



# ALL INDIA STATE BANK OFFICERS' FEDERATION



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**Central Office: State Bank Buildings, St. Mark's Road, Bangalore-560 001**  
**Registered Office: 22, Rajaji Salai, Chennai- 600 001**

**CIRCULAR NO. 54/2026**

**Date: 08/05/2026**

**TO ALL OUR AFFILIATES**

**Denial of Choice of Pension Fund Manager (PFM) and Investment Pattern to Officers Covered Under NPS, Request for Immediate Implementation of Subscriber Choice in Compliance with the PFRDA Act, 2013 and Government of India Directives, Delayed credit of monthly corpus in Tier 1 capital.**

We have sent a communication to the Deputy Managing Director (HR) & Corporate Development Officer, State Bank of India, Corporate Centre, Mumbai-400021, on the captioned subject.

The content of the communication is reproduced below.

With Greetings,

Yours Comradely,

**(Rupam Roy)**  
**General Secretary**

**Letter No. 6724/13/2026**

**DATE: 07.05.2026**

To,

The Deputy Managing Director & CDO  
State Bank of India  
Corporate Centre, State Bank Bhavan  
Madame Cama Road, Nariman Point,  
Mumbai – 400021

Dear Sir,

**Denial of Choice of Pension Fund Manager (PFM) and Investment Pattern to Officers Covered Under NPS, Request for Immediate Implementation of Subscriber Choice in Compliance with the PFRDA Act, 2013 and Government of India Directives, Delayed credit of monthly corpus in Tier 1 capital.**

The All-India State Bank Officers' Federation (AISBOF), being the apex representative body of officers of State Bank of India and an affiliate of the All-India Bank Officers' Confederation (AIBOC), respectfully places before you a matter of acute and growing concern affecting the long-term retirement security

of every officer in service of the Bank who has joined on or after 01.08.2010 and is consequently covered under the National Pension System (NPS). The principal grievance is the continued denial in operational terms of the statutory right of NPS subscribers to exercise choice of Pension Fund Manager and investment pattern, a right that is unambiguously available under the PFRDA Act, 2013, has been operationalised for Central Government employees from 31.01.2019, and stands extended to employees of Central Autonomous Bodies from 26.08.2021. This denial, far from being a benign default, is the structural source of three further compliance gaps which we set out below.

2. NPS was implemented in State Bank of India in respect of officers and employees joining the Bank on or after 01.08.2010, vide Bank's own Circular No. NBG/PBU/LIMA-NPS/14/2011-12 dated 12.08.2011 ("New Pension System: Model of Operation") and subsequently vide Circular No. NBG/PBU/LIMA-NPS/37/2012-13 dated 05.12.2012 ("New Pension System: NPS Corporate Sector Model"). Although the scheme was rolled out from 01.08.2010, actual credit of contributions into Tier-I subscriber accounts commenced only from November 2012, with a flat 8% interest paid for the interim period, a discontinuity which itself merits separate examination.
3. Para 7 ("Types of Accounts") of the said Circulars confirm that Tier-I is a non-withdrawal retirement account into which the employer, the employee, or both, may contribute. Critically, Para 14 ("Investment Choices") of the same Circulars expressly contemplates two investment options for subscribers i.e Active Choice and Auto Choice and records that the Bank, as the Corporate, exercised Option 01, whereunder the Bank "centrally decides on behalf of all underlying subscribers" and the entire corpus is parked under the SBI Pension Fund (CG) Scheme. Consequently, no SBI officer covered under NPS, irrespective of age, risk appetite, financial literacy or remaining service horizon, the concerned employee has, till date, been permitted to alter PFM or asset allocation matrix.
4. We submit that this election was made in 2011-12 against the regulatory backdrop then prevailing, when subscriber-level choice was not the operational default for Government Sector and analogous corporate-sector subscribers. That backdrop has been comprehensively superseded by subsequent regulatory and Government instructions, as set out in the next section. The original election, therefore, no longer reflects either the regulatory intent or the fiduciary expectation of subscribers, and stands ripe for review.
5. Section 20(2)(b) and the scheme of the Pension Fund Regulatory and Development Authority Act, 2013, read with the regulations framed thereunder, expressly entitle every NPS subscriber to a "choice of multiple pension funds and multiple schemes". This is not a discretionary concession; it is the statutory architecture of NPS. The framework is reinforced and crystallised by the PFRDA Master Circular dated 10.12.2025, which prescribes the current asset-allocation matrix for Government Sector subscribers as: up to 65% on Government Securities and Related

Investments; Up to 45% on Debt Instruments and Related Investments; up to 10% on Short-term Debt Instruments; up to 25% on Equities and Related Investments; and up to 5% on Asset-Backed / Trust-Structured / Miscellaneous. PFRDA has, since 2013, issued fifteen amendments to the asset-allocation framework which is a clear signal that NPS investment policy is in continuous evolution, and that subscribers must be empowered, not insulated, to navigate it.

6. The progression of binding instructions on the Government side establishes the regulatory intent beyond dispute:
  - (a) Gazette Notification No. 1/3/2016-PR dated 31.01.2019 issued by the Ministry of Finance, Department of Financial Services, formally extended to Central Government employees the choice of Pension Fund Manager and choice of investment pattern, and simultaneously enhanced the employer contribution from 10% to 14%.
  - (b) MoF, DFS (PR Section) Office Memorandum No. 1/3/2016-PR dated 18.06.2019 directed streamlining of NPS, mandated wide publicity of the said Gazette Notification, and operationalised subscriber choice for the Central Government workforce.
  - (c) MoF, Department of Expenditure OM F.No. 1(3)/EV/2020 dated 26.08.2021 extended the applicability of the same Gazette Notification to employees of all Central Autonomous Bodies covered under NPS, that is, to a class of subscribers structurally indistinguishable from bank officers in terms of regulatory standing.
  - (d) PFRDA's formal advisory to the Indian Banks' Association communicated thereafter, has on record acknowledged the grievances of bank employees, recommended that member banks be permitted to extend choice to employees with adequate financial literacy and effectively placed the responsibility for the operational gap squarely on the IBA and member banks.
7. The cumulative effect of the above is unambiguous: Central Government employees and employees of Central Autonomous Bodies are today exercising choice of PFM and investment pattern as a matter of routine, while officers of State Bank of India, despite identical regulatory standing under PFRDA continue to be governed by a centralised election dating back to 2011-12. The Bank's own Para 14 ("Investment Choices") of Circular dated 05.12.2012 already contemplates this very choice; only the operationalisation has been withheld. We respectfully submit that this is a compliance gap, not a policy preference and that closing it requires no fresh statutory authority, only an administrative determination by the Bank to align with the existing PFRDA regime.
8. The structural absence of choice has trapped officers in a single, centrally-elected scheme, the SBI Pension Fund (CG) Scheme, whose return trajectory has progressively flattened and declined, as captured in the table below:

<b>Financial Year</b>	<b>ROI under SBI Pension Fund (CG) Scheme</b>
FY 2010-11	Nil (Pre-credit period)
FY 2011-12	Nil (Pre-credit period)
FY 2012-13 (since Nov)	10.43%
FY 2013-14	5.04%
FY 2014-15	12.35% (Peak)
FY 2015-16	10.07%
FY 2016-17	11.04%
FY 2017-18	9.55%
FY 2018-19	9.49%
FY 2019-20	9.21%
FY 2020-21	9.98%
FY 2021-22	9.37%
FY 2022-23	8.48%
FY 2023-24	9.11%
FY 2024-25	9.05%
FY 2025-26	7.82% (Trough)

9. From a peak of 12.35% in FY 2014-15, the scheme has decelerated to 7.82% in FY 2025-26, broadly converging towards yields available on traditional debt instruments while continuing to expose subscribers to market-linked risk. The empirical effect is stark: an officer who joined the Bank in 2010 and retired in 2023 is, today drawing a monthly NPS pension of approximately ₹8,000, an outcome which, with respect, fails any reasonable test of post-retirement adequacy for a Bank officer after serving the armed forces and the bank. AISBOF does not impute this to the fund manager alone; rather, the cause is structural as the absence of subscriber choice has prevented officers from reallocating to better-performing PFMs or higher-equity patterns over time.
10. Internal records reveal that the average delay in crediting employee contributions into Tier-I accounts since November 2012 is 11.55 days against the regulatory benchmark of T+2. The range of delay extends from 3 to 33 days, recurring with disconcerting regularity in every settlement cycle. For a single subscriber, the cumulative opportunity loss arising from NAV slippage on cumulative contributions of ₹29,67,351 (2012–2026) has been quantified at approximately ₹1,83,833, a loss arising not from market risk but from administrative inefficiency, and therefore both avoidable and unjustifiable.

11. The Government of India has long recognised that timely credit is a critical compliance requirement. The Ministry of Finance Office Memorandum dated 02.07.2019 (NPS Oversight Mechanism) mandates the constitution of an oversight committee headed by the Financial Advisor with periodic review, six-monthly compliance reports, and explicit accountability for delays. Rule 8 of the CCS-NPS Rules, 2021 entitles a subscriber to earn interest at the PPF rate where credit is delayed on account of employer failure. Despite this clear regulatory architecture, no comparable oversight mechanism has been constituted within State Bank of India and the recurring delay continues uncompensated. The compounding effect is direct: where choice of PFM is denied and credit is delayed, subscribers are doubly disabled as they can neither time their entry nor optimise their allocation.
12. Pursuant to the Gazette Notification dated 31.01.2019, the employer contribution to NPS for Central Government employees was raised from 10% to 14%. Section 80CCD(2) of the Income Tax Act, 1961, however, permits the corresponding deduction up to 14% only for Central Government employees, while capping the deduction for bank and other employees at 10%. The differential 4% therefore enters the taxable income of every SBI officer covered under NPS, generating an additional annual tax burden estimated at ₹8,000 to ₹30,000 per officer, depending on grade and applicable slab. The anomaly is particularly indefensible given that bank officers are classified as "public servants" under the Prevention of Corruption Act, 1988 for the purposes of criminal accountability yet are denied parity in tax treatment in the NPS context. We respectfully request the Bank, as the largest public-sector employer covered under NPS, to take this up formally with the Department of Financial Services and the Ministry of Finance for legislative parity.
13. AISBOF wishes to underscore that none of the above demands seek a fresh concession. Each is, in substance, a request for the Bank to bring its NPS administration into alignment with regulations and Government instructions that already bind it or its peer employers. The federation is, of course, simultaneously pursuing the larger demand for restoration of the Old Pension Scheme through the appropriate forum; that, however, is a separate parallel process and is not the subject of this letter.

We trust that the Bank will treat this representation in the spirit in which it is offered, as a constructive call for compliance with existing law, made by a stakeholder Federation conscious of its responsibilities to its members and to the institution.

Yours sincerely,

**Sd/-**  
**(Rupam Roy)**  
**General Secretary**

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