



STATE BANK OF INDIA OFFICERS' ASSOCIATION
(NORTH EASTERN CIRCLE)

(AFFILIATED TO ALL INDIA STATE BANK OFFICERS' FEDERATION)

G.S. ROAD, BHANGAGARH, GUWAHATI -781005

Telephone :2455166,2529735,2527116, Fax : 0361 – 2529114

OFFICE at SBI, LHO, GUWAHATI

P.O.: Assam Sachivalaya, Dispur, Guwahati-781006.

Telephone : 0361-2237601, Fax : 0361 -2237559

TO ALL MEMBERS/UNITS

We reproduce the circular no 77 issued by the Federation on 30/07/2018 , the content of which is self-explicit, for the benefits of our members.

With Greetings

(General Secretary)



ALL INDIA STATE BANK OFFICERS' FEDERATION

(Registered under the Trade Unions Act 1926, Registration
No: 727/MDS)

State Bank Buildings, St. Mark's Road, Bangalore - 560 001



CIRCULAR NO.77

DATE: 30.07.2018

TO ALL OUR AFFILIATES/MEMBERS:

COMMUTATION FORMULA IN SBI: NEED TO REVISE

We have sent a communication to the Management on the captioned subject. A copy of the same is enclosed for information.

2. All our members/affiliates are requested to await further developments in this regard.

With greetings,

**(Y.SUDARSHAN)
GENERAL SECRETARY**



ALL INDIA STATE BANK OFFICERS' FEDERATION

(Registered under the Trade Unions Act 1926, Registration

No: 727/MDS)

State Bank Buildings, St. Mark's Road, Bangalore - 560 001



No.6466/34/18

DATE: 27.07.2018

To,

The Deputy Managing Director & CDO,

State Bank of India,

Corporate Centre,

Madame Cama Road,

MUMBAI - 400 021.

Dear Sir,

COMMUTATION FORMULA IN SBI: NEED TO REVISE

The commutation formula in SBI is inferior to that of other Banks. The Officer in SBI as well as other Banks surrender the same amount of Pension on retirement, but receive different commuted amounts due to different discount rates. We surrender our own money but receive a lesser amount than the other Banks.

- 2.** The Commutation of Pension is actually a discounted cash flow concept with a defined rate of discount.
- 3.** The Govt. of India has worked out a commutation values table for a pension of Rs. 1/- per month, popularly known as Commutation Conversion factor for its employees. The Conversion factor table is annexed.
- 4.** In 1993, when the Pension was introduced in the Banking Industry as a 2nd retiral benefit, commutation of Pension was also provided in the Scheme and conversion factor applicable to Government employees was adopted for the Bank employees also.
- 5.** Though in our Bank Pension has been in vogue since IBI days, the facility of commutation was not available. In view of the introduction of commutation facility in the Banking Industry w.e.f 1993 the commutation facility was introduced in our Bank also. In as much as the 3rd retirement

benefit was available in our Bank an inferior commutation conversion table, compared to the Banking Industry, was adopted. The conversion factor table is annexed.

6. A Comparison of Commutation of an SBI Officer and other Bank Officer retiring on superannuation is worked out hereunder for a better understanding.

SBI	Other Bank
Age – 60 Yrs	Age – 60 Years
Basic Pay – 51490/-	Basic Pay – 51490/-
Basic Pension – 25,745/-	Basic Pension – 25745/-
Commutable pension – 8,581/-	Commutable pension – 8,581/-
Total Commutation - <u>6,79,615/-</u>	Total Commutation - <u>10,10,155/-</u>
Conversion Factor – 6.60	Conversion Factor – 9.81
Restoration – 15 years	Restoration – 15 years

7. As can be observed from the above, comparative table, in the case of SBI, by surrendering 180 months pension ($1/3^{\text{rd}}$) the officer receives 78 month pension ($1/3^{\text{rd}}$) as commutation amount. Whereas the other Bank Officers who surrender the same 180 months pension ($1/3^{\text{rd}}$) receives 117 months pension ($1/3^{\text{rd}}$) as commutation amount. That means the officer of SBI pays a higher rate of discount than the officers of other Banks. For the same pension that we surrender, we get a far lesser amount than that of the officers of other Bank. There is no outlay of funds either by the Bank or the Government. It is our own money which is discounted, but at, 2 different rates – for SBI and other Banks. We surrender Rs. 15,44,580/- (8581 x 180 i.e., $1/3^{\text{rd}}$ basic pension x 180 months) and receive only Rs. 6,79,615/- i.e., 44%. Whereas other Bank Officers surrender the same amount i.e., Rs. 15,44,580/- (8581x180) and they get Rs. 10,10,155/- as commuted amount which works out to 55%.

8. In view of equity & justice, we request you to review the scheme of Commutation prevailing in our Bank and ensure that the Industry level Commutation facility is introduced in our Bank.

9. This is a long pending issue and therefore we request you to bestow your personal attention to resolve this issue.

Thanking you,

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Y. Sudarshan', written diagonally across the page.

(Y.SUDARSHAN)
GENERAL SECRETARY