To Dated :

The Chairman, State Bank of India, Madame Cama Road, Mumbai 400 021.
The Managing Director, Andhra Bank, Head Office, Saifabad, Hyderabad 500004.
The Managing Director, Bank of Baroda, Bandra (East), Mumbai 400 051.
The Managing Director, Bank of India, Express Towers, Nariman Point, Mumbai 400 021
The Managing Director, Bank of Maharashtra , Shivaji Nagar, Pune 411 005
The Managing Director, Canara Bank, Head Office, J. C. Road,, Bangalore 560 002.
The Managing Director, Central Bank of India, Nariman Point, Mumbai 400 021.
The Managing Director, Indian Bank, Head Office, , Royapettah, Chennai – 600 014
The Managing Director, Indian Overseas Bank, Anna Salai , Chennai 600 002
The Managing Director, Punjab and Sind Bank, 21 Rajinder Place, New Delhi 110 008
The Managing Director, Punjab National Bank , Dwarka, New Delhi- 110075
The Managing Director, UCO Bank, Barboure Road, Kolkata 700 001
The Managing Director, Union Bank of India, Nariman Point, Mumbai 400 021

Dear Sir,

**<u>Huge diversion of Pension Trust Fund by Public Sector Banks including SBI
And denial Pension updation for existing pensioners:</u>**

We would like to draw your kind attention to the following grievances of over seven lakh bank pensioners/family pensioners, for immediate redressal.

(i)<u>Delay in release of pension updation arrears to the existing pensioners:</u>

At the outset, we are very much concerned about the inordinate delay in releasing the pension updation arrears to the existing pensioners, corresponding to the wage revisions, in utter violation of the provisions of Article 14 of the Constitution. As per the settled law, pension is a deferred wage and hence revision of wages and pension updation are inseparable. According to section 35(1) of the Pension Regulations 1995 and its subsequent amendments which are in the nature of speaking orders, basic pension and additional pension shall be updated for all retirees irrespective of their date of retirement, periodically with the revision in pay bands in the scale of pay determined through the Bipartite Settlements , simultaneously with every wage revision for employees. Since 1997, five wage revisions have taken place through BPS with the registered trade unions viz. (i) 7th BPS for the period 1997-2002; (ii) 8th BPS for the period 2002-2007; (iii) 9th BPS for the period 2007-2012; (iv) 10th BPS for the period 2012-2017; and (v) 11th BPS for the period 2017-2022. Soon after the signing of the MOU in respect of each wage revision, banks are expected to extend the benefit of wage revision to the existing pensioners as well because wage revision includes pension updation also. Hence the updation arrears corresponding to the aforesaid wage revisions are payable to the existing pensioners immediately by the banks with interest at 18% for delayed payment from the Pension Fund Account belonging to the pensioners.

2. <u>Dubious role by a Mediator (IBA) to deny updation benefits to existing pensioners</u>:: It has come to light that after conclusion of the 10th and the 11th BPS , IBA had issued circular letters to member banks dividing the homogenous pensioners into two classes through cut off dates, thereby prompting the banks to deny updation to existing pensioners. As an unregistered association without any legal standing, IBA has no authority to issue such a circular to member banks. But IBA fraudulently divided a single class homogenous pensioners into different groups for being eligible for pension updation, overriding statutory rules and denied pension updation to existing pensioners. The creation of two classes of pensioners within a single homogeneous class is wholly contrary to the settled principle of law as laid down by the Hon'ble Supreme Court and hence the classification into two different groups is absolutely arbitrary and thus violates the provisions of Article 14 of the Constitution of India. The object and purpose for revising the pension is due to the increase in the cost of living. All the pensioners form a single class and therefore any bifurcation for the purpose of grant of revised pension is wholly unreasonable, arbitrary, discriminatory and unconstitutional. The eligibility for the revised pension of "being in service on the specified date and retiring subsequent to that date" violates Article 14 of the Constitution and is unconstitutional and is struck down. Hence the existing pensioners are entitled for the immediate release of updation arrears corresponding to the aforementioned five wage revisions with interest at 18% for delayed payment which is adequately funded through the huge corpus of the Pension Trust Fund belonging to the pensioners. A portion of the interest accrued on the prudent investment of the Trust fund would be more than sufficient to pay the dues to the senior citizens.

<u>(ii)Denial of mediclaim facility at par with that of the serving staff:</u>

As per the provisions governing payment of pension, retirees are entitled for mediclaim facility at par with that of the serving staff which is being followed in other institutions including the Judiciary. Whereas, the banks have denied the Mediclaim facility to the pensioners at par with that of the serving staff, defeating the very

purpose of the beneficial provisions of the Constitution specially created for rendering socio economic justice to those who, in the hey-days of their life, ceaselessly toiled for the employer on an assurance that in their old age, they would not be left in the lurch. The deliberate denial of medicare facility to the pensioners at par with that of the serving staff, is a clear violation of the principles of equity and fair play as enshrined in the provisions of Article 14 of the Constitution. Many of the pensioners have been forced to shell out huge premium from their meagre pension income to join the Group insurance scheme promoted by the bank with the corporate insurers. The premia already collected from the retirees should be refunded to them and the pensioners should be provided with the mediclaim facility similar to that of the serving staff. If necessary, the premium could be charged to the Pension Trust Fund which belongs to the pensioners.

(iii)Fraudulent Diversion of Pension Trust Fund by PSBs including SBI

3. The recent communication No. PMOPG/E/2021/0374799 dated 20.05.2021, from our Hon'ble Prime Minister (copy attached) informing us that PSBs including SBI have resorted to fraudulent diversion of Pension Trust Fund to settle NPAs, against the Trust rules, has sent shock waves amongst the bank staff and pensioners/family pensioners. As you are aware, payment of pension and updation are met from the Pension Trust Fund which is created for each bank through regular deductions from the salaries of the employees. Each Bank is mandated to deposit 10% of the basic pay (including allowances and D.A.) of the employees every month to the pension fund account. Pension is the sweat equity of the employees and the Pension Fund represents the accumulated sweat money generated during their long term engagement with the Bank.

4. As per income Tax act, if any investment out of pension trust fund goes bad, Bank has to recoup the same. Every Bank is duty bound to replenish the Fund balance through regular contributions from the annual profit as sweat equity for the employees. Regulation 11 of the Pension Regulations 1995 provides that the Bank will make annual investigation of Pension Fund at the end of every year and in case of shortage, necessary contribution will be made by the Bank to ensure delivery of benefits under this regulation. Pension Trust Fund is the sole property of the Pensioners and the Bank is duty bound to ensure that its balance is not misused in any way under any circumstances and should be utilised only for the benefit of the pensioners/ family pensioners. The Trustees of Pension Fund are expected to ensure investment of the Pension Trust Fund strictly in accordance with the Trust rules and no misappropriation of the fund shall be allowed under any circumstances. Any diversion of the Pension Trust fund for purposes unrelated to pension, constitute a fraud and should be subjected to a detailed investigation by an outside agency in the same manner the diversion of bank loans by corporate defaulters are investigated and action taken against those found guilty of misappropriation/embezzlement. As all banks are subjected to rigorous audit by RBI team every year, RBI Governor as the lender of the last resort, is bound to make good the "business loss" of banks, from the RBI Reserve Fund which has a corpus fund of Rs. 9.5 lakh crores kept for this purpose. There is no need for the banks to lay their hands on the sacred Pension Trust Fund which belongs to the seven lakh pensioners/family pensioners. Several instances of diversion of Pension Trust fund were already brought to the notice of the banks through separate petitions by various retiree groups; but no action has been taken so far.

In the circumstances, we request you to immediately release the updation arrears to all the existing pensioners with interest at 18% for delayed payment and restore and safeguard the Pension Trust Fund which is the lifeline of not only the pensioners but also that of the serving staff. All the pensioners should be provided with Group Mediclaim facility at par with that of the serving staff and the premium could be charged to the Pension Trust Fund. The huge corporate premium already squeezed from the senior citizens should be returned to them forthwith.

Thanking you,
Yours faithfully,

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