



ALL INDIA STATE BANK OFFICERS' FEDERATION

(Registered under the Trade Unions Act 1926, Registration No: 727/MDS)

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**CIRCULAR NO. 24
TO ALL OUR AFFILIATES**

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SUPERANNUATION SCHEME IN SBI AND ROLE OF AISBOF

The Superannuation Scheme within SBI stands apart from those in the wider industry landscape due to its historical roots. Dating back to as early as 1806, pension scheme is in existence within the Bank, spanning across the four Presidency Banks, the Imperial Bank of India, and eventually within the State Bank of India. Governed by the State Bank of India Act of 1955, the authority to modify regulations and outline procedures for pension scheme amendments lies with its Board. Any adjustments to the pension regulations within SBI require prior approval from the Central Government, in conjunction with consultations from both the Reserve Bank of India and the Central Board of SBI. These modifications are subject to scrutiny by both houses of the parliament and necessitate a gazette notification. Notably, within SBI, the Central Board itself operates as the pension fund trust, with all directors serving as trustees.

2. Currently, officers who were in service or joined the Bank in permanent scale before August 1st, 2010, and are members of the State Bank of India Employee's Pension Fund are eligible for pension benefits, subject to the terms and conditions outlined by the Bank in accordance with the SBI Officers' Service Rules under the Defined Benefit Pension Scheme. All categories of officers who joined or join the Bank in permanent scale (including part-time) on or after August 1st, 2010, will be entitled to the benefits of the Defined Contribution Pension Scheme (DCPS) / New Pension Scheme (NPS), subject to the terms and conditions set forth by the Bank. It is noteworthy that although the NPS was introduced in the banking industry from April 1st, 2010, without the Provident Fund (PF), at the insistence of our Federation, it was implemented in SBI from August 1st, 2010, with the PF component to uphold three benefits for new recruits. It's worth emphasizing that the incorporation of the

Provident Fund (PF) benefit into the New Pension Scheme (NPS) is an exceptional feature exclusive to SBI. This significant addition was made at the behest of the Federation and endorsed by the ECCB, following persuasive discussions with the Department of Financial Services (DFS) prior to the rollout of NPS in SBI.

3. Before the Desai Tribunal in 1962, when employees of other Public Sector Banks (PSBs) opted for CPF & Gratuity as two terminal benefits, SBI employees also had only two terminal benefits: CPF & Pension, which they chose to retain. The inclusion of Gratuity as a third terminal benefit for SBI employees occurred solely after the enactment of the Payment of Gratuity Act in 1972. However, unlike in other Public Sector Banks, the payment of Statutory Gratuity to SBI Employees/Officers is subject to a ceiling. Furthermore, the commutation factor of '6.60' for SBI retirees is inferior compared to the factor of '9.81' for retirees of other nationalized banks.

4. During 1993, in banking industry pension scheme was introduced for employees with effect from 01-01-1986 as a pension in lieu of provident fund. Where as in SBI, pension is a third retrial benefit along with provident fund and statutory gratuity. An option was given during 1995 to the provident fund optees of other banks to choose either pension or provident fund along with service gratuity. More than 50% of the employees opted for pension in lieu of provident fund. For them Pension is calculated at 50% of the average last drawn ten months pay for all categories of staff. However, during 2010 after great struggle, one more option was given to the remaining PF optees to choose pension in lieu of Provident Fund. Of course, portion of additional cost was shared by the employees.

5. Initially, pension ceilings in our Bank for senior officers were set in accordance with the Bank of Bombay's model by linking to the 50% of maximum salary that a senior grade officer (DMD) could earn. Subsequent revisions for retirees under the 4th and 5th Bipartite Settlements (BPS) continued to adopt this rationale. However, a significant deviation occurred starting from the 6th BPS. Where as in SBI, to restrict the pension cost, at the instance of government, calculation of pension was modified by introducing 40/50 clause with effect from 01-03-1999, instead of 50% of average substantive pay. The new formula was 50% of the last drawn 12 months' average pay up to the maximum scale of JMGS – I and at 40% for those drawing higher scale with a minimum pension ceiling as applicable to the maximum of JMGS – I was

introduced. This tinkering of the formula was opposed by the All India State Bank Officers' Federation and subsequently at the instance of Federation the then chairman recommended to the DFS for restoration of earlier 50% formula for all.

6. In case of banking industry, as and when salary revision takes place, revised pay scales were considered for calculation of pension, whereas in case of SBI, it was not automatic. Permission from the Government was a must. Up to 6th bipartite, revised pay scale was considered for calculation of basic pension. In SBI 7th bipartite employees, basic pension was calculated based on old pre revised scale. In addition two sets of revised basic pay with 1616 pts merger of D.A. was considered for calculation of basic pension and 1684 pts DA merger with load factor for calculation of pay scales. However, in 8th bipartite pension was revised on new scales but the maximum pension ceiling continued. 100% DA neutralisation was implemented in 8th bipartite, but arrears were paid only from 1-05-2005. Repeated representations to the management by the Federation for improvements to the superannuation scheme did not yield desired result. The so-called three-benefits scheme in SBI was inferior as compared to two-benefits scheme in the banking industry as there is no maximum ceiling for service gratuity for them.

7. Therefore, both officers' and staff Federations went on 7 days' joint indefinite strike from 3rd April 2006 to 9th April 2006 demanding;

- a) Comprehensive review of pension ceiling to provide for 50% of the last pay drawn.
- b) The introduction of commutation to be taken to the industry level
- c) Index linked D.A as available in the industry.
- d) Family Pension as available in the industry.
- e) Up-gradation of Pension for past retirees with the benefit of 100% D.A.

No other monetary issue was on the agenda. Government and management tried their level best to scuttle the strike but not succeeded. Finally, at the instance of government; leaders of both Federations were called for the discussion and an understanding was reached with the government in the late night of 9th April 2006 at Delhi, in presence of the then Finance Minister Shri P. Chidambaram ji, that, bank will consider revised scales and half of PQP for calculation of pension and improvements to Family Pension formula. SBI management was asked to put up the

recommendations in respect of other superannuation issues for consideration to the DFS. A one-line MoU was drawn.

8. As a delay tactics government appointed a High Power Committee headed by then Deputy Secretary Finance Mr. Malhotra and Sri A C Verma the then CGM (HR) as its member to look in to the issues of strike and to submit its recommendations for consideration. Both Federations opposed constitution of the committee. However, at the request of the management a joint note by both Federations was submitted to the committee at its meeting held at Bhubaneswar on 2nd and 3rd April 2007. The issue remained unresolved. Subsequently, both Federations went on a day's strike on 25th January 2008 for improvements to superannuation scheme as a major issue.

9. After 9th bipartite settlement, government allowed SBI to calculate pension based on revised scales, but with 40/50 clause. Half of incremental component of FPP was considered for calculation of pension. Corporate Centre repeated its recommendations to the DFS to remove the 40/50 formula and to restore 50% formula; but did not receive approval from the Govt. Federation was following up the matter with the management and at DFS level continuously. None of the recommendations of the management was considered by the government on the plea that in SBI three retiral benefits are available.

10. AISBOF continued its efforts with the management to restore 50% formula and 5th, 6th and 7th bipartite issues and to improve the superannuation scheme in SBI. In regular quarterly conducted Central Negotiations Council (CNC) meetings, the following issues used to be discussed in detail, but management was taking a stand that, they are only recommending authority and final decision on these issues has to be taken by the Central Government.

11. Following issues were finding place in almost all CNC agenda

- a) Calculation of pension of 7th bipartite retirees on revised pay scales, and rectification of anomaly in 5th & 6th bipartite retirees.
- b) Removal of 40/50 formula and restoration of pension at 50% of average 12 months last drawn pay for all without ceiling.

c) Improvements to Family Pension at 30% of last drawn B.P.

d) Implementation of commutation formula as available in the banking industry.

(Updation of pension and 100% DA neutralisation for pre-November 2002 retirees being industry level issues were taken up with the IBA and government through AIBOC for resolution at IBA level)

12. In fact, in one of the CNC meetings, management representative requested us to drop the agenda on superannuation issues as it is repeated on ongoing basis in almost all CNC meetings and follow up meetings. We did not agree to drop the issue and told them that this issue will be there as an agenda in all our meetings with the management until it is taken to its logical end.

13. At material time there was an additional advantage to our officer employee Director on the central board to discuss informally on important HR issues pending at Govt level with the Finance Secretary, who happens to be government nominee director on the central board of SBI. Com. G D Nadaf as a Director on the board at that time along with then Chairman Sri. O. P. Bhatt, represented these issues of superannuation with the then Finance Secretary Sri. D. K. Mittal after the Central Board Meeting at Mumbai and requested his support for approval from the government. He having convinced with the legitimate demand of the Federation has assured us to look in to these matters and to take up the issues one by one with the Finance Ministry for approval. Com. G D Nadaf along with the then President late Com. T.N.Goel, also took appointment and met the then Finance Minister, Hon'ble Sri. Pranab Mukherjee at his residence at Kolkatta on 31-12-2009 at late night 10:30 pm and submitted the appeal for consideration. He after getting necessary clarifications from federation leadership, agreed to look in to the issues positively.

14. For continued follow up of issues pending at banking department, during 2010-11, at the request of the Federation, the then Chairman Sri Bhatt ji agreed to continue the services of late Sri. B.B. Das, the then CGM (HR) on his retirement as an Advisor for follow up of the superannuation issues pending with the DFS for approval. For this, purpose Sri. Das ji was stationed at Delhi for daily follow up with the banking department. The process was on. The federation leadership was

following up the issues on regular basis. This understanding of putting up of the issues, one by one with the Finance Ministry by the DFS for approval was shared at Chennai by Sh G D Nadaf with the then General Secretary of the Pensioners Federation with a request to him to wait for some more time to file their case in the Supreme court as things are moving at DFS level . In the meantime, we learnt that, DFS had taken up the issue of 7th bipartite retirees first with the Finance Ministry for approval and other issues were under process to be put up to the FM one by one after getting approval on 7th bipartite retirees issues.

15. Within a week's time of federation request to the leadership of the Pensioners Federation to wait and watch, Com. G D Nadaf, the then General Secretary of Federation was apprised by Advisor Sri Das ji that the Pensioners Federation representative visited Delhi and Mumbai and took strong objection with DFS officials and Corporate Centre officials for taking up the 7th bipartite issue first with the Finance Ministry instead of 40/50 formula rectification first. He also told them that Pensioners Federation had filed case in Supreme Court for removal of 40/50 formula etc.

16. At this stage, DFS authorities were alerted and decided to wait for the decision of the Supreme Court and they withdrew their recommendations on 7th bipartite issue pending before Finance Ministry. The file was taken back to DFS from Finance Ministry. Management and Federation leadership were upset with this unfortunate development and services of late Sri. B. B. Das as Advisor was discontinued. He returned to the corporate centre Mumbai. Thereafter group of pensioners also filed case in the Delhi High Court on these issues. Hence, all these issues remained unsettled at government level; as the issue became sub judice. Role of Federation on these issues got restricted.

17. In 2016, the Government appointed the Murmu Committee and sought adjournments pending the committee's findings. However, the Pensioners' Federation declined to present their views or participate in the proceedings. The Murmu Committee conducted a comprehensive review of the pension scheme, resulting in a revision that guarantees a pension rate of 50% of Pay for 5th Bipartite Retirees. While the Committee reinstated the 50% provision for 5th Bipartite Retirees based on the precedents set by the 3rd and 4th Bipartite retirees, it justified

maintaining a tiered computation approach for retirees covered by subsequent Bipartite settlements.

18. After considerable loss of time at the instance of the Hon'ble High Court of Delhi order dated 13.4.2023, an expert committee headed by Dr. M. P. Tangirala, Additional Secretary DFS was constituted in respect of Pensioners Federation Writ Petition no 1875/2013. DMD (HR) representing SBI made detailed presentation on 7th and 27th July 2023, advocating for removal of 40/50 formula. Pensioners Federation representatives made presentation before the committee on 9th August 2023.

19. Notably, the Officers' Federation, though not a party to the petition, requested the Expert Committee for an opportunity to present our perspective before the Committee. Committee was kind enough to provide an opportunity to the Officers' Federation. The Federation was represented by Chairman Sh Sai Parsad, President Sh Rupam Roy, General Secretary Sh Deepak Kumar Sharma and enlisted the expertise of Sh. G D Nadaf, former General Secretary of AISBOF, who presented the case before the Expert Committee on SBI Pension matters on September 14th, 2023, in New Delhi. Sr. Advisor (HR) Sh. Brijeshwar Sharma represented the IBA. Com. Nadaf delivered an extensive presentation with historical context, facts, and figures, which was duly noted in the Committee's report submitted to the Delhi High Court on November 7, 2023 (Para 2.15 to 2.17 of the report). We understand that the expert committee was satisfied with AISBOF presentation which brought about 2-3 new important issues on record and clarified many of the doubts in the mind of the members of the committee and resolved many uncertainties. Additionally, AISBOF provided further supporting documentation as requested by the Committee. We extend our heartfelt gratitude to Com. G D Nadaf for his invaluable contribution and commend his exceptional presentation skills. As witnesses to the presentation, we take pride in acknowledging Com. Nadaf's outstanding performance.

20. The current leadership of the Federation/Confederation and Management of our Bank convinced the IBA management committee for justice and the IBA also supported our legitimate demand of removal of 40/50 formula before the Committee paving the way for restoration of 50% formula in SBI. Needless to add that our beloved Chairman. Sri. Dinesh Kumar Khara along with DMD (HR) took keen

interest in presenting the case effectively before the committee and have continuously followed up at all stages. The HR department officials worked hard in gathering relevant records and putting up the notes before the concerned officials on time. They all deserve appreciation.

21. During 11th Bipartite Settlement / Officers 8th Joint Note signed on 11.11.2020, it was agreed therein that for Employees / Officers who have joined the Banks on or after 1-4-2010 and who are governed by the New Defined Benefit Contributory Pension Scheme, while the employee / officer will continue to contribute 10% of Pay plus DA, the Bank would make contribution at 14% of Pay & DA subject to approval of the Government. It was also agreed, subject to Government approval, that FAMILY PENSION shall be payable at uniform rate of 30% of Pay of the deceased employee (without any ceiling). IBA forwarded their recommendations to the Government on the above issues for approval. During a meeting held in Mumbai on August 25, 2021, the Hon'ble Finance Minister announced that the Government has approved the two proposals mentioned above. The enhancement in the management's contribution under NPS from 10% to 14% has notably benefited the younger workforce across banks. Similarly, the long-awaited enhancement in Family Pension has brought significant relief to family pensioners.

22. It is worth mentioning here that, the leadership of the Federation also pursued the issues of 100% D.A. neutralisation, and family pension improvement with the then Chairman of the Bank and are successful in resolving those industry level issues, when our then Chairman was also the Chairman of the IBA. Then Hon'ble Finance Minister Smt. Nirmala Sitaraman ji played a pivotal role in getting government approval for those issues. In terms of clause 7 of bipartite settlement dated 9th June, 2005 and clause 16 of bipartite settlement dated 27th April, 2010, Dearness Allowance payable to pensioners/family pensioners of the period on and from 1st November, 2002 was modified w.e.f. 1st February, 2005 and revised to uniform 100% neutralisation.

23. It's noteworthy to mention that, in contrast to the previous DA scheme with ceilings and tapered percentages, we, under the banner of UFBU, achieved 100% DA compensation without any ceiling under the 8th Bipartite Settlement, effective from

November 1, 2002. We have consistently advocated for extending this benefit to pensioners who retired from the Banks before November 2002. Regrettably, this issue became entangled in litigation. During the signing of the 10th Bipartite Settlement in May 2015, this demand was included in the Record Note. However, IBA did not accede to the request citing the issue's sub-judice status. Subsequently, the Supreme Court declined to uphold our demand, presenting a setback to our efforts. Nevertheless, we persisted in pursuing this demand, recognizing its importance in advancing our goal of pension updation. We were heartened when, despite the Court's ruling, IBA took a positive stance, leading UFBU to sign the MoU on July 28, 2023. In this MoU, it was agreed to extend the benefit of 100% neutralisation in the dearness allowance scheme to pre-November, 2002 pensioners and it was accordingly revised w.e.f. October 1st, 2023. This decision has benefitted approximately 1,80,000 pensioners who retired from the Banks, including those from SBI, prior to November 1, 2002.

24. The Federation through AIBOC, have been demanding periodical updation of pension along with salary revision Settlements. The issue regarding updation of pension is already sub-judice before various courts including the Hon'ble Supreme Court. During recent negotiations, the unions/associations requested that without prejudice to the court cases, some ex gratia amount could be considered, for the current bi-partite period i.e. from 01.1.2022 to 31.10.2027. The issue was discussed further with IBA and accordingly it was agreed that as a one-time measure applicable for the current bipartite settlement/Joint Note period, monthly ex-gratia amount shall be paid in addition to the pension/family pension. The next review of the ex-gratia amount shall be undertaken in April 2024 and thereafter shall be subject to review annually and as mutually agreed between the IBA and the Unions/Associations.

25. The undersigned wholeheartedly acknowledges the cohesive teamwork demonstrated by the current Federation leaders, who, under the adept and dynamic leadership of the young Comrade Rupam Roy, President of AISBOF & General Secretary of AIBOC, spearheaded negotiations with IBA. Within a short span, they have successfully secured numerous additional benefits in the 9th Joint Note, all without resorting to agitation, which could have long-term implications on superannuation benefits. These achievements include significant advancements

such as the provision of two increments upon completion of CAIIB part-II, PQP-III of Rs. 5,480/- upon reaching the maximum of the scale, reworking of the DA formula from an Index base of 1960=100 to 2016=100 with rounding-up benefits, an increased number of stagnation increments up to TEG scale VII, eligibility for superannuation benefits based on officiating pay, and the initiation of ex-gratia payments to pensioners, among others

26. It would not be out of place to mention here that during the finalization of the bank's balance sheet for the financial year 2011-2012, a significant step was taken by the then Central Board of the Bank in consultation with the RBI. This decision marked a pivotal moment, as it was the first instance where sufficient funds were transferred from the Reserve Fund Account, alongside funds from the P&L account, to strengthen the Pension Fund account, thereby addressing future pension payment obligations. During this period, it's noteworthy that Com. G D Nadaf, serving as the General Secretary of AISBOF, also held a position as a member of the Central Board as an officer employee Director. We extend our gratitude to the then Board members for their proactive approach in fortifying the Pension Fund, demonstrating a commitment to ensuring the financial well-being of pensioners.

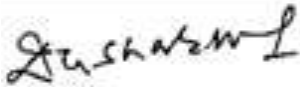
27. We present the above facts to our members as a reminder and to formally recognize the commendable efforts made by both the Officers' Federation and management executives in advancing superannuation benefits within our esteemed institution, SBI, over time. It is our hope that these details will help dispel any uncertainties lingering in the minds of a few pensioners as expressed on social media. It's crucial to emphasize that we do not seek sole credit for the success achieved in restoring the 50% pension formula for all retirees. We firmly believe that this victory belongs to the entire SBI family. Such a significant accomplishment is the outcome of collective endeavours involving all stakeholders, and for this, we extend our heartfelt gratitude. Let us embrace this achievement with humility and unity. We express our appreciation to both former and current leaders, the Chairman of the Bank, HR Officials, and all others who directly or indirectly contributed to resolving these issues. While justice may have been delayed, it has not been denied.

28. A supporting record at AISBOF substantiates the statements provided herein. We want to assure everyone that the past, current, and upcoming leadership of AISBOF remain steadfast in their commitment to continually enhancing the superannuation scheme. We are dedicated to leaving no stone unturned in advocating for improvements to the commutation formula, reinstating the old defined pension scheme for individuals recruited from August 1st, 2010, rectifying anomalies affecting 5th and 6th bipartite retirees, and including Special Allowance as 'Pay' for calculating basic pension for retirees from the 10th bipartite agreement onwards. Additionally, we aim to advocate for pension updation with each salary settlement to ensure retirees receive fair and equitable benefits.

In conclusion, the pivotal role of our federation in advocating for the rights and interests of our members cannot be undermined. Through collective bargaining, we have historically secured better working conditions, fair compensation, and improved benefits for all. As we stand at this juncture, facing new challenges and opportunities, it is imperative that we reaffirm the strength of our collective voice and bargaining power. With the furtherance of unity and solidarity within our ranks, we can effectively address the pressing issues before us and chart a course towards a brighter future. Let us, therefore, recommit ourselves to the cause, knowing that together, our unified efforts will lead us to triumph over adversity and pave the way for greater success in the days ahead.

#OurUnityLongLive

With greetings,



(Deepak Kumar Sharma)
General Secretary

At the Service of Members for more than 5 Decades

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