



# ALL INDIA BANK PENSIONERS' & RETIREES' CONFEDERATION



(A.I.B.P.A.R.C.)

C/O BANK OF INDIA OFFICERS' ASSOCIATION  
(EASTERN INDIA BRANCHES)  
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**AIBPARC/IBA/Pension updation/Email/2021** Dated: 15.08.2021

Shri Rajkiran Rai G,  
Chairman,  
Indian Banks' Association,  
Mumbai

Respected Sir,

## REQUEST FOR UPDATION OF PENSION IN BANKS

We are enthused with the formation of the Committee on Updation of Pension headed by Shri CH S S Mallikarjuna Rao, M D and CEO, Punjab National Bank. The Committee also held discussions with Employees Unions and Officers Organisations in its first Meeting on 22nd July 2021. We are very hopeful of finalization of IBA 's recommendation to the Ministry very soon. The Honourable Minister Of State for Finance also in his reply to the Question in the Parliament stated that in response to the requests of Bank Pensioners and Retirees, the Ministry is waiting for the recommendations for the updation of pension from IBA. We believe that the long pending Issue of Updation of Pension which is the core issue of Bank Pensioners and Retirees demand will be resolved and will become a reality very soon and Bank Pensioners and Retirees will get the long overdue justice before the end of their life journey.

While we strongly feel that the Bank Pensioners and Retirees Organisations should be heard on Bank Pensioners and Retirees issues as we are the main stakeholders and hopeful of getting such an opportunity. At the same time, we feel it is necessary to place before you as far as possible our views and workings there by explaining the legal, fair and just position of our issue. It is also a fact that the Retirees have contributed by way of surrendering the Bank's contributions to their Provident Fund along with interest thereon to Pension Fund, so that only the shortfall if any is contributed by the Bank as per the provisions of Bank Employees Pension Regulations. It may also be appreciated that the Pension is a Deferred Wage as held in various judicial pronouncements and hence a statutory obligation of the banks in terms of Pension Regulations. We request you to kindly go through our following submissions.

The Pension Scheme was introduced in the Banks w.e.f.1st January, 1986 (retrospectively) in terms of Pension Settlement dated 25.10.1993 signed between Indian Banks' Association and the Representatives of Workmen Unions and Officers Organisation. A committee consisting of the representatives of IBA and Unions/Associations was constituted to prepare a framework paving way to finalise the Pension Regulation and para 12 of their report provided for framing Regulations including for Updation of Pension. Accordingly, the Banks in exercise of the powers conferred by Clause (f) of Sub Section (2) of Section 19 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 in consultation with the Reserve Bank of India and with the previous sanction of the Central Government made the Pension Regulations 1995. Pension Regulation 35(1) provided for Updation of Pension as under:

**"In respect of employees who retired between 1st day of January 1986 but before 31st day of October 1987, Basic Pension and Additional Pension will be updated as per the formula given in Appendix-I".**

The same was given effect to and the pension of the pensioners who retired between 01.01.1986 and 31.10.1987 was updated as only this section of pensioners was eligible for updation of pension at the time of implementation of the Pension Scheme in the Banks. However, with a view to have universal coverage of the benefit of the Updation of the Pension, on the instructions of the Central Government and in consultation with the Reserve Bank of India, the Banks amended Pension Regulation 35(1) in the year 2003 vide Government Gazette Notification.

**"Basic pension and additional pension, wherever applicable, shall be updated as per the formulae given in Appendix-I".**

It is also pertinent to mention here that when AIBOC had demanded some more improvements in the Pension Scheme, IBA has written to Shri R N Godbole, the then General Secretary, AIBOC that the Pension Scheme in Banks is on the lines of the Pension Scheme in Government/ RBI and hence the requested improvements could not be considered. Pension Regulation 56 also provides that in case of doubt, in the matter of application of these regulations, regard may be had to the corresponding provisions of Central Civil Services (Commutation of Pension) Rules 1981. You will appreciate that the Updation of Pension is available to both Government and Reserve Bank of India Pensioners. Under such circumstances not granting the benefit of updation in Banks is not only Arbitrary but also Discriminatory. It amounts to violation of the provisions of Article 14 (Equality before the law) of the Constitution of India.

In view of such an unambiguous provision for updation, the Bank Pensioners have been demanding updation of Pension for all the Pensioners from respective dates of their eligibility for the updation. But after the Government granted the benefit of Updation of Pension for the employees of RBI, Bank Pensioners have rationalised their demand by requesting for the RBI Pensioners Updation Formula at least and with the same date of effect i.e., 01.04.2019.

**We give below the details of our working of the RBI updation formulae to be used for Updation of Pension in PSBs, SBI and other member banks in Private Sector, who are covered by the Pension Settlement at Industry level:**

**Factor for each batch of Retirees in line with RBI Pension Updation implemented in March 2019.**

It is clarified that in the absence of complete Grade wise breakup of Officer Retirees, the working of Pension Updation is done by taking the maximum Pension of Scale III officers as a mean of all Pensioners in Officers cadre. Hence the actual cost would be definitely work

out lesser in view of the fact that in the year 2000 Special VRS took place and all such Retirees were not drawing maximum pay.

It is also assumed that 100% DA neutralisation would be granted for the Pensioners retired from 01.01.1986 to 31.10.2002.

Detailed working based on RBI formulae is as follows:

1. FOR TAKING RETIREES TO 1992 SETTLEMENT FROM 1987: BATCH 1

BASIC PENSION	1
DA/DR MERGED: $(1148-600) = 548/4=137*0.67=91.79$	0.9179
BASIC PENSION AFTER MERGER= $1+0.9179$	1.9179
NOTIONAL 10% OF 1.9179	0.19179
REVISED BASIC PENSION= $1.9179+0.19179$	2.11
FACTOR FOR REVISED BASIC PENSION	2.11

2. FOR TAKING RETIREES TO 1998 SETTLEMENT FROM 1992: (BATCH 2)

BASIC PENSION	1
DA/DR MERGED: $(1684-1148) = 536/4=134*.35=46.9\%$	0.469
BASIC PENSION AFTER MERGER= $1+0.469$	1.469
NOTIONAL 10% OF 1.469	0.1469
REVISED BASIC PENSION= $1.469+0.1469$	1.616
FACTOR FOR REVISED BASIC PENSION	1.616

3. FOR TAKING RETIREES TO 2002 SETTLEMENT FROM 1998: (BATCH 3)

BASIC PENSION	1
DA/DR MERGED: $(2288-1684)=604/4=151*0.24=36.24\%$	0.3624
BASIC PENSION AFTER MERGER= $1+0.3624$	1.3624
NOTIONAL 10% OF 1.3624	0.13624
REVISED BASIC PENSION= $1.3624+0.13624$	1.49
FACTOR FOR REVISED BASIC PENSION	1.49

4. FOR TAKING RETIREES TO 2007 SETTLEMENT FROM 2002: (BATCH 4)

BASIC PENSION	1
DA/DR MERGED: $(2836-2288) = 548/4=137*0.18=24.66\%$	0.2466
BASIC PENSION AFTER MERGER= $1+0.2466$	1.2466
NOTIONAL 10% OF 1.2466	0.1246
REVISED BASIC PENSION= $1.2466+0.1246$	1.37
FACTOR FOR REVISED BASIC PENSION	1.37

5. FOR TAKING RETIREES TO 2012 SETTLEMENT FROM 2007 : (BATCH 5)

BASIC PENSION	1
DA/DR MERGED: $(4440-2836) = 1604/4=401*0.15=60.15\%$	0.6015
BASIC PENSION AFTER MERGER= $1+0.6015$	1.6015
NOTIONAL 10% OF 1.6015	0.16015
REVISED BASIC PENSION= $1.6015+0.16015$	1.76165
FACTOR FOR REVISED BASIC PENSION	1.76

6. FOR TAKING RETIREES TO 2017 MOU FROM 2012 : (BATCH 6)

BASIC PENSION	1
DA/DR MERGED:(6352-4440) =1912/4=478*0.10=47.80%	0.478
BASIC PENSION AFTER MERGER=1+0.478	1.478
NOTIONAL 10% OF 1.478	0.1478
REVISED BASIC PENSION=1.478+0.1478	1.6258
FACTOR FOR REVISED BASIC PENSION	1.62

We also would like to inform you that the cost for working of factors of each Bank, outflow for each Bank for Pension Updation has been done by us. We furnish the consolidation of figures in a nutshell as follows:

**Pension Fund:**

Opening Balance as on 1.4.2018	Rs. (crores)
Public Sector Banks	178188.80
State Bank of India	70891.47
<b>Total</b>	249080.27
<b>ADD</b>	
1. Interest earned	18022.83
2. Contributions by Banks including PF portion surrendered by employees	11666.24
Total of the above (1+2)	29689.07
<b>Total Pension Fund comes to</b>	278769.34
<b>LESS</b>	
Pension Paid from 1.4.2018 to 31.3.2019	15958.54
<b>Balance Fund available as on 1.4.2019</b>	262810.80

We shall be happy to give further details if required in respect of calculation.

It is also very important to note that the present Defined Benefit Pension Scheme is available to only those who were recruited up to the year 2010. It is also a fact that from 1990 onwards for more than a Decade there was almost NIL recruitment and so naturally the number of such eligible employees for the existing Pension Scheme is not large.

According to us the total number of Retirees entitled for Updation are approximately 4.11 lacs. It is submitted that the Pension Fund of the Banks are quite healthy and can afford Updation of Pension using the same factor as done in the case of RBI without affecting the balance sheet at this juncture. The higher funding requirements which may have been indicated by the actuaries are on account of assumption of higher life expectancy, undermining the huge sums available in Pension Funds by keeping the cost of Updation of Pension as standalone by delinking it from the existing Pension Funds which are quite robust. It is reiterated that the Pension Fund is required to be funded in terms of Pension Regulations 5(3) and Regulation 7(A) to (H). Further, in terms of Regulation 11 the Banks are required to cause an investigation by an actuary into the financial condition of the Fund and make such additional annual contributions as may be required to secure payment of the benefits under the Pension Regulation which include Updation of Pension as provided under Regulation 35(1).


**Since the Public Sector Banks are State within the meaning of Article 12 of the Constitution of India and Banks Pension Regulations providing for Updation of Pension, are Subordinate in legislation, it is the statutory obligation on the part of the**

**Banks periodically to update the Pension simultaneously with the Pay Revision. It is also ruled by the Hon'ble Supreme Court that Salary Revision and Pension Revision are inseparable and constitute a Legal Right.**

Hence, we request you to help us get the legitimate and legal right restored by granting Updation of Pension and render Justice to the Bank Pensioner.

With Regards,

Yours Sincerely,



K. V. Acharya  
President, AIBPARC  
& Joint Convenor, CBPRO



Suprita Sarkar  
General Secretary AIBPARC,