



ALL INDIA BANK EMPLOYEES' ASSOCIATION

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TO ALL UNITS & MEMBERS :

Dear Comrades,

6TH PAY COMMISSION – SOME FACTS

During the current negotiations and Settlement, there have been numerous references to 6th Pay Commission Report on wage revision for Central Government employees. This is not the first Pay Commission and in the past also we have encountered such wage revisions for Government employees.

Previous wage revision for Government employees and bank employees:

For Government employees		For Bank employees	
1 st Pay Commission	Report submitted in 1947	Sastri Award	Award in 1953
2 nd Pay Commission	Report submitted in 1959	Desai Award	Award in 1962
3 rd Pay Commission	Report submitted in 1973	1 st BPS	Signed in 1966
4 th Pay Commission	Report submitted in 1986, 87	2 nd BPS	Signed in 1970
5 th Pay Commission	Report submitted in 1995,96,97	3 rd BPS	Signed in 1979
6 th Pay Commission	Report submitted in 2008	4th BPS	Signed in 1984
<ul style="list-style-type: none">In 61 years, Government employees got wage revision on 6 occasions.In 57 years, Bank employees have achieved wage revision on 11 occasions		5th BPS	Signed in 1989
		6th BPS	Signed in 1995
		7th BPS	Signed in 2000
		8th BPS	Signed in 2005
		9th BPS	Signed in 2010

6TH PAY COMMISSION:

- Effective from : 1.1.2006
- Effective for : Next 10 years
- No. of employees/officers covered : Around 35 lacs
- **Gross implication of wage revision : Rs. 12,561 crores per year**
- **IT IS A DECISION BY GOVERNMENT – NO NEGOTIATIONS INVOLVED**

Wage Revision for Bank employees/officers – 2010

- Effective from : 1-11-2007
- Effective for : 5 years
- No of employees/officers covered : 7 lacs
- **Gross implication of wage revision** : **Rs. 4816 crores per year**
+ Rs. 6300 crores for giving pension to PF optees
- **IT IS A COLLECTIVELY BARGAINED NEGOTIATED LEGAL SETTLEMENT**

GROSS IMPLICATIONS (Para 10.1.12 – Page 640 of 6th Pay Commission Report)

Sl.No.	Head	Implications (Rs.in cr per year)
1.	Revised Pay scales for civilians	3828
2.	Revised Pay scales for Defence Forces	1640
3.	Military Service Pay for Defence Forces	1497
4.	Transport Allowance (civilians and Defence Forces)	241
5.	HRA (Civilians and Defence Forces)	1100
6.	Pension (Civilians and Defence Forces)	1365
7.	Gratuity (Civilians and Defence Forces)	410
8.	Leave encashment (Civilians and Defence Forces)	180
9.	Defence Forces allowances	1750
10.	Other allowances	400
11.	Misc (upgradations of individual posts, allowances, etc.)	150
	TOTAL	12,561

Wage Revision for Govt. employees and bank employees:

	No. of employees covered	period	Amount of wage revision cost per year
Govt. employees/officers	35 lacs	10 years from 2006	Rs. 12561 crores less projected savings
Bank employees/officers	7 lacs	5 years from Nov. 2007	Rs. 4816 crores + 6300 cr for PF optees to join pension scheme

Projected Savings (Para 10.1.13 – Page 641)

“The gross financial implication on account of the recommendations made in this report will need to be reduced by the **savings that will accrue** on account of various recommendations made in the report.”

These **savings** are on account of the following:

Recommendations	Projected Savings per annum
Rectification of commutation of pension formula	Rs.1000 crores
Revised scheme for payment of pension commutation	Rs.1344 crores
Revised scheme for payment of advances	Rs.442 crores
Lateral movement of Defence Forces personnel in CPMFs (Rs.600 crores (on pension) + Rs.1100 crores (on commutation of pension) + Rs.100 crores (on training & recruitment)	Rs.1800 crores
TOTAL	Rs.4,586 crores

Net Additional Financial implications (Para 10.1.14 - Page 641)

“The net additional financial implication on account of implementation of various recommendations of this Commission will, therefore, be Rs. 7,975 crores”.

40% Increase in their wages ?

Media has reported of bonanza of 40% hike in salary under Pay Commission recommendations.

According to a leader of the Government employees : The correct way to estimate the average pay hike for Central Government employees is to see how much the Government’s wage bill goes up. The Pay Commission estimates the annual gross impact of its recommendations to be Rs. 9242 crores for the Union Government (excluding Railways). Pay, Allowances and Pension of the Union Government amounted to Rs. 68,290 crores in 2007-08. **Hence, the increase in Government compensation is 13.5%.**

The increase at the highest level – Grade A – is much larger, around 30 to 40%. But **Grade A officers account for just 1% of the total strength** of Government employees.

Do you know ? :

In our wage settlement, the main feature is that in addition to wage revision, we had to achieve another option to join the same pension scheme for the remaining more than 3 lacs employees/officers/retirees. In addition to the cost of wage revision, we have achieved this demand and the cost of funding the deficit by the management is Rs. 4,200 crores for the existing PF optees and Rs. 2,100 crores for the retired PF optees. Over and above this, for all the existing and proposed pension optees, the Banks will also bear an additional 13% of the revised Pay towards additional pension cost (actual cost of 36 % less 23 % accounted for from

wage revision). Hence additional amounts have been earmarked for future pension benefit. Hence our wage revision has to be seen in totality.

But in the Central Government, the Pension cost has been proposed to be reduced. The Commutable factor Table has been revised.

For example:

IN BANKS		IN GOVERNMENT – AFTER 6 TH CPC	
AGE NEXT BIRTHDAY	COMMUTATION FACTOR	AGE NEXT BIRTHDAY	COMMUTATION FACTOR
59	10.46	59	8.371
60	10.13	60	8.287
61	9.81	61	8.194
62	9.48	62	8.093
63	9.15	63	7.982

Thus, with the change in Commutation Table and factor, the commutable value of pension will be lesser. The idea is to reduce long term future liability and satisfy the employees with some benefits as of now. But in our case, we have provided more amount for future benefits after retirement. Because of the change in the Commutation Table, Central Government employee will get lesser commutation than in the past. That is how the Pay Commission Report states in page 641 that on account of the reduction in commutation cost, the **Government will be saving Rs. 1344 crores per year.**


<ul style="list-style-type: none"> In Pay Commission, future commutation benefit has been Reduced 	<p>In our Settlement, commutation amount will increase. Further another 3 lac employees have been brought within the DA linked pension benefit whereas in Govt., from 2004, DA linked pension has been discontinued</p>
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OTHER NEGATIVE FEATURES :

- **Entire Group D i.e. Substaff cadre has been abolished**
- **Total freedom to outsource any job in any Government department**
- **All the existing vacancies not to be filled up**

That is why we have never gone by Pay Commission as a model for bank employees. 6th Pay Commission is no exception.

With greetings,

Yours comradely,

C.H. VENKATACHALAM
GENERAL SECRETARY