



# All India RRB Officers' Federation

(AFFILIATED TO AIBOC)

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Circular # 57:2015

4<sup>th</sup> July 2015

All Affiliates/ Members  
(Please re-circulate)

## CREATION OF CORPUS OF PENSION FUND FOR PAYMENT OF PENSION IN RRBS AT PAR WITH PUBLIC SECTOR BANKS

We reproduce hereunder the text of the letter written by the Federation on the captioned subject to the Chairman, NABARD & Pension Committee, for your information & necessary action.

### QUOTE

We beg to refer to the interactions during the course of three meetings of the Pension Committee held with Apex Level Trade Unions in RRBs & other stakeholders.

It is admitted fact that several High Courts including Hon'ble High Court of Rajasthan at Jodhpur has given their judgement for extension of Pension Scheme in RRBs in line with PSBs and GOI, DFS had also accepted in principle the fact that pension in line with the scheme prevailing in the PSBs is to be extended in RRBs. The same was admitted before the Hon'ble Supreme Court through an affidavit submitted by DFS.

The Hon'ble Supreme Court in an interim order directed both the petitioners, DFS, and the respondents, Apex Trade Unions, other Unions and Pension Samity to explore all means to arrive at a consensus to provide pension at par with PSBs. All the respondent Unions & UFRRBU had submitted written view points to Pension Committee which was constituted by DFS flowing out of the interim order of the Hon'ble Supreme Court.

Pension Committee, with you as Chairman, had held three meetings but despite of our urging no proceeding had been provided to us for our record. However, after 25<sup>th</sup> June meeting we got actuarial Report and findings of Pension Committee in which deficit of 5876.48 Crores has been shown.

After going through entire calculation by Pension Committee we have come to the conclusion that the basic factor of introducing Pension Scheme in RRB in line with PSBs has been ignored. In this context we would like to point out that price index linked Pension Scheme has been introduced in PSBs in lieu of provident Fund as second retiral benefits and it was made feasible in PSBs as PF contribution has been made as follows:



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01.09.87(the date of effect of Pay parity in RRB): 8.33% of Pay,

01.11.1987 to 31.12.1988: 10% of 80% of pay,

01.01.1989 to 31.12.1989: 10% of 90% of pay,

01.01.1990 onwards: 10% of full pay.

Consequent upon the implementation of NIT Award read with Equation Committee Report, certain changes were to be brought about in service Regulations etc. in RRB. It was, therefore, on instruction of GOI, NABARD constituted a Working Group under the Chairmanship of Shri RC Gupta, then CGM, NABARD, to advise GOI on several issues of service condition of officer & employee of RRBs. Other members of the working Group were then Under Secretary(RRBs), Banking Division, MOF, GOI, then Joint Chief Officer, RPCD-RBI, then DGM, SBI, then CM (HRD) BOB, then Dy. Divisional Manager, Syndicate Bank and then Asst. Personnel Advisor, IBA apart from Shri K. Gopalan, then GM, NABARD as Secretary to Working Group.

With regard to PF Contribution, the Working Group recommended as follows under para 4.16:

*“For the purpose of bringing the staff of RRB on par with the staff of Sponsor Banks in the matter of contribution to Provident Fund, the Government of India may consider exempting the RRBs also from the provisions of the Employees Provident Fund and Misc. Provisions Act, 1952.”*

But, unfortunately aforesaid recommendation was not effected in RRBs. However, to put into effect the basic premise that the Pension Scheme to be extended to RRBs should be based on the PF & Pension payable to officers & employees of PSBs. Therefore, creating the notional corpus of Pension Fund by transferring the difference between the PF contribution as per the rate applicable to PSBs & actually paid in RRBs is imperative. In view of the fact that the Pension in PSBs was introduced as second retiral benefit in lieu of PF such calculation is the basis of arriving at the exact pension corpus to be available in RRBs for Pension Payment. Regrettably, the Pension Committee is bypassing the basic premise and purely harping on the PF & Pension Corpus available with the RPF. This is the greatest negative factor of calculation of Pension Corpus which we very much protest. Unless this said recommendation of the Gupta Committee is notionally be made effective with retrospective effect in RRBs, the principle of ensuring Pension parity in RRB in line with PSBs would be imperfect.



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So far as apprehension of Pension Committee that after PF provisioning/calculation/contribution at par with PSBs there would be dip in CRAR in RRBs, we very much differ. In this regard we would like to point out that in early 2000s there was no prescribed CRAR for the RRBs. In 2005, based upon the recommendation of an internal working group, the RRBs were asked to maintain a capital to risk weighted asset ratio at 5% and over the period of time they were expected to align themselves to Basel I standards.

During the review carried out by GOI in the year 2009 it was found that the CRAR of the RRBs were too low. Therefore, Dr KC Chakraborty Committee suggested bringing of CRAR of RRBs to at least 9 percent in a sustainable manner. The Committee inter-alia suggested recapitalization support to the extent of 2200 crore to 40 RRBs.

Payment of salary, allowances, PF & Pension for officers & employees of RRBs were equated to those available in PSBs by NIT and Hon'ble Supreme Court. Hence, the ghost of CRAR cannot cloud the views of the Pension Committee to accept the basic premise of creation of notional corpus for pension fund by transferring the amount of PF contribution that would accrue when we accept pension in lieu of PF as per the scheme in PSBs.

We are of the firm opinion that if notional calculation of PF is done taking the difference between PSB Scheme & RRB Scheme no notional deficit will be there in the Pension corpus. So, therefore, the payment of pension shall be feasible in RRBs in line with the scheme existing in the PSBs.

UNQUOTE

With greetings,

  
(S.K. Bhattacharjee)  
GENERAL SECRETARY