



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
23A, NETAJI SUBHAS ROAD, KOLKATA - 700 001
Mobile : 9674188524, E-mail : aibparc2@gmail.com

Senior office bearers

PRESIDENT:

SHRI K.V. ACHARYA,
MOB - 9868220338

GENERAL SECRETARY

SHRI S. SARKAR
MOB - 9674188524

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MOB - 9481101106

2. SHRI P.S. PATKI
MOB - 8805607239

3. SHRI C. GANGADHAR
YADAV.
MOB - 9440528806

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KARUNAKARAN,
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MOB - 9886309244

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SHRI R. K. SHARMA
MOB - 8171461116

SHRI RAM PAL
MOB - 9784405801

SHRI S. KUPPUSWAMI
MOB- 9444315928

SHRI TOM. THOMAS
MOB - 9447661680

Circular no. 55-22

Date: September 04, 2022.

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

Dear Comrade,

Sub: Updation of Pension in Banks and other pending issues.

We reproduce hereunder the text of our letter written on date to The Convenor, UFBU on the above subject for information of members.

With best wishes and regards,

Comradely Yours,

Suprita Sarkar
General Secretary.

Encl: :As stated.

AIBPARC/UFBU/Updation/Email/2022

Date: September 04,2022.

Comrade Sanjeev K Bandlish
Convener, UFBU
Chandigarh

Dear Com Bandlish,

UPDATION OF PENSION IN BANKS and other PENDING ISSUES.

It is with a great sense of optimism we listened to your address and wish to recall the last words of your speech at Ahmedabad while addressing the Bank Pensioners.

Quote:

-Pension Option to Resignees

-100% DA Neutralisation to pre-November 2002 retirees

- Updation of Pension

are definitely going to be resolved soon. Give us some time. Have patience. Do not create problems for us.

Unquote.



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We have been taking up the issues of Bank Pensioners and Retirees with UFBU through You as Convener of UFBU and the General Secretaries of its constituents for several years and were happy to thank you for settling the issue of improvements in family pension as per our request. It provided succour to the family pensioners, who are mostly widows.

We have been sharing our viewpoints with you and providing the necessary inputs to help you clinch the issues of 100 percent uniform rate of DA to Pre-November 2002 retirees and Updation of Pension for all eligible Pensioners. In this connection we wish to submit the following:

No Apex Organization of Bank Pensioners and Retirees had gone to the Court on issues concerning the Retirees. Only individual Pensioners have approached the courts when their Grievances not redressed in the past or such Grievances still now not resolved like Pension Updation, Pension to Resignees, Gratuity entitlements etc. It is indeed heartening to note that in all such cases like Reckoning of maximum upto five years of service for calculating Basic Pension to Special VRS optees, Pension to Compulsorily retired employees, Reduction in Basic Pension due to 7th Bipartite Settlement were all won by those individual Petitioners and IBA passed on the benefits to similarly placed persons. Regarding Pension to Resignees and 100 Percent DA Compensation we wish to explain to you further.

1) **Pension to Resignees:** Group of Retirees of Vijaya Bank won the case at Hon'ble Supreme Court and were extended the Pension Option. But when other similarly placed Resignees demanded the benefit of Pension Option, they were denied and advised to get orders from the court. We wish that IBA really respects the Senior Citizens Litigations Policy of Government of India and do not force Senior Citizens of the Banking Industry to take recourse to the Courts again even respect of Court Judgements and where Statutory Provisions in Regulations are already in place.

2) **100% DA Neutralisation** to Pre-November 2002 Retirees' case at Hon'ble Supreme Court was an arithmetical error leading to a wrong understanding of interpretation of Neutralisation factors @ 0.24% - 0.06% with tapering DA for 7th Bipartite and 0.18% uniform DA on entire basic pay for 8th Bipartite supposedly giving almost the same quantum of DA to both pre and Post November 2002 Retirees. If that be so, then what is the harm in agreeing to apply the same rate uniformly to all? IBA should approach the matter objectively.

3) **Updation of Pension:**

The Pension Scheme was introduced in the Banks w.e.f. 1st January, 1986 (retrospectively) in terms of Pension Settlement dated 25.10.1993. A committee consisting of the representatives of IBA and Unions/Associations was constituted to prepare a broad framework paving way to finalise the Pension Regulations and CLAUSE 12 of their report provided for framing Regulations including for rate of pension, payment of pension, family pension and updation of Pension etc. Accordingly, the Banks in exercise of the powers conferred by Clause (f) of Sub Section (2) of Section 19 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 in consultation with the Reserve Bank of India and with the previous sanction of the Central Government made the Pension Regulations 1995. Pension Regulation 35(1) provided for updation of pension as under:

"In respect of employees who retired between 1st day of January 1986 but before 31st day of October 1987, Basic Pension and Additional Pension will be updated as per the formula given in Appendix-I".

It was given effect to and the pension of the pensioners who retired between 01.01.1986 and 31.10.1987 was updated as only this section of pensioners was eligible for updation of pension at the time of implementation of the Pension Scheme in the Banks in the year 1995.

However, with a view to provide universal coverage of the benefit of the updation of the Pension, on the instructions of the Central Government and in consultation with the Reserve Bank of India, the Banks amended Pension Regulation 35(1) as under:



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"Basic pension and additional pension, wherever applicable, shall be updated as per the formulae given in Appendix-I".(Government Gazette Notification in March 2003 and also as admitted by DFS in their reply enclosing the Notification of Bank of Baroda to the Petitions Committee of Parliament in response to the Petition submitted by Shri J D Sharma, our Vice President) .

It is submitted that MC Singhla and others prayed for updation of pension before the Hon'ble High Court of Punjab and Haryana on the basis of Clause 12 of the report of Small Committee mentioned hereinbefore and not on the basis of Regulation 35(1) amended in March 2003. Hence the Hon'ble HC ruled that the clause 12 did not confer any right for updation as it talks only for formulating the regulation for updation. The HC also observed that the petitioners did not have a claim under article 226 of the constitution on the basis of Clause 12 in the absence of a Regulation. It was also observed that the petitioners may use the negotiation skills through their unions / Associations and negotiate with BANKS / IBA for framing the Formula for Updation for Every Wage Revision.

The very fact that the Regulations including the one providing for updation was pre-existing as Regulation 35(1) since 1995 and was made open ended by amending it in March 2003 should have been contended by the petitioners before the Hon'ble HC to get justice instead of claiming a right under Clause 12 of the report of the small Committee.

It is very clear that the amended Regulation provides for updation for the Pensioners as per the formulae in Appendix -I. The Banks/Government/IBA are requested to arrive at the periodical updation formulae as done in case of RBI and notify the same as a part of Appendix-I, for all the batches of pensioners (retired between 01.11.1987 and 31.10.2017) who are eligible for updation, without dividing the Pensioners by granting updation only to some and not to all eligible pensioners. It may be appreciated that the Updation of Pension is not a onetime dispensation and is required to be done on a continuous basis along with every salary revision. Even the Hon'ble Supreme Court in their Judgement ruled that Pension is not a bounty but a Deferred Wage for Past Services and Wage Revision and Pension Revision are inseparable. In RBI, Updation was granted to all eligible Pensioners from 01.03.2019.

It is also pertinent to mention here that when AIBOC had demanded some more improvements like quarterly Dearness Relief, improvement instead of half-yearly in the Pension Scheme, improvement in eligibility criteria for Pension etc, IBA had written to Shri R N Godbole, the then General Secretary, AIBOC that the Pension Scheme in Banks is strictly on the lines of the Pension Scheme in Government and RBI and hence the requested improvements could not be considered. It was further reiterated by the Government before the Hon'ble HC at Mumbai by stating on oath that if updation is allowed in RBI (as prayed in the Writ Petition by RBI Retirees) it will have a cascading effect as there will be similar demand from other PSB Pensioners. But We earnestly request you to note that no Apex Bank Pensioners and Retirees Organisations have approached the Courts for Updation as we believe in persuasions and negotiations. Further, Banks' Pension Regulation 56 also provides similarity with Central Government Pension Scheme. It may be appreciated that the Updation of Pension is available both in the Reserve Bank and in the Government to all eligible pensioners.

It is evident that in the case of PSBs, the Pension Regulations have a pre-existing Regulation 35(1) explicitly providing for Updation of Pension and hence it cannot be construed a fresh/additional demand. Under such circumstances not granting the benefit of updation in Banks is not only Arbitrary but also Discriminatory. It amounts to violation of the provisions of Article 14 (Equality before the law) of the Constitution of India.

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 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 as the Pension Scheme in Banks is on the same lines as in RBI.

We give below the details of our working of the RBI updation formulae to be used for Updation of Pension in



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PSBs, SBI and other member banks in Private Sector, who are covered by the Pension Settlements at Industry level:

FOR TAKING RETIREES TO 1992 SETTLEMENT FROM 1987: BATCH 1

BASIC PENSION	1
DA/DR MERGED: $(1148-600) = 548/4=137*0.67=91.79$	0.9179
BASIC PENSION AFTER MERGER= $1+0.9179$	1.9179
NOTIONAL 10% OF 1.9179	0.19179
REVISED BASIC PENSION= $1.9179+0.19179$	2.11
FACTOR FOR REVISED BASIC PENSION	2.11

USING THE SAME METHODOLOGY WITH RELATED DA/DR MERGER POINTS, THE FACTORS FOR THE OTHER BATCHES SHALL BE AS UNDER:

- 2) FOR TAKING RETIREES TO 1998 SETTLEMENT FROM 1992 : (Batch 2) = 1.616
- 3) FOR TAKING RETIREES TO 2002 SETTLEMENT FROM 1997 : (Batch 3) =1.49
- 4) FOR TAKING RETIREES TO 2007 SETTLEMENT FROM 2002 : (Batch 4) = 1.37
- 5) FOR TAKING RETIREES TO 2012 SETTLEMENT FROM 2007 : (Batch 5) = 1.76
- 6) FOR TAKING RETIREES TO 2017 SETTLEMENT FROM 2012 : (Batch 6) = 1.62

USING THE ABOVE RESULTS, THE FACTORS FOR PENSION UPDATION @6352 POINTS ON THE BASIS OF RBI FORMULAE ARE WORKED OUT AS UNDER:

- 1.1987 BATCH $12.2*1.62 = 19.76$
- 2.1992 BATCH $5.78*1.62 = 9.36$
- 3.1998 BATCH $3.59*1.62 = 5.82$
- 4.2002 BATCH $2.41*1.62 = 4.39$
- 5.2007 BATCH $1.76*1.62 = 2.85$
- 6.2012 BATCH = 1.62

We furnish below the details of annual pension payment, amount of proposed pension after updation of pension, contribution/interest earned, surplus left out after meeting the pension liability etc.



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BANK WISE TOTAL OUT LAY OF PENSION UPDATION AT 6352 POINTS								
NAME OF BANK	NO OF RETIREES						Rs.in CRORE	TOTAL SURPLUS AFTER MEETING PENSION UPDATION
		PENSION INCREASE ON ACCOUNT OF PENSION UPDATION	INTEREST EARNED ON PENSION FUND	CONTRIBUTION TO PENSION FUND IN LIEU OF P.F. SURRENDERED BY EMPLOYEES	PENSION PAID 01.04.2018 TO 31.03.2019	TOTAL OF INT. EARNED PLUS PENSION CONTRIBUTION	TOTAL PENSION INCLUDING INCREASE ON A/C OF PENSION UPDATION	
ALLAHABAD BANK	10856	71.13	455.34	453.34	501.34	908.68	572.47	336.21
BANK OF INDIA	24887	199.54	1077.76	1077.76	1241.69	2155.52	1441.23	714.29
CANARA BANK	25866	234.47	1020.61	1051.98	1073.23	2072.59	1307.70	764.89
BANK OF BARODA	21443	190.12	1008.83	338.40	1107.69	1347.23	1297.81	49.42
ANDHRA BANK	6175	54.38	429.76	429.76	390.87	859.52	445.25	414.27
BANK OF MAHARASHTRA	8883	67.05	437.5	350.32	422.29	787.82	489.34	298.48
CENTRAL BANK OF INDIA	28806	260.43	1048.81	1324.00	1170.59	2372.81	1431.02	941.79
CORPORATION BANK	3078	18.24	278.77	147.76	220.66	426.53	238.90	187.63
DENA BANK	5325	33.91	271.77	212.28	334.40	484.05	368.31	115.74
INDIAN BANK	12715	106.06	496.59	397.58	613.46	894.17	719.52	174.65
INDIAN OVERSEAS BANK	13823	118.49	689.94	467.65	742.00	1157.59	860.49	297.10
ORIENTAL BANK OF COMMERCE	3650	25.42	526.11	77.11	281.60	603.22	307.02	296.20
PUNJAB & SIND BANK	7474	65.44	274.96	288.52	345.89	563.48	411.33	152.15
PUNJAB NATIONAL BANK	28685	225.9	1989.23	1526.48	1592.10	3515.71	1818.00	1697.71
SYNDICATE BANK	11442	72.96	646.74	690.61	931.89	1337.35	1004.85	332.50
UCO BANK	16277	196.16	579.96	367.46	837.96	947.42	1034.12	-86.70
UNION BANK OF INDIA	14852	140.07	940.12	0	753.46	940.12	893.53	46.59
UNITED BANK OF INDIA	14474	81.95	433.37	650.35	558.71	1083.72	640.66	443.06
VIJAYA BANK	9135	75.08	311.95	243.72	328.80	555.67	403.88	151.79
STATE BANK OF BIKANER & JAIPUR	7379	45.16						
STATE BANK OF TRAVANCORE	3994	20.12						
IDBI	2310	21.87						
STATE BANK OF INDIA	130620	964.18	5104.71	1571.16	2509.91	6675.87	3474.09	3201.78
TOTAL	412149	3288.13	18022.8	11666.2	15958.5	29689.1	19159.52	10529.55

*The figures in the table are compiled from the published balance sheets of the bank.

*The figures for private sector banks who are covered under IBA Pension Scheme were not available.



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It is clear from the above table that after meeting the pension liability of Rs. 19159.52 being Rs.15958.50 cr (pension payout for 2018-19) and Rs.3,288.13 cr (proposed annual cost of pension updation), the pension fund reflects a surplus accretion of Rs.10529.55 cr. The Fund as on 31.03.2022 is expected to be much more than Rs.300,000 cr and the net accretion to Pension Fund would also be much more.

It is also pertinent that there was ban on recruitment in PSBs from 1985 to 1998 and hence there will not be any addition to the number of pensioners for about 13 years after 2024 whereas the pensioners number will continue to come down as they are the vanishing tribe. The addition to their number will restart thereafter and shall continue for another 12 years as New Pension Scheme would apply to those who joined the banks after April 2010. Again, the number will start declining and come down to zero eventually when all pensioners die. The entire Pension Fund will become idle/surplus unless New Pension Scheme is scrapped and those employees are brought under old pension scheme.

It is therefore, submitted that the Pension Funds of the banks are quite healthy and 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 @82 years, 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.

It is re-iterated that the Pension Fund 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 include Updation of Pension as provided under Regulation 35(1).

As regards the additional provisioning, it is submitted that it is a statutory requirement in terms of Pension Regulations - being the Subordinate Legislation and such a provisioning would take precedence over RBI Regulatory Provisioning for NPAs. A legal right of updation in terms of Pension Regulation 35(1) cannot be denied under the pretext of Funding Constraints.

Since the Public Sector Banks are 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. It is also ruled by the Hon'ble Supreme Court that Salary Revision and Pension Revision are inseparable and constitute a Legal right. Hon'ble SC has also held that Pension is a deferred wage for the services rendered in past. Hence it is reiterated that when wages are revised the deferred wages cannot remain static.

IBA's claims of the matter being subjudice are untenable as the same would become infructuous on a settlement with UFBU. IBA and DFS may please be requested to notify the Updation Formulae for different Bipartite Settlements in terms of Regulation 35(1) (As amended in 2003 and published in the Gazette of the Union of India on 15.03.2003) and its Appendix-I, as done in case of RBI

You are requested to persuade IBA to consider grant of Updation of Pension for all the wage revisions including the latest one (01.11.2017) by integrating the proposed annual cost of updation with the existing Pension Fund to evaluate the affordability of the Fund vis-a-vis the current annual yields and advise the individual Banks to get actuarial estimates done and provide only to the extent of shortfall, if any. Hence the present exercise may not be treated as standalone. The Updation of Pension may be implemented w.e.f. 01.03.2019 as done in case of RBI without involving arrears for previous wage revisions.



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We, as Bank Pensioners and Retirees Organisations represent your former members when they were in service and your present members when they retire. As Periodical Wage Revisions is the Right and Legal entitlement of Serving Employees so also Periodical Pension Updation which is a Deferred Wage is the Right and Legal Entitlement of Bank Pensioners and Retirees.

We have calculated Pension updation cost Bank -wise and the table here in before is the consolidation of such calculations. We have also shared the same with the DFS, IBA and forwarded the same to all concerned with a request to IBA to get the same cross checked with their Actuaries. We are ready to explain along with you to the Actuaries, if they differ with our calculations.

We also request you to facilitate a meeting of the Apex Retirees Organisations with you and other Organizations of UFBU so that misconceptions if any can be cleared and misgivings if any can be removed and issues can be Pursued Vigorously and Resolved immediately, especially in view of the very advanced age of Bank Pensioners and Retirees.

With Regards,

Yours comradely,

K V ACHARYA
President, AIBPARC.
& Joint Convener, CBPRO

SUPRITA SARKAR
General Secretary, AIBPARC