

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1119
ANSWERED ON:30.07.2010
HIKE IN PAY OF BANK EMPLOYEES
Singh Shri Radha Mohan

Will the Minister of FINANCE be pleased to state:

- (a) the details of the salient features of the Memorandum of Undertaking (MoU) signed on 27 November, 2009 between the Indian Banks Association (IBA) and the United Forum of Bank Unions (UFBU's);
- (b) whether the banks have extended the benefits to the serving and retired employees as agreed under the MoU; and
- (c) if so, the details thereof and if not, the reasons therefor alongwith the Government's reaction thereto?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) The details of the salient features of the Minutes of the discussions signed on 27.11.2009 between Indian Banks` Association and United Forum of Bank Unions (UFBU) are as stated below :

(1) Existing employees

(i) The employees who were in service of the Banks as on the date of Pension Regulations, i.e., 29.9.1995/ 26.3.1996 and continue in service as on the date of settlement/Joint Note to be signed between the parties, shall be given one more option to join the Pension Scheme.

(ii)The Banks` contribution to Provident Fund along with interest thereon in respect of those employees who opt for pension shall be transferred to the Pension Funds of the respective Banks.

(iii) The gap in the pension fund identified will be shared between parties as under:

(a) 70% of the gap by the bank.

(b) 30% by the employees who are in service of the bank as on the date of Memorandum of Settlement /Joint Note to be signed between the parties in this regard. This amount will be recovered from the arrears payable on wage revision.

(iv) The additional load in the grant of another option to the serving employees has been assessed to Rs 6,001.80 crore.

(2) Retired Employees:

(i) Those employees who were in the service of the Bank as on 29.9.1995/26.3.1996 who were eligible but, did not opt for pension and retired thereafter shall also be extended the option for joining the Pension Scheme.

(a) Refund the bank`s contribution to the Provident Fund with interest thereof received by them at the time of retirement.

(b) Contribute to the Pension Fund their share of 30% of the gap in the pension fund identified.

(ii) The additional load in the grant of another option to the retired employees has been assessed to Rs 3,116.00 crore.

3. The Bank employees` Pension Regulations, 1995 will be effective upto 31.03.2010 and cease to apply to any person appointed in the services of the banks on or after 1.4.2010.

4. A defined contributory retirement benefit scheme as governed by the `Contributory pension scheme introduced for employees of Central Government with effect from 1.1.2004 will be introduced for workmen/officers joining the services of banks on or after 1.4.2010. There shall be no separate contributory provident fund.

5. The terms of this minutes will not applicable to State Bank of India.

(b)&(c): Some of the employees Unions/Associations have filed writ petitions in the various High Courts against the clause of the Settlement/Agreement relating to the contribution of the employees in the pension fund. Madras High Court has granted stay on the

operation of the clause relating to the contribution of the employees in the pension fund. The matter is now sub-judice.