



FEDERATION OF SBI PENSIONERS' ASSOCIATIONS

Regn. No. S/17025 of 1986 Under Societies Registration Act 1860 (Delhi)

ADMINISTRATIVE OFFICE, BENGALURU

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G.D. NADAF
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Circular No.15/2025

26th November 2025

To,

All affiliates

Sub: UPDATION OF PENSION IN BANKS

We are reproducing here under the CBPRO Cir 17-2025 dated 25.11.2025 and CBPRO/Cir 18-2025 dated 26.11.2025 on the above-mentioned subject.

This is for information of members.

With best wishes and regards,

Yours Sincerely,

G.D. NADAF
General Secretary

Encl: As stated

COORDINATION OF BANK PENSIONERS' AND RETIREES ORGANISATIONS

(Federation of SBI Pensioners' Associations, AIBPARC, RBONC, AIRBEA, FORBE and AIBRAF)

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CBPRO/Cir 18-2025

Date: November 26, 2025

To all the General Secretaries of the constituents of CBPRO

Dear Comrade,

Sub: UPDATION OF PENSION IN BANKS

We are reproducing here under the text of our letter written on 25.11.2025 to The General Secretaries of all the Constituents of UFBU on the above-mentioned subject.

This is for information of members.

With best wishes and regards,

Comradely yours,

G D Nadaf
Joint Convenors, CBPRO
Encl: As stated

CBPRO/17-2025

Date: November 25, 2025

To all the General Secretaries of the constituents of UFBU

Dear Comrade,

UPDATION OF PENSION IN BANKS

We understand that the Secretary, DFS, Ministry of Finance has convened a meeting with the Representatives of the UFBU on 27.11.2025 to discuss and sort out the important issues. We take this opportunity to extend our very best wishes to the leaders of the UFBU for a successful and fruitful meeting as scheduled.

As you know that the Bank Pensioners have been anxiously waiting for the updation of pension for more than three decades. The grant of Ex-gratia without prejudice to our demand of Updation of Pension in the 12th BPS/9th Joint Note had shown a ray of hope - inching towards a full-fledged updation of pension.

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2. Non-payment of Ex-gratia to the Pensioners of several Private Sector Banks:

You are aware of the fact that most of the Private Sector Banks have not paid Ex-Gratia to the Pensioners and the Family Pensioners. Although such Banks are parties to the 1993 Pension Settlement and also as Member Banks parties to the 12th Bipartite Settlement/9th Joint Note, such negation to pay Ex-Gratia is unfortunate. We seek your intervention with clear advice to all those who are parties to the Pension Settlement and Bipartite Settlements/Joint Notes.

3. Review of Ex-gratia to Pensioners is strangely kept aside even when All the Banks have been making huge profits. It is necessary that the understanding for Review is honoured in letter and spirit and the Issue of Updation of Pension is also resolved.

4. The discrimination made to the Pensioners under the Resignees category.

Most of the Banks are not making payment of ex-gratia to the Pensioners under the category and also the benefits of Additional Five Years of Service who had put in Pensionable Service of Twenty Years have been denied to them. We request you to treat such Pensioners as normal Pensioners covered under provisions of BEPR (1995) and take steps to ensure that the discrimination is removed.

5. Last but not the least - one more opportunity for option of pension for the left-out candidates:

We have represented before you on several occasions that the number of such people are very few who for various reasons could not opt for Pension. Such unfortunate few have been accommodated in RBI, NABARD and other General Insurance companies. The people in Banks may please be given another opportunity on a very compassionate ground.

With kind regards,

G D Nadaf K.V. Acharya
Joint Convenors, CBPRO

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CBPRO/17-2025

Date: November 25, 2025

A DETAILED NOTE ON UPDATION OF PENSION

We are once again taking up the issue of Updation of Pension again with all the leaders of the constituents of UFBU with a request to take up the issue with the Secretary, DFS in the ensuing meeting scheduled for 27.11.2025. The leaders of CBPRO have met the Secretary, DFS and had a detailed discussion on the issue of Updation of Pension on 20.11.2025.

You are aware of our all-important issue of Updation of Pension coupled with Reckoning of Special Allowance for Computation of Pension and Gratuity, merger of DA at 8088 points and shifting of CPI 1960 = 100 TO CPI 2016 = 100, had been quite an emotive issue which has been eluding us for long. What has been intriguing and agitating the minds of the Senior Citizens and Super Senior Citizens of the Banking Industry is the peculiar and unfortunate situation of no resolution of the Issue of Updation of Pension so far though you have been sympathising with our cause and have been taking up with IBA and DFS repeatedly to consider and settle the issue of Updation of Pension.

In this connection we wish to submit the following for your kind and sympathetic consideration and action for a Definite stand to implement Regulation 35.1 in letter and spirit taking Regulation 56 as a reference point. It is absolutely shocking to note that Regulation 35.1 is the only Regulation remained unimplemented from 1992 despite it being Statutory and Mandatory. Unfortunately, IBA has now started distorting 35.1 by claiming that Refixation of Basic Pension to those Retired during the particular Wage Settlement period consequent to Refixation of their Basic Pay as Updation of Pension. This is nothing but IBA's attempt to hide their designs to deny Periodical Updation of Pension.

1. IBA & DFS have been raising the issue of affordability and funds constraints to meet the cost of updation. In this connection, it is pertinent to mention that the pensioners have surrendered the CPF with Interest and the same was transferred to Pension Fund. Pension is given as Second Benefit only as available to Government and RBI Pensioners. Pension is given to Government, RBI and Bank Pensioners under the Defined Benefit Scheme. Pension Regulations 7 to 11 deal with the provisions to Pension Fund. Regulation 11 provides for an actuarial estimate to be undertaken at the end of each financial year and shortfall if any, needs to be provided by the bank in addition to the monthly provisions. The Bank Employees Pension Regulations 1995 being the Subordinate Legislation make such provisioning statutory and mandatory. It

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is thus clear that provision for pension take precedence over the Regulatory Provisions for NPAs. The Provision for Pension is made out of Gross Revenues and not out of the Net Profits of Banks.

2. Since the Updation of Pension is an integral component of Pension Settlement/Joint Note signed in 1993 and has been implemented in the year 1994 for the eligible pensioners, who retired between 1.11.1986 and 31.10.1987, it also found a mention in Clause 12 of the Minutes of the Small Committee of IBA & Unions/Associations and it is an agreement under ID Act 1947. As a sequel to these, it was incorporated in BEPR 1995 as Regulation 35(1).

3. The Pension Regulation 35(1) providing for updation, was amended by the Banks during March 2003 after previous sanction of the Government and in consultation with RBI, was notified in the Gazette of the Union of India and placed on the floors of both the Houses of Indian Parliament. The amended provision reads as under:

"Basic Pension and Additional Pension, wherever applicable, shall be updated as per the formulae given in Appendix-1".

It may be appreciated that while the use of the word "**shall**" makes its implementation Mandatory and "**formulae**" makes its implementation multiple times - open-ended. It is also pertinent to note here that the **formulae** for updation of Pension in the Central Government as contained in Appendix-I, to Regulation 35(1) have undergone the modifications with successive Central Pay Commissions Recommendations as follows:

a) 5th CPC (Pension Updation Formula) w.e.f. 01.01.1996:
Basic Pension + Dearness Allowance + 40% = Revised/Updated Pension

b) 6th CPC (Pension Updation Formula) w.e.f. 01.01.2006:
Basic Pension + Dearness Allowance + 20% = Revised/Updated Pension

c) 7th CPC (Pension Updation Formula) w.e.f. 01.01.2016:
Basic Pension + Dearness Allowance + 10% = Revised/Updated Pension

4. When the Government allowed updation of Pension in Reserve Bank of India w.e.f. March 2019, the same formula (Basic Pension+ Dearness Allowance + 10%), prevailing in Central Government as recommended by 7th Central Pay Commission was used.

5. It would appear that the updation of pension in banks has been denied right from 1992. But after the grant of updation of pension in RBI by the Government, we have also moderated our demand in tune with RBI's updation and have been requesting to grant us updation of pension w.e.f. 01.03.2019. We have also been requesting for updation of our pension using the same formulae as prevalent in Central Government (7th CPC 2016) and also granted to Reserve Bank of India for various Wage Revision periods. The fact that when Com RN Godbole, the then GS, AIBOC wanted improvements like DA on quarterly basis instead of half yearly, IBA wrote to him in 1993 & 1994 that our Pension Scheme is on the pattern of the Scheme for Central

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Government and RBI and hence the request for different benefits could not be considered.

Similarly, when the issue of Updation of Pension in RBI was pending litigation before the Hon'ble HC at Bombay, Government had filed an affidavit that if the demand for updation of RBI Pensioners is allowed, it would give rise to the demand for updation of pension by the pensioners of other PSBs/Financial Institutions which were not doing well at that point of time. Having conceded the demand for updation of pension for RBI Pensioners, the Government should allow the updation of pension in other banks more so when there pre-existed a clear provision in the form of Pension Regulation 35(1).

6. We are not raising the demand for any new benefit but are rather demanding the implementation of a pre-existing benefit which has already been implemented once at the time of introduction of the Pension in 1993-94. It is clearly understood that the Updation of Pension is not a one-time dispensation. It is to be done simultaneously with every wage revision as being done in Central Government and RBI.

The Hon'ble Supreme Court has also held that the Pension is not a Bounty or Charity; Pension is rather a Deferred wage. The Salary Revision and Pension Revision are inseparable. Hence when Wages are Revised the Deferred Wage cannot remain static.

In this backdrop, the DFS is required to advise the Updation formulae to the Banks as done for Reserve Bank of India Pensioners.

7. What has been hurting the Bank Pensioners most is the fact that despite the amendment to Bank Pension Regulation 35(1) having been carried out by the Banks Boards in terms of the powers conferred under Section 19 of the Banking Companies (Acquisition and Transfer of Undertakings) Act 1970/80, notified in the Gazette of Union of India and copies placed on the floors of both the Houses of Parliament, fulfilling all the requirements of the law to make it a valid Subordinate Legislation enforceable as law, the Banks have not implemented it for several years thereby defeating its very purpose. It is our common knowledge and belief that it is mandatory for the State and its Entities to implement the Subordinate Legislation. But unfortunately, the Public Sector Banks despite being a State under Article 12 of the Indian Constitution, have failed to implement the amended provision of Pension Regulation 35(1) with impunity. We are not able to comprehend that a Subordinate Legislation amended after exercising the due powers derived from Section 19 of the Banking Companies (Acquisition & Transfer of Undertakings) Act following the due process of law is not being implemented in an arbitrary manner and the whole world is told by IBA that there is no provision for updation of pension in Bank Employees Pension Regulations. It exhibits IBA's complete and deliberate oblivion to the amended Pension Regulation 35(1) which has been shown and submitted to them on a number of occasions.

8. Further, when the Pension in Central Government, RBI and NABARD is updated with every Salary Revision in terms of Central Pay Commission Recommendation/RBI's periodical Salary Revision, the Public Sector and Private Sector Banks who are member Banks of IBA, Banks and SBI Pensioners are being arbitrarily denied and discriminated, and additionally with the hollow argument and on

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the pretext Matter Sub-judice before the Hon'ble Supreme Court (M C Singla & Ors case). Out of Court Settlements are acceptable to Court in such matters and can be done in this case too. Moreover, there is no order restraining resolution of the issue outside the court.

Further, we would like to make a humble submission that as mentioned earlier, the Pension Scheme in the Banks was introduced in lieu of CPF as an Open-Ended Scheme with a provision to create a Pension Fund as a continuing Corpus to help meet the perpetual pension liability including updation cost out of the annual yields and make provision to meet the shortfall if any after getting an annual actuarial estimate. But with introduction of New Pension Scheme in the Banks w.e.f. 01.04.2010, our Pension Scheme has become close ended thereby rendering the Bank Pensioners as a vanishing tribe. The entire Pension Fund thus will ultimately get transformed as Reserves for the Banks and no longer available to the employees/pensioners on the demise of the last employee as eligible Pensioner. We therefore feel that the liability towards payment of pension including the periodical updation on every wage revision like RBI/NABARD/Central Government, is not a dent on the Balance Sheets of the Banks which is normally the case in respect of NPA Provisions. In our case the entire corpus will, one day, get back to banks as a Reserve. It is thus only an income yielding investment during the intervening period.

In view of the foregoing facts, we have been requesting that the Government should notify the Updation Formulae in respect of all the periodical revisions of salary as has already been done in respect of Pensioners of RBI and NABARD w.e.f. the same date i.e. 01.03.2019, though we are eligible for updation of pension from 01.01.1992.

9. Introduction of an Ex-gratia and qualifying the same with a clause - "without prejudice to our demand for Updation of Pension vide MoU dated 7th December 2023" is nothing short of recognising the legitimacy of our demand to implement updation of Pension in terms of Pension Regulation 35(1). It defies logic that the benefit of Updation which is already provided in Bank Employees Pension Regulations is being held back arbitrarily with the allurement of Ex-gratia to the helpless Pensioners thus exploiting their emotional vulnerability.

10. As has been explained, the payment of pre-existing pensionary benefits cannot be constrained by inadequacy of funds under the Defined Benefit Pension Scheme. However, the Banks have been making robust profits being Rs.104,000 crores (March 2023), Rs.141,000 crores (March as 2024) and Rs.178,000 crore (March 2025). **The Pension Funds of the Banks including SBI are of the order of Rs.456,000 crores as on 31.03.2025 and is likely to go up to approximately Rs.5,00,000 crores by 31.3.2026.**

With the kind of robust systems in place, the banks are quite healthy and to meet a meagre annual cost of Rs.3288 crores (for the year 2018-19) and with marginal variation for subsequent years towards Updation of Pension as done in case of RBI Pensioners, it is not going to be a difficult proposition to the Pension Fund.

The Banks have already saved huge sums by denying the benefit of updation to the Bank Pensioners for more than three decades. It would take a small portion of such

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savings if the Updation of Pension is granted to us from 1st March, 2019 as done in the case of RBI Pensioners. The spike in the interest rates during last three years have also ensured higher yield on the investments of the Pension Fund balances.

RECKONING SPECIAL ALLOWANCE AS A COMPONENT OF PAY FOR COMPUTING PENSION & GRATUITY

The Special Allowance as a given percentage of Basic Pay and attracting DA was introduced through 10th Bipartite Settlement/Joint Note for Officers for the employees and officers with effect from 01.11.2012 with an illegal rider that it would not reckon for the superannuation benefits (viz, Pension and Gratuity). The Pensioners have been raising protests against its illegal and arbitrary exclusion on the grounds that there cannot be two different Pays for Salary and Pension as held by the Hon'ble Supreme Court in the case of Bank of Baroda v/s G Palani (February 2018). But those protests were brushed aside by the IBA on the pretext of such a provision in the signed settlement with UFBU. Our contention has been that the issue involved in the case of G Palani also arose from the signed settlement between IBA & UFBU that creates duality of Pay for the purposes of Salary and Pension. The Hon'ble Supreme Court held such provision as illegal and struck the same from the settlement. The same rule of law is applicable in the case of Special Allowance which is being treated as Pay for the purpose of Salary including leave encashment but not being reckoned as pay for the purpose of computing Pension and calculation of Gratuity. Similarly, the Hon'ble Supreme Court had also held in the case of Regional Provident Fund Commissioner West Bengal-II that if any Allowance is payable to all the employees across the Board, is not assigned to the performance of any specific function and paid Universally, Necessarily and Ordinarily (UNO) even during the period of leave shall have to be treated as a component of Pay. Despite such clear and emphatic rulings by the Apex Court, the IBA & UFBU have not only persisted with discriminatory treatment of Special Allowance Component of Pay but have successively raised its quantum from 7.5% (01.12.2012) to 31.5% (01.12.2022) of Basic Pay. It has thus reduced the quantum of Pension to an extent of almost one third. The Banks have recently amended the pension Regulations 1995 and inserted a new clause in the definition of Pay that 'Special Allowance shall be excluded'. Such an amendment has first appeared on 28.06.2024 in the Gazette of Union of India in respect of Bank of Baroda making the said amendment effective from 28th June 2024. This notification in the Gazette by Bank of Baroda and followed by many other PSBs is illegal, null and void in view of the rule of law established in the cases of G Palani and Regional Provident Fund Commissioner, West Bengal-II. Moreover, such exclusion is already pending its judicial scrutiny before several High Courts, including Delhi (K. K. Kalia case) and Hon'ble High Court of Kerala through its Single Judge Bench at Ernakulam has already passed an order in favour of Pensioners and the erstwhile Corporation Bank Management had filed appeal before the Division Bench. Under such circumstances amending the said rule to the prejudice of the pensioners is impermissible in law. However, assuming without admitting the validity of Gazette Notification of 28.06.2024, we firmly reiterate our belief and earnestly request you to take up with DFS & IBA to rectify this illegality and advise the member banks to recompute the pension and recalculate the gratuity in respect of all those pensioners and retirees who retired on or after 01.11.2012.

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The above needed a detailed presentation to you and we request you to present the case of Bank Pensioners before the DFS when you meet them. We had also submitted a memorandum on the above issues to the Secretary, DFS when we met them on 20th November, 2025. We are very hopeful that on your taking up the issues now again, you will ensure justice for your Elder Brethren.

With best regards,



G D Nadaf



K.V. Acharya

Joint Convenors, CBPRO