



ALL INDIA BANK RETIREES' FEDERATION (REGD.)

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6th Conference Slogan- Pension Updation is Right of Bank Retirees

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**MEMORANDUM ON PENSION UPDATION OF BANK PENSIONERS FOR
SUBMISSION TO MEMBERS OF PARLIAMENT (LOK SABHA & RAJYA SABHA)
ON BEHALF OF MORE THAN 5 LAKHS BANK PENSIONERS
BY ALL INDIA BANK RETIREES' FEDERATION (AIBRF)**

01.Preamble

01.01 Defined Benefit Pension Scheme (on the model of pension schemes applicable to Central & State Government & Reserve Bank of India Pensioners) was introduced in banking industry in 1995 with retrospective effect from 1.1.1986 in lieu of Contributory Provident Fund Scheme. The scheme came in to existence through negotiated settlement arrived between bank unions representing workmen and supervisory staff and Indian Banks' Association (IBA) representing bank managements firstly and subsequently, in order to give legal protection and to meet legal requirement, Pension Regulations, 1995 with the prior sanction of the Central Government and with approval of the Parliament as subordinate law to Bank Nationalization Act, 1971 were framed and adopted by respective Boards of public sector banks and by other member banks of IBA to implement the scheme.

01.02. This Defined Benefit Pension Scheme has the following main features

- (a) It provides **SOCIAL SECURITY & SOCIAL WELFARE** to bank pensioners in post retired life to ensure dignified and respectful life befitting to their life style and position they were enjoying during service period as ruled by Honorable Constitution Bench of Supreme Court in famous Nakara v/s Union of India case.
- (b) It guarantees defined benefits to pensioners payable in the prescribed manner irrespective of fund position and financial performance of banks in any given period.
- (c) It is mandatory for banks to create pension funds with periodical contribution from banks based on actuary reports to eliminate any possibility of default in timely payment of pension.

02. What is Updation of Pension

02.02 Main object of Defined Benefit Pension Scheme is to ensure that quantum of pension payable to pensioner should be adequate to meet his/ her basic needs and life style to which he/she is accustomed to live to achieve object of social welfare. To achieve this object, in the dynamic world, it is necessary that basic pension is periodically updated. While delivering judgement in famous Nakara v/s Union of India case, Constitutional Bench of 5 judges of Honorable Supreme Court laid down the important and basic principle that pension is not bounty, but hard earned right of pensioner secured during service period and enforceable under law. The honorable Court has upheld in the above case that while revising salaries and allowances of

existing employees, basic pension of existing pensioners should also be revised and pensioners can not be allowed to be discriminated based on their date of retirement. Creating class within the class in similarly placed group through administrative measures is violative to Principle of Equality guaranteed in Constitution of India.

02.03. Keeping the above criteria and principles as laid down by Honorable Supreme Court in mind, Pay Commissions while reviewing salaries and allowances also carry out exercise of revising basic pension of existing pensioners to give them benefit of increased salaries and allowances for existing employees. Accordingly, pension of previous pensioners in government sector gets revised. Similarly, pension of RBI pensioners has been revised and updated in March, 2019 as per approval accorded by the Central Government.

02.04. It will not be out of place to mention to strengthen concept of Social Welfare for pensioners, Government of India has introduced not only concept of updation of pension, but also several additional features like additional pension for Super Senior Citizens, commutation up to 40 per cent instead of earlier 33 per cent, restoration of full pension in 12 years instead of earlier 15 years in case of commutation etc. These improvements in the government sector have been introduced in last couple of years with sole object of helping pensioners with advancing age to maintain their life style without any hassle and fear to realize object of social welfare.

03. No Updation Exercise has been carried out in Banking Sector in last 28 years

03.01. As stated above, Pension scheme in banking industry was introduced in the year 1995 with retrospective effect from 1.1.1986. It has completed 28 years of its existence from effective date. During this period, five wage settlements have been signed revising basic pay, allowances and basic pension. As per the practice being adopted during the negotiated settlement, while revising basic pay of the employee, his/ her basic pension also gets revised. But this benefit in revision of basic pension is restricted to those employees/ retirees retiring during the relevant period of the settlement. Those retired in earlier settlements are not given benefit of revision and because of this, basic pension of those retired in earlier settlements remain stagnant and unchanged. Because of this position, huge gap has developed in the basic pension between those retired in previous settlements and those retiring now under current settlement from the same grade and cadre. . Magnitude of the gap can be understood from the following figures

CATEGORY	BASIC PENSION AT TOP (11 TH SETTLEMENT)	BASIC PENSION AT TOP (5 TH SETTLEMENT)	DIFFERENCE IN BASIC PENSION	PERCENTAGE
Retiring in 2023	Retired around 1990			
SUB STAFF	14072	755	13317	1663
CLERKS	23960	1417	22543	1490
OFFICER SCALE I	31920	2010	29910	1488
SCALEII	34905	2185	32720	1497
SCALEIII	39120	2455	36665	1493
SCALEIV	44945	2675	42270	1580
SCALE V	50175	2875	55185	1645

SCALE VI	58060	3275	54785	1672
SCALE VII	64500	3500	61000	1742

03.02 From the above table, it can be seen that sub-staff retired in 1990 get basic pension of only **Rs. 755** while sub staff retiring in 2023 get basic pension of **Rs. 14072**. It is huge difference of Rs. 13317 (1663 per cent or 16.63 times). In other words, newly retired sub staff get 1663 per cent more basic pension compared to one who retired 23 years back. This is the position for all categories of staff as shown in the above table. **Those retired in earlier settlements are suffering severely in the absence of updation which can be easily understood from the above data.** It is becoming very difficult for those retired 10 years & earlier in particular to maintain their day-to-day life properly. The basic principle of social welfare guiding force behind introduction of defined benefit pension scheme in banking industry has got completely eroded in the absence of updation.

03.03 **RBI FORMULA**

Government of India vide its letter No. 11/5/20014 dated 5.03.2019 has approved updation of pension for RBI pensioners giving 10 per cent increase after merger of Dearness Relief at 4440 index. In banking industry, pension scheme was introduced on the model of RBI pension scheme. RBI is regulator of banking industry. In view of this and logically in all fairness, **pension updation in banks should be done as per RBI formula and DR merger should be at 6352 indexes as per 11th wage settlement covering pensioners up to 10th settlement.**

03.04 **PRINCIPLES AND GUIDELINES LAID DOWN BY SUPREME COURT FOR UPDATION**

Pension scheme in banking industry was introduced as social welfare measure to retirees on the lines of government of India pension scheme to make bank retirees free from worries of wants so they can lead respectable and peaceful life in last leg of the life. Adequate provisions were made in pension regulations to define benefits available with statutory guarantee from the state for timely payment. Further, Constitutional bench of Supreme Court while delivering judgement on 17.12.1982 in the matter of updation laid down certain basic and fundamental principles like violation of fundamental rights as enshrined in article 14 of the Constitution by creating class within class by denying benefits of liberal pension to earlier pensioners, pension is not bounty but legal rights of pensioner, in welfare state it is the responsibility of the state to provide adequate pension to ensure respectable and dignified life. This historical judgment of Supreme Court delivered by eminent and senior honorable judges and legal luminaries have become mandatory benchmark for all Pay Commissions to deal with updation exercise. Importance of this judgment can be seen that the date of judgment 17TH December is celebrated in this country as **PENSIONERS' DAY** every year. **It is our humble request to honorable Members of Parliament to support and request the government to ensure that principles laid down in this historical judgment should be taken in to consideration besides financial aspect of the exercise**

03.05 **IMPROVED PERFORMANCE OF BANKS**

It is heartening to see that operational performance of banks in general and public sector banks in particular have improved considerably in terms of operating profit, considerable reduction in gross as well as net NPA level, capital adequacy ratio, reduction in establishment cost etc. in last 2/3 years due to various reforms/ measures introduced by the government/ RBI. The following data will support our above statement

(i) PSBs continued to post improved aggregate operating profits of Rs 1,37,151 crore, Rs 1,58,994 crore, Rs 1,55,603 crore, Rs 1,49,819 crore and Rs 1,74,640 crore in the financial year 2015-16, 2016-17, 2017-18, 2018-19 and 2019-20 respectively.

(ii) PSBs have also now returned to net profit by posting aggregate net profit of Rs. 31820 crores in the year ended March, 21. **This performance can be rated spectacular considering contraction in GDP by -7.3 percent due to Covid-19 pandemic.**

(iii) It is very positive sign to see that ability of PSBs to further increase lending is evident through Capital to Risk Weighted Assets Ratio which stood at 14.04 per cent as of March 31, 2021, as against regulatory requirement of 10.875 per cent.

(iv) NPAs have since declined to Rs 7,39,541 crore on March 31, 2019, Rs 6,78,317 crore on March 31, 2020 and further to Rs 6,16,616 crore as on March 31, 2021.

(V) It is also worth noting that all PSBs are now out of PCR removing all restrictions placed on them and are now functioning under normal rules.

(VI) Various ratios affecting establishment cost and superannuation cost is also turning out to be positive. These facts also go in favor of early updation.

These improvements in performance of banks could become possible due to valuable and dedicated contribution made by team of present and past employees during challenging time. We are sure that these facts will get due recognition while carrying out and finalizing updation exercise.

4.00 AIBRF ORGANISATIONAL EFFORTS TO ACHIEVE UPDATION DEMAND

04.01. We are happy to mention that AIBRF has been raising the issue of updation at various levels through various organizational programs like meeting in delegations to more than **12 Central Ministers, Lok Sabha Speakers and 110 Members of Parliament** to explain various aspects on updation demand. It may be mentioned for kind information of honorable members of Parliament that to discharge and fulfill our commitment to retiree community, **AIBRF delegations were fortunate enough to get audience with honorable Finance Minister, Smt. Nirmala Sitharaman FOUR TIMES in last one and half years , first time at Bangalore on 20.03.2020, second time at Cochin in February,20 , third time at Delhi on 30.06.21 and fourth time again in Bangalore on 02.07.21 on updation issue and on each occasion she heard AIBRF delegation with patience and gave positive responses on pension updation issue. Her positive responses on pension updation issue were reflected in her interview appearing in leading newspapers of the country in October 2020 and again during her speech in AGM of IBA on 10.11.2020. We are of the considered view that these organizational efforts made by AIBRF has helped in creating very favorable climate for Updation and task of this committee easier.**

03.07. AIBRF is apex level organization of bank retirees with 34 bank wise retiree organizations are its affiliates. Membership of AIBRF presently about 2.5 lakhs. It is registered under trade union act. **Our membership figure is verifiable from annual statutory returns filed with the authorities.**

03.08. Various ratios affecting establishment cost and superannuation cost is also turning out to be positive. These facts also go in favor of early updation.

5.00 More than 1 lakh bank pensioners are 80 and above age. For them, Immediate Updation is question of Life & Death:

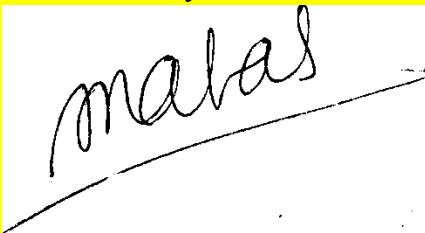
05.01. Despite continuous efforts of AIBRF made for updation of pension, the issue remains unresolved in last 20 years. There are more than 1 lakh pensioners who retired 23 years back around year 2000 are at the age of 80 and above. Their financial position is pathetic and are facing severe financial constraints in maintaining day to day life. Their precarious financial position can be explained by one example that annual pension of this group is around Rs. 2.5 lakhs and they are required to pay around Rs. 72000 for health insurance alone every year. They are being forced to go without health insurance because of meager pension. For them updation is question of life and death. They deserve updation most as part of human dignity and respect.

05.02. Your kind attention is drawn that bank retiree demand of updation is pending for last more than 20 years. During this period, more than 1 lakh bank pensioners have left this world without getting benefit of updation and with lot of sufferings during last phase of life. Immediate resolution of pension updation for bank pensioners is most justifiable demand.

6. It is our humble request to you, Sir, to take up issue of Updation affecting more than 5 lakhs retirees with the government for immediate sanction so bank retirees can spend remaining life with dignity and respect.

With Respectful Regards

Yours Sincerely

A handwritten signature in black ink, appearing to read 'mabas', written over a horizontal line.

(S. C. JAIN)
GENERAL SECRETARY