

ASSOCIATE BANKS' OFFICERS' ASSOCIATION

CENTRAL OFFICE



F-1/ABOA/2015-18/40

D/ 06-03-2017

The Deputy Managing Director (A&S),
State Bank of India,
A & S Dept.,
Corporate Centre,
Mumbai – 400 021.

Dear Sir,

Extension of 5 years notional service to VRS optees of 2001 vide Pension Regulation 29(5) - IBA advisory to Public Sector Banks to extend the benefit of Regulation 29(5) in the light of Supreme Court Judgment

Please recall the discussion we had with you on 04/03/2017 at Corporate Office, on the captioned subject and para 5 of our letter No. F-1/ABOA/CO/2012-15/51 dated 05/01/2015 (copy enclosed for ready reference).

In this connection, we, in detail submit on the captioned subject for your perusal and request to please advise all Associate Banks immediately to comply with the IBA guidelines before the appointed date of acquisition of ABs by SBI i.e. before 01/04/2017:

It was in the end of 2000 that public sector banks issued VRS circulars, pursuant to the guidelines issued by **I B A**, with the approval of the Ministry of Finance, Banking division.

The eligibility for VRS 2000-2001 was 15 years of service or 40 years of age. As per Pension Regulation 29 of the Bank employees Pension Regulation-1995, an employee should have completed twenty years of qualifying service to become eligible for pension on voluntary retirement. As per the said Pension Regulation 29 (5) 'The qualifying service of an employee retiring voluntarily under this regulation shall be increased by a period not exceeding five years, subject to the condition that the total qualifying service rendered by such employee shall not in any case exceed thirty-three years....'

At the time of implementation of VRS in 2000 there arised the problem- i.e. 'VRS optees who have put in 15 years of service and above but less than 20 years of service were not eligible for pension'. In Dec. 2000, IBA put up a proposal to member Banks to give pensionary benefit to VRS optees having completed 15 years of service and above but less than 20 years of service, which was agreed by Ministry of Finance as per their letter dated 12/01/2001. This proposal contained a clause that this group of retirees will not be eligible for getting the benefit of 5 years' notional service as per Pension Regulation 29(5) for which VRS optees who have completed 20 years of pensionable service only are eligible.

Many Banks including **State Bank of Patiala** issued their circulars in Nov. and Dec. 2000 without mentioning the non-eligibility of additional 5 years of notional service, since the pension regulation was not amended. But some Banks including Associate Banks excluding SBP issued circulars in January 2001, in which the additional clause 7 (iii) was added to the effect that VRS optees in toto are not eligible for the benefit of additional notional service upto 5 years.

This situation has happened due to the lack of clarity and misinterpretation which has resulted from the correspondence and queries raised and replied by IBA and member banks. In 2002 Pension Regulation 28 (superannuation) of Employees Pension Regulation – 1995 was amended with retrospective effect from Sept. 2000 so as to give pension to retirees having the service of 15 years and above but less than 20 years and this category of VRS optees will not be eligible for additional notional service of 5 years.

But it is clearly seen that as per Pension Regulation 29 (5) the retirees opting for VRS having qualified pensionable service of 20 years are eligible for additional notional service of upto 5 years for arriving at basic pension. The denial of extending this benefit to VRS optees resulted in seeking legal remedy.

The Hon'ble Supreme Court decided the issue in their judgement of March 2009 in favour of the retirees which enabled the IBA to issue necessary direction vide HR & IR Circular No.CIR/HR&IR/76/L-43H/G2/2009-10/1134 dt. August 17, 2009 (copy enclosed for ready reference) addressed to Chief Executives of Public Sector Banks, which reads..... "we are of the view that the judgement will be applicable to all

the similarly placed VRS 2000 optees who are pensioners and the benefit of Pension Regulation 29(5) will have to be extended to them also.”..... “They also may be paid the arrears of pension based on the revised calculations from the date of retirement till date; thereby implementing the judgement of the Hon’ble Supreme Court.”

All Banks including State Bank of Patiala had already extended the benefit to their retirees in 2010 itself even withdrawing some court cases.

Now this discrimination and injustice is applicable only to the retirees of Associate Banks excluding State Bank of Patiala.

In the light of the above, we once again request your good selves to intervene and advise all ABs before the appointed date of acquisition of ABs by SBI i.e. 01/04/2017 to comply with the Advisory of IBA and extend 5 years notional service to the retirees of VRS 2001 having qualified Pensionable service of 20 Years as per Pension Regulation 29 (5) and to pay arrears of pension based on the revised calculations from the date of retirement till date for which act of you, all the retirees of VRS 2001 will ever grateful to you sir.

Thanking you,

Yours faithfully,
Sd/-

(HARSHAVARDHAN MADABHUSHI)
GENERAL SECRETARY

Copy to : General Secretary, SBHREA, for information.



(HARSHAVARDHAN MADABHUSHI)
GENERAL SECRETARY