

UNITED FORUM OF BANK RETIREES' ORGANISATIONS

*Constituents: All India Bank Retirees' Federation
Retired Bank Officers' National Confederation
D-1/1, Sector-C, Scheme-71,
Near Kasara Bazar School, Indore – 452 009.*

K.SUKUMARAN
President

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Shri D.K.Mittal
Secretary
Department of Financial Services
Government of India
NEW DELHI

Dear Sir

Re Bank Retiree Issues
Request for Appointment

United Forum of Bank Retirees' Organisations (UFBRO) is the confederation of all India retiree organisations functioning in the banking industry. It represents more than 1 lakh bank retirees of 41 banks from public and private sector. It was formed 8 years back to coordinate activities of the retiree organisations to protect interest of bank retirees..

2. Introduction of defined benefit pension scheme on the lines of Govt./RBI pension schemes in the banking industry in 1995 though provided much needed reliable social measure to retirees redefined ex-employer ex-employee relationship in the post retirement scenario. The relationship became on continuous basis conferring certain rights on retirees and certain contractual obligations on bank managements. It is seen that the pension regulations have been amended and modified on several occasions during last 17 years to address the issues coming in between. However we find that Indian Bank Association (IBA) has never considered it proper to consult the representatives of retirees and understand their view points before effecting changes in the regulations . In fact they have failed to appreciate the basic fact that the retirees is a separate class and being main stakeholder and beneficiary under the pension scheme the representatives of retiree should be given chance to place their views to avoid future controversies and litigation. Consultation and negotiation with unions alone on the subject is not sufficient. This has been proved amply clear and loud during last 17 years from the fact that there has been large number of litigation and legal battle on the changes effected in pension regulations resulting to huge unbearable expenses for the retirees as well as loss of public money of banks. Further, you will kindly find that in most of the cases, ultimately the retirees views were upheld by courts of the country and banks had to pass resultant benefits to the retirees. The following examples in this regard are worth noting

(a) While introducing the pension scheme, IBA refused to give pension option to those who took VRS between 1986 to 1995. The matter went up to Supreme Court and with court intervention IBA had to amend its stand in the matter and benefit had to be passed to VRS .optees.

(b) Special VRS Scheme was introduced in banking industry during 2000/2001 as a part of manpower planning. About 1 lakh employees opted for VRS. The retirees of this

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category were denied benefit of 5 years of notional service to calculate basic pension by amending the regulation in improper and illegal manner. In the absence of proper mechanism to look into retirees point of view large number of writ petitions were filed by the affected retirees in high courts. Ultimately with the intervention of Supreme Court the benefit was given to the retirees. It is highly regrettable that still some banks like Allahabad Bank Vijaya Bank and associated banks of SBI have not passed on the benefit to the eligible retirees.

(C) Under 7th Wage Settlement IBA entered into agreement to do fundamental violation in the basic provision of pension regulation by fixing basic pension on notional pay instead of actual pay drawn at the time of retirement thereby reducing basic pension from 50 percent to 41 percent for those who retired between 1998 to 2002. This was a blatant violation and on realisation the mistake IBA corrected it in the 8th settlement but refusing to pay arrear from the original date of retirement. WPs have been filed in high courts on this issue and IBA has already lost the case in high court and it has approached supreme court .

(d) IBA had introduced concept of 100 percent DA neutralisation to all categories of employees as well as retirees on the basic premise that inflation hurts all equally. However it is unfortunate that IBA did a gross injustice to the retirees who retired prior to 2002. Since this amendment was violative the fundamental right of equality conferred on the citizen under the constitution, the retirees were forced to approach courts in the matter.

(e) In 9th wage settlement one more pension option was given to employees as well as past retirees however the VRS optees and compulsory retired employees were denied the pension option by inserting the word 'superannuation' in the circular sent by IBA to banks .This resulted into avoidable litigation in large number. Ultimately, in view of large number of pending cases in courts the department of financial services was kind enough to ask IBA to withdraw word 'superannuation' and give pension option to left over retirees.

(f) On several occasions the regulations have been amended from retrospective effects which is not permissible under law. IBA has also failed to take into account the various developments taking place in the country on pension related matters like pension updation exercise carried out in RBI, improvement in family pension by RBI and many special features and benefits given to government retirees under 6th pay commission and act in pro active manner for the welfare of senior citizen and also hold periodical consultation with representatives of retirees in this area.

3. We have been approaching IBA with a request to hold consultation with the representatives of retirees and allow them to place their views before arriving on the decision to create positive feelings among retirees and to avoid the litigation. However IBA is refusing to meet representatives of retirees and hold any sort of consultation on the plea that they do not have mandate from the government in this regard. We can not

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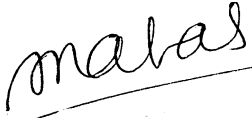
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believe that the government can give instruction to IBA not to meet retirees on their issues .

4. In view of the position obtaining in the matter, we seek early appointment from you to discuss the matter to find the solution to the issue to avoid unnecessary dispute and the litigation. The litigation is the last thing the retirees can afford at the last stage of life

With Respectful Regards

Yours Faithfully



(S.C.Jain)
CONVENOR

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