

44

COMMITTEE ON PETITIONS

(SIXTEENTH LOK SABHA)

FORTY- FOURTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

November, 2017/Kartika, 1939 (Saka)

FORTY-FOURTH REPORT
COMMITTEE ON PETITIONS

(SIXTEENTH LOK SABHA)

MINISTRY OF FINANCE
(DEPARTMENT OF FINANCIAL SERVICES)

(Presented to Lok Sabha on 22.12.2017)



LOK SABHA SECRETARIAT
NEW DELHI

November, 2017/Kartika, 1939 (Saka)

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COMPOSITION OF THE COMMITTEE ON PETITIONS
(2017-18)

Shri Bhagat Singh Koshyari — *Chairperson*

MEMBERS

2. Shri Suresh C. Angadi
3. Shri Om Birla
4. Shri Jitendra Chaudhury
5. Shri Ram Tahal Choudhary
6. Dr. K. Gopal
7. Shri C. P. Joshi
8. Shri Chhedi Paswan
9. Shri Kamlesh Paswan
10. Shri Arjun Charan Sethi
11. Shri Kodikunnil Suresh
12. Shri Dinesh Trivedi
13. Shri Rajan Vichare
14. Shri Dharmendra Yadav
15. Vacant

SECRETARIAT

1. Shri Shiv Kumar — *Joint Secretary*
2. Shri Raju Srivastava — *Additional Director*
3. Shri G.C. Dobhal — *Deputy Secretary*
4. Shri Anand Kumar Hansda — *Executive Assistant*

FORTY-FOURTH REPORT OF THE COMMITTEE ON PETITIONS
(SIXTEENTH LOK SABHA)

INTRODUCTION

1. The Chairperson, Committee on Petitions, having been authorised by the Committee to present the Report on their behalf, present this Forty-Fourth Action Taken Report (Sixteenth Lok Sabha) of the Committee to the House on the Action Taken on the recommendations of the Committee on Petitions made in their Twenty-Ninth Report (16th Lok Sabha) on the representation of Shri C.L. Kapoor regarding submergence of Imperial Bank of India (IBI) Pension Scheme into SBI Pension Scheme and alleged misappropriation of IBI Pension Fund by the State Bank of India.

2. The Committee considered and adopted the draft Forty-Fourth Action Taken Report at their sitting held on 6 November, 2017.

3. The observations/recommendations of the Committee on the above matters have been included in the Report.

NEW DELHI;
6 November, 2017
15 Kartika, 1939 (Saka)

BHAGAT SINGH KOSHYARI,
Chairperson,
Committee on Petitions.

REPORT

ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS
MADE BY THE COMMITTEE ON PETITIONS (SIXTEENTH LOK SABHA)
IN THEIR TWENTY-NINTH REPORT ON THE REPRESENTATION OF
SHRI C.L. KAPOOR REGARDING SUBMERGENCE OF IMPERIAL
BANK OF INDIA (IBI) PENSION SCHEME INTO SBI PENSION
SCHEME AND ALLEGED MISAPPROPRIATION OF
IBI PENSION FUND BY THE STATE
BANK OF INDIA

The Committee on Petitions (Sixteenth Lok Sabha) presented their Twenty-Ninth Report to Lok Sabha on 16 March, 2017 on a Representation received from Shri C.L. Kapoor regarding submergence of Imperial Bank of India (IBI) Pension Scheme into SBI Pension Scheme and alleged misappropriation of IBI Pension Fund by the State Bank of India.

2. The Committee had made certain observations/recommendations in the matter and the Ministry of Finance (Department of Financial Services) was asked to furnish their action taken replies thereon for consideration of the Committee.

3. Action Taken Replies have since been received from the Ministry of Finance (Department of Financial Services) in respect of all the observations/recommendations contained in the aforesaid Report which are detailed in the proceeding paragraphs.

4. In paras 16, 17, 18 and 19 of the Report the Committee had observed/recommended as follows:—

"The Committee undertook an in-depth examination of various aspects raised by Shri C.L. Kapoor in his Representation which broadly relates to disbanding the Imperial Bank of India (IBI) Pension Scheme and alleged apportioning the Pension Fund by changing their accounting system with effect from 1 November, 1993 as well as entrusting the employer sponsored viable IBI Pension Scheme to the State Bank of India to operate the same under section 7 of the State Bank of India Act, 1955 which is contrary to the provisions of the Act *ibid*. During the Study Visit of the Committee and the interaction with the representatives of the Ministry of Finance (Department of Financial Services), a large number of issues which impinges on the submergence and functioning of the IBI Pension Scheme in the SBI Pension Scheme came to the fore. The written replies provided to the committee by the Ministry of Finance (Department of Financial Services) also brought into sharper focus the content and contours, besides the extent of compliance of the said Scheme. The Committee deliberated on these matters extensively, in the context of the

instant Representation of Shri C.L. Kapoor, Secretary, Imperial Bank of India Pensioners' Association. Some of the historical aspects along with the functioning of the submerged SBI Pension Scheme that have a special bearing on the issues raised in the Representation need recapitulation:—

- The three Presidency Banks viz. the Bank of Bengal (established in 1806), the Bank of Madras (established in 1843) and the Bank of Bombay (established in 1840) were amalgamated into the Imperial Bank of India (the IBI) in 1921.
- On the recommendations of the All India Rural Credit Survey Committee for creation of a state partnered and state-sponsored Bank by taking over the Imperial Bank of India and integrating with it, the former state-owned or state-associate Banks, an Act was passed in the Parliament in May, 1955 and the State Bank of India was constituted on 1 July, 1955. The State bank of India Act, 1955 was enacted to constitute a State bank of India, to transfer to it the Undertaking of the Imperial Bank of India and to provide for other matters connected therewith or incidental thereto.
- The post-amalgamation of the three Banks viz. the Bank of Bengal, the Bank of Madras and the Bank of Bombay into the Imperial Bank of India, the Pension Scheme (with same formula of calculation/payment) continued for the officers and employees of the IBI, who were the members of the Imperial Bank of India Employees Pension and Guarantee Fund.
- With the post-transformation of the Imperial Bank of India into the State Bank of India w.e.f. 1 July, 1955, the employees, who joined the IBI before formation of the SBI on 1 July, 1955, on retirement, were treated as IBI pensioners and those who joined on or after 1 July, 1955 were treated as SBI Pensioners on retirement.
- The IBI Pension Scheme and the SBI Pension Scheme are run by separate Rules named "The Imperial Bank of India Employees' Pension and Guarantee Rules and Regulations" and "The SBI Employees Pension Fund Regulations" respectively.
- No changes in the aforesaid Scheme were brought and the employees of the IBI continue to be governed under the Pension Plan of the erstwhile IBI post submergence of IBI with the SBI.
- The IBI Pension Fund and the SBI Pension Fund are regulated as per the respective Trust Fund Rules and all the Directors of Central Board of SBI are members in the Board of Trustees of both the funds. Both the Funds are audited at half-yearly intervals by the Trust appointed auditors and statement or accounts is placed before the Board of Trustees as per the respective provisions in the Fund Rules. As far as the quantum of pension receivable by the erstwhile IBI employees (retired prior to submergence and retired after the submergence) as well as the retired SBI employees is concerned, both are same.

- In both the entities, viz., the IBI and the SBI, the basic pension gets frozen on the date of retirement and subsequently, computation of basic pension was/ is done on same formula for both the pensioners where the date of retirement is same.

"The Committee note that separate Trust Fund is being maintained for the IBI and the SBI pensioners respectively, which is isolated from Bank's books for payment of pension to respective categories, and with a view to ensuring that these payments are made over the remaining lives of the pensioners, the Bank finds the same, periodically, in the name of 'provision' as per the Accounting Standards. The Committee also note that the pension payable to the retired employees/family pensioners has two components, i.e., the Basic Pension (calculated on the date of retirement) and the Dearness Relief (DR) — which changes with inflation and both are treated as liabilities for the Bank."

"The Committee have also been given to understand at one point of time, in both the cases of the IBI and the SBI Pension Scheme, the Basic Pension was paid out of the Trust Fund and the Dearness Relief — out of Bank's Books (Charges Account). The Ministry of Finance (Department of Financial Services), during the examination of instant Representation further apprised the Committee that subsequently, as per the direction from the Government, the payment method was changed to facilitate payment of both the components from the Trust Funds/Special Provision Account for both the IBI and the SBI Pensioners."

"While going through the case, threadbare, the Committee are of the firm opinion that any amendment in the existing provision(s) with regard to the mode of payment of the pension should not be discriminatory *vis-à-vis* their counterparts in the State Bank of India and, therefore, should not harm the interests of any of the IBI pensioners. Though the Committee appreciate the efforts made by the Bank in the form of contributing an amount of Rs. 223.03 crore to the Fund for meeting the pension liabilities towards the IBI pension from 2002 to 2014, thereby, resulting in accumulation of a corpus of Rs. 105.38 crore as on 31.03.2016, yet, the Committee urge the Ministry of Finance (Department of Financial Services) to take all the requisite measures, well in advance, to infuse more funds to the Trust Funds/Special Provision Account for the IBI for meeting the liabilities of the pensioners. Besides, the Committee also recommend the following:—

- (1) All the relevant Rules/Provisions of the IBI Employees' Pension & Guarantee Fund should be scrupulously followed by the Bank.
- (2) Proper management of the aforementioned Fund should be ensured by the Board of Trustees and all the deliberations/transactions with respect to the Fund should also be duly approved by the Executive Trustees in accordance with the extant provisions.
- (3) There should not be any violation in the relevant provisions of the law/statutory rules governing the Fund and in case, any

non-compliance of the same is found particularly, the aspect relating to misappropriation of the Fund, strict action should be initiated by the Ministry of Finance (Department of Financial Services).

- (4) A special 'Pension Grievance Cell' on the pattern of the Centralized Staff Pension Processing Cell should be established to address the issues related to the IBI pensioners."

5. The Ministry of Finance (Department of Financial Services), in its action taken reply has submitted as follows:—

Imperial Bank of India Pension Fund is governed by the provisions of Imperial Bank of India Employees' Pension and Guarantee Rules and the corpus of IBI Pension Fund are maintained separately for payment of pension to the IBI pensioners from the said fund. SBI has informed that all the rules of the IBI Pension & Guarantee Fund are being followed by the Bank."

"All the relevant Rules/ Provisions of the Imperial Bank of India (IBI) Employees' Pension & Guarantee fund should be scrupulously followed by the Bank."

"State Bank of India has informed that IBI Employees' Pension & Guarantee Fund is properly managed by the Board of Trustees of the fund. The directors of the Central Board of State Bank of India are trustees of the IBI Pension and Guarantee Fund in accordance with the Rule of the IBI Employees' Pension & Guarantee Fund Rules.

The Trustees are guided by the provisions of the IBI Employees' Pension & Guarantee Fund. SBI follows all the relevant Rules/Provisions of the IBI Employees' Pension & Guarantee Fund. SBI is contributing to IBI Pension Fund from time to time based on Actuarial Valuation of IBI Pension Fund.

State Bank of India has also informed that Board of Trustees ensures proper management of IBI Pension Fund. All the transactions with respect to the Fund are duly approved by the Executive Trustees in accordance with the extant provisions.

State Bank of India has ensured that there is no violation in the relevant provisions of the law/statutory rules governing the IBI Pension Fund. The annual accounts of the IBI Employees' Pension & Guarantee Fund are subjected to Audit and the Audited Balance Sheet is placed before the Board of the Trustees. The disclosures required as per AS-15, *inter alia*, contain details of the IBI Employees' Pension Fund which forms part of the notes on accounts of the Balance Sheet of SBI, copy of which is also submitted to Government of India."

"State Bank of India has well established multilayer structure and follows a time bound process for addressing grievances of the pensioners including IBI pensioners. SBI has a centralized online portal where pensioners including IBI pensioners can register their complaints or raise any other issues. SBI has now put in place a system effective from 1st April, 2017 that the grievances, if not resolved within 15 days, will be escalated to the Deputy General Manager

(PM&PPG) and a monthly report of complaints received and disposed of, will be put up to the Chief General Manager (HR). SBI has PPG departments at all Circles as well as at their Corporate Centre to take care of grievances/any issues related to pensioners including IBI pensioners."

Observations / Recommendations

Infusion of funds to the Trust Funds/Special Provision Account for the IBI

6. While observing that at one point of time, in both the cases of the IBI and the SBI Pension Scheme, the Basic Pension was paid out of the Trust Fund and the Dearness Relief— out of Bank's Books (Charges Account) and subsequently as per the direction from the Government, the payment method was changed to facilitate payment of both the components from the Trust Fund/Special Provision Account for both the IBI and the SBI Pensioners, the Committee had recommended that any amendment in the existing provisions with regard to the mode of payment of pension should not be discriminatory *vis-a-vis* their counterparts in the State Bank of India. Notwithstanding the fact that the State Bank of India had contributed an amount of Rs. 223.03 crore to the Fund for meeting the pension liabilities towards the IBI pension, thereby, resulting in the accumulation of a corpus of Rs. 105.38 crore, the Committee also recommended that the Ministry of Finance (Department of Financial Services) should take all the requisite measures, well in advance, to infuse more funds to the Trust Funds/Special Provision Account for the IBI for meeting the liabilities of the pensioners.

7. The Ministry of Finance (Department of Financial Services) has, however, informed that the Imperial Bank of India Pension Fund is governed by the provisions of 'Imperial Bank of India Employees' Pension and Guarantee Rules' and the corpus of IBI Pension Fund are maintained separately for payment of pension to the IBI pensioners from the said Fund. The Ministry has also informed that all the rules of the IBI Pension & Guarantee Fund are being followed by the Bank.

8. The Committee are dismayed to note that the Ministry of Finance (Department of Financial Services) had not been able to offer an explicit clarification to the effect that the existing provisions of mode of payment of the pension to the IBI Pensioners are not discriminatory in comparison to their counterparts in the State Bank of India. The Committee are also not happy to note that the Ministry, in its action taken reply, had also not been able to reassure the Committee that the corpus of Rs. 105.38 crore, as on 31 March, 2016, in the IBI Pension Fund is sufficient to meet the pension requirements of IBI Pensioners and any dearth in the IBI Pension Fund would be taken care of by infusing additional funds. The Committee, therefore, would like to reiterate that the Ministry should take all necessary steps to ensure that IBI Pension Fund should be maintained on the model of SBI Pension Fund and whenever there is any shortage of funds in the IBI Pension Fund, additional funds should be infused to maintain a satisfactory level of corpus. The Committee would like to be apprised of the action taken in this regard.

Initiating action against violation of the Statutory Rules governing the IBI

9. During the course of examination of the Representation, it came out that the representationist, namely, Shri C.L. Kapoor had not only alleged the non-compliance of relevant Rules/Provisions of the IBI Pension Fund but also misappropriation of the Funds by the State Bank of India. The Committee had, therefore, recommended that all the relevant Rules/Provisions of the Imperial Bank of India (IBI) Employees' Pension & Guarantee Fund should be scrupulously followed by the State Bank of India. The Committee had also recommended that proper management of the aforementioned Fund should be ensured by the Board of Trustees and all the deliberations/transactions with respect to the Fund should also be approved by the Executive Trustees and in case, any non-compliance of the relevant provisions of the Statutory Rules governing the Fund is found particularly, the aspect relating to misappropriation of the Fund, strict action should be initiated by the Ministry of Finance (Department of Financial Services).

10. The Ministry of Finance (Department of Financial Services), in their action taken reply, has submitted that IBI Employees' Pension & Guarantee Fund is properly managed by the Board of Trustees of the fund. The Directors of the Central Board of State Bank of India are trustees of the IBI Pension and Guarantee Fund in accordance with the Rule of the IBI Employees' Pension & Guarantee Fund Rules. The trustees are guided by the provisions of the IBI Employees' Pension & Guarantee Fund. The State Bank of India follows all the relevant Rules/Provisions of the IBI Employees' Pension & Guarantee Fund. The State Bank of India has also been contributing to IBI Pension Fund from time to time based on Actuarial Valuation of IBI Pension Fund. Besides, it is ensured that there is no violation in the relevant provisions of the Statutory Rules governing the IBI Pension Fund. The annual accounts of the IBI Employees' Pension & Guarantee Fund are subjected to Audit and the Audited Balance Sheet is placed before the Board of the Trustees. The disclosures required as per AS-15 *inter alia* contain details of the IBI Employees' Pension Fund which forms part of the notes on accounts of the Balance Sheet of SBI, copy of which is also submitted to the Government of India.

11. The Committee are not at all satisfied with the averments made by the Ministry to the effect that the Board of Trustees ensure proper management of IBI Pension Fund and there is no violation in the relevant provisions of the Statutory Rules governing the IBI Pension Fund as the same have not been corroborated by any structured and independent re-visiting of the entire mechanism of the functioning of Board of Trustees/Executive Trustees to identify the loopholes, if any as pointed out by Shri C.L. Kapoor who is one of the pensioners of erstwhile Imperial Bank of India. The Committee, therefore, desire that the Ministry of Finance (Department of Financial Services) should accord utmost importance to the issue by initiating a sincere, innovative and time bound mechanism to review the functioning of Board of Trustees of the IBI Pension Fund from time to time. The Committee would like to be apprised of the progress made in this direction in particular.

Establishing of a 'Pension Grievance Cell of IBI Pensioners'

12. While appreciating the fact that the State Bank of India has a centralized online portal where pensioners including the IBI pensioners can register their complaints or raise any other issue and have also put in place a system, effective from 1 April, 2017, that the grievances of IBI pensioners, if not resolved within 15 days, will be looked into by the Deputy General Manager (PM&PPG) and a monthly report of complaints received and disposed of, will be put up to the Chief General Manager (HR), the Committee feel that the Ministry of Finance (Department of Financial Services) has not paid due heed to their recommendation of establishing a special 'Pension Grievance Cell' on the pattern of Centralized Staff Pension Processing Cell to address the issues related to IBI Pensioners. Since the system of addressing the grievances/complaints of IBI pensioners has now been made online and the Deputy General Manager/Chief General Manager has been authorized to monitor the settlement of said grievances, the Committee, therefore, feel that this online mechanism could be conveniently transformed as an Institutional Mechanism with the nomenclature 'Pension Grievance Cell', even without any additional manpower/financial implications. The Committee would like to be apprised of the concrete action taken by the Ministry in this regard.

NEW DELHI:

6 November, 2017

15 kṛtika, 1939 (Saka)

BHAGAT SINGH KOSHYARI,

Chairperson,

Committee on Petitions.

ANNEXURE

MINUTES OF THE FORTY-THIRD SITTING OF THE COMMITTEE ON
PETITIONS (SIXTEENTH LOK SABHA)

The Committee met on Monday, 6 November, 2017 from 1230 hrs. to 1410 hrs.
in Committee Room 'B' Parliament House Annexe, New Delhi.

PRESENT

Shri Bhagat Singh Koshyari — *Chairperson*

MEMBERS

2. Shri Jitendra Choudhury
3. Shri Ram Tahai Choudhary
4. Dr. K. Gopal
5. Shri Dinesh Trivedi
6. Shri Rajan Vichare

SECRETARIAT

- | | | |
|-------------------------|---|----------------------------|
| 1. Shri Shiv Kumar | — | <i>Joint Secretary</i> |
| 2. Shri Raju Srivastava | — | <i>Additional Director</i> |
| 3. Shri G. C. Dobhal | — | <i>Deputy Secretary</i> |

WITNESSES

2. At the outset, the Hon'ble Chairperson welcomed the Members to the sitting of the Committee.

3. ***

4. ***

5. The Committee, then, took up for consideration of the following Draft Action Taken Reports:—

(i) ***

(ii) Action Taken by the Government on the recommendations of the Committee on Petitions made in their Twenty-ninth Report (16th Lok Sabha) on the Representation of Shri C. L. Kapoor, Secretary, Imperial Bank of India Pensioners Association regarding submergence of Imperial Bank of India (IBI) Pension Scheme into SBI Pension Scheme and alleged misappropriation of IBI Pension Fund by the State Bank of India.

6. After discussing the Draft Action Taken Reports in detail, the Committee adopted the same without any modification(s). The Committee also authorized the Chairperson to finalize the Draft Action Taken Report and present the same to the House in the ensuing Session.

7. ***

The Committee, then, adjourned.

*** Not relevant.