



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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Date: November 08, 2023

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

Dear Comrade,

Sub: Pension Updation --- immediate implementation of Regulation 35(1) of Bank Employees Pension Regulations (1995) is sought for.

We reproduce hereunder the text of our letter written on date to The Chairman, IBA on the above referred subject. The copy of the letter has also been endorsed to all the Constituents of UFBU.

This is for information of members.

With best wishes and regards,

Comradely Yours,

Suprita Sarkar,
General Secretary

Quote: As Stated,

AIBPARC/IBA/Pension Updation/E mail/2023

Date: November 08, 2023.

The Chairman,
Indian Banks' Association,
Mumbai.

Respected Sir,

Sub: Pension Updation--Immediate Implementation of Regulation 35 (1) of Bank Employees Pension Regulation is sought.

We wish to write in detail about the above subject so as to give a clear and unambiguous position of our demand and the stand of our Organisation.

It is with immense pain and anguish of more than Seven lakhs senior citizens and super senior citizens of the banking industry; we have been impressing upon **Banks/IBA/DFS the urgency to implement the provision relating to Updation of Pension as contained in Bank Employees' Pension Regulation 35(1) amended in 2003.** It is a matter of utter disgust that the amendment of 2003 carried out by the Banks Boards under the powers conferred by Section 19 of the Banking Companies (Acquisition and Transfer of & undertaking) Act, 1970/82 with the previous sanction of the Government of India and in



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consultation with the Reserve Bank of India is being undermined by Banks/IBA/ to the disadvantage of several lakhs of Bank Pensioners. It is beyond human comprehension and does defy logic and reasoning that an amended provision which is duly notified in the Gazette of the Union of India and placed on the floors of both the Houses of Parliament is not respected by the Executive and thereby rendering the Legislative Machinery of the Indian Democracy irrelevant. In this background, it is humbly submitted that Banks/IBA/DFS making submissions before various Parliamentary Committees, High Courts, and Supreme Court of India that there existed no provision for Updation of Pension in Banks is not only contemptuous but a breach of the privileges of Parliamentarians. The Honourable Ministers have been made by IBA/Officials of the department to deliver apparently unfounded statements in reply to Questions raised by various Members of Parliament in Lok Sabha and /Rajya Sabha that there existed no Updation Provision in Banks Pension Regulations. When such questions are related to Pension Regulation 35(1), IBA has been deflecting the issue by making a reference to Pension Regulation 37, which provides for half yearly revision of Dearness Relief, which is linked to Consumer Price Index. We sincerely believe that IBA/DFS would understand the serious implications of such falsehood reflected through the replies by Hon'ble Ministers in Parliament. It is in this backdrop that we sincerely request IBA/DFS to show due respect to the provision of Updation as contained in Regulation 35(1) without any further delay. It calls for immediate notification of Pension Updation Formulae for various Bipartite Settlements/Joint Notes after 01.11.1987 as done in case of Pensioners of RBI and NABARD. It must be appreciated that RBI had originally implemented Updation of Pension in the year 2002 but the Government had formalised it w.e.f. 01.3.2019. In case of other Banks the Updation is due from 1992 Wage Settlement, but we have rationalised our demand for updation for the purpose of monetary benefits w.e.f. 01.03.2019 as our Pension Scheme as patterned on RBI Pension Scheme.

We wish to further state as under in respect of implementation of Pension Regulation 35(1) which clearly and specifically provides for Updation.

1. This is a pleasure to see that IBA at the instance of GOI is engaged in wage revision talks with UFBU at an accelerated pace and it is expected to be completed shortly within a definite time frame. But it is also high time for you to attend to the issue of Pension Updation immediately as Updation of Pension has not been done since 1992 with every subsequent Wage Revisions for Serving Employees. **The Banks/ IBA/ Government are now to arrive at the periodical updation formulae as done in case of RBI and notify the same as a part of Appendix 1 for all the batches of pensioners retired between 01.11.1987 to 31.10.2022.** Since the Public Sector Banks are the "State" within the meaning of Article 12 of the Constitution of India and Banks Pension Regulations providing for Updation of Pension are Subordinate Legislation, it is a statutory obligation on the part of the Banks to periodically update the pension simultaneously with the Pay Revision as is done for the Government Pensioners. It is also ruled by the Hon'ble Supreme Court that the Salary Revision and Pension Revision are inseparable and constitute a legal right.
2. 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/scaled down their demand by requesting for grant of RBI Pensioners Updation Formula for all the banks and with the same date of effect i.e. 01.03.2019.

We have already handed over the details of our workings of annual cost of pension updation on the basis of RBI updation formulae which is to be used for updation of pension of PSBs including SBI and other member Banks of the Private sector. In case, however, you require the same for ready reference, we shall submit the same again if you so require.

It is confidently submitted before you that the Pension Funds of the banks are quite healthy and robust as certified by the Auditors in different banks. Pension Funds can afford Updation of Pension using the same Factors as done in the case of RBI without affecting the Balance Sheets at this juncture. The higher funding requirements indicated by the IBA's Actuaries are on account of assumption of higher life expectancy, lower yield, undermining the huge sums available in Pension Funds by treating the cost of Updation of Pension as standalone by delinking it from the existing Pension Funds and present yields thereon which are quite robust etc. Hence an annual cost of Pension Updation for all PSBs including SBI works out to be approximately Ra.3280/ crores. It is well within the affordability and long-term sustainability of the Pension Funds. We consider the actuarial estimate exercise on the part of IBA as a myth apart from being a diversionary and a frightening one by projecting an astronomical figure to the stake



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holders thereby delaying/denying the legitimate updation. It is pertinent that every bank is causing an actuarial estimate every year as at the end of 31st March in terms of Pension Regulation 11. Pension Regulations do not have any provision for IBA to engage in causing Actuarial Estimates. The type of Actuarial exercise undertaken by IBA now, was not done even in 1993 at the time of introduction of Pension Scheme in Banks.

3. It is re-iterated that the Pension corpus is required to be funded in terms of Pension Regulation 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 Regulations which invariably include Updation of Pension as provide under Regulation 35(1).

Another very important point which should be taken note of is that there had been virtually no recruitment in the Banking Industry for 14-15 years i.e. from after 1985 to 1998. Our Pension Scheme covers the recruits prior to 01.04.2010 as New Pension Scheme was introduced for those who are recruited on or after 01.04.2010. Such of those employees who are covered under our Pension Scheme (Old Pension Scheme) would all retire by 2047. Till that time contributions by them by surrendering their CPF plus accretion of income on that will be there. Hence substantial amount in the Fund will remain even after the last Retiree leaves the world.

The Funds available for payment of Pension and Family Pension in the respective Banks Pension Funds need to be utilised only for the benefit of Pensioners and for no other purpose. The Banks/IBA/DFS need to focus on that and ensure that Banks do not transfer surplus funds to their Profit and Loss accounts to utilise to write off the toxic assets as done by many banks.

4. We are also happy to see that because of our repeated assertions on the issue, Pension Updation is now not a subject of remote understanding to various decision-making authorities. There had been a time when GOI/ IBA/ even a few constituents of UFBU held the opinion that there was no provision for Pension Updation in the BEPR (1995) and later on they started saying that Appendix 1 of Regulation 35.1 was just a formula of an anomaly-correction of a particular batch of Retirees. Because of our assiduous efforts, it has now come on record that Pension Updation is universally applicable to all eligible retirees by virtue of an amendment done in the BEPR (1995) in the year 2003 which has been duly gazetted by GOI. With a view to provide universal coverage of the benefit of updation of pension, on the instructions of the Central Government headed by the Statesman Prime Minister Shri Atal Behari Vajapayee Ji and in consultation with Reserve Bank of India, the Banks amended the Regulation as under:

“Basic pension and additional pension, wherever applicable, shall be updated as per the formulae given in the Appendix 1” (Government Gazette Notification Dated 1st March 2003 IN CASE OF IOB Regulations and Gazette notification dated 15.03.2003 in case of Bank of Baroda.)

It is needless to mention that all the supportive documents in this regard had been handed over to the officials of IBA in course of our meeting on 11.10.2022. We demand updation of pension for all Retirees upto 31.10.2022 in terms of Regulation 35.1 by notifying updation formulae/factors by DFS/IBA as done in RBI w.e.f 01.03.2019 as our scheme is based on RBI scheme. We have with ourselves (which IBA also do possess) the copies of letters written by IBA to Com. R.N. Godbole, the- then General Secretary of AIBOC in the years 1993 & 1994 wherein it has been reiterated that our Pension scheme is modelled on Central Government and RBI patterns. Although we have submitted all such relevant papers to the officials of IBA, we shall be too willing to refurnish the same on requisition.

5. **Now the question comes: who is having the propriety of having dialogue with IBA on Pension related issues?**

We have clarified our standpoint on the issue before you time and again. AIBPARC and other Apex level organisations of Retirees must have the rightful opportunity of being heard. IBA in pursuance of GOI guidelines, subsequently being backed by the decision of the Managing Committee of IBA advised all member banks to form Grievance Redressal Mechanism at corporate level but strangely enough IBA is denying the consultative status at its own level. It has been told to us on several occasions that IBA had the authority from member banks to talk to the serving organisations on wage revision and not with the organisation of Retirees on matters relating to pension.



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Now a pertinent question comes: wherefrom IBA got the authority of talking to the serving organisations on pension updation without getting specific authority from member banks or the actual beneficiaries till today? We demand that the issue of pension updation must be discussed with the Retirees' & Pensioners' Organisations who know where the shoe pinches and not others who are representing serving employees/officers.

6. The cost of Pension updation as falsely envisaged by IBA till today is more a myth than reality. We are unaware of who have been making the calculations, what the assumptions behind the calculation are and who would check up the accuracy and veracity of calculation. We do believe that it is an undeniable obligation on the part of Banks to update the pension of all eligible Retirees as per formulae given in the BEPR (1995) Vide Regulation 35.1 -- Appendix 1 with amendment as done in the year 2003 irrespective of cost. We strongly believe that certain imaginary and astronomical cost is sometimes talked about which has little connection with reality. We have handed over to the officials of IBA the cost calculation of Pension updation and we are available for consultation at any point of time for explaining our calculations. The calculation sheet submitted by AIBPARC clearly shows that it is a manageable burden and can be taken care of by the existing Corpus available with Bank's. The only anxiety of the Government as conveyed to us during our Meeting was that whether the Banks could manage the Cost of Updation on their own. We have clarified to them and to IBA also that the Pension Corpus with annual yields on that vis a vis the Pension out go the cost is absolutely manageable.

Pension Regulations having Statutory Force and Pension Corpus being robust and our demand for updation being fair, just and legal, implementation of Pension updation is inescapable. Equally important is to involve the Apex level Retiree organisations on their issues.

7. We like to make it categorically clear that any distorted version or interpretation of the concept of Pension updation is not acceptable to us as it is illegal and unjust. You are well aware of the fact that UFBU by different correspondence with IBA created an unwarranted controversy by demanding updation of Pension for "Past Retirees". When we pointed out the fallacy through the good offices of CLC, the UFBU understood their mistake and their position in this regard has been corrected by a letter written to IBA on 1st February, 2023 where Pension Updation was demanded by UFBU for all retirees from 01.01.86 to 31.10.2017. IBA may kindly take note of it that any deviation from the stated stand of UFBU as on 1st February, 2023 cannot be and should not be accepted.
8. We have noted with serious concern that a major constituent of UFBU has again drifted away from the stated position of UFBU at the most inopportune time to confuse the issue of Pension Updation by floating apparently mischievous suggestion of upgrading all pension to 8808 points of DA. There has been a clever attempt to make people feel that the two words "updation" and "upgradation" are synonymous. While "updation" in fact aims at ensuring that a pensioner does not draw a pension which is lesser than 50% of the corresponding basic pay in the revised pay scale, the word "upgradation" is an altogether different concept which is available in Government Pensioners Scheme in addition to updation in a completely different context depending on age factors of 80 and beyond. The major constituent of UFBU has knowingly and deliberately created this confusion to do real harm to the concept of "updation of pension" as it has been stipulated in Regulation 35.1- Appendix 1 with amendments made in 2003. Our organization has already done a detailed working on the subject and we shall issue a separate letter to you telling the arithmetical part of it and exposing the real mischief being attempted by the said organization to harm the interests of the senior citizens of the industry. Here it would suffice to mention that Pension Updation formula for Government Pensioners and RBI Pensioners is computed by using Basic+DA+10% loading and we would not accept any dilution or distortion therein.

We would request your Good Self to respect the legal provisions as elaborated hereinbefore while updating our Pension.

To sum up, we demand the following:

- i. The IBA should implement Regulation 35.1 on Updation immediately as done in RBI. In case any discussion is required on Updation issue, AIBPARC along with other apex - level organizations of Pensioners & Retirees should be called immediately for discussion on the issue of pension updation and other related matters.
- ii. The papers already submitted in the office of IBA – the original regulation, the amended portion of the regulation,



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the relevant extracts of different court cases, calculation chart showing the cost burden, the copies of correspondences between IBA and AIBOC in the years 1993-1994 be studied with all seriousness. In case of any clarification/explanation needed from our side, we are available on call or in person.

iii. Updation of pension for all the wage revisions is to be done in the letter and spirit of the RBI formulae and no distortion or misinterpretation by any quarters is to be allowed. In fact, the implementation of RBI Formulae for Updation of our Pension ipso facto, does not want any further negotiation.

With kind regards,

K V Acharya
President, AIBPARC
& Joint Convener, CBPRO

Suprita Sarkar
General Secretary