

SYNDICATE BANK PENSIONERS & RETIREES ASSOCIATION (REGD.)

(Affiliated to AIBPARC)

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(Please circulate to all members/retirees)

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Dear Comrades,

PENSION UPDATION DEMAND EXPLAINED JUSTIFICATION/CALCULATIONS SUBMITTED TO IBA & UFBU

In continuation of efforts to press for Updation issue AIBPARC has prepared a detailed calculation sheet explaining how and why the demand of bank retirees is justified and submitted the same to all the concerned. This was necessitated to ward off any misconceptions. It also assumes a great significance now as the wage revision talks at the industry level are about to reach a finality. Text of the letter addressed to the IBA which is self explanatory is attached herewith for information of all.

With greetings

Yours comradely,

C Gangadhar Yadav

GENERAL SECRETARY

SBPRA - ZINDABAD

AIBPARC - ZINDABAD

CBPRO - ZINDABAD

Text of Lr dated 7.10.2020 Quote//

The Chairman
Indian Banks Association
Mumbai

Dear Sir,

PENSION UPDATION @6352 POINTS

We have been taking up various issues of pensioners including Updation of Pension with the IBA and the Government. As regards Updation of Pension we wish to submit the following details so as to put the issue in right perspective:

1. Introduction of Pension in Public Sector Banks and other member Private Sector Banks was only after a long-drawn struggle by the Unions and Associations. The Pension was eventually clinched only as a second benefit i.e. in lieu of Contributory Provident Fund.

Accordingly those who opted for Pension were made to refund the entire amount of the bank's contribution to provident fund including the interest accrued thereon and those who had retired after 1.1.1986, were asked to pay further interest on such amount from the date of settlement of PF till the date of refund in terms of Regulation 3 and 6. Even the Second Option came at a cost even to those who were continuing in the service of the bank. The amount so collected from the optees was also transferred to Pension Fund.

2. Regulation 5(3) provided that the Bank shall be a contributor to the Pension Fund and shall ensure that sufficient sums are placed in it to enable trustees to make due payments to beneficiaries under the Pension Regulations. It thus casts a mandatory obligation on the Banks to ensure sufficiency of the funds.

3. Banks were required to contribute @ 10% per month of the Pay of the Employee in terms of Regulation 7(a) and additional annual contribution (Regulation 7(f)) after causing an Actuarial Investigation into the financial condition of the Fund as on 31st March every year so as to secure payment of the benefits under these Regulations.

4. Pension Regulation 35(1) of Bank Employees" Pension Regulations ,1995 originally provided that in respect of employees who retired between 1st January 1986 but before 31st October 1987, basic and additional Pension shall be updated as per the formula given on Appendix -1. This Updation was effected to eligible retirees at the time of implementation of Pension Scheme in the Banks. The formula in the Appendix-1 was the same as applicable for Central Government Pensioners at that time.

5. Regulation 35 (1) was subsequently amended vide Government Gazette Notification No. 9 Dated 1st March 2003 and provided that the Basic Pension and Additional Pension, wherever applicable, shall be updated as per the formulae given in the Appendix 1. It made Updation of Pension applicable to all. But this well intended amendment was not implemented and hence the Formulae in Appendix 1 also remained unupdated despite corresponding amendments in the formulae of updation for Central Government Employees with every Central Pay Commissions.

6. In view of such an Unambiguous provision for Updation in the Pension Regulations, Bank Pensioners have been demanding Updation of Pension for all the Pensioners from respective dates of their eligibility for the Updation. But after grant of Updation of Pension for the employees of RBI, Bank Pensioners have lowered their demand by requesting at least for the RBI Pensioners Updation Formula and with the same date of effect i.e. 1.4.2019.

7. We give below the details of our working including what would be the cost of Pension updation including SBI employees for your consideration.

In the absence of complete Grade Wise breakup of Officer retirees available with us, the working of pension Updation is done by taking the maximum pension of a scale III Officer as a mean of all pensioners in Officers Cadre. Hence the actual cost would definitely work out less in view of the fact that in the year 2000 Special VRS took place and all were not drawing maximum pay.

It is also assumed that 100% D.A. Neutralisation would be granted for the pensioners retired from 1-01-1986 to 31.10.2002.

Factors for Each Batch of Retirees in line with RBI Pension updation implemented in March 2019 are arrived at here below:

o FOR TAKING RETIREES TO 1992 SETTLEMENT FROM 1987:
(Batch 1)

BASIC PENSION: 1
DA/DR MERGED: $(1148-600)=548/4=137*0.67=91.79\%=0.9179$
BASIC PENSION AFTER MERGER $=1+0.9179=1.9179$
NOTIONAL 10% OF 1.9179 $=0.19179$
REVISED BASIC PENSION $=1.9179+0.19179=2.11$
FACTOR FOR REVISED BASIC PENSION $=2.11$

o FOR TAKING RETIREES TO 1998 SETTLEMENT FROM 1992: (Batch 2)

BASIC PENSION: 1
DA/DR MERGED: $(1684-1148)=536/4=134*0.35=46.9\%=0.469$
BASIC PENSION AFTER MERGER: $=1+0.469=1.469$
NOTIONAL 10% OF 1.469 $=0.1469$
REVISED BASIC PENSION $=1.469+0.1469=1.616$
FACTOR FOR REVISED BASIC PENSION $=1.616$

o FOR TAKING RETIREES TO 2002 SETTLEMENT FROM 1998: (Batch 3)

BASIC PENSION: 1
DA/DR MERGED: $(2288-1684)=604/4=151*0.24=36.24=0.3624$
BASIC PENSION AFTER MERGER $=1+0.3624=1.3624$
NOTIONAL 10% AFTER MERGER: $=0.13624$
REVISED BASIC PENSION $=1.3624+0.13624=1.49$
FACTOR FOR REVISED PENSION $=1.49$

o FOR TAKING RETIREES TO 2007 SETTLEMENT FROM 2002 : (Batch 4)

BASIC PENSION 1
DA/DR MERGED: $(2836-2288)=548/4=137*0.18=24.66\%=0.2466$
BASIC PENSION AFTER MERGER $=1+0.2466=1.2466$
NOTIONAL 10% OF 1.2466 $=0.1246$
REVISED BASIC PENSION $=1.2466+0.1246=1.37$
FACTOR FOR REVISED BASIC PENSION $=1.37$

o FOR TAKING RETIREES TO 2012 SETTLEMENT FROM 2007 : (Batch 5)

BASIC PENSION: 1
DA/DR MERGED: $(4440-2836)=1604/4=401*0.15=60.15\%=0.6015$
BASIC PENSION AFTER MERGER $=1+0.6015=1.6015$
NOTIONAL 10% OF 1.6015 $=0.16015$
REVISED BASIC PENSION $=1.6015+0.1601=1.7616$
FACTOR FOR REVISED BASIC PENSION $=1.76$

o FOR TAKING RETIREES TO 2017 MOU FROM 2012: (Batch 6)

BASIC PENSION: 1
DA/DR MERGER: $(6352-4440)=1912/4=478*0.10=47.80\%=0.478$
BASIC PENSION AFTER MERGER $=1+0.478=1.478$
NOTIONAL 10% OF 1.478 $=0.1478$
REVISED BASIC PENSION $=1.478+0.1478=1.6258$
FACTOR FOR REVISED BASIC PENSION $=1.62$

USING THE ABOVE RESULTS, THE FACTORS FOR PENSION UPDATION @6352
POINTS ON THE BASIS OF RBI FORMULAE ARE WORKED OUT AS UNDER:

1.1987 BATCH $12.2*1.62=19.76$

2.1992 BATC $5.78*1.62=9.36$

3.1998 BATCH $3.59 \times 1.62 = 5.82$
 4.2002 BATCH $2.41 \times 1.62 = 4.39$
 5.2007 BATCH $1.76 \times 1.62 = 2.85$
 6.2012 BATCH = 1.62

TOTAL COST of Pension Updation @6352 Points as on August 2019 for PSBS on the lines of RBI Formula:

For PSBs:

Batch 1	No.of Retirees	Pension Increase	Total
SS	1453	8038	11679214
CLK	2243	15478	34717154
OFF	4284	30825	132054300
Batch 2			
SS	2328	6883	16023624
CLK	4246	12860	54603560
OFF	9290	26389	245153810
Batch 3			
SS	9266	5898	54650868
CLK	32236	11105	357980780
OFF	35417	23110	818486870
Batch 4			
SS	6370	6879	43819230
CLK	7932	12017	95318844
OFF	8312	20271	168492552
Batch 5			
SS	12145	3476	42216020
CLK	26696	5785	154436360
OFF	31415	9956	312767740
Batch 6			
SS	13062	1572	20533464
CLK	30910	2671	82560610
OFF	36375	4360	158595000
Total	273980	Per month	2804090000
Total		Per annum	33649080000

FOR SBI Pensioners

Batch 1	No of Retirees	Pension Increase	Total
SS	730	8038	5867740
CLK	947	15478	14657666
OFF	1026	30825	31626450
Batch 2			
SS	1896	6883	13050168
CLK	2436	12860	31326960
OFF	2436	26389	64283604
Batch 3			

SS	6830	5898	40283340
CLK	9557	11105	106130485
OFF	10915	23110	252245650

Batch 4

SS	6754	6879	46460766
CLK	9965	12017	119749405
OFF	11243	20271	227906853

Batch 5

SS	8453	3476	29382628
CLK	10566	5785	61124310
OFF	11471	9956	114205276

Batch 6

SS	9780	1572	15374160
CLK	12234	2671	32677014
OFF	13381	4360	58341160

Total 130620 Per Month 1264693635

Total Per Annum 15176323620

Total No. of Pensioners	Cost Per annum
PSBs 273980	33649080000
SBI 130620	15176363220
Total 404600	48825443220

Rs.4882.54 Cr for 404600 pensioners
Rs.5322.87 Cr for 441000 pensioners

It is submitted that the Pension Funds of the Banks are quite healthy and can afford Updation of Pension using the same Factors as done in the case of RBI without affecting the Balance Sheets at this juncture.

Since the Public Sector Banks are State within the meaning of Article 12 of the Constitution of India and Banks Pension Regulations providing for Updation of Pension, are Subordinate Legislation, it is a statutory obligation on the part of the Banks to periodically update the pension.

It is also ruled by the Hon'ble Supreme Court that Salary Revision and Pension Revision are inseparable and constitute a Legal right. It was also held that Pension is not a Bounty and is a Deferred age. It therefore naturally follows that whenever there is a revision of wages, the Deferred Wages cannot remain constant. Hence the need for Pension Revision cannot be overemphasised.

The contention that the Banks are incurring losses which impedes their capacity to pay is hollow as Pension Fund is not created out of profits and its provision does not find a place in the Profit & Loss Appropriation A/c of the Banks. Moreover, the Banks are forced

to provide for NPAs despite losses. The provision for NPAs is a Regulatory Guidelines whereas the provision for Pension Fund in accordance with the Pension Regulation 11 constitutes a Statutory Provision. It is pertinent to submit that the Statutory Provisions have Precedence over the Regulatory Provisions. The introduction of Pension Scheme by signing the Settlement in the year 1993 is quite significant as many Banks were in Loss during 1992 and 1993 due to the Introduction of New Accounting Norms. Had the Pension been dependent on the profits of the Banks, it would not have been agreed to grant pension at that juncture.

Obtention of Actuary 's Estimate is a requirement incorporated in the Pension Regulations for enabling the Banks to estimate the correct requirement of Additional provision on annual basis and cannot be construed as a hindrance to extend the benefits of Updation in terms of Regulation 35 (1). Similarly, AS-15 (R) is an alien concept to the Banks Pension Regulations and cannot be allowed to interfere with the existing beneficial provisions like Updation of Pension in terms of Regulation 35 (1). While Regulations which adversely affect the Pensioners even after Retirement by invoking Pension Regulation thrusting Disciplinary Proceedings and subjecting them to Punishments how a Legal Right of getting Pension Updation under Regulation 35(1) with every Wage Revision can be denied? In fact, only Bank Employees Pension Regulations contain a Categorical assertion by way of Regulation 35 (1) about Updation of Pension and Regulation 56 asserts about reference to Central Government Pension Scheme.

As you are aware Banks Pension Scheme is similar to that of RBI and it was so referred to in the Pension Settlement. Pension Regulation 56 also provides that in case of any doubt, a reference shall be had to the Central Government Pension and Commutation Rules 1972. In as much as the Updation of Pension is available to the Central Government Pensioners and has also been extended to RBI and NABARD Pensioners, it would be unfair and unfortunate to continue to deny the benefit of Updation of Pension to Bank Pensioners despite there being a pre-existing provision under our Pension Regulation 35(1).

Hence it is submitted to favourably consider the legitimate demand of the Bank Pensioners for grant of Updation of Pension and settle the issue along with the signing of the 11th Bipartite Settlement.

With Regards,

Yours faithfully,

Sd/-
K V Acharya
President
AIBPARC &
Joint Convener CBPRO

Sd/-
S Sarkar
General Secretary
AIBPARC

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