



# ALL INDIA BANK RETIREES' FEDERATION (REGD.)

D/1/ Sector C Scheme No. 71 Indore 452009

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26.08.2021

1. Shri S.S. Mallikarjuna Rao  
MD & CEO Punjab National Bank  
& Chairman IBA Committee on Updation.

2. Shri M.V. Rao  
MD & CEO, Central Bank of India  
& Vice Chairman, IBA Committee on Updation

3. Shri O.P. Mishra  
Dy. MD SBI &  
& Member IBA Committee

4. Shri S.L Jain  
ED, Bank of Baroda  
& Member, IBA Committee

5. Shri D Mukherjee  
ED Canara Bank  
& Member IBA Committee

6. Shri G. M. Bhagat  
Dy. Chief Executive IBA  
& Member IBA Committee

Respected Sirs,

## Re: Updation of Pension

We are happy to find that Indian Banks' Association (IBA) has taken very significant and positive initiative to form high power six-member committee to examine long pending and vital issue of pension updation in banks and to prepare proposal for consideration and approval of the government. **We are also pleased to see that all members of the committee are eminent, senior, and experienced bankers. We welcome all of you on behalf of retiree community** and hope and wish that this committee will come out, using vast and rich experience of its members, with good and sound proposal on updation doing justice to bank pensioners.

2. We further note that the committee held its first meeting on 22.07.2021 to have preliminary discussion with bank unions on the issue. We also find that bank unions under banner of UFBU are taking steps to finalize their stand on updation and will be holding further discussions and negotiations with the committee in the coming days to take the issue for finality.

3. We humbly wish to invite your kind attention on the fact that updation is the most important demand of bank retirees who have been waiting for very long time for reliable and respectable solution on it. Formation of the committee has created new hopes and confidence among lakhs of bank retirees for early solution. AIBRF being the oldest and largest organization of bank retirees at the apex level is fully, actively and continuously engaged at the organization level for resolution of the issue for last one decade.

4. AIBRF firmly believes in achieving this demand through organizational efforts and through negotiation. **We also work on continuous basis to coordinate with UFBU constituents and their leaders** to explain our view points to them from time to time so that the expectations and views of the retirees can be placed during the deliberations and negotiations with IBA. We are of the considered opinion that such coordinated efforts will help in creating positive and favorable climate for a solution.

5. Simultaneously, AIBRF representing more than 2.5 lakhs retirees will continue to play its independent role to raise issues and demands of retirees at various levels for achieving them. Towards this responsibility, we wish to place the following suggestions in the matter of Updation for kind consideration of honorable members of the committee.

(a) **UNDUE DELAY & WIDE GAP** Since 1995 when pension scheme was introduced in banking industry, no exercise for updation has been carried out. During this period, 6 wage settlements have been signed giving liberal and improved packages in service conditions to working staff and improved pension quantum to the staff covered in each settlement. However, those retirees not covered in a settlement period and retired in earlier years were not given benefit of improved terms of the settlement by re-fixing their pension on any occasion. This situation has resulted in huge, unimaginable and unthinkable gap between basic pension of those retired under 5<sup>th</sup> settlement (1987-1992) and those retiring now under the current 11<sup>th</sup> settlement (from November 2017 onwards). The gap in basic pension between two groups can be gauged from the following data.

CATEGORY	BASIC PENSION AT TOP (11 <sup>TH</sup> SETTLEMENT)	BASIC PENSION AT TOP (5 <sup>TH</sup> SETTLEMENT)	DIFFERENCE IN BASIC PENSION	PERCENTAGE
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

(b) From the above it can be seen that in last 30-years, gap in basic pension has gone up on an average by 15 times. **Primary object of updation exercise should be to fill up this gap. It is our humble request to consider this aspect.**

(c) **RBI FORMULA** As you are aware, 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 index instead of 4440 as per 11<sup>th</sup> wage settlement covering pensioners up to 10<sup>th</sup> settlement.**

(d) **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 17<sup>TH</sup> December is celebrated in this country as **PENSIONERS' DAY** every year. **It is our humble request to honorable members of the committee that principles laid down in this historical judgment should be taken in to consideration besides financial aspect of the exercise.**

(e) **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.

**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.**

(f) We feel proud 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 the committee 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 news papers 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.

(g) AIBRF is apex level organization of bank retirees with 38 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.**

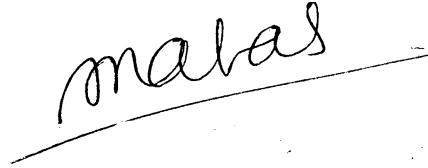
**(h) Various ratios affecting establishment cost and superannuation cost is also turning out to be positive.  
These facts also go in favor of early updation**

6. As stated earlier AIBRF is the oldest and the largest retiree organization at the apex level in banking industry. We represent aspirations and expectations of lakhs of bank retirees . **AIBRF has its own independent logical and reasoned views and stand on this important issue which we would like to present before honorable members of the committee.** We shall be grateful to each one of you if AIBRF delegation is given opportunity to present their views in addition to the procedure of discussion and negotiation which is likely to be adopted by the committee.

7. Once again, we convey our sincere thanks to all of you and our best wishes in your efforts to complete the task successfully.

With Respectful Regards,

Yours Sincerely

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

**(S. C. JAIN)  
GENERAL SECRETARY**

C. C. TO

- (1) Chairman, Indian Banks' Association, Mumbai
- (2) Chief Executive, Indian Banks' Association, Mumbai
- (3) Managing Director & Chief Executive of Member banks of IBA
- (4) Convener, United Forum of Bank Unions, Chandigarh
- (5) Constituents of UFBU



