



ALL INDIA BANK EMPLOYEES' ASSOCIATION

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TO ALL UNIONS AND MEMBERS:

Dear Comrades,

Improvements in Family Pension – RBI grants permission to the Banks to amortise the additional cost of funding

Units and members are aware that due to continued persuasion of the issue, the IBA agreed in principle on 22-7-2020 while finalising the MoU on 11th Bipartite Wage Revision to improve family pension at uniform rate of 30% and without any ceiling and to recommend the same to the Government. Based on this, a provision was incorporated in the Bipartite Settlement signed on 11-11-2020. Thereafter IBA duly recommended the matter to the Government. After a lot of processing, on 25-8-2021, the Government gave its approval for these improvements, thus paving the way for implementation of the improvement.

We have been informing our units that these improvements in family pension would result in extra cost of pension pay-out every month and hence additional funding of the Pension Fund would be required. Since this entire additional funding cost would be difficult to be adjusted from the Profit and Loss Account of the Banks during this current financial year, IBA had taken up the matter with the Reserve Bank of India seeking their permission to adjust and account this additional cost of funding over a period of next 5 years.

Today the Reserve Bank of India wide their communication to the Banks (No. 105 dated 4-10-2021) has permitted the Banks to amortise the additional cost of funding over a period of 5 years. Thus, decks have been cleared for implementation of the revised Family Pension w.e.f. 1-4-2021. The Banks will now have to amend the Pension Regulations for incorporating these improvements with the approval of the Boards, RBI and Government.

Pending these formalities of amendment to the Pension Regulars, the Boards of the Bank will approve the implementation of the revised family pension. Thereafter the revised/improved pension will be paid to the eligible family pensioners.

With greetings,

Yours comradely,

**C.H. VENKATACHALAM
GENERAL SECRETARY**