



ALL INDIA BANK RETIREES' FEDERATION (REGD.)

Flat No 101, Block C Shivom Residency, M. G. Road Indore- 452001

E-Mail ID sharbat_123@rediffmail.com Mobile: 8966019488

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

Ref. No. 2024/124

Date: 03.08.2024

Office Bearers/ Central Committee Members/ State Committee Chiefs
A.I.B.R.F.

Dear Sir,

Re: Dearness Relief Scheme for Bank Pensioners

Re: Demand to merge DA in to basic pension up to 8080 points.

Out of three financial benefits available to bank pensioners namely (i) Basic Pension (ii) Dearness Relief and (iii) commuted Value, two are stagnant and static in nature. They are Basic Pension and Commuted Value.

2. Third benefit available to bank pensioner is **Dearness Relief** which is **variable and reviewed every six months in the month of February and August.**

3. Over period of 39 years since introduction of pension scheme in banks w.e.f. 1986, **Dearness Relief has proved to be the best friend of pensioners and has contributed lot in providing creditability, reliability, respect and authenticity to the pension scheme.** It can be well understood from the example that bank employee retired in 1986 was getting DR of 1435 approximately on basic pension of Rs. 1000. Today, DA amount has gone up to Rs. 14277. It has gone up by 10 times while basic pension remains the same at Rs. 1000 even after expiry of 39 years.

History of Variable Dearness Allowance in Banking Industry for Retirees.

((a) It is revised once in six months (February & August every year)

((b) Revision of DR is done on automatic basis without sanction from any authority

(C) DR for retirees is linked to Consumer Price Index – Base Year 1960 for those retired between 1986 to 31.10.2022 and to Consumer Price Index – Base year 2016 for those retired after 31.10.2022.

(d) Presently, Government is publishing index figure for base year 2016 and has stopped publishing index figure for base year 1960. Therefore, IBA converts index figure for 1960 base year by using the following conversion formula

$$2.88 \times 4.63 \times 4.93$$

For Example: May, 2024 index as published by Government of India is 139.9

By applying above formula CPI 1960 will be $139.9 \times 2.88 \times 4.63 \times 4.93 = 9196$

(d) Dearness Allowance in banks was paid to employees and retirees on tapered basis up to April 2005. It was based on the concept of lower rate of compensation who are drawing higher basic pay. **Revolutionary change was introduced in the formula in 8th Bipartite Settlement and concept of 100 per cent Dearness Allowance was introduced in it for employees and retirees. However, this benefit of 100 per cent was not extended to those retired before November, 2002 initially. Finally, with long struggle and organizational efforts, 100 per cent DA benefit was extended to pre- November, 2002 retirees w.e.f. October, 2023.**

(e) Presently, DA revision takes place on 4 points cycle. In 1979 DA for officer staff used to be revised on rise and fall of 8 points/ 16 points/ 24 points. The cycle was reduced 8 and 16 points and subsequently to 8 points and then to 4 points cycle.

(f) The CPI which was **100 in 1960 has now reached to 9196** registering increase of 9166 percent (91.6 times) in last 64 years. In such steep increase in inflation rate in the country DA formula has come handy for retirees.

(g) Today retirees can be divided in to 8 groups on the basis of DA Compensation rates.

SN	Period	Present DA Rates	Rate per slab
01	1.1.1986 to 1.7.1993	1427.77 percent	0.67 percent
02.	1.7.1993 to 31.3.1998	697.90 percent	0.35 percent
03.	31.03.1998 to 31.10.2002	446.40 percent	0.24 percent
04.	1.11. 2002 to 31.10.2007	307.62 percent	0.18 percent

SN	Period	Present DA Rates	Rate per slab
05	1.11.2007 to 31.10.2012	235.80 percent	0.15 percent
06.	1.11.2012 to 31.10.2017	117.10 percent	0.10 percent
07.	1.11.2017 to 31.10.2022	48.51 per cent	0.07 percent.
08	1.11.2022 onward	15.97 percent	-

AIBRF DEMAND ON DA MERGER

(a) AIBRF demand that DA for pensioners who retired before 1.11.2022 should be merged in to basic pension at index 8080 as has been done for those retired after 1.11.2022 in 12th settlement.

(b) CPI base year should be changed from 1960 to 2016 as has been done for employees and retirees who have retired under 12th settlement.

(c) DA should be reviewed on quarterly basis instead of six monthly review.

AIBRF has been pursuing demand of merger of DA at index 8080 on continuous basis.

We are happy to note this demand has also been raised by UFBU in 12th wage settlement and has been identified as residual issue and is under discussion.

AIBRF is of the view that merger of DA at identical level of 8080 is immediately required as it will eliminate so many groups presently exist for calculation DR and will become launching pad for resolution of long pending and most important demand of UPDATION. Though it may not provide immediate additional financial benefit to retirees, it is essential for exercise of Updation. There is hardly any additional cost involved for banks to carry out merger of DA exercise.

On Merger of DA in to basic pension at index of 8080 the existing basic pension of Rs. 1000 will become as under for different groups. Present DA rates after merger of DA at 8080 is 15.97 per cent.

Period	New basic pension	New DA	Total
1986-1993	13466	2150	15616
1993- 1998	7038	1124	8162
1998- 2002	4856	775	5631
2002- 2007	3531	564	4095
2007-2012	2849	455	3304
2012-2017	1820	291	2110
2017-2022	1272	203	1475

The above figures are indicative and not exact.

After merger of DA at index level, DA rates will get reduced as under

SN	Period	Present DA Rates	New	Reduction
O1	1986 to 1993	1427.77 percent	15.97	1411.8
O2.	1993 to.1998	697.90 percent	15.97	654.93
O3.	1998 to 2002	446.40 percent	15.97	430.43
O4.	2002 to 2007	307.62 percent	15.97	291.65
O5	2007 to 2012	235.80 percent	15.97	219.83
O6.	2012 to 2017	117.10 percent	15.97	101.13
O7.	2017 to 2022	48.51 per cent	15.97	32.54
O8	1.11.2022 onward	15.97 percent	15.97	00.00

How inflation has moved in the country and merger of DA in to basic pay/ pension has taken place in different bipartite settlements can be explained in the following table

Bipartite	Merger at	Difference
1 st BPS	100	00.00
2 nd BPS	100	00.00
3 rd BPS	200	+ 100
4 th BPS	332	+ 132
5 th BPS	600	+ 268
6 th BPS	1148	+ 548
7 th BPS	1664	+ 516
8 th BPS	2288	+ 624
9 th BPS	2836	+ 548
10 th BPS	4440	+1604
11 th BPS	6352	+ 1912
12 th BPS	8080	+ 1728
Total		7980

You will find that the economy of the country has entered in to different phase and territory since signing of first bipartite settlement in 1966. Life style of the people, technological advancement, growth in GDP have witnessed unthinkable changes. To match with changes, government is carrying out several changes in computing consumer price index periodically. Last time base year was changed to 2016 by the Government of India in October, 2020 when many new items were included and several excluded to compute CPI.

In view of the above, there is need to examine whole issue of variable DA payable to retirees. AIBRF is in the process of carrying out detailed exercise in this regard. Suggestions are invited

from our state committees, affiliates, office bearers, central committee members and members at large.

In the mean time AIBRF shall continue to pursue issue of merger of DA at index of 8080 and calculate DA on CPI with base 2016 for all groups of pensioners.

Commutation Value & its recovery period

What should be period of recovery of commuted value from pensioner is under discussion in social media after granting of stay on further recovery to several pensioners by some High Courts pending disposal of writ petitions filed.

AIBRF has already taken up the matter with IBA/ UFBU with the request to consider advising member banks to stop recovery of monthly installments towards commutation in view of stay orders passed by High Courts in hundreds of cases.

Besides above, Legal Committee of AIBRF is in the process of examining the issue from legal angle and give report for further action in the matter.

At, organizational level AIBRF is examining the following issue on commutation

- (a) What is the justification in keeping recovery period and monthly amount fixed while commuted value differs materially depending on age of pensioner at the time of availing commutation. Recovery amount is kept at one third of basic pension and period is also kept at 180 monthly installments irrespective of commuted value
- (b) What should be justified period of recovery considering present interest rate scenario
- (c) Whether recovery quantum at the rate of 33 per cent is justified or it should be reduced to 25 per cent per month.

Suggestions are invited on above points and other points if any from all concerned so AIBRF can finalize the stand on them

With Greetings,

Yours Sincerely,

A handwritten signature in cursive script that reads "mabas". Below the signature is a single horizontal line that extends across the width of the signature.

(S. C. JAIN)
GENERAL SECRETARY