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**AIBRF**

**MEMORANDUM SUBMITTED TO  
INDIAN BANKS' ASSOCIATION (IBA) ON  
BANK RETIREES' DEMANDS**

**19<sup>TH</sup> JANUARY 2015**

# MEMORANDUM

Shri Rajeev Rishi,  
Chairman, Negotiating Committee,  
Indian Banks' Association (IBA),  
MUMBAI.

Respected Sir,

## **RE: ON RETIREES' DEMANDS/ISSUES**

We have come to know from the communications issued by you as well as by UFBU that IBA has now improved offer to twelve and half percent and also has taken initiative to conclude the negotiation by 15<sup>th</sup> February 2015.

2. We also find that in the next rounds of discussion, one of the issues to be discussed will be improvements in Superannuation benefits. As you know, the past retirees have huge interest in the superannuation benefits, in particular, improvements in pension benefits.

3. Bank retirees have organised themselves independently in last one decade to protect their interest and to resolve pension related issues. Number of bank retirees has already crossed 3 lakhs and may go beyond 5 lakhs in the next 3 years. All India Bank Retirees' Federation is pioneer in organising the bank retirees. It was formed in the year 1995. Today it has membership of more than 1.25 lakhs.

## **WHY IBA SHOULD HOLD DISCUSSION WITH AIBRF ON PENSION RELATED ISSUES BEFORE FINALISING THE SETTLEMENT:**

We have been consistently demanding that IBA must also hold discussion with AIBRF before finalisation of the ensuing wage settlement for the following reasons:

- (a) As stated above retirees are important stake holders in the pension related issues;
- (b) They have organised themselves independently;
- (c) It is trend in the government, defence and RBI that retirees are recognised as separate and independent group and are given periodical audience by the authorities concerned on the pension related issues. We understand that RBI Governor has held meetings with the representatives of retirees on pension updation issue in the recent past and taking into account their views, RBI has sent proposal on updation to the government for approval. Similarly, Seventh Pay Commission has given opportunity to the representatives of government retirees to submit memorandum on pension issues;

(d) AIBRF representatives have been meeting the Officials of DFS to impress upon them to ask IBA to take retirees into confidence before finalising the wage settlement. DFS officials are in agreement with AIBRF's demands and have assured to send suitable communication in this regard. We understand that DFS has already written to IBA to hold discussion with the representatives of retirees;

(e) We have been making request to UFBU leadership and all its constituents to raise the issue of holding discussion with the retirees during their meetings with IBA. They are also in agreement with our demand and have assured us that they will take up the matter with IBA. We understand that UFBU representatives have already made the request to IBA in this regard;

(f) The most important point is that holding discussions with the important stakeholder and taking them into confidence will be good HR policy minimising disputes, litigation and creating goodwill for IBA among Senior Citizens.

### **IBA SHOULD SHED RELUCTANCE AND HOLD DISCUSSION**

Our experience in this area with IBA has so far been highly disappointing and many times, humiliating too. We are at a loss to understand the logic and reasoning for having very strong reservations for not giving appointments to the representatives of retirees and not bothering to even acknowledge their communications by IBA officials. We feel that this stand of IBA needs urgent review.

We can assure that we would like to hold the discussion with IBA in a professional and logical manner and you will not find quality of our deliberations any inferior.

**In view of the above, it is our humble request to immediately hold discussion with the representatives of AIBRF before concluding negotiation on pension related issues.**

### **DEMANDS AND ISSUES OF RETIREES**

AIBRF would like to discuss the following issues related to improvements in existing provisions of Pension Regulations to be approved and sanctioned in the ongoing wage settlement.

#### **(1) UNIFORM DEARNESS RELIEF TO ALL PENSIONERS**

We demand that uniform Dearness Relief should be paid to all the pensioners irrespective of date of retirement in terms of the rates, frequency and base. Dearness Relief to those who retired before November 2002 should be brought at par with the post 2002 retirees. Present system is sheer discrimination which needs to be corrected ab-initio in this settlement and arrears for the past period should be paid. RBI has already granted uniform dearness allowance to its Pre-2002 retirees with effect from 01.02.2005 with arrears. Central Government pensioners of all categories have also been getting uniform dearness relief after the implementation of 5<sup>th</sup> Pay Commission recommendations.

Pension Scheme operating in the banking industry is replica of the Government/RBI Schemes in terms of spirit, object and provisions. Further, it is a matter of record that IBA entered into legally enforceable settlement with Unions that DA formula for bank pensioners will be at par with RBI.

This demand is pending for more than 7 years. During this long period many pensioners have left this world without getting justice. The number of affected pensioners has come down significantly in the intervening period. It is also a fact that some of Pre-2002 pensioners whose Basic Pension is below particular level are already enjoying benefit of 100 percent dearness relief. In a nutshell, those being deprived of this benefit is now limited and cost escalation due to this factor will be negligible on overall pension cost.

We also enclose detailed note prepared on uniform dearness allowance analysing all aspects of the issue for your consideration.

**WE DEMAND HUNDRED PERCENT DEARNESS RELIEF TO PRE-NOVEMBER 2002 PENSIONERS WITH EFFECT FROM 1<sup>ST</sup> FEBRUARY 2005 AS GIVEN UNDER 8<sup>TH</sup> WAGE SETTLEMENT.**

## **(2) PENSION UPDATION OF PAST RETIREES**

Pension Scheme in the banking industry was introduced in 1995 with retrospective effect from 01.11.1993 covering those employees who retired after 01.01.1986. In the last 28 years, basic pension of the past retirees has not been revised despite the fact that basic pension of future retirees was determined on improved basic pay under settlement after settlement. This situation has created huge gap between basic pension of past retirees and those retired in subsequent settlements.

All pensioners irrespective of date retirement draw their pension from the common Pension Fund under identical pension rules. Therefore, in all fairness, proper alignment should be made in the basic pension of past retirees while according benefit of higher pension to future retirees under new settlement. This logic has been recognised by highest court of this country and is being followed by Pay Commissions for government pensioners. We understand that RBI is actively considering updation of basic pension of its past retirees in alignment with future retirees and has already done one such exercise earlier.

Cost factor and overall pension cost need to be properly aligned and fine tuned between past retirees and future retirees in this settlement. Under pension cost, passing on the benefit of higher allocation entirely to future retirees is not acceptable to AIBRF. Proper formula based on equity and social justice needs to be worked out through discussion and deliberation.

We also enclose detailed note prepared on updation analysing all aspects of the subject for your consideration.

**WE DEMAND PENSION UPDATION FOR ALL PAST RETIREES BY MERGER OF DEARNESS RELIEF AT 4440 POINTS WITH EXISTING BASIC**

**PENSION AND GIVING INCREASE IN PER CENTAGE IN BASIC PENSION THEREAFTER ON THE PRINCIPLES AND FORMULA ADOPTED UNDER 6<sup>TH</sup> PAY COMMISSION.**

**(3) IMPROVEMENT IN FAMILY PENSION**

Family pension applicable to bank pensioners is very low compared to Family Pension Schemes applicable to government and RBI pensioners.

**WE DEMAND FAMILY PENSION OF BANK PENSIONERS SHOULD BE BROUGHT AT PAR WITH GOVERNMENT/RBI SCHEME AND THIS BENEFIT SHOULD BE EXTENDED TO ALL PAST FAMILY PENSIONERS.**

**(4) UNIFORM HOSPITALISATION SCHEME FOR RETIREES**

Health management is the biggest challenge for Senior Citizens and naturally, working class look for support from their employers after retirement as social welfare measure. This is the universal phenomenon and state policy in all Welfare States.

At present, as you know, there is no uniform Hospitalisation Scheme for bank retirees. Only some banks are operating some Hospitalisation Schemes for the benefit of retirees, being funded out of Staff Welfare Funds and retirees' contribution. It is seen that there is no uniformity in these schemes, very inadequate benefits and an element of uncertainty in its continuation when needed if adequate funds are not made available from Staff Welfare Funds etc. Health management of Senior Citizens cannot be dependent on such factors.

We understand that Hospitalisation Scheme for employees on the model of Group Medclaim Insurance Policy is being considered in this settlement.

**WE DEMAND THAT UNIFORM HOSPITALISATION SCHEME FOR RETIREES SHOULD BE MADE AVAILABLE ON THE SAME LINES AS BEING WORKED OUT FOR EMPLOYEES. WE WOULD LIKE TO DISCUSS MODALITIES WITH YOU.**

**(5) PENSION OPTION TO LEFT OVER PAST RETIREES**

One more pension option was given to all existing bank employees. However while extending pension option to past retirees, certain sections of past retirees were left out from this option.

**WE DEMAND THAT ONE MORE PENSION OPTION SHOULD BE GIVEN TO LEFT OVER RETIREES ON THE SAME TERMS AND CONDITIONS IN THE LAST SETTLEMENT DATED 27.04.2010.**

**(6) PENSION ISSUES OF FOREIGN BANKS AND PRIVATE SECTOR BANKS' RETIREES**

In Foreign Banks such as Standard Chartered Bank, Commutation of Pension

is not restored even after 15 years. Further there is no half-yearly change in dearness relief based on the increasing Consumer Price Index.

Also, it is seen that the new management of Merging Banks fail to honour the promises and commitments made by the Merged Banks under the settlements after merger and acquisition.

We would like to discuss these issues and also other related issues during the meeting.

### **COST FACTOR**

As and when improvement in the Pension Scheme is demanded by the retirees, one standard and patent argument of "high cost" is advanced by IBA and the bank managements. While we agree that each improvement involves additional cost, but to brush aside the demand outrightly is not entirely based on facts and proper analysis.

We have seen that Pension Fund of each bank as well as at the industry level as a whole is showing healthy growth. We find that interest income on the corpus is greater than all annual pension related obligations being met even after lapse of 20 years since introduction of pension, considerable increase in number of active pensioners after introduction of VRS in the year 2000, large number of superannuation in last 2/3 years, high inflation, higher pension to new retirees and many banks not meeting their commitment towards pension funds as per actuarial reports and AS-15 norms etc. We do not feel that there will be any big dip in the pension funds if all the demands listed above are met. Another important angle which is not examined critically from the cost point of view is the likely decrease in number of active pensioners after a few years - because on one side, there will be no new addition in membership and on the other side, decreasing number of pensioners and family pension beneficiaries due to mortality factor. As per our estimation, after expiry of next two decades Pension Funds will be left with huge funds even after meeting all pension obligations. Therefore the argument of high cost being advanced is one sided and needs to be seen in totality.

Then another aspect that is to be taken into account while determining pension cost is that Pension Scheme is basically a social security measure to provide respectable and dignified life to the Senior Citizens. As such it should be fixed, revised, modified and changed in ways not entirely dissimilar to the salaries. Thus, pension hike is to be linked to rise in salaries.

We, therefore, humbly request you to take the above aspects into consideration from the view point of cost angle, before taking final decision on our demands for improvement in pensionary benefits for the past retirees.

### **SHARING OF DATA/INFORMATION**

We are living in a regime of openness and transparency. Common man today enjoys the legal right to information. However, it is seen that IBA is most reluctant to share the information with an important stake holder. In this context,

we request you to share information about pension cost and other related issues with the retirees to have a meaningful dialogue.

### **STRUCTURED MECHANISM**

We also request you to evolve an apex level consultative mechanism in due course. This, we believe, will be a useful forum for holding consultation with the stakeholder i.e., the bank pensioners through the AIBRF. It will provide us an opportunity for raising concerns/problems bordering on policy matters affecting retirees directly with you across the table. Further, this will facilitate valuable feed back to you and pave way for maintaining a healthy tradition of constructive discussion on matters pertaining to the retirees.

We once again request you to give us early appointment for the meeting to discuss retirees' issues outlined in the memorandum.

Thanking you in anticipation and with regards,

Yours Sincerely,

(S.C.JAIN)  
**GENERAL SECRETARY**