

## ALL INDIA BANK RETIREES' FEDERATION (REGD.)

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**6<sup>th</sup> Conference Slogan- Pension Updation is Right of Bank Retirees**

Ref No. 2026/0129

Date: 02.02.2026

Hon'ble Governor  
Reserve Bank of India  
Mumbai

Respected Sir,

### **Re: Request for intervention of RBI for Pension Updation for Retirees of Commercial Banks**

We, on behalf of the **All India Bank Retirees' Federation (AIBRF)**, most respectfully submit this representation seeking the good offices and intervention of the Reserve Bank of India for **Updation of pension of retirees of Public Sector Banks (PSBs)**.

#### **1. Background of Bank Pension Scheme**

The Pension Scheme in the banking industry was introduced in **1995**, broadly on the **model of the Reserve Bank of India and Central Government pension schemes**. The Pension Regulations governing bank pension were **framed and adopted in consultation with the Reserve Bank of India**, which is the statutory regulator of banks in India. All subsequent amendments and modifications to the Pension Regulations have also been carried out **with the approval of RBI**.

Thus, RBI has always been an integral stakeholder in the evolution, governance and modification of pension regulations applicable to bank employees and retirees.

#### **2. Position Taken by Government Earlier on RBI Pension Updation**

We respectfully draw your attention to the fact that the Government was earlier reluctant to grant **Updation of pension to RBI pensioners**. A Committee appointed by the Department of Financial Services under **Shri Samir Sinha**, Director, DFS, pursuant to court directions, examined

the issue. The Committee, in **Para 5.2 of its Report No. 6/58/2008-IR dated 23.10.2009**, cited the following key reasons for not considering pension upation for RBI pensioners:

- Grant of upation to RBI pensioners would **strengthen the demand for pension upation in Public Sector Banks**;
- PSB managements **may not agree** for such upation;
- Pension upation could result in an increase of **17% to 32%**;
- Upation in commercial banks could involve an estimated cost of **₹1,042 crore** at that point of time.

### **3. Subsequent Developments – Change in Policy Approach**

Despite the above apprehensions, the factual position today is that the Government and RBI have **sanctioned three pension Upation for RBI pensioners**:

- First upation in **2019**
- Second upation in **2023**
- Third upation recently in **2025**

These decisions clearly demonstrate a **paradigm shift** in policy thinking and recognition of the legitimacy of pension upation as a measure of social security and fairness.

### **4. Strong and Comparable Case of Bank Pensioners**

In view of the above developments, retirees of Public Sector Banks now have an **even stronger and unassailable case** for pension upation, particularly because:

- **No pension upation exercise has been undertaken in banks since the introduction of pension in 1995;**
- During the last **30 years**, the entire **economic scenario has undergone a transformational change**;
- India today is a **near USD 5 trillion economy**;
- Public Sector Banks have shown **robust financial performance**, with **record profits of about ₹3.1 lakh crore in FY 2024–25**, significantly improved balance sheets and historically low NPAs;
- **Seven Bipartite Settlements** have been signed after the introduction of pension, but their benefits have not flowed to earlier retirees in the form of pension upation;
- The bank pension scheme has become a **closed scheme after 2010**, with **no new entrants**, and therefore the number of pensioners is **steadily declining**, leading to a **natural reduction in long-term cost burden**.

### **5. Social and Human Considerations**

A very large proportion of bank pensioners today are **senior citizens in the age group of 70–75 years and above**. Many of them are facing **severe financial hardship** due to:

- Sharp erosion in real pension value caused by inflation over three decades;
- Rising healthcare and living costs in old age;
- Absence of any structural mechanism for pension upisation, unlike serving employees.

Pension is not a charity; it is **deferred wages and a vital pillar of social security**. Ensuring its adequacy is consistent with constitutional values, judicial pronouncements, and the spirit of inclusive economic growth.

## **6. Legal and Constitutional Perspective on Pension**

Pension has consistently been held by the Hon'ble Supreme Court of India to be **neither a bounty nor a gratuitous payment**, but a form of **deferred wages** earned by an employee for long and faithful service. It is an integral component of the right to livelihood under **Article 21 of the Constitution**. Further, the principle of **equality enshrined under Article 14** mandates that similarly situated pensioners cannot be subjected to arbitrary discrimination without reasonable classification. The continued denial of pension upisation to bank pensioners, despite comparable and successive upisation granted to RBI pensioners under the same broad pension framework, raises serious issues of **parity, fairness and non-arbitrariness**. Pension regulations, being subordinate legislation, must operate in conformity with constitutional principles, judicial precedents, and evolving standards of social justice. The Hon'ble Supreme Court in **Deokinandan Prasad v. State of Bihar (1971)** held that pension is a valuable right and deferred portion of compensation for service rendered, while in **D.S. Nakara v. Union of India (1983)** the Court emphatically ruled that pensioners form a homogeneous class and arbitrary cut-off dates or denial of parity violate **Article 14**, principles which have been consistently reaffirmed in subsequent judgments.

## **7. Role of RBI as Regulator and Stakeholder**

The Reserve Bank of India, being:

- The **regulator and supervisor of banks**;
- A **party to and approving authority of bank pension regulations**;
- An institution that has itself implemented pension upisation for its retirees;
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is uniquely placed to **guide, influence and facilitate a fair resolution** of the long-pending issue of pension upisation for bank retirees.

## 7. Our Humble Request

In the above backdrop, we most respectfully request the Hon'ble Governor to **use the good offices of the Reserve Bank of India** to:

- Recommend and support **pension updation for retirees of Public Sector Banks**;
- Advise the Government of India and the Indian Banks' Association to evolve a **sustainable and equitable model of pension updation**, on lines already implemented in RBI;
- Ensure that bank pension regulations remain aligned with principles of equity, parity and social justice.

We firmly believe that timely intervention by RBI will go a long way in **mitigating the long-standing hardship of lakhs of elderly bank pensioners** and reinforcing faith in institutional fairness. We shall be grateful for your sympathetic consideration of our request.

With Respectful Regards,

**Yours Sincerely,**



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

### C. C. to

1. **The Secretary, DFS, Government of India, New Delhi**
2. **The Chairman, Indian Banks' Association (IBA) Mumbai**
3. **The Chief Executive, Indian Banks' Association, Mumbai**
4. **The Senior Advisor (HR), Indian Banks' Association, Mumbai**
5. **General Secretaries, AIBEA, AIBOC, NCBE, AIBOA, BEFI, INBOC, INBEFE NOBOW, NOBRO**