

State Banks' Staff Union (Kerala Circle)

(Affiliated to All India State Bank of India Staff Federation)

Reg. No. 01-36-2000

Circular No.90/26
To All Unit Secretaries



State Bank of India
Local Head Office
Poojappura
Thiruvananthapuram-695 012

Dear Comrade,

Date: 24.08.2026

PERFORMANCE LINKED INCENTIVE TO WHOLE TIME DIRECTORS AND SENIOR EXECUTIVES
OF PUBLIC SECTOR BANKS — COMMENTS OF UFBU ON
DFS LETTER NO. 15/6/2024-BO.I DATED 26.05.2026

We reproduce hereunder the full text of Circular No.41 dated 23rd August, 2026, issued by Com. L Chandrasekhar, General Secretary, AISBISF, the contents of which are self explicit.

Yours comradely

(Akhil S)

General Secretary

"All our unions and members are aware that in retaliation to our Strike on 27th January, 2026, the DFS/Government advised the Banks to implement their unilateral PLI scheme for Scale IV officers and above even though the matter is pending before the CLC/Conciliation Officer. We have also taken up this issue before the High Court of Delhi and the case is also pending disposal. Recently DFS has communicated to the CLC that UFBU's standpoint does not deserve any consideration. Hence, we have addressed the following letter to CLC clarifying our views and standpoints.

UFBU LETTER dt. 23-8-2026

To
The Chief Labour Commissioner (Central),
Ministry of Labour & Employment,
Office of the Chief Labour Commissioner (C),
Shramev Jayate Bhawan, G-4, Sector-10, Dwarka,
New Delhi – 110075

Dear Sir,

Re: Performance Linked Incentive to Whole Time Directors and Senior Executives of Public Sector Banks — Comments of UFBU on DFS letter No. 15/6/2024-BO.I dated 26.05.2026

Ref: Your letter No. 21(17)/2025-IR dated 14.08.2026

We refer to your letter cited above, forwarding a copy of the communication No. 15/6/2024-BO.I dated 26.05.2026 of the Department of Financial Services (DFS), Ministry of Finance, and inviting our comments within 15 days. We submit our comments as under:

At the outset, we place on record our deep disappointment that the DFS, a party which has participated in every round of the conciliation proceedings in this dispute since March 2025, has chosen to unilaterally pronounce that the representation of UFBU "does not merit consideration" and is "without any basis" — *in effect sitting in judgment over a dispute that is pending before a statutory authority, the*

conciliation machinery of the Government of India, of which the DFS itself is a party. No party to a dispute can be the judge of its own cause.

The inference of the adjudication of the merits of this dispute lies with the conciliation machinery or, if need be, the appropriate forum under law — not with the DFS.

Our para-wise comments on the DFS letter follow.

I. Re: Paragraph 2 of the DFS letter: The DFS itself concedes the integrated and uniform character of the PLI scheme

1.1 In paragraph 2, the DFS itself records that the PLI scheme introduced in 2020 with effect from FY 2020-21 covers all employees of PSBs up to Scale VII, the workmen (sub-staff and clerical staff) through the 11th Bipartite Settlement under the provisions of the Industrial Disputes Act, 1947, and the officers in Scale I to Scale VII through the 8th Joint Note, and that under this scheme "PLI is determined based solely on the overall performance of the bank and is uniformly applicable to all employees, irrespective of individual performance."

1.2 This admission is significant. The 11th BPS and the 8th Joint Note were signed on the same day, at the same table, arising out of one integrated negotiation between IBA (acting on the mandates of the Boards of its member banks) and the Unions/Associations. The uniformity of the incentive, the same trigger, the same measure (5 to 15 days' Basic Pay plus DA), applicable from the part-time sweeper to the General Manager — was not incidental; it was the negotiated essence of the scheme. The workmen's settlement, which is admittedly a statutory settlement under the ID Act, was concluded in the context of, and in relativity with, the officers' Joint Note.

Any unilateral alteration of the officers' side of this integrated architecture directly disturbs the negotiated relativity which forms part of the consideration underlying the workmen's settlement itself.

1.3 It is further a matter of record that the mandates given by the Boards of the member banks to IBA, and the agreements flowing therefrom, also encompass officers in Scale VIII.

II. Re: Paragraph 3 of the DFS letter, the contention that the dispute is "without any basis" is legally untenable

(a) The 8th Joint Note is not a mere piece of paper, the Government itself has repeatedly given it statutory effect

2.1 The Joint Note is executed by the Indian Banks' Association on the express mandates of the Boards of the public sector banks. Its outcomes are not left in the air: they are carried into the Officers' Service Regulations of the nationalised banks framed under Section 19 of the Banking Companies (Acquisition and Transfer of Undertakings) Acts, 1970/1980, and into the service rules of the State Bank of India framed under Section 43 of the State Bank of India Act, 1955, in each case with the prior sanction/approval of the Central Government and laid before both Houses of Parliament as required by the statute. Every wage revision, including that flowing from the 8th Joint Note dated 08.03.2024, has been implemented through such statutorily sanctioned amendments.

2.2 The Central Government has thus itself, repeatedly and consistently, approved and given statutory force to the outcomes of this bilateral process. Having done so for decades, and having itself facilitated the 2020 PLI scheme through this very route, the Government cannot now be heard to say that the Joint Note is a stranger to law and that service conditions settled thereunder can be unilaterally superseded by an executive communication. If it is allowed to happen even by/before statutory or deemed quasi judicial forum, it will be nothing but the mockery of democratic system....

(b) The maintainability of this industrial dispute does not depend upon Scale IV and above officers being "workmen"

2.3 The DFS's argument proceeds on the fallacy that unless Scale IV+ officers are themselves "workmen", no industrial dispute can exist. This is contrary to the settled law. Under Section 2(k) of the Industrial Disputes Act, 1947, an industrial dispute includes a dispute between employers and workmen connected with the terms of employment or conditions of labour "of any person". The Hon'ble Supreme Court in *Workmen of Dimakuchi Tea Estate v. Management of Dimakuchi Tea Estate* (AIR 1958 SC 353) and the line of cases following it has held that workmen may validly espouse a dispute concerning persons who are not workmen, where they have a direct and substantial community of interest.

2.4 That community of interest is complete here:

(i) the PLI scheme is one integrated, uniform scheme covering workmen and officers alike, as the DFS itself concedes;

(ii) the workmen's own statutory settlement (11th BPS) rests on the negotiated relativity with the officers' scheme;

(iii) the present dispute has been raised and espoused by the UFBU, which comprises the workmen's unions (AIBEA, NCBE, BEFI, INBEF) alongside the officers' organisations; and

(iv) as pointed out in the conciliation proceedings dated 09.03.2026, the impugned scheme seriously affects the relativity in the remuneration of 93% of the workforce.

The strike notice in Form-L dated 05.03.2025 was validly served under Section 22(1) of the ID Act, and this Hon'ble office rightly seized the matter into conciliation, banking being a public utility service. In this respect sec 2(zr) of IRC 2020 may be seen which endorses the same intent. Needless to mention, any action contrary to the intention of law makers may attract violation of law within the purview of the statutory authority where the dispute is pending.

(c) The conciliation machinery is validly seized, under the ID Act and the Industrial Relations Code, 2020

2.5 It is a matter of record that the conciliation proceedings in this very dispute are being conducted by the Dy. Chief Labour Commissioner (Central) as Conciliation Officer under the Industrial Relations Code, 2020 (vide the minutes dated 09.03.2026), the ID Act provisions (Sections 33(1) and 22) having also been expressly recorded as remaining in vogue in the minutes dated 22.01.2026. The Industrial Relations Code, 2020, in Section 2(l), defines "employee" expansively to include persons employed in managerial, administrative and supervisory capacities, and its scheme — including Section 82 (conditions of service to remain unchanged during pendency of proceedings) and the Schedules on unfair labour practices — squarely applies to the present dispute. The legislative direction of travel is unmistakably towards inclusion, not exclusion, of such employees from the protective framework of industrial relations law.

(d) The DFS has itself submitted to the jurisdiction of this forum

2.6 The DFS has participated in every round of the conciliation: its Joint Secretary attended the proceedings of 21.03.2025 on video conference; its officers have attended and signed the minutes of the proceedings dated 29.04.2025, 17.06.2025, 04.11.2025, 22/23.01.2026 and 09.03.2026. Having submitted to this forum for over seventeen months, participated in its deliberations, and signed its consensus minutes, the DFS cannot now turn around and contend that the dispute itself is "without any basis". A party cannot approbate and reprobate. If at all any such legal determination is required to be made, it can be done only by the competent authority and not by one of the part to the dispute.

(e) The DEA communication dated 24.08.1992 cannot carry the weight the DFS places on it

2.7 A 34-year-old inter-departmental administrative communication of the Department of Economic Affairs, issued in an altogether different context, cannot override (i) statutory service regulations framed and amended thereafter with the sanction of the Central Government; (ii) the bilateral settlement architecture of 2020 and 2024 which the DFS itself facilitated and which covers officers up to Scale VII/VIII; and (iii) the ground reality that officers in Scale IV and V are overwhelmingly branch heads and field functionaries who neither formulate policy, nor hire, nor fire — the classical tests of managerial capacity. Indeed, if Scale IV and above officers were truly "senior/top management" outside the pale of collective bargaining, the DFS's own acceptance of their coverage under the 8th Joint Note in 2020 would be inexplicable. The DFS cannot blow hot and cold.

III. Re: Paragraph 4 of the DFS letter — The conduct of the DFS and the bank managements during the pendency of conciliation

3.1 **The minutes dated 17.06.2025 are not "advisory in nature".** These minutes were drawn in the course of conciliation proceedings and signed by all the parties to the dispute, the Unions, the IBA, the bank managements and the DFS. They record, in terms: *"it is expected that all the banks shall cooperate by not implementing the PLI scheme for any scale till the outcome of the discussions"*, and further that *"all the Banks are to await the outcome and not proceed with the implementation of PLI for the year 2024-25."* A consensus arrived at in the course of conciliation and reduced to signed minutes partakes the character of a settlement within the meaning of Section 12 read with Section 18(3) of the ID Act and is binding on all parties thereto. The attempt of the DFS, thirteen months later, to unilaterally recharacterise the signed record of the conciliation as merely "advisory" is destructive of the sanctity of the conciliation machinery itself and of the dignity of the office of the Chief Labour Commissioner (Central). If the recorded outcomes of conciliation can be shrugged off by one party as "advisory", the statutory machinery for maintaining industrial peace is reduced to a nullity.

3.2 **The disbursal of PLI up to Scale III was itself a breach** — it cannot become the justification for a further breach. The DFS pleads that since PLI up to Scale III "had already been disbursed" for FY 2024-25, it advised payment of the revised PLI to Scale IV and above "to uplift the officer's morale". The disbursal up to Scale III, commenced by Punjab National Bank, against which UFBU lodged its protest with IBA and this Hon'ble office on 16.05.2025, and thereafter followed by all PSBs, was itself in the teeth of the signed minutes dated 17.06.2025, as this Hon'ble office itself observed. A party cannot found a claim upon, or seek advantage from, its own wrong. The selective disbursal, far from curing the breach, aggravated the discrimination: officers in Scale IV to VII, covered by the very same Joint Note as their Scale I-III colleagues, were singled out for exclusion from the settled scheme.

3.3 **The DFS advisory dated 18.03.2026 was issued during the pendency of conciliation and in disregard of the recorded proceedings of 09.03.2026.** In the conciliation held on 09.03.2026, the Unions submitted that payment for FY 2024-25 to Scale IV-VII must be made as per the existing provisions of the Bipartite Settlement/Joint Note, while expressing readiness to discuss the new scheme for FY 2025-26 within its broad framework; the Ld. Conciliation Officer thereupon directed the IBA to furnish, within 10 days, comparative estimates of the PLI payment for FY 2024-25 under the two schemes, and recorded that a letter would be written from CLC(C) to the DFS to consider the Unions' request — expressly noting that this *"would help in maintaining industrial harmony across the banking sector."* Nine days later, on 18.03.2026, the DFS advised all 12 PSBs to pay the revised PLI to Scale IV up to WTD for FY 2024-25, pre-empting the very course of action recorded by the conciliation officer, and altering conditions of service during the pendency of the proceedings in violation of Section 33(1) of the ID Act / Section 82 of the IR Code, provisions which the minutes dated 22.01.2026 expressly record as remaining in vogue. The DFS letter dated 26.05.2026 is conspicuously silent on the proceedings of 09.03.2026 and on the directions recorded therein.

IV. Re: Paragraph 5 of the DFS letter — The claim of "no violation" is untenable

4.1 Far from there being no violation, the record discloses: (i) unilateral supersession of a mutually settled, uniformly applicable incentive scheme by executive fiat dated 19.11.2024, made retrospectively effective from FY 2023-24/2024-25; (ii) implementation and inducement to implement during the pendency of conciliation, contrary to Section 33(1) ID Act / Section 82 IR Code and the signed minutes; (iii) failure to implement a settlement/agreement, which is an enumerated unfair labour practice (Fifth Schedule to the ID Act; Second Schedule to the IR Code); and (iv) hostile discrimination between officers governed by the same Joint Note. The averment that the representation of UFBU "does not merit consideration" is, with respect, not for the DFS to decide.

4.2 On merits, and without prejudice to the above, we reiterate briefly: the revised scheme covers barely 5–7% of the workforce while excluding over 93–95% of employees and officers who drive business at the field level; its forced-bracket (top 20% / 20–40% / 40–60% / 60–80% / residual) architecture is a bell-curve mechanism that by design deprives large sections of senior officers of any incentive whatsoever (the residual bracket receiving 0%), converting an incentive into an instrument of demotivation and division; it vests eligibility determinations in a committee headed by the Secretary, DFS, in derogation of the autonomy of the bank Boards solemnly assured at the Gyan Sangam (January 2015) and in the DFS's own O.M. No. F.No.4/9/I/2014-IR (Pt.) dated 13.01.2015; and it pits one section of the workforce against another, destroying the teamwork on which banking performance rests. UFBU has never refused to discuss improvements — we have participated constructively in every bipartite discussion mandated by this Hon'ble office (including on 26.09.2025, whereafter our suggestions were forwarded to the Government) and remain ready to negotiate a scheme for FY 2025-26 onwards. What we cannot accept is unilateral, retrospective and discriminatory supersession of a settled scheme while the dispute is in conciliation.

In view of the foregoing, we most respectfully pray that this Hon'ble office may:

(a) **Reject the stand of the DFS** in its letter dated 26.05.2026 as being contrary to the record of the conciliation proceedings, the signed minutes dated 17.06.2025, and the provisions of Section 33(1)/Section 18(3) of the ID Act and Section 82 of the IR Code;

(b) **Pursue the course recorded in the proceedings dated 09.03.2026**, viz., addressing the DFS to consider payment of PLI for FY 2024-25 to officers in Scale IV to VII as per the provisions of the Bipartite Settlement/Joint Note, and call upon the IBA to place on record the comparative cost estimates directed to be furnished within 10 days thereof;

(c) **Advise the DFS and the bank managements to keep the revised scheme dated 19.11.2024 in abeyance** insofar as it applies to officers covered by the Joint Note, and to maintain status quo in terms of Section 33(1) ID Act / Section 82 IR Code, pending the outcome of the conciliation and the bilateral discussions on a mutually acceptable framework for FY 2025-26 onwards; and

(d) **Convene the next round of conciliation at the earliest**, so that the dispute may be resolved amicably.

We are constrained to add that if the DFS persists in its unilateral course in defiance of the conciliation proceedings, the UFBU, having thrice deferred industrial action at the instance of this Hon'ble office in deference to the conciliation machinery, will be left with no option but to resume its agitational programmes including strike action, the responsibility for which shall rest squarely with the Government.

With revolutionary greetings,"

STATE BANKS' STAFF UNION (KERALA CIRCLE)	ZINDABAD
ALL INDIA STATE BANK OF INDIA STAFF FEDERATION.....	ZINDABAD
NATIONAL CONFEDERATION OF BANK EMPLOYEES.....	ZINDABAD
UNITED FORUM OF BANK UNIONS.....	ZINDABAD
INQUILAB.....	ZINDABAD