

DRAFT FOR LETTER TO BE ADDRESSED TO DIRECTORS OF THE BANK  
ON THE ISSUE OF MANDAE TO IBA TO HOLD DISCUSSION WITH AIBRF

Date:

Shri .....  
Chairman/ Managing Director/ Executive Director/ Director  
..... ( Bank Name)  
.....( Place)

Respected Sir,

Re: Bank's Mandate in favour of Indian Bank Association to hold discussion  
With the representatives of retirees on pension related issues.

We find that Board of Directors of our Bank has been authorizing Indian Bank's Association for last several years by issuing Mandate in its favour to negotiate and finalise service conditions of its employees and officers including superannuation benefits and pension related issues with periodical review.

2. Pension scheme for retired employees was introduced in our Bank in the year 1995 by adopting Pension Regulations 1995 on the basis of negotiated settlements entered between unions and Indian Banks' Association in 1993 and in subsequent years and in consultation with RBI and with prior approval of the Government of India at the industry level.

3. There are 58 regulations in the Pension Regulations, 1995 as adopted by Board of Directors of our Bank. These regulations stipulate several obligations and commitment on the part of the Bank for monthly payments to the retirees of the bank who are members of the scheme and simultaneously confer certain rights to retirees. In other words, these regulations which have been adopted by the Board with the prior approval of Government of India and duly notified in the Gazette of the Central Government create statutory relationship between banks and retirees even after they ceases from active service of the bank. It is needless to mention that rights of the members of the scheme are legally enforceable in the event of any violation.

4. It may be seen that these pension regulations have been reviewed, modified, altered and additions made by the Board several times on the basis of settlements arrived between unions and Indian Bank' Association and advice received from IBA. It is universal practice and rightly so that clauses of any scheme in particular which provides for periodical payments on recurring basis needs review from time to time to meet the requirement of changing environment and expectations and aspiration of the people covered.

5. We find that IBA has been carrying out exercise of review of Pension Scheme applicable in the banking industry from time to time in particular at the time of signing wage settlements on the basis of mandates given by member banks.

6. On approaching to IBA by our all India apex body, All India Bank Retirees' Federation – Regd. ( AIBRF) to which our organisation is affiliated to hold discussion with it on pending pension related issues for solution to avoid unnecessary litigation , IBA informs in writing to AIBRF that it does not have required mandate from member banks to hold discussion with the representatives of retirees and in the absence of it, it is unable to do so.

7. IBA further informs that it is voluntary organisation and renders professional service to its member banks. We note that IBA is unregistered body and it claims that it does not come under purview of RTI like its most of the members though it does complete negotiations beginning to end on service conditions of employees of member banks and finalizes it, signs the settlements, issues necessary instruction to member banks for implementation of various provisions of the settlements, give interpretations on issues raised and appears in courts to defend settlements. These cannot be functions and role of voluntary professional organisation as being claimed by IBA. Because of the above stand taken by it, IBA is not ready to share any information with the affected parties and takes escape route to run away from its accountability on this count.

8. We presently do not have copy of the mandate given by our Bank authorizing IBA to negotiate on service conditions of employees and superannuation benefits . But we are pretty sure that in such Mandates, there may not be any specific provisions putting restrictive clause not to hold discussion with the representatives of retirees on their issues when they are important stakeholders as per provisions of Pension Regulations.

9. If we look back on the above stand taken by IBA, we find that it has only resulted into unwarranted litigations where bank managements had to spend considerable amount by way of legal expenses and finally paying claims of retirees and many times with interest after court decisions. Some of the examples in this regard are given below

- (a) On the advice of IBA, banks refused to give 5 years notional benefit to Special VRS Retirees in 2000/2001. Finally on Supreme Court decision, Banks had to pay the claims with arrears running in to several hundred crores to more than 1lakh affected pensioners
- (b) On advice of IBA, banks refused to give leave encashment to compulsorily retired employees for several years. After lot of avoidable litigations and loosing several cases by bank managements, Banks have agreed to give leave encashment to the compulsorily retired employees from 2002 with huge arrears.
- (c) On advice from IBA, compulsorily retired employees are being refused pension options as per settlement of 2010 without any specific provisions in it. The aggrieved retirees have been forced to go in the court of law. Bank managements are losing legal cases on the subject one after another even in the Supreme Court. But on the advice of IBA, Bank managements are extending pension

option only to petitioners instead of giving reasoned advice to member banks to extend the benefit to all affected retirees after seeing legal position in the matter. Instead IBA is forcing all affected retirees to approach courts for relief which is neither in the interest of banks nor for retirees at advancing age. Our national organisation has sent many representations to IBA with the request to discuss the issue and take reasoned stand to resolve it. But under the pretext of Mandate, IBA maintain silence.

- (d) IBA signed settlement known as Record Note dated 25.05.2015 on pending issues of retirees giving commitment to resolve them after carrying out necessary study. But later on IBA came out with the stand that it does not have required Mandate from Member Banks to consider the issues committed in the Record Note of 25.05.2015. This style of functioning of IBA raises several issues which will not die without taking reasoned and logical stand by IBA and Bank Managements and will only lead to further litigations and avoidable cost and harassment to lakhs of retirees who are senior citizens.
- (e) It is also very interesting and paradoxical stand of IBA that on one side it advises member banks to establish effective grievance redressal machinery at bank level so grievances of retirees can be resolved through discussion across the table but IBA itself refuses to follow the same policy at industry level for resolution of industry level issues through discussion and forces the retirees and their Organisations to resort to legal route which finally result in to huge loses to banks. The past record in this connection support our contention.
- (f) IBA and bank managements believe and pursue policy of resolution of HR issues through discussion with serving unions. But when it comes to the retiree issues it takes complete opposite stand and refuses to hold discussion and ask the retirees to settle the issue only through legal action. Large number of legal cases on retiree issues have unfortunately emanated because of this policy of IBA.
- (g) Recently, United Bank of India Management has lost legal case on 100 per cent DA to pre- 2002 retirees in both the benches of Kolkata High Court. Our national organisation approached to IBA to implement Kolkata High Court decision through discussion and as per the provisions of Record Note dated 25.05.2015 to which IBA itself is party. However instead of considering AIBRF representation favorably, it has advised United Bank of India Management (who lost case in Kolkata High Court) to file appeal in Supreme Court. We feel it will be again big unwanted legal battle.

10 In view of the above facts it is our humble request to you as honorable member of the highest body of the bank to raise the issue in the Board Meeting and ask the management to examine the issue of Mandate and if technically required ask them to give specific mandate on behalf of our Bank in favour IBA authorizing it to hold discussion with the representatives of retirees. We feel favorable decision on this issue will go long way in reducing litigation in banks. It will prove to be good HR policy and give respect to thousands of retirees of our bank. Urgent decision in the matter is required in view of the fact that negotiation for next wage settlement has already commenced at the industry level.

With Respectful Regards,

Yours Sincerely,  
GENERAL SECRETARY