

CIRCULAR NO. 70 /2023

DATE : 15.09.2023

TO,
ALL MEMBERS

**PRESENTATION BEFORE THE GOVERNMENT COMMITTEE
SBI PENSION MATTERS**

We reproduce hereunder the text of the **AISBOF Circular No. 70** dated 15.09.2023, the contents of which are self-explicit.

With warm greetings,

(Amaresh Vikramaditya)
GENERAL SECRETARY

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

TEXT

**PRESENTATION BEFORE THE GOVERNMENT COMMITTEE
SBI PENSION MATTERS**

As our members are well-informed, the Government of India, Ministry of Finance, Department of Financial Services, has taken significant steps regarding pension matters concerning the State Bank of India. This initiative is in response to eF. No: 16/2/3/2011-IR, dated 14th June 2023, wherein a dedicated committee was formed. The committee, led by Dr. M.P. Tangirala, Additional Secretary, Department of Financial Services, Ministry of Finance, Government of India, was constituted under the directives of the Hon'ble High Court, Delhi.

2. As you are aware, AISBOF has consistently advocated for parity in pension benefits for SBI Officers compared to counterparts in the Banking Industry, RBI, and LIC. We are delighted to announce that the Department of Financial Services has extended a formal invitation to AISBOF, seeking our insights and suggestions. This invitation serves as a direct acknowledgment of our ongoing engagement with the committee and our unwavering commitment to addressing the pension concerns of SBI Officers.

3. The discussions occurred yesterday i.e. on 14th September 2023, under the stewardship of Dr. M.P. Tangirala, Additional Secretary, Department of Financial Services, Ministry of Finance, Government of India. AISBOF was represented by the undersigned along with Com. Rupam Roy (President), Com. Saiprasad Ammapalli (Chairman), and Com. G. D. Nadaf (former General Secretary AISBOF).

Shri Brajeshwar Sharma, Sr, Advisor (HR & Industrial Relations) took part on behalf of the Indian Banks Association (IBA).

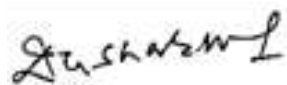
4. The meeting served as a platform for impactful discussions. The meeting was focused on only one issue of 40% of last draw pay as pension in SBI since 01.03.1999 for a few while for the rest it is 50% of the last drawn pay. We did not merely voice our concerns; we also submitted a comprehensive memorandum encapsulating our key demands and views (attached for your reference). We express our sincere gratitude to Com. G. D. Nadaf for his indispensable insights and expertise over the subject which has significantly contributed to our presentation.

5. We believe that this meeting has moved the needle in the right direction. We remain optimistic that our collaborative efforts will yield beneficial outcomes for our esteemed membership soon.

6. We stand steadfast in our shared mission for justice, dignity, and welfare for all. We will keep you updated on any further developments.

#OurUnityLongLive

With greetings,



(Deepak Kumar Sharma)
General Secretary

Encl: Memorandum Submitted to the Committee



ALL INDIA STATE BANK OFFICERS' FEDERATION

(Registered under the Trade Unions Act 1926, Registration No: 727/MDS)

Central Office: State Bank Buildings, St. Mark's Road, Bangalore-560 001

Registered Office: 22, Rajaji Salai, Chennai- 600 001



No. 6724/73/23

Date: 14.09.2023

The Additional Secretary,
Department of Financial Services, and
The Chairman, Committee on Pension Matters of State Bank of India,
Ministry of Finance, Department of Financial Services,
Jeevandeep Building, Sansad Marg,
New Delhi.

Respected Sir,

**COMMITTEE FOR CONSIDERING AND EXAMINING THE REPRESENTATIONS
MADE BY THE PETITIONER IN WRIT PETITION (C) NO. 1875/2013 TITLED
FEDERATION OF STATE BANK OF INDIA (SBI) PENSIONERS ASSOCIATION &
ORS Vs. UNION OF INDIA & ORS**

On behalf of All India State Bank Officers' Federation, an organization representing the dedicated supervisory cadre in State Bank of India, I extend our heartfelt gratitude for affording us the opportunity to share our perspectives and suggestions regarding the pension-related matters within the State Bank of India.

2. Our federation, comprising approximately 1,00,000 officers, takes immense pride in serving the noble cause of advocating for the rights and welfare of SBI pensioners. We believe in the principles of fairness, equity, and transparency in our dealings with utmost respect for our esteemed organization, the State Bank of India, and the cherished members we represent.

3. Please find attached a memorandum that outlines the concerns and grievances faced by SBI pensioners. These concerns reflect significant discrepancies within the current pension system of the State Bank of India, which we firmly believe require thoughtful consideration and timely resolution.

Once again, thank you for your invaluable time and consideration. We are hopeful for a favourable response that will address the concerns of SBI pensioners and strengthen the integrity of our organization.

Thanking you.

Yours sincerely,

--Sd--

(Deepak K Sharma) General Secretary



**SUBMISSIONS BEFORE THE COMMITTEE FOR CONSIDERING
AND EXAMINING THE REPRESENTATIONS MADE BY THE
PETITIONER IN WRIT PETITION (C) NO. 1875/2013 TITLED
FEDERATION OF STATE BANK OF INDIA (SBI) PENSIONERS'
ASSOCIATION & ORS. VS. UNION OF INDIA & ORS.**

We would like to express our sincere gratitude to the honourable committee on behalf of the All India State Bank Officers' Federation (AISBOF) for this pivotal opportunity to contribute to discussions and present our views and suggestions. The State Bank of India's pension-related issues are of the utmost importance because they have a direct impact on the well-being of our distinguished serving and retired colleagues.

We respectfully submit the following recommendations for sympathetic and objective consideration of Hon'ble Committee concerning the issues surrounding the existing pension scheme within the State Bank of India, as governed by SBI Pension Regulations:

1. You are aware that discussions pertaining to SBI Pension matters do not form a part of wage negotiations.
2. There are currently two different kinds of pensioners in our Bank governed by SBI pension Regulations. Since the 40-50% Pension Concept was implemented from 01.03.1999, pensioners inside the organization have been divided according to their salaries. The statistics reveal a stark difference in pension distribution. Even though 83% of our pensioners – including junior officers, clerical and subordinate staff – get pensions at a 50% rate, 17% of our senior retirees receive 40% of their last drawn pay as pension.
3. Members of this aggrieved group of SBI pensioners have retired from key and executive positions inside the Bank. They have shouldered significant responsibilities at senior levels and provided leadership that played a crucial role in shaping the Bank into its present form. The existing pension structure manifests a glaring disparity, as junior officers and clerical staff often receive pensions that exceed those of their senior colleagues. For example, the pension for clerical staff is currently comparable to or even greater than the pension for officers retiring at the Chief Manager level, a position four tiers higher.
4. It would not be out of place to mention here that Pension has been a longstanding tradition within SBI, dating back to the days of the Presidency Banks in 1806. This practice continued through the era of the Imperial Bank in 1921 and persisted even after the establishment of the State Bank of India in 1955. Initially, pension ceilings for senior officers were set in accordance with the Bank of Bombay's model by linking to the 50% of maximum salary that a senior grade officer (DMD) could earn. Subsequent revisions for retirees under the 4th and 5th Bipartite Settlements (BPS) continued to adopt this rationale. However, a significant deviation occurred starting from the 6th BPS.

5. Effective March 1, 1999, the pension ceiling was revised using a fundamentally different logic through the administrative order. The new system introduced a bifurcated structure: 50% of the last salary up to a certain limit, and 40% beyond that. Surprisingly, this new ceiling was connected to the highest pay for a Junior Management Grade Scale I officer, a substantial reduction from its prior connection to DMD-level compensation. The substantial reduction, effectively displacing the ceiling from DMD to a Junior Management Officer level, is not only perplexing but unjustified. Our Federation is representing since that time to remove this anomaly.
6. Pension calculations in SBI are governed by Regulation 23 (1) of the SBI Employees' Pension Fund Regulations. According to this rule, the pension amount is calculated at the rate of one-sixtieth (1/60th) part of every years pensionable service of the average monthly substantive salary drawn during the last twelve months pensionable service.
 - Originally, Regulation 23(1) was designed to calculate pensions based on the number of qualifying service years, effectively yielding a pension equal to 50% of the last pay for those who served for a maximum of 30 years. However, subsequent amendments, specifically the addition of Sub-regulations (2) and (3), have constrained the pension amounts that retirees can receive.
 - The restrictions imposed by Regulation 23(2) of the SBI Pension Regulations are contingent on the period or Bipartite Settlement under which an individual retires. Currently, it stipulates that if the average monthly substantive salary during the last 12 months' pensionable service is up to Rs. 80,450/- per month, 50% of that average monthly substantive salary should be used in pension calculation. However, if the average monthly substantive salary during the last 12 months' pensionable service exceeds Rs. 80,450/- per month, then 40% of that average should be utilized for pension calculation.
7. The above provision outlined in Regulation 23(2) is inherently discriminatory as pension calculations in SBI currently operate on a two-tiered percentage system – 40% and 50%. Employees earning up to a specified scale i.e. upto the maximum of Junior Management Scale-I officer (Rs. 80,450 as per the 11th Bipartite Agreement) are entitled to a pension calculated at 50% of their last drawn pay. In contrast, those surpassing this pay scale receive pensions at a reduced rate of 40% of their last drawn pay. Considering the Bipartite Settlements and subsequent revisions to the SBI Pension Fund Regulations, large scale disparities have emerged among pensioners. Thus, it becomes imperative to provide pensions based on the last drawn substantive salary to ensure fairness and uniformity among pensioners. We firmly believe that all the pensioners should be treated as one class with no discrimination on the ground of dates of retirement / salary.

8. It is also a settled position that all the pensioners are a single class and there should not be any classification in a particular class without any intelligible differentia which has rationale relation with the object sought to be achieved. Such differentiation is violation of Article 14 of the Constitution of India, as pensioners are being treated unequally based on their salary levels.
9. The Murmu Committee had a review of the pension scheme, leading to a revision that entails a pension rate of 50% of Pay for 5th Bipartite Retirees. The Committee restored the 50% provision to 5th Bipartite Retirees on the basis of 3rd and 4th Bipartite retirees but justified the continuation of a tiered computation approach for retirees covered by subsequent Bipartite settlements.
 - The approach to adopt the concept of 50% - 40% for future retirees was based on a mistaken notion that SBI Employees/Officers enjoy three terminal benefits. However, this rationale lacks merit, as these same terminal benefits are also accessible to employees who are receiving pensions calculated at the 50% rate in the same organisation. Thus, the existing discrepancy in pension rates raises questions of fairness and consistency.
 - The Committee's reasoning for advocating this approach was primarily rooted in the fact that SBI contributes 10% of Pay towards the Provident Fund for its employees. Consequently, they argue that the concept of a 50% versus 40% pension calculation in SBI is justified and appropriate. However, it's crucial to highlight that the 10% contribution towards the Provident Fund is a uniform practice applicable to all classes of employees under SBI Pension Regulations. Therefore, the differentiation in pension computation, with some receiving 50% and others 40%, appears inconsistent when considering this uniform contribution.
 - Furthermore, the Committee argued that SBI provides three retiral benefits, thus justifying the 40/50 pension computation tier. They based this rationale on the inclusion of Gratuity as a third retiral benefit. However, it's pertinent to mention that SBI has been providing these benefits long before the introduction of pensions in other Nationalized Banks. Removing or reducing any benefit within SBI due to the introduction of pensions in other Nationalized Banks is considered inappropriate. Moreover, it's crucial to note that all employees of the Bank, regardless of their Pay Scale or Designation, are entitled to these three benefits. Even employees drawing a Pension at 50% receive Gratuity. As such, curtailing pension for a specific class of employees is discriminating.
10. The question of three benefits is nothing but a myth for the following reasons:
 - Before the Desai Tribunal in the year 1962, when the Employees of other PSBs opted for CPF & Gratuity as two terminal benefits, SBI Employees also had only two terminal benefits viz., CPF & Pension which they opted to retain.

- The Gratuity under the Payment of Gratuity Act, 1972 should not be categorized as a terminal benefit as it became applicable to SBI employees solely after the enactment of the Payment of Gratuity Act in 1972. The rationale for reducing pension from 50% to 40% to a targeted group based on the provision of gratuity as a terminal benefit is untenable. Gratuity is a benefit extended to all employees, whereas the 40% pension clause is selectively applied to only 17% of employees. This inconsistency warrants immediate rectification.
 - Further the payment of Statutory Gratuity to SBI Employees/Officers has a ceiling, but in the case of other Public Sector Banks the payment of Gratuity is without ceiling. When the Pension was introduced in other PSBs, the service Gratuity was approximately Rs. 2,73,000/- at the highest scale of pay in the Nationalised Banks in 1993, whereas then in SBI a ceiling of Rs. 50,000/- operates as per Gratuity Act. Thus, the difference in the quantum of Gratuity between other PSBs and SBI is huge, and this difference persists even today.
 - The commutation factor in SBI '6.60' is also inferior as compared to '9.81' for retirees of other nationalised banks.
11. Contrary to SBI's practice, other PSUs, NABARD, RBI, LIC and other PSBs do not have a 40% pension clause. This differential treatment further amplifies the urgent need for harmonization within SBI.
 12. It would be pertinent to mention here that the bank possesses a robust Pension Fund corpus, which is more than sufficient to absorb the incremental cost that would arise from standardizing the pension calculation at 50% for all grades of employees.
 13. To address the discriminatory 40/50 concept, it is requested that the bank adopt a consistent pension calculation methodology, where every employee's pension is computed as 50% of their last drawn 'Pay.' The conditional clause under Regulation 23(2) of the SBI Pension Regulations should be eliminated. Doing so will ensure that Regulation 23(1) can stand on its own, eradicating the present inequity in pension calculations.
 14. We strongly urge the Department of Financial Services (DFS) to address these significant discrepancies and legitimate issues that plague the current pension system in the State Bank of India.

Camp: Delhi

Date: 14.09.2023

ALL INDIA STATE BANK OFFICERS' FEDERATION