

# **ALL INDIA RBI OERS PENSIONERS' FORUM**

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To

**Shri Pranab Mukhopadhyay,**

**Hon'ble Finance Minister,**

**Ministry of Finance,**

**Government of India**

**New Delhi.**

Respected Sir,

**Sub: Denial of periodical updation of pension in r/o RBI  
Retirees consequent upon each preceding wage agreement.**

1. In exercise of powers conferred by clause (j) of sub-section (2) of section 58 of the Reserve Bank of India Act, 1934, the Central Board of the Reserve Bank of India, with the previous sanction of the Central Government, in 1990, introduced the Reserve Bank of India Pension Regulations, 1990.

2. By virtue of these Regulations a Pension Scheme in lieu of Contributory Provident Fund was introduced in RBI with effect from 1.11.1990. It was made optional for those employees who retired on or after 1.1.1986 but prior to 1.11.1990. The Scheme was made compulsory for employees joining the Bank on or after 1.11.1990. As per clause 28 of the Regulations, the rate of basic pension to be paid is 50% of the average emoluments subject to the prescribed minimum. As per clause 2(2), "Average Emoluments" means the average pay drawn by an employee during the last 10 months of his service. Clause 2(9) defines "Pay" which includes (a) substantive pay, (b) officiating pay, (c) special pay, (d) personal pay, (e) special personal pay, and (f) any other emoluments which may be classified as "pay" by the Central Board of RBI. Clause 5 of the Regulations states that in the matter of the application of the Regulations, regard may be had to the corresponding provisions of the Civil Service Regulations or the Liberalised Pension Rules or the Civil Pensions (Commutation) Rules or the Family Pension Scheme for the Central Government employees, as the case may be, of the Government of India in so far as they can be adapted to the service in the Bank but subject to such exceptions and modifications as the Bank may, from time to time, determine. In terms of clause 3(f) of Reserve Bank of India (Staff) Regulations, 1948, "pay" means the amounts drawn by an employee and includes "(a) substantive pay/ officiating pay, (b) special pay and personal pay and (c) any other emoluments which may be specially classed as pay by the Central Board".

3. On 1.9.2003 RBI issued a Circular stating therein that although the salaries of the serving employees and officers were revised twice with effect from 1.11.1992 and 1.11.1997, the pension of the retired employees had so far not been revised. It was stated that it had therefore been decided to update the pension by way of revising the components of "pay" drawn in the preceding 10 months of service prior to retirement, which were considered for the purpose of calculating pension, to those in the revised scales of pay brought into effect from 1.11.1997 on a notional basis and recalculate the pension. It was decided to pay revised pension from 1.11.2002. No commutation was allowed for the additional amount of pension. The copy of the said circular dated 1.9.2003 is enclosed as Annexure I.

4. Erstwhile Personnel Management Wing of the Pension Cell of RBI sought to justify the reasons for the introduction of the updation scheme. It was stated that if the same was not done, the existing pensions would not be protected against the erosion of money value due to inflation and the loss would escalate as the CPI (Consumer Price Index) increased. It was also stated that following the Fifth Pay Commission, the Government has revised the pay scales of its employees w.e.f. 1.1.1996 and updated the pensions of pre 1.1.1996 pensioners, and to make the pension scheme of RBI comparable to the Central Government Scheme, the updating of the pensions should be considered by way of re-fixing the pay drawn by the ex-employees in the revised scales of pay and then re-calculating their pension.

5. The pre- Nov' 1997 retirees of RBI were shocked when they came across the Circular dated 10.10.2008 issued by RBI withdrawing with immediate effect the operation of the Circular No. 2 dated 1.9.2003. All the offices of RBI were instructed to revert to the basic pension already sanctioned to all the pre- November 1, 1997 retirees. It was stated that the Circular dated 1.9.2003 was being withdrawn because the Government of India has since advised the Bank that the updation in the pension was not permissible and was contrary to Regulation 2(2) of the RBI Pension Regulations, 1990. The copy of the said circular dated 10.10.2008 is enclosed as Annexure II.

6. The retired employees of Central and State Governments and other PSUs are being paid pension on a notional wage revised as per revision in wages paid to serving employees. This has been done as per the recommendations of the Fifth Central Pay Commission which recommended that pension of all pre 1.1.1996 retirees be updated by notional fixation of the pay as on 1.1.1996 by adopting the same formulae which was applied for the serving employees.

7. Aggrieved by the Circular dated 10.10.2008 of RBI, some retired employees, who retired prior to November 1, 1997, filed Writ Petition [No. 710 of 2009/2543 of 2008] before the Hon'ble Bombay High Court challenging the arbitrary decision of RBI and praying intervention of the Court to settle the issue.

8. The Hon'ble Court in its Order observed:

a) Circular dated 10.10.2008 is set aside.

b)". .....The petitioners would be entitled to point that Govt. of India does not have power to issue such directions under Section 7 of the Act. The Govt.of India after receiving representation shall grant an opportunity of being heard to the petitioners and then dispose of the representation by a speaking order.....”

9. In response to the representation of the petitioner retirees of RBI, the Government of India in its speaking order averred that there was no direction to RBI under Section 7 (1) of the RBI Act, 1934. The Government has only pointed out that the Circular of RBI dated 1.9.2003 contravenes the provisions of Regulation 2(2) of the RBI Pension Regulations, 1990.

10. The issue, though it relates only to the pre-Nov' 1997 retirees of RBI, is now pending for hearing before the Bombay High Court and, in all probabilities, is not likely to be settled within seven to eight years.

11. In the mean time, there had been two more pay revisions in RBI effecting upward revisions of salaries of the employees and officers of RBI from 01.11.2002 and 01.11.2007. And in the backdrop of what has been stated above, introduction of pension updation of RBI retirees on a continuing basis consequent upon each preceding wage agreement seems to be a remote possibility. Under the circumstances, the conditions of thousands of pension holders are hard hit by the spiraling prices and gradual erosion of intrinsic value of pension.

12. It is, of course, learnt through representation under Right to Information that the present Governor of RBI had already taken up the issue with you. It is further learnt that you were positive on the issue and suggested steps to follow. We are still in the dark whether the RBI has complied with the suggestions forwarded by you on this issue. But we cannot lose sight of the fact that most of the pensioners are pretty old senior citizens. Any inordinate delay either on the part of RBI or the Ministry of Finance may appear to be shocking and frustrating.

We, therefore, request you to look into the crucial issue by invoking your benevolent discretion in setting up a committee to solve the impasse. We submit before you that a 'Committee on Pension Updation in RBI' consisting of members from RBI TOP Management, the Top Officials of the Ministry of Finance and Ministry of Personnel Management along with two representatives of the captioned organization may be set up to facilitate the process. The committee should be instructed to submit its report to you within two months since the matter requires urgent attention touching on the fate of a quite large number of aged retirees of RBI.

We beseech your cooperation in this regard since you can well appreciate the urgency and legitimacy of the issue concerned.

With regards,

Yours truly,  
Sd/-  
Kishore Chakraborty  
President