

## CONFED's CHARTER OF DEMANDS

### INTRODUCTION

SALARY of GIPSA officers was last revised from 1<sup>st</sup> Aug. 2002. DA upto 2328 points was merged to formulate new pay structure. Duration of revision being 5 years, wage revision for GIPSA officers is due from 1<sup>st</sup> Aug. 2007.

### ISSUES TO BE CONSIDERED FOR PAY REVISION

THE five year period between the last pay revision and the present was very momentous for General Insurance industry. The industry experienced tumultuous competition after a break of three decades. Private players who entered Indian market made their presence felt in more than one way. Besides their aggressiveness in premium procurement, employee compensation packages offered by them benchmarked intrinsic value of service of a General Insurance professional in the country. Even packages offered for entry and middle levels were so attractive that talent drain became obvious.

THE Special Voluntary Retirement Scheme (SVRS) brought in by Government/Management in 2004 witnessed massive exit of officers. In all four GIPSA companies, exit of officers was more than 20% as compared to about 8% in other classes of employees. One wonders whether SVRS was brought about to provide mch needed, qualified, trained and experienced manpower to Private operators! The reality is, even after SVRS in 2004, drain of officers from GIPSA companies to other operators in industry continues.

DESPITE vigorous competition and loss of talent from GIPSA companies to private companies, GIPSA companies have grown in terms of premium generation from Rs.13,520 crores in 2002-03 to Rs.17,282 crores in 2006-07. Profit before tax showed impressive growth from Rs.841 crores to Rs.3,218 crores during same period. Solvency margin of all GIPSA companies improved during this period and Management expense ratio also improved. Amidst this improvement in overall operations, number of officers came down during this period in all four companies. But for promotion exercise from Class III to Class I in 2004 which resulted in an induction of 1932 officers at entry level, number of officers would have been much less. Thus productivity level of officers improved dramatically during this period from a per capita premium of Rs.73 lacs in March 2002 to Rs.99 lacs in March 2007 signifying 35% increase in productivity during this period.

HENCE there is an urgent need to retain talent in GIPSA setup. This calls for a sea-change in the mindset of Management in approaching Pay Revision for Officers in GIPSA companies.

REVISION of Pay Scales in our industry cannot take place in isolation. It has to have a relation to Pay Scales prevailing within Industry, other Public Sector Undertakings and in Government. Compensation level in Private Sector Companies within Industry is 3 to 4 times higher than what it is in our set up. Large scale attrition level observed in GIPSA companies and lack of enthusiasm for fresh talents to join, is due to high differential in compensation levels in GIPSA and Private set up. This aspect needs serious consideration as an input for revision of pay scales.

COMPARATIVE position of an officer in other Public Sector Undertakings changed dramatically with recommendations of Justice Mohan Committee which formed basis for

revision in 1997. Pay Scales of officers in Public Sector Undertakings were revised from 01.01.1997 at DA points 1668 with fitment benefit of 20%. Starting scale of comparable level of our Scale I officer in Justice Mohan Committee system was Rs.10750 at 1668 points. As against this, starting basic of GIPSA officers with effect from 01.08.1997 was Rs.7535/- at 1740 DA points. Moreover, correction of DA pattern in Public Sector Undertakings as per Justice Mohan Committee recommendation has further altered relative position of an officer in GIPSA set up and other Public Sector undertakings in favour of officers in the latter.

SIMILARLY relative position of Class I officer in Government also changed as compared to an officer of GIPSA setup. Pay scales for Central Government officers were revised from 01.01.1996 at DA points 1510 with 40% fitment benefit to arrive at new starting basic of Rs.8000/- against which starting basic of officer in GIPSA was only Rs.7535/- with effect from 01.08.1997 at 1740 DA points.

EVEN among other classes of employees in Public Sector General insurance, officers are given a shabby treatment. In last revision effective from 1<sup>st</sup> Aug. 2002, compared to Class II and Class III employees, class I officers were given a lesser fitment benefit while formulating the new pay scales. While officer at starting of scale I at Rs.7,535/- was given an increase of only 10.18%, class II and Class III employees at corresponding stages of Rs.7,550/- and Rs.7,595/- were given an increase of 13.43% and 13.40% respectively.

THIS has created an anomalous situation whereby a difference of just Rs.15/- in pre-revised basic had gone up to Rs.350/- in the revised scale, as detailed below:

	Class III	Class II	Class I
Earlier basic	7595	7550	7535
DA @ 2328 CPI	2568	2553	2548
	-----	-----	-----
Total	10163	10103	10083
Revised basic	11525	11460	11110
Increase %	13.40%	13.43%	10.18%
Difference in basic			
Before revision	60	15	
After revision	415	350	

THIS has resulted in a reduction of Rs.340/- in the pay scale of all officers from start of scale I to end of General Manager.

IN short, at every revision, GIPSA officers are given a raw deal, not only in comparison with the officers in other sectors but also in comparison with other section of employees in Public Sector General Insurance industry.

THUS there is need for drastic improvement in compensation level for officers in GIPSA to make it more meaningful as compared to their competitors, to make it comparable with their peers in other Public Sector Undertakings and Government and to ensure proper internal relativity between officers and other cadres in the GIPSA set up.

## **PART I - CORE BENEFITS**

### **SCALE OF PAY**

WHEN our pay scales were revised in 1997, Pay Scales of officers in Public Sector Undertakings were also revised in same year on the basis of Justice Mohan Committee recommendations. Justice Mohan Committee, after going into range of issues, has made a recommendation for a starting basic of Rs.10,750/- for the comparable level of our Scale I officer. We have made out a case for application of starting basic of Rs.10,750/- as recommended by Justice Mohan Committee for our Scale I officers also in our Charter submitted to you in 1997 revision. As against this, pay for Scale I officer was revised as Rs.7535/-. Pay scales of officers in Public sector Undertakings is again under revision from 01.01.2007. Hence there is a need for correction in our pay structure to restore parity with officers in other Public Sector undertakings.

IF we work out pay scales of officers at Rs.10,750/- in 1997 and revision in 2002 with same parameter of 20% fitment benefit, present basic would be Rs.24,315/-, signifying an increase of 60% from present level of Basic and DA. Any increase with less than 60% fitment benefit would push down the position of GIPSA officers still lower as compared to officers in other Public Sector Undertakings and Government as already detailed in previous paragraphs. Relative position of an officer in GIPSA has been coming down in relation to officers in other Public Sector Undertakings and Government. This has resulted in large scale talent drain which has got cascading effect on officers position.

THE higher response in last Special Voluntary Retirement Scheme exercise and the number of resignations taking place since 2004 till now is testimony to the fact that compensation level of officers in our industry is very unattractive. Hence to boost morale as also to match increasing work load due to exit of large number of officers since last pay revision, there is urgent need to have a decent revision in pay structure in GIPSA companies with minimum fitment benefit of 60%.

THE quarterly average of All India average CPI for April, May and June 2007 stands at 2944. From Aug. 2007 all classes of GIPSA employees are getting DA at the rate of 27.72%.  $(2944-2328)/4 \times 1.18\%$ . Hence DA upto 2944 points should be merged with corrected basic, ie after removal of anomaly and a fitment benefit of a minimum of 60% should be applied, to arrive at the new pay scales.

ON this basis the end of present seven scale structure will be Rs.75,000/-. Applying internal relativity between beginning and end of officers scale at 1:3, starting basic should be at least Rs.25,000/-.

### **INCREMENT**

Prior to the last revision in 2002, rate of increment in the initial stages was Rs.360 for 21 long years. In last revision it has been brought down to 14 years. This should be further rationalized and the incremental value should be increased after every 5 or 6 years.

### **NEW PAY SCALE FOR EXECUTIVE DIRECTORS**

At present two General Managers function as members of Board of Directors. There is an urgent need to create a separate scale of pay to match their position, as in Banks and other financial institutions.

WE demand creation of a new scale for Executive Directors above present General Managers' scale.

### **STAGNATION**

DUE to the faulty structure of pay scales of GIPSA officers, a large number of officers languish in the stagnation. Due to revision in promotion policy it is impossible to get a promotion to next higher cadre within a reasonable period. Hence there is an urgent need to increase 2 or 3 stages in scales II, III, IV and V.

AT present it takes a minimum of 8 to 10 years for an officer to reach the consideration zone for promotion. When promoted he/she reaches stagnation in next higher scale in a year or two. In order to eliminate such a situation and to overcome large scale stagnation, it is highly essential to find remedial measures.

WE demand that -

- i. officers reaching maximum of pay in a scale should be automatically allowed to draw increments in next higher pay scale, till he reaches the maximum of such higher scale;
- or
- ii. creation of elongated grades as under with the provision for automatic movement to higher grade
  - a) Administrative or Junior Management Grade comprising Scales I and II;
  - b) Middle Management Grade comprising Scales III and IV;
  - c) Senior Management Grade comprising Scales V and VI; and
  - d) Executive Grade comprising Scales VII and VIII (proposed).

### **DEARNESS ALLOWANCE**

AT present DA is linked to CPI 2328 points with 100% neutralization. DA for CPI 2944 should be merged with basic and thereafter continue with 100% neutralization.

Labour Ministry has discontinued both the bases of 1960:100 and 1982:100 series CPI and at present only 2001:100 series is published. This is being converted by multiplying with the linking factors 4.63 (for base 1982:100) and again by 4.93 (for base 1962:100). In effect DA is now being revised, only when the CPI base 1960:100 goes up by 22.83 points. Moreover benefit is being given only for 20 points or 5 slabs. Hence there is an urgent need to revise the DA formula.

- i. DA revision should be based on CPI base 2001:1000;
- ii. DA should be revised monthly;
- iii. DA should be based on the CPI for second previous month;
- iv. DA should be paid on 100% neutralization basis
- v. DA should be paid for every point increase in CPI base 2001:100.

### HOUSE RENT ALLOWANCE

GIPSA officers should be provided with free furnished accommodation and those who are not provided with quarters should be paid HRA. In line with rates at which HRA is paid for officers in Government and other Public Sector organisations, rate of HRA should be as under:

Place of posting	Rate per month
Cities with population exceeding 25 lakhs and Vashi, Faridabad, Ghaziabad, Noida, Gurgaon and Chandigarh	30% of revised basic salary without any ceiling
Cities with population exceeding 12 lacs and all state capitals	20% ..do..
All other places ...	15% ..do..

ENHANCED HRA payment upto 150% of HRA rates on return on capital cost/rent receipt basis for those who stay in own house/rented house, should be introduced.

### CITY COMPENSATORY ALLOWANCE

CITY Compensatory Allowance should be paid at the rate of 10%, 8% and 6% of revised basic pay respectively for cities based on the existing classification, without any ceiling.

### TRANSPORTATION ALLOWANCE

CENTRAL Government has allowed a conveyance allowance of Rs.800/- p.m. for Government employees since Jan. 1995. There is every reason to believe that this will be increased further.

WE reiterate our demand that litre-based transportation allowance should be given to all GIPSA officers in the administrative side every month as under:

	Metro & A centres	Other centres
Officers with cars	50 ltrs	40 ltrs
Officers with 2-wheelers	40 ltrs	30 ltrs
Officers without vehicles	Rs.2,000	Rs.1,600

### PRODUCTIVITY LINKED LUMP SUM INCENTIVE SCHEME

PLLI scheme which was thrust upon us in 1997 revision was a non-starter as it was designed conceptually to deny intended benefit to officers. During revision in 2002 despite a promise to revisit this issue subsequent to notification, no efforts were made to devise a PLLI Scheme.

WE demand that a meaningful incentive scheme be devised for current revision and we also demand that a lump sum payment equivalent to present basic salary as on 31<sup>st</sup> July 2007 be

paid to officers as compensation for PLLI foregone for 2002-2007.

**HILL STATION ALLOWANCE**

Hill Station Allowance should be paid at the rate of 10% and 8% of revised basic pay based on existing classification, without any ceiling.

**KIT ALLOWANCE**

KIT allowance should be paid at Rs.15,000/- per annum for all eligible officers.

**UNIFORM ALLOWANCE**

UNIFORM allowance should be paid at Rs.15,000/- per annum for all officers.

**FIXED PERSONAL ALLOWANCE**

FIXED Personal Allowance should be related to last drawn increment and it should rank for all benefits like DA, HRA, CCA, etc.

**QUALIFICATION PAY**

QUALIFICATION pay should be granted to officers for acquiring insurance qualifications at following rates:

AIII ..	Equivalent to two increments
FIII ..	One additional increment (total three)
Actuarial	One additional increment (total four)

**SPECIAL PAY**

ALL specialist officers should be paid a special pay equivalent to two increments in entry cadre.

**PROVIDENT FUND**

CONTRIBUTORY Provident Fund should be at 12% of Basic + DA for all officers.

**LEAVE**

CASUAL Leave should be restored to 15 days. Provision of ACL should be restored. Provision for half-day CL should be reintroduced.

ACCUMULATION of EL should be allowed upto 360 days and accumulation of SL should be allowed upto 300 days.

INTERVENING holidays should not be treated as leave in case of CL. Unavailed CL/ACL to be added to EL in the subsequent year.

ENCASHMENT of EL should be allowed every year subject to a maximum of 15 days. Compulsory availing of 15 days EL should be dispensed with.

**30 days full pay sick leave for each year of completed service. 50% of unutilized sick leave should be allowed to be encashed at the time of retirement/death.**

**PATERNITY leave of six weeks for spouse on two occasions during entire service period.**

**EXTRA-ordinary leave should be raised to two years during entire period of service.**

**NOW that check-off facility has been introduced, special leave for Trade Union activities should be allowed.**

### **TERMINAL BENEFITS**

**GRATUITY - one month's gross salary for every completed years of service, without any ceiling, for all officers.**

**ENCASHMENT of Earned leave - limit should be increased to 360 days on retirement.**

### **PENSION**

**REVISED basic pay to be made applicable for pension and upgradation of pension for existing pensioners.**

**COMMUTATION benefit to be allowed on 40% of pension and commuted portion of pension should be restored after 12 years.**

**FULL pension should be raised to 67% of last drawn basic on completion of 33 years of service. For service beyond 33 years of pensionable service, additional pension to be paid at 1% per additional year of service.**

**FAMILY pension should be paid at the uniform rate of 35% for all.**

**OFFICERS should be given another option to join the pension scheme.**

### **RETIREMENT**

**We understand that SCOPE has recommended to Government for increasing retirement age to 62. We demand that retirement age in our Industry also should be raised in line with SCOPE recommendations.**

**VOLUNTARY retirement - for PF optees, voluntary retirement should be allowed after 20 years of service as in case of pension optees.**

### **RECOGNITION**

**PROMISED autonomy for Managements in service matters and resultant bipartite mechanism is possible only if majority association in Industry is recognized as sole bargaining agent. Issue of recognition of Majority association in Industry has been pending for long. Though process of Check-off is now in place, recognition of majority association is yet to be done. The logical conclusion of Check-off process is recognition of majority association.**

**RECOGNITION of Association has become a must to ensure meaningful consultative mechanism on service matters.**

**RE-DESIGNATION**

**INSPITE of earlier demand for meaningful re-designation, a thoughtless re-designation was thrust on officers which has perpetuated and further intensified anomaly. We demand re-designation of officers as under:**

<b>AAO(Scale I)</b>	<b>..</b>	<b>Manager</b>
<b>AO(Scale II)</b>	<b>..</b>	<b>Senior Manager</b>
<b>AM(Scale III)</b>	<b>..</b>	<b>Chief Manager</b>
<b>Dy.M(Scale IV)</b>	<b>..</b>	<b>Asst. Gen. Manager</b>
<b>M(Scale V)</b>	<b>..</b>	<b>Deputy Gen. Manager</b>
<b>AGM(Scale VI)</b>	<b>..</b>	<b>General Manager</b>
<b>GM(Scale VII)</b>	<b>..</b>	<b>Chief General Manager</b>

**PART II - NON-CORE BENEFITS**

**CONVEYANCE FACILITY**

**ENTITLED OFFICERS**

**ACTUAL cost of car shall be allowed.**

**REIMBURSEMENT of Cost of Batteries and Tyres and Tubes be allowed on completion of 10000 kms and 15000 kms respectively.**

**REIMBURSEMENT of garage and cleaning charges at the rate of Rs.500 per month and service charges at the rate of Rs.2000 per year be allowed.**

**100% increase in Major Repairs be extended since with increase in population of vehicles vis-à-vis traffic, chances of accidents have become more. In case of major accidents where budget under Major Repairs and Insurance Claim exceed cost of repairs, Company should absorb balance amount.**

**100% increase in petrol/diesel facility.**

**FACILITY of providing third car should be extended to all officers.**

**NON-ENTITLED OFFICERS**

**ACTUAL cost of vehicle shall be allowed for Cars as interest free loan.**

**REIMBURSEMENT of road tax and actual cost of re-registration of the vehicle on transfer.**



**REIMBURSEMENT of Garage and cleaning charges at the rate of Rs.500 per month and service charges at the rate of Rs.2000/- per year be allowed.**

**FACILITY for providing third car loan should be extended.**

**CONVEYANCE ALLOWANCE FOR VETERINARIANS AND MOTOR ENGINEERS**

**CONVEYANCE allowance for Veterinarians and Motor Engineers, whose allowance was not revised in last pay revision, be revised upwards proportionately.**

**ENTERTAINMENT ALLOWANCE**

**ALL officers with Marketing assignment and officers in Scale IV and above should be paid entertainment allowance. The present entertainment allowance shall be increased by 100%.**

**HONORARIUM FOR FACULTY**

**HONORARIUM/Allowance paid to officers who are posted as Faculty members in Learning Centres both at Head Office and Regional Centres should be rationalized and increased.**

**TELEPHONE FACILITY**

**RESIDENTIAL telephone shall be provided to all officers with reimbursement of phone charges upto Rs.7,500/- per annum.**

**CELL phone shall be provided to all officers on marketing side and to officers in Scale IV and above.**

**ENTITLED officers shall be reimbursed phone charges upto Rs.20000/- per annum both for cell phone and landline.**

**LAPTOP COMPUTERS**

**ALL officers with marketing functions and officers in Scale IV and above should be provided with Laptop computers.**

**MID ACADEMIC YEAR ALLOWANCE FOR CLASS I OFFICERS**

**MID academic year allowance for officers should be increased by 100%.**

**ALLOWANCE FOR OFFICERS IN AUDIT, VIGILANCE**

**FUNCTIONAL allowance for officers in Audit and Vigilance should be increased by 100%.**

**MEDICAL BENEFITS**

**MEDICAL facility being an employee welfare measure, all officers should be entitled for reimbursement of entire medical expenditure on actual basis for self, spouse, children and dependent parents, both for domiciliary treatment and for hospitalization.**

**ALTERNATIVELY, by way of seeking improvement in the existing provisions, we demand following:**

**Domiciliary treatment - one month revised basic salary per annum for all officers on declaration basis.**

**Hospitalisation - Mediclaim cover for Rs.5 lakhs each to be provided free of cost to all officers and their family members including parents.**

**Free health check up facility should be extended to all officers on attaining 40 years of age.**

**MODE OF TRAVEL ON TOUR**

**ALL officers should be allowed to travel by air on tour.**

**DAILY halting allowance should be increased by 100%.**

**REIMBUSREMENT of local conveyance at the place of tour subject to a maximum of one day halting allowance per day.**

**HOTEL STAY**

**HOTEL stay eligibility be allowed as below:**

Scales I, II, III	..	3 star	}	
Scales IV, V	..	4 star	}	as per ITDC rates
Scales VI, VII	..	5 star	}	

**LEASED ACCOMMODATION**

**METROS, State capitals and other Specified places .. 50% of revised basic pay as monthly rent**

**OTHER places .. 30% ..do..**

**SELF lease facility should be allowed.**

**LEASED accommodation should be provided at place of choice of officer on**

transfer.

**ADVANCE/deposit of maximum of 10 months' rent.**

**MAINTENANCE charges payable to be borne by Company.**

**BROKERAGE to be allowed not exceeding half month's rent.**

### **FURNITURE**

**INTEREST free loan equivalent to 5 times basic pay recoverable in 60 monthly instalments for purchase of furniture shall be allowed in case of unfurnished accommodation.**

**IF furniture is provided by Company, furniture rent recovery shall be at the rate of 1% of 1<sup>st</sup> stage of scale in which officer is placed.**

### **LEAVE TRAVEL CONCESSION**

**TRAVEL distance should be enhanced to 3000 kms (each way).**

**MODE of travel should be as per the choice of officer.**

**SHALL be allowed to bifurcate within block period.**

**WITHIN entitlement, there should not be any restriction on places of visit, both India and abroad.**

**AN officer should have option to surrender and encash LTC, upon which he shall be entitled to receive an amount equivalent to 75% of eligible fare for mode of travel to which he is entitled to.**

### **EDUCATIONAL ASSISTANCE**

**OFFICERS shall be allowed reimbursement of full tuition fees for Legal/Management/computer courses completed through part-time, correspondence and open university systems of all UGC recognized Universities, Central and State Government sponsored institutions and all India professional institutions.**

### **TRANSFER BENEFITS**

**WITH the introduction of TMPO, transfer on a structured basis has become an integral part of the service life of an officer. The concept of protection of HRA and CCA on transfer has already been introduced in the GIPSA set up for other classes of employees. To mitigate the hardship we demand protection of HRA and CCA on transfer of officers and payment of an allowance, called Transfer Allowance, at the rate of 10% of initial basic of the scale of pay of the transferred officer per month during the period of posting on such transfer.**

**ALL family members shall be allowed to travel as per entitled class either jointly or separately without any time limit.**

**TRANSFER grant equivalent to Two months' revised basic pay.**

**JOINING time of 10 days.**

**ALL transferred officers should be provided with company owned/leased accommodation. Otherwise, in addition to 30 days' halting allowance, 30 days lodging expenses also should be allowed.**

### **HOUSING LOAN**

**OFFICERS shall become eligible for housing loan on confirmation of service in the company.**

**AMOUNT of loan shall be upto 75 times of revised basic pay.**

**SECOND housing loan should be allowed after completion of 10 years from first loan.**

**PRINCIPAL shall be deducted first and after deduction of principal is over, deduction of interest should start.**

**FREE comprehensive householders' policy to be allowed.**

**COLLATERAL security shall be borne by Company through a Group Mortgage Redemption policy from LIC.**

### **FESTIVAL ADVANCE**

**FESTIVAL advance should be increased to one months' revised basic salary.**

### **FLOOD/DRAUGHT ALLOWAQNCE**

**EQUAL to one months' gross salary in notified areas on declaration basis.**

### **COMPENSATION TO OFFICERS ATTENDING LOK ADALATS AND OTHER COURTS**

**OFFICERS attending MACT/Lok Adalats on holidays should be paid compensation equal to two days' salary and on working days, one day salary.**

**OFFICERS who attend Court relating to Marine recoveries, Ombudsman, WC cases, MACT evidence, etc. should be paid one days' salary.**

### **LUMPSUM LOAN**

**OFFICERS should be provided with a lumpsum loan of Rs.1 lac for purchase of Laptop/computer and other house-hold articles.**

### **BONUS/EX-GRATIA**

**BONUS/Ex-gratia should be paid to all officers at same rate as dividend paid to Government, subject, however to a minimum of 20 % of annual gross salary.**

### **GTIS and GSLI**

**GTIS is envisaged to compensate family of an officer who dies in harness to protect commutation of pension. We demand increase in sum insured under GTIS scheme to Rs. 10 lacs.**

**GLIP limits also need to be revised upto Rs.10 lacs.**

### **SCHEME FOR CHILDREN**

**CHILDREN educational allowance                      Rs.500 per month per children upto 2**

**HOSTEL subsidy    Rs.1000                      ...do..**

**SCHOOL/college tie up arrangement with select school/college for admission of children of transferred officers in all major cities and state capitals.**

### **DEFINITION OF FAMILY**

**DEFINITION of family should be uniform for all benefits. Family should consist of self, spouse, children, non-gainfully employed parents, unmarried sisters and brothers and widowed sisters.**

### **CONCLUSION**

**LIST of demands given above is only illustrative and not exhaustive. The National Confederation of General Insurance Officers' Association and its affiliates National Insurance Company Officers' Association, New India Assurance Officers' Association, Oriental Insurance Co. Officers' Association and United India Insurance Officers' Association, reserves the right to add, alter or amend any demand in this Charter of Demands, keeping in view of situation prevailing within industry or outside at the time of negotiations/finalization of charter of demands.**