



# 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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Circular no. 13-23

Date: February 17, 2023

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

**Dear Comrade,**

**Sub: Our comment on the reply of Hon'ble MOS, Finance in Lok Sabha on 13.02.23 to an un-starred question no. 1828 raised by Shri Ravi Kumar D, Hon'ble Member of the Parliament.**

We reproduce hereunder the text of our letter written on 16.02.23 to The Secretary, Financial Services, MOF, GOI with copies endorsed to The Chairman, IBA and the Hon'ble Parliamentarian.

This is for information of members.

With best wishes and regards,

Comradely Yours

Suprita Sarkar  
General Secretary

Encl: As stated

**AIBPARC/IBA/DFS/PENSION UPDATION/EMAIL/2023. Dated : 16.02.2023**

Shri Vivek Joshi  
Secretary (FS),  
Department of Financial Services  
Ministry of Finance, Government of India  
New Delhi

Respected Sir

**Sub : Reply of Hon'ble MOS, Finance in Lok Sabha on 13.02.23 to an un-starred question number 1828 raised by Shri Ravi Kumar D, Hon'ble Member of the Parliament.**

\* We were recently given a patient hearing regarding our issues by our Hon'ble Finance Minister that was followed by an invitation to us by the Indian Banks Association (IBA) at her instance, which has brightened the hopes of the bank retirees. However, the above referred reply spreading now like wildfire in various



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modes of social media has caused consternation and anxiety among the senior citizens of the Banking Industry. This reply though is not new and is not a break from the past to such questions, has shocked all of us coming as it is in the changed circumstances of our very meaningful discussion with the IBA. The standard procedure followed by any Ministry to reply such questions is to get the inputs from the concerned departments and institutions, which is IBA in this instance. We are pained to note that IBA has presumably not briefed the DFS correctly the facts which has unnecessarily made the bank retirees dejected with the DFS and frustrated with the Hon'ble Minister's reply. The factual inaccuracy harms the interest of the retirees and puts at naught the right that has already been granted by the NDA-1 government headed by the Late revered A.B. Vajpayeeji. We shall therefore make a modest attempt to put on record the facts which are not there in the reply.

## **The questions, as you know, are in brief:**

- (a) Whether government has taken any steps to resolve the issue of 100% DA Neutralization to pre-November 2002 retirees.
- (b) The present position of the Ministry over the issue of Pension Updation,
- (c) Whether the committee set up to look into the issue of Pension Updation has submitted its report and if yes, details thereof.

## **The reply of the Hon'ble MOS, Finance in brief relies upon the following facts :**

(a) Dearness allowance and Dearness relief are paid to employees and retirees as settled in the Bipartite Settlements between IBA and Unions/Associations. As per information from IBA, Unions/Associations have demanded the DA neutralization for pre- November, 2002 retirees and No decision has been taken so far in Bipartite Settlement.

(b) & (c): Pension, a funded scheme was also introduced in Banks through Bipartite Settlement. The Boards of the respective Banks..... accordingly made Bank Employees Pension Regulations 1995. These Regulations do not have provision for revision of pension. However, DA/DR is being increased from time to time..... IBA further informed that the committee set up to look into pension updation has submitted its report to the Hon'ble Supreme Court and the matter is sub-judice.

## **Our observation in response to the reply above are noted hereunder for your kind consideration:**

### **In reply to the observation as noted in point (a) above:**

\* The Bipartite Settlement/Joint Note signed in May, 2005 made the rate of reimbursement of DA uniform with effect from 01.11.2002 but the same was made payable from 01.05.2005. The settlement did not stipulate to create any artificial barrier on the basis of the date of retirement. With the signing of the settlement, the wage revision is completed and it cannot be reopened/revisited unilaterally or bilaterally to the detriment of the retirees who got a right vested in them with the signing of the settlement. After 1 month of signing the settlement, IBA asked the member Banks not to pass on the benefits of 100% DA neutralization to those who retired prior to 01.11.2002. It was a unilateral direction which was a clear deviation from the settlement arrived at bilaterally and hence, it was unlawful. As a very important fact pertaining to the above issue has not been mentioned in the reply given, we consider it a patriotic duty on our part to put this material facts on record. In other words, there is no need for further settlement on 100% DA neutralization to pre-Nov,2002 retirees as it has already been settled in 2005 to extend 100% DA neutralization to all retirees.



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## In reply to the observation as noted in point (b) above:

\* The pensioners (retired or in service on the prescribed date) while opting for pension under Bank Employees Pension Regulations BEPR (1995) which is a Defined benefit scheme relinquished their right

to receive the bank's contribution to PF which is a defined contribution scheme. As such BEPR (1995) a defined benefit scheme is not a funded scheme unlike PF or New Pension Scheme and any shortfall to ensure the defined benefit has to be made good by the banks by carrying out annual actuarial valuation. It has also to be noted that it was introduced in lieu of Banks' contribution to PF solely for the reason that it is modelled on the Central Government Pension Scheme. As Central Government employees have only pension, government insisted on following the same and therefore stipulated that all future recruits will come only under this defined benefit BEPR (1995). When Government switched over to NPS for future recruits, Banks were also compelled to switch over to NPS to future recruits making this clear that bank employees shall be eligible and entitled to only what the Government employees got under the relevant pension rules. Only because BEPR (1995) was based on Government Pension Scheme, it was stipulated in Regulation 56 of BEPR (1995) to refer to Central Government Pension Rules in case of any doubt. It is therefore clear that BEPR (1995) is not a funded scheme where the benefit is constrained by the size of the fund but rather the size of the fund has to be suitably altered annually according to the benefits to be paid after actuarial valuation. BEPR (1995) is a subordinate legislation and therefore ranks higher than regulatory norms of RBI. The requirement to maintain adequate fund as per annual actuarial valuation and making good the short fall if any is a statutory requirement and is therefore a **charge on the P&L A/c and is NOT an appropriation after drawing the P&L A/c**. The moot question is **whether pension updation is already provided in the BEPR to become part of the Defined Benefit. The answer to it is 'yes'**.

\* There is a gross error in the observation that there is no provision of pension updation in BEPR (1995). Regulation 35(1) provides as under:

**"in respect of employees who retired between the first day of January 1986 but before 31st day of October, 1987, basic and additional pension will be updated as per formula given in appendix 1.**

\* It may be noted that this particular batch (01.01.1986 to 31.12.1987) was eligible for pension updation at the time of implementation of the Pension Scheme in Banks. However, during the NDA government, headed by the most revered Atal Behari Vajpayeeji, with a view to offering a mandatory universal coverage of the benefit of the pension updation, at the instruction of the central government and in consultation with RBI, the Banks amended Pension Regulation 35(1) in the year 2003 and that was duly gazetted to read as under:

**"Basic Pension and additional pension, wherever applicable, shall be updated as per formulae given in Appendix 1.**

\* The formulae for updation of government pension for 6th Pay Commission was notified in 2006 and for 7th Pay Commission, it was done in 2016 **but Bank Pensioners' Updation though mandatory as per amended BEPR (1995) is not yet implemented due to the intransigence of the IBA who is withholding incorporation of the updation formulae** for all past wage revisions effected through Bipartite Settlement/Joint Note. The question of comparing BEPR with Government pension scheme has been amply explained in the preceding paras.

\* The BEPR (1995) is a subordinate legislation and the Banks are a "state" within the meaning of Article 12 of the Constitution of India and it would make a compliance of our Pension Regulations, including Regulation 35(1) which provides for updation of basic pension and also it is a legal obligation on the part of the Banks. Moreover, the corpus of Banks' Pension Funds is robust and it is adequate to take care of the updation of pension without any need of additional provisioning at the present juncture.



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\* Although we have lot many inputs to place to offer a strong case for pension updation in Banks, we have abstained from putting everything on record since our effort is only to show that the officials presumably of the government department and the IBA have prepared the reply which does not contain all relevant information and as a result, a distorted version has been read out in the Lok Sabha. This is a matter of great surprise to us that we have submitted time and again our papers containing the legal provisions as well as cost analysis to IBA and government departments to show the legal justifiability of the issue as well as the most reasonable cost-burden which has nothing to do with the astronomically high cost projected by IBA.

\* It will not be out of place to mention here that the leadership of AIBPARC had a meeting with Smt. Nirmala Sitharamanji, Hon'ble Union Finance Minister on 4th October, 2022 in course of which she kindly gave us a very patient and sympathetic hearing for more than 30 minutes and finally observed that she would be advising the IBA to look into the matters on an emergent basis. Within 7 days from the date of meeting, we had been called by IBA to participate in a meeting with them on 11th October, 2022. It was a long duration meeting where we submitted all documents in support of our various demands which include, inter alia, pension updation and 100% DA neutralization to pre-November, 2002 retirees. We have very clearly told that in case, IBA detects any fault or lacunae in the arguments advocated by us or in the papers submitted by us, we are available and answerable to any questions.

\* The most unfortunate part of the story is that the Regulation 35(1) is written in the statute and the meaning and implication of the Regulation is free from any ambiguity and still IBA has reluctance to declare the updation formulae in respect of each settlement. We have an earnest request to the government and also to IBA not to create any further confusion in the minds of the affected persons who are senior and super- senior citizens and publish in Appendix 1 the formulae of pension updation applicable for each wage settlement.

With Kind Regards

K V Acharya  
President, AIBPARC  
& Joint Convener, CBPRO

Suprita Sarkar  
General Secretary