



ALL INDIA BANK RETIREES' FEDERATION

D-1/1, Sector-C, Scheme-71,
Near Kasara Bazar School, Indore – 452 009.

Ref: 2014/10

10.02.2014

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Treasurer

Sri M.S.Chourey

DEARNESS ALLOWANCE RELATED ISSUES OF PAST RETIREES

TO BE ADDRESSED IN 10TH SETTLEMENT

PRLIMINARY

Dearness Allowance in the banking industry is linked with the consumer price index and was calculated on basic pay/ basic pension on tapered basis up to 7th settlement. The unions were demanding uniform DA rate on the entire basic pay/ basic pension known as 100 percent DA neutralisation for several years from one settlement after another. However the success on this count could be achieved after follow up and continuous efforts for more than two decades in the eighth settlement. However, the benefit of 100 percent DA neutralisation was not extended to those who retired before effective date of 8th settlement.

Past retirees who retired prior to November 2002 have been agitating and fighting on this issue at the organisational level and legally for last more than 8 years as they consider it as the gross injustice to them. This is the core issue for all the retiree organisations operating in the banking industry.

We are of the firm view that this core issue must be addressed and resolved in the 10th settlement to the satisfaction of the affected retirees.

Therefore it is necessary to understand the issue in its entirety. The following points are worth noting on this issue.

WHO ARE GETTING 100 PERCENT DEARNESS ALLOWANCE AT PRESENT

- (1) All categories of employees who are in service of the bank
- (2) All Retirees who retired from the bank service on or after 1st November 2002.
- (3) All-Pre 1986 retirees on basic component of ex-gratia
- (4) All spouses of pre-1986 retirees on basic component on ex-gratia (As per the recent guidelines of the government)
- (5) Retirees who retired between 01.01.1886 to 01.11.1992 and draw basic pension up to Rs. 1250



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(6) Retirees who retired between 01.11.92 and 01.04.98 and draw basic pension up to Rs. 2400/-

(7) Retirees who retired between 01.04.1998 and 01.11.2002 and draw basic pension up to 3550.

(8) Virtually all family pensioners.

As per the data available to us, the groups who receive 100 DA benefit constitute 80 percent of total pensioners in terms of number and share 85 percent of total pension bill.

WHO DO NOT GET 100 PERCENT DA NETURLISATION

The following are the only three categories of the retirees at present who do not get 100 percent dearness allowance

(1) Those who retired between 01.01.1986 and 01.11.1992 and draw basic pension more than 1250

(2) Those who retired between 01.11.1992 and 01.04.1998 and draw basic pension more than 2400

(3) Those who retired between 01.04.1998 and 01.11.2002 and draw basic pension more than 3550.

This group constitutes 20 percent in terms of number and 15 percent in terms of pension bill.

PENSIONERS	NUMBER	PENSION BILL
(1) Getting 100 percent DA	80 percent	85 percent
(2) Not getting 100 percent DA	20 percent	15 percent

HOW MUCH LESS THEY GET

At 5211.91 CPI which has determined DA for 6 months from August, 2013 to January, 2014, the above categories of retirees get the following amount of dearness less



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(1) Those retired between 01.01.1986 to 1.11.92 (slab 1152)

Basic Pension	DA at present	DA at 100 Percent	Difference amount	diff. per slab
Rs. 1251 to 2000	14400	15436	1036	0.90
Rs. 2001 to 2130	14894	16440	1546	1.34
Rs. 2130 to 3000	16598	23155	6557	5.69

(2) Those retired between 1.11.92 to 01.04.98 (slab 1015)

Rs. 2401 to 3850	12794	13677	883	0.87
Rs. 3851 to 4100	13225	14565	1340	1.32
Rs. 4100 to 7000	15874	24867	8993	8.86

(3) Those retired between 01.04.98 to 01.11.2002 (slab 881)

Rs. 3551 to 5650	11206	11946	740	0.84
Rs. 5651 to 6010	11586	12707	1121	1.27
Rs. 6010 to 10500	14223	22201	7978	9.05

WHAT WILL BE ADDITIONAL COST IN TERMS OF PERCENTAGE FOR GRANT OF 100 PERCENT DA TO PRE NOV 2002 RETIREES- CERTAIN FACTS

(1) Those who retired between 1986 to 2002 are not getting 100 percent DA. These pensioners have completed minimum 11 years and maximum 27 years of retirement and belong to age group of 86- 70 years.

(2) Number of pensioners belonging to this group is now decreasing due to time factor and advancing age.

(3) After death of pensioner, either pension is stopped or converted in to family pension. In either case number of pensioner not getting 100 percent DA gets reduced. This phenomenon is on increase in last a few years.



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(4) Basic pension of this group is comparatively almost 3 times lower than those retiring now and enjoying benefit of 100 percent DA. Therefore, financial burden for increase will be limited.

Based on the data given above, we below give approximate additional cost for granting 100 percent DA to the leftover pensioners.

PENSIONERS NOT GETTING 100 PERCENT DA	20 PERCENT OF TOTAL
INCREASE IN PENSION BILL OF ABOVE DUE TO GRANT OF 100 PERCENT DA	8 PERCENT APPROX
PENSION BILL OF ABOVE COMPARED TO TOTAL BILL	15 PERCENT
OVERALL ADDITIONAL BURDEN ON TOTAL PENSION BILL FOR GRANT OF 100 PERCENT DA TO ABOVE ($8 \times 15 / 100$)	1.2 PERCENT
NEXT 5 YEARS ADDITIONAL BURDEN LIKELY TO COME DOWN DUE TO MORTALITY FACTOR	BELOW 0.5 PERCENT

WHY DEMAND OF 100 PERCENT DA TO LEFT OVER IS JUSTIFIED

(1) Inflation affects adversely to all retirees at the same degree.

(2) Discriminative in nature.

(3) All Government Pensioners/ RBI pensioners from where pension regulations drawn, are already getting benefit of 100 percent DA from retrospective date

(4) Clause 6 of the pension settlement between unions and IBA specifically provide for grant of DA at the rates applicable to RBI pensioners. Therefore the demand has legal backing too.

(5) According to unions too, the agreement arrived in 8th settlement excluding pre- November 2002 retirees was temporary arrangement to meet the cost factor of the settlement and to introduce the concept of 100 percent DA in the banking industry for which was fighting for 2 decades.

(6) All constituents of UFBU have included in their charter of demands



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(7) Additional financial cost to grant 100 percent DA to left over is limited.

OUR DEMAND ON THE ISSUE

(1) 100 percent DA to ALL pre- November, 2002 retirees

(2) Arrears in this respect should be paid from 01-05-2005

(3) This demand should be discussed on priority basis as and when retiree issues/ superannuation benefit comes for discussion during 10th settlement.

(4) AIBRF should be consulted and taken in to confidence before reaching to any agreement on the issue.

(5) Any improvement brought in DA formula for employees/ future pensioners in 10th settlement should be made applicable to all past retirees too without any discrimination.

(6) Review of DA for pensioners should be on quarterly basis or at the interval made applicable for the employees in this settlement.

SETTLE LONG PENDING DEMAND OF 100 PERCENT DA IN 10th SETTLEMENT

(S.C.JAIN)
GENERAL SECRETARY