



**STATE BANK OF INDIA OFFICERS' ASSOCIATION
CHANDIGARH CIRCLE**

C/O State Bank of India, Local Head Office, Sector 17, Chandigarh
Contact Nos. : 0172-4567133, 2726684 Email: sbioa.chd@sbi.co.in

Circular No. 2017/46

Date: 25.04.2017

TO ALL UNITS/MEMBERS,

SMART COMPENSATION PACKAGE

AISBOF have to-day sent a communication to the Chairman, State Bank of India, Corporate Centre, Mumbai on the captioned subject (AISBOF Circular No 43 dated 25.04.2017).

The copy has been reproduced below for information.

Deepak K Sharma

(Deepak K Sharma)
General Secretary

No. 6513/27/17

DATE: 25.04.2017

The Deputy Managing Director & CDO,
State Bank of India,
Corporate Centre,
Madame Cama Road,
MUMBAI - 400 021.

Dear Sir,

SMART COMPENSATION PACKAGE

Please refer to the e-Circular No. CDO/P&HRD-PM/98 2016-17 dated 14.3.17 with reference to the above. A detailed analysis of the 'Smart Compensation Package (SCP) indicates that the officers from Scale I to III stand to lose heavily if they accept the SCP.

2. We have provided comparative illustrations of the two schemes from Scale I to III officers (annexures attached). It would clearly establish the fact that the officers will not be benefitted out of the new scheme.

- a. The comparative chart shows that officers in JMGS I in a metro centre would stand to lose an amount between 30,000/- to Rs. 70,000/- depending on his taxation slab. A Scale II Officer in a Metro Centre loses between 1 lac to 1,50,000 depending on his taxation slab. A Scale III Officer in a metro centre loses between 1,10,000/- to 1,70,000/- depending on his tax slabs.
- b. The scheme also fails to address the cost escalation/ additional cost involved under each head.
- c. The Conveyance Expenses under SCP has been calculated on the basis of the market rate of the fuel that prevailed as on the date of the approval of the scheme. It has not taken into account the periodical increase and the transfer of Officers from Rural to Area I or Area II or Metro which gives them higher reimbursement/entitlement.
- d. In respect of the entertainment expenses component included for calculation of SCP, the amount eligible for 'measurable and budgetary

role' which is lower than the amount eligible for 'budgetary role,' has been considered.

- e. The LFC amount under SCP is also much lower than what an Officer will actually get as reimbursement as per his eligibility. Moreover, if an officer actually intends to go on LFC, then he has to virtually accumulate the monthly amount paid for LFC for a period of 4 years before he gets the full amount for a LFC of a family. Home travel concession has been taken out of the concept which is a loss to the officer.
- f. The existing lump sum furniture & fixture scheme enables an official to adequately furnish the leased house accommodation and enables him to replace the same at periodical intervals as envisaged in the scheme viz. Furniture items, once in ten years; Electronics, once in five years and consumables like inverter, curtains and mattress at once in three years etc. The SCP scheme does not permit the official to acquire any of the items required for household in lump sum.
- g. At present, the tax on perks is paid by the Bank. But under SCP, since it is included in the pay slip and is a part of the salary, the onus of tax burden is on the officer and also it pushes him into a higher income tax bracket.
- h. The scheme is also discriminatory in the sense that it is being offered only to the officers working in scale I to III leaving the Scale IV officers and above whose salary and allowances are also part of the bi-partite negotiation.
- i. Now, the perquisites scheme has an in-built provision for revision, whereas the present scheme is sought to be clubbed with salary and allowances restricting the scope for revision.
- j. As a result, it bears the risk of being considered as part of the wage bill, adversely affecting future wage increases accruing in the bipartites, as the load gets distributed not only to the 'pay' but also perks component of the pay slip. Presently, the perks are not included in the pay slip component of salary revision. But in the revised scenario, this would also be included in the pay slip component and hence in the load factor also.
- k. It will help only those who want to leave the bank. By opting for SCP, they can show it in their pay slip and negotiate for a better deal with their future employers. It will add to the attrition level existing in the Bank.

3. Our Bank, even in these times of general sluggishness in business and high incidence of NPA in the industry has recorded higher profit and lower NPA, which shows the dedication of the work force in general and officers in particular. Therefore the officers have to be compensated accordingly with better schemes, unlike the smart compensation package (SCP).

4. The scheme undermines the existing bipartite negotiation process, and divides Officers on the basis of grades. We feel that it has not served the purpose for which it was introduced hence we request you to withdraw the "Smart Compensation Package".

5. We request you to implement our suggestions on the total monetization of LFC, separately, and out of the SCP, on the lines of the RBI Scheme which we have communicated to you already. It is possible that unknowingly some officers may opt/or might have opted for the scheme, without understanding the implications, especially new PO's. Such officers should be given one more

option to change to the regular salary and perks scheme else they will be stuck for life in the SCP, as they do not have another chance to opt out under the present scheme.

Thanking you,

Yours faithfully,



(Y. SUDARSHAN)
GENERAL SECRETARY

Copy to: (1) Sri. Sanjeev Bihari Lal, DGM, Service Conditions,
(PMD) SBI, Corporate Centre, Mumbai.
(2) DGM (IR), SBI, Corporate Centre, Mumbai.

Pos/TOs/JMGS	Existing - Per Annum				SCP - Per Annum
	Metro	Area I	Area II	Other Centres	
Perquisites / Benefits / Facilities					
Conveyance Expenses	66019	53242	49147	45051	46200
Cleansing Materials	10200	10200	10200	10200	10200
Newspapers / Magazines	6600	6600	6600	6600	6600
Casual Labour	7300	7300	7300	7300	7300
Entertainment Expenses- Other than non-measurable/ measurable & budgetary/ Budgetary Roles	12500/ 16800/ 22800	12500 / 16800/ 22800	12500/ 16800/ 22800	12500/ 16800/ 22800	16800
Furniture Annual Maintenance Charge	11000	11000	11000	11000	11000
Furniture and Fixtures	22667	22667	22667	22667	22667
Mobile Call Charges / Internet	6000	6000	6000	6000	6000
Residential Telephone / Broadband Charges	7200	7200	7200	7200	7200
Mobile Handset	2000	2000	2000	2000	2000
Briefcase	1000	1000	1000	1000	1000
Utility Items	3500	3500	3500	3500	2500
Leave Travel Concession	15000	15000	15000	15000	15000
Home Travel Concession	6000	6000	6000	6000	
Total	181852	169075	164980	160884	(A) 154467
Income Tax					
5%	NIL	NIL	NIL	NIL	(B) 7723
20%	NIL	NIL	NIL	NIL	(C) 30893
30%	NIL	NIL	NIL	NIL	(D) 46340
After Tax deduction	(A-B)		Subtotal -1 (5%)		1,46,744
	(A-C)		Subtotal - 2 (20%)		1,23,574
	(A-D)		Subtotal - 3 (30%)		1,08,127