



Indian Banks' Association

HR & Industrial Relations

No./HR&IR/CIR/2013-14/589/8764

January 30, 2014

Chief Executives of Public Sector Banks

Dear Sir,

Pay Fixation of Ex-Servicemen Re-Employed in Public Sector Banks

We refer to our letter No.HR&IR/CIR/2012-13/76/589/5850 dated 6.9.2012 regarding re-fixation of pay of ex-servicemen re-employed in Banks on or after 1.1.2006.

2. Keeping in view the fact that all the Public Sector Banks are enjoying autonomy in their HR matters, the Ministry of Finance, vide its letter dated 22nd March, 2013, requested IBA to frame uniform guidelines for fixation of pay of Ex-Servicemen upon their re-employment in PSBs, in consonance with the Government of India's policy in the matter and the principle of fairness. The letter further stated that the system of re-employment should be reviewed comprehensively to allow Ex-Servicemen to have their pay protected upon re-employment in PSBs. IBA was requested to have these issues considered and examined in consultation with the PSBs and send their considered opinion/comments to the Ministry of Finance, Department of Financial Services for necessary action.

3. Accordingly, IBA constituted a Working Group, consisting of three senior officers drawn from banks and prepared a report. With the approval of the Managing Committee at its meeting held on 6th June, 2013, the Report of the Working Group was sent to DFS for their consideration and to issue necessary guidelines. The Ministry of Finance, vide letter dated 19th July, 2013, advised IBA to take appropriate decision in the matter of pay fixation of re-employed Ex-Servicemen in PSBs as deemed fit. While doing so, IBA was asked to ensure that such pay fixation is in consonance with DOPT guidelines issued from time to time that all PSBs follow the guidelines uniformly to avoid disparity in pay fixation across PSBs.

4. As desired by DFS, a "draft" guidelines to be issued to PSBs was sent to the DFS vide our letter dated 27th August, 2013 for their examination and their approval.

5. Now, the Ministry of Finance, DFS, vide their letter dated 30th December, 2013 (copy enclosed), has advised that the draft guidelines prepared by IBA generally appear in order. However, before issue of these guidelines to all PSBs, it is desirable to ensure that no decision is contradictory to established Government Policy and that none of these are violative of DOPT or Ministry of Defence (MOD)/Ministry of Finance instructions on this subject.

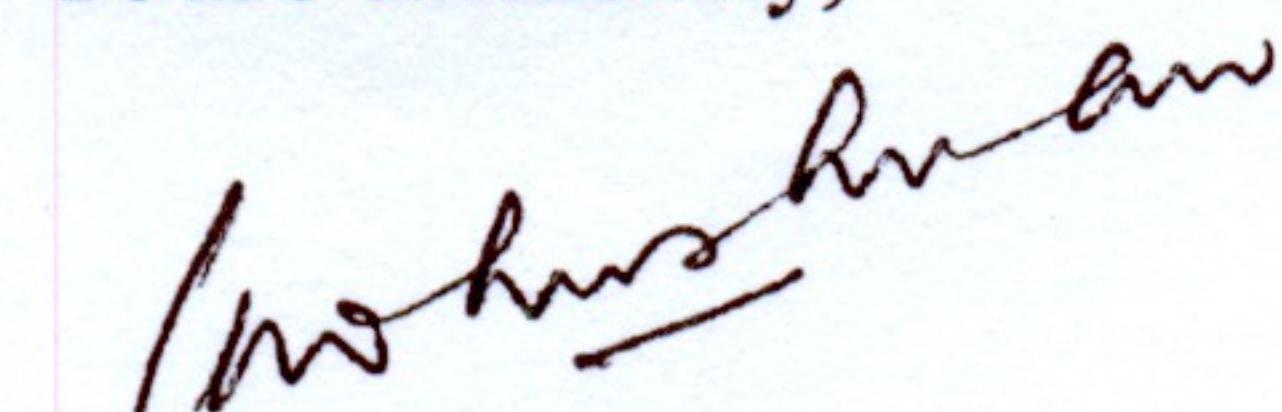
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6. Draft guidelines, approved by the Ministry of Finance, Department of Financial Services with some suggestions were put up to the Management Committee of IBA at its meeting held on 28.1.2014 for approval. The Committee has approved these guidelines as per annexure enclosed for compliance by Banks.

All the Banks are therefore advised to implement these guidelines regarding pay fixation of ex-servicemen on their re-employment on or after 1.1.2006.

Yours faithfully,



(K Unnikrishnan)
Deputy Chief Executive

Encl: 

c.c.to : Chief Executives of Private Sector Banks - For information

Guidelines for Pay Fixation of Ex-Servicemen/Ex-ECOs/SSCOs Re-employed in Public Sector Banks on or after 1.1.2006

Fixation of pay of ex-servicemen in Public Sector Banks is governed by the guidelines/instructions issued by the Government of India from time to time. Accordingly, based on the Government Guidelines/instructions in force, issued vide DoPT O.M.No.3/19/2009-Estt (pay II) dated the 5th April, 2010 and clarification given vide O.M.No.3/19/2009-Estt.(Pay-II) dated the 8th November, 2010, fitment of pay of ex-servicemen/ex-ECOs/SSCOs, who have been appointed in the Bank on or after 1.1.2006 is to be done as under:

2.1 Ex-Servicemen joining in workmen cadre

Pay fixation of an ex-serviceman would be through protection of pay plus D.A. drawn by him at the time of released from Armed Forces. As per the instructions issued by the Ministry of Defence vide their letter No.1/69/2008/D(Pay/Service) dated the 24th July, 2009 and advised by DoPT vide OM No.3/19/2009 – Estt.(Pay II) dated the 8th November, 2010, pre-retirement pay has been defined as under:-

- (i) In respect of re-employment taking place on or after 1.1.2006, pre-retirement pay for those who retired after 1.1.2006, means the pay in the **pay band** plus **grade pay** but inclusive of **non-practicing Allowance (NPA)** if any, last drawn before retirement.
- (ii) In case of officers who retired before 1.1.2006 and also those who retired after 1.1.2006 in the pre-revised pay scales without opting for the revised pay scales promulgated on or after 1.1.2006 the pay will be **basic pay including stagnation increment and Rank Pay plus Dearness Pay and Dearness Allowance** drawn at the time of retirement. As such, the figure of pay plus D.A. admissible in the Bank will be fixed with reference to this protection i.e. pay as mentioned above plus DA and relevant stage of the basic pay in the re-employed scale will be determined after deducting DA admissible in the Bank from the figure protected. For the purpose of fixation of pay on re-employment, the pay would mean the basic pay plus the special allowance/special pay as the case may be, attached to the re-employed post.(where applicable). As the MSP has not been included in pre-retirement pay as per the definition given by the Ministry of Defence vide letter No.1/69/2008/D(Pay/Service) dated 24.7.2009, the protection of the component of MSP in re-fixation of pay in Bank has been excluded. Moreover, the ex-servicemen on re-employment in the banks are allowed to draw entire pension i.e. entire pension is ignored and not reduced from the re-fixed pay. As such, they will get the benefit of the component of Military Service Pay (MSP), if any, in their pension from the Government.
- (iii) In addition to the pay so fixed, as aforesaid, pension and other retirement benefits may be allowed to be drawn. This will, however, be subject to limitation that the aggregate of re-employed pay and pension on re-employment of ex-servicemen would not exceed the minimum of the scale of pay of the General Manager in the Bank as per Ministry of Finance letter No.F4/1/98-SCT(B) dated 2.9.1998.

2.2. **Ex-Emergency Commissioned Officer/Short Service Commissioned Officer – Joining in Officers Cadre**

Pay of an Ex-ECO/SSCO will be fixed at the minimum of the pay scale. Thereafter, he will be allowed as many increments as the completed years of service he has put in the Armed Forces subject to the condition that the total emoluments in the re-employed post do not exceed the total emoluments excluding HRA and CCA he was drawing at the time of his release from the Armed Forces. In case this total exceeds to total emoluments drawn at the time of release from Armed Forces, the basic pay in the re-employed post will be fixed at such a stage, where the total emoluments would be either equal or just less than the total emoluments he was drawing at the time of his release from the Armed Forces. The benefits of pay fixation as mentioned above will be available to those Ex-ECOs/SSCOs who join in Junior Management Grade Scale-I (i.e., the lowest rank in officers' cadre). If the officer is inducted in a higher pay scale as compared to the lower scale applicable to officers in the Bank, it may be ensured that he gets at least the benefit in pay which would have accrued to him by giving him the weightage of the number of years of service put in as ECO/SSCO with reference to the minimum of the lowest scale i.e., JMGS-I.

ECOs/SSCOs during the pre-commissioned training period are neither given the rank of Commissioned Officer nor they are allowed the scale of pay. Therefore, the period spent on pre-commissioned training by ECOs/SSCOs cannot be taken into account for the purpose of pay fixation on their re-employment.

2.3. **Ex-Service Officer Joining in Workmen Cadre:-**

In terms of Ministry of Finance letter No.202/8/7/86-SCT(B) dated the 22nd March, 1988, there is no bar to any Ex-Service Officer joining the workmen's cadre in the Bank in which case his pay may be fixed as under:

- (i) In case where the entire pension and pensionary benefits are not ignored for pay fixation, the initial pay on re-employment shall be fixed at the same stage as the last pay drawn before retirement. If there is no such stage in the re-employed post, the pay shall be fixed at the stage below that pay. If the maximum of the pay scale in which a pensioner is re-employed is less than the last pay drawn by Ex-Service Officer before retirement, his initial pay shall be fixed at the maximum of the re-employed post.
- (ii) If the minimum of the scale of pay in which a pensioner is re-employed is more than the last pay drawn by him before retirement, his initial pay shall be fixed at the minimum of the scale of pay at the re-employed post. However, in all these cases, the non ignorable part of the pension and pension equivalent of retirement benefits as prescribed from time to time shall be reduced from the pay so fixed. The pay for this purpose will exclude compensatory allowances e.g., HRA, CCA, etc.

- (iii) Those ECOs/SSCOs who are appointed in clerical cadre in the Bank will also be given the benefit of number of years of service put in by them as ECOs/SSCOs with reference to the pay point corresponding to the minimum of the scale applicable to the clerical cadre/posts in the Bank.
- (iv) Ex-Servicemen who are graduates may be given increments for graduation irrespective of the fact whether they have passed graduation before joining the service of the bank or afterwards. However, if the ex-serviceman had been given some benefit for graduation which was reflected in the pay drawn by him while in the armed services, the fitment in the Bank's scale has to be done after withdrawing such additional benefit and thereafter the two increments for graduation must be given.
- (v) An ex-serviceman whose qualification is treated as equivalent to that of a graduate is not be treated as a graduate to earn the benefit of increments in terms of Awards/Settlements. In other words this benefit will be available to an ex-serviceman only if he has passed civil examination equivalent to graduation.
