

# ALL INDIA BANK RETIREES' FEDERATION (REGD.)

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

E-Mail: [Sharbat\\_123@rediffmail.com](mailto:Sharbat_123@rediffmail.com) Mobile

8966019488



Ref: 2021/ 568

Date: 16.09.21

Mrs. Nirmala Sitharaman  
Honorable Finance minister  
Government of India  
NEW DELHI

Respected Madam,

## Re: Updation of Pension

We are extremely grateful to you for showing very positive and sympathetic attitude towards long pending demand of Updation of pension of bank retirees. Because of the positive signals coming from the top, we find that things have started moving in the right direction in recent past on pending issue of updation. IBA has since formed Six members Committee from top management to prepare suitable proposal on updation for consideration of the government.

2. We convey our sincere thanks to you for sparing valuable time out of your busy schedule and giving appointment to AIBRF delegation to present our views on updation for your kind consideration.

3. We take this opportunity to draw your kind attention on the following relevant facts/ points for your kind consideration

4. We humbly wish to invite your kind attention on the fact that updation is the most important demand of bank retirees who have been waiting for very long time for reliable and respectable solution on it. Formation of the committee has created new hopes and confidence among lakhs of bank retirees for early solution. AIBRF being the oldest and largest organization of bank retirees at the apex level is fully, actively and continuously engaged at the organization level for resolution of the issue for last one decade.

(a) **UNDUE DELAY & WIDE GAP** Since 1995 when pension scheme was introduced in banking industry, no exercise for updation has been carried out. During this period, 6 wage settlements have been signed giving liberal and improved packages in service conditions to working staff and improved pension quantum to the staff covered in each settlement. However, those retirees not covered in a settlement period and retired in earlier years were not given benefit of improved terms of the settlement by re-fixing their pension on any occasion. This situation has resulted in huge, unimaginable and unthinkable gap

between basic pension of those retired under 5<sup>th</sup> settlement (1987-1992) and those retiring now under the current 11<sup>th</sup> settlement (from November 2017 onwards). The gap in basic pension between two groups can be gauged from the following data.

CATEGORY PERCENTAGE	BASIC PENSION AT TOP (11 <sup>TH</sup> SETTLEMENT)	BASIC PENSION AT TOP (5 <sup>TH</sup> SETTLEMENT)	DIFFERENCE IN BASIC PENSION
SUB STAFF 1663	14072	755	13317
CLERKS 1490	23960	1417	22543
OFFICER SCALE I 1488	31920	2010	29910
SCALEII 1497	34905	2185	32720
SCALEIII 1493	39120	2455	36665
SCALEIV 1580	44945	2675	42270
SCALE V 1645	50175	2875	55185
SCALE VI 1672	58060	3275	54785
SCALE VII 1742	64500	3500	61000

- (b) From the above it can be seen that in last 30-years, gap in basic pension has gone up on an average by 15 times. **Primary object of updation exercise should be to fill up this gap. It is our humble request to consider this aspect.**
- (c) **RBI FORMULA** As you are aware, Government of India vide its letter No. 11/5/20014 dated 5.03.2019 has approved updation of pension for RBI pensioners giving 10 per cent increase after merger of Dearness Relief at 4440 index. In banking industry, pension scheme was introduced on the model of RBI pension scheme. RBI is regulator of banking industry. In view of this and logically in all fairness, **pension updation in banks should be done as per RBI formula and DR merger should be at 6352 index instead of 4440 as per 11<sup>th</sup> wage settlement covering pensioners up to 10<sup>th</sup> settlement.**
- (d) **PRINCIPLES AND GUIDELINES LAID DOWN BY SUPREME COURT FOR UPDATION** Pension scheme in banking industry was introduced as social welfare measure to retirees on the lines of government of India pension

scheme to make bank retirees free from worries of wants so they can lead respectable and peaceful life in last leg of the life. Adequate provisions were made in pension regulations to define benefits available with statutory guarantee from the state for timely payment. Further, Constitutional bench of Supreme Court while delivering judgement on 17.12.1982 in the matter of updation laid down certain basic and fundamental principles like violation of fundamental rights as enshrined in article 14 of the Constitution by creating class within class by denying benefits of liberal pension to earlier pensioners, pension is not bounty but legal rights of pensioner, in welfare state it is the responsibility of the state to provide adequate pension to ensure respectable and dignified life. This historical judgment of Supreme Court delivered by eminent and senior honorable judges and legal luminaries have become mandatory benchmark for all Pay Commissions to deal with updation exercise. Importance of this judgment can be seen that the date of judgment 17<sup>TH</sup> December is celebrated in this country as **PENSIONERS' DAY** every year. **It is our humble request to honorable members of the committee that principles laid down in this historical judgment should be taken in to consideration besides financial aspect of the exercise.**

(e) **IMPROVED PERFORMANCE OF BANKS** It is heartening to see that operational performance of banks in general and public sector banks in particular have improved considerably in terms of operating profit, considerable reduction in gross as well as net NPA level, capital adequacy ratio, reduction in establishment cost etc. in last 2/3 years due to various reforms/ measures introduced by the government/ RBI. The following data will support our above statement

(i) PSBs continued to post improved aggregate operating profits of Rs 1,37,151 crore, Rs 1,58,994 crore, Rs 1,55,603 crore, Rs 1,49,819 crore and Rs 1,74,640 crore in the financial year 2015-16, 2016-17, 2017-18, 2018-19 and 2019-20 respectively.

(ii) PSBs have also now returned to net profit by posting aggregate net profit of Rs. 31820 crores in the year ended March, 21. **This performance can be rated spectacular considering contraction in GDP by -7.3 percent due to Covid-19 pandemic.**

(iii) It is very positive sign to see that ability of PSBs to further increase lending is evident through Capital to Risk Weighted Assets Ratio which stood at 14.04 per cent as of March 31, 2021, as against regulatory requirement of 10.875 per cent.

(iv) NPAs have since declined to Rs 7,39,541 crore on March 31, 2019, Rs 6,78,317 crore on March 31, 2020 and further to Rs 6,16,616 crore as on March 31, 2021.

(v) It is also worth noting that all PSBs are now out of PCR removing all restrictions placed on them and are now functioning under normal rules.

**These improvements in performance of banks could become possible due to valuable and dedicated contribution made by team of present and past employees during challenging time. We are sure that these facts will get due recognition while carrying out and finalizing updation exercise.**

(f) We feel proud to mention that AIBRF has been raising the issue of updation at various levels through various organizational programs like meeting in delegations to more than 12 Central Ministers, Lok Sabha Speakers and 110 Members of Parliament to explain various aspects on updation demand.

(g) AIBRF is apex level organization of bank retirees with 38 bank wise retiree organizations are its affiliates. Membership of AIBRF presently about 2.5 lakhs. It is registered under trade union act. **Our membership figure is verifiable from annual statutory returns filed with the authorities.**


(h) **Various ratios affecting establishment cost and superannuation cost is also turning out to be positive.**

**These facts also go in favor of early updation**

6. As stated earlier AIBRF is the oldest and the largest retiree organization at the apex level in banking industry. We represent aspirations and expectations of lakhs of bank retirees.

With Respectful Regards,

Yours Sincerely,

  
(P.C. JAIN)  
GENERAL SECRETARY.

