Background Paper on Pension Issue in Banking Industry: (By Dr. A. Ananthakrishna Rao)

Pension Scheme was introduced in Banks with effect from 1st November 1993, covering retrospectively, those who retired after 1st Jan. 1986. As per the regulations of the scheme, the pension is fixed on the date of retirement as 50% of the average of the last ten months' salary drawn. This pension amount is not revised or updated as and when the wage revision of the serving employees takes place.

In fact it can be seen that the first updating took place in the Pension Regulations made in 1995 even before evolving the scheme as contemplated on the date of Memorandum of Settlement viz.,29-10-1993.(basis for Pension Scheme in Banks) This was done under Regulation 35 laying down updating for those retired between 1-1-1986 and 31-10-1987 when they were drawing the Basic Pay in the prevailing scales of pay and they were brought in line with those who retired subsequent to 31-10-987. That in fact the Committee of Indian Banks' Association (IBA), in its report dated 26-3-1994 affirmed that the formulae for updating of the pension on the lines of RBI Pension Scheme should be brought in to effect. There after IBA stopped updating of pension for no reason.

The principle of updating is to ensure that no erosion takes place in the value of rupee and it is applicable to one and all whether retired or in service. Pension and updating of pension are not different, they are the same; updating of pension is part and parcel of pension scheme. This principle is recommended by successive Pay Commissions and readily accepted by the Government. The Pension Scheme in Banks is broadly on the pattern of Pension Scheme available to the Central Government employees on the lines of Central Civil Services Pension Rules 1972.

According to the cardinal principle upheld by the Honourable Supreme Court and High Courts of our country in several judgements that there must be revision in pension commensurate with every wage revision of the serving employees to avoid the discrimination among the same grade of the employees irrespective of their dates of retirements.

After the introduction of the Pension Scheme in 1993 Wage Revision took place on 1st November 1997; 1st November 2002; 1st November 2007; and the present one which was concluded in the month of 'May' 2015, (with effect from) 1st November 2012; and the next one is already due this year only ie., 2017

Pension of retired bank employees has not undergone a single revision for 20 years even after 4 rounds of wage revisions in banking industry after introduction of Pension Scheme in Banks. As a result, a General Manager retired about 20 years back is getting far lesser pension than that of a Sub-Staff or a lower cadre staff retiring now. With the cost of living, increasing unabated and on account of medical compulsions, these pensioners are finding it very difficult to manage with the very age-old paltry amount of pension. In this regard the following factors are very relevant and deserve prime consideration.

1) With every wage revision, different categories of pensioners with different quantum of pension amounts, are created among the homogenous group of same grade, thus creating a class within the class which is a hostile discrimination and arbitrary, violation of Articles 14 and 16 of the Constitution of India.

2) On account of not implementing 'Pension Updating' in Banking Industry along with the wage revision of the serving employees, those retire before the date of every wage revision are drawing far less pension than that of those of the same grade who retire after such wage revision. For example, a General Manager who retired before the Wage Revision of 1997 with a maximum basic pay of Rs.7000/-draws far less pension when compare to the present sub-staff (peon) with maximum basic pay of Rs.18,545/- who retired after the Wage Revision of 1st November 2012. (Annexe) It is sad to know that thousands of our colleagues passed away during the last 25 years with a feeling of dismay and denial on account of this condition.

3) All those pensioners retired prior to the 1st November 2002 are deprived of 100% neutralization of DA for no justifiable reason.

4) Family pension to the widows of bank pensioners at present is 15% of the last drawn pay of the pensioner whereas it is 30% in the case of RBI and Central Government employees.

5) The payment of pension with revision in pension from time to time has no impact on the profits of banks as pension is paid out of specific corpus of Pension Fund available for such payment.

6) Pension Fund in every Public Sector Bank is abounding in resources and can foot the arrears of Pension. The corpus of Pension fund as of 31-03-2015 is of Rs.1,80,459.71 Crores. The payouts from the fund during 2015 is of Rs.11,783.35 Crores as against income of Rs.13,416.15 Crores resulting to a surplus of Rs.1,632.8 Crores. Similar is the position during Financial Year ending 31-03-2014. It further reveals that for discharging banks' pension liability every year, even the annual returns on pension investments are more than adequate. Apart from this, for discharging a statutory liability, funds cannot be a reason to deny our legitimate request.

7) Hence budgetary allocation on the part of the government is not necessary for this purpose.

8) Pension Fund is built up of the deferred statutory wages of the employees which was previously payable as EPF pursuant to EPF and Miscellaneous Provisions Act, 1952 and is hence the money of the employees.

9) The Pension Fund need not service the employees recruited on or after 01st April, 2010 who are covered by another scheme (PFRDA) operated by the Government.

10) The Pension Fund cannot be utilized for any purpose other than payment of pension and family pension by operation of regulation 5 (2) of the Pension Regulations.

It would be a laudable step in consonance with the National Litigation Policy that will not only mitigate the hardships of a number of Senior Citizens who are pushed into the corridors of various Courts in quest of justice but also considerable relief to the Judiciary that is saddled with vast number of avoidable Petitions.

In view of the above and the present state of pitiable position of senior pensioners in their advanced age of above 75/80 years, the issue deserves immediate consideration.

Annexe:

Maximum Basic Pay in the scale at the time of Retirement:- Comparative Table-1:

Cadre	**Prior to 01.07.1993**	**1/7/93 to 31/3/98**	**1/4/98 to 31/10/02**	**1/11/02 to 31/10/07**	**1/11/07 to 30/10/12**	**1/11/12 to 30/10/17**
Scale VII	7000	14000	21300	32600	52000	85000
Scale VI	6550	12650	19340	29340	46800	76520
Scale V	5950	11450	17660	26620	40400	66070
Scale IV	5350	10450	16140	24140	36200	59170
Scale III	5050	9950	15760	22280	31500	51490
Scale II	5050	9950	15000	19920	28100	45950
Scale I	4390	8740	13560	18240	25700	42020
Clerical						31540
Peon						18545

Maximum Basic Pay in the scale at the time of Retirement:- Comparative Table-2:

General Manager in Scale VII. Retired in 1992. (Maximum Basic Pay.)	Scale 1officer Retired after the Wage Revision of 2012. (Maximum Basic Pay)	Sub staff (Peon) Retired after the Wage Revision of 2012. (Maximum Basic Pay)	General Manager in Scale VII. Retired after the Wage Revision of 2012. (Maximum Basic Pay)
Rs. 7000/-	Rs. 42020/-	Rs. 18545/-	85000/-

Note: The figures correspond to the maximum of the basic pay in the scale at the time of Retirement. (The Pension Basic is 50% thereof.)

NB: It shows the paltry amount of pension drawn by a General Manager who retired in the year 1992 for the last two and half decades when compare to the recently retired employees with effect from 1-11-2012.

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101 Sury Park View St. 3 Kakatiyanagar Habsiguda Hyderabad-500007. E-mail: ananth43@yahoo.com ananthayyadevara@gmail.com Ph: 09441056542; 040-27175787.