



REPORT OF THE  
RESERVE BANK OF INDIA  
OFFICER CADRE REVIEW  
COMMITTEE

1970—72

PARTS I & II

CHAIRMAN  
MR. JUSTICE J. L. NAIN  
Judge, High Court, Bombay.



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*Chairman from 30th May 1970  
to 20th July 1970*

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*Chairman from 21st December 1970  
to 30th June 1971*

MR. JUSTICE J. L. NAIN

*Chairman from 30th August 1971  
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MR. M. J. GAVASKAR

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MR. M. Y. BIJLI

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P A R T   I

## CHAPTER 1

### I N T R O D U C T I O N

#### Genesis of the Reserve Bank of India Officer Cadre Review Committee

1.1 The appointment of the Reserve Bank of India Cadre Review Committee (hereinafter referred to as "the Committee" for the sake of brevity) arose from a realisation by the Reserve Bank of India (hereinafter referred to as "the Bank") of the need, after a considerable period of rapid and extensive growth, for a comprehensive review by an independent body of the organisational set-up in the Bank to remove imbalances in pay scales and other emoluments, promotional opportunities and conditions of service of officers of the Bank and to rationalise the cadre structure in the Bank.

1.2 The Bank came into existence in 1935 beginning with the Banking Department,

dealing with public debt and banking for the Provincial and Central Governments (functions taken over from the then Imperial Bank of India, now State Bank of India), the Issue Department (functions taken over from the Government of India as the controller of currency) and the Agricultural Credit Department. The last department dealt with co-operatives and was also responsible for economic research. From its establishment the Bank has by stages grown to an enormous size. Not only have the operations in the initial departments grown vastly, but from time to time by legislation or otherwise new functions have been added. This is inevitable in a developing country with a growing economy. The Committee deals with the present functions of the Bank in Chapter 2 of this Report.



1.3 In consequence of the growth of the Bank's activities the strength of supervisory, executive and managerial officer staff has grown from the initial 171 in 1935 to about 3700 at the date of this Report. Correspondingly the staff working under these officers has also grown from the initial about 2000 to its present strength of over 20000.

1.4 At its inception the Bank classified its officers in five grades. As the activities of the Bank expanded the number of officers increased, and with this increase the number of officers' cadres also increased. This expansion was, however, of an ad hoc nature meeting the immediate need from time to time. It was not on any rational pre-determined long-term pattern or programme. New posts created were in many cases fitted into the then existing pattern of grades not on the basis of work

evaluation but according to the need of the hour.

1.5 With the growth of personnel and functions, the Bank felt the need for officers in specialised fields such as economics, statistics, law and engineering. These officers came to be recruited in different cadres according to the availability of talent in the market and the pay scales at which they were available. It was therefore difficult to fit them into a common seniority list for the purpose of promotion. Later, in 1951, the various departments were arranged into four groups and promotions came to be made on the basis of separate seniority lists maintained for each group. This expedient may have been of immediate convenience, but it led to certain imbalances. In some groups the expansion was quicker as well as greater than in others. In those

groups the chances of promotion also became quicker and greater than in other groups. This was unfair to officers who got caught up in groups in which they were having lesser chances of promotion. To meet the situation the Bank devised separate recruitment to "expansion" posts which were made available to all the groups. This was no doubt done to increase mobility and interchangeability. But even this measure was an ad hoc one, and has not met the needs of the situation adequately. Rationalisation of mobility and interchangeability can alone achieve satisfactory results. In some cases where suitable talent was not available within the Bank itself direct recruitment from the open market was resorted to. Occasionally officers were obtained by deputation from the Government. Direct recruitment has been inevitably greater in specialised departments.

1.6 In the matter of promotion also a proper balance between efficiency and seniority was not struck. No principles were laid down with regard to the percentage of direct recruits or to suggest at which stages direct recruitment was to be made. A rational proportion prescribed for direct recruitment at rational stages could ensure that persons with proper academic background, initiative and ambition would be available to man managerial ranks in the officers' cadres in due time.

1.7 The scales of pay, allowances and other remuneration for the officers' cadres were also fixed from time to time on an ad hoc basis. The emoluments and conditions of service in the Central Government were kept in mind but not strictly adhered to. This was due to historical reasons, as the Bank had taken over its functions partly

from the then Imperial Bank of India, now State Bank of India, and partly from the Central Government. The Bank is wholly owned by the Government of India. While the pay scales and the remuneration and conditions of service of officers of the Central Government have been reviewed by several Pay Commissions from time to time, there has been no review of the pay scales, remuneration and conditions of service of the officers of the Bank by an independent body analogous to a Pay Commission.

1.8 The officers, whether in the Government or in any other organisation, are always a less vocal section of employees than the clerks and other workmen. This is partly due to the fact that after 1947 there has been a spate of labour legislation which has by and large succeeded in ameliorating the emoluments and

conditions of service and security of tenure of the workmen staff by substituting the awards of labour and industrial tribunals for contractual obligations. By far the contractual obligations of the officers were left untouched partly due to the fact that the officers are fewer in number and have therefore lesser bargaining strength and also partly due to the fact that they are drawn from a better educated section of society and are not given to agitation. Therefore, while the emoluments and conditions of service of workmen staff have improved over the years due to a couple of awards and occasional settlements between the Bank and its workmen staff, the improvement in the emoluments and conditions of service of the officers has neither been proportionate nor on a rational basis. There have also been complaints from the officers that their pay

scales are of short duration and lead to stagnation. Thus, due to historical reasons and ad hoc changes, there have been imbalances in the pay scales and other emoluments, promotional opportunities and conditions of service of the officers employed by the Bank.

1.9 In the middle of January 1970 the then Governor of the Bank submitted a memorandum to the Executive Committee of the Central Board of the Bank, suggesting that that was an opportune time for a comprehensive review by an independent body of the problems mentioned above. The Governor suggested that the proposed review body could have an ex-Judge of a High Court as Chairman and two other members, one with experience of Government administration and the other with specialised knowledge of business management. The Executive Committee of the Central Board of

the Bank approved the proposal of the Governor on 21st January 1970, leading to the appointment of the Committee.

#### Appointment of the Committee

1.10 On 30th May 1970 the Bank appointed the Committee, consisting of the late Mr. T.L. Venkatarama Aiyar, Retired Judge of the Supreme Court of India, as Chairman and Mr. V.Isvaran, I.C.S.(Retd.), ex-Chief Secretary to the Government of Gujarat, and Prof. N.S.Ramaswamy, Director, National Institute for Training in Industrial Engineering, as members. While the members have continued the same, the Chairman has not been the same. The first meeting of the Committee was held on 19th June 1970, but before it could start its work Mr. Aiyar resigned on 20th July 1970 due to ill health. In place of Mr. Aiyar, Mr. Justice D.G.Palekar, then a Judge of the



Bombay High Court, was appointed as Chairman on 21st December 1970.

1.11 During the Chairmanship of Mr. Justice Palekar a few meetings of the Committee were held to lay down the procedure for the Committee and to do some other preliminary work. After a partial hearing, on the suggestion of Mr. Justice Palekar and by a settlement between the Bank on the one hand and the two Associations of the officers on the other, some interim relief was granted to the officers in February 1971 with retrospective effect from 1st November 1969. This interim relief was, however, to be adjusted in accordance with the final recommendations of the Committee.

1.12 Mr. Justice Palekar was appointed a Judge of the Supreme Court of India in August 1971. He relinquished the Chairmanship of the

Committee in anticipation on 1st July 1971. In his place Mr. Justice J.L.Nain, Judge of the Bombay High Court, was appointed as Chairman with effect from 30th August 1971. Thereafter there has been no change in the constitution of the Committee and the Committee so constituted has practically initiated as well as concluded its deliberations. The Committee commenced its work on 24th September 1971 and concluded it by the end of September 1972.

#### Terms of Reference

1.13 The terms of reference of the Committee were as follows :

- I. To examine and make recommendations upon the principles which should govern the structure of pay-scales and other emoluments and conditions of service of officers of the Bank and to suggest such changes in the existing structure as may be considered necessary. In making its recommendations the Committee will take into consideration the total

emoluments of the workmen staff on the one hand and those of the Deputy Governors on the other; it will be open to the Committee to suggest a formula to provide for further revision of the emoluments of officers in the event of the emoluments of Deputy Governors being increased.

- II. With reference to the responsibilities attached to the various posts in the Bank's service, to examine and make recommendations on changes desirable in respect of -
- (a) the existing composition of the various cadres of officers having due regard to the need to provide reasonable prospects of increments and of promotion and also to ensure such degree of interchangeability as administrative efficiency and the exigencies of the Bank's service demand;
  - (b) the manner in which appointments are at present made to posts in the cadres of Staff Officers Grade I and II, having due regard to the need for introducing from time to time a reasonable proportion of new blood by direct recruitment from the open market as well as from among personnel already in the service of the Bank;

- (c) the policy including the ratio relating to promotion to the cadre of Staff Officers Grade I from Staff Officers Grade II (direct recruits) and Staff Officers Grade II promoted from Class III;
  - (d) the present methods of 'in-service' training.
- III. To recommend any further benefits including those on superannuation which should be granted to officers in the shape of allowances, amenities and facilities, or benefits in kind.
- IV. To consider and make recommendations on the request for grant of suitable interim reliefs to officers pending final recommendations of the Review Committee.

1.14 Under its terms of appointment the Committee was authorised to devise its own procedure and to call for such information and take such evidence as it considered necessary.

1.15 Item No.IV of the terms of reference was disposed of by the settlement mentioned in para 1.11 above when Mr. Justice Palekar was Chairman and accordingly does not call to be considered by the Committee under the Chairmanship of Mr. Justice Nain, except in respect of adjustment, if any, of the interim relief in accordance with the recommendations of the Committee.

#### Accommodation and Staff

1.16 The Committee was provided with suitable accommodation in the premises of the Bank. It, however, held its sittings for hearing of counsel in a court room in the Bombay High Court which was kindly placed at its disposal by the Honourable Chief Justice. The Committee was also provided with secretarial assistance by the deputation of an officer of

the Bank to serve as Secretary to the Committee and of a personal assistant, stenographer, clerks, typist and a peon. The staff provided is listed in Appendix I to this Report.

Mr. M.J.Gavaskar, formerly Deputy Registrar, Appellate Side, Bombay High Court and at present Additional Registrar, also functioned as Secretary to the Chairman.

#### Method of work of the Committee

1.17 There are two Associations representing the officers employed by the Bank. The Committee has set out the present cadre structures in the Bank in considerable detail later in the report. At this stage it is sufficient to say that, broadly speaking, the officers are divided into Staff Officers and Senior Staff Officers. The junior officers or Staff Officers are divided into two grades, Grade I and Grade II. These grades consist

of officers who are promoted from the workmen cadres employed by the Bank and of direct recruits. Officers promoted from the ranks and those recruited direct accordingly have separate Associations. The Reserve Bank of India Officers' Association, (hereinafter referred to as "the Officers' Association") consists of and represents officers recruited direct as Staff Officers whether in Grade I or II, and all persons in the cadres of Senior Staff Officers. The All-India Reserve Bank Supervisory Staff Association (hereinafter referred to as "the Supervisory Staff Association") consists of and represents officers who have been promoted from the workmen cadres employed in the Bank as Staff Officers in Grade II. Whenever Staff Officers in Grade II are promoted to Grade I they join the Officers' Association.

1.18 On 19th June 1970 the Committee directed the two Associations to file statements of their respective cases with reference to several items in the terms of reference. The Bank was directed to file its replies to the statements of claims of the two Associations. The Associations were directed to file rejoinders to the replies filed by the Bank to the statements of claims of the respective Associations. The two Associations accordingly filed separate statements of claims before the Committee. The Bank has filed separate replies to these statements of claims and each of the Associations has filed its own rejoinder to the reply of the Bank to its own statements of claims.

1.19 After the pleadings were completed the Committee started hearing the two Associations and the Bank. The parties were



allowed to present their case before the Committee through lawyers. Accordingly, all the parties appeared by counsel. The Officers' Association appeared by Mr. K.T.Sule and Mr. Madan Phadnis. The Supervisory Staff Association appeared by Mr. M.V.Paranjpe and Mr. S.P.Naik. The Bank appeared by Mr. N.V. Phadke with Mr. F.N.Kaka instructed by Mr.R.Setlur of Messrs. Crawford Bayley & Co., Solicitors. The hearings before the Committee commenced on 8th November 1971 and were concluded on 20th April 1972. The Committee sat on 34 days for hearing the counsel and the hearings lasted 98 hours.

1.20 During the course of the hearings the two Associations of officers and the Bank filed before the Committee several statements purporting to be in explanation or amplification of, or in addition to, their pleadings. These

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1.20 During the course of the hearings the two Associations of officers and the Bank filed before the Committee several statements purporting to be in explanation or amplification of, or in addition to, their pleadings. These

statements were marked as exhibits with serial numbers following the letters "OA" for exhibits filed by the Officers' Association, "SA" for those filed by the Supervisory Staff Association and "RB" for those filed by the Bank. The Committee has taken these statements into consideration before arriving at its conclusions. The Committee wishes particularly to stress that all the arguments urged before it, whether in writing or in the course of its hearings, have been actually taken into consideration, even where, in the interest of keeping its Report to a reasonable length, they have not been specifically set out and dealt with in the Report. The Committee also wishes to make it clear that demands not specifically dealt with in the Report should be regarded as rejected.

1.21 Apart from the hearings the Chairman of the Committee had a meeting with the Third Pay Commission in New Delhi on 23rd October 1971. Again on 22nd July 1972 the Committee had a further meeting with the Third Pay Commission in New Delhi. At these meetings the thinking of the Chairman and members of the Pay Commission on the principles governing grade-groupings, scales of pay, allowances, efficiency bars, increments, stagnation, city compensatory allowance, house allowance, dearness allowance, fixation of pay on promotion, bonus, deputation allowance, pension, gratuity, interchangeability, recruitment, promotion, confirmation, medical facilities, transfers, overtime, encashment of leave and several other subjects with regard to the officers of the Indian Administrative Service and Central Government Services were discussed.

1.22 The Committee visited the Training Establishments of the Bank, viz., the Bankers Training College at Bombay, the Staff Training College at Madras and the Co-operative Bankers Training College at Poona and held discussions with the staff of these Institutions as well as with the persons then receiving training on the questions of in-service training of the officers for greater efficiency as well as for increasing mobility and interchangeability. The Committee tried to probe into the nature and sufficiency of the training with a view to make its recommendations on changes desirable in respect of present methods of in-service training in the Bank. For the same purpose the Committee also invited the Principals and staff of the three Training Establishments to Bombay and held discussions with them and with the representatives of the Bank all at the same time.

1.23 The Committee visited the various offices and departments of the Bank at Bombay, New Delhi, Madras and Nagpur and made an on the spot study of the functions of the Bank and the nature of work and responsibilities of the officers. This included a visit to the gold vaults of the Bank at Nagpur and making an on the spot study of the working of these vaults and the responsibilities of the officers in charge of the vaults. It met the officers attached to the abovementioned offices in groups and held discussions with them. The Chairman paid a visit to the Bangalore office with a similar object. The Committee also met individually Mr. S. Jagannathan, Governor of the Bank, Messrs P.N.Damry, R.K.Hazari, V.V.Chari and S.S.Shiralkar, Deputy Governors, Mr. K.R.Damle, Chairman of the Reserve Bank of India Services Board, and Mr. R.K.Seshadri,

one of the Executive Directors, and in groups met the Chief Manager, the Chief Accountant, the Principal Adviser, the Secretary, the Chief Officers of various departments and the General Manager of the Industrial Development Bank of India at Bombay. The Committee held discussions in groups with some of the Staff Officers Grade I and Staff Officers Grade II. The Committee also met (i) Mr. S.B.Kaji, Deputy General Manager of the Bank of India, (ii) Mr. P. Krishna Iyer, Joint Chief Officer, Department of Banking Operations & Development, on deputation with the Central Bank of India, Mr. D. K. Contractor, Manager (Personnel), and Mr. N.S.Shirodkar, Superintendent (Personnel), of the Central Bank of India and (iii) Mr. N. Vaghulaparnan, Chief Officer, Administration & Personnel Department, of the State Bank of India. At Madras the Committee met Mr.C.N.Sivabhushanam

and Mr. K.Venkatarama Ayyar, Joint Chief Officers, Department of Banking Operations & Development, on deputation with the Indian Bank, and Mr. S.V.N.Sambanthan, Assistant Secretary (Staff), of the Indian Bank. At these meetings the Committee called for information from the persons it met and had informal discussions with them on the various problems posed in the terms of reference.

1.24 A list of persons met by the Committee or the Chairman, either individually or in groups, excluding those named above, is given in Appendix II.

1.25 At the suggestion of Prof. N.S.Ramaswamy, member of the Committee, the Bank appointed an Advisory Group with Prof. K.K.Blaggan of the National Institute for Training in Industrial Engineering as co-ordinator to make an analysis



of the structure of pay scales of officers in the Bank and study other matters having a bearing on the terms of reference of the Committee. The composition of the Advisory Group and of the Study Teams which worked under the Group is given in Appendix III. The Committee has considered the report of, and the material collected by, the Advisory Group.

1.26 The Committee also called for information from the Bank, the State Bank of India, the Bank of India, the Punjab National Bank, the United Commercial Bank and the Life Insurance Corporation of India as and when required.

#### Acknowledgements

1.27 The Committee places on record its thanks to the Hon. Mr. S.P.Kotval, Chief Justice of Bombay, for so readily making available a

court room for the hearings of the Committee and for permitting Mr. M.J.Gavaskar to work as Secretary to the Chairman. The Committee also wishes to place on record its thanks to Mr. Gavaskar for his assistance in its work.

1.28 The work of the Committee was materially facilitated by the able presentation by the two Associations of the officers of the Bank of their respective cases, by the ready supply by the Bank of further information and clarification which the Committee called for from time to time, and by the arguments of the learned counsel representing the Associations and the Bank to whom the thanks of the Committee are due. The Committee also thanks the organisations named in para 1.26 for readily and promptly furnishing it with the information called for by it.

1.29 The thanks of the Committee are due to the Chairman, Members and Member-Secretary of the Third Pay Commission for sparing time to meet the Chairman and Members of the Committee and discussing with it their thinking on the subjects which are common to the officers of the Central Government and of the Bank. Thanks are also due to the officers of the Government of India, the State Bank of India, the Bank of India, the Central Bank of India and the Indian Bank for placing before the Committee the information required by it.

1.30 The Committee thanks the Governor, the Deputy Governors, the Executive Directors, the Principal Adviser, Economic Department, the Chairman, Services Board, the Principals of the Training Establishments of the Bank and all the other officers of the Bank whom the Committee met either individually or in groups and who so generously provided the Committee

with information which was not available in the documents produced before it. The Committee wishes to mention in particular the officers-in-charge of the branches of the Bank outside Bombay who made excellent arrangements for its visits to these branches.

1.31 A special word of thanks is due to the Advisory Group of the NITIE and the Study Teams appointed by the Advisory Group which, under the guidance of Professor K.K. Blaggan, carried out most valuable studies for the Committee. The material thus obtained has greatly helped the Committee in the formulation of its recommendations.

1.32 Lastly, the Committee places on record its thanks to the members of its staff who have met every demand made on them cheerfully and efficiently and have worked strenuously

long hours ungrudgingly to enable the Committee to complete its Report with all possible expedition.

1.33 The Committee wishes to express its appreciation of the commendable skill shown by Messrs. P.R.Natarajan and Y.C.Krishnan in recording the proceedings of the hearings of the Committee and of its other meetings and of their efficient and effective assistance in the preparation of its Report.

1.34 In particular, the Committee places on record its high appreciation of the very efficient and hard work of Mr. M.Y.Bijli, who was appointed as Assistant Secretary to the Committee, but has, from the start, actually undertaken the full responsibilities of Secretary. He was thoroughly conversant with the contents of the voluminous records of the

Committee and was able to produce whatever papers or information were required by the Committee instantly and with great efficiency. His intimate and detailed knowledge of the organisation of the Bank enabled him to render valuable assistance to the Committee in its work and in the finalisation of its Report.

## CHAPTER 2

### MAIN FUNCTIONS OF THE BANK

#### Functions

2.1 In order to appreciate the problems posed by the terms of reference of the Committee, it is necessary to set out briefly the main functions and the present organisational set up of the Bank. The Bank is the Central Bank of the country and as such its basic functions are broadly similar to other Central Banks in various parts of the world. It acts as the note issuing authority and as Banker to the Central and the various State Governments. It also acts as a banker to the several commercial banks, some of which are nationalised and some continue to be in the private sector, state co-operative banks and several other financial institutions.

2.2 As a currency issuing authority the Bank regulates the issue of bank notes and keeps reserves with a view to securing monetary stability in the country and it generally operates the currency and credit system of the country. The Bank has the sole right to issue notes.

2.3 In its capacity as Bankers' Banker the Bank holds custody of the cash reserves of its clients and grants them accommodation. The Bank regulates and controls credit and the bank rate. The Bank has extensive powers of selective and direct credit regulation.

2.4 The Bank conducts the banking and financial operations of the Central and State Governments. It maintains the exchange value of the rupee in relation to foreign currencies. It handles the country's international reserves and deals on behalf of the Government of India with the International Monetary Fund. It



exercises control over payments and receipts for international transactions in conformity with the Trade Control which is operated by the Government itself.

2.5 The Bank also performs a variety of developmental and promotional functions such as institutionalisation of savings through the promotion of banking habit and the extension of the banking system territorially and functionally and the establishment or promotion of new specialised financing agencies. The Bank took the initiative in setting up the Deposit Insurance Corporation in 1962 and the Unit Trust of India in 1964.

2.6 The Bank is by law required to extend facilities for the provision of agricultural credit. It promotes the development of co-operative institutions and helps them to

provide short-term credit. It has set up the Agricultural Refinance Corporation for providing long-term finance.

2.7 The Bank assists industrial finance by the establishment or encouragement of special financing agencies like the Industrial Finance Corporation of India and the State Financial Corporations promoted by several States in India. The Bank has also set up the Industrial Development Bank of India as a wholly owned subsidiary of the Bank.

2.8 In a developing country such as ours the Bank performs yet another function which is as useful as it is unpublicised. The Bank carries on research in economic and financial problems and not only uses the knowledge so gathered in the various departments through which it functions but also acts as an adviser on these problems to the Central Government.

2.9 Another important function of the Bank is supervision and control of banks, whether nationalised or not, including co-operatives. This control is exercised under statutory provisions. In the exercise of this control the Bank has encouraged the concept of extending banking facilities to the rural areas and to the interior of the country which was at one time not covered by banking service. The Bank also exercises control over the management of commercial banks. After the nationalisation of the major commercial banks the advice of the Bank is increasingly sought in the management of these nationalised banks.

### Organisation

2.10 The general superintendence and direction of the Bank is vested in a Central Board of Directors which comprises the

Governor who is the Chairman of the Board, four Deputy Governors and fifteen Directors (including one Government official) nominated by the Government of India. There are three Executive Directors who are not members of the Central Board but who attend board meetings by invitation. As a matter of practical convenience the Board has delegated some of its functions by means of regulations made under section 58(2) of the Reserve Bank of India Act, to a Committee consisting of the Governor, the Deputy Governors, the directors representing or resident in the area in which the meeting is held, the Government director and such other directors as may be present at the place at the relevant time.

2.11 There are four Local Boards at Bombay, Calcutta, Madras and New Delhi respectively. Each Local Board consists of five members

appointed by the Government of India for a term of four years. The functions of the Local Boards are to advise the Central Board on all matters generally or specifically referred to them and to perform such duties as the Central Board may delegate to them.

2.12 The Chairman of the Central Board of the Bank and its chief executive authority is the Governor. The Governor has the powers of general superintendence and direction of the affairs and business of the Bank, and may exercise all powers which may be exercised by the Bank. The Governor is assisted in the performance of his duties by four Deputy Governors and three Executive Directors.

2.13 The Central Office of the Bank is at Bombay. The Bank has branches/offices at Bombay, Byculla, Calcutta, Madras, New Delhi,

Ahmedabad, Bangalore, Bhubaneswar, Bhopal, Chandigarh, Cochin, Gauhati, Hyderabad, Indore, Jaipur, Jammu, Kanpur, Lucknow, Nagpur, Patna, Srinagar and Trivandrum.

2.14 The internal organisation of the Bank has been described in Chapter 13 while dealing with questions connected with the grouping of the various departments of the Bank.

Ahmedabad, Bangalore, Bhubaneswar, Bhopal,  
Chandigarh, Cochin, Gauhati, Hyderabad, Indore  
Jaipur, Jammu, Kanpur, Lucknow, Nagpur, Patna,  
Srinagar and Trivandrum.

2.14 The internal organisation of the Bank has been described in Chapter 13 while dealing with questions connected with the grouping of the various departments of the Bank.

P A R T    I I



## CHAPTER 3

### PRINCIPLES OF WAGE FIXATION

#### Wage and Salary Compensation

3.1 The terms of reference of the Committee include the following:

"To examine and make recommendations upon the principles which should govern the structure of pay scales and other emoluments and conditions of service of officers of the Bank and to suggest such changes in the existing structure as may be considered necessary. In making its recommendations the Committee will take into consideration the total emoluments of the workmen staff on the one hand and those of the Deputy Governors on the other".

3.2 The problem of wage determination for a category of employees, such as officers of the Bank, cannot be considered in isolation from the general economic and social background obtaining in the country. A delicate balance has to be struck between fair wages to workers and officers, a fair return on the capital

invested, and fair service at reasonable rates to the community, after taking into account the share of the government in profits in the shape of taxes and after considering the amounts of reserves and depreciation necessary for the stability and healthy functioning of the organisation. From the purely economic point of view the wage policy has to take into account the inflationary pressures. It is necessary to provide for wage differentials based on job evaluation as the economic structure in India is not yet founded on the principle : "to each according to his needs and from each according to his capacity". Wage and salary administration is concerned with the broad issues of determining the total compensation package for the employee to meet the required objectives.

### Objectives

3.3 Employee compensation objectives of an organisation are three in number :

- (a) to attract competent manpower;
- (b) to hold competent manpower; and
- (c) to motivate competent manpower.

3.4 Compensation is a reward for services rendered. The reward package, made up of both monetary and non-financial benefits, must be enticing enough to attract, hold and motivate the employees to achieve the objectives of the organisation. The two Associations of officers of the Bank have admirably summed up the principles on which the pay scales and allowances in any organisation should be fixed. These are :

1. Job content - in other words, the value the employer expects to receive for what he pays

2. Job satisfaction - this may induce an employee to accept a lower remuneration than what he can get elsewhere
3. Prospects of promotion
4. Security - this has an important and direct bearing on the level of remuneration
5. Motivation - satisfaction of the ego
6. Competitive position in the market - what has been also called external relativity
7. Social obligations of the family
8. Maintenance of certain social standards - cultural needs
9. National objectives and obligations and
10. The image of the employer - the prestige and status of the employer affects directly the level of remuneration.

3.5 The Committee has taken these factors into consideration while making its recommendations regarding pay and allowances of

the officers. It has also made certain other recommendations that would help the Bank to incorporate the above principles in its personnel policies.

3.6 Total emoluments constitute a reward for services rendered by employees. But they have also to meet the physical needs of the employees and, in addition, motivate them to give of their best. Mere rewarding of services rendered by employees or mere meeting of the physical needs of employees will not enable an organisation to achieve its goals or to reach the optimum of productivity. There has to be a proper motivation of the employees which has to be based on the principles stated above. This can be achieved only by good personnel management policies which aim at reaching a proper balance of morale, reasonable remuneration and maximum productivity. The employees'

needs are complex, while the employer's goals may appear simple. A balance can be achieved only by ensuring that the levels of remuneration will stand the tests of adequacy as well as equity. It has also to be noted that what is adequate or what is equitable are concepts which keep on changing from time to time. Therefore frequent reviews of policies relating to remuneration must be carried out in every organisation.

3.7 The objectives of the organisation determine the kinds of jobs and positions that must be staffed. Organisations are subject to external constraints with regard to aggregate supply of skills (of required employees). The national manpower and fiscal and monetary policies influence both the demand for, and the supply of, various levels of skilled

manpower. The individual organisation must react to these national policies and develop its own principles and policies.

### Policies

3.8 Compensation policies are guidelines for action, designed to cover situations that are recurring; they permit authority to be decentralised and must be designed with great care so that they are valid for fixed periods of time or until operating conditions demand that they be altered.

3.9 Compensation policies should be established to cover at least the following subjects :

- (a) pay levels;
- (b) structure of pay scales.

### Pay Levels

3.10 An organisation has two options :

- (a) it may choose to be a wage leader in either its local market or its industry;
- (b) it may choose to be a follower in one or other of these employee markets, and pay the market or "going rate".

3.11 Many variations on one or the other of the policy alternatives may be played for different job families or job clusters, depending on requirements.

3.12 The general salary level is a major instrument for attracting employees. The decision on wage levels is one of the most important decisions facing an organisation and as such must be related to specific objectives.



3.13 Wage level decisions are influenced largely by data external to the organisation. Thus external relativity criteria help in fixing the wage and salary levels. This aspect will be further elaborated in paragraphs 3.41 to 3.47 below.

#### Structure of Pay Scales

3.14 The ingredients of a pay scale generally are :

- (i) minimum and maximum,
- (ii) the span, that is the period of time requisite to reach the maximum,
- (iii) the increments provided, and
- (iv) the efficiency bars if any.

3.15 Wage and salary structures are hierarchies of jobs to which pay scales have been attached. Policies governing structure of pay scales are related to the compensation

objective of holding employees, and these may also be to some extent related to motivating them.

3.16 Wage structure decisions are influenced largely by internal data within the organisation. There is a growing trend in holding the basic belief that the size of an employee's compensation package should be influenced in large measure by the value of the work he does. Therefore jobs should be evaluated, and higher valued jobs should pay more than the lower rated ones. There is a need to devise rationalised Job Evaluation systems. This will ensure equity and internal relativities of the jobs within the organisation. This aspect is further discussed in paragraph 3.48 below.

### New Developmental Role

3.17 In the post-Independence era a wide range of developmental and promotional functions have devolved on the Bank in the context of State policy to bring about radical social and economic changes in the country. Similar growth of developmental administrative functions has also been witnessed in the various parts of the Governmental organisations.

### Managerial Abilities Needed for New Role

3.18 The Officers' Association emphasised that the officers have very onerous responsibilities as a result of the Bank's functions in the sphere of developing the financial infrastructure for development, and by its very nature the order of skills and nature of duties required to cope with this task are entirely different from those required in a governmental organisation. The

Supervisory Staff Association claimed that the supervisory officials of the Bank are perhaps the most strategic group of employees in that they operate the most sensitive and decision making control points of the Bank's work. These claims have not been agreed to by the Bank in its counter statement.

3.19 The Committee has briefly indicated in Chapter 2 the organisation of the Bank. In Chapter 13 the Committee has dealt with the grouping and functions performed by the different departments. Suffice it to say at this stage that the Bank through its officers at various levels performs a multitude of functions ranging from operational and regulatory control activities on the one hand, to survey, research and development activities on the other, culminating in the determination

and evaluation of policy alternatives to be recommended to the Government of India in the evolution of the latter's monetary and fiscal policies for the country. However, the fact of the matter is that there is a division of responsibility among various levels according to the organisation of the work in the Bank. No doubt, there is scope for further improvement in effectiveness of the organisation of the Bank which has been discussed later in the Report.

### Compensation Needs

3.20 The Supervisory Staff Association referred to the inter-disciplinary approach to be taken involving a number of factors, viz. biological, sociological, labour economics, manpower development, etc., which need to be taken into account for wage fixation of the supervisory staff. The Officers' Association,

while dealing with the concept of pay as a compensation under modern principles of management, has urged that the following needs of employees, either as workers or managers, may be kept in view while designing a compensation programme :

- i) physiological
- ii) safety
- iii) social
- iv) ego
- v) self fulfilment or cultural.

3.21 The abovementioned hierarchy of needs as propounded by the psychologist A.H.Maslow in 1943, during his researches on human motivation, have been further discussed while dealing with Morale, Motivation and Productivity in Chapter 15. Suffice it to say here that in this field of management and motivation, there is no last word, despite the findings

of behavioural scientists of the eminence of Frederick Herzberg, Victor H. Vroom, Douglas M. McGregor, Lyman Porter, etc. who have made worthwhile research contributions on which any organisation may base useful practices of employee compensation.

3.22 In the context of compensation needs for managers, it may be inferred that pay, by itself, may satisfy not only the physiological and safety needs of the employee but also the higher level of needs, such as social, ego and self fulfilment and cultural needs. On the other hand, it is reasonable to suppose that, if the job held by an officer itself satisfies the higher level of needs due to the variety of challenging opportunities it provides during its performance, such satisfaction derived from the job will offset an unattractive element (if any) of remuneration in terms of pay.

3.23 In a nutshell, the Committee cannot over-emphasise any particular side of the two-sided compensation coin - pay and total emoluments on the one side and job satisfaction on the other, if one wants to satisfy the triple objectives of a compensation programme, viz., to attract, to retain, and to motivate the employees for contributing to the overall objectives of the organisation.

#### Total Compensation Systems Concept

3.24 The total compensation package should be so designed that it meets the needs of employees with the objective of producing motivated behaviour. Motivated behaviour is goal-directed and consistent, and it results from internal drives that goad a person into action. Behaviour that is rewarded tends to be repeated; however, satisfied needs do not



motivate. Thus the needs of employees must be constantly audited and a compensation package provided that will enable employees to fulfil their needs, while at the same time the objectives of the organisation are being accomplished.

3.25 To accomplish the over-riding goals of job productivity and job satisfaction, a total compensation system should be designed. The total system will be designed to include the following elements :

- 1) the immediate job itself (intrinsic rewards);
- 2) the traditional wage, salary, fringe benefits, bonus, profit sharing and related reward programmes;
- 3) the employee's relations with his superior;
- 4) the employee's relations with his colleagues;
- 5) the employee's relations with the organisation as a whole.

3.26 As the immediate job itself held by an employee is one of the important aspects of his environment, the intrinsic satisfaction he receives from the job is one of the most important elements of an organisation's compensation system. The general proposition is that people want a variety of things and are willing to trade between them. They may want freedom but be prepared to surrender some of it for security; alternatively, they may be willing to sacrifice some security in return for interesting work or in return for more money. Surely, if the funds expended in salaries and wages are to be wisely allocated, the pay administrator must endeavour to avoid alternatives that are costly to the organisation. For example, ignoring the relatively low-cost entailed in providing interesting work and thus forcing the employees to demand the relatively

high-cost entailed in higher pay or increased leisure ought to be defined as poor wage and salary administration. Thus there is a need for giving due importance to the role of job design as a new concept in employee compensation theory.

3.27 Job design means specifications of the contents, methods and relationships of jobs in order to satisfy functional and organisational requirements as well as the social and personal requirements of the job-holder. Job Design involves a deep study and analysis of the job and the many variables affecting it, with the overall objective of achieving an optimum balance among all in the long run. Job Design is an inter-disciplinary approach. It includes elements of Job Enlargement, Work Simplification, Operations Analysis and Behavioural Sciences. Inasmuch

as the employee receives satisfaction from the job (and from working), the design of the job situational factors which affect the employee is one of management's primary responsibilities. This aspect has been further dealt with in Chapter 13 in its application to the officer establishment of the Bank.

### Equity Theory

3.28 Equity Theory tells us that an employee's feeling of equity is influenced by his perceptions of his inputs and outcomes in relation to his perceptions of the inputs and outcomes of those in his reference group.

3.29 The inputs he may consider relevant are factors such as education, training, experience and effort. Other inputs are intelligence, skill, seniority, social status,,

appearance, health, etc. The outcomes are the rewards he perceives himself to be getting, e.g. pay, benefits, satisfying supervision, congenial colleagues, status symbols, perquisites and intrinsic rewards.

3.30 If he thinks that his outcomes in relation to his inputs are less than those of another in his reference group he will experience a feeling of inequity. Even if his outcomes in relation to his inputs are greater than those of another, he still may feel that an inequity exists. In either case he will behave so as to reduce the inequity; he will "fight" or "take flight". The patterns may be in the nature of :

reduction in inputs, an attempt to increase outcomes, or some combination of these, or he may join a union or seek some other form of concerted action.

3.31 From a control viewpoint, standards of both inputs and outcomes must be established. This is essentially what a job evaluation programme does. "Equal Pay for Equal Work" is made a worthwhile goal. Jobs are then evaluated. Wage differentials are established between various jobs on the basis of evaluated scores obtained through the job evaluation process. This entire process is an attempt to build job structures that employees perceive as equitable. Seldom will this result be obtained unless employees themselves are involved in the job evaluation process. Good job/position descriptions, employee trait requirement information, and good evaluation processes permit sound standards of equity to be established.

### Job Evaluation

3.32 Definition. Job Evaluation is a process of analysing and describing positions, grouping them and determining their relative value by comparing the duties of different positions in terms of their difficulty, responsibility, and other requirements. The process developed :

- 1) in response to a growing need for orderly pay relationships that :
  - (a) would be accepted as fair by employees;
  - (b) would provide management with a tool for salary control;
- 2) to meet a simultaneously felt need for a technique that would provide information required in selection of new employees, placement, promotion and other personnel processes.

3.33 Purpose. As its name demonstrates, job evaluation is an effort to apply principles of measurement to determining the

relative worth of positions in an organisation. Current systems vary, but all have certain common characteristics such as the use of :

- 1) job fact-finding and analysis,
- 2) job descriptions or specifications, and
- 3) an orderly arrangement of jobs in a formal structure that generally identifies the kind of work and level of work.

3.34 In some systems the pricing of jobs - i.e. setting pay rates - is part of the job evaluation plan; in others, pay setting is a separate process. However, in either case job evaluation's primary purpose is to aid in wage setting. It does this by providing a basis for the following matters :

1. Equity and Objectivity in Pay Administration

- a) paying people alike whose work is alike;
- b) establishing appropriate pay differentials between jobs of different skill, responsibility, and other requirements.



2. Effective wage and salary control.
3. Union-management negotiations on pay.
4. Comparison of pay rates with those of other employers.

By providing information about duties, grouping and identifying positions, and establishing logical pay relationships, job evaluation also aids in :

1. selection, placement, training and promotion;
2. clarifying functions, authority, and responsibility;
3. developing personnel statistics.

3.35 Major kinds of plans. Many types of job evaluation plans have been developed, and there are countless variations within types. However, for purposes of comparison the methods can be classified into four general types : ranking, classification, point rating and factor comparison. The first two are

non-quantitative; the last two are quantitative and are the two methods most commonly used in industry today.

3.36 Popular Method. The point rating method is the most popular among the four job evaluation methods mentioned above, both in India as well as abroad. This is borne out from the results of a survey reported in the March 1971 issue of "Industrial Engineering", a publication of the American Institute of Industrial Engineers. The survey shows that 65 per cent of total plans in use for office and factory workers jobs and 44 per cent for managerial/professional jobs are of the point rating type. During the nineteen-forties and nineteen-fifties, when most studies of job evaluation were being published, the use of job evaluation technique for office staff was trailing behind its use for factory jobs. From

1960 to 1968, however, the percentage of companies evaluating office, clerical, technical and managerial staff has doubled.

3.37 Point Rating Plans. There are three distinguishing features of point rating :

- 1) a predetermined set of factors is used;
- 2) definitions or other expressions of degrees of each factor are related to scales of point values;
- 3) pay rates or rate ranges are associated with ranges of total point scores of positions.

3.38 The application of this type of plan involves preparing job descriptions and rating each position against the point scale for each factor. The proper degree of a factor is determined by reference to the degree definitions, sometimes as illustrated by the degrees assigned to key jobs. The total point score for all factors determines the pay grade of a position.

3.39 Point plans have a real advantage. They prescribe an orderly approach to the analysis and evaluation of positions, requiring as they do the consideration and rating of a number of factors. The scoring also provides a ready record of the rater's judgment and helps isolate issues in controversial cases.

3.40 Job Values. The results of an application of the Point Rating Plan of Job Evaluation to officer positions in the Bank are described in Chapter 13 and in Appendix XXIX.

#### External Relativity

3.41 From a quick review of the underlined portions in paragraph 3.34 it will be inferred that the concepts of external and internal relativity are inbuilt in the system of wage fixation through job evaluation. The principle

of "fair comparison with current remuneration of outside staffs employed on broadly comparable work" which was established by the Royal Commission on the Civil Service (1953-55) remains valid in the Committee's view for any service or industry. The Committee falls in line with the Fulton Committee Report of 1966-68, which states that ".....we should expect the outside comparison to be made as part of the process of job evaluation assessing the importance of the job to the work of the Service and establishing the rate for jobs of similar responsibility outside the Service" (paragraph 226, Vol.I).

3.42 However the question as to what are the jobs of comparable responsibility and authority outside the Bank, has to be resolved on the basis of deeper job analysis and wage and salary survey studies. In this connection

reference to the U.S. Federal Salary Reform Act of 1962 is relevant. One of the two principles established thereby is "The Comparability Principle which says that Federal Pay shall be reasonably comparable with private enterprise pay for the same level of work". For the employee on the pay rolls, it assures equity with his counterparts outside the service, while for government agencies this principle means improvement in the ability to compete with outside firms for qualified personnel. But the implementation of this principle is possible only through nationwide studies of pay rates of Professional, Administrative, Technical and Clerical Personnel, conducted annually by the U.S. Bureau of Labour Statistics. The Federal Salary Reform Act of 1962 and the appropriate Executive Order requires the preparation of a joint

report by the Director, Bureau of Budget, and Chairman, U.S. Civil Service Commission, to the President, and the President under the law reports to the Congress with recommendations

3.43 The Survey referred to above was specifically developed for Federal Salary Comparability Purpose. Occupational definitions and job contents are prepared to assist the field staff of the Bureau in classifying into appropriate occupations, or levels within occupations, employees who are employed under a variety of pay roll titles and different work arrangements from establishment to establishment, and from area to area. This permits the grouping of occupational wage rates representing comparable job content.

3.44 In line with the thinking outlined above, the Committee has recommended, while

dealing with personnel research in the Bank in Chapter 15, that the Bank should carry out research in the area of pay, comparability and external relativity with other organisations.

3.45 No comparison should be made with organisations outside India irrespective of what industry or business they are engaged in. So the comparison with such institutions as the Bank of England, or, for that matter, the Federal Reserve Bank in the U.S.A. has no validity as far as principles of pay comparability in the Bank are concerned.

3.46 In regard to flight of personnel from the Bank to private enterprise the Committee is of the view that, till the results of the research referred to in paragraph 3.44 above are available indicating which specific posts



in the Bank are comparable in job content with the corresponding posts in a private enterprise, the Committee cannot recommend pay comparability between the Bank and any private enterprise as far as external relativity is concerned.

3.47 It was argued before the Committee on behalf of the Officers' Association that the present pay structure in the Bank is so inadequate as compared to the pay structures in private industry that members of the staff of the Bank are tempted to seek employment in private industry. Although the Committee has not carried out any investigation in the area of pay comparability and external relativity with private enterprise, it is of the view, on the basis of the data made available to it, that it is only in exceptional cases and sometimes for exceptional posts that high salaries are

paid to executives in private enterprise. In many cases exceptionally high salaries are a result of the present structure of taxation and the employer thinks it better to pay high salaries to employees than to pay high taxes. This cannot be the attitude in the public sector. In the case of Government service and organisations like the Bank, this motivation for paying higher salaries is bound to be absent. One also cannot prevent or avoid flight of personnel from the Bank to such exceptionally highly paid jobs. However well the staff of the Bank is paid, there will always be men who decide for personal or other reasons to leave the service of the Bank for opportunities in private enterprise. Organisations like the Bank could never compete with private enterprise in the case of these exceptionally highly paid jobs. The Committee

sees no reason for preventing well-trained members of the staff of the Bank from making valuable contributions to private enterprise which is after all a part of our national life. It should be natural for private enterprise to wish to employ officers trained in the Bank. On the other hand, it is not unusual for the Bank itself to recruit members of the staff at all stages from other employments. This flexibility of employment between the staff of the Bank and other employments is not to be regretted, but, in the opinion of the Committee, is to be commended. Notwithstanding such occasional flights from employment, the Committee is of the view that employment in the Bank should remain a career service in the sense that most members of the staff should enter at a young age with expectation of **life-time** employment.

### Internal Relativity

3.48 Internal Relativity was mentioned in paragraph 3.16 above while dealing with structure of pay scales. The Internal **Alignment** principle, the second of the two principles established by the U.S. Federal Salary Reform Act of 1962 referred to in paragraph 3.42 above, states as follows : "There shall be equal pay for substantially equal work and pay distinctions in keeping with distinctions in responsibility and performance". In accordance with this principle, the differences in salaries between successive grade levels should be commensurate with the differences in the responsibilities for the officer positions in the respective grades.

3.49 As a corollary of the internal alignment principle it follows that the structure of pay scales should provide a more

uniform progression of pay from level to level.

On the basis of extension of reasoning, characteristics of a desirable pay structure are outlined in paragraphs 3.53 to 3.56 below.

#### Floor and Ceiling of Officer Grades

3.50 One of the requirements of the terms of reference cited in paragraph 3.1 above is that the Committee "take into consideration the total emoluments of the workmen staff on the one hand and those of the Deputy Governors on the other". This clearly entails the principle of a floor and a ceiling for the officers' grades.

3.51 In line with this principle, as well as in accordance with the principle of Internal Alignment and to ensure equity between the various levels of employment in the Bank, it will be reasonable to allow the lowest grade

of officers of the Bank (at present Staff Officers Grade II) total emoluments which at the maximum of their scale will be about 15 per cent above the maximum total emoluments of the highest grade of Class III category employees in the Bank (at present Assistants).

3.52 On the same reasoning the grade of the seniormost officers in the Bank should be fixed in such a way that the total emoluments drawn by them at the maximum of their scale is about 15 per cent less than the total emoluments of the Deputy Governor. Any future adjustment in the pay of officers in the event of the pay of Deputy Governor being revised could be made on the basis of this formula.

#### Characteristics of a desirable Pay Structure

3.53 The following desirable characteristics of a pay structure are relevant for the purpose of revising the structure of pay scales in the

Bank. These guidelines may be suitably adapted to fit the needs of an organisation to correspond with its traditional realities to the extent required. Such factors as recruitment and promotion policy and prospects in the organisation vis-a-vis number of posts in different grades may also be taken into account.

3.54 Symmetry in Pay Scales

- a) The mid point of each scale should be a constant percentage above the mid point of the scale preceding it.
- b) Similarly the minimum of a pay scale should be approximately a constant percentage above the minimum of the scale below it and the same applies to the maximum of the scale.
- c) The 'spread' for minimum to maximum for each scale should be a constant percentage of the minimum.

- d) Increments should be approximately a constant percentage of the mid point for each scale. Any exception to this rule should be on a systematic basis. For example, the increase might be about six per cent in the lower scales tapering to about four per cent in the higher scales.

### 3.55 Fewer Pay Scales

- a) It is usually possible to "upgrade" a particular employee more easily when there are numerous scales. This is desirable in organisations where there are a relatively larger number of jobs, with few employees in each job, and where promotional opportunities occur frequently. The use of numerous salary scales entails a very narrow



pay range at each stage or a very wide overlap in wages from scale to scale. When a wide pay range in a scale is used, it is possible to give several merit increments. The presence of too many scales decreases distinguishable differences in difficulty level between scales.

- b) Prescribing an arbitrary number of scales without knowing the range of difficulty covered is an unsound procedure.
- c) Today, there is a tendency to classify jobs into as few scales as possible. Management as well as representatives of employees have also insisted upon it.
- d) The advantage of fewer scales far outweigh the disadvantages :

Firstly, the chances of having adjacent salary scales which are not distinguishably different are reduced. With fewer classes, each scale takes on a separate identity, so that there is less disagreement about the inclusion of a job in an appropriate class.

Secondly, a wider range can be assigned to each class without having a large overlap in salary. This permits the organisation considerable latitude in rewarding merit by increments.

Thirdly, it is far easier to administer the salary structure.

### 3.56 Reduced Overlap in Scales :

- a) With a wide overlap in the scales, an employee in a higher scale can receive

a lower salary than one in the lower scale, causing dissatisfaction and low morale.

- b) The trend is to reduce the overlap in salary scales as much as possible. A general guide to follow concerning overlapping of adjacent salary scales is that the same should not be possible in more than two adjacent scales, i.e., the overlap should be less than 50 per cent.
- c) Whenever an organisation has a wage curve which is relatively flat (i.e. relatively little increase in salary in proportion to increase in point values) it is almost mandatory to have some overlap in scales or to have extremely few scales. Alternatively, to reduce the overlap, scale range can be narrowed. With a steeper wage curve however overlap in scales will be minimised.

### Efficiency Bars

3.57 The concept of efficiency bars in a pay scale had its origin in the Civil Service Administration in order to provide a deterrent against slackness and inefficiency. But through an evolutionary process efficiency bars have come to stay as a normal component of pay scales at the workers' level as well as for officers not only in the Government service but also elsewhere. This has been further sustained as a result of various awards of industrial tribunals for the workmen staff in the banks.

3.58 Conceptually, with the availability of a good performance appraisal system in any organisation, there can be flexibility in the grant of annual increments within a pay scale on the following lines without the necessity of having an efficiency bar in the pay scales :

- a) additional increments to be granted both for proven good work and for success in gaining additional relevant qualifications;
- b) increments to be withheld when they have not been earned on the basis of actual performance, appraised and recorded on an objective basis.

3.59 If this flexibility is available to the management of any organisation (as recommended by the Fulton Committee in paragraph 229 of its Report) there will be no need of specifying any particular stage of a pay scale for introducing an efficiency bar. But when both by convention and tradition it is not possible for an organisation to give more than one increment every year irrespective of the outstanding merit of an employee (assuming that

there is no promotional vacancy available) or to stop the increment of a laggard employee, the provision of efficiency bars may be justifiable, provided the same are enforceable for providing the necessary deterrent to employees who do not deserve the increment. However, any bar should be subject to appeal and review from time to time.

3.60 The efficiency bars should be sparingly used in the case of pay scales of higher officers, as they are expected to provide the necessary leadership to the men working under their supervision. In this case a better remedy is a stricter scrutiny at the direct recruitment or promotion stage. A dynamic system of performance appraisal and management, such as Management by

Objectives, is a better positive means for providing the necessary challenge at the senior officer level than the negative incentive of introducing efficiency bars in the pay scales of an apex organisation such as the Bank.

## CHAPTER 4

### SCALES OF PAY AND ALLOWANCES

#### Pay Packet - Components

4.1 This Chapter and the following chapters deal with the present position regarding pay scales and other emoluments of officers of the Bank and also contain the recommendations of the Committee for changes in the same. In making these recommendations the Committee has taken into careful consideration the representations made by the two Associations of the officers and also the arguments advanced by the Bank regarding the future structure of pay scales and the quantum of other emoluments. The Committee has further taken into consideration the pay scales and emoluments available to officers of equivalent status occupying similar positions of responsibilities in :



- a) Government departments,
- b) Government Corporations,
- c) nationalised banks, and
- d) other banks and commercial organisations.

4.2 The present pay scales and emoluments of officers of the Bank in different grades are given in the statement appended to this Chapter. In addition to the pay and allowances mentioned in the statement the officers are at present entitled to get certain emoluments some of which accrue only on specified occasions and are often in the nature of compensation for special activities or special difficulties in the official life of the officers. Other emoluments accrue to every one but only at specified stages of their official career - such as gratuity due on retirement. These emoluments can be listed as follows :

1. Deputation Allowance
2. Travelling Allowance and Compensatory Allowance on Transfer
3. Travelling Allowance on Tour and Halting Allowance/Out of Pocket Expenses
4. Conveyance Charges & Tea/Lunch Allowances
5. Leave/Retirement Fare Concession
6. Medical Facilities - reimbursement of medical expenses
7. Hill Allowance
8. Outfit Allowance
9. Provident Fund
10. Gratuity
11. Compassionate Gratuity

4.3 Each of the components of the pay packet as well as each item of emoluments mentioned above is dealt with separately in this Report. The Committee would, however, like to comment at this stage that the total

pay packet as well as the total emoluments and facilities available to officers constitute a relevant consideration in fixing the quantum of pay as well as each allowance. It is natural that different employers will be disbursing to their employees different rates of pay as well as different rates of other emoluments. This is due partly to historical circumstances and partly to each employer having a different view point as to what element in the pay packet should be more and what should be less, even if the total pay packet amounts more or less to the same figure for the employees of different organisations. The Committee would like to emphasise the fact that its recommendations with regard to pay and emoluments must be considered in their total aspect. A comparison with other organisations in relation to some item or items

only will therefore be inappropriate and will not convey a correct idea of what the recommendations of the Committee involve.

#### Considerations governing pay fixation

4.4 The Committee would also like to make it clear that, while it is reasonable to apply the tests of what the Associations of the officers refer to as internal relativity and external relativity (the principles involved are more fully dealt with in Chapter 3), there are some limitations in following this line of argument. Apart from the total pay packet there are other considerations in the fixation of pay and emoluments of a particular group of people especially when there is a comparison with another group of people. The Committee has taken into consideration, in addition to the pay packet and other emoluments, questions like prospects for promotion, reaching positions of

higher status, and also intangible attractions like exercise of authority and higher job satisfaction. It is obvious that the principles applied to the fixation of pay and emoluments of workmen staff in the various awards and decisions cannot apply in toto to fixation of pay and emoluments of high grade officers. Where these principles can be applied, they have to be applied mutatis mutandis. Also, institutions like the Bank which is guiding to a very large extent the economic development and growth in the country have to take into consideration additional factors like repercussions on the country's economic growth and the setting up of a pattern for other groups, in addition to the usual factors of one's own ability to pay and the reasonableness of the demands of the employees, while revising emoluments to be given to their officers.

4.5 The terms of reference require that the Committee should attempt to rationalise the existing pay scales, rates of allowances and fixation of emoluments in general. The Committee has attempted to do so. The two Associations of the officers have criticised the personnel policies of the Bank and alleged that the Bank's actions have very often tended to follow the easy line of ad hoc decisions. Such a tendency would create a situation where no system and no definite set of principles are applied to the fixation of pay and emoluments. This is a situation which requires correction and this is one of the reasons why the Bank set up the Committee so that the position could be systematised and rationalised to the extent possible. But the Committee realises that such rationalisation is made difficult to some extent by the existing commitments of the Bank to its

workmen staff and to its officers. The Committee has, however, attempted to lay down guidelines for future occasions regarding changes in pay scales and allowances so that deviations from a system may be much less in future.

4.6 As regards external relativity an important point raised before the Committee was whether the Bank is a profit earning institution and therefore its personnel policy should be closely related to that of commercial banks, or the Bank should be considered as part of the sovereign Government in which case its activities would be mainly administrative. After giving due consideration to the arguments advanced by the two Associations of the officers and also by the Bank the Committee has come to the conclusion that the Bank occupies a unique position in that, while it undertakes

certain banking activities and earns profits therefrom, it also undertakes sovereign functions like the issue of currency, control of foreign exchange, inspection of other commercial banks, etc. Therefore the position of its officer staff is quite different from that of officers in Government departments on the one hand and in commercial banks on the other. Broadly the functions discharged by the Bank require more or less the same talents as are required in Government departments. But there is need also for additional capability to discharge economic and financial functions of a high order.

4.7 The fixation of pay scales and allowances of the officers should broadly aim at the objectives mentioned in paragraph 3.3. Firstly, it should such as would attract sufficiently qualified young



people to enter the Bank's services. Secondly, it should be such as to keep the officers contented and as would help in creating a high level of morale among them. So far as the Committee could judge from the material placed before it, it finds that the first objective, viz. that of attracting qualified people to the Bank's service, is being realised to a large extent. But it finds that the second objective is yet to be realised. This is, of course, not merely a question of higher pay scales and allowances. There are also other elements like proper personnel policies and better personnel administration. The Committee has dealt with these matters in Chapter 15. But it is worthwhile emphasising here that a mere rise in pay and allowances is not likely to lead to better morale among the officers unless other corrective actions are taken.

4.8 As already indicated in paragraph 3.18, it was represented to the Committee by the Officers' Association that the Bank as the Central Banking Agency was dealing with highly important matters like monetary policies and monetary management of the country. It was urged therefore that the officers were discharging functions in connection with these policies which are of a high order. They urged that the Bank should therefore fix the emoluments of officers in such a way that the emoluments reflect their status. The Supervisory Staff Association claimed that the supervisory officials of the Bank are perhaps the most strategic group of employees in that they operate the most sensitive and decision making control points of the Bank's work. The Bank was however of the view that broadly the skills required of officers of the Bank are not

different from those required of officers of the Government of India in their economic policy ministries and departments. The Bank further stated that the fact that the Bank's functions required of its officers some particular skills will not by itself automatically lead to a conclusion that the officers of the Bank must be paid higher emoluments than those in the other organisations. Some special skills have to be developed by almost all officers in whichever organisation they work, whether in the public administration or in the private sector. It will be difficult to evaluate that the skills required in a particular organisation are appreciably more or less than in another organisation. Moreover, on an analysis of the duties and functions of officers in different grades and different departments of the Bank, it is seen that qualities required by officers of

the Bank vary from department to department. The work in a department like the Currency Department is apt to remain one of purely mechanical nature, while the work in departments like the Exchange Control Department and the Industrial Development Bank of India requires different qualities such as appreciation of each case, and decision making which is to some extent based on comparison with past cases. In Chapter 13 the Committee has recommended that there should be more mobility between various departments and, therefore, the purely mechanical nature of work in one or two departments need not come in the way of reaching a conclusion that, on an average, the abilities required in an officer of the Bank are of a high order and the totality of their actions have an important bearing on the economic growth and development of the country.

4.9 Employees will consciously and subconsciously compare their own inputs and the outcomes. They will also compare their own inputs and outcomes with those of others in the organisation. This has been referred to at times as Internal Relativity. The inputs usually considered are education, training, experience, effort, intelligence, skill, ability to command, ability to lead a team, etc. The outcomes are pay, allowances, job satisfaction, promotion prospects, congenial work atmosphere, social status, etc.

#### Present Structure of the Officer Cadres

4.10 The bulk of the officers are divided into two principal cadres, viz. Junior Officers and Senior Officers. Junior Officers are called Staff Officers and Senior Officers are called Senior Staff Officers. Staff Officers are divided into two Grades, viz. Staff Officers

Grade II and Staff Officers Grade I. Senior Staff Officers are divided into three Grades, viz. Senior Staff Officers Grade III, Senior Staff Officers Grade II, and Senior Staff Officers Grade I. There are however numerous exceptions to and variations of these broad classes and a few fixed pay posts as will be seen from the statement appended to this Chapter.

4.11 Staff Officers Grade II are recruited mostly from the workmen staff. A small percentage is directly recruited. Their pay scale ranges from Rs.400 - Rs.850, the maximum being reached in fourteen years. To this there is an exception, viz. that a special pay of Rs.40 per mensem is paid to those who reach the maximum of the grade and remain in that stage for three years. A variation of this grade is that certain categories of officers doing particular

kind of work are paid a special pay of Rs.50 per mensem in addition to their grade pay. Another variation of this grade is the case of Assistant Engineers whose scale of pay ranges from Rs.400 - Rs.925, the maximum being reached in seventeen years. To this variant the special pay of Rs.40 per mensem in case of stagnation does not apply.

4.12 Next higher in the rung come Staff Officers Grade I. Their pay scale ranges from Rs.450 - Rs.1200 the maximum being reached in thirteen years. Once again a special pay of Rs.60 per mensem is paid to those who reach the maximum of the grade and remain in that stage for three years. Three variations in this grade are that certain categories of officers doing a particular kind of work are given a special pay of Rs.100, Rs.150 or Rs.200 per mensem, depending upon the nature of responsibilities

shouldered by them. A fourth variation of this grade is that officers in the Economic and Statistics Departments and in the Industrial Development Bank of India and some engineering staff are given a pay scale ranging from Rs.820 - Rs.1300, the maximum being reached in eight years, but in the same grade.

4.13 Coming to the Senior Officers, the Senior Staff Officers Grade III have a pay scale ranging from Rs.1425 - Rs.1800, the maximum being reached in five years. This scale applies also to the only Superintending Engineer in the employment of the Bank. One variation of this scale is that the Vice Principal of the Bankers Training College gets a special pay of Rs.100 per mensem. Another variation is that Directors in the Economic and Statistics Departments have a pay scale ranging from Rs.1425 - Rs.2000, the maximum being reached in seven years, but in the same grade.



4.14 Senior Staff Officers Grade II get a pay scale ranging from Rs.1650 - Rs.2100, the maximum being reached in six years. One variation of the scale is that the Joint General Manager in the Industrial Development Bank of India gets a special pay of Rs.100 per mensem. Another variation is that the Advisers in the Economic and Statistics Departments get a pay scale ranging from Rs.1650 - Rs.2400, the maximum being reached in nine years, but in the same grade.

4.15 Senior Staff Officers Grade I have a pay scale ranging from Rs.2000 - Rs.2400, the maximum being reached in four years. The Principal Adviser in the Economic and Statistics Departments has a separate scale ranging from Rs.2500 - Rs.2700, the maximum being reached in two years, although he falls in the same grade.

4.16 Apart from the abovementioned grades and their numerous variations there are three fixed pay posts, viz. that of the Chief Accountant getting Rs.2500 per mensem, Chief Manager getting Rs.2700 per mensem and Executive Directors getting Rs.2750 per mensem.

4.17 The abovementioned structure of the officer cadres clearly indicates that the cadres as well as the grades have been prescribed ad hoc. They do not indicate rational long term planning. The planning has not kept up with the changing and expanding tasks of the Bank. In fact the expanding tasks have run ahead too rapidly. So today the officer cadres are in need of some change for the most efficient discharge of the present and prospective responsibilities of the Bank.

Pay Scales - Need for Career Scales,  
their advantages and disadvantages

4.18 The three broad objectives that an organisation aims at in deciding on the remuneration it will pay to its employees have been stated in paragraph 3.4, and the principles of wage fixation have been examined in general terms in Chapter 3. In the opinion of the Committee, it would nevertheless be useful to set out the main considerations on which it has based its concrete proposals, even if this involves some repetition of what has already been stated.

4.19 The functions of an organisation determine the kinds of jobs and the qualities required in men seeking these jobs. The emoluments and service conditions offered should be good enough to attract suitable men

for these jobs, after taking into consideration the competitive nature of the employment market.

4.20 In order to achieve the three objectives referred to above all organisations must have definite policies regarding the emoluments offered to their employees. These policies have to be determined after careful consideration and must also be reviewed from time to time in order to help the organisation to achieve these objectives.

4.21 The remuneration paid to employees so far as pay scales are concerned usually takes care of two factors. Firstly, the organisation has to decide what should be the average pay level for each job. Secondly, it has also to decide the maximum level upto which each job holder will move in a pay scale. Subordinate

to these factors are other factors like stages within the minimum and the maximum, the size of the annual increments and whether efficiency tests should be applied at any stage within the scale.

4.22 As pointed out in paragraph 3.10, in deciding on its pay level policies an organisation has to choose whether it desires to be a wage leader either in the local area or in its industry, or it would be content to be a follower in choosing its pay level policies. Very often the organisation chooses to follow the market rate. This however results in periodical tensions because the market rate varies from time to time and the employer may not keep up with it with the necessary promptness. Moreover, an organisation like the Bank will also have to consider the question of building up a good image as a model employer.

4.23 Pay scale policies also require that the organisation take into consideration the need for a hierarchy of scales. This introduces various other factors for consideration in deciding on the structure of pay scales. Briefly such a system assumes that the emoluments of a person should be influenced in a large measure by the value of the work he does. Therefore, as he changes jobs and is allotted work of a higher responsibility or work requiring higher talents, his emoluments should be proportionately increased.

4.24 An issue arising out of this would be that there should be periodical job evaluation so that different jobs are fitted into different groups, each group with a different pay scale. It has to be noted, however, that within a pay scale persons doing the same

work may be drawing different rates of pay according to the number of years the different persons have been working in the same group of jobs. This makes it necessary that what is called the span of a pay scale should not be unduly large, as in the final count the emoluments received by the person have to be based to a large extent on the value of the work done by him.

4.25 Consideration of the factors mentioned above will influence the total number of grades or pay scales in an organisation, the minimum and maximum of each grade, the span of each grade and also the relative number of employees in each grade which will determine largely their chances of coming up from one grade to a higher grade. In addition to evaluation of jobs the structure of pay scales

has to take into consideration also the need to have reasonable promotion prospects which is one of the strongest factors that determine the success of the organisation in holding its employees after recruitment.

4.26 The question of how many grades there should be in the remuneration of officers of the Bank has to be judged in the light of the following guidelines :

- 1) Too many salary grades result in a very narrow pay range for each grade or in the alternative a very wide overlap in pay from grade to grade.
- 2) The presence of too many grades decreases the possibility of distinguishing differences between the grades.



- 3) With fewer grades, each grade can take on a separate identity and the employees can easily identify the differences in the grades.
- 4) Wide overlaps in the grades will lead to awkward situations like an employee in a higher grade receiving lower salary than an employee in a lower grade. This will lead to discontentment and bad morale.

4.27 The Committee is of the view that the existing grades for the officers of the Bank need some rationalisation. The Officers' Association represented to the Committee that there should be three career scales with the nomenclature of :

- 1) Junior Scale;
- 2) Senior Scale;
- 3) Head of Department and equivalent posts.

<u>Junior Scale</u>	- Rs.700-50-750-60-1050-75-1800
<u>Senior Scale</u>	~ Rs.1500-75-1800-100-2800 (with a provision, if necessary, for a selection grade below the Departmental Head Grade)
<u>Heads of Department</u>	- Rs.3000-125-3250

These three levels have been proposed by it on the ground that the work of the Bank's officers can be categorised into :

- 1) supervision of the work of workmen employees;
- 2) formulation of policies and execution of a higher level job;
- 3) decision taking; and
- 4) co-ordination.

The Officers' Association has also pointed out the need for eliminating anxiety regarding promotions from grade to grade. The Association has further urged that career scales will minimise the evils of stagnation at the maximum of a grade.

4.28 The Supervisory Staff Association on the other hand requests that the pay scales of Staff Officers Grade I and Staff Officers Grade II should be amalgamated into one of :

Rs.800-50-1000-60-1600 with a Special Pay for Staff Officer Grade I of Rs.200 per mensem and with a Special Pay for Deputy Treasurer of Rs.100 per mensem.

It is not clear how there could be an amalgamation of two pay scales into one and at the same time a grant of special pay to some officers in the new pay scales.

4.29 The Bank has opposed the proposal of career scales on the ground that the existing ten scales of pay are related to the existing levels of hierarchy in the Bank which are clearly distinguishable from one another. Also, the Bank considers that ten different scales

are not too many. The Bank feels that posts which call for similar qualifications and involve similar responsibilities should fall in one category. A single pay scale should apply to each such category. The Bank's main argument against the career scale is that it is a disadvantage to have long pay scales and a feeling among officers of easy attainment of increments. It will not provide for the recognition of merit as against mere seniority, nor will it provide for adequate opportunities for promotion based on merit and for a continuous incentive for good performance.

#### Stagnation

4.30 As indicated in paragraph 4.27 above, the Officers' Association mentioned the stagnation of officers in various grades specially at the Staff Officers Grade II and Staff Officers Grade I level. The Supervisory

Staff Association also gave some statistics in the same connection and both Associations suggested that the career scales proposed by them would be the desirable remedy for preventing the stagnation of officers.

4.31 The Bank in its reply as well as during the hearings of the Committee provided detailed statistics about the incidence of stagnation amongst officers in the Bank. The Committee finds that there is no significant stagnation amongst Staff Officers Grade II. The slight stagnation found is inevitable and not unusual in a large organisation. As far as other grades are concerned it is noticed that there has been some stagnation amongst Staff Officers Grade I, but predominantly the stagnation has been in the case of Staff Officers Grade I with Special Pay of Rs.100 or equivalent personnel in Groups I, III and IV.

4.32 The main causes for this stagnation have been the following :

- 1) Proportionally fewer posts at the Senior Staff Officers level as compared to those at the Staff Officer Grade I level.
- 2) In the existing structure of pay scales of officers in the Bank there is considerable overlap between the pay scales of Staff Officers Grade II, Staff Officers Grade I and Staff Officers Grade I with Special Pay. Thereafter there is a sudden gap between the maximum pay of the scale of a Staff Officer Grade I (Rs.1300) and the minimum pay in the scale of a Senior Staff Officer Grade III (Rs.1425).

- 3) The absence of inter-group mobility is a further cause contributing to the significant number of officers stagnating at the Staff Officer level within a group.

4.33 As regards item (1) above, in any organisation with a pyramid structure, the posts at the top are limited and the existence of fewer posts at the Senior Staff Officers' level cannot be helped. As regards item (2) above, this aspect has been considered by the Committee and in its recommendations for pay structure it has provided for some overlap in the pay scales proposed for Senior Staff Officers Grade III and Staff Officers Grade I with Special Pay and equivalent grades, thus making the proposed span of the latter 10 years instead of 9 years as at present. As

regards item (3) above, the recommendations of the Committee in Chapter 13 provide for inter-group mobility with suitable training for mobility and interchangeability of posts within the Bank.

#### Proposed Pay Scales

4.34 Taking all factors into consideration the Committee recommends that the total number of pay scales in the Bank should be six. In addition, there would be certain fixed pay posts as at present. The Committee also recommends that instead of differentiating between Staff Officers and Senior Staff Officers the grades should have a continuous numbering preferably by letters of the alphabet. The grades and pay scales the Committee recommends are as follows :



- (1) GRADE 'A' - Rs.560-35-735-40-815-45-905-  
EB-45-950-50-1150 (15 years)

Direct recruits in Grade 'A' will be on probation for two years. The existing Staff Officers Grade II will be included in Grade 'A'. The present incumbents of the posts to which a Special Pay of Rs.50 per mensem is attached may continue to draw the Special Pay as at present. Future incumbents will be covered by the recommendations of the Committee in paragraph 4.39 below.

The Committee sees no reason for recommending a separate pay scale for Assistant Engineers. The only difference at present between the pay scale of Assistant Engineers and the pay scale of Staff Officers Grade II is that the scale has been elongated for Assistant Engineers by another three years. It is extremely unlikely that an Engineer will

be agreeable to stay for more than 15 years as Assistant Engineer. Hence there is no need to elongate the scale to 18 years. The Committee recommends that Assistant Engineers be recruited in Grade 'A' in the pay scale proposed above. The existing Assistant Engineers will be included in Grade 'A'.

The Committee recommends that the posts of Supervisors be abolished and the existing Supervisors be redesignated as Assistant Engineers in Grade 'A'. No Assistant Engineer shall be subordinate to or report to another Assistant Engineer. All Assistant Engineers, including present Supervisors to be redesignated as Assistant Engineers, shall be subordinate to and report to an Executive Engineer or an officer of equal or higher rank. It is to be noted that there is no Assistant Engineer at present getting a pay of Rs.850 or more. If, therefore, the

Committee's recommendation to give only Grade 'A' pay scale to Assistant Engineers is carried out, no one will be adversely affected.

(2) GRADE 'B' - Rs.650-65-1170-EB-65-1495  
(14 years)

The existing Staff Officers Grade I will be included in Grade 'B'.

If a person is recruited direct to this grade he will be a probationer for two years on a basic pay of Rs.600 per mensem. On confirmation he will draw salary according to the pay scale of Grade 'B'.

In the case of direct recruitment to this grade an employee of the Bank who offers himself for the recruitment test and is recruited in competition with outsiders shall

be placed on the same footing in the matter of remuneration, amenities and privileges as the outside recruits.

The Principal Private Secretary to the Governor may also be placed in this grade. He may be paid a Special Pay of Rs.200 per mensem for reasons hereinafter appearing.

(3) GRADE 'C' - Rs.1200-65-1525-EB-65-1785  
(10 years)

Special Pay has been granted by the Bank to a large number of Staff Officers Grade I for performing certain duties which involve higher responsibilities than those ordinarily allotted to officers in this grade. Ordinarily these officers should have been placed in a special and higher grade. Promotion to these special pay posts is by selection on merit-cum-seniority basis. There is, therefore, every justification for placing these posts in a special and higher

grade. The Committee feels that all such special pay posts should be put in a special grade of pay scale and has accordingly recommended that these posts be included in Grade 'C'. In addition the posts of Deputy Directors, Department of Statistics/Economic Department/Unit Trust of India, and the Deputy Managers in the Industrial Development Bank of India who are at present in the grade of Rs.820-60-1300 should also be included in Grade 'C'. The following officers accordingly fall within this grade :

1. Accounts Officer

Administration, Byculla/Banking Department/Manager & Establishment Sections, Bombay/Central Accounts Section, Nagpur/Issue Department, Calcutta/Deposit Accounts Department, Bangalore, Bombay, Calcutta, Madras, New Delhi/Public Debt Office, Bombay, Calcutta, Hyderabad, Jaipur, Kanpur, Madras, New Delhi, Patna.

2. Administrative Officer

Agricultural Credit Department/Agricultural Refinance Corporation/Department of Statistics/Economic Department/Exchange Control Department/Industrial Finance Department/Unit Trust of India.

3. Assistant Chief Accountants

Department of Accounts & Expenditure, Bombay.

4. Assistant Chief Officers

Agricultural Credit Department/Credit Planning & Banking Development Cell, Secretary's Department, Bombay/Department of Banking Operations and Development/Industrial Finance Department/Premises Department, Bombay.

5. Assistant Controllers

Exchange Control Department

6. Assistant Director

Organisation & Methods Division, Bombay.

7. Assistant Legal Advisers

Legal Department, Bombay.

8. Assistant Managers

Department of Administration & Personnel, Bombay/Unit Trust of India, Bombay.

9. Chief Accountant  
Credit Guarantee Corporation of  
India, Bombay.
10. Currency Officer  
Issue Department, Bangalore/Byculla,  
Hyderabad, Patna.
11. Deputy Directors (Financial/Technical)  
Agricultural Refinance Corporation
12. Deputy Directors  
Department of Statistics/Economic  
Department/Unit Trust of India
13. Deputy Managers (Financial/Technical)  
Industrial Development Bank of India.
14. Deputy Secretary  
Agricultural Refinance Corporation,  
Bombay.
15. Executive Engineers
16. Senior-most Assistant Currency Officer  
Issue Department, Bombay, Madras,  
New Delhi.
17. Treasurer  
Bombay, Calcutta.

Though the posts of Secretary, Services Board, and Senior Instructors, Training Establishments, are not listed above, the present incumbents of the posts have been deputed from posts which are proposed to be included in Grade 'C', with special pay of Rs.200 per mensem and Rs.150 per mensem respectively in lieu of the normal special pay of Rs.100 per mensem. In refixing the pay of the present incumbents of the posts in Grade 'C', the Secretary, Services Board, should be allowed a reduced special pay of Rs.100 per mensem and the Senior Instructors, Training Establishments, should be allowed a reduced special pay of Rs.50 per mensem so long as they continue in these posts. Future incumbents will be covered by the recommendation made in paragraph 4.39 below.

- (4) GRADE 'D' - Rs.1700-75-2000-80-2160  
(7 years)

The existing Senior Staff Officers Grade III will be included in Grade 'D'. The Directors in the Economic and Statistics Departments



should be placed in Grade 'D' until they reach Rs.2160. Thereafter they should be placed in Grade 'E' subject to an efficiency bar at Rs.2160.

If the Secretary, Services Board, is also a Member of that Board, he should usually be drawn from Grade 'D'

(5) GRADE 'E' - Rs.1925-75-2000-80-2400  
(7 years)

The existing Senior Staff Officers Grade II will be included in Grade 'E'. The Advisers in Economic and Statistics Departments should be placed in Grade 'E' until they reach Rs.2400 and thereafter they should be placed in Grade 'F' subject to an efficiency bar at Rs.2400.

(6) GRADE 'F' - Rs.2300-100-2700 (5 years)

The existing Senior Staff Officers Grade I will be included in Grade 'F'.

4.35 The Committee recommends that there should be the following Fixed Pay Posts :

- |                       |         |
|-----------------------|---------|
| a) Chief Accountant   | Rs.2750 |
| b) Principal Adviser  | Rs.2860 |
| c) Chief Manager      | Rs.2970 |
| d) Executive Director | Rs.3025 |

A comparative chart showing the existing and proposed structure of pay scales of officers of the Bank is given at the end of this Chapter.

4.36 The Supervisory Staff Association has requested that the practice of having efficiency bars in the scales be removed. The Officers' Association has not included efficiency bars in the scales of pay proposed by it. The Committee has examined the merits of the question in paragraphs 3.57 to 3.60 and, in the light of the remarks made therein, the Committee suggests

that efficiency bars should be retained as a practice in the lower scales. They provide a needed check to ensure a continuous level of efficiency and hard work.

#### Special Pay/Special Allowance

4.37 Special Pay is at present being paid in cases where the Bank finds it necessary to give extra remuneration for employees who are engaged in work of an arduous nature. This is a recognised practice in many Government Departments as well as private sector organisations. At the same time there is need to restrict such grant of extra remuneration to really deserving cases. It is also necessary to see that the device of Special Pay is not used as an easily available substitute for placing an employee in a higher grade of pay scale. The Committee has considered the point

whether such special remuneration should be termed 'Special Pay' or 'Special Allowance'. The Committee recommends that such special remuneration should be termed 'Special Allowance'. Only in exceptional cases where there is sufficient justification should the special remuneration be termed 'Special Pay'. The Committee has included several posts at present carrying Special Pay in the grade of Staff Officer Grade I in the proposed Grade 'C'.

4.38 In the following two cases the Special Pay deserves to be continued as Special Pay. The first is the case of the Joint General Manager of the Industrial Development Bank of India. He is given a Special Pay of Rs.100 because his responsibilities are really intermediate between those of the General Manager and those of the Deputy General Manager. There is no grade between that of the General Manager

and that of the Deputy General Manager in which he can be accommodated. The second case is that of the Principal Private Secretary to the Governor. He is now paid a Special Pay of Rs.200 per mensem. This should be continued because the Committee understands that there might be need for the sake of continuity to keep the same person in this post for a long time which would affect his prospects for promotion to higher posts.

4.39 In the cases mentioned below the Committee recommends that the Special Pay be converted into a Special Allowance for future incumbents of the posts :

1. Secretary, Services Board (when he is an officer from proposed Grade 'C') at the reduced rate of Rs.100 per mensem.
2. Senior Instructors, Training Establishments, at the reduced rate of Rs.50 per mensem.

3. Instructors, Training Establishments.
4. Assistant Instructors, Zonal Training Centres.
5. In-Charge, Machine Section, Byculla.
6. Treasurer, Gauhati/Ahmedabad.
7. Deputy Treasurers.
8. Supervisor in Group IV.

The existing incumbents will continue to draw Special Pay as at present, excepting nos.1 and 2 above, who will draw Special Pay at reduced rates of Rs.100 per mensem and Rs.50 per mensem respectively on refixation of their pay.

4.40 The Supervisory Staff Association has requested that the Special Pay of Deputy Treasurers be raised to Rs.100 per mensem. The Committee has carefully considered this matter and feels that a Special Allowance of Rs.50 per mensem would be sufficient to meet the requirements of the case.

4.41 In the case of Vice-Principal, Bankers Training College, the Committee recommends that the grant of Special Pay be eliminated by putting the next incumbent in proposed Grade 'E'. The duties allotted to Security Officers at Bombay and New Delhi are of an arduous nature in that these officers are expected to be on duty any time of day or night to receive visitors, touring officers etc. The grant of Special Allowance to occupants of these posts would be justified. The Committee therefore recommends that a Special Allowance of Rs.100 per mensem be paid to the Security Officers at Bombay and New Delhi.

Local Pay/City Compensatory Allowance

4.42 At present Local Pay at 10 per cent of pay is paid to officers posted at Bombay, Calcutta, New Delhi, Madras, Hyderabad,

Bangalore, Kanpur and Ahmedabad. The Officers' Association has represented that the cost of living has gone up considerably in the other centres where the Bank has its offices. It has therefore requested that Local Pay be paid to officers in other centres also at the reduced rate of  $7\frac{1}{2}$  per cent of the pay. It further requests that the total emoluments of an officer on transfer from a higher Local Pay centre to a non-Local Pay centre should be protected.

4.43 The Local Pay paid at certain centres seems to have been intended to compensate the officers for the comparatively higher cost of living at these centres. It is however not clear why Local Pay is being treated as Pay for all purposes. In Government Departments and other organisations with offices all over India



this special remuneration to meet the higher cost of living in certain cities is termed 'City Compensatory Allowance'. If the Bank had done this there would have been less of a grievance when an officer was transferred from a bigger to a smaller city. The Bank has therefore finally proposed that the existing Local Pay should be absorbed in the basic pay scales of officers so that every officer wherever he is posted will get this benefit. The Bank has further proposed that, in addition, a City Compensatory Allowance be paid in Bombay, Calcutta, New Delhi, Madras, Ahmedabad, Hyderabad, Bangalore and Kanpur at 10 per cent of the pay with a maximum of Rs.200 for pay upto Rs.2249 per mensem. Thereafter the allowance be paid on a sliding scale, it being completely nil when the pay exceeds Rs.2700 per mensem.

4.44 The Committee considers it inequitable that officers posted at Local Pay centres should have an advantage over those posted at other centres. The purpose of Local Pay being to compensate for higher cost of living at these centres there is no reason why the Local Pay should count for superannuation benefits. It would be more equitable if Local Pay is converted to an allowance and the Committee so recommends.

4.45 Representations were made to the Committee during its visits to certain centres of the Bank that certain other cities should be included in the cities to which City Compensatory Allowance will now be applicable. The main arguments of the officers making this representation are that the cost of living in places like Nagpur, Poona and Lucknow is as high as that in Hyderabad or Bangalore and

therefore there is no justification for excluding cities like Nagpur, Poona and Lucknow from the right to receive City Compensatory Allowance. The Bank has however argued that the present classification of cities where employees are entitled to receive City Compensatory Allowance and other centres should be continued because it is based on the classification of higher pay centres and other than higher pay centres for workmen employees by the Desai Tribunal.

4.46 The Committee has considered this matter very sympathetically and recommends that the City Compensatory Allowance be extended to Nagpur, Poona and Lucknow at a reduced rate.

4.47 The Committee recommends that City Compensatory Allowance be payable in Bombay, Calcutta, New Delhi, Madras, Bangalore,

Hyderabad, Kanpur and Ahmedabad (i.e. Higher City Compensatory Allowance centres) at 10 per cent of monthly pay and be payable in Nagpur, Poona and Lucknow (i.e. Lower City Compensatory Allowance centres) at 7½ per cent of monthly pay, to be rounded off in either case to the next higher rupee, with a maximum of Rs.200 per mensem for the Higher City Compensatory Allowance centres and of Rs.150 per mensem for the Lower City Compensatory Allowance centres, upto a monthly pay of Rs.2250. Thereafter, the allowance may be paid at the following sliding scale :

Pay range	Amount	
	Higher C.C.A. Centres	Lower C.C.A. Centres
Rs.	Rs.	Rs.
2251 - 2500	175	125
2501 - 2600	150	100
2601 - 2700	100	50
Above 2700	Nil	Nil

No City Compensatory Allowance will be payable at other centres.

Dearness Allowance

4.48 Dearness Allowance is paid by almost every employer in this country with a view to compensate his employees for the fall in real income due to continuous rise in prices. Though it is an attempt to ensure that over a period the employees get the same income as computed in relation to its purchasing power, and that they should be enabled to purchase the same volume of goods as before, no water tight scheme has been introduced any where to achieve 100 per cent accurate results.

Difficulties arise because prices of various commodities in ordinary use rise in different proportions. Therefore it is arithmetically difficult to arrive at a figure that will keep the real income exactly at the same level from year to year. Devices such as cost of living index and consumer prices index have not been

perfected as can be seen from the fact that there are a number of such indices. Further, prices of the same commodity vary from town to town. Also, living habits vary from area to area. As a result, all that an employer can reasonably hope to achieve is to ensure a fair amount of satisfaction among his employees by ad hoc adjustments of Dearness Allowance.

4.49 When Dearness Allowance was first introduced in the Bank, officers and workmen staff were paid Dearness Allowance on the same basis. In 1962 under the Award of Mr. Justice Desai the Dearness Allowance of workmen staff was linked with the cost of living index. The Bank however did not make any change in the previous scheme of Dearness Allowance applicable to its officers. During the sixties some

alterations were made in the Dearness Allowance of the officers of the Bank. Striking difference in the basis on which the Dearness Allowance was calculated as applicable on the one hand to the workmen staff and on the other to officers continued to exist. During this period the Bank changed the basis for calculating the dearness allowance of officers from a percentage of the pay to a flat rate. It is understandable that the anomaly of fixing the Dearness Allowance on different basis for workmen staff and officers should cause considerable dissatisfaction among the officers.

4.50 There is also a concept that, while the rise in prices should be completely neutralised at the lowest income levels, there is no social justification for full neutralisation at higher income levels. This is based on

the assumption that the State should attempt progressively to reduce the disparity between the highest and lowest income levels. This would mean in effect that both the standard of living and the capacity to save at higher income levels should be gradually brought down.

4.51 At present, Dearness Allowance is paid at a flat rate of Rs.175 per mensem for Junior Officers and Rs.100 per mensem for Senior Officers with the proviso that Pay plus Dearness Allowance should not exceed Rs.2350 per mensem. The ceiling seems to have been fixed on the lines of what prevails in the Government of India.

4.52 The Officers' Association has represented that, while the Dearness Allowance for workmen staff increased from 24 per cent of the pay in 1964 to 57 per cent of the pay in 1970, in the



case of officers Dearness Allowance went up from Rs.100 per mensem to Rs.175 per mensem only. This made it very difficult for officers to maintain their standard of living with the total emoluments they were getting from the Bank. The Officers' Association has also represented that the Dearness Allowance paid in other banks and Government Corporations to officers is much higher than that paid in the Bank. The Shipping Corporation pays to the officers drawing pay upto Rs.2250 per mensem the same Dearness Allowance as is permissible to workmen staff at the maximum of their pay, i.e. Dearness Allowance of Rs.570 per mensem. The State Bank of India pays Dearness Allowance to its officers upto a maximum of Rs.225 per mensem. In other banks the maximum Dearness Allowance to officers varies from Rs.395 to Rs.475 per mensem.

4.53 The Officers' Association has therefore requested that Dearness Allowance should be granted to the officers on the same basis as for workmen staff upto a pay of Rs.785 per mensem, which is the maximum pay admissible to any member of workmen staff. The Officers' Association requests that for pay ranges beyond this and upto Rs.1900 Dearness Allowance should be fixed at the same figure as would be applicable to workmen drawing Rs.785 per mensem, but the quantum of Dearness Allowance may be reduced progressively at the rate of 10 per cent for each stage of pay in a pay scale, subject to a minimum Dearness Allowance of Rs.100 per mensem which should be paid to all Senior Officers. The Officers' Association further points out that, in addition to the disparity between Dearness Allowance paid to workmen staff and officers

of the Bank, the Dearness Allowance paid to officers in other banks, both nationalised banks and foreign banks located in India, is very much higher than what the Bank is paying to its officers at present.

4.54 The Supervisory Staff Association has, on the other hand, requested that Dearness Allowance to officers should be linked to the middle class cost of living index and neutralisation should be at the rate of 3 per cent of pay for every rise of 4 points over the base figure of 150.

4.55 The Bank in reply has pointed out that, though some other banks may be paying dearness allowance to officers at a higher rate and may even have linked this allowance to a cost of living index, it would be reasonable to consider the Dearness Allowance paid by an institution

along with the pay scales and other allowances paid by the organisation. The Bank has pointed out that in banks where Dearness Allowance is paid at a higher rate the quantum of other allowances such as House Rent Allowance and Local Pay is nominal. The Bank therefore urges that the totality of emoluments should be considered and not merely one allowance in isolation. It may be noted, for example, that the State Bank of India pays Dearness Allowance at the rate of Rs.225 per mensem to officers drawing basic pay upto Rs.620 and Rs.200 per mensem to officers drawing basic pay in excess of Rs.620 per mensem but upto Rs.1030 per mensem only. The Bank pays Dearness Allowance upto a much higher pay level. The Dearness Allowance paid by the Central Government to its officers is much less than what the Bank is paying.

4.56 The question of principle has been raised whether officers drawing higher salaries and enjoying amenities higher than what is admissible to workmen staff should be compensated against rise in prices to the same extent as the lower paid workmen staff. The Bank cites the findings of the Pay Commissions and the Das and Gajendragadkar Commissions of the Government of India in this connection. The finding of the Second Pay Commission was, briefly, that it would not be right to make an automatic adjustment of Government servants' remuneration to a rise in prices. The Commission was of the view that there was greater need to protect the real income of the employees of the lower pay ranges than that of those drawing higher salaries. The Commission also held the view that neutralisation of a rise in cost of living can be neither automatic

nor to the fullest extent. It has also to be noted that in all the changes in Dearness Allowance made by the Government of India in the last 20 years there has been one constant factor, viz. that Dearness Allowance was either not paid at all to those in the higher salary ranges or it was paid at a reduced rate. The principle underlying this seems to be that the Government desires that the differences in emoluments between the lower and higher categories of Government servants may be reduced to the extent possible. The Second Pay Commission also dealt with the inter-relation between rise in prices, maintenance of a stable level of investment and the efforts of the Government to curb inflation through fiscal measures. The Commission argued that an automatic and 100 per cent neutralisation of rise in prices through a higher Dearness Allowance would

defeat the objectives of the Government measures to encourage growth of the economy and to counteract inflationary trends. The Commission expressed the view that the Government should have complete freedom to decide how far their employees should be compensated for a rise in prices. There will be no such flexibility of decision if there is an automatic linking of Dearness Allowance with a cost of living index or a consumer price index.

4.57 The Bank has argued that the same considerations which have weighed with the Central Government in not linking Dearness Allowance to a cost of living or consumer price index in the case of its officers would be applicable to the Bank also. The Bank has therefore requested that the fixation of Dearness Allowance from time to time should be

left to the discretion of the Bank which can also consider compensating the officers in other forms. The Bank has accordingly offered to fix the Dearness Allowance of the officers as follows :

<u>Pay Range</u> Rs.	<u>Amount</u> Rs.
Upto 815	250
816 - 950	225
951 - 1199	200
1200 - 1299	175
1300 - 1699	150
1700 - 2099	50
2100 - 2249	25
2250 and above	Nil

4.58 Taking all factors into consideration, the Committee has come to the conclusion that it is not necessary to link payment of Dearness Allowance to officers with the cost of living index at any stage. The Committee is of the view that the offer made by the



Bank to revise upward the Dearness Allowance payable to officers is on the whole reasonable. The Committee would like to recommend however that the Dearness Allowance payable to junior officers should be at a slightly higher level than what the Bank has offered. The Committee would also recommend that the slabs at the higher levels be modified in order to fall in line with the Government of India's scale of Dearness Allowance.

4.59 The Committee recommends the following scale of Dearness Allowance for the officers of the Bank :

<u>Pay Range</u> Rs.	<u>Amount</u> Rs.
Upto 800	300
801 - 1000	275
1001 - 1250	250
1251 - 1500	200
1501 - 1750	150
1751 - 2000	125
2001 - 2250	100
2251 - 2350	At such figure as would bring pay + dearness allowance upto Rs.2350/- p.m.
Above 2350	Nil

4.60 The payment of Dearness Allowance may be so adjusted that no one in the earlier stage of a higher slab will get less than what persons in the higher ranges in the lower slabs would get as Pay plus Dearness Allowance.

4.61 The Committee recommends that the Bank should review at an interval of every two years the Dearness Allowance payable to its officers.

House Allowance

4.62 At present house rent allowance known as House Allowance is paid at the rate of 20 per cent of pay with a minimum of Rs.90/- and a maximum of Rs.300/- p.m. at Bombay, Calcutta, Madras and New Delhi and at 15 per cent of pay with the same minimum and maximum at other centres. Staff Officers Grade II promoted from the workmen employees who have not accepted transferability are at present paid House Allowance at 15 per cent of pay subject to the following ceilings :

- a) Bombay, Calcutta,                      Rs.115/- p.m.  
    Madras, New Delhi.
- b) Other Local Pay Centres. Rs.100/- p.m.
- c) All other centres.                      Rs. 90/- p.m.

The Officers' Association has demanded revision of House Allowance from 20 per cent to 25 per cent at Bombay, Calcutta, Madras, and

New Delhi and from 15 per cent to 20 per cent at other centres with a minimum of Rs.200/- and a maximum of Rs.350/- p.m.

4.63 The question of house allowance has to be viewed in the background of the large number of officers in the Bank and the provision of residences built at the Bank's expense or taken on lease by the Bank and given to only a small number of officers. The officers are therefore compelled in a number of cases to take residential accommodation on rent in their own name which in most of the cities in India today involves payment of high monthly rent. The quantum of house allowance should therefore be linked with future plans of the Bank to construct more residential accommodation for officers or to revise its policy of taking residential accommodation

on lease for the use of its officers. The problem becomes more acute as officers are liable to transfer from one centre to another. A new-comer to a place has difficulty in finding accommodation at low rent if the Bank does not provide him with accommodation either owned or hired by it. Government Departments and many private sector organisations who operate all over India have met this situation by paying a house rent allowance which is a percentage of the salary of the officer and intended to meet only part of the rent that the officer would actually have to pay for accommodation hired by himself. The Bank however seems to be following a different policy. A fixed amount is paid to the officers irrespective of whether they are paying a rent higher or lower than the amount and also whether any rent is being paid at all.

4.64 The Officers' Association has represented that there has been a marked rise in rents in the market in major cities. Even the standard minimum house rents fixed by the Bank for officers' quarters at certain centres were found to be higher than the house allowance admissible to the officers. In view of the Bank taking on lease very few flats for allotment to officers in cities, a large number of officers have to secure accommodation at prevailing market rates at their own expense. The Officers' Association also represented that, as many of the officers have to go on tours frequently and have also to sit in the office very late, they have to take on rent accommodation in convenient localities where the rents are higher than in the outlying areas of the cities. The Officers' Association has further pointed out that a number of public

sector corporations pay house rent allowance to their officers without any ceiling.

4.65 The Supervisory Staff Association has, in addition to the above mentioned points, pointed out that the house allowance paid to the Bank's officers has all along been treated as an item of their emoluments. Therefore the Association represents that the ceilings fixed for the allowance should be removed, and if the standard rent of the Bank owned accommodation is less than the house allowance payable to an officer the excess should be paid to the officer.

4.66 It is difficult however to grant such a request. If the contention is that the house allowance has no relation whatsoever to the expenditure on rent incurred by the officers and is merely a part of their total

remuneration, then the question of this allowance will have to be viewed in a different light, The considerations of high rents and such other matters related to the market conditions of securing accommodation will have no bearing on the issue. The quantum of this allowance will then have to be settled purely in the light of the total emoluments of officers in each grade.

4.67 There is a controversy as to whether the house allowance is an emolument or whether it is a compensation paid by the Bank to its officers to meet a specific liability in the nature of paying monthly rent for the residential accommodation used by the officer. In the view of the Committee it is an allowance for meeting a specific liability and an officer cannot be allowed to make a profit out of it.



4.68 The Bank has represented that the quantum of allowance paid to the officers of the Bank compares favourably with the allowance paid by other banks including the State Bank of India. The Bank also points out that the payment made in the nature of house rent allowance by the Government is calculated on a completely different basis. The Bank has however offered to continue payment of house allowance in the same form as it is today except that it is prepared to raise the rates to some extent.

4.69 While the Committee feels that there is a case for changing over to the method of paying house rent allowance followed by Government Departments in certain big cities, it does not wish to disturb the existing procedure in the Bank for calculating and paying

house allowance. The Committee recommends that the house allowance be now fixed as follows :

I. In the case of transferable Staff Officers Grade II and all other officers

- |  |   |   |
|--|---|---|
| (i) Bombay,<br>Calcutta,<br>New Delhi,<br>Madras | } | 20 per cent of pay to be rounded off to next higher rupee with a minimum of Rs.125/- and maximum of Rs.350/- p.m. |
| (ii) Other<br>Centres                            | } | 15 per cent of pay to be rounded off to next higher rupee with a minimum of Rs.125/- and maximum of Rs.350/- p.m. |

II. Non-transferable Staff Officers Grade II

15 per cent of pay to be rounded off to next higher rupee with a maximum of :

- (i) Rs.140/- per mensem in Bombay, Calcutta, New Delhi and Madras.
- (ii) Rs.125/- per mensem in Bangalore, Hyderabad, Ahmedabad and Kanpur.
- (iii) Rs.115/- per mensem in other centres.

Provided that in all cases no officer residing in quarters provided by the Bank shall be paid a house allowance in excess of the house rent actually payable by him.

4.70 In the case of Staff Officers Grade II who have not accepted transferability it is reasonable to fix the percentage of pay as well as the maxima at a lower level in view of the fact that they would continue to stay in the accommodation they have already got, which it is reasonable to assume would be at a lower level than what they would have to pay if they were to go to a new centre on transfer.

4.71 An employee may either be provided with housing accommodation or with house allowance in lieu of it. He cannot be given housing accommodation and in addition a part of the house allowance in cash. The Committee does not recommend that the difference between house allowance admissible to an officer and the lower standard rent of the staff quarter allotted to him be paid to any officer in cash.

The standard rent is fixed by the Bank itself at a concessional rate and does not represent either the market rent or the controlled rent fixed under the Rent Acts.

#### Bonus

4.72 The Officers' Association has requested that, in view of the fact that the officers of the State Bank are getting bonus in addition to their pay and allowances, the Bank should, as in the case of fixation of salaries of workmen staff, take this element into consideration while fixing the pay of officers.

4.73 The Supervisory Staff Association has requested that bonus should be paid to officers in the Bank on the same basis as payment being made in the State Bank of India, the subsidiaries of the State Bank of India and the 14 nationalised banks. The Supervisory

Staff Association has stated that it should not be difficult to separate the commercial profits of the Bank from the other profits. It has also pointed out that the Life Insurance Corporation pays bonus to its officers even though such payments have been excluded from the purview of the Payment of Bonus Act, 1965.

4.74 The Bank has pleaded that for the purpose of comparison with the total emoluments paid by the State Bank of India if the element of bonus is taken into consideration the emoluments paid by the Bank compare favourably with those paid by the State Bank of India.

4.75 In making recommendations regarding pay scales and other allowances, the Committee has kept this comparison of total emoluments that will accrue to officers in different

grades in mind. The Committee has also taken into consideration the fact that the Payment of Bonus Act, 1965, exempts the Bank from payment of bonus even to its workmen staff and that in most organisations, even when bonus is paid to workmen, it is not paid to officers. The Committee, therefore, does not recommend any payment by way of bonus.

STATEMENT SHOWING THE EXISTING SCALES  
OF PAY AND ALLOWANCES OF THE OFFICERS  
OF THE BANK

Grade	Scales of Pay	Local Pay	Adjust- ment Allo- wance	Dear- ness Allo- wance	House Allowance	Int- erim Rel- ief*
(1)	(2)	(3)	(4)	(5)	(6)	(7)
<u>Staff Officer Gr.II</u>						
Sub-Accountants		10% of			(a) 20% of pay	
Research Superin- tendents		Pay			(including local	
Sub-Accounts		rounded			pay) with a mini-	
Officers		off to			mum of Rs.90 p.m.	
Asst. Legal		the next			and maximum of	171
Officers		higher			Rs.300 p.m. at	
Asst. Exchange		rupee			Bombay, Calcutta,	
Control Officers		at Bombay,			New Delhi and	
Asst. Treasurers	Rs.400-30-	Calcutta,			Madras.	
Asst. Banking	550-40-710-	Madras,	Rs.100	Rs.175	(b) At other	
Officers	EB-40-750-	New Delhi,	p.m.	p.m.	centres 15% of	
Asst. Rural Credit	25-850	Bangalore,	(flat)	(flat)	pay (including	
Officers	(15 years)	Kanpur,			local pay#) with	
Asst. Industrial		Hyderabad			minimum of Rs.90	
Finance Officers		and			p.m. and maximum	
Asst. Research		Ahmedabad.			of Rs.300 p.m.	
Officers		Local Pay			<u>provided</u> that no officer	
Asst. Security		is			residing in quarters	
Officers		counted			provided by the Bank	
Asst. Accountant		as pay for			shall be paid a house	
(C.G.C.)		all				
		purposes.			#where admissible	

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Junior Analysts (A.R.C.) Dispensary Supervisor, Bombay Supervisor, Lounge & Dining Room, Bombay						allowance in excess of the house rent actually payable by him;  (bb) provided further that in case of Staff Officers Grade II (Promotees) who have not opted for trans- ferability, house allowance will be admissible at the rate of 15% of pay (includ- ing local pay where admissible) with following maxima  Bombay, Calcutta, Madras & New Delhi  - Rs.115' p.m.  Other local pay centres - Rs.100 p.m.  All other centres - Rs. 90 p.m.
<u>Technical Staff</u>	Rs.400-30-					
Supervisors, Estate & Premises Departments	550-40-710-- EB-40-750- 25-850 (15 years)	As on  page 171	Rs.100  p.m. (flat)	Rs.175  p.m. (flat)		
Supervisors, Computer Centre Supervisors, Machine Section, Byculla Air-conditioning Plant and Electric Supervisors(Senior Grade)						
Treasurer, Gauhati/ Ahmedabad	-do -					
Deputy Treasurer Supervisor-in-charge of Machine Section, Byculla	plus a special pay of Rs.50/- p.m.	As on  page 171	Rs.100  p.m. (flat)	Rs.175  p.m. (flat)	-do-	
Asst. Instructors, Zonal Training Centres						



(1)	(2)	(3)	(4)	(5)	(6)	(7)
Asst. Engineers, Premises Dept. Asst. Engineers, Estate Department Maintenance Engineer, Computer Centre	Rs.400-30-550- 40-710-EB-40- 750-25-850- EB-25-925. (18 years)	As on page 171	Rs.100 p.m. (flat)	Rs.175 p.m. (flat)	As in (a) and (b) on page 171	

NOTE : All Staff Officers Gr.II except Asst. Engineers who reach the maximum of the scale and remain in that stage for a period of 3 years are granted a special pay of Rs.40/- p.m.

#### Staff Officer Gr.I

Accounts Officers, P.A.D. Asst. Accounts Officers Asst. Currency Officers Asst. Inspectors Exchange Control Officers Legal Officers Research Officers Librarian Banking Officers Rural Credit Officers Industrial Finance Officers Senior Analysts, A.R.C.	Rs.450-50 600-60- 960-EB- 60-1200 (14 years)	As on page 171	Rs.100 p.m. (flat)	Rs.175 p.m. (flat)	As in (a) and (b) on page 171	
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(1)	(2)	(3)	(4)	(5)	(6)	(7)
Investment Analysts, U.T.I. Security Officers Hindi Officers O. & M. Officers Personnel Officer Private Secretaries <u>Treasurers</u> , New Delhi, Madras, Kanpur, Byculla, Bangalore, Nagpur, Patna, Hyderabad. Accountant, D.I.C. Accountant, C.G.C.	Rs.450-50-600-60-960-EB-60-1200 (14 years)	As on page 171	Rs.100 p.m. (flat)	Rs.175 p.m. (flat)	As in (a) and (b) on page 171	
<u>Accounts Officers</u> , Administration, Byculla/Banking Department, Manager & Establishment Sections, Bombay/Central A/cs.Sec., Nagpur/I.D., Calcutta/D.A.D., Bangalore, Bombay, Calcutta, Madras, New Delhi/P.D.O., Bombay, Calcutta, Hyderabad, Jaipur, Kanpur, Madras, New Delhi, Patna.	-do- plus a special pay of Rs.100/- p.m.	As on page 171	Rs.100 p.m. (flat)	Rs.175 p.m. (flat)	As in (a) and (b) on page 171	

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Administrative Officers &						
Asst. Chief Accountants						
Asst. Chief Officers						
Asst. Controllers						
Asst. Director, O. & M.Division	Rs.450-50-					
Asst. Legal Advisers	600-60-960-EB-					
Asst. Managers, D.A.P./U.T.I.	60-1200 (14 years)	As on	Rs.100 p.m.	Rs.175 p.m.	As in (a) and (b)	
Chief Accountant, C.G.C.	plus a special pay of Rs.100/- p.m.	page 171	(flat)	(flat)	on page 171	
Currency Officer, I.D., Bangalore, Byculla, Hyderabad, Patna.						
Deputy Directors, A.R.C.						
Deputy Secretary, A.R.C.						
Senior-most Asst. Currency Officer, I.D., Bombay, Madras, New Delhi.						
Treasurer, Bombay, Calcutta.						
Instructors, Training Establishments						

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& The post of Administrative Officer, A.C.D., Eco. Dept. and U.T.I. has since been upgraded to Senior Staff Officer Grade III.

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Senior Instructors, Training Establishments	Rs.450-50-600- 60-960-EB-60- 1200 (14 years) plus a special pay of Rs.150 p.m.	As on  page 171	Rs.100 p.m. (flat)	Rs.175 p.m. (flat)	As in (a) and (b) on page 171	
Principal Private Secretary to Governor Secretary, Services Board @	Rs.450-50-600- 60-960-EB-60- 1200 (14 years) plus a special pay of Rs.200 p.m.					

@ The post of Secretary, Services Board could be held either by a Senior Staff Officer Grade III or by a Staff Officer Grade I with a special pay of Rs.200 p.m. The present incumbent comes from the latter.

Deputy Directors, Economic & Statis- tics Depts./U.T.I. Deputy Managers, I.D.B.I.	Rs.820-60- 1300 (9 years)	As on  page 171	Rs.100 p.m. (flat)	Rs.175 p.m. (flat)	As in (a) and (b) on page 171	
<u>Technical Staff</u> Executive Engineers						

NOTE : All Staff Officers Grade I who reach maximum of the scale and remain on that stage for a period of 3 years are granted a special pay of Rs.60/- p.m.

(1)	(2)	(3)	(4)	(5)	(6)	(7)
-----	-----	-----	-----	-----	-----	-----

Senior Staff Officer  
Grade III

Deputy Managers,  
D.A.P.  
Deputy Chief  
Accountants, D.A.E.  
Deputy Inspector.  
Deputy Secretary  
Deputy Managers,  
Bombay/New Delhi  
Deputy Legal  
Advisers  
Deputy Directors,  
O & M  
Deputy Controllers  
Deputy Chief Officers,  
ACD/DBOD/IFD  
Managers, Bangalore/  
Hyderabad/Jaipur/  
Gauhati/Ahmedabad  
Managers, Administra-  
tion/Technical/  
Financial (IDBI)  
Manager, Technical  
(ARC)  
Manager, Sales &  
Repurchases Division,  
U.T.I.  
Managers, UTI Branch  
Offices and D.I.C.

		Stage of pay	Amount	
		Rs.	Rs.	Rs. 100/- p.m.
		1425-1800	100	(flat)
		1875-1900	85	subject
		1950	70	to the
		2000-2025	55	condi-
		2100	40	tion
		2200	25	that pay
		2300 & above	nil	plus D.A.
		Treated as pay for		should
		superannuation		not be
		benefits.		exceed
				Rs. 2350/- p.m.

Rs. 1425-75-  
1800  
(6 years)  
As on  
page 171

As in (a)  
and (b)  
on page 171

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Chief Officer, DNBC Currency Officer, Bombay/Calcutta/ New Delhi/Madras/ Kanpur/Nagpur Chief Accountant, U.T.I. Directors, ARC+/UTI Secretary, IDBI Secretary, CGC Vice Principal, CBTC	Rs.1425- 75-1800 (5 years)	As on page 171	As on page 177	As on page 177	As in (a) and (b) on page 171	
+ Two posts of Directors in A.R.C. (i.e. director in Project Division and director Accounts & Funds Division) has since been upgraded to Senior Staff Officer Grade II.						
Vice Principal, BTC	Rs.1425- 75-1800 (6 years) plus a special pay of Rs.100 p.m.	As on page 171	As on page 177	As on page 177	As in (a) and (b) on page 171	
Directors, Economic & Statistics Depts.	Rs.1425-75- 1800-EB-100 2000(8 years)	As on page 171	As on page 177	As on page 177	As in (a) and (b) on page 171	
<u>Technical Staff</u>						
Superintending Engineer, Premises Dept., Bombay.	Rs.1425-75- 1800 (6 years)	As on page 171	As on page 177	As on page 177	As in (a) and (b) on page 171	

(1)	(2)	(3)	(4)	(5)	(6)	(7)
-----	-----	-----	-----	-----	-----	-----

Senior Staff Officers  
Grade II

Personnel Manager, P.R.S.						
Chief Officer, Premises Dept.						
Manager, Training						
Joint Chief Officers						
Joint Controller						
Joint Legal Adviser						
Joint Chief						
Accountant	Rs.1650-	As on	As on	As on	As in (a)	
Manager, Madras/ Kanpur/Nagpur/ Byculla/Patna	75-2100 (7 years)	page 171	page 177	page 177	and (b) on page 171	
Manager, C.G.C.						
Deputy Manager, Calcutta						
Director/Deputy Director, O & M						
Principals, STC/CBTC						
Deputy General Managers, IDBI						
Secretaries, ARC/UTI						
Executive Trustee U.T.I.#						
Press Relations Officer						

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# The post of Executive Trustee has since been upgraded to that of Senior Staff Officer Grade I

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Joint General Manager, I.D.B.I.	Rs.1650-75- 2100 (7 years) plus a special pay of Rs.100 p.m.	As on page 171	As on page 177	As on page 177	As in (a) and (b) on page 171	
Advisers	Rs.1650-75- 2100-EB-100- 2400(10 years)	As on page 171	As on page 177	As on page 177	As in (a) and (b) on page 171	
<u>Senior Staff Officer</u> <u>Grade I</u>						
Manager, Bombay/ Calcutta/New Delhi Secretary Controller Inspector Legal Adviser Chief Officer, ACD/DBOD/IFD Additional Chief Officer, DBOD General Manager, IDBI Managing Director, ARC Principal, BTC	Rs.2000- 100-2400 (5 years)	As on page 171	As on page 177	As on page 177	as in (a) and (b) on page 171	



(1)	(2)	(3)	(4)	(5)	(6)	(7)
Principal Adviser	Rs.2500-100- 2700 (3 years)	As on page 171	---	---	As in (a) and (b) on page 171	
Chief Accountant	Rs.2500 (fixed)	-do-	---	---	-do-	
Chief Manager	Rs.2700 (fixed)	-do-	---	---	-do-	
Executive Director	Rs.2750 (fixed)	-do-	---	---	-do-	

\* A. Interim Relief

As from 1st November 1969

<u>Basic Pay**</u> Rs.	<u>Amount</u> Rs.
400-670	100
710	105
720	110
750-780	115
800	120
820-840	125
850-880	130
890-900	135
940	140
960	145
1000-2100	150
2200-2400	100

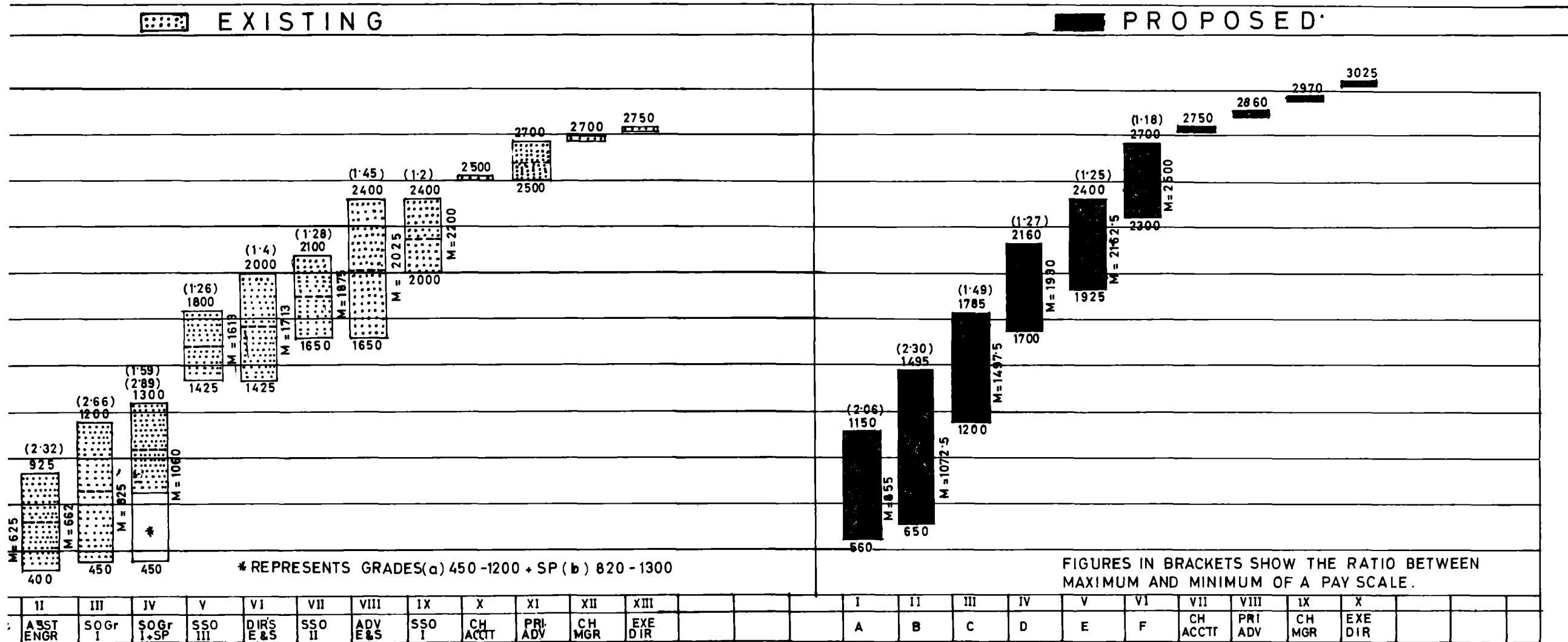
\*\* (includes officiating pay and special pay but does not include local pay and adjustment allowance)

B. As from 1st January 1970

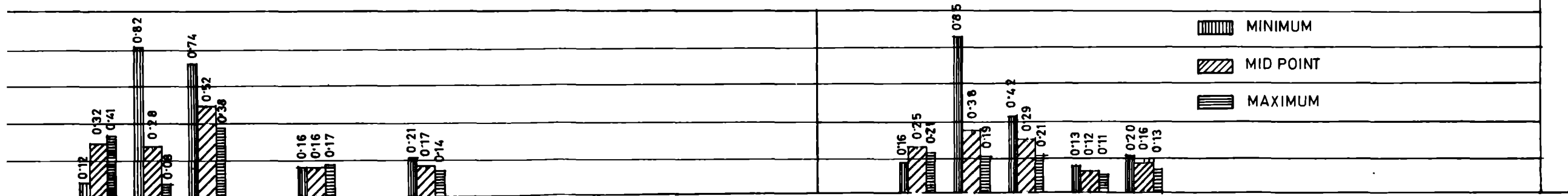
Staff Officers Grade II and Staff Officers Grade I drawing pay below Rs.1000 who have not received any benefit on account of the interim refixation of pay as also Staff Officers Grade II and Grade I directly recruited from outside will be eligible for additional interim relief equal to the difference between Rs.150 p.m. and the actual amount of interim relief drawn by them on the above basis.

- C. Staff Officers Grade II/Grade I drawing less than Rs.1000 as basic pay who benefited to an extent of less than Rs.150 p.m. in their total emoluments under the combined application of interim refixation and interim relief will be given additional interim relief with effect from 1.1.1970 to the extent of the difference between Rs.150 per month and the actual increase in emoluments drawn.

# STRUCTURE OF PAY SCALES OF R.B.I. OFFICERS



INCREASES IN MIN / MID POINT / MAX. OF A PAY SCALE WITH RESPECT TO THAT OF PREVIOUS RELEVANT SCALE



## CHAPTER 5

### METHODS OF PAY FIXATION

#### Retrospective Effect

5.1 The Officers' Association has stated that the scales of pay and other remuneration paid to the officers were unjust and it has demanded that the recommendations of the Committee with regard to benefits to be given to the officers should be implemented retrospectively with effect from 1st January 1966. The rationale behind this date appears to be that the Bank gave adjustment allowance to its officers with effect from 1st January 1966. But it must be remembered that this adjustment allowance was given in lieu of the revision of scales of pay and other emoluments and not pending such revision. Incidentally 1st January 1966 is also the date from which effect was given to the Aiyar Award in respect of workmen staff.

5.2 The Supervisory Staff Association had in its statement of claim demanded that the benefits with regard to pay scales and emoluments recommended by the Committee be given effect to from 1st September 1968. The reasoning of the Supervisory Staff Association was that the existing pay scales and emoluments were unjust and retrospective effect ought to be given in order to do justice to the officers or in order to even out the injustice done in the past. 1st September 1968 also happens to be the date on which the Aiyar Award in respect of workmen staff was published. In the course of the hearings the Supervisory Staff Association made a revised demand for retrospective effect from 1st January 1970, which is the date of the coming into effect of the settlement with workmen staff regarding pay scales.

5.3 The Bank has admitted that the then Governor had agreed that the recommendations of the Committee would be given retrospective effect from 1st November 1969. It therefore contends that the demands made by the two Associations of the Officers for giving retrospective effect from any earlier date ought to be rejected.

5.4 In the Committee's opinion it is not possible in every case that pay scales are revised to give retrospective effect to the new pay scales and remuneration. Normally any revision has to be prospective. The adjustment allowance given by the Bank to the officers with effect from 1st January 1966 was not an interim allowance given pending a revision. It was an allowance given in lieu of revision and was intended to be effective until revision took place. In view of the fact that the Bank

has already agreed that it will give effect to the recommendations of the Committee for revision of pay scales and other monetary benefits with effect from 1st November 1969 the Committee recommends that retrospective effect be given to the revision in pursuance of its recommendations from that date.

5.5 The retrospective effect will be given only in regard to Pay, Dearness Allowance, City Compensatory Allowance and House Allowance. All other financial benefits will be prospective in effect, unless the Bank decides to give effect to any of them from an earlier date.

#### Fitment in the new scales

5.6 The Officers' Association represented that the fitment in the new scales of pay should be on a point to point basis. The Supervisory Staff Association represented that

a point to point and/or a stage to stage fitment should be adopted. This point was argued at length before the Committee. Instances of how the awards regarding pay scales of the workmen staff given from time to time dealt with this point were quoted. The Bank has stated that point to point adjustment is considered only if there have been no proper scales in existence before or if the scales have been radically revised. In support of its contention it has also quoted authorities like the Pay Commission of the Government of India. The Bank has therefore suggested that it should be sufficient to fit the officers at the nearest stage in the new scales of pay.

5.7 This is a case where there are different precedents and action can be taken on one of ~~many~~ many different lines. The Committee would like



to set forth two guiding principles determining the line of action that has been ultimately adopted for fitting the officers in the new scales of pay. Firstly, no one should get in the new scales total emoluments lower than what he is getting today according to the old scales. Secondly, no officer or group of officers should get, because of a particular line of action adopted in this matter, an abnormal increase in his total emoluments over what he or they are getting today.

5.8 Pending revision of the scales of pay and allowances of the Staff Officers Grade II the Bank had refixed their pay on an ad hoc basis in order to remove certain anomalies arising from the revision of the emoluments of the workmen staff under a settlement which became effective from 1st January 1970. The

Supervisory Staff Association has requested that the additional ad hoc increments be taken into account for the purpose of their fitment in the new scales. On the other hand the Bank has contended that the ad hoc refixation was done on the distinct understanding that the additional increments would not be taken into account for the purpose of fitment. The Committee has considered the matter and does not recommend that the ad hoc additional increments be taken into account for fitment in the new scales.

5.9 Some Staff Officers Grade II (Direct Recruits) and officiating Staff Officers Grade I as on 1st January 1970 were also given similar ad hoc increments. These ad hoc increments also should not be taken into account for the purpose of fitment.

5.10 The Committee recommends the following fitment formulae :

- a) (i) Confirmed Officers (other than Staff Officers Grade II) as on 1st November 1969

The pay of a confirmed officer as on 1st November 1969 be fitted in the proposed scale of pay at the stage which is immediately higher than the aggregate of his pay, local pay and adjustment allowance as on that date. In the case of a Staff Officer Grade I with Special Pay of Rs.100/- per mensem who is to be fitted in the proposed Grade 'C', the Special Pay should also be included in arriving at the aggregate pay as on 1st November 1969.

- (ii) Confirmed Staff Officers Grade II as on 1st November 1969

The pay of a confirmed Staff Officer Grade II as on 1st November 1969 be fitted in the proposed scale of pay at the stage which

is immediately higher than the aggregate of his pay, local pay and adjustment allowance as on that date. A number of such officers were granted ad hoc additional increments with effect from 1st January 1970. Those increments are not to be taken into consideration for fitment of pay into the new scales. The 'pay' (i.e. pay plus local pay plus adjustment allowance) and 'allowances' of such officers as on the date of implementation of the scale might, in some cases, be higher than what would be admissible in the proposed scale. In such cases, the Committee recommends in order to avoid hardship to the officers concerned that total pay and/or total emoluments of such officers in the old scale as on the date of the implementation of the scale should be protected, the difference being absorbed by any future accretion to basic pay/total emoluments.

- b) (i) Officers (other than Staff Officers Grade II) who were officiating as on 1st November 1969 or those who were appointed to officiate after 1st November 1969

The substantive pay of such an officer as on 1st November 1969 or on the date of promotion at a later date as the case may be shall first be increased notionally by adding one increment in the substantive scale and the officer fitted in the officiating grade in the proposed scale at the stage next above that pay.

- (ii) Staff Officers Grade II who were officiating as on 1st November 1969 or those who were appointed to officiate after 1st November 1969

The substantive pay of such an employee as on 1st November 1969 or on the date of promotion at a later date as the case may be shall first be increased notionally by adding one increment in the substantive scale and the employee fitted in the officiating grade in the

proposed scale at the stage next above that pay. In the case of an employee who is at the maximum of the scale in his substantive post, a notional increment equal to the last increment drawn by such an employee shall be added and his pay in the higher grade shall be fixed in the stage next above the pay so arrived at. If the refixation of pay of an individual employee on the above basis results in a situation where his refixed basic pay and/or total emoluments fall short of his total pay (basic pay plus local pay plus adjustment allowance) and/or total emoluments in the old scale either on 1st November 1969 or at any time before the proposed scales are implemented, such basic pay/total emoluments shall be protected, the difference being absorbed by any future accretion to basic pay/total emoluments.

NOTE : If the fixation of pay on the above basis results in the anomaly of an officer on refixation of his pay in the proposed scale drawing more pay than his senior, the anomaly should be rectified by stepping up the pay of the senior to the same level as that of the junior and/or by adjusting the date of increment of the senior as may be found necessary.

5.11 The Committee recommends that if, as a result of fitment in the proposed scales, the total emoluments as on or after 1st November 1969 fall short of the existing total emoluments no recovery shall be made from the employee to whom excess emoluments have been paid.

5.12 Charts showing the stages in the new scales at which officers drawing pay at each

of the stages of the old scales will be fitted are given at the end of this Chapter.

Fixation of Pay on promotion

5.13 The Supervisory Staff Association has represented that when workmen staff get promoted as Staff Officers Grade II after a long period of service in the lower grade their total emoluments when starting in the Grade II of Staff Officers are practically the same as the total emoluments they drew as workmen staff in the lower grade. In some cases the new emoluments even fall short of the total emoluments drawn by the person in the workmen staff grade, with the result that the Bank has to make up the difference by allowing personal pay to such officers. The Association has urged that, as promotion to a higher cadre, especially to a cadre of officers, implies the assumption



of distinctly greater responsibilities, every person promoted to the officer's grade should be compensated adequately and his total emoluments in the new grade should be appreciably higher than in the grade from which he has been promoted. The Association has, therefore, requested that on promotion to the grade of Staff Officers Grade II the pay of the officer should be fixed in such a way that the officer would draw at least Rs.100/- per mensem more in his total emoluments. Though it has based its arguments in the case of promotions to Staff Officer Grade II it has also urged that the same benefits should be extended to all cases of promotion from a lower grade to a higher grade.

5.14 The Officers' Association has also pointed out this anomaly and has requested that it should be set right by adopting rules based

on those prescribed in the Desai Award for workmen staff. In reply the Bank has pointed out that on promotion to a higher grade an officer should look not only to the immediate emoluments he would draw in the new post as compared to what he was drawing before but also to his future prospects which would be brighter by virtue of his promotion. There is also the question of enhanced prestige of the employee when he is working in a higher grade post. The Bank also contends that the rule for the fixation of the pay of a promoted officer in the service of the Government of India is exactly the same as that of the Bank and that, in addition, the Government of India rule even provides for a promoted officer drawing a lower pay if his promotion is temporary.

5.15 The Committee fully sympathises with the aspiration of the officers to get on

promotion appreciably higher emoluments than those they were getting in the lower grade. The present rules in the matter of fixation of pay on promotion seem to require some rationalisation.

5.16 The Committee recommends that the Bank should follow in the case of officers the principle about fixation of pay on promotion mentioned in the Desai Award. This would mean that in case of promotion from a lower grade to a higher grade the substantive pay of the workman employee/officer shall be fixed in the time scale of the post to which he is promoted at the stage next above the pay notionally arrived at by adding one increment to the pay last drawn by him in the lower post.

5.17 Where a workman employee was immediately before his promotion or appointment to a higher

post drawing pay at the maximum of the time scale of the lower post, his initial pay in the time scale of the higher post shall be fixed by adding a notional increment equivalent to the last increment drawn by such an employee and his pay in the higher grade fixed at the stage above the pay so arrived at.

5.18 Where an officer was immediately before his promotion or appointment to a higher post, drawing pay at the maximum of the time scale of the lower post, his initial pay in the time scale of the higher post shall be fixed at the stage in that time scale next above such maximum in the lower post.

FITMENT CHARTSI. Applicable to confirmed/probationary Staff Officers Gr.II as on 1st November 1969

Existing Scale: Staff Officer Gr.II: Rs.400-30-550-40-710-EB-40-750-25-850 (15 years) plus a Special Pay of Rs.40/-p.m. to those who reach maximum and remain on that stage for 3 years.

Proposed scale: GRADE 'A': Rs.560-35-735-40-815-45-905-EB-45-950-50-1150 (15 years)

(in rupees)

Stage	E X I S T I N G				CORRESPONDING STAGE IN THE PROPOSED SCALE OF GRADE 'A' AT WHICH PAY SHOULD BE REFIXED
	Pay	Local Pay	Adj. allow- ance	Total Pay components (2 to 4)	
1	2	3	4	5	6
1.	400	40	100	540	560
2.	430	43	100	573	595
3.	460	46	100	606	630
4.	490	49	100	639	665
5.	520	52	100	672	700
6.	550	55	100	705	735
7.	590	59	100	749	775
8.	630	63	100	793	815
9.	670	67	100	837	860
10.	710EB	71	100	881	905 EB
11.	750	75	100	925	950
12.	775	78	100	953	1000
13.	800	80	100	980	1000
14.	825	83	100	1008	1050
15.	850	85	100	1035	1050
16.	850	85	100	1035	1050
17.	850	85	100	1035	1050
18.	890	89	100	1079	1100
19.					1150

- Note:** 1. Local Pay to be taken notionally at Non-Local Pay Centres for purpose of fitment.  
 2. The date of increment will remain unchanged but in the case of an employee who has already reached the maximum of the existing scale he will draw his next increment on 1st November 1970 or earlier if a junior happens to draw increment earlier than him.

II - Applicable to confirmed/temporary A  
as on 1st November 1969

Existing scale: Rs.400-30-550-40-710-EB-  
 EB-

Proposed scale: GRADE 'A': Rs.560-35-735  
 EB-45-950-50

(in ru)

Stage	E X I S T I N G			
	Pay	Local Pay	Adj. Pay allowance	Total pay components (2 to 4)
1	2	3	4	5
1.	400	40	100	540
2.	430	43	100	573
3.	460	46	100	606
4.	490	49	100	639
5.	520	52	100	672
6.	550	55	100	705
7.	590	59	100	749
8.	630	63	100	793
9.	670	67	100	837
10.	710 EB	71	100	881
11.	750	75	100	925
12.	775	78	100	953
13.	800	80	100	980
14.	825	83	100	1008
15.	850 EB	85	100	1035
16.	875	88	100	1063
17.	900	90	100	1090
18.	925	93	100	1118

Note: 1. Local Pay to be taken notionall  
 Non-Local Pay Centres for purpo

2. The date of increment will rema  
 the case of an employee who has  
 maximum of the existing scale h  
 increment on 1st November 1970  
 junior happens to draw incremen

III-Applicable to confirmed/probationary Staff Officers Grade I  
as on 1st November 1969

Existing scale: Rs.450-50-600-60-960-EB-60-1200 (14 years)  
 plus a Special Pay of Rs.60/- p.m. to those  
 who reach maximum and remain on that stage  
 for three years.

Proposed scale: GRADE 'B': Rs.650-65-1170-EB-65-1495 (14 years)

(in rupees)					
Stage	Pay	E X I S T I N G			CORRESPONDING STAGE IN THE PROPOSED SCALE OF GRADE 'B' AT WHICH PAY SHOULD BE REFERRED
		Local Pay	Adj. Allo- wance	Total pay components (2 to 4)	
1	2	3	4	5	6
1.	450	45	100	595	650
2.	500	50	100	650	715
3.	550	55	100	705	715
4.	600	60	100	760	780
5.	660	66	100	826	845
6.	720	72	100	892	910
7.	780	78	100	958	975
8.	840	84	100	1024	1040
9.	900	90	100	1090	1105
10.	960 EB	96	100	1156	1170 EB
11.	1020	102	100	1222	1235
12.	1080	108	100	1288	1300
13.	1140	114	100	1354	1365
14.	1200	120	100	1420	1430
15.	1200	120	100	1420	1430
16.	1200	120	100	1420	1430
17.	1260	126	100	1486	1495

Note: 1. Local Pay to be taken notionally at  
 Non-Local Pay Centres for purpose of fitment.

2. The date of increment will remain unchanged but in  
 the case of an employee who has already reached the  
 maximum of the existing scale he will draw his next  
 increment on 1st November 1970 or earlier if a  
 junior happens to draw increment earlier than him.

**IV-Applicable to confirmed Staff Officers Grade I with Special Pay of Rs.100/- as on 1st November 1969**

Existing scale: Rs.450-50-600-60-960-EB-60-1200 (14 years) plus a Special Pay of Rs.100/- p.m. plus Special Pay of Rs.60/- p.m. to those who reach maximum and remain on that stage for three years

Proposed scale: GRADE 'C': Rs.1200-65-1525-EB-65-1785 (10 years)  
(in rupees)

Stage	E X I S T I N G					CORRESPONDING STAGE IN THE PRO- POSED SCALE OF GRADE 'C' AT WHICH PAY SHOULD BE REFERRED
	Pay	Spe- cial Pay	Local Pay	Adj. Allow- ance	Total pay components (2 to 5)	
1	2	3	4	5	6	7
1	450	100	55	100	705	1200
2	500	100	60	100	760	1200
3	550	100	65	100	815	1200
4	600	100	70	100	870	1200
5	660	100	76	100	936	1200
6	720	100	82	100	1002	1200
7	780	100	88	100	1068	1200
8	840	100	94	100	1134	1200
9	900	100	100	100	1200	1265
10	960EB	100	106	100	1266	1330
11	1020	100	112	100	1332	1395
12	1080	100	118	100	1398	1460
13	1140	100	124	100	1464	1525 EB
14	1200	100	130	100	1530	1590
15	1200	100	130	100	1530	1590
16	1200	100	130	100	1530	1590
17	1260	100	136	100	1596	1655
18						1720
19						1785

- Note: 1. Local Pay to be taken notionally at Non-Local Pay Centres for purpose of fitment.
2. The date of increment will remain unchanged but in the case of an employee who has already reached the maximum of the existing scale he will draw his next increment on 1st November 1970 or earlier if a junior happens to draw increment earlier than him.



V-Applicable to confirmed/temporary  
Deputy Directors/Deputy Managers of IDBI/Executive Engineers  
as on 1st November 1969

Existing scale: Rs.820-60-1300 (9 years) plus a Special Pay of Rs.60/- p.m. to those who reach maximum and remain on that stage for three years.

Proposed scale: GRADE 'C': Rs.1200-65-1525-EB-65-1785 (10 years)

(in rupees)					
Stage	Pay	E X I S T I N G			CORRESPONDING STAGE IN THE PROPOSED SCALE OF GRADE 'C' AT WHICH PAY SHOULD BE REFIXED
		Local Pay	Adj. Allow- ance	Total pay components (2 to 4)	
1	2	3	4	5	6
1	820	82	100	1002	1200
2	880	88	100	1068	1200
3	940	94	100	1134	1200
4	1000	100	100	1200	1265
5	1060	106	100	1266	1330
6	1120	112	100	1332	1395
7	1180	118	100	1398	1460
8	1240	124	100	1464	1525 EB
9	1300	130	100	1530	1590
10	1300	130	100	1530	1590
11	1300	130	100	1530	1590
12	1360	136	100	1596	1655
13					1720
14					1785

- Note: 1. Local Pay to be taken notionally at Non-Local Pay Centres for purpose of fitment.
2. The date of increment will remain unchanged but in the case of an employee who has already reached the maximum of the existing scale he will draw his next increment on 1st November 1970 or earlier if a junior happens to draw increment earlier than him.

VI- Applicable to confirmed/probationary/temporary  
Senior Staff Officers Grade III/Directors in Economic and  
Statistics Departments as on 1st November 1969

Existing scale: Rs.1425-75-1800 (6 years) for  
Senior Staff Officers Grade III  
Rs.1425-75-1800-EB-100-2000 (8 years) for  
Directors in Economic & Statistics Departments

Proposed scale: Grade 'D': Rs.1700-75-2000-80-2160 (7 years)

<u>EXISTING</u> (in rupees)					CORRESPONDING STAGE IN THE PROPOSED SCALE OF GRADE 'D' AT WHICH PAY SHOULD BE REFIXED
Stage	Pay	Local Pay	Adj. Allow- ance	Total pay components (2 to 4)	
1	2	3	4	5	6
1	1425	143	100	1668	1700
2	1500	150	100	1750	1775
3	1575	158	100	1833	1850
4	1650	165	100	1915	1925
5	1725	173	100	1998	2000
6	1800	180	100	2080	2160

NOTE: Directors in Economic and Statistics Departments who have crossed Efficiency Bar at Rs.1800/- in the existing scale will be placed in the proposed scale of Grade 'E' i.e. Rs.1925-75-2000-80-2400 (7 years) in the following manner:

					CORRESPONDING STAGE IN THE PROPOSED SCALE OF GRADE 'E' AT WHICH PAY SHOULD BE REFIXED
8	1900	190	85	2175	
8	1900	190	85	2175	2240
9	2000	200	55	2255	2320

Note: 1. Local Pay to be taken notionally at Non-Local Pay Centres for purpose of fitment.

2. The date of increment will remain unchanged but in the case of an employee who has already reached the maximum of the existing scale he will draw his next increment on 1st November 1970 or earlier if a junior happens to draw increment earlier than him.

VII-Applicable to confirmed/probationary  
Senior Staff Officers Grade II/Advisers in Economic and Statistics Departments as on 1st November 1969

Existing scale: Rs.1650-75-2100 (7 years) for Senior Staff Officers Grade II  
Rs.1650-75-2100-EB-100-2400 (10 years) for Advisers in Economic & Statistics Departments

Proposed scale: GRADE 'E': Rs.1925-75-2000-80-2400 (7 years)

(in rupees)					
Stage	E X I S T I N G				CORRESPONDING STAGE IN THE PROPOSED SCALE OF GRADE 'E' AT WHICH PAY SHOULD BE REFIXED
	Pay	Local Pay	Adj. Allow- ance	Total pay components (2 to 4)	
1	2	3	4	5	6
1	1650	165	100	1915	1925
2	1725	173	100	1998	2000
3	1800	180	100	2080	2160
4	1875	188	85	2148	2160
5	1950	195	70	2215	2240
6	2025	203	55	2283	2320
7	2100	210	40	2350	2400

NOTE: Advisers in Economic and Statistics Departments who have crossed Efficiency Bar at Rs.2100/- in the existing scale will be placed in the proposed scale of Grade 'F' i.e. Rs.2300-100-2700 (5 years) in the following manner:

					CORRESPONDING STAGE IN THE PROPOSED SCALE OF GRADE 'F' AT WHICH PAY SHOULD BE REFIXED
8	2200	220	25	2445	
9	2300	230	--	2530	2600
10	2400	240	--	2640	2700

Note: 1. Local Pay to be taken notionally at Non-Local Pay Centres for purpose of fitment.

2. The date of increment will remain unchanged but in the case of an employee who has already reached the maximum of the existing scale he will draw his next increment on 1st November 1970 or earlier if a junior happens to draw increment earlier than him.

VIII-Applicable to confirmed Senior Staff Officers Grade IExisting scale: Rs. ~~2000~~-100-2400 (5 years)Proposed scale: GRADE 'F': Rs. 2300-100-2700 (5 years)

(in rupees)

Stage	E X I S T I N G				CORRESPONDING STAGE IN THE PROPOSED SCALE OF GRADE 'F' AT WHICH PAY SHOULD BE REFIXED
	Pay	Local Pay	Adj. Allow- ance	Total pay components (2 to 4)	
1	2	3	4	5	6
1	2000	200	55	2255	2300
2	2100	210	40	2350	2400
3	2200	220	25	2445	2500
4	2300	230	--	2530	2600
5	2400	240	--	2640	2700

**Note:** The date of increment will remain unchanged but in the case of an employee who has already reached the maximum of the existing scale he will draw his next increment on 1st November 1970 or earlier if a junior happens to draw increment earlier than him.

## CHAPTER 6

### OTHER ALLOWANCES

#### Conveyance Allowance

6.1 The Officers' Association has represented that the problem of public conveyance in all the cities in which the Bank has offices is very acute. In view of the provision of housing accommodation by the Bank at a distance from the Bank building or because of the officers receiving a meagre house allowance they have to hire accommodation at a distance from the Bank building, the officers have to travel fairly long distances in the cities to reach the office. The Officers' Association has also represented that the officers have to reach the office earlier than the workmen staff. Many of them hold keys of vaults and cupboards and have to be present at the office early enough to open these so that the work of the

Bank may start in time. They have also very often to sit later than the official closing time. As the bus services are irregular and also crowded the officers find it difficult to reach the office in time or to get back home at a reasonable hour. It is difficult for them to hire taxis every day for travelling from home to office and back in view of the high cost involved in travelling such distances by taxi. The Officers' Association has, therefore, represented that the officers have to own motor conveyances for their use. It has urged that the Bank should recognise the owning of a motor conveyance by its officers as a necessity for the sake of keeping up their efficiency. The Bank has recognised this to the extent that it gives loans for the purchase of motor vehicles by the officers. Moreover, officers above a certain pay level are entitled to allotment of cars on

priority basis from the Government quota. However, no conveyance allowance is paid by the Bank. As a result of this, officers, except at a fairly high level, find it difficult to meet the cost of maintaining their own conveyances. The Officers' Association has further urged that conveyance allowance is provided to officers by many other banks as well as by all major private sector companies. For example, in the State Bank of India officers drawing basic pay of Rs.580/- and above are eligible for conveyance allowance. The Officers' Association has, therefore, requested that the Bank should pay a conveyance allowance of Rs.300/- per mensem to senior officers and of Rs.200/- per mensem to other officers.

6.2 The Supervisory Staff Association has also demanded that, for the reasons mentioned above, payment of conveyance allowance at Rs.100/- per mensem be made to Staff Officers Grade II.

6.3 The Bank, however, is not in favour of granting any conveyance allowance, mainly on the ground that Government Departments do not pay such an allowance. The Bank also quotes the Desai Tribunal and the Second Pay Commission, who have held that the remuneration paid to the employees is intended to cover expenditure they have to incur in travelling from their residence to the place of work. The Second Pay Commission has further held that any extra expenditure the employees may have to incur in this regard should be met from the city compensatory allowance. The Bank feels that its policy of giving loans to its officers for purchasing motor vehicles should be a sufficient concession to meet the requirements of the officers.

6.4 The Committee has considered this matter from every angle and has come to the



conclusion that conveyance allowance is not a facility that requires to be extended to all officers. The Committee has applied two criteria for the grant of conveyance allowance. Firstly, it should be granted only to those officers by whom the maintenance of a conveyance would clearly lead to an increase in their efficiency and, secondly, it should be given only to an officer whose remuneration is sufficiently high to enable him to maintain a motor vehicle. It is to be noted that the amount of conveyance allowance will be only a part of the total expenditure in maintaining a motor vehicle.

6.5 The Committee recommends that officers getting a substantive pay of Rs.1,000/- per mensem and above but below Rs.1,700/- per mensem be paid a conveyance allowance of Rs.50/- per mensem

provided the recipient maintains and uses a scooter, motor cycle or motor car, and that officers getting a substantive pay of Rs.1,700/- per mensem and above be paid a conveyance allowance of Rs.150/- per mensem provided the recipient maintains and uses a motor car.

#### Deputation Allowance

6.6 The Officers' Association has stated that at present Regulation 103 of Chapter A of the Reserve Bank of India (Staff) Regulations, 1948 governs the cases of deputation. It has complained that the Regulation does not contain any specific guidelines as regards the terms of deputation, though in actual practice the Bank has been following by and large the Central Government rules in this connection. The Association has stated that under the rules of the Central Government governing the deputation of

officers there is a provision which enables the officer to opt for the grade pay of the post to which an officer is deputed if it is in a higher grade or to draw his own pay plus a deputation allowance, the employee being allowed to choose the more advantageous grade as between the two alternatives. The Officers' Association has represented that this option is not given by the Bank in case its officers are placed on deputation. In reply the Bank has stated that, although the Staff Regulation does not lay down specific guidelines in regard to the quantum of deputation allowance, there are clear-cut administrative instructions on the subject and it has set out these in its reply. The Committee has gone through these administrative instructions and finds them quite adequate. The Committee would, however, recommend that these

administrative instructions be embodied in the Staff Regulations and given effect to as such.

6.7 The Committee is also of the view that when an officer is deputed to a foreign employer (i.e. an employer other than an institution wholly or partially owned by the Bank) he should be allowed to opt for the grade pay of the post to which he is deputed instead of the pay of his own post in the Bank.

6.8 Another grievance of the Officers' Association is that when an officer is deputed to an institution which is either wholly or partially owned by the Bank he is not given any deputation allowance. The Committee is afraid the deputation to an institution wholly or partially owned by the Bank is governed by Section 54AA of the Reserve Bank of India Act and the Committee does not propose to make any

recommendation which the Governor of the Bank cannot give effect to and which would require legislative amendment.

6.9 In the case of deputation to a foreign employer when the consent of an officer is sought it is always open to him to bargain for the terms on which he is willing to accept the post on deputation. In this view of things the Committee does not think any other recommendation is necessary.

#### Hill Allowance

6.10 At present the Bank pays to its officers a Hill Allowance for being posted at Srinagar at 10 per cent of pay, subject to a minimum of Rs.50/- and a maximum of Rs.75/- p.m. The Officers' Association has represented that the ceiling be removed. The same request has been made by the Supervisory Staff Association.

The Committee recommends that the same percentage and minimum be retained, but the ceiling be raised to Rs.100/- p.m.

#### Outfit Allowance

6.11 The Officers' Association has made a request for increased outfit allowance for officers deputed abroad. The Committee has considered the matter carefully and recommends that, in view of the increased cost of clothing, the outfit allowance be raised to Rs.750/-.

#### Shift Allowance

6.12 The Supervisory Staff Association has represented that officers working at the Computer Centre at Trombay at present work in three shifts and inconvenience is caused to the officers by working in different shifts in

different periods as the Computer Centre is located at an out of the way place and it involves great strain for the officers to travel to the place of work and back. In view of this the Association has requested that the officers should be granted a shift allowance of Rs.100/- p.m. The Bank has said in reply that it provides conveyance to the officers from the nearest railway station to the Computer Centre and for the return journey from the Computer Centre to the same railway station. In the circumstances it does not find any necessity to pay this shift allowance. The Committee feels that working in shifts is a condition of work prevalent in many organisations and does not recommend that any allowance be paid on this account.

Fuel Allowance

6.13 The Supervisory Staff Association has demanded a fuel allowance at 10 per cent of pay as is being paid to Class III and Class IV staff during the intensity of winter in Srinagar. The Committee has been informed by the Bank that as an experimental measure the Bank has decided that the Regional Office of the Agricultural Credit Department of the Bank should continue at Srinagar throughout the year. The Committee also understands that a representation has been received by the Bank in this respect from the officers posted at Srinagar and that the same is under active consideration by it. In view of this, the Committee is not considering the request for fuel allowance.



## CHAPTER 7

### FORMULA FOR FURTHER REVISION OF EMOLUMENTS OF OFFICERS IN THE EVENT OF EMOLUMENTS OF DEPUTY GOVERNORS BEING INCREASED

7.1 The terms of reference provide that it will be open to the Committee to suggest a formula to provide for further revision of the emoluments of officers in the event of the emoluments of Deputy Governors being increased. In fixing the pay scales and other emoluments and conditions of service of officers the Committee had under the terms of reference to take into consideration the emoluments of the Deputy Governors. The Committee took this to mean that the emoluments of the Deputy Governors were the outer limit which it could not reasonably cross in fixing the emoluments of the highest officer in the Bank below a Deputy Governor in rank. It is, therefore, reasonable to suggest that, if the outer limit is extended, there should be a corresponding improvement in the emoluments of

the officers. The formula the Committee suggests is that, if the pay of the Deputy Governor is raised, the pay scales of all officers should be upgraded by the same percentage as that by which the pay of the Deputy Governors is upgraded. The Committee has advisedly used the terms "pay" and "pay scales" and not the term "emoluments", because, apart from the use of a car, a Deputy Governor does not get any emoluments other than pay. In the case of officers, any upgrading in their pay scales will automatically increase their other emoluments, and will amount to a revision even beyond the percentage increase made in the pay of the Deputy Governors. In effect such revision of the emoluments of the officers will result in a greater improvement in their emoluments than in the pay of the Deputy Governors. But this is necessary, as persons in lower scales of pay need to be dealt with with greater consideration.