

CIRCULAR NO. 115 /2020

DATE : 03.10.2020

TO,
ALL MEMBERS

UPDATION OF PENSION AND RELATED ISSUES

We reproduce hereunder the text of the **AISBOF Circular No. 115** dated 03.10.2020, the contents of which are self-explicit.

With warm greetings,

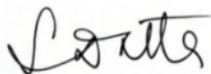
(Ajit Kumar Mishra)
GENERAL SECRETARY

OUR UNITY : ZINDABAD-ZINDABAD
S.B.I.O.A. : ZINDABAD-ZINDABAD

TEXT

UPDATION OF PENSION AND RELATED ISSUES

We reproduce hereunder the text of AIBOC Circular No.2020/63 dated 03/10/2020 contents of which are self-explanatory for information of the members.



(Soumya Datta)
General Secretary

Dear Comrade,

UPDATION OF PENSION AND RELATED ISSUES

We reproduce below text of the joint communiqué dated 03.10.2020 to the Convenor UFBU on the captioned subject.

With greetings,

Sd/-

(Soumya Datta)
General Secretary

ALL INDIA BANK OFFICERS' CONFEDERATION (AIBOC)
ALL INDIA BANK OFFICERS' ASSOCIATION (AIBOA)
INDIAN NATIONAL BANK OFFICERS' CONGRESS (INBOC)
NATIONAL ORGANIZATION OF BANK OFFICERS (NOBO)

The Convenor
United Forum of Bank Unions

Dear Comrade,

UPDATION OF PENSION AND OTHER RELATED ISSUES

You are aware that updation of pension for bank retirees is a key issue taken up by UFBU in various forums. All the constituents of UFBU are genuinely concerned about the issue of updation of pension. In this context, we place on record our appreciation for the determined pursuit of the same by your good office, on behalf of all constituents during discussions with IBA. While an announcement was made by IBA Chairman Shri Rajnish Kumar ji on 22nd July'20 during the signing of the MOU that family pension would be revised (30% of last drawn pay without any ceiling), IBA is silent about the progress of updation of pension.

02. As the 11th Bipartite is nearing conclusion, we wish to table certain facts concerning the entire approach of updation of pension.

- a) In the background RBI introducing, the Pension in place of Contributory Provident Fund (CPF) with effect from 01.01.1986, the unions in our Industry felt the need of demanding the same for its implementation in Public Sector Banks.
- b) After thorough working and analysing the pros and cons, an MOU was signed on 20th May, 1993, which was converted into a full settlement under ID Act on 29th October 1993 and joint notes were signed by officers' organisations too on the same day.
- c) The scheme was gazetted by the Government of India in September 1995 and the option was extended to all, who had not exercised earlier.
- d) In the year 2001, a special VRS was introduced by the Banks. Nearly 1,25,000 people opted for the said scheme in which 20% were officers, who had opted for Pension and opted out from the services.
- e) They were paid Commutation as well as Pension from the date of their severance together with compensation for the left over service with a maximum of 60 months' Salary.
- f) This led to the depletion of funds in the pension Corpus as well as interest accrued on the fund.
- g) Banks had not sufficiently funded the Pension Corpus and on the contrary, the Banks got the sanction the payouts amortised over 5 years from RBI.
- h) In the settlements entered into during 2000 and 2005, negotiating unions were agreeable to apportion certain percentage from the agreed amount towards the pension corpus.
- i) In 2010, severe pressure was exerted by the Unions to secure Pension in the original form and accordingly, a committee was constituted with representatives of 9 unions with two actuaries – one from Hyderabad and another from Kolkata, to arrive at the quantum required to extend the option. Incidentally, IBA and Government had pegged the amount required at Rs 26000 crore. Following the findings of the actuaries, the quantum was scaled down to Rs 6000 crore.

- j) It was agreed between the parties that an amount of Rs 4200 crore would be provided by the management and Rs 1800 crore should be borne by the new pension seekers.
- k) Against the agreed understandings, there are several legal disputes raised by the associations/individuals.
- l) From 2005 onwards, the concept of AS-15 was introduced in Accounting Standards by The Institute of Chartered Accountants of India (ICAI), **according to which every bank is required to make mandatory provisioning for pension funds every year.**
- m) **Now, RBI in consultation with Government of India updated Pension with effect from 05.03.2019, the DA index of 4440 points being taken as the point of merger and accordingly the pension has been updated for all retirees without payment of any arrears. Similar exercise has also been implemented in NABARD very recently.**
- n) While extending the first and second option of pension in 1995 and 2010 the employees who had resigned from the service of the bank were not made eligible to opt for the pension, even though they had put in more than 20 years of qualifying service, the Service Regulations / Service Rules / Settlements do not disentitle such employees from receiving superannuation benefits and in case of bank employees, there is no difference between resignation or voluntary retirement, with regard to notice period, provision for acceptance of notice and other terminal benefits like Provident Fund and Gratuity are applicable and leave encashment is also eligible for both the categories of employees/officers. **Considering that number of such employees is very few in the banking industry, the resignees constitute the category that is being unlawfully denied the pension option by the banks even after passage of two-and-half decades since the penning of the pension agreement in the banking industry.**
- o) For the family pension, the findings of the actuary engaged by AIBOC was given due cognizance by IBA. Under the circumstances, for arriving at the cost of updation of pension also, UFBU should insist on appointment of two more actuaries in order to estimate and examine adequacy of the existing corpus for such updation. IBA should also provide the required data in a specified format as would be required by the actuaries.
- p) While we continue to rake up the issue and stand firm for pension updation, we should also simultaneously insist that the pension / family pension of the pre 1986 retirees should also be properly upgraded, who are few in numbers.

We, therefore, propose focusing on the above issues in the ensuing discussion under the 11th Bipartite settlement.

Stay safe stay healthy.

With greetings,

Yours sincerely,

Sd/-
(Soumya Datta)
General Secretary
AIBOC

Sd/-
(Nagarajan S)
General Secretary
AIBOA

Sd/-
(Prem Kumar Makker)
General Secretary
INBOC

Sd/-
(Viraj Tikekar)
General Secretary
NOBO