



Memorandum of Settlement dated 27th April 2010 between the Indian Banks' Association on behalf of the Managements listed in the Schedule and their Workmen represented by All India Bank Employees' Association (AIBEA), National Confederation of Bank Employees (NCBE), Bank Employees' Federation of India (BEFI), Indian National Bank Employees' Federation (INBEF) and National Organisation of Bank Workers (NOBW)

(Under Section 2(p) and Section 18(1) of the Industrial Disputes Act, 1947 read with Rule 58 of the Industrial Disputes (Central) Rules, 1957)

Names of the Parties 46 Banks which are listed in Schedule I to this Memorandum of Settlement and their workmen.

Representing the Employers
(Member Banks)

- 1) Shri M V Nair
- 2) Shri R Sridharan
- 3) Shri Narayanan Raja
- 4) Shri K Ramakrishnan
- 5) Shri B B Das
- 6) Shri Rajeev Rishi
- 7) Shri K Unnikrishnan
- 8) Shri M Venugopalan

Duly authorised on behalf of the

Indian Banks' Association

Representing the Workmen

- 1) Shri Rajen Nagar
- 2) Shri C H Venkatachalam
- 3) Shri N K Gaur
- 4) Shri P N Tewari
- 5) Shri Mahesh Mishra
- 6) Shri J P Sharma
- 7) Shri V R Utagi
- 8) Shri B S Rambabu
- 9) Smt. Lalita Joshi
- 10) Shri D D Rustagi



- 11) Shri P R Karanth
- 12) Shri V K Sharma
- 13) Shri Satish R Khanolkar
- 14) Shri Gour Das
- 15) Shri P P Varghese
- 16) Shri R Vijayakumar
- 17) Shri E Arunachalam

All India Bank Employees' Association

- 1) Shri L Balasubramanian
- 2) Shri S A Kadri
- 3) Shri Milind Nadkarni
- 4) Shri Prakash Gangal
- 5) Shri R K Sharma
- 6) Shri K K Khosla
- 7) Shri B C Kalita
- 8) Shri S Srinivasan
- 9) Shri M V Murali
- 10) Shri Peter Anto Nellissery
- 11) Shri P A Manjunatha
- 12) Shri K Raja Kurup
- 13) Shri Shyamal Karmakar
- 14) Shri J N Singh
- 15) Shri S D Mishra

National Confederation of Bank Employees

- 1) Shri P S Pillai
- 2) Shri Pradip Biswas
- 3) Shri G M V Nayak
- 4) Shri K Krishnan



- 5) Shri B Prasad
- 6) Shri P K Sarangi
- 7) Shri M R Shenoy
- 8) Shri M V Madhav Rao

Bank Employees' Federation of India

- 1) Shri Subhash S Sawant
- 2) Shri R Kunjithapatham
- 3) Shri S George Timothy
- 4) Shri Siddharath Menon
- 5) Shri Dharanidhar Swain
- 6) Shri Ishwar S Puthran
- 7) Shri Barun Sarbadhikari
- 8) Shri Shyam Mukhopadhyay

Indian National Bank Employees' Federation

- 1) Shri Dinesh Kulkarni
- 2) Shri Ashwani Kumar Rana
- 3) Shri K R Poonja
- 4) Shri Mohan Kumtakar
- 5) Shri Ramanath Kini
- 6) Shri M B Harinarayanan
- 7) Shri Manmohan Gupta
- 8) Shri K S Jayaram

National Organisation of Bank Workers



SHORT RECITAL OF THE CASE

- (A) A Memorandum of Settlement for introducing Pension Scheme in the Banking Industry as second retiral benefit in lieu of Contributory Provident Fund was signed between Indian Banks' Association (IBA) on behalf of Management of Banks and their workmen represented by the All India Bank Employees' Association (AIBEA), National Confederation of Bank Employees (NCBE) and Indian National Bank Employees' Federation (INBEF) on 29th October 1993. Bank Employees' Federation of India (BEFI), by way of a separate Settlement with IBA dated 23rd June 1994 endorsed the said Settlement signed on 29th October 1993. The terms of the said Settlement were incorporated in the Bank Employees' Pension Regulations, 1995 notified in the official Gazette of India by all the Nationalised Banks on 29th September 1995 and by Associate Banks of State Bank of India on 26th March 1996.
- (B) According to the Memorandum of Settlements dated 29th October 1993 and Bank Employees' Pension Regulations, 1995 for Nationalised Banks and 1996 for Associate Banks of State Bank of India framed incorporating the terms of Settlements, Pension in lieu of Contributory Provident Fund was introduced in respect of those employees who opted for the said Pension Scheme.
- (C) Those employees who were in the service of the banks before 29th September 1995 in case of Nationalized Banks / 26th March 1996 in case of Associate Banks of State Bank of India and continued to be in service of the banks on or after 29th September 1995 / 26th March 1996 respectively and did not exercise the option to join the Pension Scheme were eligible only for the Contributory Provident Fund Scheme.
- (D) The United Forum of Bank Unions (UFBU) representing workmen and officers in Banks were requesting to allow another option to those who were in the service



of the Banks prior to 29th September 1995 in case of Nationalized Banks / 26th March 1996 in case of Associate Banks of State Bank of India and continued in service on or after that date and did not opt for pension when offered as per the Scheme. IBA was not agreeable to the demand and reiterated its inability to extend the present Pension Scheme to those who had not opted for pension on cost consideration. However, both the parties agreed to discuss alternate proposals. The same was incorporated in Clause (G) of the Short Recital of the Case in VIIIth Bipartite Settlement dated 2nd June 2005. The UFBU pursued the demand inspite of the above position and offered to share a portion of the initial funding liability on one-time basis for extending pension to the non-optees. Protracted negotiations were held between the parties over a period of time. An actuarial valuation of liability by actuaries appointed by mutual consent of the parties was carried out and based on this, the funding gap was estimated as Rs.6000/- crores. The employees offered to contribute Rs.1800/- crores, being 30% of the estimated funding gap, for extending pension to those employees who were in the service of the bank prior to 29th September 1995 in the case of Nationalised banks and 26th March 1996 in case of Associate Banks of State Bank of India and continue to be in service thereafter and did not opt for pension. They had also requested to extend the Pension Scheme to –

- (a) Those who were in the service of the Banks prior to 29th September 1995 in case of Nationalized Banks / 26th March 1996 in case of Associate Banks of State Bank of India, did not opt for pension and had retired after that date.
- (b) The family of those employees, who were in service of Banks prior to 29th September 1995 in case of Nationalized Banks / 26th March 1996 in case of Associate Banks of State Bank of India, did not opt for pension and had died while in service, after that date.



- (c) The family of those employees who were in service of the Banks prior to 29th September 1995 in case of Nationalized Banks / 26th March 1996 in case of Associate Banks of State Bank of India, retired from service of the Banks after that date and died thereafter.

Subject to their opting to be under the Pension Scheme and refunding the banks' contribution to Provident Fund with interest paid to them at the time of retirement/ death of the employee concerned and also contribute their share in meeting 30% of the funding gap. An actuarial valuation on similar lines as conducted for serving employees had estimated the funding gap as Rs.3115 crores for those retirees/ family of retirees.

- (E) The parties held various rounds of discussions in the matter.

NOW IT IS HEREBY AGREED AND DECLARED BY AND BETWEEN THE PARTIES HERETO AS UNDER:

TERMS OF SETTLEMENT

- (1) All workmen employees in the service of the bank as on the date of this Settlement who exercise option to join the Pension Scheme in terms of this Settlement will contribute from their arrears on account of wage revision in terms of the Settlement between the parties dated 27th April 2010 an amount of Rs.878 crores towards their share in the amount of Rs.1800 crores offered by UFBU towards 30% of the estimated funding gap of Rs.6000 crores. The said amount is worked out @2.8 times of the revised pay for the month of November 2007, for individual workmen employees.



(2) Another option for joining the existing Pension Scheme shall be extended to those employees who:-

(I) (a) were in the service of the bank prior to 29th September 1995 in case of Nationalized Banks / 26th March 1996 in case of Associate Banks of State Bank of India and continue in the service of the bank on the date of this Settlement;

(b) exercise an option in writing within 60 days from the date of offer, to become a member of the Pension Fund and

(c) authorise the Trust of the Provident Fund of the bank to transfer the entire contribution of the bank along with interest accrued thereon to the credit of the Pension Fund.

(II)(a) were in service of the bank prior to 29th September 1995 in case of Nationalized Banks / 26th March 1996 in case of Associate Banks of State Bank of India and retired after that date and prior to the date of this Settlement;

(b) exercise an option in writing within 60 days from the date of offer to become a member of the Pension Fund and

(c) refund within 30 days after expiry of the said period of 60 days, the entire amount of the banks contribution to the Provident Fund and interest accrued thereon received by the employee on retirement together with his share in contribution towards meeting 30% of Rs.3115 crores which is estimated and reckoned as the funding gap for those eligible under Clause 2(II),2 (III) and 2(IV) of this agreement. On an individual basis, the payment over and above the bank's contribution to Provident Fund and interest thereon has been worked out at 56% of the said amount of bank's contribution to Provident Fund and interest thereon received by the employee on retirement.



- (III) The family of those employees who were in the service of the bank prior to 29th September 1995 in case of Nationalized Banks / 26th March 1996 in case of Associate Banks of State Bank of India retired after that date and died will be eligible for family pension, provided –
- (a) the family of the deceased employee exercises option in writing within 60 days of the offer to become a member of the Pension Fund and
 - (b) refund within 30 days after expiry of the said period of 60 days, the entire amount of the bank's contribution to the Provident Fund and interest accrued thereon received by the deceased employee on retirement together with his share in contribution towards meeting 30% of Rs.3115 crores which is estimated and reckoned as the funding gap for those eligible under Clause 2(II),2 (III) and 2(IV) of this agreement. On an individual basis, the payment over and above the bank's contribution to Provident Fund and interest thereon has been worked out at 56% of the said amount of bank's contribution to Provident Fund and interest thereon received by the employee on retirement.
- (IV) The family of those employees who were in the service of the bank prior to 29th September 1995 in case of Nationalized Banks / 26th March 1996 in case of Associate Banks of State Bank of India, but have died while in service of the bank after that date will be eligible for family pension, provided –
- (a) the family of the deceased employee exercises an option in writing within 60 days of the offer to become a member of the Pension Fund and
 - (b) refund within 30 days after expiry of the said period of 60 days mentioned above, the entire amount of the bank's contribution to the Provident Fund and interest accrued thereon received upon death of the employee together with his share in contribution towards meeting 30% of Rs.3115 crores which is estimated and reckoned as the funding gap for those eligible under Clause 2(II),2 (III) and 2(IV) of this agreement. On an individual basis, the payment



over and above the bank's contribution to Provident Fund and interest thereon has been worked out at 56% of the said amount of bank's contribution to Provident Fund and interest thereon received on death of the employee.

- (3)(i) The existing pension scheme will not be applicable to those who join the services of banks on or after 1st April 2010.
- (ii) Employees joining the services of banks on or after 1st April 2010 shall be eligible for the Defined Contributory Pension Scheme, the banks will be introducing for them. The Defined Contributory Pension Scheme proposed to be introduced for them will be one as governed by the provisions of New Pension System introduced for employees of Central Government w.e.f. 1st January 2004 and as modified from time to time. The Scheme shall be regulated and administered by the Pension Fund Regulatory and Development Authority (PFRDA).
- (iii) The employees joining the services of the banks on or after 1st April 2010 shall contribute 10% of Pay and Dearness Allowance towards the Defined Contributory Pension Scheme and the bank shall make a matching contribution in respect of these employees.
- (iv) There shall be no separate Provident Fund for employees joining services of Banks on or after 1st April 2010.
- (4) Employees who ceased to be in service on or after 29th September 1995 in case of Nationalized Banks / 26th March 1996 in case of Associate Banks of State Bank of India on account of voluntary retirement under special scheme after rendering service for a minimum period of 15 years, shall be eligible to exercise an option to join the Pension Scheme subject to the terms and conditions mentioned for retiring employees opting for joining the Scheme.
- (5) Pension/ Family Pension to those who opt to join the pension scheme complying with the terms of this Settlement shall be payable with effect from 27th



November 2009, provided that employees who retired after that date shall get pension from the respective dates of their retirement. All the Regulations of the Bank Employees' Pension Regulations, 1995 / 1996 shall be applicable to those who opt for the Pension Scheme in terms of this Settlement except to the extent mentioned in the foregoing Clauses of this Settlement.

- (6) The terms of this Settlement shall not be applicable to State Bank of India.
- (7) The terms of this Settlement shall be incorporated in the Bank Employees' Pension Regulations, 1995 dated 29th September 1995 in case of Nationalized Banks / 26th March 1996 in case of Associate Banks of State Bank of India respectively by complying with the procedure for amendment of the relevant Pension Regulations.
- (8) The terms of this Settlement shall be applicable to employees of Private Sector Banks who are parties to this Settlement in respect of those who were in the service of the bank on date of implementation of the Pension Scheme in terms of the Settlement dated 29th October 1993 and did not opt for pension.
- (9) National Organisation of Bank Workers (NOBW), which is not a party to the Pension Settlement dated 29th October 1993, hereby endorses all the terms of the said Settlement.
- (10) The provisions of the Bipartite Settlement dated 29th October 1993 on pension shall stand amended/ modified or superseded to the extent and in the manner detailed hereinabove.
- (11) The provisions of the Bipartite Settlement dated 29th October 1993 which have not been amended/ modified or superseded by this Settlement shall continue to be in operation.



- (12) The Unions who are parties to this Settlement agree that during the operation of this Settlement, they will not raise any demand of any nature whatsoever on any banks in respect of matters covered by this Memorandum of Settlement.
- (13) Copies of this Memorandum of Settlement will be jointly forwarded by the parties to the authorities listed in Rule 58 of the Industrial Disputes (Central) Rules, 1957 so that terms of and conditions thereof are binding on the parties as provided in law.
- (14) Any difference of opinion regarding interpretation of any of the provisions of this Settlement, the matter will be taken up only at the level of the Indian Banks' Association and the Workmen Unions for discussion and Settlement.

Mumbai

Dated: 27th April 2010

**Indian Banks' Association
(S/Shri)**

M V Nair

R Sridharan

Narayanan Raja

K Ramakrishnan

B B Das

Rajeev Rishi

K Unnikrishnan

M Venugopalan

**All India Bank Employees' Association
(S/Shri)**

Rajen Nagar

C H Venkatachalam

N K Gaur

P N Tewari

Mahesh Mishra

J P Sharma

V R Utagi

B S Rambabu

Smt. Lalita Joshi

E Arunachalam



**National Confederation of Bank
Employees (S/Shri)**

L Balasubramanian

S A Kadri

Milind Nadkarni

Prakash Gangal

R K Sharma

K K Khosla

B C Kalita

S Srinivasan

M V Murali

Peter Anto Nellissery

**Bank Employees' Federation of India
(S/Shri)**

P S Pillai

Pradip Biswas

G M V Nayak

K Krishnan

**Indian National Bank Employees' Federation
(S/Shri)**

Subhash S Sawant

R Kunjithapatham

S George Timothy

Dharanidhar Swain

**National Organisation of Bank Workers
(S/Shri)**

Dinesh Kulkarni

Ashwani Kumar Rana

K R Poonja

Mohan Kumtakar

WITNESSES (S/Shri)

K Ganesan

Smt.W Ferreira

D D Rustagi

P R Karanth



Gour Das

P A Manjunatha

K Raja Kurup

Shyamal Karmakar

B Prasad

P K Sarangi

Siddharath Menon

Barun Sarbadhikari

Ramanath Kini

M B Harinarayanan

- CC TO: 1. Assistant Labour Commissioner (Central)
2. Regional Labour Commissioner (Central)
3. Chief Labour Commissioner (Central), New Delhi
4. The Secretary to the Government of India,
Ministry of Labour, New Delhi.



SCHEDULE

LIST OF BANKS

1. Allahabad Bank
2. Andhra Bank
3. Bank of Baroda
4. Bank of India
5. Bank of Maharashtra
6. Canara Bank
7. Central Bank of India
8. Corporation Bank
9. Dena Bank
10. Indian Bank
11. Indian Overseas Bank
12. Oriental Bank of Commerce
13. Punjab & Sind Bank
14. Punjab National Bank
15. Syndicate Bank
16. UCO Bank
17. Union Bank of India
18. United Bank of India
19. Vijaya Bank
20. State Bank of India
21. State Bank of Bikaner & Jaipur
22. State Bank of Hyderabad
23. State Bank of Indore
24. State Bank of Mysore
25. State Bank of Patiala
26. State Bank of Travancore
27. Bank of Rajasthan Ltd.
28. The Catholic Syrian Bank Ltd.
29. The Dhanalakshmi Bank Ltd.
30. The Federal Bank Ltd.
31. ING Vysya Bank Ltd
32. The Jammu & Kashmir Bank Ltd.
33. The Karnataka Bank Ltd.
34. The Karur Vysya Bank Ltd.
35. The Lakshmi Vilas Bank Ltd.
36. The Nainital Bank Ltd.
37. The Ratnakar Bank Ltd.
38. The South Indian Bank Ltd.
39. The Royal Bank of Scotland N.V.
40. Bank of America N.A.
41. The Bank of Tokyo-Mitsubishi UFJ, Ltd.
42. BNP Paribas
43. Citibank, N.A.
44. The Hongkong & Shanghai Banking Corporation Ltd.
45. Sonali Bank
46. Standard Chartered Bank