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Bank of Rajasthan Retired Staff Society

(Affiliated to All India Bank Pensioners' and Retirees Confederation)

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GS/ DFS / 2024/ 02

Date: 17-January-2024

Shri Vivek Joshi,
Finance Secretary,
Department of Financial Services, Ministry of Finance,
Government of India, New-Delhi

Sub: Implementation of MOU dated 29-10-1993 signed between IBA and Banking Industry Unions under section 2(P) and Section 18(1) of the Industrial Disputes Act, 1947 read with Rule 58 of the Industrial Disputes (Central) Rules, 1957 on Pension Scheme- Updating of Pension.

Respected Sir,

With reference to the above we draw your kind attention to the MOU, for introduction of pension scheme, arrived between IBA, representing 58 Banks (19 Public Sector Banks, 8 – the SBI & its 7 Subsidiary Banks, 19 Private Sector Banks, 12 Foreign Banks) & Banking Industry Unions on 29-October-1993, copy attached. Pension in all these 58 banks is paid basis rules framed under the Pension Settlement.

MOU provides:

Para 6: "Dearness Relief to pensioners will be granted at such rates as may be determined from time to time in line with the dearness allowance formula in operation in Reserve Bank of India."

The DR is being paid as in RBI, advised by IBA half yearly February & August. Further,

Para 12: states "provisions will be made by a scheme, to be negotiated.....by 31st December 1993, for..... family pension, updating...., etc. on the lines as are in force in Reserve Bank of India.

The family pension rate was revised from 15% to 30% but **pension Updating is still pending.**

The MOU's **Short recital of the case** states that IBA while negotiating service conditions of workmen employees in February 1990 agreed to introduce Pension scheme in Banks in lieu of Employers' contribution to Provident Fund. The pension scheme agreed by IBA was to broadly on Central Government/the Reserve Bank of India pattern.

This clearly means that the issue of updating pension in banks as available in Central Government / RBI is applicable in the 58 banks party in Pension Settlement for their pension opted retirees and is not a matter of dispute, needing negotiation etc. since it is mentioned under short recital of the case pattern being broadly as in Central government / the Reserve Bank of India pension scheme.

That the pension scheme arrived between the parties is under the provisions of Industrial Disputes Act, 1947 passed by the parliament is a statute. Therefore, its provisions are statutory and must be complied with by the Banks party to it or whosoever adopts implements the scheme.

It is worth mentioning for your consideration that one of the negotiating team members from officers' organization with IBA was our member octogenarian Shri R.S. Agarwal, belongs to *The Bank of Rajasthan Ltd. (eBORL merged with ICICI Bank) amongst 58 Banks party to the Pension Settlement also provided irrevocable authority to IBA & continued implementing all subsequent improvements / amendments as arrived between IBA and industry level unions in Pension Scheme*, informed us that while arriving at the Pension Settlement out of the total available amount Rs. 500 crores per year were left with the banks in lieu of pension scheme thus accepting lesser increase in pay slip per year by the Unions, consequently subsequent wage settlements up to year 2015 settlement were arrived at increase in pay slip cost in & around 10% whereas increase in pay slip cost in earlier wage settlements to Pension Settlement were not less than 18%.

Thus, banks got leverage of Rs. 500 crores per year for 20 years for funding which on calculation forms a corpus of more than four lakh crores at yearly compounding rate of 8% hence, updating of pension is not a burden on bank profitability.

Since the facts above are available in the document provided and nothing extraneous is in demand by the pensioners, we thought it appropriate to bring them to your notice for the sake of clarity by this communication. Moreover, a 25-year retired general manager of a bank is unable to maintain the same dignity due to the high inflationary trends which his status requires and a recent retired clerk receives more pension than the general manager.

Further, we submit that ours is an organization of retirees of Bank of Rajasthan Ltd, one of the parties to pension settlement merged with ICICI Bank Ltd., our members are entitled for updating of pension advised by IBA & adopted by eBank of Rajasthan Ltd, the ICICI Bank is adhering to the same pension scheme but it has not yet implemented the revised rate of family pension (30%) and seems reluctant in payment of 100% DR neutralized advised by IBA on 16-October-2023 (attached) to the Banks party to Pension Settlement as yet, therefore, ICICI Bank should be suitably advised to pay the statutory payments of family pension, 100% neutralized DR & implementing ensuing updating of pension / ex-gratia payment (agreed on 07-December-2023) as applied to PSBs.

We hope the provisions as narrated above may have given more clarity in Bank retirees' issues and there shall be no hesitation in advising the IBA and Banks including ICICI Bank in the matter. Expect acknowledgement and affirmations being senior citizens.

Regards,

X *VijayKumarGarg*

Vijay Kumar Garg
General Secretary

Encl: MOU dated 29-10-1993 on Pension in Banks
IBA No. HR&IR/NBR/G2/0533 DR neutralization



MEMORANDUM OF SETTLEMENT dated the 29th October, 1993 between the Managements of 58 banks as represented by the Indian Banks Association and their workmen as represented by the All India Bank Employees Association.

(Under Section 2(p) and Section 18(1) of the Industrial Disputes Act, 1947 read with Rule 58 of the Industrial Disputes (Central) Rules, 1957).

Name of the Parties : 58 banks listed in Schedule I to this Memorandum of Settlement and their workmen.

SHORT RECITAL OF THE CASE

WHEREAS

(a) During the course of negotiations on service conditions of the workmen employees in February, 1990 the Indian Banks' Association (IBA) agreed to introduce pension scheme in banks for the workmen employees in lieu of employers' contribution to the Provident Fund. The pension scheme agreed was to be broadly on Central Government / the Reserve Bank of India pattern; details of the scheme were to be worked out.

(b) The unions, after due consideration of the IBA's offer for pension as a second retiral benefit in lieu of employer's contribution to contributory provident fund conveyed their acceptance of the same some time in 1992. A demand for contributory provident fund on dearness allowance was also raised amongst others in respect of employees not opting for pension scheme. The IBA, however, was not agreeable to grant of Provident Fund on dearness allowance.

(c) After protracted negotiations, over a period of time, the parties agreed to resolve the dispute by accommodating each other's view points in the interest of industrial harmony.

NOW, THEREFORE IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES HERETO AS UNDER:-

TERMS OF SETTLEMENT

1. The member banks set out in the schedule I hereto shall introduce pension as second retirement benefit scheme in lieu of contributory provident fund where it does not exist for the workmen employees of the member banks with effect from 1st November, 1993.
2. Pension as a second retiral benefit scheme in lieu of contributory provident fund shall be available to the

following category of employees/ retired employees from 1st November, 1993 or the date of retirement, whichever is later.

- (i) Employees who join service of the bank on or after 1st November, 1993;
- (ii) Employees in service of the bank as on 31st October, 1993 and who on or before 30th June, 1994 exercise an option in writing in response to bank's notice to this effect to be given not later than 31st December, 1993 to become members of the pension scheme and to cease to be members of the contributory provident fund scheme with effect from 1st November, 1993 and irrevocably authorise the bank or the trustees of the contributory provident fund to transfer the entire contribution of the bank along with entire interest accrued thereon to the credit of pension fund to be created for this purpose.
- (iii) Retired employees who were in service of the bank/ merged bank on or after 31st December, 1985 and retired on or after 1st January, 1986 but before 1st November, 1993 provided that such retired employees apply for it on their own on the format prescribed by each bank and refund within a period of six months reckoned from 1st November, 1993, the bank's entire contribution to the provident fund including interest received with further simple interest at the rate of 6 percent per annum, from the date of withdrawal of the provident fund amount till the date of refund.
- (iv) Permanent part-time employees drawing scale wages,

Note:-

Wherever in any other bank the existing or agreed package of superannuation benefits comprising CPF/Pension/Gratuity are superior to the package comprising of pension and Gratuity under this Settlement, the Bank in concurrence with their Union may opt to continue with their existing or agreed package of retiral benefits.

3. Pension will be payable on, retirement to permanent



- employees who have put in minimum of 10 years qualifying service in the bank before being merged to a new bank will also be taken as service in the same bank. However, the requirement of qualifying service shall not be applicable for drawing family pension in case an employee dies while in service.
4. The rate of basic pension will be fifty per cent of the average pay as defined in Pension Scheme subject to a minimum of Rs. 375/- per mensem, in the case of a full-time employee and proportionate amount in the case of a permanent part-time employee drawing scale wages.
 5. Completed service of thirty three years will qualify for full pension.
Employees voluntarily retiring after 20 years of completed service as per provisions to be incorporated in the scheme will get proportionate pension.
The qualifying service of an employee voluntarily retiring on completion of 20 years of actual service shall be increased by a period not exceeding five years, so however, that the total qualifying service of such employee shall not in any case exceed thirty three years and also shall not take him beyond the date of superannuation. :
 6. Dearness relief to pensioners will be granted at such rates as may be determined from time to time in line with the dearness allowance formula in operation in Reserve Bank of India.
 7. A pensioner will be entitled to commute one third of the basic pension.
Dearness relief will, however, be allowed on full basic pension even after commutation.
 8. Conditions on which pension in part or full can be withheld or withdrawn shall be set out in the Scheme to be formulated in terms of this Settlement.
 9. For the administration of the pension scheme each of the member bank may create a public trust and appoint such trustees and other staff as it deems fit. The pension scheme will be in accordance with the provisions of the Income Tax Act, 1962 and the Indian Public Trust Act.
 10. Employees who opt for pension scheme shall only contribute to the Provident Fund at the rate of 10% of

- basic pay only with effect from 1st November, 1993 with no contribution by the employer.
11. Actual payment of pension in all cases shall commence from 1st November, 1993.
 12. Provisions will be made by a scheme, to be negotiated and settled between the parties to this Settlement by 31st December, 1993 for applicability, qualifying service, amounts of pension, payment of pension, commutation of pension, family pension, updating and other general conditions, etc. on the lines as are in force in Reserve Bank of India.
 13. Without prejudice to what is stated in paragraph 10 supra and in partial modification of Paras 7.25 to 7.27 of Desai Award, and subsequent amendments thereto in case of employees who are on the banks rolls as on 31st October, 1993, pay for the purpose of calculation of contributory provident fund and pension shall include dearness allowance component upto 1150 points only (C.P.I. -1960 - 4 points slab).
It will not however rank for gratuity or any other purpose. The dearness allowance payable at points above 1150 on 1st November, 1993 and thereafter shall not rank for any superannuation benefits or for any other purpose unless stated otherwise in any of the subsisting provisions of the Awards / Bipartite Settlement.
 14. The terms and conditions hereof shall continue to govern and bind the parties until the Settlement is terminated by either party giving to the other a statutory notice as prescribed in law at the material time.
 15. The AIBEA on behalf of the workmen employees agrees that during the operation of this Settlement they will not raise any demand of any nature whatsoever on any of the banks in respect of matters covered by this Memorandum of Settlement.
 16. Copies of the Memorandum of Settlement will be jointly forwarded by the parties to the authorities listed in Rule 58 of the Industrial Disputes (Central) Rules, 1957 so that terms and conditions thereof are binding on the parties as provided in law.
 17. If there is any difference of opinion regarding interpretation



of any of the provisions of this Settlement the matter will be taken up only at the level of the Indian Banks' Association and the All India Bank Employees Association for discussion and settlement.

Schedule I

LIST OF BANKS

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|------------------------------------|---|
| 1. Allahabad Bank | 31. Kashi Nath Seth Bank Ltd. |
| 2. Andhra Bank | 32. Lord Krishna Bank Ltd. |
| 3. Bank of Baroda | 33. The Bank of Rajasthan Ltd. |
| 4. Bank of India | 34. The Banaras State Bank Ltd. |
| 5. Bank of Maharashtra | 35. The Catholic Syrian Bank Ltd. |
| 6. Canara Bank | 36. The Dhanalakshmi Bank Ltd. |
| 7. Central Bank of India | 37. The Federal Bank Ltd. |
| 8. Corporation Bank | 38. The Jammu and Kashmir Bank Ltd. |
| 9. Dena Bank | 39. The Karur Vysya Bank Ltd. |
| 10. Indian Bank | 40. The Lakshmi Vilas Bank Ltd. |
| 11. Indian Overseas Bank | 41. The Nainital Bank Ltd. |
| 12. Oriental Bank of Commerce | 42. The Nedungadi Bank Ltd. |
| 13. Punjab National Bank | 43. The Ratnakar Bank Ltd. |
| 14. Punjab & Sind Bank | 44. The Sangli Bank Ltd. |
| 15. Syndicate Bank | 45. The South Indian Bank Ltd. |
| 16. UCO Bank | 46. The Vysya Bank Ltd. |
| 17. Union Bank of India | 47. ABN-AMRO Bank N.V. |
| 18. United Bank of India | 48. American Express Bank Ltd. |
| 9. Vijaya Bank | 49. ANZ Grindlays Bank p.l.c. |
| 20. State Bank of India | 50. Bank of America NT & SA |
| 21. State Bank of Bikaner & Jaipur | 51. The Bank of Tokyo Ltd. |
| 22. State Bank of Hyderabad | 52. Banque Nationale De Paris |
| 23. State Bank of Indore | 53. The British Bank of the Middle East |
| 24. State Bank of Mysore | 54. Citibank N.A. |
| 25. State Bank of Patiala | 55. The Hongkong & Shanghai Banking Corporation |

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|------------------------------------|-----------------------------|
| 26. State Bank of Saurashtra | 56. The Sakura Bank Ltd. |
| 27. State Bank of Travancore | 57. Sonali Bank |
| 28. Bareilly Corporation Bank Ltd. | 58. Standard Chartered Bank |
| 29. Bharat Overseas Bank Ltd. | |
| 30. Karnataka Bank Ltd. | |



Indian Banks' Association

HR & INDUSTRIAL RELATIONS

No.HR&IR/MBR/G2/0533

October 16, 2023

MD / CEO of Member Banks party to Pension Settlement

Dear Sir / Madam,

Sub : Dearness Relief (DR) Neutralization for pre- 01.11.2002 Retirees and Family pensioners

In terms of the provisions of Bank Employees' Pension Regulations 1995, pensioners and family pensioners are entitled to draw Dearness Relief (DR) on their pension.

2. The Unions / Associations and the employees retired prior to 1st November 2002 were requesting for payment of uniform DR at lowest slab of Basic Pension in the existing DR framework.
3. The issue was discussed in Managing Committee of IBA and now the Department of Financial Services, Government of India has provided their no objection to advise the Public Sector Banks to implement the 100% DR neutralization to pre-November 2002 retirees and family pensioners.
4. It is to be noted that, with effect from 1st October 2023
 - a. DR to be paid at a uniform rate applicable to lowest slab of Basic Pension in the existing DR frame work to all pensioners / family pensioners retired prior to 01.11.2002 under various settlement period.
 - b. ₹.800 and ₹.450 per month to be paid as ex-gratia amount as a standalone benefit, which will not attract DR, to pensioners / family pensioners falling under 1st slab of Basic Pension and drawing highest DR, and 2nd slab of Basic pension attracting second highest DR in the present framework, respectively. The ex-gratia amount shall be absorbed in future changes in pension structure, if any.
 - c. No arrears shall be payable for the periods falling prior to 01.10.2023.
5. We are also sharing DR rate chart applicable from 01.10.2023, for pre 01.11.2002 Pensioners and Family pensioners.

Yours faithfully,

(Brajeshwar Sharma)

Senior Advisor (HR & IR)



Indian Banks' Association

DR rate chart applicable from 01.10.2023 to January 2024 for Pensioners retired during the period from 01.01.1986 and prior to 01.11.2002 and their Family Pensioners

Sl. No	Retirement Date	Basic Pension	Existing Dearness Relief Structure (Aug-23 to Jan -24)	Revised Dearness Relief Structure w.e.f. 01.10.2023 to January 2024	Ex-Gratia over and above Basic Pension and DR thereon
			Dearness relief for the months August to January 2024 Average Index		
(1)	(2)	(3)	(4)	(5)	(6)
1	For pensioners / Family Pensioners of the period from 01.01.1986 to 31.10.1992 / 30.06.1993	Upto Rs. 1250	1386.90 %	1386.90 % (DR shall be at the uniform rate of 0.67% per slab over 600 Points)	₹. 800/-
		Rs. 1251 to Rs. 2000	Rs. 17336.25 plus 1138.50% of basis pension in excess of Rs. 1250		₹. 450/-
		Rs. 2001 to Rs. 2130	Rs. 25875 plus 683.1% of basic pension in excess of Rs. 2000		₹. 0/-
		Above Rs. 2130	Rs. 26763.03 plus 351.90% of basic pension in excess of Rs. 2130		₹. 0/-
2	For pensioners / Family Pensioners of the period from 01.11.1992 / 01.07.1993 to 31.03.1998	Upto Rs. 2400	676.55 %	676.55 % (DR shall be at the uniform rate of 0.35% per slab over 1148 Points)	₹. 800/-
		Rs. 2401 to Rs. 3850	Rs. 16237.20 plus 560.57% of basis pension in excess of Rs. 2400		₹. 450/-
		Rs. 3851 to Rs. 4100	Rs. 24365.46 plus 328.61% of basic pension in excess of Rs. 3850		₹. 0/-
		Above Rs. 4100	Rs. 25186.98 plus 173.97% of basic pension in excess of Rs.4100		₹. 0/-
3	For pensioners / Family Pensioners of the period from 01.04.1998 to 31.10.2002	Upto Rs. 3550	431.76 %	431.76 % (DR shall be at the uniform rate of 0.24% per slab over 1684 Points)	₹. 800/-
		Rs. 3551 to Rs.5650	Rs. 15327.48 plus 359.80% of basis pension in excess of Rs. 3550		₹. 450/-
		Rs. 5651 to Rs. 6010	Rs. 22883.28 plus 215.88% of basic pension in excess of Rs. 5650		₹. 0/-
		Above Rs. 6010	Rs. 23660.44 plus 107.94% of basic pension in excess of Rs.6010		₹. 0/-

- A. Please note that the Ex-gratia amount mentioned above is a standalone benefit which will not attract any DR and the same shall be absorbed in future changes in pension structure, if any.
- B. Total Pension w.e.f 01.10.2023 will be Total of Basic Pension + DR as per Column (5) on the Basic Pension.
- C. In addition to total pension mentioned in (B), Ex-gratia amount will be paid as per Column (6).
- D. No arrears for the period prior to 01.10.2023 to be paid.