



ALL INDIA UNION BANK PENSIONERS AND RETIREES FEDERATION
(Affiliated to All India Bank Pensioners & Retirees Confederation – AIBPARC)
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Dated 8th November 2017

Dear friends,

We are pleased to enclose a letter written by CBPRO Convenors to the Chairman, IBA on pending issues of Bank retirees and pensioners. The letter is dated 6th November 2017 and it is self explanatory. This is being circulated for the kind information of all our friends and members.

Yours
Comradely,

(N. GOVINDRAJULU)
GENERAL SECRETARY

Copy of CBPRO Letter dated 06 11 2017 regarding irregular & unauthorised debits in Pension Fund A/cs by the individual banks is reproduced below:

Dated: 06.11.2017

Shri V G Kannan
Chief Executive
Indian Banks' Association,
Mumbai.

Dear Sir,

Irregular and Unauthorised debit in Bank Employees Pension Fund Account

Consequent to introduction of Pension Scheme for Bank Employees & Officers, every bank has constituted Employees Pension Fund in terms of Pension Regulations. These Regulations governs the operations of the Pension Fund. In terms of Pension Regulations the debit in Pension Fund account are permitted for the purposes of enabling the bank to meet the liabilities of Pensionary benefits to the Retired Employees & Officers. The investments out of pension funds are to be made in accordance with the rules framed under the Pension Regulations. The debits other than for the disbursement of Pensionary benefits are permitted only for the purposes of making investments in authorised securities. The shortfall in the fund is made good by the bank after obtaining actuary's certificate.

It is reported that some banks have been resorting to unauthorised debit to Pension Fund leading to weakening of the fund and impairing its capacity to meet the commitments to their Retired Employees & Officers on account of payment of Pension and other related benefits. It is pertinent to mention that a nationalised bank wrote back Rs2026.26 crores from Pension/Gratuity Fund and appropriated the amount towards provision for Non Performing Assets eventually soaring up the profit of the bank in an unauthorised manner. Similarly another Nationalised bank has defaulted in making adequate provision to the Pension Fund in accordance with the last wage settlement which provided for amortization of the liability. These irregularities were widely reported in media / social media recently. We had also taken up with the Government and IBA to initiate necessary steps for rectification and also for guarding against such misappropriations out of Employees fund which are held in trust. We have not heard anything from Govt/IBA in this regard.

Even when we have been struggling for getting justice to the Bank Pensioners on above counts, another shocking incidents has come to our notice where in a huge amount from the Pension Fund of the Bank was invested in Non Convertible secured debentures of a Private company which also happened to be the borrower to the extent of Rs14000 crores from the entire banking system. The incident would have gone unnoticed if the company had not been identified by RBI among 12 major accounts for the purpose of filing insolvency petition before National Company Law Tribunal. The pension fund of the bank was asked by Insolvency Resolution Professional to submit its claim as a creditor. As we have experienced in the case of another company before NCLT, hardly 6 % of the total dues were realisable. With such an experience, it could be

anybody's guess as to how much amount would be realised through NCLT even in the said case. While the lending bank will take the hit in the form of haircut, it would be atrocious to expect employees pension fund to lose substantial amount on account of such imprudent and impermissible deployment of amount out of Employees Pension Fund.

It is likely that similar or different type of unauthorised transactions would have taken place in other banks too. It therefore assumes greater and more serious significance. To put it simply, these would amount to criminal breach of trust and criminal misappropriation of Employees Funds held in Trust by the Banks.

We as a Coordinating body of more than 400,000 Bank Pensioners & Retirees deem it our bounden duty to ensure safety and security of the funds which belong to our members. With this objective in view, we suggest the following measures to be initiated by the Government and IBA to ensure and protect the interest of Bank Pensioners & Retirees:

- 1, An immediate independent audit must be ordered for the Funds which are constituted and maintained by the banks to meet different liabilities arising out of retirement of bank Employees & Officers. The present practice of Auditing the Funds immediately after auditing the annual account of the Banks should be substituted by audit of the Employees Funds before audit of annual accounts of the Banks. This will obviate the mall practices in the banks to dress up their Balance Sheets at the cost of Retirees/Employees.
2. The independent auditor must be changed every year with a cooling period of 3 years to ensure that they do not yield to impermissible and manipulative demands by Banks.
3. A copy of independent auditors report should be mandatorily given to Association of Pensioners & Retirees of the concerned Bank for necessary scrutiny.
4. The loss if any sustained by the Funds on account of unauthorised transactions in any bank should be ordered to be made good by the bank forthwith along with interest.
5. A Representative of the Retired employees should be appointed on Pension & Other Funds where the interests of the Retirees are involved.

We shall be grateful if you could bestow your personal attention to look into such serious malpractices in management of Pensioners & Retirees Funds.

Thanking you,

Yours faithfully,

A Ramesh Babu K V Acharya
Joint Convenors