



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

www.rbi.org.in

DGBA.GAD.No. H- 6760 / 45.01.011 / 2011-12

April 13, 2012

1. The Chairman / Managing Director
Associate Banks of SBI
2. The Chairman and Managing Director
All Nationalised Banks and IDBI Bank Ltd.
3. The Managing Director
ICICI Bank Ltd., Axis Bank Ltd., HDFC Bank Ltd.

Dear Sir

**Pension payments to Central / State Government pensioners by Agency banks -
Compensation for delay;**

Please refer to our circular DGBA.GAD.No.H-6212 / 45.01.011 / 2010-11 dated March 11, 2011, on the captioned subject, wherein we had advised the agency banks that all the pensioners, including non-State resident pensioners, would be compensated for delay in credit of pension / revised pension / arrears, for the delayed period beyond the due date at the "Bank Rate plus two per cent" penal interest.

2. Recently, the Bank Rate, which was kept unchanged at 6 per cent since April 2003, has been aligned with Marginal Standing Facility (MSF) rate and currently stands at 9.5 %. Henceforth, whenever there is an adjustment to the MSF rate, the Reserve Bank will consider and align the Bank Rate with the revised MSF rate.

3. It has now been decided to delink the penal interest levied for delayed credit of pension / revised pension / arrears, from the Bank Rate plus two per cent, and charge a fixed interest rate of 8 per cent on such delays. This rate will be subject to review by RBI as considered appropriate.

4. You may please issue suitable instructions to your concerned Regional Offices / branches authorized to disburse pension, accordingly.

5. Please acknowledge receipt.

Yours faithfully,

(G.C. Biswal)
Deputy General Manager

यह विभाग आइएसओ 9001:2000 प्रमाणित है।

संसाधन और विकास विभाग, केंद्रीय कार्यालय, भण्डारण ऑफिस बिल्डिंग, नवी मंडल, मुंबई सेन्ट्रल रेलवे स्टेशन के सामने, पोस्टकोड, मुंबई-400 008

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34. Pension Payment to Central/ State Govt. Pensioners by Agency Banks-Compensation for delay

(Ref.DO.No.CSD.CO/8793/13.01.001/2009-10 dated April 09, 2010, DGBA.GAD.No.H-46/45.01.001/2010-11 dated July 2, 2010, DGBA.GAD.No.H- 6212 & 6213/ 45.01.001/2010-11 dated March 11, 2011 and DGBA.GAD.No.H- 6760 and 6762/45.01.001/2011-12 dated April 13, 2012)

Reserve Bank of India is receiving several complaints from the pensioners alleging inordinate delay in disbursing the revised pension and arrears. Position was reviewed by RBI and the agency banks have been instructed as under:

- i. Pension paying banks should compensate the pensioner for the delay in crediting the pension/ arrears thereof by paying compensation at a fixed interest rate of 8 per cent for the delay after the due date and the compensation shall be credited to the pensioner's account automatically without any claim from the pensioner on the same day when the bank affords credit for revised pension/ pension arrears, in respect of all delayed pension payments made since October 1, 2008.
- ii. Pension paying banks have been requested to put in place a mechanism to obtain immediately the copies of pension orders from the pension paying authorities directly and make payments without waiting for receipt of instructions from RBI so that pensioners should get the benefits announced by the Governments in the succeeding month's pension payment itself.
- iii. System of attending to customer service including pension payments may be reviewed.
- iv. The branch continues to be a point of referral for the pensioner lest he/she feel disenfranchised.
- v. All branches having pension accounts should guide and assist the pensioners in all their dealings with the bank
- vi. Suitable arrangements are made to place the arithmetic and other details about the pension calculations on the web, to be made available to the pensioners through the net or at the branches at periodic interval as may be necessary and sufficient advertisement is made about such arrangements.
- vii. All claims for agency commission in respect of pension payments must be accompanied by a certificate from E.D. / CGM- in- Charge of Government business in case of SBI and its Associate Banks that there are no pension arrears to be credited/ delays in crediting regular pension/arrears thereof.