



# UNITED FORUM OF BANK RETIREES

Head Office. Swagat Chinar, B Block Chinar Park Kolkata 700157

Contact us: 9820732284, 9038002912; Email ID ufbr2020@gmail.com

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Ms Nirmala Sitaraman Ji,  
Hon'able, Minister of Finance and corporate affairs  
Government of India.  
North Block New Delhi  
New Delhi-110001

## GRIEVANCES OF PENSIONERS OF PUBLIC SECTOR BANKS

Respected Madam

Happy Deepawali Greetings to you and the Department of financial services. We convey our sincere thanks to you and honorable Prime Minister for approving the family pension improvement in public sector banks and your message on 10 th Nov 2020 to IBA to consider the retirees at par with working staff as a family. The 11 th wage settlement has been signed on 11 th Nov 20 but regular pensioners remain neglected as usual. The issue of pension updation is not talked about in view of additional load. But this is virtual load as is explained in succeeding paragraph.

In the Annual Report of banks, actuarial estimates are published showing deficit while matching pension liability with fair value of funds on balance sheet date. But pension fund is actually increasing every year by 8- 10 % without any additional contribution by any bank.

Pension liability and fair value of funds as per AS-15 in Balance Sheet				Amt in Rs.Crores
Particulars	Year 2016-17	Year 2017-18	Year 2018-19	Year 2019-20
Pension liability	248898	259786	278223	312930
Fair value of funds	232331	249079	266425	291664
Bank contribution	10787	7290	6998	7326
Income from pension fund	15330	16924	18762	19525
Pension paid	15583	18417	20174	22569

In the AS-15 Pension liability includes all pensioners and remaining working staff who opted for the existing pension scheme with ongoing pension updation with every BPS. The number of pensioners approximately as on March 2019 was pre 2002 batch as 75056, between 2002 to 2007 as 15087, between 2007 to 2012 as 83977 and between 2012 to 2017 as 160, 068. The actuarial estimate is based on the total number 753,000 which includes regular pensioners approximately as 378,765 along with family pensioners of 91000, and the working staff opted for existing pension scheme as 283,363. This does not give correct picture of additional load on pension updation. Moreover, there are no uniform guidelines for AS 15 disclosure norms which results in varying estimates of parameters by actuaries and auditors. From the cash flow it is observed that every year about 90% of the pension payment is covered by income from the fund only and bank contribution is hardly used. This results in pension fund growth of about 8-10 % every year. **If the weighted average rise of pension is about Rs6, 000/- p.m for each of about 1.70 lakh pensioners annual cash outgo increases by about Rs.1, 200 Crores only as per RBI pattern.**

The batch of pensioners between 1 st Nov 2012 to 31 st Oct 2017 with number about 1.60 lakhs are losing lifelong about Rs.2,000/- to Rs.5,000/- p.m depending on the cadre as the special allowance, created in 10 th BPS by curving out from DA merger points, is not considered for retirement benefits. This is contrary to the honorable Supreme Court judgment No 6221/2011 on 28 th Feb 2019 in favour of non- financial sector employees. How can there be separate norms for financial sector. If an average adhoc pension rise of Rs.3,000/-to Rs.5,000/- , subject to ratification in next wage talks, is considered **average annual cash outgo will increase by about Rs.1,000 Crores only for the pensioners batch 2012-2017.**

Pension has been revised for all the government pensioners with multiplication factor at 2.57 w.e.f 1st January 2016. Pension in Reserve Bank of India and NABARD has also been revised in March 2019 and July 2020 respectively with multiplication factors for pensioners of Pre 2002 with 3.63, of 2002 to 2007 with 2.44 and of 2007 to 2012 with 1.76. Therefore, if ad hoc rise in pension in RBI pattern and also compensation for the loss for pensioners of 2012-2017 batch are considered about **3.30 lakhs regular pensioners will be benefited against additional annual cash outgo of about Rs.2, 200 Crores.** This is not a big amount compared to the size of pension fund. The need of the hour is humanitarian touch to allow a dignified living of public sector bank pensioners. RESPECTFUL REGARDS

DR INDRAJIT SANYAL

PRESIDENT

CC. The Chairman IBA, Mumbai  
The Convener UFBU