



ALL INDIA BANK RETIREES' FEDERATION (REGD.)

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Pension Fund Position in Public Sector Banks

Non- Disclosures & Acts of Violation

Public sector banks (PSBs) in India maintain employee pension funds under the Bank Employees' Pension Regulations, 1995, through separate trusts funded by the bank (typically 10% of pay plus additional contributions)groups.google.com. However, recent reports indicate significant shifts and compliance issues. For example, PSBs' share of pension-fund deposits plunged by about 87% (from ₹22,516 cr in March 2020 to ₹2,969 Cr in March 2025)business-standard.com, as pension trusts moved deposits to private banks.

Below we summarize available data for select banks (latest FY 2022–23 or 2021–22) on fund status, liabilities, and audit/regulatory notes.

State Bank of India (SBI)

SBI maintains its own funded pension scheme (outside the 1995 regulations) with a dedicated pension fund trust and annual actuarial valuation. Its financial statements note that “pension liability is a defined benefit obligation... the scheme is funded by the bank and is managed by a separate trust”groups.google.com. SBI’s disclosures for FY2022–23 do not separately list the pension fund balance or actuarial deficit/surplus, and no specific auditor or RBI comments on pension-fund compliance were found in the sources.

Punjab National Bank (PNB)

PNB has an Employees' Pension Fund trust. Its FY2016–17 accounts showed plan assets exceeding obligations by about ₹2,026.6 cr, which was **credited** to its Profit & Loss (as “excess of fair value of plan assets over obligation”)groups.google.com. Auditors flagged this in an *emphasis of matter* (drawn attention to Note 15C), noting the large write-back to employee costsgroups.google.com. Pensioners’ associations argue that this write-back effectively returned trust assets to PNB, contrary to Pension Regulation 13 (which permits pension fund use only for paying pension benefits)groups.google.com. (The 2016–17 auditor report did not qualify the

opinion but noted the unusual gain groups.google.com.) No similar pension fund write-backs or auditor remarks have been reported for PNB in later years (FY2022–23 data not found in sources).

Bank of Baroda (BOB)

BOB (including merged Dena and Vijaya Banks) also has an Employees' Pension Fund Trust. The latest annual report does not disclose the pension fund balance or actuarial liability in detail. In the available sources we found no auditor or RBI observations regarding BOB's pension fund. (The Pension Fund Regulations require annual actuarial funding, but BOB's compliance has not been publicly commented on in the sources.)

Canara Bank

Canara Bank (including merged Syndicate Bank) has an Employees' Pension Fund Trust. Its FY2022–23 disclosures do not separately report the pension fund assets or deficit. We found no specific auditor or RBI comments on Canara Bank's pension fund. Compliance with Pension Regulations appears to be assumed by maintaining the trust, but no gaps or audit findings are available in the cited sources.

Bank of India (BOI)

Bank of India maintains an Employees' Pension Fund (its trust is legally active) indialei.in. Corporate registries confirm "Bank of India Employees' Pension Fund" as an active entity indialei.in. The bank's accounts (FY2022–23) do not explicitly report the funded status or liability for the pension fund. No external audit or RBI remarks on BOI's pension fund were found in the sources. BOI states contributions are made per the rules, but specific provision amounts or actuarial figures were not disclosed.

Other PSBs

Several other PSBs also have pension fund trusts. For example, separate pension-fund trusts are listed for State Bank of India, Central Bank of India, Union Bank of India, and Indian Bank indialei.in indialei.in. These trusts must be actuarially valued annually under Regulation 11. However, none of these banks' recent reports (FY2022–23) provided detailed fund-versus-liability figures in the sources we reviewed. Likewise, we found no RBI inspection comments or

auditor qualifications on pension-fund compliance for these banks in available sources.

The table below summarizes key points for each bank (with “N/A” where source data were not available):

Bank	Pension-Fund Trust (Yes/No)	Auditor/RBI Notes (FY2022–23)
SBI	Yes (SBI Employees’ Pension Fund)	No specific auditor/RBI comments found groups.google.com
PNB	Yes – plan assets exceeded liabilities by ₹2,026.6 cr groups.google.com	Auditors drew attention to this credit (FY2016–17) groups.google.com ; pensioners claim misuse of trust funds groups.google.com
Bank of Baroda	Yes (BOB Employees’ Pension Fund)	No public audit/RBI observations noted
Canara Bank	Yes (Canara Bank Employees’ PF)	No public audit/RBI observations noted
Union Bank of India	Yes (Union Bank Employees’ PF)	No data found in sources
Bank of India	Yes (active Employees’ PF trust) indialei.in	No public audit/RBI observations noted
Indian Bank	Yes (Indian Bank Employees’ PF)	No public audit/RBI observations noted
Central Bank of India	Yes (Central Bank Employees’ PF)	No public audit/RBI observations noted

Key sources of Information

Bank ARs and external reports. For example, PNB’s AR (FY2016–17) is cited for its pension fund write-backgroups.google.com, and a Business Standard analysis provides aggregate PSB pension-deposit trendsbusiness-standard.com. The entity registry confirms existence of pension trusts for BOI and

others indialei.inindialei.in. No RBI inspection reports on pension funds were found in the sources, and most banks' latest ARs lacked detailed pension-fund disclosures. Overall, PSBs do maintain the mandated pension funds, but the adequacy of funding and strict compliance (as highlighted by the PNB case) remain a concern in the public record groups.google.comgroups.google.com.

Sources

Pension Fund Position of Indian PSBs as per Pension Regulations 1995

Question:

Non discloser on pension funds with complete details whether it amounts to violation of relevant laws and what are the rights of pensioners to enforce them

Below is a **legal and regulatory analysis in the Indian context**, focused on **non-disclosure of pension fund details by public sector banks (PSBs)** and the **rights and remedies available to pensioners under the Pension Regulations, 1995** and allied laws.

1. Is non-disclosure of complete pension fund details a violation of law?

(A) Statutory framework involved

Non-disclosure has to be tested against **multiple binding legal instruments**, not just one:

1. **Bank Employees' Pension Regulations, 1995**
2. **Companies Act, 2013**
3. **Accounting Standards (Ind. AS 19 / AS-15)**
4. **SEBI (LODR) Regulations, 2015 (for listed PSBs)**
5. **RTI Act, 2005**
6. **RBI supervisory directions**
7. **Trust law principles (Indian Trusts Act, 1882)**

(B) Pension Regulations, 1995 – violation analysis

Relevant provisions:

- **Regulation 5 & 6** – Pension Fund must be maintained as a **separate trust**

- **Regulation 11** – Actuarial valuation is mandatory
- **Regulation 13** – Pension Fund can be used **only for payment of pension/family pension**
- **Regulation 15** – Trustees act in fiduciary capacity

● **Critical point:**

While the Regulations **do not explicitly mandate public disclosure**, they **impose fiduciary duties on:**

- the Bank (as settlor and contributor), and
- the Pension Fund Trustees (as custodians of funds)

→ **Failure to disclose fund position to beneficiaries (pensioners)** can amount to:

- **Breach of fiduciary duty**
- **Defeating the purpose of the trust**
- **Constructive misuse of trust property** (if surplus/deficit is concealed)

Courts have consistently held that **beneficiaries of a trust have a right to know the financial position of the trust.**

✓ **Conclusion:**

Non-disclosure **per se** is not automatically illegal under the Pension Regulations,

! but **refusal or suppression** of information **when demanded by beneficiaries** can amount to **regulatory breach and breach of trust.**

(C) Companies Act, 2013 – clear violation territory

Under **Schedule III** and **Section 129:**

Banks must disclose:

- Defined benefit obligations
- Fair value of plan assets
- Actuarial gains/losses
- Funding status

If pension fund assets and liabilities are not disclosed bank-wise, it can amount to:

- Non-compliance with statutory financial reporting
- Misrepresentation of employee benefit obligations

Auditors are duty-bound to:

- qualify reports, or
- include Emphasis of Matter

→ Incomplete or aggregated disclosure without fund-wise breakup is legally vulnerable.

(D) Accounting Standards (AS-15 / Ind. AS-19)

Mandatory disclosures include:

- Reconciliation of plan assets and obligations
- Expected vs actual return on assets
- Contributions made and expected
- Nature of plan funding

If pension trusts exist separately but **their financials are not transparently reflected**, this is a **technical accounting violation**.

(E) SEBI (LODR) – for listed PSBs

Regulation 4(2) (f):

“Timely and accurate disclosure of all material matters.”

Pension liabilities affect:

- profitability
- net worth
- contingent liabilities

→ Suppression or vague disclosure may be treated as **material non-disclosure**, inviting SEBI action.

2. Does non-disclosure amount to violation of pensioners' rights?

Yes — under **multiple legal doctrines**.

(A) Pension is a property right

Supreme Court (D.S. Nakara case):

Pension is not a bounty, but a **deferred wage** and a **property right** under Article 300-A.

→ any act that jeopardizes pension security (including concealment of fund status) affects a **constitutional right**.

(B) Fiduciary duty & trust law

Under trust principles:

- Beneficiaries have a **right to accounts**
- Trustees must act with **utmost good faith**
- Non-disclosure = **breach of trust**

This is enforceable even if not expressly written in the Pension Regulations.

(C) Right to Information Act, 2005

PSBs are **public authorities**.

Pension fund information qualifies as:

- Use of public money
- Information affecting beneficiaries' rights

Courts and CIC have repeatedly held:

Pension-related information **cannot be denied** on grounds of fiduciary or commercial confidence.

3. Rights and remedies available to pensioners

(A) Right to demand disclosure

Pensioners can legally demand:

- Actuarial valuation reports
- Pension fund balance
- Investment details
- Surplus/deficit position
- Trustee decisions affecting fund

Routes:

- RTI applications
- Direct representation to Trustees
- Shareholder-style requisitions (through unions/associations)

(B) Writ petition (Article 226)

Maintainable against PSBs for:

- Arbitrariness
- Violation of fiduciary duty
- Threat to pension security

Courts can order:

- Full disclosure
- Independent actuarial audit
- Ring-fencing of pension funds

(C) Civil action for breach of trust

If:

- Pension funds are diverted, adjusted, or absorbed by bank
- Surpluses are transferred to P&L
- Deficits are hidden

→ Pensioners can seek:

- Declaration of illegality
- Restitution
- Injunction against misuse

(D) Complaint to regulators

1. **RBI** – supervisory lapse
2. **CAG** – misuse of public funds
3. **SEBI** – misleading disclosures
4. **Ministry of Finance** – administrative control over PSBs

4. Practical legal position (summary)

Issue	Legal Position
Non-disclosure by itself	Not automatically illegal
Refusal to disclose to pensioners	Illegal
Inadequate financial statement disclosure	Statutory violation
Absorbing pension fund surplus	Highly vulnerable to challenge
Pensioners' right to information	Strong and enforceable
Judicial remedy availability	Yes (Writ + Civil)

5. Key takeaway

Pension fund opacity is not a harmless accounting choice — it is a legally sensitive issue involving trust law, constitutional property rights, and public accountability.