

ALL INDIA BANK RETIREES' FEDERATION(REGD.)

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



SILVER JUBILEE YEAR (1994-2019)



Ref. No 2019/69

08.05.2019

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

Dear Comrades

Re : Core Committee Meeting Held at Delhi on 2nd & 3rd May,2019

Re: Proceedings

Core Committee Meeting was held at Delhi on 2nd & 3rd May, 2019 to mainly discuss and decide the following two issues:

1. To examine pension updation formula sanctioned by the government for RBI pensioners and consider its acceptability for bank pensioners.
2. To discuss and work out proposal for renewal of group insurance policy for bank retirees.

RBI PENSION UPDATION FORMULA

The committee took note of the fact that Government of India has sanctioned formula for updating pension of RBI pensioners and made it effective from March, 2019 prospectively without payment of arrears for the past period.

During deliberations in the meeting on the issue the following facts/ points emerged:

- (a) It is significant and historical achievement for RBI pensioners in particular and pensioners of financial sector in general.
- (b) This achievement could be secured due to continuous and persistent organisational efforts made in coordinated manner by employee unions and retiree organisations with the support of the management in RBI. AIBRF complements and congratulates leaders of employee unions and retiree organisation in RBI for this path breaking achievement.
- (c) This development has given new hope and confidence among bank retirees to fight out and achieve the long pending demand of updation through organisational efforts.
- (d) On examining the formula, it is seen that it is broadly based on the factor concept provided by pay commission for updating pension of government pensioners.

- (e) Formula sanction for RBI covers pensioners of all periods since introduction of pension in RBI in 1986.
- (f) Government Notification issued in this regard also indicates that updation exercise will be considered and undertaken at the time of wage settlement in future too. In other words, updation exercise is likely to be regular feature. It is welcome sign.
- (g) This formula takes care of merger of DA in basic pension at par with the merger points sanctioned for employees.
- (h) Increase of 10 percent has been considered after merger of DA in basic pension.
- (i) Formula is based on the principles of social security and social welfare laid down by the constitutional bench of the Supreme Court in famous Nakara case.
- (j) Employee unions and retiree organisations in RBI have welcome the updation formula sanctioned by the government though being implemented prospectively.

On analyzing the above points, the committee was of the unanimous view that RBI formula largely meets expectations of bank retirees for updation for which AIBRF has been fighting for last several years. In view of this, AIBRF DEMANDS that RBI pension updation formula should be made applicable to bank pensioners also immediately with the following modifications.

- (a) Basic pension of those retired between 01.01.1986 to 31.03.1998 should be updated in terms of the order passed by Mumbai High Court in WP NO. 2403/2009 first and then updation formula sanctioned by the government should be applied to arrive at the updated pension.
- (b) Benefit of updation should be given to family pensioners too.
- (c) Updation exercise should also be carried for those retired on or after 01.11.2012 as suggested in government communication in the on-going wage settlement and its consequential benefit should be passed on retirees of earlier groups.

As regards cost factor the following views emerged in the meeting:

Presently, we do not have exact data and profile of pensioners at the industry level to calculate additional financial burden on pension funds on updation exercise. However the following data are worth noting:

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| (a) Total Number of Pensioners | About 3.00 lakhs |
| (b) Combined corpus in pension funds: | About 2.50 lakh crores |
| (c) Annual outflow on pension liability | About 9000 crores |
| (d) Annual additional burden on updation- 15 percent | About 1450 crores |
| (e) Percentage burden on corpus after updation | About 4.18 per cent |
| (f) Present yield on corpus | About 7.35 per cent. |

Following other important facts need to be noted in support of our demand of updation:

- (a) Pension scheme in existence in banks is basically guaranteed benefit pension scheme and is designed and structured on the principle of social security and welfare where updation is its integral part. Fund position is secondary.
- (b) Feature of periodical updation was envisaged and provided in the settlement of 1993 and this point was further agreed and affirmed by parties to the settlement in subsequent meetings.
- (c) Pension fund position is quite comfortable and yield on corpus is continuously greater than ratio of payment obligations year after year.

- (d) 9 years back at the time of granting second pension option to about 4 lakhs employees and retirees, pension funds could take care of the additional cost successfully. Similarly additional burden of pension under VRS in 2000/2001 was also successfully met from the corpus.
- (e) Whatever additional contribution required for updation as per the actuary reports/ AS norms can be managed through amortization method as adopted in 2010 while giving pension option to 4 lakh employees and retirees.
- (f) As per the affidavit filed by the government in court, it had stated that it would consider updation in financial sector if given in RBI.
- (g) Banks' performance and profitability is also on improvement of late.

The above stand of AIBRF on updation of pension was also discussed with CBPRO representatives in joint meeting held in Delhi on 3rd May, 2019. After deliberations CBPRO was by and large in agreement with the stand taken by AIBRF. Further it was decided to launch joint action programs like Dharna at various centers, submission of memorandum, meeting in delegation to UFBU leaders, IBA DFS etc. from June 2019 onwards on continuous basis till the demand is achieved. Joint committee of three consisting of (a) two joint conveners of CBPRO and (b) General Secretary of AIBRF was authorized to draw specific schedule for carrying action programs jointly from time to time.

In addition to the above, AIBRF will keep close watch on the developments and take appropriate actions wherever needed independently from time to time. It may also be mentioned that after sanction of updation formula in RBI, we find that Unions have also started taking added interest in the updation issue with the aim of resolving it in the on-going wage settlement. Recently, General Secretary AIBEA has enquired from AIBRF whether RBI formula is acceptable to us or we have some any other formula in mind and assured that on getting our stand the issue will be taken up with IBA/ Government accordingly. General Secretary, AIBOC has also convened meeting of representatives from AIBRF & CBPRO in Delhi on 20.05.2019 to discuss the strategy to achieve demands of updation and family pension. Initiatives and steps being now taken by two important unions are welcome sign and raise our hope that through coordinated efforts by unions and retiree organisations the issue will get resolved shortly.

RENEWAL OF GROUP INSURANCE POLICY

One of the resolutions passed in 5th National Conference held at Delhi recently is to make efforts to see that trend of continuous increase in premium amount for retirees year after year is arrested and brought down at the time of next renewal to make the scheme affordable and sustainable for all section of retirees.

In this direction, committee of 3 office bearers namely (i) DGS Shri A.K. Bansal (ii) DGS Shri Mitra Vashu & (iii) Organising Secretary Shri Suresh Sharma was constituted to study the scheme and direction given in the resolution and come out with specific proposals to reduce the premium for next renewal.

The report prepared by the Sub-committee was placed before the core committee for discussion. After detailed deliberations on the report and additional inputs given by the core committee, the following points for renewal were approved for taking them at appropriate level for final sanction

- (a) The committee was of the unanimous view that scheme of health insurance launched for retirees as per provisions of settlement dated 25.05.2015 has broadly served the purpose and provided reasonably creditable solution in addressing health related issues at the advancing age. In view of this the core committee was of the unanimous view that IBA scheme should continue with the following improvements in particular to reduce premium.
- (b) Entire premium up to insurance of Rs. 2 lakhs should be fully borne by banks.

- (c) IBA insurance policy for employees and retirees should be clubbed and uniform premium should be charged. It may be seen that terms and conditions as per the settlement dated 25.05.2015 for employees and retirees are common and therefore logically there should be one group policy should be issued and uniform premium should be charged from next renewal. To achieve this, date of next renewal should be made identical by extending existing policy for employees by one month.
- (d) For retirees to make it affordable for each section , sum assured should be available in 4 slabs i.e. 1, 2, 3, 4 lakhs instead of present 3 & 4 lakhs. Option to select the slab should be entirely left to the individual retirees as per his/ her requirement irrespective of the grade from which he/ she retired.
- (e) IBA should approach the government to bring GST on insurance premium for retirees who are senior citizens to Zero slab.
- (f) Standard packages for claim purpose may be worked out some common specified treatments in network hospitals to have standardized approach in settlement of claims with the object to reduce premium.
- (g) Help Desk at the bank level/ TPA level need to be strengthen for speedy disposal of retiree complaints/ representations on the issue of issuance of health cards, approvals for cashless treatment, disposal of claims on reimbursements basis etc.
- (h) Representatives of retirees should be actively involved while finalizing terms and conditions for next renewal and to attend post sale issues.

The above proposals approved by the core committee were shared in the Joint meeting held on 3rd May, 2019 with CBPRO representatives who broadly agreed with our proposals. It was decided to work jointly to achieve them.

ORGANISATIONAL MATTERS

In order to strengthen functioning of AIBRF in different geographical areas and to effectively coordinate with office bearers of AIBRF, state committees and affiliates of the area, the following area wise allocation is done among Deputy General Secretaries

- (1) Shri Debesh Bhattacharyaji: West Bengal , Odisha and North Eastern States.
- (2) Shri S.V Srinivasan : Tamilnadu & Kerala
- (3) Shri Ashok Patil : Maharashtra & Gujarat
- (4) Shri A.K. Bansal : Delhi, Rajasthan & Punjab, Haryana & Other North Western States
- (5) Shri Vishwnath Naik : Karnataka, Andhra & Telangana
- (6) Shri Mitra Vashu : Utter Pradesh, Bihar & Uttrakhand

All concern is requested to take note of it.

With Warm Greetings,

Yours Sincerely



(S.C.JAIN)

GENERAL SECRETARY

