



# All India RRB Officers' Federation (AFFILIATED TO AIBOC)

Central Office: JGGP House, Raja Rammohan Roy Road, Hakimpara, Siliguri- 734001  
Tele-fax : 0353-2536449 General Secretary Mobile # 98008-66932  
Email : 555airrbof@gmail.com Visit us at: www.airrbof.org

Circular # 71:2015

27<sup>th</sup> August 2015

All Affiliates/ Members  
(Please re-circulate)

**UNION OF INDIA SUBMITTED AFFIDAVIT BEFORE  
HON'BLE SUPREME COURT ON THEIR PROPOSAL FOR  
PAYMENT OF PENSION – MOST RETROGRADE STEP TO  
DENY PENSION TO OFFICERS & EMPLOYEES OF RRBs**

In the Banking Industry, Pension is paid to officers & employees of State Bank of India, Associate Banks, all Public Sector Bank, old generation Private Banks and so many cooperative Banks. However, the Pension is not paid in RRBs. RRBs are still governed under EPF Act, 1952 and on superannuation an officer or employees get Pension ranging from Rs. 500/- to Rs. 1900/-. Such is the discrimination in the RRBs.

Even with the unequivocal award of NIT to grant parity in salary, allowances & other benefits between RRBs and Sponsor Banks the GOI did not adopt the Banking Industry model of PF and subsequent Pension despite Report of the Equation Committee, 1991 and Gupta Committee, 1993. Hon'ble Supreme Court in two landmark judgments in 2001 & 2002 upheld the right to parity to RRB officers & employees in salary, allowances & other benefits. The fight launched by AIRRBOF for Pension right from middle of 1990's and continuously fought organisational and legal battles. The historic Writ in the nature of PIL before Hon'ble Delhi High Court and as party before the instant SLP (c) No. 39288 of 2012 indicates the seriousness of the Federation and the members.

The High Court of Rajasthan in an order upheld the right to Pension of the officers & employees of RRBs and directed the GOI to arrange payment of Pension as per formula in the Public Sector Banks. Instead of implementing the judgement of the High Court GOI moved SLP (c) before Hon'ble Supreme Court on 2012. The SLP dragged over almost two years and GOI submitted an affidavit proposing payment of Pension linked to profitability of RRBs. That was not acceptable to anybody. The Sr. Advocate engaged by our Federation argued in favour of Pension to all. However, the Hon'ble Supreme Court in an interim order on 26/11/2014 advised all concerned to try to arrive at a consensus to pay Pension to all. GOI constituted a Committee at NABARD level which after three rounds of discussion with Federation/Association failed to accept our view point and submitted its retrograde report on 10/07/2015.



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(2)

Based on the report of the Committee, Govt. of India submitted a new affidavit before the Hon'ble Supreme Court recently. The proposal of the Govt. if accepted by the Hon'ble Supreme Court shall deny Pension to most of the officers & employees of RRBs. We attach the affidavit for your information.

On behalf of AIRRBOF we have to argue for payment of Pension to all before the Hon'ble Supreme Court in the next date of hearing. We are sorry to note that a large number of affiliates did not understand the gravity of the matter and the funds required to fight legal battle before the Apex Court. They did not pay Levy or paid only a portion of it. We request all the affiliates to remit Supreme Court Levy to strengthen the hands of AIRRBOF to fight the Pension Case by engaging best lawyers. The next date of hearing is yet to be decided. **LET US FIGHT OUT - PENSION IS OUR RIGHT - WE MUST ACHIEVE IT.**

With greetings,

  
(S.K. Bhattacharjee)  
GENERAL SECRETARY

**IN THE SUPREME COURT OF INDIA  
CIVIL APPELLATE JURISDICTION  
SPECIAL LEAVE PETITION (C) NO.39288 OF 2012  
IN THE MATTER OF:-**

Union of India

... Petitioner

Versus

Gramin Bank Pensioners  
Samiti & Anr.

... Respondents

**AFFIDAVIT ON BEHALF THE PETITIONER TO  
IMPLEMENT THE PENSION SCHEME**

I, Jitendar Kumar Mehan S/o Late Shri Joginder Pal, resident of 5-D, Pocket-D, SFS DDA Flats, Mayur Vihar Phase - 3, Delhi - 110096 and working as Under Secretary, Department of Financial Services, Government of India, do hereby solemnly affirm and state as follows: -

1. That the Petitioner has filed the instant Special Leave Petition against the order dated 23-08-2012 of the High Court of Judicature for Rajasthan at Jodhpur in D.B. Civil Special Appeal (W) No.2021 of 2011.
2. The Petitioner craves leave of this Hon'ble Court to refer to the averments, statements and submissions made in the accompanying Special Leave Petition at the time of hearing and is not repeating the same here for the sake of brevity.
3. It may be recalled that in our SLP filed before Hon'ble Supreme Court against the judgement of Hon'ble High Court of Rajasthan regarding grant of pension to the employees of RRBs, we had filed an affidavit that the Government has already decided 'in-principle' to

allow pension to the employees of RRBs on the lines of Nationalized Banks with following pre-conditions: -

- i. Only profit making RRBs with no accumulated losses would be able to adopt new pension scheme;
  - ii. Employees of the RRBs would contribute 30% of the corpus of pension fund in the respective RRBs. This would be the actual funding requirement and not the notional funding requirement;
  - iii. The remaining 70% of the corpus of pension fund to be contributed by the concerned RRBs from their profit;
  - iv. Since RRBs also need to build their capital for enhanced operations and growth, only a maximum of 25% of the net annual profit shall be contributed by the concerned RRBs towards corpus of the pension fund;
  - v. RRBs with accumulated losses would be required to wipe off the accumulated losses before introducing the pension scheme and should be able to fund the pension liability over the next 8 years with profit amounts;
  - vi. The effective date for introduction of the Pension Scheme could be 01-04-2012. However, banks would be allowed to introduce this Scheme only when their financial position allows absorption of the resultant pension liability;
  - vii. Model Pension Scheme and regulations for introducing pension in RRBs at par with nationalized banks could be framed in consultation with NABARD;
  - viii. The model Scheme and Regulations will be forwarded to RRBs for adoption with approval of their respective boards, and prior approval of Government of India.
4. As the Employees Unions had reservations on these pre-conditions, the Hon'ble Supreme Court, vide its interim orders dated 26-11-2014 had passed the following Order: -
- "Parties are permitted to negotiate for an amicable settlement, without any pre-conditions. The Learned Additional Solicitor*

*General representing the Union of India shall inform all Learned Counsel representing the Federations/Unions the modalities of the negotiation process. So as to ensure an effective and meaningful result, managements of the RRBs and all stake holders be also taken on board during the negotiations.*

*In case, the Federations/Unions seek any documents in connection with the ongoing and furnish a list thereof, the same shall be provided to them.*

*In case parties arrive at a mutual settlement, the same shall be placed on the record of the case within three months from today."*

5. That after passing of the order dated 26-11-2014 by this Hon'ble Court, this Petitioner requested NABARD to constitute a Committee in NABARD, the supervisory authority for RRBs, to assess the feasibility of granting pension to RRB employees and to undertake the negotiations with the stakeholders of RRBs. Accordingly, the NABARD constituted a Committee with the following composition: -
- |       |                                 |          |
|-------|---------------------------------|----------|
| i)    | Chairman, NABARD                | Chairman |
| ii)   | CGM (RRB), RBI                  | Member   |
| iii)  | GM (RRB), SBI                   | Member   |
| iv)   | GM (RRB), PNB                   | Member   |
| v)    | GM (RRB), Bank of Baroda        | Member   |
| vi)   | Chairman, Baroda UP Gramin Bank | Member   |
| vii)  | Chairman, Kerala Gramin Bank    | Member   |
| viii) | Chairman, Ellaquai Dehati Bank  | Member   |

The CGM, RBI did not join the Committee indicating that RBI usually does not join such committees.

6. The Committee had seven meetings between 24-03-2015 to 25-06-2015. The Committee had also negotiations with the Unions/Associations or RRBs on 25<sup>th</sup> June, 2015. Prior to the negotiations, in order to understand the approach of the Unions/Associations of RRBs, the Committee held two rounds of discussions with them on 27<sup>th</sup> April, 2015 and 20<sup>th</sup> May, 2015.

7. It is submitted that the said Committee examined the issue of granting pension to RRBs at par with Nationalized Commercial Banks through internal discussions, discussions with unions/associations or RRBs and consultation with IBA wherever necessary. Further, data was collected from RRBs as per actuary's requirement as also the Committee's requirement for feasibility analysis. The Committee has since submitted its report on 10-07-2015
8. After detailed deliberations on assessment of pension liability, financial health of RRBs, carrying out feasibility analysis etc., the Committee has suggested certain improvements with regard to the conditions imposed by Government for granting pension parity. A true copy of the Report of the Committee to Assess the feasibility of Granting Pension to RRBs dated 30<sup>th</sup> June 2015 is marked as **ANNEXURE P-1** (pg. 15-256)
9. It is submitted that during the negotiations held on 25<sup>th</sup> June, 2015, the broad framework of the Scheme proposed by the Committee was presented to the Unions/Associations. However, they didn't agree with the proposed pension scheme and indicated that it be revised to incorporate 10% of basic pay towards CPF by the RRB since 1<sup>st</sup> September, 1987 and delink capacity to pay (of RRBs) from payment of pension. The reasons for not incorporating the above mentioned points had been clarified during the discussions held on 20<sup>th</sup> May, 2015 which are mentioned in the para 6.03 of Chapter-VI of the report.
10. The Committee has assumed the total pension liability and has reported the following: -
  - i. The actuary has estimated that the accrued pension liability of the RRBs as on 31<sup>st</sup> March, 2014 works out to Rs.7560 crore. The total liability works out to Rs.8663 crore. The pension liability towards retired employees and that of family pensioners was extrapolated with reference to the available data as on 31<sup>st</sup> March, 2009 and the liability in this regard, as on 31<sup>st</sup> March, 2014, worked out to Rs.447.21 crore.

- ii. The net deficit in pension liability stands at Rs.5879.73 crore with Rs.5663.48 crore in respect of serving employees, Rs.56.71 crore in respect of retired employees and Rs.159.54 crore in respect of family pensioners, after taking balance with EPFO into consideration.
  - iii. The analysis of performance of RRBs indicates that during 2014-15, the profitability position of RRBs has slipped as only 51 RRBs reported profits. Five RRBs viz., Ellaquai Dehati, Madhyanchal, Nagaland, Odisha and Utkal RRBs have slipped into losses, resulting in increased aggregate accumulated losses. Further 8 RRBs viz. Arunachal, Bangiya, Ellaquai Dehati, Manipur, Nagaland, Utkal, Odisha and Paschim Banga have reported aggregate accumulated losses of Rs.1069 crore.
  - iv. Four RRBs do not comply with CRAR requirement of 9 percent as on 31<sup>st</sup> March, 2015. Further, 10 RRBs had CRAR levels ranging from 9 to 9.99 per cent which may be considered as vulnerable to slippage.
  - v. As on 31<sup>st</sup> March, 2015, reserves account for nearly 93 per cent of the Tier I capital and 70 per cent of total capital. Any reduction in reserves will negatively impact the CRAR position of the banks.
11. Committee examined different sources of the funds of RRBs to meet the deficit in pension liability including contribution by RRBs, contribution by shareholders, contribution by RRB employees and reduction in pension liability by reduction in the average emoluments by 10 percent and has recommended as follows: -
- i) The RRBs may be allowed to introduce pension scheme on lines of Nationalized Banks in lieu of CPF which would be introduced on pan-India basis with capacity to meet pension obligations as one of the key criteria.

- ii) Effective date for introduction of revised pension scheme may be 01-04-2010 and the Scheme will also be applicable to retired employees and family pensioners from this date. However, those employees joining after 01-04-2010 would be considered under New Pension Scheme (NPS) of PFRDA.
- iii) Prime responsibility for sharing pension liability lies with employees and their RRBs which may be shared by them in the ratio of 30:70.
- iv) RRBs may set aside upto 40% of annual net profit towards Pension Fund subject to compliance with regulatory capital requirement of CRAR.
- v) The Pension Fund may comprise of balances in employers' contribution obtained from EPFO, contribution from Bank at the rate of 10% on pay of the staff with effect from effective date, amount of contribution of bank towards PF to be refunded by retired staff/family of deceased staff opting for the pension scheme, investment in annuities or securities purchased out of the Fund and amount of capital gains arising from capital assets of the Fund.
- vi) RRBs would operationalize the scheme as and when they are in a position to meet the obligation for the scheme.
- vii) An RRB will be considered as having capacity to meet the pension obligation as on 31<sup>st</sup> March of the year in which the Pension Scheme is proposed to be introduced when it (a) Complies with regulatory requirement of CRAR as on 31<sup>st</sup> March of the year in which the scheme is proposed to be introduced and (b) RRBs continuing to have sustainable viability i.e., earning profit with no accumulated losses.



12. It is submitted that the Government has accepted the report of NABARD and intends to implement the same. It is also submitted that in the given circumstances, this is the best possible option available under the existing circumstances before the Government. Else, it would not be feasible for the Government to extend the facility of revised Pension Scheme to RRB employees.

### **PRAYER**

It is therefore, most respectfully prayed that Your Lordship may graciously be pleased to allow this affidavit of the Petitioner to implement the Pension Scheme in all the Regional Rural Banks and/or pass any other or further orders which Your Lordships may deem fit and proper in the interest of justice.

### **VERIFICATION**

I, the above named deponent, do hereby verify that the contents of above affidavit are true and correct to my knowledge derived from official record and belief. No part of the same is false and nothing has been concealed therefrom. Verified at New Delhi on this 21 day of August, 2015.

DEPONENT

Filed by:

Advocate for the Petitioner

New Delhi

Dated : .....08.2015