

ALL INDIA BANK RETIREES' FEDERATION (REGD.)

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

E-Mail: Sharbat_123@rediffmail.com Mobile

8966019488



Ref: 2021/ 560

Date: 13.08.21

The Secretary.
Department of Financial Services
New Delhi

Respected Sir,

Re: Reduction in commutation factor

We find that Department of Financial Services has advised public sector banks vide its communication dated 28.06.2021 to reduce factor for calculating commutation amount for whole time directors and career officers as per the table circulated along with this communication. According to this revised table, the above categories of staff retiring at the time of normal superannuation will get factor of 8.194 instead of present factor of 9.81, In other words, it will result in reduction of commuted value by Rs. 1939.2 for every Rs. 100 commuted or Rs. 193920 for every Rs. 10000/-.

2. We also find from contents of the above refereed communications of DFS, the revised factor was to be made applicable to the above referred categories of the staff effective from 1.06.2021. We also learn that many PSBs have written to DFS seeking clarification on applicability of revised table to other categories of staff.

3. But we have now come to know that without waiting proper clarifications from you and also without following laid down procedure applicable under bipartite mechanism existing in banking industry, IOB management has since taken unilateral decision to adopt the revised table to determine entitlement towards commuted value for all categories of staff retiring from 30.6.2021 onwards. **This decision of IOB management is in complete violation of provisions of pension regulations and also not in conformity of the above referred communication of DFS.**

4. In the context of the above, we also wish to draw your kind attention on the following points

- (a) Pension scheme in banking industry has come in to existence through negotiated settlement. Therefore any modification/ change in the terms and conditions need negotiation and arriving at the settlement among parties to the settlement.
- (b) Basis for bringing change in the factor, it is stated in the above communication is as adopted by the Central Government for its pensioners on the basis of 6th Pay Commission


recommendations. In this regard, it may be mentioned that while revising table for factor, many improvements in commutation benefit were simultaneously introduced like full pension after 20 years' service, commutation permitted up to 40 per cent of pension etc. for government pensioners . In case the government wants to revise the table in banks, first it should implement these improvements.

(c) Recovery period for commutated value should be reduced suitably from present 180 months.

5. We humbly request you to consider our above submission and ask banks not to make any change in the commutation factor till it is negotiated and settlement is arrived.

With Respectful Regards,

Yours Sincerely,


(F.C. JAIN)
GENERAL SECRETARY.

Copy to

- (1) The Chairman
Indian Bank's Association
MUMBAI
- (2) The Convener
United Forum of Bank Unions
CHANDIGARGH
- (3) All Constituents
United forum of bank Unions

