



NATIONAL CONFEDERATION OF BANK EMPLOYEES

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

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All letters to be addressed to the General Secretary

FED/GS/NCBE/2024/08

Date: 04.01.2025

To,
Chief Executive,
Indian Banks' Association,
World Trade Centre Complex, Centre 1, 6th Floor
Cuffe Parade, Mumbai – 400 005.

Respected Sir,

CLARIFICATION ON CLASSIFICATION OF BRANCHES IN SPECIAL ECONOMIC ZONES / EXPORT PROMOTION ZONES FOR PROJECT AREA COMPENSATORY ALLOWANCE

The **Project Area Compensatory Allowance** has been introduced in the Banking industry as per the Memorandum of Settlement dated 31.10.1979 at Industry level to assist employees working in branches located within the Project Area and classified either as Project Area 'A' centre or Project Area 'B' centre . In continuation to the areas / places identified and defined as Project Areas, Branches opened and located within **Special Economic Zones (SEZs)** and **Export Promotion Zones (EPZs)** shall be treated as Project Areas for the purpose of payment of Project Area Compensatory Allowance w.e.f. 01.11.2017 as per the 11th Bipartite Settlement between IBA and workmen unions at Industry level. This allowance aims to offset the increased rental costs and living expenses associated with these areas, which are often developed into high-demand residential hubs due to the influx of highly skilled and educated professionals.

2. This is in reference to the provisions for **Project Area Compensatory Allowance** as outlined in Clause 30 of the 11th Bipartite Settlement dated 11th November 2020 between the Indian Banks' Association (IBA) and the Workmen Unions in the Banking Industry. It has been specified that employees working in branches located within **Special Economic Zones (SEZs)** and **Export Promotion Zones (EPZs)** are eligible for **Project Area Compensatory Allowance** to address the challenges posed by higher rentals and increased costs of basic amenities in such areas. The allowance rates effective from 1st November 2017 are as follows:

Group	Clerical Staff	Sub-Staff
Project Area Group 'A'	Rs: 290 per month	Rs. 230 per month
Project Area Group 'B'	Rs. 230 per month	Rs. 200 per month

3. Additionally, it has been stated that any new branches opened or located within SEZs and EPZs shall be treated as Project Areas for Project Area Compensatory Allowance purposes. However, in the absence of classification of branches located in Special Economic Zone / Export Promotion Zone, some Banks are not extending the benefit to eligible employees.

4. Given the high financial burden on employees due to elevated rental costs and essential living expenses in SEZs and EPZs, we believe that categorizing all branches in these zones under **Project Area Group 'A'** is both reasonable and essential. This will provide much-needed relief and support to the employees stationed in such high-cost areas.

5. We kindly request you to issue a formal clarification to all banks regarding the classification of branches in SEZs/EPZs under **Project Area Group 'A'** for Project Area Compensatory Allowance purposes. This step will ensure uniform implementation and equitable benefits for all eligible employees.

6. Please acknowledge receipt of this communication and advise us the developments in this regard.

With best regards

Yours sincerely,


(L. CHANDRASEKHAR)
GENERAL SECRETARY