



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/FM/UPDATION/Email/2021 Dated: September 6, 2021

Smt. Nirmala Sitharaman ji,
Hon'ble Finance Minister,
Government of India,
North Block, New Delhi.

Respected Madam,

REQUEST FOR UPDATION OF PENSION IN BANKS - OUR RESPECTFUL SUBMISSIONS.

We are immensely Grateful to Your Good Self for granting Government's clearance to Improvement in Family Pension uniformly @30percent without any ceiling as available to Government and RBI Pensioners. This has come as a Great Relief to Family Pensioners specially to Women Spouses of the Deceased Pensioners in particular and Bank Pensioners in general. **This most important announcement came during Your Press Conference in Mumbai on 25th August 2021. This has made 25th August 2021 a Historic Day for Banks' Family Pensioners and Retirees as one of their very long Pending demand got resolved with Your initiative.** Your Concern and Compassion for the Bank Pensioners and Retirees got translated into real, tangible and much needed Benefit specially at a time when they have to cope up with the Pandemic crisis.

The announcement is also in tune with the Vision of our Respected Prime Minister, Sab Ka Saath Sab Ka Vikas and Sab Ka Viswas. We truly feel that we, Bank Pensioners are part of this Visionary Programme of the Government. This is First of such decisions and now we are more than ever Hopeful of getting the other Core Issue of Updation of Pension also resolved. We are confident that your good self will be kind enough to consider our request for Updation of Pension also favorably and render Justice to the entire community of Bank Pensioners.

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

on 22nd July 2021. We are very hopeful of finalization of IBA 's recommendation to the Ministry very soon. The Honorable 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 will be resolved and will become a reality very soon and Bank Pensioners and Retirees will get the long overdue justice with Your Valuable Initiatives and Intervention.

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 are hopeful of getting such an opportunity, we feel it is necessary to place before Your Good Self our case with workings to explain the merits and legitimacy of the Updation of Pension.

It is very important to note that the Pensioners while opting for Pension have surrendered their part of 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. Pension is given as Second Benefit only as available to Government and RBI Pensioners.

It may also be appreciated that Pension is a Deferred Wage as held in various judicial pronouncements including the Hon'ble Supreme Court and hence a statutory obligation of the Banks to update pension in terms of pre-existing Pension Regulations.

We wish to place before Your Good Self our Submissions for Your kind and favorable consideration.

1. 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.

2. 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.

3. However, during the NDA Government headed by the Most Revered Atal Bihari Vajpayeeji, with a view to have universal coverage of the benefit of Updation of 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 through Government Gazette Notification to read as follows:

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

The Formula for Updation for Government Pensioners was modified in the Sixth Pay Commission in 2006 and Seventh Pay Commission in 2016. Bank pensioners Updation Formulae contained in our Pension Regulations 1995 needed to be modified with every Salary Revision Settlement with the Banks. But it remained unrevised as it was not being implemented in the banks simultaneously with the Revision of our Salary.

4. It is also pertinent to mention here that when AIBOC demanded some more improvements in the Pension Scheme, IBA had 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.

5. 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.

6. Updation of Pension is available to both Government and Reserve Bank of India Pensioners. Under such circumstances not granting the benefit of Updation to Bank Pensioners is not only Arbitrary but also Discriminatory. It is also against the provisions of Article 14 (Equality before the law) of the Constitution of India.

7. 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 Updation. But after the Government granted the benefit of Updation of Pension for RBI Pensioners, **Bank Pensioners have rationalised their demand by requesting for the RBI Pensioners Updation Formula and with the same date of effect i.e., March 2019.**

8. We also wish to submit that the Government had stated at the time of considering Updation of Pension to RBI Pensioners that this would have Contagion effect as similar demands have been made by Bank Pensioners

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

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

11. We Wish to submit 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 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.

12. It is also assumed that 100% DA neutralisation would be granted for the Pensioners retired from 01.01.1986 to 31.10.2002. It is necessary that Pre November 2002-Retirees are also given the Benefit of 100 percent D A Neutralization when universally it is paid to Government and RBI Pensioners without any discrimination.

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
NOTIONAL10%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
NOTIONAL10%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
NOTIONAL10%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
NOTIONAL10%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
NOTIONAL10%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

13. We also would like to submit to You that the amount of Updated Pension by using the above factors for 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:

14. **Pension Fund:**

Opening Balance as on 1.4.2018	Rs. (crores)
Public Sector Banks	178188.80
State Bank of India	70891.47
Total	249080.27
ADD	
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
Total Pension Fund comes to	278769.34
LESS	
Pension Paid from 1.4.2018 to 31.3.2019	15958.54
Balance Fund available as on 1.4.2019	262810.80

15. 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 1985-86 onwards for more than a Decade there was almost NIL recruitment in Banks.

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 4.40 lacs.

16. 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.

17. The higher funding requirements which may have been indicated by the Actuaries are on account of Assumptions like higher life expectancy, yield on Pension Fund investments etc. and accuracy of such Assumptions are debatable. Such Assumptions Undermine the huge sums available in Pension Funds by keeping the cost of Updation of Pension as standalone by de-linking it from the existing Pension Funds which are quite robust.

18. 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 annually 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 Pension 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 being Subordinate Legislation and providing for Updation of Pension, it is the statutory obligation on the part of the Banks to periodically 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.

Respected Madam, Your advice to the Chief Executives of Banks in the Annual General Body Meeting of Indian Banks Association in November 2020 to treat the past Employees of Banks who are Pensioners now as part of the Family has given lots of Comfort and Solace to the entire community of Bank Pensioners and Retirees.

We earnestly request Your Good Self to help us get the legitimate and legal right restored by granting Updation of Pension and render Justice to the Bank Pensioners.

With Respectful Regards,

Yours Sincerely,



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



Suprita Sarkar
General Secretary AIBPARC,