F.No. 13/5/2009-BO.I
Government of India
Ministry of Finance
Departmental of Financial Services
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'Jeevan Deep Building'
New Delhi, dated the 29 January, 2013

The Chairman & Managing Director
of all Nationalised Banks

Subject: Pensionery Benefits to Whole Time Directors of Nationalised Banks-extension of date of option-reg.

Sir(s),

In supersession to this Department's Letters of even number dated 03.04.2012 & 24.09.2012 on the subject mentioned above. I am to say that it has been decided to extend the benefit of pension for the combined service to officers of Nationalised Banks who are appointed as Whole Time Directors and for this purpose para 19 and 22 of the terms and conditions of appointment of Whole Time Directors shall stand substituted by the paragraph 19 as stated in the Annexure to this letter with immediate effect.

2. It is clarified that the benefit of combined service will be extended to the Whole Time Directors only if they are otherwise eligible for pension in their career post (below Board Level) and that Whole Time Directors are not to be given any fresh option for pension.

3. Accordingly, Pension Regulations of the Nationalised Banks are being amended separately.

Yours Faithfully,

Encl: As above.

(Umesh Kumar)
Joint Secretary to the Government of India

Scheme for Pensionary Benefits to Whole Time Directors of Natinalised Banks

Para 19. Pension

Definitions:

(1)(a) **Effective Date:** The provisions of modified paras 19 and 22 shall come into effect **w.e.f. 1st January 2013,** which shall be referred to as the effective date.

(b) **Career post Bank** means the Bank from which the Whole-time Director is drawing pension on deemed **retirement as General Manager.**

(c) **Intermediary Bank** means Nationalised Bank(s) in which the Whole-time Director held the post of Whole-time Director other than the retiring bank.

(d) **Retiring Bank** means the Nationalised Bank from which the Whole-time Director finally retires on Superannuation.

(2) Eligibility for pension:

(a) The benefit of combined service for the purpose of pension can be availed by the Whole-time Director only if he is entitled to draw pension, admissible in the career post (below board level) as per the rules and regulations of the Bank where the career post was held.

(b) **Eligible Whole-time Directors:** The benefit of combined service shall be extended to following Whole-time Directors who comply with requirement at sub-para (a) above:

(i) Officers appointed as Whole-time Directors as Executive Director (ED) or/and Chairman and Managing Director (CMD) of Nationalised Banks on or after the effective date.

(ii) Officers holding the position of Whole-time Director on the effective date and who opt for such benefit pursuant to option provided to them as stated in Para 19(3)(i) & 19(3)(ii) below; and

(iii) any Whole-time Director who has retired from the service of any nationalized bank prior to the effective date and who is drawing pension from the Bank where he held the

career post and who opts for such benefit pursuant to option provided to him as stated in Para 19(3)(ii) below

3) Option to be provided to Board-level appointees

(i) All Board level appointees who are eligible to draw pension in terms of Para 2(a) shall be provided an option to be exercised within 120 days from the effective date i.e. 1st January 2013, to avail the benefit of combined service for services rendered as Whole-time Directors and draw proportionate pension from the respective Banks in which such Director rendered service as Whole-time Director, as hereinafter provided.

(ii) Option as stated in sub-para (i) above shall also be provided to any Whole-time Director who has retired from the service of any nationalized bank prior to the effective date and who is already drawing Pension from the Bank where he held the career post, to be exercised within 90 days from the effective date;

(iii) If such retired Whole-time Director opts for the benefit of combined service, he shall be required to pay to the bank from where he retired as Whole-time Director the Employer's contribution to the provident fund received by him from the bank from where he retired as Whole-time Director.

(4) Computation of pension:

(a) Whole-time Directors on their **deemed retirement** as General Manager would draw pension for the services rendered upto that stage from their career post bank.

(b) For the period of service rendered as Whole-time Director (Executive Director) the pension would be notionally calculated for the combined service in the career post bank as well as the bank where he was posted as ED as applicable under the bank's pension regulation. The difference between the pension thus calculated and the pension being paid by the career post bank, as provided in sub-para (a) above, would be paid by the Bank where the officer served as ED while the career post bank would continue to pay pension for earlier period (as provided in sub-para (a) above). In case the officer superannuates as ED, the final pension would be determined accordingly.

(c) When the officer superannuates as CMD, the pension for the entire service including (a) service in career post bank and (b) in the position of ED would be the basis for computation of pension. The difference between the pension thus calculated and pension

being paid by (a) career post bank plus (b) bank/s where he worked as ED would be paid by the retiring bank. Pension for the period of service before becoming a Whole Time Director and as Executive Director would be paid by the banks concerned as per (a) and (b) above.

(d) In cases where any officer works as ED/CMD in more than one bank, the same principle would be adopted and the pension for the total service would be calculated and the pension after netting off the pension paid by other organisations would be paid by the retiring bank.

(e) Since the officers would be drawing pension for the entire service, they would no longer be entitled to employers' contribution to CPF for their services as Whole-time Directors.

(f) In case of officers who have already retired as Whole Time Directors, the employers' contribution to PF with interest received thereon (from the Provident Fund) for their service as WTD and paid at the time of superannuation would be refunded to the career post Bank along with submission of option as per para 3(ii). Since the above arrangements are proposed to be effective from 1.1.2013, no interest shall be levied on such refund from the time of its receipt and its deposit to career post bank.

(5) Commutation of Pension:

The Intermediary Bank/s and the Retiring Bank from which the Whole-time Director retires, shall extend benefit of proportionate commutation being the difference between commutation payable by the Intermediary Bank or the Bank from which WTD retired and the commutation paid by the career post Bank.

(6) The pension regulations of the Bank in which the Whole Time Director serves shall mutatis mutandis apply to the grant of pension to the Whole Time Director. It is further clarified that the benefit of revised pension on the basis of exercise of option provided, shall be available from the effective date and no arrears shall be payable to any Whole Time Director who has already retired as such director. It is further clarified that the deemed continuation in service permitted to the Whole Time Director is only for the purpose of grant of pension with the benefit of combined service and the status of the Officers as Whole Time Directors appointed by the Central Government and other terms & conditions of the service applicable to them shall not be treated as modified by the scheme.

(7) Whole Time Directors who are holding the Board level appointments in any Nationalised Bank on the effective date and those who have already retired as Whole Time Director shall not be required to refund leave encashment, gratuity, etc. received on deemed retirement from the service of the Bank where they held the career post. However, officers of Nationalised Banks who may be appointed as Whole Time Directors of Nationalised Banks on and after the effective date shall not be entitled to receive gratuity, encashment of leave, etc. from the career post bank. These benefits shall be carried forward and paid to them at the time of superannuation by the retiring bank.

(8) All advances such as motor car advance, house building advance, etc. and other liabilities in the career post bank shall be carried forward on being appointed as Whole Time Director and discharged as per the terms of sanction.

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