



COMMITTEE OF BSNL/MTNL PENSIONERS' ASSOCIATIONS

H. No 6, G No 12th Street, Jogupalya, Halasuru, Bangalore 560008

**Convener: P Gangadhara Rao,
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No. CBMPA/NP-1/2019

Date: 02-08-2019

To
Shri Anshu Prakash IAS,
Secretary (Telecom),
Sanchar Bhawan, 20, Asoka Road,
New Delhi-110001

Respected Sir,

Sub: Pension Revision for BSNL/MTNL IDA pensioners from 1/1/2016

We have been demanding pension revision, for BSNL/MTNL IDA pensioners who opted for Govt. pension on combined service, from 1/1/2017 on the basis of fitment factor recommended by 7th CPC.

During the discussions with concerned officers in DoT on several occasions, we were confronted with two comments/observations and we would like to clarify them through this communication.

1) First comment/observation was that we are demanding the best of the world and trying to catch the train which runs fast.

But that is not the fact and we raised this demand only with a view to have a permanent solution for pension revision. To substantiate our view-point, we would like to inform you that the biggest constituent of this umbrella organization viz. All India BSNL Pensioners' Welfare Association submitted a memorandum to 7th CPC in this regard and tendered oral evidence also. That memorandum was forwarded to DoT by 7th CPC on 31/12/2014 seeking its comments. Unfortunately DoT took 8 months to offer its comments and sent it only on 17/8/2015. No one knew what would be the recommendations of 7th CPC and 3rd PRC was not at all constituted at that point of time. Though 7th CPC, particularly its chairman Justice A.K.Mathur was positive on this demand, this issue could not find a place in the report because of 8 months delay by DoT for sending its comments. So, we are not demanding the best of the world or trying to catch the train which runs fast.

2) 7th CPC fitment factor can be thought of only with the proposal of notional conversion from IDA to CDA was another observation of the officers. In this regard we give our suggestion in Annexure I for your kind consideration.

Request

We request DoT to seek the approval from DoP&PW, the nodal department for 'delinking pension revision from pay revision' with a concrete proposal



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for pension revision from 1/1/2016, the date of implementation of 7th CPC, by notionally converting the IDA pension to CDA pension from 1/1/2016 as per the formula suggested in Annexure II. DoT is also requested to send the financial implication (Approx. estimate is given in Annexure III) and the method of calculation for post 1/1/2016 retirees to avoid any possible pension anomaly (indicated in Annexure V). This would be a permanent solution for pension revision for BSNL/MTNL IDA pensioners and whenever CDA pensioners in Central Govt. gets pension revision these BSNL/MTNL IDA pensioners also would get the same quantum of pension revision.

You may be aware that the pay of the CPSE employees should only be on IDA pattern as per Apex court judgement dated 03/05/1990 and in accordance with DPE orders. It cannot be converted. Pension shall be fixed as per the pay drawn in IDA at the time of retirement and for the purpose of pension revision, pension on IDA pattern may be notionally converted to CDA pattern as on 01/01/2016.

May we request you, sir, to send these proposals to the nodal department at the earliest.

Thanking you

Yours faithfully,

**(P.Gangadhara Rao)
Convener**

Encl:

- Annexure I - Justification
- Annexure II - Formula
- Annexure III - Financial implication
- Annexure IV - Number of beneficiaries
- Annexure V - Suggestion to avoid pension anomaly



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Annexure I

Justification for pension revision with CPC fitment factor and delinking pension revision from pay revision

1. C.G. employees & BSNL/MTNL employees are covered under CCS (Pension) Rules 1972
2. Sub-rule 8 of Rule 37-A of CCS (Pension) Rules 1972 states “A permanent government servant who has been absorbed as an employee of a PSU shall be eligible for pensionary benefits on the basis of combined service rendered by him in the Govt. & PSU in accordance with the formula for calculation of pension/FP under these rules as may be in force at the time of his retirement from the PSU”.
3. DoP&PW vide its clarificatory letter No.4/19/2009-P&PW(D) dtd.27/3/2009 to DoT stated “*BSNL is the only PSU that has been granted a special dispensation under sub-rule (21) of Rule 37-A of CCS (Pension) Rules, 1972 to the effect that the pensionary benefits including family pension to the absorbed employees of BSNL is paid by the Government. This Department is of the view that the change as per DoP&PW's O.M. dated 02/09/2008 as mentioned in para 2 above are also applicable to IDA pensioners of BSNL*”.
4. As per Gazette Notification dated 03/03/2014 “Mahanagar Telephone Nigam Limited” was included in the sub rule 22 and 23 of Rule 37-A with retrospective effect from 01/10/2000. Thereby Government has taken over the responsibility of payment of pension to the combined service pensioner of MTNL wef 01/10/2000.
5. Accordingly, 6th CPC recommendations with regard to a) emoluments for the purpose of all pensionary benefits, b) DCRG, c) enhancement in maximum limit of D C R G , d) new commutation table, e) enhanced family pension for 10 years & f) age-related additional pension (DoT letters dated 15/5/2009, 12/8/2009, 23/6/2011 may be referred) were implemented to BSNL and MTNLIDA pensioners from 1/1/2006.
6. The minimum pay in BSNL/MTNL from 1/10/2000 is more than the Central Government pay. It was Rs.4000/- in BSNL and Rs.4400 in MTNL. The minimum of CDA pay was Rs.2550/- at that point of time. But the minimum pension for BSNL/MTNL retirees was Rs.1275/- (DoT OM No.40-13/2002/PEN(T) dated 15/1/2003 may be referred) and Rs.3500/- wef 01/01/2006 as per 6th CPC (para 4.4 of DoT OM No.F.No.40-17/2008-Pen(T)-Vol.III dated 15th March 2011 may be referred). So, the minimum & maximum pension for BSNL/MTNL retirees also is related to the minimum & maximum pay of a central government employee.
7. C.G.Pensioners & BSNL/MTNL IDA pensioners are getting pension from central civil estimate.
8. C.G.Pensioners & BSNL/MTNL pensioners are eligible for CGHS facilities.



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9. *BSNL/MTNL financial position has no relevance for pension revision. Liability of paying pension/family pension to BSNL retirees lies fully with the Government as per 5/7/2016 cabinet decision and DoT order dtd.20/7/2016 and BSNL has no liability.*

10. MTNL had shared the pension liability to the extent of difference between actual pensionary benefits and the presumptive pensionary benefits based on presumptive pay of the employee on equivalent BSNL pay scale at the time of retirement. This sharing of liability of MtNL ceases from 01/01/2017 as per DoT's OM No.42-04/2012-Pen(T) dated 20th Jan 2014. As per the para 4.3 and 4.4 of cabinet note dated 16th Dec 2013, attached to this OM, "the arrangement (sharing the pension liability) shall continue till next wage revision by which time MTNL and BSNL shall achieve pay scale parity". It is learnt that MTNL has already discharged its liability to DoT up to 31/12/2016. So, MTNL too has no liability from 01/01/2017 for payment of pensionary benefits.

11. There were **28,791 absorbed executives and 1,36,071 absorbed non-executives as on 1/11/2016 in BSNL** out of which **24,117 executives would retire by 2027 and all non-executives would retire by 2026** (source - BSNL corporate office reply dt.15/11/2016 to RTI query). Similarly in MTNL also almost all the absorbed employees barring a few hundreds will retire on superannuation by 2027. But pensioners would be alive for a minimum of another 20 years beyond 2027. By 2027, pay revision or otherwise in BSNL/MTNL would be irrelevant and naturally pension revision cannot be linked to that. Therefore the decision of DoT to delink the pension revision from pay revision is fully justified.

12. BSNL and MTNL are paying special pension contribution from 01/10/2000 based on the maximum of the pay scales instead of actual pay as prescribed under FR 116. The difference between the special pension contribution and what is prescribed under FR 116 would work out to a huge amount.

13. In view of the above the combined service pensioners retired from BSNL/MTNL are effectively Central Government pensioners. Therefore the pension revision of BSNL/MTNL pensioners should be along with the pension revision of Central Government pensioners wef 01/01/2016 with the same revision factor of 2.57. Therefore the pre revised IDA pension on 01/01/2016 is converted to pre revised CDA pension on that date as per Annexure-II.

(P.Gangadhara Rao)
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Annexure II

Formula

Let the notional conversion of IDA pension to CDA pension take place from 1/1/2016 i.e. 7th CPC implementation date.

On 1/1/2016 Dearness Relief on CDA pattern was 125% and IDA pattern 112.4%. Take the basic pension as 100 for both CDA pension and IDA pension. The total pension for Govt. pensioners is 225 and for BSNL/MTNL pensioners is 212.4 on 01/01/2016. Then the notional conversion factor would be 212.4 divided by 225 which works out to 94.4%.

By this factor, basic pension on IDA would be multiplied by 94.4 and divided by 100. That amount would become the pre-revised basic pension as on 1/1/2016. This notional basic pension multiplied by 2.57 factor would be the revised basic pension from 1/1/2016. Then both CDA pension & IDA pension would be at par. Dearness Relief on 1/1/2016 would be zero and thereafter it may be granted in CDA pattern for every six months.

For example as on 1/1/2016 basic pension on IDA was Rs.10,000/-. 94.4% of this would be Rs.9440/-. This amount would be the pre-revised basic pension and this should be multiplied by 2.57 factor as recommended by 7th CPC which would come to Rs.24,261/-. That would be the revised basic pension on 1/1/2016 with zero percent DR. Then every six months DR may be granted on CDA pattern.

Due to revision of pension by this method the increase in pension is Rs.3,021/- in total pension which works out to 14.22% approximately.

We suppose that this would be the hassle-free conversion method which may get the nod of nodal department also.

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Annexure III

Financial Implication

As per the Demands for Grants of DoT for the year 2017-18, the actual amount of pension and family pension paid for 2015-2016 under the head MH 2071 is Rs.3567 Cr. (2975 plus 592) for BSNL and Rs.638 Cr. (536 plus 102) for MTNL. Thus the total expenditure during 2015-2016 for both BSNL and MTNL together is Rs.4205 Cr.

Revision of pension as per Annexure-II with 14.22% increase would entail Rs.598 Cr. Annual incremental expenditure.

This cannot be considered as a big liability for the Central Government because it has saved more from BSNL/MTNL employees viz.

a) pension contribution at the maximum of the scale instead of actual pay.

b) Though they are entitled to get gratuity as per sec 2 of Payment of Gratuity Act 1972 (this was upheld by Hon. High Court of Allahabad, Lucknow Bench on 3/8/2017) they got the gratuity under CCS (Pension) Rules 1972 which is much less.

To illustrate the gain to the Govt. we give the following 3 examples:-

Employee/ Qualifying Service	LPD+DA Rs.	Due as per PG Act Rs.	Recd as per CCS (P) Rules Rs.	Gain to the Govt. Rs.
A 40y	17403	4,01,608	2,87,150	1,14,458
B 39y	15231	2,51,312	3,42,698	91,386
C 34y	29715	5,82,896	4,90,298	92,598

Nearly 1.5 lakh BSNL employees have retired during this period and Govt. has gained more than thousand crores.

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Annexure IV

Number of beneficiaries

Total employees as on 1/10/2000	3,63,000 (Cabinet Note 25/9/2000)
Not opted for BSNL	3,000
Opted for BSNL	3,60,000
Staff as on 31/3/2015	2,25,512 (BSNL A/R 2014-15)
So, Pensioners as on 31/3/2015	1,34,488
Add retirees for 9 months upto 31/12	10,820
Add MTNL combined Sce optees	22,000
Total pensioners upto 31/12/2015	1,67,308

Number of beneficiaries would be approximately 1,68,000. It is to be noted that at the time of pension revision from 1/1/2007 total pensioners upto 31/12/2006 was 47,000 in BSNL and the expenditure was Rs.110 crore per annum as per cabinet note.

It is to be noted that nearly 63% among the non-executives retired from NE-6 to NE-10.

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Annexure V

Pension revision for post 1/1/2016 retirees

STEPS:-

1. Notional pension to be calculated on 01/01/2016.
2. This notional IDA pension to be converted to CDA pension applying 94.4%
3. Then this notional pension may be revised with fitment factor 2.57. This is the notional revised pension on 01/01/2016
4. To the above, the pension accrued for the period from 01/01/2016 to the actual date of retirement to be added to work out the actual basic pension for payment. The pension accrued during this period is equal to 50% of the difference in pay between the pay on 01/01/2016 and the actual pay on the date of retirement.
5. DR on pension will be on CDA pattern from the date of retirement.

If revision of pay takes place from 01/01/2017 the above procedure needs suitable modification.

Mr. X retired on 31/5/2019 with Last Pay Drawn (LPD) of Rs.30630/- and a basic pay of Rs.27820/- on 1/1/2016

1)	27820 divided by 2 =	Rs. 13910
2)	94.4% of that amount =	Rs. 13132
3)	Multiply that amount by 2.57 =	RS. 33750
4)	Difference between 30630 & 27820 =	Rs. 2810
5)	50% of this amount =	Rs. 1405
6)	Basic pension @ the time of retirement =	Rs. 35155
7)	DR @ 12% on CDA pattern =	Rs. 4219
8)	Total pension with revision =	Rs. 39374
9)	Total pension without revision 15315+141.4%	Rs. 36971
10)	<u>Net increase in total pension</u>	Rs. 2403

Ofcourse, this requires an amendment to sub-rule 10 of Rule 37-A

(P. Gangadhara Rao)
Convener