights of employees but also aim to dilute the collective bargaining of unions and associations. These actions are contrary to the principles of industrial harmony and undermine the relationship between management and employees.

13. Stop outsourcing regular jobs in Banks: In the absence of recruitment and employment of permanent employees in the Banks, the management of the Banks are attempting to outsource these regular jobs on contractual basis. There are subsisting regular jobs and hence have to be filled up by recruitment of permanent employees. Recruitment of employees is part of the service conditions in the Banks under the Awards and Bipartite Settlements. Without reaching a mutually acceptable norms and practices, outsourcing the regular and perennial jobs in the Banks is violation of these provisions. Further, outsourcing the bank jobs is also wrought with serious implications. Hence the current attempts to outsource the regular jobs in the banks should be stopped and the vacancies should be filled up through recruitment of staff.

Thanking you,

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