



**ALL INDIA BANK PENSIONERS' & RETIREES' CONFEDERATION
(A.I.B.P.A.R.C.)**

**C/O BANK OF INDIA OFFICERS' ASSOCIATION
(EASTERN INDIA BRANCHES)
BANK OF INDIA, KOLKATA MAIN BRANCH
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Date 28.07.20.

Circular no 59-20.

(For circulation among members of the Governing Council, EC members, State Secretaries, Special Invitees and Advisors.)

Dear Comrade,

Sub: Pending Issues of Bank Retirees.

We are reproducing hereunder the letter written by the Organisation to The Convenor, UFBU on above subject on 27.07.20.

This is for information of members.

With best wishes and request to stay safe.

Comradely yours.

Suprita Sarkar
General Secretary
QUOTE:

Date: 27.07.2020

Shri. Sanjeev Bandlish
Convener
UFBU
Chandigarh

Dear Com. Bandlish

Pending Issues of Bank Pensioners & Retirees

We congratulate you for signing an MOU with IBA with regard to wage revision for Bank Employees & Officers on 22.7.2020. It has given big relief to Bank Employees & Officers who have been eagerly waiting for their salary revision for a long time. It was heartening to note that In-principle approval for improvement in Family Pension of Bank Employees at the rate of 30% of last drawn Basic and also removing the cap was also achieved. The Chairman IBA was kind enough to convey the decision of the Government to the leaders of United Forum of Bank Unions (UFBU) on 22nd July 2020 at the time of signing of MOU for Wage Revision of Bank Employees & Officers. This decision of the Government which was made possible by the persistent efforts and perseverance on the part of the UFBU under your leadership has provided much awaited relief to family pensioners who were leading a life of penury with hitherto meager family pension. Most of the beneficiaries of this improvement are elderly widows of bank pensioners. We convey their sincere gratitude to You, IBA and the Government.

As you are aware, we have other long pending issues of the Bank Pensioners & Retirees which need to be resolved urgently, we request you to help resolve the following important issues of Bank Pensioners & Retirees which are believed to be under discussions between IBA & UFBU but remain inconclusive. We are confident that the sincere endeavours on your part shall go a long way in resolving these issues alongwith the impending wage revision for serving employees & officers.

1. 100% DA Neutralisation to Pre November 2002-Retirees:

The Officer retirees in the Banks were getting tapered DA on their Basic pension. This anomaly was rectified at the time of salary revision settlement in May 2005. However, while implementing 100% DA Neutralisation, the benefit was not given to those who had retired before November 2002 as per a separate communication issued by IBA to the member banks by creating an artificial classification on the basis of the date of retirement as Pre & Post 1st November 2002. While the retirees of Post-November 2002 were extended the benefit, the retirees of Pre-November 2002 were denied. It was a sheer violation of Article 14 of the Constitution of India. You will appreciate that price rise affects all pensioners in equal measures. The arbitrary denial of the benefit of 100% DA Neutralisation to the oldest of the pensioners is therefore unreasonable and unfair more so when the benefit of 100% DA Neutralisation has been extended to Government and RBI Pensioners. You may be aware that this issue was listed in the

record note signed alongwith the last salary revision settlement with IBA's response as matter was pending in the courts and hence subjudice. Now that the case has been disposed off, the matter is no longer subjudice and IBA may be requested to consider our demand favourably. We reiterate that the case in Supreme Court was lost by the employees not on merit.

2. **Pension Updation/Revision:** Pension scheme in the banks was introduced in 1995 with effect from 1.1.1986. The Pension Regulation 35(1) provided that Basic pension and additional pension shall be updated in respect of those who retired between 1.1.1986 & 31.10.1987 as per the formula given in Appendix-I. Accordingly the updation was implemented. With a view to facilitating updation alongwith future salary revisions, Pension Regulation 35(1) was amended vide Gazette Notification No.9 Dated 1st March 2003 as follows:

“Basic Pension & Additional Pension, wherever applicable, shall be updated as per the formula given in Appendix I”

This amendment to Pension Regulations made the provision for updation an open ended one. It is thus clear that we are requesting for it's implementation which does not constitute any fresh or additional financial demand. Sir, you will appreciate that even the Honourable Supreme Court has held that wage revision and pension revision are inseparable. The Govt of India has already implemented Pension updation/revision in Reserve Bank of India with effect from 1.4.2019 on the intervention of the Court by adopting the updation factors of 1.76, 2.44 & 3.63 for those who retired between the period 2007-2012, 2002-2007 & 1997-2002 respectively. Sir, you will appreciate that unlike RBI, our Pension Regulations, which are Subordinate Legislation, provide for an updation formula which obtains in the Central Government and is far better and superior to that given to RBI pensioners but we are agreeable to accept the updation factors which have been granted to RBI Pensioners. It is also pertinent to submit that Pension Funds in Banks including State Bank are quite strong and have a balance close to Rs.3.00 lakhs crores as on 31.3.2020. For a ready reference the pension payments in all the banks including SBI for the year 2018-19 were Rs.17,415.16 crores as against the Interest income and annual contribution by the banks amounting to Rs.32,023.00 crores. A sum of Rs. 14607.84 crores remained surplus which constituted 45.62% of annual interest plus additional contributions made to the pension funds by all the public sector banks including SBI. It would not be out of place to mention that some of the banks like Punjab National Bank had in past transferred huge amount from Pension fund to provide for their NPAs in an illegal manner. When the matter was taken up by us with the Finance Ministry, we were given to understand that the said transaction of Rs 2200 + Crore has been reversed. It reveals the adequacy of pension funds that has tempted the bank managements to indulge in such acts.

We reiterate that there is fairly healthy corpus to absorb the additional cost of pension updation of Rs. 5321.80 Crores which is arrived at for 4,41,000 Pensioners (including SBI) using the same updation factors as allowed in case of RBI. In as much as our pension scheme is akin to Government Pension Scheme & RBI pension scheme and

Banks Pension Regulation 56 provides that in case of doubt, a reference may be made to Central Civil Services Rules and Commutation of Pension Rules, it should help in clinching the issue with IBA.

3. Medical Insurance Scheme for Bank Retiree: The Department of Financial Services advised IBA & the Banks vide its letter dt. 24.2.2012 to evolve a medical insurance scheme - both for serving & retired employees. Accordingly, a new medical scheme was introduced at the behest of IBA in the year 2015-16. While introducing the New medical insurance scheme, the premium was borne by the banks for serving employees and the retired employees who deserved the benefit of medical insurance scheme the most, were given the option to join the scheme only on payment of premium by individual retirees. Since the communication from DFS did not stipulate the payment of premium by the beneficiaries, the implementation was a distortion which adversely affected the pensioners. We have been demanding for the premium to be borne by the banks in respect of retirees too. Alternatively, we should be covered under a scheme on the lines of CGHS for which one-time fixed contribution may be collected from the retirees at the time of retirement from the service. It is pertinent to mention here that the medical insurance premium for the retirees was Rs 7500/- with OPD facility at the time of introduction of the scheme in 2015-16 but it has now been successively enhanced to more than Rs 95000/- with OPD facilities during the year 2019-20. With the meagre fixed pension, the pensioners & family pensioners are finding it difficult to make both the ends meet and hence many have been driven out of the scheme on the grounds of unaffordability. The hefty premium charged to Banks' pensioners and retirees is evidently unaffordable. A levy of 18% GST on the premium and also on hospitalization bills comes as a bolt from the blue. We request your urgent help in this regard as the due date for payment of renewal premium would be in the month of October 2020.

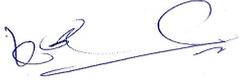
4. Reckoning of Special Allowance for Superannuation benefits

In the last salary revision (w.e.f. 1.11.2012), a special allowance as a specified percentage of basic pay and also attracting DA was introduced. However, it was not reckoned for superannuation benefits viz. pension & gratuity. Such exclusion is ultra vires and ex-facie illegal. Honourable Supreme Court has held that there cannot be two pays- one for monthly salary & other for computation of pension. In another case, it was held by the Honourable Supreme Court that any allowance which is attracting DA and is of permanent nature, not assigned to performance of any specific duties and also paid during the period when the employee is on leave is to be treated as a part of basic pay. The banks are reckoning this allowance for the purpose of encashment of leave also. The special allowance paid by the bank fulfils the criteria laid down by the Honourable Supreme Court. We therefore request you to take up with IBA that the said special allowance be reckoned for computation of pension & gratuity in respect of those pensioners who have retired after 1.11.2012.

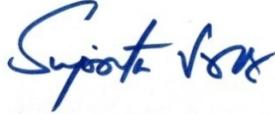
We earnestly request you to take up the above long pending issues with IBA for early redressal of the long pending grievances of Bank Pensioners & Retirees along with impending wage settlement.

With Regards,

Yours comradely



(K.V. ACHARYA)
PRESIDENT



(SUPRITA SARKAR)
GENERAL SECRETARY