

Regional Rural Bank (Employees') Pension Scheme, 2018

I. Introduction

Consequent upon initiation of the process of consolidation of RRBs, as on 31st March 2018, the number of RRBs in the country has reached 56 with a network of 22014 branches. Presently the RRB employees are governed by the Employees Provident Fund and Misc. Provisions Act, 1952. Pursuant to a settlement dated 29th October, 1993, pension was introduced as retirement benefit in lieu of contributory provident fund, for the employees of nationalized Commercial banks. There was a longstanding demand for introduction of Pension Scheme for RRB staff on the lines of the Pension Scheme of Nationalised Commercial Banks.

II. Existing Pension Scheme in RRBs

Employees' Pension Scheme, 1995 and Employees' Provident Fund & Miscellaneous Provisions Act, 1952

(a) Salient features of the Scheme

With the introduction of Employees Pension Scheme 1995, the RRB employees w.e.f. 16th November 1995, were covered under Employees' Pension Scheme, 1995, and Employees' Provident Fund & Miscellaneous Provisions Act, 1952.

The Scheme extend the following:

- Pension/Family Pension / Widow Pension / Children Pension / Disabled Pension
- Commutation is allowed
- Past Service prior to 16 November 1995 is considered for pension with certain conditions
- Option for return of capital
- No option is available and it is compulsory to join the scheme as per Hon'ble Supreme Court judgment
- Although scheme came in operation from 16th November, 1995, all employees / officers retired after 1st April, 1993 were covered by the scheme.

(b) Calculation of Pension for period of service after 16 November 1995

Pensionable salary is subject to the ceiling of Rs.15000/-.



RRB employees / officers who have joined prior to 16 November 1995 get pension. Those who have joined after 16th November, 1995 get pension based on actual service period.

(c) Details of Family Pension under Family Pension Scheme, 1995

After retirement, if employee dies, spouse will get 50% of pension amount

III. Basis of Pension Scheme for RRBs

(a) Government of India, vide letter No..8/20/2010-RRB dated 7th August, 2018 requested NABARD to comply with the Judgement of the Hon'ble Supreme Court in SLP – 39288 of 2012. Accordingly, as per the Gol advice, which would facilitate implementation of the Hon'ble Supreme Court decision, the **Regional Rural Bank (Employees') Pension Scheme, 2018**, on the lines of Nationalised Commercial Banks in lieu of the existing EPF Scheme in RRBs, has been prepared.

(b) The existing Pension Scheme of Nationalised Commercial Banks is as follows:

Bank (Employees) Pension Scheme, 1995

(i) On 29th October, 1993, a Settlement was signed between IBA and representatives of Workmen Unions of Nationalised Commercial Banks for introduction of Pension as a retirement benefit in lieu of Contributory Provident Fund to the employees of 58 member banks at their option. The officers of these banks were also covered by signing a joint note with the representatives of Officers Associations.

(ii) A Scheme incorporating applicability, qualifying service, amount and classes of Pension, Family Pension etc. and other general guidelines was framed and approved by Gol / RBI. The Regulations for the Scheme viz. Bank (Employees) Pension Regulations, 1995 were notified in the Official Gazette on 29th September, 1995 and adopted by member banks of IBA for implementation in their respective banks.

(iii) The Scheme is optional. All employees who were in service of bank as on 1 January 1986 and joined thereafter are covered under the Scheme which was made effective from 1st November, 1993.



- (iv) In Nationalised Commercial Banks, for the employees who have opted to be governed by the Pension Regulations (drawn on the lines of the Memorandum of Settlement dated 29th October, 1993 between IBA and Nationalised Commercial Banks), the employees/family of the deceased employees were required to refund the final amounts received by them (the corpus comprising of Bank's contribution to Provident Fund and interest accrued thereon till the date of payment by EPFO to the employee/family) together with interest on the final amounts from the date of receipt of the final amounts till the date of refund by them.
- (v) The Regulations were modified from time to time. A sizeable number of employees of Nationalized Commercial Banks did not opt for the scheme in the first instance and continued with Provident Fund Scheme with bank's contribution. In response to the demand of Unions / Associations of the Employees / Officers, the IBA agreed to 2nd option of such employees / officers not covered under the scheme and entered into agreement on 27th April, 2010. Accordingly, the Regulations were also, further modified. It was decided that all such employees /officers joining the bank on or after 1st April, 2010 will not be covered under the Scheme and they shall be covered by a Defined Contributory Pension Scheme i.e. National Pension System (NPS) introduced for employees of the Central Government w.e.f. 1st January, 2004 and as modified from time to time.

IV. Regional Rural Bank (Employees') Pension Scheme, 2018

- (a) The Govt. of India, in compliance with the Hon'ble Supreme Court Judgement in SLP No. 39288 of 2012, dated 25th April, 2018 has decided to introduce a Pension Scheme in RRBs on the lines of the Pension Scheme in Nationalised Commercial Banks, in lieu of Contributory Provident Fund. In Nationalised Commercial Banks, the pension was granted w.e.f. 1st November, 1993 although the Regulations were notified in 1995. All such employees who retired or died on or after 1st January, 1986 were eligible for pension/ family pension, as the case may be, with effect from 1st November, 1993.
- (b) RRB employees were granted parity in pay structure with the comparable grade of employees in Nationalised Commercial Banks with effect from 1st September, 1987 as per NIT Award. As introduction of Pension scheme in RRBs is being considered



on lines of the Pension Scheme in Nationalised Commercial Banks, it is pertinent to introduce the scheme covering such of the employees who were in service as on 1st September, 1987 (the relevant date pertaining to Implementation of NIT Award granting parity) and thereafter till 31st March, 2010. The effective date for grant of pension in RRBs has been taken as 1st April, 2018 as advised by GOI.

- (c) The National Pension System (NPS) was introduced in the Nationalised Commercial Banks for employees joining the services on or after 01 April 2010. Therefore, the same date was adopted for application of National Pension System for employees joining the services in RRBs on or after 1st April, 2010.
- (d) Accordingly, the employees/family of the deceased employees can opt for pension in lieu of the existing Employees' Pension Scheme, 1995 and Employees' Provident Fund & Miscellaneous Provisions Act, 1952. The Pension (as per and subject to the Pension Regulations) is payable to any employee who:-
- (i) was in the service of the Bank on or after the 1st day of September, 1987 but had retired on or before 31st March, 2010 and exercises an option to be governed by the Pension Regulations and thereafter refund the amount as per Pension Regulations ; or
 - (ii) was in the service of the Bank between the 1st day of September, 1987 and 31st March 2010 and continued in service on or after effective date but retired before the notified date and exercises an option to be governed by the Pension Regulations and thereafter refund the amount as per Pension Regulations; or
 - (iii) was in the service of the Bank on or after the 1st day of September, 1987 but on or before 31st March, 2010 and who continue to be in the service of the Bank on or after the notified date and exercises an option to be governed by the Pension Regulations.
- (e) The family pension (as per and subject to the Pension Regulations) is payable to the family of the deceased employee who:-
- (i) was in the service of the Bank on or after the 1st day of September, 1987 but died on or before 31st March, 2010 and the family of such an employee exercises an option to be governed by the Pension Regulations and thereafter



- refund the amount as per Pension Regulations; or
- (ii) was in the service of the Bank between 1st September, 1987 and 31st March, 2010 and died before the effective date and the family of such an employee exercises an option to be governed by the Pension Regulations and thereafter refund the amount as per Pension Regulations; or
- (iii) was in the service of the Bank between 1st September, 1987 and 31st March, 2010 and continued in service on or after the effective date but had died before one hundred twenty days after the notified date without exercising an option and the family of such an employee exercises an option to be governed by the Pension Regulations and thereafter refund the amount as per Pension Regulations.
- (f) An employee who joined the service of the Bank on or after the 1st April, 2010 shall have an option either to be covered by the National Pension System or to continue to be governed under the Employees' Pension Scheme, 1995.
- (g) An employee who join the service of the Bank on or after the 01st April 2018 shall be covered by the National Pension System.
- (h) The Hon'ble Supreme Court's order dated 25th April, 2018 is during this Financial Year (2018-19). Therefore, the payment under RRB (Employees') Pension Regulations, 2018 is made effective from 1st April, 2018. The employees joining the RRBs on or after 1st April, 2010 would be covered under National Pension System on the lines of Nationalised Commercial Banks. However, an option would be given to the employees joining the RRBs between 1st April, 2010 and 31st March, 2018, to either remain with Employees' Pension Scheme, 1995 or join the National Pension System (NPS) regulated by PFRDA. The employees recruited on or after 01 April 2018 would be covered only under National Pension System (NPS) regulated by PFRDA.
- (i) The Model RRB (Employees') Pension Regulations, 2018 framed under the RRB (Employees') Pension Scheme, 2018, on approval by Government of India, would be adopted by individual RRB by its Board of Directors and will be implemented after getting the same notified in Official Gazette.



V. Salient features of the RRB (Employees') Pension Scheme - 2018

- The Scheme is in lieu of Employees' Pension Scheme, 1995, and Employees' Provident Fund & Miscellaneous Provisions Act, 1952
- The Regulations framed under the Pension Scheme shall be known as RRB (Employees') Pension Regulations, 2018
- The Effective date will be 1st April 2018 and the notified date is the date on which the Pension Regulations are notified in the Official Gazette.
- The Scheme would be optional. Employees / families of the deceased employees not opting for the RRB (Employees') Pension Scheme, 2018 as stated above shall continue to be covered under Employees' Pension Scheme, 1995 and Employees' Provident Fund & Miscellaneous Provisions Act, 1952
- Having regard to the date of implementation of NIT Award giving parity to staff of RRB with that of employees in comparable grade in Nationalised Commercial Banks w.e.f. 1st September, 1987, all those employees who were in service of RRB as on 1st September, 1987 and joined between 01 September 1987 and 31st March 2010 shall be covered under the scheme.
- The Pension/family pension will be paid to the employees/families of the deceased employees of RRBs with effect from 1st April, 2018.
- All employees who retired on or before 31st August, 1987 would not be eligible for pension/family pension and the employee/family of deceased employee who was in service on or after 1st September, 1987, subject to other conditions, are eligible for pension/family pension.
- There will be following classes of Pension viz., Superannuation Pension, Pension on Voluntary Retirement, Invalid Pension, Compassionate Allowance, Premature Retirement Pension and Compulsory Retirement Pension.
- In respect of an employee retiring in accordance with the Service Regulations completing a qualifying service of not less than 33 years, the amount of basic pension shall be calculated at 50% of the average emoluments.
- Additional Pension shall be fifty per cent of the average amount of the allowances drawn by an employee during the last 10 months of his service. No dearness relief shall be payable on additional pension.
- Pension computed as aggregate of Basic pension and Additional Pension shall be subject to the minimum pension specified in the RRB (Employees') Pension



Regulations, 2018.

- In the case of employee retiring before completing the specified qualifying service of 33 years but after completing 10 years of service, the amount of Pension shall be proportionate to the amount of pension admissible under basic pension and additional pension and in no case shall be less than the amount of minimum pension.
- Dearness relief shall be granted on Basic pension, Family Pension, Invalid Pension and on Compassionate Allowance in accordance with rates prescribed in the RRB (Employees') Pension Regulations, 2018.
- The family of an employee who retired and died or who died in service after completion of minimum one year of continuous service (for death before completion of 1 year continuous service, separate stipulations have been laid down) shall be eligible for family pension and the amount of which shall be determined in accordance with the stipulations in the RRB (Employees') Pension Regulations, 2018.
- The period for which Family pension is payable to eligible family members shall be as prescribed in the RRB (Employees') Pension Regulations, 2018.
- Employee who is entitled for a Superannuation Pension, Pension on Voluntary Retirement, Invalid Pension, Compassionate Allowance, Premature Retirement Pension and Compulsory Retirement Pension shall be entitled to commute for a lump sum payment of a fraction of his pension, as prescribed in the RRB (Employees') Pension Regulations, 2018. The family of such employee who were in service in a specified period and had died after retirement but before notified date, will be entitled to commute for Lump sum payment a fraction not exceeding one third of Pension amount admissible to the employee.
- The lump sum payable to an applicant-employee shall be calculated in accordance with the criteria laid down in the RRB (Employees') Pension Regulations, 2018.
- Dearness relief shall be allowed on full basic pension even after commutation.
- Employee who had commuted the admissible portion of pension, is entitled to have commuted portion of Pension restored after the expiry of a period of fifteen years from the date of commutation.
- Other general conditions as regard continuance of Pension etc. are subject to compliance of various provisions in the Service Regulations so far as good conduct, conviction by Court etc. are concerned
- To facilitate Payment of Pension / Family Pension each RRB needs to constitute a fund called RRB (Employees') Pension Fund under an Irrevocable Trust.



VI. The Fund may consist of

- (a) contribution by the Bank based on actuarial assessment of initial gap between assets and liabilities of the Fund;
- (b) the contribution by the Bank at the rate of ten per cent per month of the pay of the employee;
- (c) the accumulated contributions of the Bank towards pension and provident fund under the Employees' Pension Scheme, 1995 and interest accrued thereon upto the date of transfer to the Fund in respect of an eligible serving employee;
- (d) the amount consisting of the provident fund contribution of the Bank under the Employees' Pension Scheme, 1995 refunded by the eligible retired employees;
- (e) the investment in annuities or securities purchased out of the moneys of the Fund and interest thereon;
- (f) amount of any capital gains arising from the capital assets of the Fund;
- (g) the additional annual contribution made by the Bank in accordance with the provisions contained in Pension Regulation;
- (h) any income from investments of the amounts credited to the Fund;
- (i) the amount consisting of provident fund contribution of the Bank under the Employees' Pension Scheme, 1995 refunded by the family of the eligible deceased employee.

