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Editorial

WHY THIS ATTACK ON BILATERALISM?

The introduction of Performance Linked Incentive (PLI) in the banking industry was not an arbitrary policy imposition, but the outcome of a structured and negotiated understanding between UFBU and Indian Banks' Association (IBA) during the signing of the 11th Bipartite Agreement/ 8th Joint Note. It was envisaged as a fair, transparent, and motivating framework that would recognize the collective contribution of employees and officers across all levels. However, the recent unilateral attempts by the Government to alter the very basis of PLI computation threaten to undermine both the spirit of this agreement and the trust that underpins industrial relations in the banking sector.

At the heart of the present discontent lies a deliberate and unjustified deviation from the agreed principles. By introducing differential standards that disproportionately favour a few of the senior managements, the revised PLI structure distorts the original intent of equitable reward distribution. This is not merely a technical adjustment—it is a fundamental shift that risks institutionalizing inequality within the officer's community, thereby eroding morale among the vast majority of junior and middle-level officers who form the backbone of banking operations.

Such a move raises serious questions about the sanctity of bipartite settlements. Agreements reached through dialogue between representative unions like AIBOC and bodies like IBA are meant to be binding and respected by all stakeholders, including the Government. Any unilateral

modification not only weakens the credibility of established negotiation mechanisms but also sets a dangerous precedent for future engagements. If negotiated terms can be altered at will, the very foundation of collective bargaining stands compromised.

The discriminatory tilt in PLI calculation is also economically and operationally unsound. Public Sector Banks thrive on teamwork, coordination, and the relentless efforts of employees and officers at branch and field levels. By skewing incentives in favour of a select few at the top, the policy risks demotivating those who directly drive business growth, render customer service, and implement financial inclusion. Incentive structures that fail to recognize ground-level realities ultimately weaken institutional performance rather than strengthen it.

Moreover, the attempt to create a wedge between senior and junior management is a matter of grave concern. The strength of the officer cadre has always been its unity across hierarchies, built through shared struggles and collective aspirations. Any policy that seeks to fragment this unity must be resisted firmly. Division within the ranks serves neither the employees nor the institution; it only advances a narrow administrative agenda at the cost of organizational cohesion.

In the broader context, this development reflects a growing trend of unilateralism in policy implementation within the banking sector. Whether it is service conditions, performance metrics, or

A JUG FILLS DROP BY DROP

incentive structures, there is an increasing tendency to bypass meaningful consultation with representative bodies and override the constitutional entities. This undermines democratic workplace practices and marginalizes the voices of those who are directly affected by such decisions.

Further, such discriminatory strategy will not stop here. There is an old German poem that, “I remain silent as the attack is not on me”. If they are able to create a wedge between Senior Management and others, next day they will percolate it within the so-called iron curtain of Senior Management itself. Naturally, the disincentivising will move upwards from Scale IV. Such fragmentation will destroy the fabric of bank’s organisational structure, and paving the way of lateral recruitment, stagnation of the aspirant officials and simultaneous entry of foreign financial capital after eating away the healthy cells by injecting carcinogenic agents.

AIBOC’s and UFBU’s ongoing agitation against this

discriminatory approach is therefore not only justified but necessary too. It is a struggle to defend the principles of fairness, equity, and collective bargaining. The agitation also serves as a reminder that officers will not remain passive spectators when agreed frameworks are distorted to their detriment. Constructive dialogue, not unilateral diktats, must guide policy evolution in a sector as critical as banking.

The issue of PLI is not confined to monetary incentives alone—it is about preserving the sovereignty of Nation, dignity of negotiated settlements and maintaining unity within the banking fraternity. At stake our earned position achieved through struggles, which we will afford to surrender to an autocratic power structure. Implement all the programmes with the militancy as time demands. Force them to roll back the DFS notification.

Stay United, Stay Resolute, Stay Disciplined.

ARTICLE

We reproduce excerpts of an article published in the Business Standard of March 15, 2026 for our readership.

INDIA’S PRIVATISATION PUSH LOSES STEAM

India’s banking privatisation push, once projected as a cornerstone of economic reform, has suffered another setback, with the Centre set to call off the IDBI Bank stake sale, highlighting the political and structural constraints shaping the country’s disinvestment policy.

The stake sale is likely to be scrapped because the bids came in below the reserved price set by the government. It appears that prevailing global uncertainties and continuously changing market conditions may have affected investor appetite and valuations.

The government and state-run Life Insurance Corporation of India (LIC) had been planning to sell a 60.7 per cent stake in IDBI Bank as part of

the Centre’s broader privatisation programme aimed at reducing state ownership in the banking sector.

The government holds 45.48 per cent in the lender while LIC owns 49.24 per cent.

In the government’s original strategic-sale pipeline, with companies such as Bharat Petroleum Corporation Ltd, Container Corporation of India, BEML, Shipping Corporation of India, and IDBI Bank, only Air India has been privatised so far, sold to the Tata group in 2022 for ₹18,000 crore.

Experts say the difficulty lies not merely in execution but in the inherent tensions within the government’s objectives.

IN THE SKY THERE IS NO DISTINCTION OF EAST AND WEST

Disinvestment becomes difficult primarily because the government wants to realise a good valuation for public-sector enterprises. These assets are often seen as 'family silver', so selling them at a low price is politically and economically difficult.

When public-sector companies are reasonably profitable, governments often prefer partial stake sales through the market rather than outright privatisation. Full privatisation requires finding buyers willing to pay a high valuation, which is not always easy. Privatising public-sector enterprises is often difficult because the process itself is long and complex. By the time the government completes valuation, approvals and the bidding process, market conditions may change significantly, said Jha, who also served as member of the Fifteenth Finance commission. However, some former policymakers argue that the slowdown reflects deeper structural problems within the government's privatisation machinery.

The government brought a policy in the 2020-21 Budget and promised a roaring privatisation and disinvestment programme. It said it would sell all saleable public-sector enterprises except those in the strategic sectors. That was abandoned because of two reasons in my judgement. First, the government concluded, as it did in the case of farm laws, it was not politically worth it. Second, its managers of disinvestment and privatisation did not have a clue as to how to effect these transactions, especially privatisation, successfully and professionally.

IDBI privatisation has been on the table for the past four years. Again, it seems to me that there was no real owner or driver of this transaction with all important regulators and ministries pulling in different directions. I guess the IDBI Bank transaction has collapsed because the riskaverse managers fixed the reserve price too high.

PSB privatisation was shut out the day the government decided not to bring in promised amendments to the nationalisation law to enable privatisation. The second confirmation was received when despite the insurance law having been amended, no transactions were initiated for the less political general insurance sector.

Employee unions including AIBOC always opposed the move. The broader fiscal context also reflects the pressures shaping disinvestment policy. Successive Union Budgets have often set ambitious targets, but the government has struggled to meet them, increasingly relying on dividends and minority stake sales rather than large strategic transactions.

According to data from the department of investment and public asset Management (DIPAM). The government has raised about 15,562.79 crore through disinvestment in FY26 so far, largely through market – based stake sales such as offer – for –sale transactions in companies including Mazagon dock shipbuilders Ltd, Bharat Heavey electricals Ltd, Indian Railways Finance Corporation, Bank of Maharashtra and Indian Overseas bank.

CIRCULAR

We reproduce the text of AIBOC Circular No. 2026/25 dated 25.03.2026 for your information and wide circulation.

Circular No. 2026/25

Date: 25.03.2026

Dear Comrade,

UFBU's AGITATIONAL PROGRAMME

Against the DFS-Imposed PLI Framework for Scale IV & Above Officers

Comrades, we stand at one of the most decisive moments in the history of the bank officers' movement. What lies ahead

is not a routine agitation; it is a battle for the survival of our service conditions, our collective bargaining framework, and the professional

THERE HAS TO BE EVIL SO THAT GOOD CAN PROVE ITS PURITY ABOVE IT

dignity of every officer in Public Sector Banks.

Our legitimate demand for a **5-day work week** has been subjected to prolonged delay despite repeated assurances. After exercising extraordinary patience and placing our trust in the conciliatory process, we were left with no option but to embark on a **one-day strike**, with a declared resolve to escalate to further strike action and sustained agitational programmes until our demand is achieved.

However, instead of engaging with our legitimate demands, the establishment has chosen retaliation. The PLI scheme imposed by the Government for Scale IV and above officers; which was already under conciliation proceedings and where payment had been put on hold for all employees and officers; has been weaponised against us. The DFS forced the banks to credit PLI only up to Scale III, deliberately carving out senior officers. When this discriminatory action was raised in the CLC meeting, **all parties; the Unions/Associations, the DFS, and the IBA; agreed to maintain status quo.**

Yet, in brazen defiance of this consensus and in violation of established procedure, the DFS on 18.03.2026 has directed banks to pay PLI to Scale IV and above officers as per the Government scheme; a blatant violation of the conciliation framework when the matter is still sub judice before the CLC. The UFBU has accordingly given a call for an agitational programme.

Why We Oppose the Government PLI Scheme for Scale IV & Above

The question being asked is: why oppose a PLI that pays multiple times more than the industry-level scheme? The answer lies not in the quantum of the incentive, but in the **lethal architecture** that comes attached with it, a system designed to classify, rank, stigmatise, and ultimately destroy careers. The Government PLI framework, read together with two other policy instruments, creates

the following direct and existential threats to every officer in Scale IV and above:

I. Three Instruments, One Objective; Your Career at Risk

[a] DFS Review Letter [26.09.2024] – The Sword. Directs PSBs to conduct periodic performance reviews and retire officers “in public interest” under Regulation 19. Operationalised through quarterly review schedules and monthly compliance reports; a live termination pipeline, not a theoretical provision.

[b] PLI Scheme [19.11.2024] – The Stratification. Force-ranks officers into rigid 20% brackets. Bottom 20% are branded “non-performers.” Splits officers into revenue-generating and non-revenue pools, requiring at least 50% of PLI-eligible payouts to go to revenue functions; structurally penalising specialist, support, and control-role officers.

[c] Bank level Assessment – The Grading Record. Introduces structured grading (into five grades) for SMGS-IV and above using KRA and trait-based scores. Cohort cut-offs and trait scores are kept confidential. Bottom-graded officers are placed on mandatory Performance Improvement Plans. Support-role KRAs can be subjective and manually scored by supervisors. The paper trail for adverse action begins here.

II. The Kill Chain; From Grading to Forced Exit

Read together, these three instruments construct a documented pathway to career destruction: **Classification → Low Grade → PIP Tagging → PLI Non-Performer Bracket → DFS Periodic Review → Premature Retirement or Permanent Career Stagnation.**

A performer today can become a non-performer tomorrow; not because of declining ability, but because of transfer to a tighter cohort, a harder posting, a different supervisor’s subjective scoring, or simply because the forced-distribution formula

OVERCOME ANGER BY LOVE, EVIL BY GOOD

requires someone to be at the bottom. Even if ALL officers in a cohort are performing well, the system will still manufacture a “bottom” category.

III. Five Existential Risks

- **Forced relative ranking replacing stable service security.** Officers are no longer judged on competence but on whether they outperformed their cohort peers. Bottom categories are manufactured every year; even in a strong pool.

- **Opacity and hidden scoring.** Trait-based scores are invisible to officers. Cohort cut-offs are confidential. An officer may know the outcome but cannot test or challenge the basis.

- **Documented “poor performer” trail.** BB grades trigger PIPs, which feed review records, which connect directly to the DFS premature-retirement pipeline. This is not theory; it is architecture.

- **Career stagnation before separation.** Even without removal, repeated lower cohorting damages reputation, postings, promotion prospects, extension eligibility, and access to leadership positions. Careers are silently suffocated.

- **Selective targeting of senior officers.** Scale IV and above are specifically carved out. CLC minutes have recorded that coercive communications to SMGS-IV/V officers may amount to impermissible interference with trade-union rights.

IV. The Specialist Trap; Punished for Serving Where the Bank Deployed You

Officers in Corporate Credit, Treasury, Forex, Risk, Compliance, Audit, and other specialist functions face the gravest threat. A cautious credit officer who declines weak proposals protects the bank’s asset quality; but the cohort model only sees lower throughput numbers. A compliance officer whose best result is a breach

prevented has nothing to show on a revenue-weighted KRA. Officers in treasury and forex operate within prudent risk boundaries shaped by market cycles and regulatory limits; the system cannot distinguish between conservative judgment and poor performance.

These officers were identified, selected, and placed in specialist roles because the bank needed their competence. Subjecting them to a generic cohort model that ignores the character of the role punishes officers for serving where the bank itself deployed them. The bank chose where to put them. Now it penalises them for being there.

For all employees up to Scale III; who constitute approximately 95% of the total workforce in the banking industry; this scheme is a calculated instrument of division. By selectively releasing PLI to one cadre under a Government-dictated framework while withholding resolution of the industry-level scheme for the rest, the DFS has deliberately driven a wedge between officers and employees who have always stood together in the field. This division serves no institutional purpose. It weakens the solidarity that has been the foundation of every collective achievement in the banking sector. A workforce fractured by differential treatment will be neither motivated nor effective; and the consequences will be borne not just by employees but by the banks themselves.

The conduct of the DFS in this matter strikes at the very root of the established industrial relations framework. When a matter is under active conciliation before the Chief Labour Commissioner, and when all parties; Unions, Associations, the DFS, and the IBA; have agreed to maintain status quo, unilateral executive direction to banks to implement the disputed scheme is not merely irregular. **It is a deliberate and calculated subversion of the statutory conciliation process.** If this is permitted to stand, it will set a dangerous precedent that permanently dismantles the bipartite system which

THREE THINGS CANNOT BE LONG HIDDEN: THE SUN, THE MOON AND THE TRUTH

has governed industrial relations in the banking sector for decades. The role of the IBA as the representative body of bank managements will be reduced to a formality. The authority of the CLC will be rendered meaningless. **Bank Boards will be overpowered and overridden by the DFS, and every negotiated settlement; past, present, and future; will be rendered vulnerable to executive whim.** The trade union movement cannot and must not allow such a fundamental assault on the institutional architecture of collective bargaining to go unchallenged.

This is not an agitation over incentive amounts. This is a fight for survival, dignity, and justice. We demand:

- ➔ **WITHDRAWAL of the Bank Assessment/CDS grading circular.**
- ➔ **SCRAPPING of the irrational PLI forced-ranking framework for Scale IV and above.**
- ➔ **HALTING of the DFS premature-retirement review pipeline.**

➔ **IMPLEMENTATION of 5-day banking without further delay.**

➔ **RESPECT for CLC directions, status quo agreements, and collective bargaining rights.**

➔ **PROTECTION of career security and specialist-role dignity for all officers.**

AIBOC calls upon all affiliates and state units to mobilise maximum participation in UFBU's agitational programme. Convey the gravity of this threat to every officer in every branch and office across the country. Standing united today is not a choice; it is a necessity. We must defend every officer, protect the professional character of our institutions, and ensure that the established framework of industrial relations is not sacrificed at the altar of executive overreach.

Comradely yours,

Sd/-
Rupam Roy
General Secretary

CIRCULARS

- 19 dated 05th March, 2026: Circular to all members on Tax on Perquisite Value of Accommodation, W.P. No. 14126/2008 in the matter of AIBOC Vs. Union of India and Others. The Interim Injunction as granted by Madras High Court is still in force.
- 20 dated 08th March, 2026: AIBOC salutes the courage, resilience and immense contribution of Lady Comrades in building the Nation
- 21 dated 09th March, 2026: Text of Circular No. 2026/10 dated 09.03.2026 on Conciliation Meeting Held on 09th March, 2026.
- 22 dated 19th March, 2026: UFBU writes to CLC seeking urgent intervention in violation of the conciliation proceedings going on regarding PLI payment to Scale IV & above officers
- 23 dated 20th March, 2026: UFBU announces agitation programme opposing the unilateral decision of the DFS instructing PSBs to pay PLI as per the new formula to Scale IV & above officials
- 24 dated 21st March, 2026: SOP for agitation called by UFBU against unilateral decision of DFS to pay PLI to Scale IV & above officials in PSBs
- 25 dated 22nd March, 2026: Why the agitation called by UFBU

BETTER THAN A HUNDRED YEARS OF IDLENESS IS ONE DAY SPENT IN DETERMINATION

JUDICIAL

HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH

CWP-29008-2019 (O&M) & CWP-19844-2021 (O&M)

Ram Chander Yadav & Ors.

... Petitioners

VS.

Punjab National Bank & Anr.
Danbir Singh Bainola.

... Respondents

... Petitioners

VS.

Punjab National Bank & Anr.

... Respondents

CORAM: HON'BLE MR. JUSTICE SANDEEP MOUDGIL

Sandeep Moudgil, J.

(1). By this order, I shall dispose of the above-cited two writ petitions involving identical questions for adjudication by this Court. For the sake of order, CWP-29008-2019 is treated as the lead case.

(2). The jurisdiction of this Court has been invoked under Article 226 of the Constitution of India, inter alia, for issuing a writ of certiorari quashing the impugned communication dated 18.07.2019 (Annexure P8), 11.02.2019 (Annexure P7), 27.12.2018 (Annexure P6) and 12.12.2017 (Annexure P5) qua the petitioners vide which the respondent-Bank has declined their claim for grant of pension on the basis of average emoluments drawn during the previous 10 months. They further seek a direction to the respondents to grant them pension by counting the service rendered by them in the Gramin Banks sponsored by the respondent-Bank.

(3). The petitioners herein have all retired from the services of the respondent-Banks on attaining the age of superannuation and as such, they are in receipt of all the retiral dues including pension and commutation of pension etc. However, their grievance is that the determination of their pension has not been done in accordance with the provisions of the Punjab National Bank (Employees) Pension Regulations, 1995 (in short, the 1995 Regulations) which provide for determination of pension as 50% of the average emoluments which is the pay drawn by an employee during the last 10 months.

(4). Learned counsel for the petitioner submits that the petitioners were working in the Punjab National Bank from where they were deputed to the Regional Rural Banks (RRBs) which are sponsored by the respondent Bank for some period and thereafter were transferred back to the parent organization i.e. the respondent-Bank from where they retired from service w.e.f. 30.09.2012 as DGM. For the purpose of illustration, the basic pay of the petitioner No.1 eligible for provident fund deduction was ₹ 477530/- payable as per the last 10 months' basic pay of ₹ 23876/-, however, the pension has been fixed at ₹ 21802/- instead of ₹ 23876/-. Similar was the case with the other petitioners who raised their issue through various representations including dated 12.11.2019 but the respondents have declined their request by passing the impugned orders.

(5). It is argued that as per Regulation 35(i)&(ii) of the 1995 Pension Regulations, the amount of pension is required to be calculated for an employee after completing a qualifying service and the amount of the basic pension shall be calculated at 50% of the average emoluments. He submits that as per Regulation 2(d) of the said Regulations, the average emoluments has been defined to mean the average of the pay drawn by an employee during the last 10 months of his service in the bank and the period of 10 months for average emoluments is to be determined as the period of the preceding 10 months for the purpose of average emoluments which shall be reckoned from the date of retirement as provided under Regulation 38 of the said Regulations.

YOU WILL NOT BE PUNISHED FOR YOUR ANGER, YOU WILL BE PUNISHED BY YOUR ANGER

(6). Learned counsel then contends that the present petitioners are entitled for calculation and grant of their pension w.e.f. the due date of their retirements by taking into account the actual pay drawn by them during the last 10 months of their retirements on the ground that though the petitioners were sent on deputation to other Gram Banks sponsored by the respondent Bank and served there for some times, but they were granted basic pay and were subjected to deduction of Provident Fund from their Basic Pays paid by the Banks and as such, they would fall within the definition of Regulation 2(s) read with Regulations 35 & 38 of the 1995 Regulations. Reliance has been placed on Bank of Baroda & Anr. vs. G.Palani & Ors. (2022) 5 SCC 612, wherein the Supreme Court has held that the provisions of 1995 Regulations have a binding force in law.

(7). On the other hand, on the basis of the averments made in the written statement dated 20.05.2025 filed by the respondents, learned counsel for the respondent-Banks averred that the petitioners were on deputation to RRBs and the pay drawn during such deputation was governed by the service conditions of the respective RRBs. He submits that as per Regulation 2(s) of the 1995 Regulations, the pay for pension purposes includes basic pay and allowances counted for provident fund contribution under the Punjab National Bank's service conditions in accordance with the clarification issued by the Ministry of Finance (Banking Division) vide letter dated 27.11.2019.

(8). It is further pointed out that the writ petition suffers from unexplained delay and laches as the petitioners had retired long before and as such, petitioners' failure to approach the appropriate authority within a reasonable time renders this writ petition liable to be dismissed moreso when the petitioners have failed to establish any violation of their fundamental or statutory rights. He further submits that the respondent-Bank has no legal duty to consider the pay drawn during deputation of the petitioners to the RRBs for pension commutation under the 1995 Regulations inasmuch as during deputation, the substantive pay that an officer would have drawn in the parent Bank is considered for calculating the average emoluments for the purpose of pensionary benefits and not the pay actually drawn by the officer in the higher scale in the loanee organization/Bank.

(9). Heard learned counsel for the parties and the judgment was kept reserved on 12.01.2026.

(10). From the rival submissions, the controversy lies in a narrow compass, namely, whether for the purpose of computing pension under the 1995 Regulations, the "average emoluments" of the petitioners are to be reckoned with reference to the actual pay drawn by them during the last ten months immediately preceding retirement including the higher pay drawn while on deputation to the Regional Rural Banks sponsored by the respondent-Bank, or whether the Bank is justified in ignoring such actual pay and restricting itself to the notional substantive pay which the petitioners would have drawn in the parent Bank. The ancillary question is whether the respondent-Bank can, by placing reliance on the clarification/letter dated 27.11.2019 issued by the Ministry of Finance (Banking Division), override or dilute the scheme of the 1995 Regulations.

(11). Regulation 35 provides that on completion of qualifying service, the amount of basic pension shall be calculated at 50% of the "average emoluments". Regulation 2(d) defines "average emoluments" to mean the average of the pay drawn by an employee during the last ten months of his service in the Bank, while Regulation 38 stipulates that the period of ten months is to be reckoned backwards from the date of retirement. "Pay" itself is defined in Regulation 2(s) to include basic pay and all components counted for the purpose of contribution to the Provident Fund and for payment of dearness allowance. Regulation 2(d), 2(s), 35 & 38, relevant in the present context read as under:-

"2. Definitions:

d) "Average Emoluments" means the average of the pay drawn by an employee during the last ten months of his service in the Bank; xxxx xxxx xxxx

s) "Pay" includes,

(a) in relation to a workman who had either retired or died on or after the 1st day of January, 1986 but before the 1st day of November, 1992, and in relation to an officer who had either retired or died

on or after the 1st day of January, 1986 but before the 1st day of July, 1993,-

i) the basic pay including stagnation increments, if any, and

ii) all allowances counted for the purpose of making contribution to the Provident Fund and for the payment of dearness allowance;

(b) in relation to a workman who had retired or died while in service on or after the 1st day of November, 1992; and in relation to an officer who retired or died while in service on or after the 1st day of July, 1993,

i) the basic pay including stagnation increments, if any; and

ii) all other components counted for the purpose of making contribution to the Provident Fund and for the payment of dearness allowance; and

iii) increment component of Fixed Personal Allowance;

iv) dearness allowance thereon on the above calculated up to index number 1148 points in the All India Average Consumer Price Index for Industrial Workers in the series 1960 = 100.

(c) in relation to an employee who retired or died while in service on or after the 1st day of April, 1998-

i) the basic pay including stagnation increments, if any; and

ii) all other components of pay counted for the purpose of making contribution to the Provident Fund and for the payment of dearness allowance; and

iii) increment component of Fixed Personal Allowance; and

iv) dearness allowance thereon on the above calculated up to index number 1616 points in the All India Average Consumer Price Index for Industrial Workers in the series 1960 = 100.

Explanation: For the purpose of this clause basic pay, other components of pay and Fixed Personal Allowance would mean the basic pay, other

components of Pay and Fixed Personal Allowance drawn by the employee in terms of the scales of pay as applicable and rates at which the other components of pay were payable prior to 1.11.1997 (in the case of workmen) and prior to 1.4.98 (in the case of officers);

(d) in relation to an employee who retired or died while in service on or after the first day of May, 2005 the basic pay including stagnation increments, if any, and Special pay, Graduation Pay, Professional Qualification Pay, increment component of Fixed Personnel Pay and Officiating Pay, if any, drawn by the employee during the last ten months of his service in the Bank:

Provided that with effect from 1st day of May, 2005 the provisions of this clause shall have effect in relation to an employee who retired or died while in service on or after 1st day of April, 1998 but before 30th day of April, 2005.“(Amended in Dec 2017)”

xxxx xxxx xxxx

“35. Amount of Pension.

(1) In respect of employee who retired between the 1st of January 1986 but before the 31st day of October 1987, basic pension and additional pension will be updated as per the formula given in Appendix-I.

(2) In case of an employee retiring in accordance with the provision of the Service Regulations or Settlement after completing a qualifying service of not less than thirty-three years the amount of basic pension shall be calculated at fifty per cent of the average emoluments.

(3) (a) Additional pension shall be fifty per cent of the average amount of the allowance drawn by an employee during the last ten months of his service;

(b) no dearness relief shall be paid on the amount of additional pension.

Explanation: - For the purpose of this sub-regulation “allowance” means allowance which are admissible to the extent counted for making contributions to the Provident Fund.

EVERY HUMAN BEING IS THE AUTHOR OF HIS OWN HEALTH OR DISEASE

- (4) Pension as computed being aggregate of sub-regulation (2) and (3) above shall be subject to the minimum pension as specified in these regulations.
- (5) An employee who has commuted the admissible portion of his pension as per the provisions of Regulation 41 of these Regulations shall receive only the balance of pension, monthly.
- (6) a) In the case of an employee retiring before completing a qualifying service of thirty-three years, but after completing a qualifying service of ten years, the amount of pension shall be proportionate to the amount of pension admissible under subregulations (2) and (3) and in no case the amount of pension shall be less than the amount of minimum pension specified in these regulations.
- (b) Notwithstanding anything contained in these regulations, the amount of invalid pension shall not be less than the ordinary rate of family pension which would have been payable to his family in the event of his death while in service.
- (7) The amount of pension finally determined under these regulations shall be expressed in whole rupee and where the pension contains a fraction of a rupee, it shall be rounded off to the next higher rupee."
- (3) In the case of dismissal or removal or compulsory retirement or termination of service, the period of the proceeding the months for the purpose of average emoluments shall be reckoned from the date on which the employee is dismissed or removed or compulsorily retired or terminated by the Bank.
- (4) If during the last ten months of the service, an employee had been absent from duty on extraordinary leave on loss of pay or had been under suspension and the period whereof does not count as service, the aforesaid period of extraordinary leave or suspension shall not be taken into account in the calculation of the average emoluments and equal period before the ten months shall be included."
- (12). On a plain reading, therefore, once it is undisputed that during the relevant last ten months the petitioners were in fact drawing a particular basic pay with attendant PF deductions while on deputation to the sponsored RRBs, that actual pay answers the description of "pay" and must enter the computation of "average emoluments".
- (13). The respondent-Bank's stand is that, notwithstanding the above definitions, for pension purposes only, the pay notionally admissible under the parent Bank's service conditions can be taken into account, and not the higher scale actually drawn on deputation in the RRBs, and that this position is fortified by the Ministry's clarification dated 27.11.2019. This submission, however, cannot be accepted in view of the law laid down by the Hon'ble Supreme Court in G. Palani (supra). In that case, the Court was concerned with the Bank of Baroda (Employees') Pension Regulations, 1995, which are in pari materia, and with Explanation (c) inserted in Regulation 2(s) whereby an attempt was made, through a later amendment/settlement, to depart from the basic scheme of computing pension on the actual last drawn pay by introducing a different basis for a certain segment of retirees.

xxxx xxxx xxxx

"38. Determination of the period of ten months for average emoluments. –

- (1) The period of the preceding ten months for the purpose of average emoluments shall be reckoned from the date of retirement.
- (2) In the case of voluntary retirement or premature retirement, the period of the preceding ten months for the purpose of average emoluments shall be reckoned from the date on which the employee voluntarily retires or is premature retired by the Bank.

HE WHO SEEKS HAPPINESS BY HURTING WILL NEVER FIND IT

(14). The Supreme Court, after advertng to the scheme of the Regulations and to Regulations 2(d), 2(s), 35 and 38, held in unequivocal terms that the Pension Regulations, having been framed in exercise of statutory power, have the force of law and cannot be amended, altered or whittled down by way of settlements, circulars or administrative instructions. It was specifically observed that Explanation (c) to Regulation 2(s) "did not have the effect of amending the Regulations relating to pension, as contained in Regulation 38", and that any executive device that has the effect of depriving an employee of pension computed on the basis of actual last drawn pay would be arbitrary and unsustainable. On that reasoning, the Explanation was struck down to the extent it brought about such a departure, and the employees were held entitled to pension on the footing of their actual pay during the last ten months. The relevant portion of the said judgment read as under:-

"15. XXXXX

16. XXXXX

XXXX XXXX XXXX

29. xxxxx

(15). Viewed against ratio of Palani, in the present case, the substantive Pension Regulations of PNB adopt the same model i.e. pension at 50% of "average emoluments", with "average emoluments" tied to actual "pay" during the last ten months, and "pay" tied to actual basic pay and PF-counted components. The attempt of the respondent-Bank is, in substance, to read into Regulation 2(s) a restriction that, for employees who served on deputation in RRBs, only the notional substantive pay under PNB's scale can be considered, regardless of the higher actual pay drawn and subjected to PF deductions in the deputation post. The Ministry's letter dated 27.11.2019 merely reflects this administrative understanding. In light of Palani, such an approach is impermissible, for, an executive clarification cannot operate to amend, cut down or neutralise the plain terms of the Pension Regulations, nor can it deprive an employee of the benefit of having his pension computed on the actual pay that he did, in fact, draw in the crucial period.

(16). Once it is found, as it must be on the admitted facts, that during the last ten months prior to retirement the petitioners were drawing a particular rate of basic pay in the RRBs and that such pay was the basis for Provident Fund contribution under the arrangement obtaining between the sponsor Bank and the RRBs, it necessarily falls within "pay" for the purposes of Regulation 2(s). That pay, averaged over the last ten months, constitutes their "average emoluments" under Regulation 2(d) read with Regulation 38, and their basic pension has to be fixed at 50% thereof in terms of Regulation 35. The respondent-Bank's decision to ignore this actual pay and to compute pension on a lower, notional figure is thus directly contrary to the statutory scheme and runs foul of the principle in Palani's case that statutory pension rights cannot be diluted by administrative instruments or unilateral understandings.

(17). The plea of delay and laches also cannot defeat the petitioners' claim. The wrong complained of is not a one-time action but a continuing underpayment of pension in breach of statutory Regulations, and the petitioners have been pursuing representations culminating in the impugned communications. Pension is a recurring benefit and partakes the character of a continuing cause of action. In such matters, Courts have repeatedly taken the view that mere passage of time, in the absence of prejudice, should not stand in the way of rectifying an ongoing statutory infraction, particularly when the legal position has been clarified by the Supreme Court in a subsequent authoritative pronouncement. In the present case, the Bank does not assert any alteration of position or financial prejudice that would render it inequitable to grant relief and what is sought is only correct application of the existing Pension Regulations in the light of Palani's case

(18). For the aforesaid reasons, this writ petition is allowed and the impugned communications dated 12.12.2017, 27.12.2018, 11.02.2019 and 18.07.2019, to the extent they reject the petitioners' claim for fixation of pension on the basis of the actual average emoluments drawn during the last ten months of service including the deputation to the Regional Rural Banks, are, accordingly, quashed qua the petitioners.

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(19). Accordingly, the respondent-Bank is directed to re-compute the pension of the petitioners under the 1995 Regulations, by taking into account, for the purpose of "average emoluments", the actual pay drawn by them during the last ten months immediately preceding their retirement, inclusive of the pay drawn on deputation in the sponsor RRBs.

(20). It is also directed that all the consequential arrears including pension and commutation, if any, shall be released to the petitioners within a period of 2 weeks from the date of receipt of a certified copy of this order, along with interest at the rate of 6% per annum from the respective dates on which the amounts became due till the date of actual payment.

(21). XXXXX

(22). XXXXX.

(Sandeep Moudgil)
Judge

March, 15, 2026

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