

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:987

ANSWERED ON:24.11.2000

RETIREMENT AGE OF BANK EMPLOYEES

BODAKUNTI VENKATESHWARLU; CHANDRA BHUSHAN SINGH; SAMUDRALA VENUGOPAL CHARY

Will the Minister of FINANCE be pleased to state:

- (a) whether the Indian Banks' Association has submitted a report to the Government seeking approval for implementation of two VRS Schemes by the Public Sector Banks ;
- (b) if so, the details thereof ;
- (c) the action taken to implement the recommendations of Indian Bank Association panel to streamline staff strength and reduce the retirement age of 58 ;
- (d) whether the Government have received any representation from All India Bank Employees' Association in this regard ; and
- (e) if so, the details thereof and the reaction of the Government thereon ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) : A Committee comprising representatives of Indian Banks' Association (IBA), Public Sector Banks and Ministry of Finance set up in June, 2000 for making recommendations on all aspects of Human Resource Management in the Public Sector Banks in its interim report, recommended introduction of a Voluntary Retirement Scheme and a Scheme for Sabbatical.

(b) : The salient features of these schemes are given in the Annexure.

(c) : IBA sought Government's no objection to circulating two schemes amongst the Public Sector Banks for their consideration and adoption. Government gave its no-objection to IBA on 29.8.2000. Thereafter, these two Schemes have been circulated to banks by IBA for consideration and adoption by their Boards. In its final report, the Committee, inter alia, recommended that Government may consider rolling back the age of retirement from 60 to 58 years. Recommendations of the Committee are yet to be examined.

(d) & (e) : IBA received a notice for a day's strike from the United Forum of Bank Unions, including All India Bank Employees' Association, inter alia, against Voluntary Retirement Scheme in Public Sector Banks and recommendation of the Committee relating to reduction in retirement age from 60 to 58 years. While the conciliation proceedings were pending, the unions went ahead with the strike on 15.11.2000.

ANNEXURE

Salient Features of Voluntary Retirement Scheme & Scheme for Sabbatical Leave

Eligibility

All permanent employees with 15 years of service or 40 years of age.

Ineligible :

Specialist officers/employees who have executed service bonds and have not completed it, employees/officers serving abroad under special arrangements/ bonds, will not be eligible for VRS. The Board of Directors may, however, waive this, subject to fulfillment of the bond/other requirements.

Employees against whom Disciplinary Proceedings are contemplated/ pending or are under suspension.

Employees appointed on contract-basis.

Any other category of employees as may be specified by the Board.

Amount of Ex Gratia

60 days` salary (pay plus stagnation increments plus special allowance plus dearness relief) for each completed year of service or salary for the number of months service is left, whichever is less.

Other Benefits

- I. Gratuity as per Gratuity Act/Service Gratuity, as the case may be.
- II. Pension (including commuted value of pension)/ bank`s contribution towards PF, as the case may be.
- III. Leave encashment as per rules.

Other Features

1. It will be the prerogative of the bank`s management either to accept a request for VRS or to reject the same depending upon the requirement of the bank.
2. Care will have to be taken to ensure that higher skilled and qualified workers and staff are not given the option.
3. There will be no recruitment against vacancies arising due to VRS.
4. Before introducing VRS banks must complete their manpower planning and identify the number of officers/employees who can be considered under the scheme.
5. Sanction of VRS and any new recruitment should be only in accordance with the manpower plan.

Funding of the Scheme

- a) Coinciding with their financial position and cash flow, banks may decide payment partly in cash and partly in bonds or in instalments, but minimum 50% of the cash instantly and remaining 50% after a stipulated period.
- b) Funding of the scheme will be made by the banks themselves either from their own funds or by taking loans from other banks/financial institutions or any other source.

Periodicity

The scheme may be kept open up to 31.1.2001.

Sabbatical

An employee/officer who may not be interested to take voluntary retirement immediately can avail the facility of sabbatical for five years which can be further extended by another term of five years. After the period of sabbatical is over, he may re-join the bank on the same post and at the same stage of pay where he was at the time of taking sabbatical. The period of sabbatical will not be considered for increments or qualifying service for pension, leave etc.