

ALL INDIA BANK RETIREES' FEDERATION(REGD.)

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



SILVER JUBILEE YEAR (1994-2019)



Ref. No 019/287

16.06.2019

Shri K.V. Kannan
Chief Executive
Indian Banks' Association
Mumbai

Dear Sir

Re: Updation of Basic Pension

As you are aware, bank retirees under the banner of AIBRF have been raising demand of updation of basic pension for bank retirees for last several years. Our this demand is based on the basic principles of social security and social welfare as laid down in the famous Supreme Court judgment in Nakara V/s Union of India case as well as specific provision for periodical updation made under regulation No. 35(1) of Pension Regulations, 1995 which was incorporated by way of government gazette in 2003.

2. All bank unions under the banner of UFBU have also not only been supporting demand of pension updation but also raising it forcefully during negotiations on wage settlement from time to time. Because of efforts and struggle of bank retirees and support of unions, Record Note dated 25.05.2015 was signed between parties to the settlement agreeing in principle to examine demand of updation and further agreeing that IBA would carry out cost study for this purpose.

3. AS you know, in Reserve Bank of India too retirees with the support of employee unions were simultaneously raising the demand of pension updation and fighting for it in courts and also at organisational level for last several years. They were raising the demand based on principles of social security and social justice. Till recently Government of India has been rejecting the demand on the plea that there is no specific provision of updation in RBI pension regulations and if agreed, similar demand will have to be considered for retirees of financial sector and if sanctioned will have adverse impact on their functioning.

4. However, as you know, Government of India has now sanctioned updation of basic pension for all categories of pensioners in RBI as per its notification dated 05.03.2019 modifying its earlier stand expressed by it from time to time in courts as well as in other forums. This notification reflects basic and fundamental change in the stand of the government on updation of pension in banking industry. It has now been unambiguously agreed by the government that there is need for periodical pension updation along with wage settlements in banking industry too on the lines of Pay Commission exercise done for government pensioners to preserve the principles laid down in famous Naka case. This stand of the government also clearly indicates that primary and basic criteria for consideration of updation in banks will be principles of social security and welfare and not pension fund position alone.

5. We heartily welcome this bold decision of the government on the issue of pension updation and congratulate Honorable Prime Minister and Finance Minister for sanctioning pension updation for RBI pensioners.

6. We demand that pension updation should be sanctioned for bank pensioners on the lines of RBI formula. We find that very favorable atmosphere have been created for updation of pension in banks with basic change in attitude and stand of the government on the issue. We also find that IBA has already agreed to examine demand of pension updation as per the provisions of Record Note dated 25.05.2015. Now in view of favorable atmosphere prevailing, IBA should complete the cost study and submit the proposal of updation to the government for favorable consideration and sanction without delay.

7. We would like to invite your kind attention on the facts that position of pension funds in banks are quite comfortable and according to us can take load of updation burden without difficulty. We also suggest that if need be accounting method amortization may be adopted as done in 2010 at the time of granting pension option to left overs.

8. It will not be out of place to mention that in RBI updation has been sanctioned though there are no specific provision for it their regulations. But in Pension Regulations applicable in banks there is specific provision of periodical updation under regulation no. 35(1). Therefore we are of the view that bank pensioner case on this issue is equally strong legally too.

9. We request you that our this representation will be favorably considered by managing committee of IBA and will be sent for sanction. It may be mentioned for your information that AIBRF has not submitted any other representation on updation in the recent past singly or jointly with any other organisation.

With Respectful Regards.

Yours Sincerely,



(S.C.JAIN)

GENERAL SECRETARY