



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



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Circular no 59-24

Date: June 20, 2024.

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

Dear Comrade,

Sub: PENSION UPDATION

We are reproducing here under the text of our letter written on 19.06.2024 to The
Hon'ble Union Finance Minister 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/Hon'ble FM/ Updation of Pension/Email/2024 Date: June 19, 2024

**Smt. Nirmala Sitharamanji,
Hon'ble Union Finance Minister,
Government of India,
North Block *NEW DELHI***

Respected Madam,

REQUEST TO GRANT UPDATION OF PENSION TO BANK PENSIONERS

We take this opportunity to yet again extend our greetings to you on being bestowed
with the responsibility of managing the Economy and Finances of our Mighty Nation -
Bharat. Such a continued confidence of the Hon'ble Prime Minister in your capabilities
is the vindication of your deft handling of the economic and financial affairs of the
country during the most testing and turbulent time in the history of the world caused by
the pandemic. You have been largely responsible to ensure high rate of GDP growth



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among the major economies of the world. The Nation is fortunate to have you as their Finance Minister.

We, as an Apex level Organisations of the Bank Pensioners and Retirees, have been espousing the cause of the Bank Pensioners and Retirees. You have been quite considerate and kind in resolving some of our long pending issues. But the resolution to the most important issue of the Updation of Pension has still been eluding a successful resolve. It is in spite of the fact that you have been sympathising with our cause and have advised IBA and DFS more than once to examine and consider the issue.

We vividly recall that during one of our meetings with you at your office on 19th June 2023, you assured us that you have no objection to Updation of Pension provided the Banks do not ask for its funding from the Government.

You will appreciate that the Profits of the Public Sectors Banks have been Rs.104,000 crores (March 2023) and have again gone up to Rs.140,000 crores (March 2024). The kind of robust system in place, the banks are quite healthy and to meet a meagre cost Rs.3281 crores (for the year 2019) towards Updation of Pension, it is not going to be the case where the banks would ask for additional funding support from the Government. The Banks have already saved huge sums by denying the benefit of updation to the Bank Pensioners for three decades. In this connection, we wish to submit the following for you kind and sympathetic consideration:

1. The Pension was introduced in the Banks in 1993 retrospectively to cover those who had retired on or after 01.01.1986 as was also the case with RBI Pensioners. Our Pension Scheme was drawn on the lines of RBI Pension Scheme and also the Central Government Pension Scheme. More importantly, it is a Defined Benefit Pension Scheme.

Regularly and repeatedly, the Indian Banks Association in their several correspondence with AIBOC (Bank Officers Organisation) and in the Pension Settlement as well as in Bank Employees Pension Regulations has affirmed that Bank Employees Pension Regulations are on the lines of Government and RBI Pension Scheme.

2. Our Pension Scheme had a provision of Updation of Pension right from its introduction in 1993. Accordingly, Regulation 35(1) of Bank Employees Pension Regulations provided as under:

"In respect of those employees who retired between 01.01.1986 and 31.10.1987, the Basic Pension and Additional Pension will be updated as per the formula given in Appendix-I"

The Banks were directed by IBA vide it's communication in the year 1994 to fix the Basic Pension of those who retired between 01.01.1986 and 31.10.1987 after Updating their Pension in terms of Updation formula (Appendix-I) as it then prevailed in Central Government (4th Central Pay Commission). It is worth mentioning here that during 1993 when pension was implemented in the banks in lieu of Bank's Contribution to Provident Fund, only one wage revision wef 01.11.1987 had taken place during the intervening period and hence only those who had retired between 01.01.1986 and 31.10.1987 were eligible for updation of pension.

3. The Pension Regulation 35(1) providing for updation, was amended by the Banks during March 2003 after previous sanction of the Government and in consultation with RBI when Late Shri Atal Behari Vajpayee Ji was the Hon'ble Prime Minister of India. The amended provision read as under:

"Basic Pension and Additional Pension, wherever applicable, *shall* be updated as per the *formulae* given in Appendix-1".

It would be pertinent to submit here that the formulae (Formulas) for Updation of Pension in the Central Government as contained in Appendix-I, have undergone the modifications with successive Central Pay Commissions Recommendations as follows:



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a) 5th CPC (Pension Updation Formula) w.e.f. 1.1.1996

Basic Pension + Dearness Allowance + 40% = Revised/Updated Pension

b) 6th CPC (Pension Updation Formula) w.e.f. 1.1.2006

Basic Pension + Dearness Allowance + 20% = Revised/Updated Pension

c) 7th CPC (Pension Updation Formula) w.e.f. 1.1.2016

Basic Pension + Dearness Allowance + 10% = Revised/Updated Pension

4. When the Government allowed Updation of Pension in Reserve Bank of India w.e.f. March 2019, the same formula (Basic Pension+ Dearness Allowance + 10%), prevailing in Central Government as recommended by 7th Central Pay Commission was used.

5. It would appear that the Updation of Pension in Banks has been denied right from 1992. But after the grant of Updation of pension in RBI by the Government, we have also moderated our demand in tune with RBI's Updation and have been requesting to grant us Updation of Pension w.e.f. 01.03.2019. We have also been requesting for Updation of our Pension using the same formulae as prevalent in Central Government (7th CPC 2016) and also granted to Reserve Bank of India for various Wage Revision periods. The DFS is required to advise the Updation Formulae to the Banks as done for Reserve Bank of India Pensioners.

6. What has been hurting the Bank Pensioners most is the fact that despite the amendment to Bank Pension Regulation 35(1) having been carried out by the Banks Boards in terms of the powers conferred under Section 19 of the Banking Companies (Acquisition and Transfer of Undertakings) Act 1970/80, notified in the Gazette of Union of India and copies placed on the floors of both the Houses of Parliament, fulfilling all the requirements of the law to make it a valid **Subordinate Legislation enforceable as law**, the Banks have not implemented it for several years thereby defeating its very purpose. It is our common knowledge and belief that it is mandatory for the State and its Entities to implement the Subordinate Legislation. **But unfortunately, the Public Sector Banks despite being a State under Article 12 of the Indian constitution, have failed to implement the amended provision of Pension Regulation 35(1). We are not able to comprehend that the provision of a Subordinate Legislation created after following the due process of law is not being implemented in an arbitrary manner on the blatant pretext that there is no provision for Updation of Pension in Bank Employees Pension Regulations.**

7. Further, when the Pension in Central Government, RBI and NABARD is updated with every Salary Revision in terms of Central Pay Commission/RBI's periodical Salary Revision, the Public Sector Banks including SBI Pensioners are being arbitrarily denied and discriminated, of late on the pretext of the issue being Sub-judice before Hon'ble Supreme Court (M C Singla & Ors case).

8. Finally, we would like to make a humble submission that the Pension Scheme in the Banks was introduced in lieu of CPF as an Open-Ended Scheme with a provision to create a Pension Fund as a Continuing Corpus to help meet the Pension liability including Updation Cost out of the annual yields and make provision to meet the shortfall if any after getting the annual actuarial estimates. But with introduction of New Pension Scheme in the Banks wef.1.4.2010, our Pension Scheme has become close ended thereby rendering the Bank Pensioners as a vanishing tribe. The entire Pension Fund thus will ultimately get transformed as Reserves for the Banks and no longer available to the employees/pensioners on the demise of the last employee as eligible Pensioners. We therefore feel that the liability towards payment of pension including the periodical updation on every wage revision like RBI/NABARD/Central Government, is not a dent on the Balance Sheets of the Banks as the entire corpus will one day get back to the Banks as a Reserve.



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In other words, significantly the provisioning as per Actuarial Estimation is not a burden on the Banks as only the yield on the Pension Corpus is used for meeting the Pension Payments and Updation of Pension cost and provisioning only strengthens the Pension Corpus to get such yields. The Bank Pension Scheme being close ended and when the last Pensioner leaves the world, the entire Pension Fund with Periodical Provisions made as per Actuarial Estimates goes back to the Banks.

In view of the foregoing facts, we have been requesting that the Government should notify the Updation Formulae in respect of all the Periodical Revisions of salary as has already been done in respect of Pensioners of RBI and NABARD w.e.f. the same date i.e. 01.03.2019, though we are eligible from 01.11.1992. It is pertinent to mention that court cases become infructuous on resolution of the issues with mutual agreement and hence the pretext of matter being sub judice is unfair and untenable.

In this backdrop, depriving the Bank Pensioners of their legal right of Updation of Pension by attempting to introduce an Ex-gratia, stating without pre-judice to our demand for Updation of Pension vide MoU dated 7th December 2023 is very peculiar. It is beyond comprehension that the benefit of Updation which is already provided in Bank Employees Pension Regulations is being held back illegally with the allurements of Ex-gratia to the helpless Pensioners thus exploiting their emotional vulnerability.

Respected Madam, where do we go for justice against such illegal and discriminatory treatment meted out to us by the powers that be? Whether IBA and DFS should deny this most important entitlement of Updation of Pension to Bank Pensioners and Retirees who contributed outstandingly to the Growth Graph of our Beloved Nation?

We earnestly request Your Good Self that IBA and DFS may please be advised to render justice by notifying the Formulae for Updation of Pension as done for RBI and NABARD Pensioners.

Respected Madam,

The Senior and Super Seniors of the Banking industry shall ever remain grateful to you and the Government for such an act of kindness. There is a great urgency to give Justice to this Advanced Aged Bank Pensioners and the due Goodwill that the Government will earn with this Gesture of Justice will go a long way in reflecting our Government's highly professed Philosophy of Good Governance.

With Best Regards,

Yours faithfully,

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

Suprita Sarkar
General Secretary