

July 25, 2012

Dear Shri Mishra,

This has reference to IBA's letter No.HR&IR/KU/GOVT/G2/6223 dated 11.07.2012 in response to the clarification sought vide this Department's letter of even number dated 10.07.2012 regarding 2nd option of pension in PSBs.

2. In this regard, it is stated that this Department has been receiving representations from those who have retired voluntarily, other than those who retired under Special Voluntary Retirement Scheme 2000-01, for extending the benefit of 2nd option of pension as IBA had denied to extend the same to them despite the Memorandum of Understanding and the Joint Note signed following the conclusion of 9th bi-partite.

3. This matter has been examined in this Department taking into account the views of IBA as conveyed vide aforesaid letter. After due deliberations, it is noted that in the 9th Bi-Partite Settlement, the benefit of 2nd option of pension was extended to the employees of PSBs. Both the Memorandum of Understanding 27.11.2009 and Joint Note dated 27.04.2010 clearly provide for extending benefit of 2nd option to those who retired after 29.09.1995 (in case of nationalised banks) / 26.03.1996 (in case of associate banks of SBI) and prior to the date of Joint note. Similarly, Government's approval was accorded on 10.08.2010 on the lines of what was agreed to in the Joint Note dated 27.04.2010.

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4. However, IBA while communicating the approval of the Government to all the PSBs, incorporated the word retirement on "superannuation" and stated that the scheme would apply to all those who ceased to be in service on account of retirement on superannuation, death or on account of VRS under special scheme. This clearly is contrary to the approval of the Government as mentioned at para 3 above.

5. Taking into consideration that there has been a huge litigation on this issue, after due examination, it has been concluded that the benefit of 2nd option should have been extended to all those who retired from the service of the Banks in the prescribed period and not just those who retired on superannuation. Therefore, IBA is advised to withdraw the words "on superannuation" as contained in IBA's circular letter dated 10.08.2010 issued to PSBs on the subject and advise the member Banks accordingly.

With regards.

Yours sincerely