



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



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Circular no 41-24

Date: April 29, 2024.

For circulation among members of the Governing Council, State Secretaries, Special Invitees, Advisors, Affiliates, Constituents of CBPRO and Members.

Dear Comrade,

**Sub: \*PENSION REFORMS\***

We are reproducing here under the text of our letter written on date to The Secretary, DFS, MOF, GOI and The Secretary, Department of Personnel, Grievances and Pension, GOI on the above-mentioned subject.

This is for information of members.

With best wishes and regards,

Comradely yours,

Suprita Sarkar  
General Secretary

Encl: As stated

AIBPARC/DFS/Pension Reforms/Email/2024

Date: April 29, 2024

Shri Vivek Joshi, IAS,  
Secretary, Department of Financial Services,  
Ministry of Finance,  
Government of India,  
New Delhi.

Respected Sir,

**\*PENSION REFORMS\***

It is submitted that the Bank Employees Pension Scheme on the pattern of Government Pension and Reserve Bank of India Pension Scheme was introduced in



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the year 1993 with retrospective effect to extend the benefit to all the bank employees and officers who have retired on or after 01.01.1986. The Board of Directors of the Public Sector Banks in exercise of the powers conferred by clause (f) of sub-section (2) of section 19 of the Banking Companies (Acquisition & Transfer of Undertakings) Act 1970 & 82, after consultation with the Reserve Bank of India and with the previous sanction of the Central Government of India made the Bank Employees Pension Regulations 1995 and also published in the Gazette of the Union of India and also placed on the floors of both the houses of Parliament. These Regulations thus assumed the status of Subordinate Legislation.

## A. \*Restoration of Commuted Value of Pension\*

1. Regulation 41 of the Pension Regulations 1995, provides for Computation of a fraction not exceeding one third of the pension for a lump sum payment in advance. Such lump sum payable shall be calculated in accordance with the commutation value given in the Table in the said Regulation for a pension of Re. 1 per annum.

2. Note 2 to Regulation 41 provides that an employee who commutes the admissible portion of pension is entitled to have the commuted portion of the pension restored after the expiry of a period of 15 years from the date of commutation.

3. The commutation factor of 10.46 was applied in the event of retirement at the age of 58 years. The commutation factor of 9.81 was applicable if the retirement is 60 years. Higher amount of commutation value was received by an applicant in the event of retirement at 58 years as compared to retirement at the age of 60 years.as given below:

a) value of Basic Pension = Rs.300

b) commuted value of pension @ 1/3rd = Rs.100

c) lump sum payable -

i) in case of retirement at 58 years =  $100 \times 10.46 \times 12 = \text{Rs.}12552/-$

ii) in case of retirement at 60 years=  $100 \times 9.81 \times 12 = \text{Rs.}11772/-$

It is worth mentioning that despite the fact that the 1/3rd of the pension commuted remaining the same @Rs.100/-, the applicant in case (i) gets more amount as compared to applicant in case (ii) but the recovery in both the cases is done @ Rs.100 per month for the same period of 180 months which is anomalous.

4. The period of restored of commuted value was fixed in 1994-95 when interest rates were higher say about 12% pa but the interest rates at present have fallen drastically. This calls for reducing the period of restoration of the value commuted (1/3rd of Basic Pension).

5. The interest on the lump sum of the commutation amount of Rs.11772/- on a reducing balance method @ 4.75 works out to Rs.2766/-. Hence the total amount to be recovered would be: Rs.11772+Rs2766 = Rs.14548/-

It will be fully recoverable in 145.48 months @ Rs.100 pm.

Under such circumstances, continuing the recovery for 180 months results in excess recovery from the pensioners. Hence an earnest request to refix the period for restoration of the commuted portion of the pension at 146 months.



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It may be appreciated that the State Government of Gujarat has already refixed the period of restoration of commutation at 13 years in October 2022 vide its Order No. NVT/102010/D/66/P (Pension Cell) dated 12.10.2022 (copy enclosed for your ready reference).

It is further submitted that the Hon'ble High Court of Punjab & Haryana has stayed further monthly recovery of commuted amount in CWP No. 2490 and 8222 of 2024. It is a historic judgement for govt employees and their families. The commuted value of pension availed at the time of retirement was hitherto restored after 15 years. This period was calculated based on prevailing interest rates then which was 12%. However, the interest rates have since been falling and is currently around 7% warranting corresponding reduction in the number of months required for restoration of the commuted amount of pension.

We, therefore, request you to re-examine the issue and refix the restoration period for commuted amount of pension at 146 months instead of 180 months presently in force.

## **\*B. Qualifying Service for Full Pension\***

1. Bank Employees Pension Regulation No..35(2) provides that in the case of an employee retiring in accordance with the provisions of the Services Regulations or Settlement after completing a qualifying service of not less than 33 years the amount of Basic Pension shall be calculated at 50% of the average emoluments. It was so provided in accordance with the Central Government Pension & Commutation Rules.

2. During the intervening period, the Central Government has modified the rules for the Central Government Employees and made them eligible for calculation of pension @ 50% of average emoluments if an employee has completed a minimum qualifying service of 20 years instead of 33 years.

It is therefore requested to cause an amendment of the Bank Employees Pension Regulations 1995 and provide for calculation of pension @50% of average emoluments if the employee has completed a minimum qualifying service of 20 years instead of 33 years presently provided in Pension Regulation 35(2).

## **To sum up:**

**A) Restoration of Commuted Value of Pension in 146 months instead of 180 months at present.**

**B) Reduction of minimum qualifying service for calculation of pension @50% of average emoluments to 20 years instead of 33 years at present.**

We request you to consider our submissions favourably and ensure the removal of discriminatory provisions and thus render justice.

Thanking you,

Yours faithfully,

K.V. Acharya.  
President, AIBPARC  
& Jt. Conveners, CBPRO

Suprita Sarkar  
General Secretary

Encl: Gujrat State Government Pension Cell Letter.