

MEMORANDUM OF SETTLEMENT dated the 29th October, 1993 between the Managements of 58 banks as represented by the Indian Banks Association and their workmen as represented by the All India Bank Employees Association.

(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).

Name of the Parties : 58 banks listed in Schedule I to this Memorandum of Settlement and their workmen.

SHORT RECITAL OF THE CASE

WHEREAS

(a) During the course of negotiations on service conditions of the workmen employees in February, 1990 the Indian Banks' Association (IBA) agreed to introduce pension scheme in banks for the workmen employees in lieu of employers' contribution to the Provident Fund. The pension scheme agreed was to be broadly on Central Government / the Reserve Bank of India pattern; details of the scheme were to be worked out.

(b) The unions, after due consideration of the IBA's offer for pension as a second retiral benefit in lieu of employer's contribution to contributory provident fund conveyed their acceptance of the same some time in 1992. A demand for contributory provident fund on dearness allowance was also raised amongst others in respect of employees not opting for pension scheme. The IBA, however, was not agreeable to grant of Provident Fund on dearness allowance.

(c) After protracted negotiations, over a period of time, the parties agreed to resolve the dispute by accommodating each other's view points in the interest of industrial harmony.

NOW, THEREFORE IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES HERETO AS UNDER:-

TERMS OF SETTLEMENT

1. The member banks set out in the schedule I hereto shall introduce pension as second retirement benefit scheme in lieu of contributory provident fund where it does not exist for the workmen employees of the member banks with effect from 1st November, 1993.
2. Pension as a second retiral benefit scheme in lieu of contributory provident fund shall be available to the

following category of employees/ retired employees from 1st November, 1993 or the date of retirement, whichever is later.

- (i) Employees who join service of the bank on or after 1st November, 1993;
- (ii) Employees in service of the bank as on 31st October, 1993 and who on or before 30th June, 1994 exercise an option in writing in response to bank's notice to this effect to be given not later than 31st December, 1993 to become members of the pension scheme and to cease to be members of the contributory provident fund scheme with effect from 1st November, 1993 and irrevocably authorise the bank or the trustees of the contributory provident fund to transfer the entire contribution of the bank along with entire interest accrued thereon to the credit of pension fund to be created for this purpose.
- (iii) Retired employees who were in service of the bank/ merged bank on or after 31st December, 1985 and retired on or after 1st January, 1986 but before 1st November, 1993 provided that such retired employees apply for it on their own on the format prescribed by each bank and refund within a period of six months reckoned from 1st November, 1993, the bank's entire contribution to the provident fund including interest received with further simple interest at the rate of 6 percent per annum, from the date of withdrawal of the provident fund amount till the date of refund.
- (iv) Permanent part-time employees drawing scale wages,

Note:-

Wherever in any other bank the existing or agreed package of superannuation benefits comprising CPF/Pension/Gratuity are superior to the package comprising of pension and Gratuity under this Settlement, the Bank in concurrence with their Union may opt to continue with their existing or agreed package of retiral benefits.

3. Pension will be payable on, retirement to permanent

- employees who have put in minimum of 10 years qualifying service in the bank before being merged to a new bank will also be taken as service in the same bank. However, the requirement of qualifying service shall not be applicable for drawing family pension in case an employee dies while in service.
4. The rate of basic pension will be fifty per cent of the average pay as defined in Pension Scheme subject to a minimum of Rs. 375/- per mensem, in the case of a full-time employee and proportionate amount in the case of a permanent part-time employee drawing scale wages.
 5. Completed service of thirty three years will qualify for full pension.
Employees voluntarily retiring after 20 years of completed service as per provisions to be incorporated in the scheme will get proportionate pension.
The qualifying service of an employee voluntarily retiring on completion of 20 years of actual service shall be increased by a period not exceeding five years, so however, that the total qualifying service of such employee shall not in any case exceed thirty three years and also shall not take him beyond the date of superannuation. :
 6. Dearness relief to pensioners will be granted at such rates as may be determined from time to time in line with the dearness allowance formula in operation in Reserve Bank of India.
 7. A pensioner will be entitled to commute one third of the basic pension.
Dearness relief will, however, be allowed on full basic pension even after commutation.
 8. Conditions on which pension in part or full can be withheld or withdrawn shall be set out in the Scheme to be formulated in terms of this Settlement.
 9. For the administration of the pension scheme each of the member bank may create a public trust and appoint such trustees and other staff as it deems fit. The pension scheme will be in accordance with the provisions of the Income Tax Act, 1962 and the Indian Public Trust Act.
 10. Employees who opt for pension scheme shall only contribute to the Provident Fund at the rate of 10% of

- basic pay only with effect from 1st November, 1993 with no contribution by the employer.
11. Actual payment of pension in all cases shall commence from 1st November, 1993.
 12. Provisions will be made by a scheme, to be negotiated and settled between the parties to this Settlement by 31st December, 1993 for applicability, qualifying service, amounts of pension, payment of pension, commutation of pension, family pension, updating and other general conditions, etc. on the lines as are in force in Reserve Bank of India.
 13. Without prejudice to what is stated in paragraph 10 supra and in partial modification of Paras 7.25 to 7.27 of Desai Award, and subsequent amendments thereto in case of employees who are on the banks rolls as on 31st October, 1993, pay for the purpose of calculation of contributory provident fund and pension shall include dearness allowance component upto 1150 points only (C.P.I. -1960 - 4 points slab).
It will not however rank for gratuity or any other purpose. The dearness allowance payable at points above 1150 on 1st November, 1993 and thereafter shall not rank for any superannuation benefits or for any other purpose unless stated otherwise in any of the subsisting provisions of the Awards / Bipartite Settlement.
 14. The terms and conditions hereof shall continue to govern and bind the parties until the Settlement is terminated by either party giving to the other a statutory notice as prescribed in law at the material time.
 15. The AIBEA on behalf of the workmen employees agrees that during the operation of this Settlement they will not raise any demand of any nature whatsoever on any of the banks in respect of matters covered by this Memorandum of Settlement.
 16. Copies of the 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 and conditions thereof are binding on the parties as provided in law.
 17. If there is 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 All India Bank Employees Association for discussion and settlement.

Schedule I

LIST OF BANKS

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| 1. Allahabad Bank | 31. Kashi Nath Seth Bank Ltd. |
| 2. Andhra Bank | 32. Lord Krishna Bank Ltd. |
| 3. Bank of Baroda | 33. The Bank of Rajasthan Ltd. |
| 4. Bank of India | 34. The Banaras State Bank Ltd. |
| 5. Bank of Maharashtra | 35. The Catholic Syrian Bank Ltd. |
| 6. Canara Bank | 36. The Dhanalakshmi Bank Ltd. |
| 7. Central Bank of India | 37. The Federal Bank Ltd. |
| 8. Corporation Bank | 38. The Jammu and Kashmir Bank Ltd. |
| 9. Dena Bank | 39. The Karur Vysya Bank Ltd. |
| 10. Indian Bank | 40. The Lakshmi Vilas Bank Ltd. |
| 11. Indian Overseas Bank | 41. The Nainital Bank Ltd. |
| 12. Oriental Bank of Commerce | 42. The Nedungadi Bank Ltd. |
| 13. Punjab National Bank | 43. The Ratnakar Bank Ltd. |
| 14. Punjab & Sind Bank | 44. The Sangli Bank Ltd. |
| 15. Syndicate Bank | 45. The South Indian Bank Ltd. |
| 16. UCO Bank | 46. The Vysya Bank Ltd. |
| 17. Union Bank of India | 47. ABN-AMRO Bank N.V. |
| 18. United Bank of India | 48. American Express Bank Ltd. |
| 9. Vijaya Bank | 49. ANZ Grindlays Bank p.l.c. |
| 20. State Bank of India | 50. Bank of America NT & SA |
| 21. State Bank of Bikaner & Jaipur | 51. The Bank of Tokyo Ltd. |
| 22. State Bank of Hyderabad | 52. Banque Nationale De Paris |
| 23. State Bank of Indore | 53. The British Bank of the Middle East |
| 24. State Bank of Mysore | 54. Citibank N.A. |
| 25. State Bank of Patiala | 55. The Hongkong & Shanghai Banking Corporation |

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| 26. State Bank of Saurashtra | 56. The Sakura Bank Ltd. |
| 27. State Bank of Travancore | 57. Sonali Bank |
| 28. Bareilly Corporation Bank Ltd. | 58. Standard Chartered Bank |
| 29. Bharat Overseas Bank Ltd. | |
| 30. Karnataka Bank Ltd. | |