

Memorandum submitted to the Chairperson of United Forum of Bank Unions on 4/7/03 at Chennai

We express our deep gratitude to the United Forum of Bank Unions and all its constituents individually for this gesture of inviting all major organizations of retirees of Banking industry to present their views on matters concerning retirees. As they say, "One who wears the shoes only know where the shoe pinches", organizations of retirees only know better what pinches the retirees. This acknowledgement that organizations of retirees only know better the grievances of retirees and the recognition of the need to bring unity of action among organizations of retirees have chiefly prompted UFBU to invite various organizations of retirees to air their views and suggestions. This will be the harbinger of a structured United Forum of organizations of Bank retirees which shall work with aid, advice and assistance of UFBU of serving employees.

It is no coincidence that the united face of the organizations of retirees is seen today when Com.S.R.Sengupta heads the retirees' organization AIBPARC as its General Secretary because it was the duo Com.S.R.Sengupta then as General Secretary of AIBOC and late Com.Tarakeshwar Chakravarthy the tall leader of AIBEA conceived and chiseled the UFBU. These architects embarked on this bold experiment of UFBU to channelize the collective wisdom and energy to work in unison to realize the common objective of reasonable and dignified compensation package, service conditions and terminal benefits. What started as an experiment became an established structure because of its unrivalled success.

We are also thankful to UFBU and the affiliates of its constituents in individual banks for championing the cause of retirees. We have to place our deep appreciation and gratitude for the second option for pension secured by UFBU even for retirees at great sacrifice by its serving employees. At this juncture we cannot but be sad that Com.R.J.Sridaran who championed the cause of second option is no more. We are, therefore confident this meeting augurs well for the retirees.

While cost should not be the reason to withhold a dignified life to retirees we are not oblivious to the reality that pretext of cost will be the theme song of IBA. While we have no hesitation to question the morality of this theme song we acknowledge reality of pretext and pretensions that will be used by IBA to thwart all reasonable and legitimate demands of serving employees and retirees.

There are four main demands of importance to retirees. These demands may not entail a heavy cost. Each of them may be a miniscule percentage of net profits/establishment cost. These demands are:

- 1) **100% DA neutralization** - At present post Nov,2002 pensioners alone get 100% DA neutralization but not the pensioners who retired prior to Nov,2002. In practical terms this discrimination affects mostly officers and a minority clerical staff. The number of such affected pensioners who retired between

1/1/86 and 31/10/2002 may not constitute 20% of the total pensioners. Hence the cost burden will not be heavy. This legitimate demand that saw initial judicial victory has received a setback by the Division Bench judgement of Madras High Court. While courts have always held Pensioners as one homogenous class who cannot be further sub-classified Madras High Court upheld this sub-classification. This sub-classification is unconstitutional and may be challenged by the petitioners. While relief from court is still an option, retirees should not be made to go to courts to redress their grievances. UFBU may pursue this matter in the current negotiation to fruition.

- 2) **Family Pension** - While Basic Pension is uniformly payable at 50% of pay, Family Pension is payable at three different percentages depending on the last drawn Basic pay of the retiree. RBI has since dispensed with three categories and made it uniform benefitting the family pensioners to maintain status commensurate with that maintained during the lifetime of retirees. As Banks' pension scheme is modeled on what is obtaining in Central Government & RBI, the above improvement made by RBI should be extended to Bank retirees too. Family Pension is paid very rarely towards and mostly to surviving spouses. They are already meager in number and the uniform pension rate would be applicable to a still smaller number. So Cost need not be a consideration.
- 3) **Pension updation-** With every Pay Commission, the Central government employees and consequently State government employees are getting substantial improvements in pension and other terminal benefits. One of them is pension updation where pension is increased in tune with every pay revision and the other is pension upgradation where Basic Pension as a % of Basic pay is stepped up with advancing age. While many sovereign duties and implementation of government's schemes have been passed on to the bank employees there is no commensurate improvement in pension benefits of retirees in banking industry. While it has been agreed and minuted that the pension scheme will be on the lines of RBI and Central government the above said improvements are not extended to banks' retirees. It is quite unfortunate that IBA instead of championing the cause of its own employees are trying to be more pious than the Pope by objecting to these demands on the specious plea of cost. It has to be noted that pension updation was in fact implemented in banks for the only batch (retirees between 1/1/86 and 30/10/87) that required updation when the pension scheme was introduced in banks. This updation was not followed in subsequent settlements owing to various problems banking industry faced post-reforms and consequent constraints in wage negotiations. When Banks regained health the focus shifted to getting second option for pension to bring more retirees under pension, a social security scheme. Now that UFBU have been able to ensure near total coverage of pension to banks' retirees the focus has to be to

improve the pension scheme, first of which shall be pension updation, which can be followed by pension upgradation.

- 4) **Medical Aid**- Medical expenses pose a grave threat to a tranquil life a retiree. While Central Government retirees are having the benefit of CGHS there is no such industry wise hospitalization scheme for retirees. Individual banks have their own schemes funded in most cases from Staff Welfare Fund. These schemes, though welcome are not at all adequate to meet medical expenses. Some retirees are having chronic illnesses requiring domiciliary treatment for which also the present schemes are not adequate. A starter can be made on the lines of CGHS for the entire banking industry in this wage revision.
- 5) **Second Option for Pension to resigness** -While service regulations of officers provide for voluntary retirement even to PF optees there is no such provision for award staff in any bank. This is an anomaly. Further second option for pension was allowed to employees who took voluntary retirement under special VRS with a special package of compensation. In the process, even those who put in mere 15 years' service could get second option for pension. There are however some employees who resigned in the normal course after completion of 20 years but could not exercise second option because their cessation of service is resignation and not retirement. Instead of being semantic about this issue IBA has to consider this issue from the viewpoint of service rendered by these resignees. Above all, their number in most banks may not exceed two digits. Cost need not be a consideration hereto.
- 6) **Disciplinary proceedings after retirement**- Pension Regulations provide for institution of disciplinary action even after retirement in respect of omissions and commissions that occurred in the bank within 4 years before such institution. It is not correct to judge in hindsight events that took place many years before in a context which cannot be visualized at the present. So the regulations have to be sufficiently modified to reduce period of limitation from the present 4 years to 1 year.

We profusely thank each and every constituent of UFBU and its convener Sarkar for this opportunity to interact with us.

(K.V.Acharya)
President