

# ALL INDIA BANK PENSIONERS AND RETIREES CONFEDERATION

Camp Office: J 208, Vijay Rattan Vihar, Sector 15 Part II, Gurugram 122001

Mobile: 9868220338 Email: acharyavedavyasa46@gmail.com

Dated: 29.06.2020

**Circular number 45/20, dated 30/06/20 (for circulation among members of the Governing Council, State secretaries, Special invitees and advisors of AIBPARC).**

Dear Friends,

We are reproducing hereunder the letter written to Hon'ble minister of State for Finance, Government of India dated – 29/06/20 for your information.

With Best Wishes,



**S.Sarkar**  
**General Secretary**

Shri. Anurag Singh Thakur  
Honorable Minister of State for Finance,  
Govt of India,  
New Delhi

Respected Sir,

## **Pending Issues of Bank Pensioners & Retirees**

We wish to profusely thank you for giving us an opportunity to hand you over our humble contribution of Rs. 2.12 Crores by a bank draft in favour of PM-CARES FUND to demonstrate our resolve to strengthen the efforts of our Hon'ble Prime Minister Shri Narendra Modi ji in nation's fight against Covid 19 - a global pandemic.

Sir, it was heartening to note that your good self not only lent an ear to listen to our grievances but also evinced keen interest by seeking certain details and clarifications about the issues which need early resolution. We are confident that your intervention into the matter will prove to be a boon to the Senior and Super Senior Citizens of the Banking industry who have been the important vehicles for transforming the economy of the country and also the social upliftment of the poor sections of the society who were hitherto neglected. The success of PMJDY and Mudra Loans are only to mention a few.

As explained to your goodself during our meeting on 24.06.2020 at your office, we have many pending issues to be resolved by the Government & Indian Banks' Association some of which are under consideration at different stages. Out of all the pending issues, the following long pending issues deserve immediate and favourable consideration more so because our members are a vanishing tribe and many have already left the world without their legitimate dreams having been realized. It is with this compassion; we earnestly request your goodself to resolve at least the

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following issues to provide succour to our members who are senior & super senior citizens in the their twilight years:

## **1. Improvements in family pension at par with Government & RBI pensioners**

Even though the Banks' Pension Scheme was drawn on the lines of Government & RBI Pension Schemes, the family pension in Banks is quite inferior as it provides for a tapering slab rate ranging from 30% to 15% where higher basic pay above a specified threshold attracts only 15% of last drawn basic pay that too with a ceiling/cap as against 30% uniform rate without any ceiling or cap in case of Government & RBI family pension. Consequent to our taking up the issue with IBA & DFS, IBA was kind enough to agree to our request and accordingly have sent their recommendations to DFS for revising the family pension in Banks to 30% at par with Government & RBI family pension about a year ago. Sir you will appreciate that most of the family pensioners are elderly widows and hence deserve utmost compassion and sympathy. We, therefore request you to get the same approved by the Government at the earliest.

## **2. 100% DA Neutralisation to Pre November 2002-Retirees:**

The Officer retirees in the Banks were getting tapered DA on their Basis pension. This anomaly was rectified at the time of salary revision settlement in May 2005. However, while implementing 100% DA Neutralisation, the benefit was not given to those who had retired before November 2002. Sir, you will appreciate that price rise affects all pensioners in equal measures and hence an artificial classification on the basis of the date of retirement violates Article 14 of the constitution. The arbitrary denial of the benefit of 100% DA Neutralisation to the oldest of the pensioners is therefore unreasonable and unfair more so when the benefit of 100% DA Neutralisation has been extended to Government and RBI Pensioners. We therefore request your intervention in advising IBA & DFS to remove the anomaly and oblige.

## **3. Pension Updation/Revision**

Pension scheme in the banks was introduced in 1995 with effect from 1.1.1986. Pension Regulation 35(1) provided that Basic pension and additional pension shall be updated in respect of those who retired between 1.1.1986 & 31.10.1987 as per the formula given in Appendix-I. Accordingly the updation was implemented. With a view to facilitating updation alongwith future salary revisions, Pension Regulation 35(1) was amended vide Gazette Notification No.9 Dated 1st March 2003 as follows:

**“Basic Pension & Additional Pension, wherever applicable, shall be updated as per the formula given in Appendix I”**

This amendment to Pension Regulations made the provision for updation an open ended one. However, it remains unimplemented. Sir, you will appreciate that even the Honourable Supreme Court has held that wage revision and pension revision are inseparable. The Govt of India has already implemented Pension updation/revision in Reserve Bank of India with effect from 1.4.2019 on the intervention of the Court by adopting the updation factors of 1.76, 2.44 &

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3.63 for those who retired between the period 2007-2012, 2002-2007 & 1997-2002 respectively. Sir, you will appreciate that unlike RBI, our Pension Regulations, which are Subordinate Legislation, provide for an updation formula which obtains in the Central Government, but we are agreeable to accept the updation factors which have been granted to RBI Pensioners. It is also pertinent to submit that Pension Funds in Banks including State Bank are quite strong and have a balance close to Rs.3.00 lakhs crores as on 31.3.2020. For a ready reference the pension payments in all the banks including SBI for the year 2018-19 were Rs.17,415.16 crores as against the Interest income and annual contribution by the banks amounting to Rs.32,023.00 crores. It is thus clear that there is fairly healthy corpus to absorb the additional cost of pension updation using the same factors as allowed in case of RBI. In as much as our pension scheme is akin to Government Pension Scheme & RBI pension scheme and Banks Pension Regulation 56 provides that in case of doubt, a reference may be made to Central Civil Services Rules and Commutation of Pension Rules, we request you to consider the pending pension updation issue favourably and oblige.

#### **4. Medical Insurance Scheme for Bank Retirees**

The Department of Financial Services advised IBA & the Banks vide its letter dt. 24.2.2012 to evolve a medical insurance scheme - both for serving & retired employees. Accordingly, a new medical scheme was introduced at the behest of IBA in the year 2015-16. While introducing the New medical insurance scheme, the premium was borne by the banks for serving employees and the retired employees who deserved the benefit of medical insurance scheme the most, were given the option to join the scheme only on payment of premium by individual retirees. Since the communication from DFS did not stipulate the payment of premium by the beneficiaries, the implementation was a distortion which adversely affected the pensioners. We have been demanding for the premium to be borne by the banks in respect of retirees too. Alternatively, we should be covered under a scheme on the lines of CGHS for which one-time fixed contribution may be collected from the retirees at the time of retirement from the service. It is pertinent to mention here that the medical insurance premium for the retirees was Rs 7500/- with OPD facility at the time of introduction of the scheme in 2015-16 but it has now been successively enhanced to more than Rs 95000/- with OPD facilities during the year 2019-20. With the meagre fixed pension, the pensioners & family pensioners are finding it difficult to make both the ends meet and hence many have been driven out of the scheme on the grounds of unaffordability. The hefty premium charged to Banks' pensioners and retirees is evidently unaffordable. A levy of 18% GST on the premium and also on hospitalization bills comes as a bolt from the blue. We request your urgent help in this regard as the due date for payment of renewal premium would be in the month of October 2020.

#### **5. Reckoning of Special Allowance for Superannuation benefits**

In the last salary revision (wef 1.11.2012), a special allowance as a specified percentage of basic pay and also attracting DA was introduced. However, it was not reckoned for superannuation benefits viz. pension & gratuity. Such exclusion is ultravires and ex-facie illegal. Honourable Supreme Court has held that there cannot be two pays- one for monthly salary & other for computation of pension. In another case, it was held by the Honourable Supreme Court that any allowance which is attracting DA and is of permanent nature, not assigned to performance of any specific duties and also paid during the period when the employee is on leave is to be treated as

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a part of basic pay. The banks are reckoning this allowance for the purpose of encashment of leave also. The special allowance paid by the bank fulfils the criteria laid down by the Honourable Supreme Court. We therefore request that the said special allowance may please be reckoned for computation of pension & gratuity in respect of those pensioners who have retired after 1.11.2012.

We once again take this opportunity to profusely thank you for the opportunity given.

With Regards,

Yours faithfully,



K.V.Acharya  
PRESIDENT AIBPARC



S.Sarkar  
General Secretary