



ALL INDIA BANK RETIREES' FEDERATION

D-1/1, Sector-C, Scheme-71,
Near Kasara Bazar School, Indore – 452 009.

Chairman

Sri S.R.Kulkarni

President

Sri S.M.Deshpande

Vice President

Sri D.A.Masdekar
Sri Ashok Patil
Sri J.B.Dave
Sri F.Martis
Sri B.Ramji
Sri M.K.Jha
Sri C.Gopinathan Nair
Dr. R.D.Yadav
Sri K.K.Guptha

General Secretary

Sri S.C.Jain

Dy. Genl. Secretary

Sri R.S.Desai
Sri D.P.Gupta
Sri S.V.Srinivasan
Sri DebeshBhattacharyya

Organising Secretary

Sri P.P.Karandikar
Sri Kalyan Sengupta
Sri V.K.M.Varma
Sri M.N.Pandit
Sri B.G.Raithatha
Sri C.N.Prasad
Sri Kishore Gujarati
Sri A.L.Chandramouli
Sri C.Gopinathan Nair
Sri A.K.Bansal
Sri Sunil Srivatsava
Sri Dilip Ghosh
Sri S.Velayoudam
Sri Anindya K. R. Basu
Sri Pratap Shukla
Dr.G.S.Jog

Treasurer

Sri M.S.Chourey

Ref: 2015/041

Date 15.05.2015

Shri M.V.Murli

**Convenor, United Forum of Bank Unions
Hyderabad**

Dear Sir

Re; 10th Bipartite Settlement

With due respect to UFBU, its constituents and the leadership, on behalf of lakhs of bank retirees we place the following submission for your consideration and appropriate action.

(1) We understand that bank unions are going to sign the settlement on 22nd May 2015 or in near future thereafter. As per the communications issued, UFBU has been able to secure increase of 15 percent on payslip components amounting to about Rs. 4500 crores per annum for the employees effective from 1.11.2012 in the ongoing settlement. Further, efforts are going on for improvement in other allowances and facilities resulting into additional benefits to the employees with effect from 1.11.2012. Therefore it is expected that employees will get monetary benefit of Rs. 12000 crores approximately in on go by of arrear and annual benefit of Rs 4500 crores and more with increasing trend in coming years.

(2) Against the above backdrop, we have come to know that IBA/ Government is not ready to approve any of the demands like uniform dearness allowance, pension updation and improvement in family pension before signing the settlement. Further we have come to know that IBA is only ready to extend group mediclaim policies to the past retirees in this settlement. Here also, we have come to know that funding of the insurance premium for retiree is going to be left to the individual banks who will decide as to how much to be charged to the retirees and how much to come from staff welfare funds. Therefore if the position taken by IBA on retiree demands is accepted by UFBU for signing the settlement, there will be ZERO ALLOCATION for the past retirees in this settlement. With this background, we would like to know whether position of ZERO ALLOCATION is acceptable to the UFBU leadership. If not, what is the strategy of unions to put enough pressure on IBA/ Government through organisational calls like agitational programme. Lighting strike call etc as done in case of employees to improve the offer from 5 percent to 15 percent spending two and half years, we may kindly be informed for which

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we will be grateful to you. We would also like you to share the information/ documents exchanged on retirees issues between IBA and UFBU and which has convinced UFBU leadership not to press above retiree demands before signing the settlement. We feel that it is absolutely necessary for confidence building in view of charter of demands of unions on retiree issues for this settlement and subsequent assurances given from time to time as well as for long term relationship between retirees and unions in the banking industry which is going to witness movement of more than 2 employees towards retiree camp in next 2/3 years. We feel this issue needs serious introspection at all levels.

(3) we request you to secure allocation of specific funds say Rs. 1000 crores per annum to be exclusively used for improving pension scheme for past retirees and same should be incorporated in the settlement to be signed if it is not possible to work out details for past retirees immediately.

(4) One of the main reasons being given for not considering any improvement for past retirees is shortage of funds and banks' weak financial position to bear additional cost. While it is open fact that entire financial burden of the benefits to employees will be on profit and loss of banks directly, any benefit considered to past retirees will be out of pension funds and not from profit and loss of banks directly. If you see financial position of pension funds you will find it is healthy and improving year after year. We below give combined balance sheet data of pension funds of public sector banks as on 31.03.2014 on the basis of information collected by us.

**Aggregate Pension Fund Corpus as on 31.03.13
(excluding SBI Group)**

91336.78 crores

**Add annual contribution in lieu of PF
From banks during the year**

6412.02 crores

Add annual interest income on Investment

7619.47 crores

**Less Out go by way of monthly payment to
Pensioners, Family pensioners and
Commutation**

6574.91 crores

Net Pension Funds as on 31.03.2014

101919.56 crores

From the above the following may be observed for the year 2013-2014



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(a) Corpus has increased from 91336 crores to 101919 crores registering annual growth of more than 12 percent after meeting all pension liability during the year

(b) Interest income of Rs. 7619.47 crores is greater than pension liability Rs. 6574.91 crores during the year leaving surplus of more than Rs 1100 crores plus in the year from interest income alone.

(c) Interest yield on pension fund investment during the year is coming out is 8.34 percent approximately which is less than tax free interest yield of 8.9 percent of PPF accounts. Improvement of 50 basis point in yield on Rs 1 lakh crores plus fund can easily generate additional income of Rs. 500 crores.

(d) Corpus is basically provisions for pension liability and their ownership belongs to banks. Pensioners have right on committed monthly payments. In view of this Banks are likely to be comfortable and will be left with sizable surplus at the end of the scheme after 30- 40 years or so.

(e) Number of active pensioners will start reducing after toping in 2017 in view of settlement of 2009.

(f) The above increasing trend is not only in 2013-14 but the positive trend has been noticed year after year since its inception without any exception.

(g) Basic Pension of future retirees will increase 62 percent approx. and consequent increase in commutation amount after this settlement. We feel that banks will make additional contribution to the fund to meet this liability and therefore further increase in pension fund corpus.

Our analysis is based on the data available to us. However if you have some different/ more data and analysis we request you to share them with us to understand and appreciate them. We hope you will find logic in our submission and arrange the joint meeting urgently.

With Warm Regards

Yours Sincerely

Sd/-

(S.C.JAIN)

GENERAL SECRETARY

C.C. to All Constituents of UFBU

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