

**F.No. 13/5/2009-BO.1
Government of India
Ministry of Finance
Department of Financial Services**

New Delhi, Dated 3rd April 2012

To

The CMDs of all Nationalised Banks

Sub: Pensionary Benefits to Whole-time Directors of Nationalised Banks

Sir,

Para 19 of the terms and conditions of appointment of Whole-time Directors in Public Sector banks provided that Whole-time Directors shall be entitled to pension, if any, admissible in the career post (below board level) as per the rules and regulations of the Bank where the career post was held. The question whether services rendered by officers of PSBs as Whole-time Directors should be recognized as qualifying service for pension and pension should be paid to such Whole-time Directors on the basis of average pay as Whole-time Director, was under consideration of the Government for some time. It has been decided to extend the benefit of combined service to officers of nationalised Banks who are appointed as Whole-time Directors and for this purpose paras 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. For removal of doubts it is clarified that the benefit of combined service is being 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,



(Umesh Kumar)
Joint Secretary

Annexure

Para 19. Pension

- (1) **Effective Date :** The provisions of para 19-22 shall come into effect w.e.f. 1st April 2012, which shall be referred to as the effective date.
- (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 on or after the effective date;
 - (ii) Officer holding the position of Whole-time Director on the effective date and who opt for such benefit pursuant to option provided to him, 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 nationalised 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) (III) and 19 (3) (iv) below.
- (3) **Option to be provided to Board-level appointees**
 - (i) On and after the effective date, the nationalised banks shall provide an option to the eligible Whole-time Directors holding board level position in the Bank to be exercised within 90 days, for availing the benefit of combined service and for payment of revised pension as per the Pension Regulations of the concerned bank.

- (ii) If any Whole-time Director opts for the benefit of combined service, he shall be required to pay the Bank where he is holding Board level post, pension drawn from the date of his deemed retirement as an officer till the effective date, with simple interest @ 9% per annum. He shall cease to draw pension from the Bank where he held the career post.
- (iii) 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 nationalised 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;
- (iv) 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 following benefits drawn by him:
 - (a) Pension drawn from the date of his deemed retirement as an Officer till date of retirement as Whole-time Director with simple interest @ 9% per annum; and
 - (b) Employers contribution to the provident fund received by him from the bank from where he retired as Whole-time Director with simple interest @ 9% per annum, till payment.

(4) Qualifying service and computation of Pension

- (a) Whole-time Directors eligible for the benefit of combined service shall be paid pension as permissible under the Pension Regulations of the bank from which such Director retires, from the date of his retirement or from the effective date, whichever is later.
- (b) **Commutation of Pension**
 - (i) In the case of Whole-time Directors who have already retired prior to the effective date of amendment, they shall not be eligible for second commutation as per the "pay" drawn as Whole-time Directors.

- (ii) In the case of Whole- time directors who will be retiring after the effective date and availing commutation benefit shall be paid commuted pension as permissible under the Pension Regulations after adjusting the commuted pension already availed by such Director.

(5) Service Certificates:

- (i) On appointment of an officer of any Nationalised Bank as Whole-time Director of another Nationalised Bank, such Bank shall forward to the new Bank a service certificate in respect of the officer containing following information:
 - (a) Date of joining service and the pay scale of the post
 - (b) Dates of promotion to higher posts and scales of pay of the respective posts including the last pay drawn.
 - (c) Total qualifying service rendered by the Officers with a certificate that there are no breaks in the service or any part of service not eligible to be treated as qualifying service (e.g. sabbatical leave)
 - (d) Pension contribution payable to the new Bank at the rate of 10 % per month of the pay of concerned Officer, with simple interest @ 9% per annum on such contribution
- (ii) Service Certificate as provided in para 19 (5)(i) shall also be given by any Bank where the Whole-time Director held Board level appointment prior to his appointment in the Bank from where he retires or is to retire as Whole-time Director.
- (iii) If any Whole-time Director who has retired from the service of the Bank and already drawing pension opts for the benefit of combined service, such bank shall obtain from the Bank from which the Whole-time Director is drawing Pension a Certificate containing following particulars:
 - (a) Total qualifying service rendered by such Whole-time Director and his last pay drawn.
 - (b) Computation of pension payable to such Director.
 - (c) Total amount of Pension already paid to the Whole-time Director during the period he held the Board level appointments.

- (d) Amount payable as pension contribution by the Bank to the Bank from which the Whole-time Director retired, calculated at the rate of ten per cent of pay per month for the total period of service.

(6) Pension contributions by Banks.

In cases where the Whole-time Director opts for the benefit of combined service, the Bank from which the Whole-time Director is drawing pension

- a. shall cease to make payment of pension to such Whole-time Director from the effective date; and
- b. shall pay to the Bank where the Whole-time Director is holding Board level post or to the Bank from where he has retired, pensionary contribution at the rate of ten per cent of pay per month for the total period of service.

- (7) Any eligible Whole-time Director opting for the benefit of combined service shall not be entitled to employer's contribution to the Provident Fund as provided in para 9 of the Terms and Conditions.
- (8) The pension regulations of the Bank from which the Whole-time Director retires 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 Directors 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.
- (9) 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,

- (9) 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. and carry forward of leave earned by him and to his credit, leave travel concession, provident fund, etc. shall be permitted.
- (10) All advances such as motor car advance, house building advance, etc. and other liabilities in the officer level posts may be carried forward on being appointed as Whole-time Director and discharged as per the terms of sanction.