



ALL INDIA BANK PENSIONERS' & RETIREES' CONFEDERATION

(A.I.B.P.A.R.C.)



C/O BANK OF INDIA OFFICERS' ASSOCIATION
(EASTERN INDIA BRANCHES)
BANK OF INDIA, KOLKATA MAIN BRANCH 23A,
NETAJI SUBHAS ROAD, KOLKATA - 700 001
Mobile: 9674188524, E-mail : aibparc2@gmail.com

Circular no. 93-23

Date: November 15, 2023

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MOB - 9868220338

GENERAL SECRETARY
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MOB - 9674188524

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SHRI TARUNESH
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For circulation among members of the Governing Council, State Secretaries, Special Invitees, Advisors, Affiliates, Constituents of CBPRO and Members.

Dear Comrade,

Sub: Urgent necessity for intervention of GOI to ensure implementation of Regulation 35 (1) of BEPR (1995) by notifying updation formulae as done in case of RBI.

We reproduce hereunder the text of our letter written on November 14, 2023 to The Secretary, DFS, MOF, GOI on the above-mentioned subject for information of members.

With best wishes and regards,

Comradely Yours,

Suprita Sarkar,
General Secretary

Quote: As stated

AIBPARC/DFS/MOF/GOI/PENSIONUPDATION/Email/2023

Date: November 14, 2023

Shri Vivek Joshi ji, IAS
Secretary,
Department of Financial Services,
Ministry of Finance,
Government of India,
New Delhi.

Respected Sir,

Pension Updation for Bank Retirees – an urgent necessity for intervention of GOI to ensure implementation of Regulation 35(1) of Bank Employees Pension Regulations (1995) by notifying Updation Formulae as done for RBI.

Sir, You are well aware of the agonies and legitimate aspirations of more than seven lakhs of Senior and Super Senior citizens of the Banking industry whose Basic Pension stands frozen at the same amount and does not have the benefit of any upward revision which takes place simultaneously with each pay commission in case of Government Employees. For nearly one decade, we have written endless letters on the same subject to the Hon'ble Finance Ministers at different points of time, to the Secretary of Finance, Secretary of DFS and also to the Chairman, IBA.



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We are very happy to note that at the instance of MOF, GOI, IBA is engaged with UFBU in a meaningful dialogue on wage revision at very quick intervals. Quite unlike in other years, we are expecting that the wage-revision talks will be finalized within a time bound programme. No doubt, it is a welcome development.

At the same time, we **consider it to be a high time on the part of IBA to attend to the issue of Updation of Pension which is remaining pending since 1992.** The Banks/IBA/Government are now to arrive at periodical updation formulae as done in case of RBI and notify the same as a part of Appendix 1. **Since the Public Sector Banks are the "State" within the meaning of Article 12 on the Constitution of India and Bank Pension Regulations are a Subordinate Legislation, this is the statutory obligation of Banks to update periodically the pension simultaneously with pay revision of serving employees.** We have already sent an elaborate representation on the subject to the Chairman, IBA on 8th November, 2023. In this perspective, we consider it an urgent necessity to place before you the entire gamut of pension revision in the industry with the hope that you would intervene soon otherwise, we have a strong apprehension that certain diluted and distorted version of RBI updation formulae is going to be implemented which will be unjust, unfair, and illegal.

1. We draw your kind attention to Regulation 56 of BPER (1995) which says that "in case of doubt, in the matter of application of these Regulations, regard may be had to the corresponding provisions of Central Civil Services Rules, 1972....." The unmistakable implication of this particular clause is that the basic principles of Bank

Pension rules are guided by the provisions operating in the scheme of pension for Central Government Pensioners.

2. We do have correspondence on record between IBA and Shri R.N. Godbole, the – then General Secretary of AIBOC which clearly specify that the Pension Scheme of Banks are modelled basically on the patterns of RBI and Central Government Employees. We quote hereunder from letter no. PD/DB/566D/G (ii)/ dated 16th March, 1994 signed by B.D. Sumitra, Personnel Adviser, IBA.

* **"The provisions as available in the pension scheme of Central Government Employees ipso facto are applicable in the case of employees/ officers of the banks for future good conduct." (Point no. g & h of the letter)**

* "In view of the fact that the entire scheme is patterned on the lines of the Reserve Bank of India dearness relief formula, the pension regulation will be as per the provision in the Reserve Bank of India Pension Regulation." (last but one para of the letter)

3. The modalities of the Updation of Pension have been clearly spelt out in Appendix -1 of Regulation 35(1). A lot of confusion was created by IBA and officials by saying that this particular Regulation was applicable to a specific group of Retirees who retired between 1st day of January, 1986 but before the 31st day of October, 1987. It is pertinent to submit that updation of pension is not a onetime suspension; it is rather a continual process to be done with every salary revision simultaneously. The updation was done once for the salary revision of 1987 and discontinued thereafter in an illegal and unilateral manner by IBA. Later on, our organization submitted papers to all concerned authorities including yourself that an amendment was passed in the year 2003 when Shri Atal Behari Vajpayee Ji was the Illustrious Prime Minister of the country. By virtue of the said amendment, which has been duly gazetted in March 2003 allowing universal coverage of the benefit of the pension updation as a Statutory Obligation of the Banks. The said amendment reads as under:

"Basic pension and additional pension, wherever applicable, shall be updated as per the formulae given in the Appendix 1" (References --Government Gazette Notification Dated 1st March 2003 IN CASE OF IOB Regulations and Gazette notification dated 15.03.2003 in case of Bank of Baroda.)

4. This is very unfortunate on our part to note that the Hon'ble Ministers at different points of time were misled by IBA to reply to different members of both the houses of the Parliament making the Hon'ble Ministers to



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reply something which are completely unfounded and at variance with our Pension Regulations demonstrating a complete oblivion to Regulation 35(1) despite our drawing attention to it repeatedly.

Unfortunately it was repeatedly told in both the houses of the Parliament that there was no provision for Pension Updation in the Bank Employees Pension Regulations where as there was clear provision for Updation in the Bank Employees Pension Regulations 1995 and further amended in 2003 with due Gazette Notification(Regulation 35(1)). It can be safely presumed that the Department being briefed by IBA have prepared such reply which is far from fact. The Hon'ble members who asked the questions in both the houses have further been misguided by saying that half yearly revision of Dearness Relief is given to the pensioners as per Regulation 37 which is linked with consumer price index and it has nothing to do with the reply of the Hon'ble Minister on the issue whether pension updation would be done in the Banking Industry. In other words, a make – believe situation has been created to insist upon that the Bank Pensioners are presumably not at all eligible for pension updation because no such provision is there. This particular assertion is a total distortion of facts in view of what has been told above.

It is pertinent to mention here that when we have shown the original Pension Regulation 35(1) and amended Regulation 35(1) to the top IBA Functionaries, they tend to agree with us but state with alacrity that we have taken a position in the court that there existed no provision for updation of pension and hence it is difficult to take a U Turn.

5. We confidently say that Pension Funds can afford Updation of Pension using the same Factors as done in the case of RBI without affecting the Balance Sheets at this juncture. The higher funding requirements indicated by the IBA's Actuaries are presumably on account of assumption of higher life expectancy, unrealistically lower yield, undermining the huge sums available in Pension Funds by treating the cost of Updation of Pension as standalone by delinking it from the existing Pension Funds and present yields thereon which are quite robust. Hence an annual cost of Pension Updation for all PSBs including SBI works out to be approximately Ra.3280/ crore. It is well within the affordability and long-term sustainability of the Pension Funds. We consider the actuarial estimate exercise on the part of IBA as a myth apart from being a diversionary and a frightening one by projecting an astronomical figure to the stake holders thereby delaying/denying the legitimate updation. It is pertinent that every bank is causing an actuarial estimate every year as at the end of 31st March in terms of Pension Regulation 11. Pension Regulations do not have any provision for IBA to engage in causing Actuarial Estimates for all the banks collectively. The type of Actuarial exercise undertaken by IBA now, was not done even in 1993 at the time of introduction of Pension Scheme in Banks.

6. It is re-iterated that the Pension corpus is required to be funded in terms of Pension Regulation 5(3) and Regulation 7(a) to (h). Further, in terms of Regulation 11, the Banks are required to cause an investigation by an actuary into the financial condition of the Fund and make such additional annual contributions as may be required to secure payment of the benefits under the Pension Regulations which invariably include Updation of Pension as provided under Regulation 35(1).

Another very important point which should be taken note of is that **there had been virtually no recruitment in the Banking Industry for 14-15 years i.e. from after 1985 to 1998. Our Pension Scheme covers the recruits prior to 01.04.2010 as New Pension Scheme was introduced for those who are recruited on or after 01.04.2010. Such of those employees who are covered under our Pension Scheme (Old Pension Scheme) would all retire by 2047. Till that time contributions by them by surrendering their CPF plus accretion of income on that will be there. Hence substantial amount in the Fund will remain even after the last Retiree leaves the world.**

The Funds available for payment of Pension and Family Pension in the respective Banks Pension Funds need to be utilised only for the benefit of Pensioners and for no other purpose. The Banks/IBA/DFS need to focus on that and ensure that Banks do not transfer surplus funds to their Profit and Loss accounts to utilise to write off the toxic assets as done by many banks.



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7. Now the question comes: who is having the propriety of having dialogue with IBA on Pension related issues?

We have clarified our standpoint on the issue before you and IBA time and again. AIBPARC and other Apex level organizations of Retirees must have the rightful opportunity of being heard. IBA in pursuance of GOI guidelines, subsequently being backed by the decision of the Managing Committee of IBA advised all member banks to form Grievance Redressal Mechanism at corporate level but strangely enough IBA is denying the consultative status at its own level. It has been told to us on several occasions that IBA had the authority from member banks to talk to the serving organizations on wage revision and not with the organization of Retirees on matters relating to pension. Now a pertinent question comes: wherefrom IBA got the authority of talking to the serving organisations on pension updation without getting specific authority from member banks or the actual beneficiaries till today? **We demand that the issue of pension updation must be discussed with the Retirees' & Pensioners' Organizations who know where the shoe pinches and not others who are representing serving employees/ officers.**

8. We have noted with serious concern that a major constituent of UFBU has again drifted away from the stated position of UFBU at the most inopportune time to confuse the issue of Pension Updation by floating apparently mischievous suggestion of upgrading all pension to 8808 points of DA. There has been a clever attempt to make people feel that the two words "updation" and "upgradation" are synonymous. While "updation" in fact aims at ensuring further loading to the basic pension as done in case of wage revision and also that a pensioner does not draw a pension which is lesser than 50% of the corresponding basic pay in the revised pay scale. The word "up gradation" is an altogether different concept which is available in Government Pensioners Scheme in addition to updation in a completely different context depending on age factors of 80 and beyond.

One of the major constituents of UFBU has knowingly and deliberately created this confusion to do real harm to the concept of "updation of pension" as it has been stipulated in Regulation 35.1- Appendix 1 with amendments made in 2003. Our organization has already done a detailed working on the subject and arrived at an annual updation cost of Rs.3280 crore as on March 2019 i.e. the date on which updation was granted to RBI pensioners. We have already submitted our calculations bank wise and cadre wise to you and IBA. We shall issue a separate letter to you explaining the arithmetical part of it and exposing the real damage being attempted by the said organization to harm the interests of the Senior Citizens of the industry. Here it would suffice to mention that Pension Updation formula for Government Pensioners and RBI Pensioners is computed by using Basic+ Merger of DA+10% loading and we would not accept any dilution or distortion therein.

9. Latest wage revision talks took place on 9th November, 2023. From the circular of UFBU dated 09.11.23, we understand the following:

"Regarding updation of pension, IBA explained the cost implication of the same but indicated that they are trying to work out some possible solution to improve the pension of all past retirees post 01.01.1986 till 31.10.2022. The issue needs to be discussed further."

The above lines give rise to a volley of very legitimate questions which are to be explained by IBA/DFS. We thought it fit that it is the proper time to bring this issue once again to the notice of yourself. Our questions are:

(A) Whether the cost implication has been assessed and if so by whom and what are the assumptions behind the calculation?

(B) Why will the cost calculation be not made available to the Apex level Retiree Organizations and what is the position of the cost analysis submitted by AIBPARC to the highest officials of IBA in our meeting held with them on 22.10.2022 at the behest of the Ministry of Finance?



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(C) What does IBA mean by working out any possible solution to improve the pension of all past retirees? Will it not be a distortion of the RBI updation formulae or the provisions of BEPR (1995) and amended in 2003? Does IBA have any authority to interpret the Regulations in a manner of its own Choice?

(D) Why is IBA repeatedly using a term "past retirees" although such nomenclature is nowhere mentioned in BEPR (1995)? A retiree who is no more in the Bank as a serving employee or officer, he/she is simply a retiree –no question of past, present, or future. We are worried about the use of this particular group of words because IBA in one of the Minutes signed with the workmen organizations on 10.12.2020 agreed to the following in respect of the so-called past Retirees:

"IBA is quite sympathetic to the issue especially revision in pension for those who have retired under earlier Settlement periods when the emoluments were relatively lesser than at present."

Because of our stubborn protest before CLC, the conspiracy which was hatched to allow pension updation only to a section of retirees only was dropped but still the use of the term "past retirees" is sufficiently insinuating to the community of Retirees. **We wish to humbly submit that Updation being a continual process cannot be restricted to only past retirees and denied to future retirees. IBA is trying to rob the grace of the updation of pension and creating scope for further litigations by stipulating such harmful words like 'Past Retirees.'**

10. We have grave apprehension that there is a sinister attempt to dilute or distort the RBI formulae. We shall have to understand that before the RBI formulae of pension updation came into existence, IBA talked about astronomical figures being the funding cost of updation. They are definitely under an obligation to answer how they arrived at such figures. The Minutes signed between IBA and different Unions/Associations in 1993/1994 which are parts of Pension Settlement clearly provided that updation of pension will be on the lines of RBI Pension Scheme.

Regulation 35(1) with its amendment done in the year 2003 is a mandatory provision. It has now become an accrued right. And it is already a property protected by Article 300A of the constitution and no bilateral agreement can take away a constitutional right. IBA shall do good by bearing this in mind.

To sum up, we seek the protection from the Ministry of Finance, GOI against any possible attempt to dilute or distort the RBI formula of Updation of Pension because the Bank Employees Pension Regulations are framed on the pattern of RBI; we request you to see that updation is done exactly in the same way as done for RBI Pensioners by way of directions from the Ministry. There is no scope for any Negotiation as we are asking for implementation of Pension Regulation 35 .1 as per formulae (Formulas) done in RBI. If any discussion is required it has to be with Apex level Bank Pensioners and Retirees Organizations who are the real stake holders, the Bank Pensioners and Retirees.

We once again repeat that the projected cost made by IBA is not correct and let an opportunity be given to us to answer any question on the part of IBA on the submitted papers /cost analysis submitted by AIBPARC.

We seek your intervention, advice, and directions to IBA in this regard to ensure Justice to Bank Pensioners.

With kind regards,

K V Acharya
President, AIBPARC
& Joint Convener, CBPRO

Suprita Sarkar
General Secretary