

# COORDINATION OF BANK PENSIONERS AND RETIREES ORGANISATIONS

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07.07.2017

Mrs. Anjali C. Duggal,  
Secretary,  
Department of Financial Services,  
Ministry of Finance,  
Government of India,  
New Delhi.

Respected Madam,

## Irregularities in maintenance of Employees Pension Fund in Punjab National Bank

It has been brought to our notice that the management of Punjab National Bank has written back a sum of Rs 2026.60 from Pension and Gratuity Funds adopting a different accounting method within the accounting standards for the first time ever so as to improve its operating profits as on 31.3.2017 in an artificial manner. This amount was consequently utilized to increase the provision for Non-Performing Assets by Rs 1920.85 crores and thereby reduce the Net NPAs as on 31.3.2017. It appears that the management has done so after causing an investigation by the actuary into the financial condition of the fund in terms of Regulation 11 of the Pension Regulations.

The action of the management is ultra virus of the regulations in as much as the actuary's investigation is required to help the bank make additional annual contributions to the fund as may be required to secure the payment of benefits under the regulations (Regulation 11). It does not permit or even remotely provide for the write back of earlier contributions made to the Fund.

Regulation 13 provides for the payments out of funds viz." the payment of benefits by the Trust shall be administered for grant of pensionary benefits to the employees of the bank or the family pension to the families of the deceased employees of the bank". There is no regulation in the Pension Regulations which could be construed to authorise the Management or the Trust to Debit the fund on account of any other purpose including a write back of the earlier contributions made by the bank to the fund. In the absence of any express provision authorising such write back, the action of the management/trust would amount to misappropriation of the Employees Pension Fund. Such an action if not rectified/reversed immediately could entail legal/criminal liability for breach of trust and misappropriation of employees' pension and gratuity funds.

As you are aware, many Public Sector Banks have been under stress for the last 8-10 quarters. We apprehend that there could be some other banks who have indulged in similar acts of impermissible nature and also not adequately contributed towards Pension Fund including their share of contribution towards Second Option which was amortised for over 5 years from 2010. We therefore request you to look into the matter and ascertain the facts from all the Public Sector Banks so as to initiate suitable corrective action in this regard. It is imperative to underscore that the managements of the banks cannot be allowed to use the Employees' Funds as a floating provision to be utilised whimsically to tide over their financial difficulties during the period of stress by writing back the contributions made earlier to the employees' pension/gratuity funds.

We earnestly seek your kind intervention in the matter.

Thanking you,

Yours faithfully,

  
A RAMESH BABU

  
K V ACHARYA

Joint Convenors

CC: 1. Chairman, Indian Banks' Association, Mumbai  
2. Chief Executive Indian Banks' Association, Mumbai