PRINCIPAL BENCH AT NEW DELHI ORIGINAL APPLICATION NO.100/1329 OF 2020

IN THE MATTER OF:

- 1. All India BSNL Pensioners' Welfare Association Represented by General Secretary Potharaju Gangadhara Rao, S/o Late Sh. P Sudharshanam, Aged about 72 years, Residing at: No.6 G No.12th Street, Jogupalaya, Halasuru, Bengaluru-560008
- 2. Shri Ramankutty Nair PS, S/o Late R Sivaraman Nair, Aged about 76 years, Residing at TC 52/2369, CTO Colony, Pappanamcode, Thiruvananthapuram-695018
- 3. Shri Anupam Kaul, S/o Sh.Jagan Nath Kaul, Aged about 66 years, Residing at A-402, PMO Apartments, C-58/20, Sector 62, Noida
- 4. V Latha,
 W/o S Vijayan,
 Aged about 59 years,
 Residing at New 7 Old 44/2,
 VV Colony First Street,
 Adambakkam,
 Chennai-600088

...Applicants

Versus

- Union of India, Represented by its Secretary, Department of Telecommunications, Sanchar Bhavan, No.20, Ashoka Road, New Delhi-110001
- The Department of Pension and Pensioners' Welfare, Represented by its Secretary, Lok Nayak Bhavan, Khan Market, New Delhi-110003
- 3. The Department of Expenditure, Represented by its Secretary, 129-A North Block, New Delhi-110001

...Respondents

ORIGINAL APPLICATION UNDER SECTION 19 OF THE ADMINISTRATIVE TRIBUNALS ACT, 1985 CHALLENGING THE DENIAL OF REVISION OF PENSION TO THE APPLICANTS

TO,

THE HON'BLE CHAIRMAN, VICE-CHAIRMAN AND MEMBERS OF THE CENTRAL ADMINISTRATIVE TRIBUNAL, PRINCIPAL BENCH AT NEW DELHI.

THE HUMBLE APPLICATION OF THE APPLICANTS ABOVENAMED:

MOST RESPECTFULLY SHOWETH:

- 1. PARTICULARS OF THE ORDER AGAINST WHICH APPLICATION IS MADE:
- 1.1 The Applicant No.1 is a registered pensioners' association (hereinafter referred to as 'ApplicantAssociation'/ 'Association') was formed in August, 2009 and comprises of thousands of members who are all pensioners having retired from BSNL after being absorbed from DOT and as such, has filed the present petition in a representative capacity espousing the grievance of all the pensioners who are seeking revision of pension. A true copy of the registration certificate dated 09.12.2009 of the Association along with translated copy thereof is annexed herewith as **AnnexureA-1**.
- 1.2 The Applicant Nos.2, 3 and 4 are members of the Applicant Association, and are identically situated as its other members. The Applicant Nos.2, 3 and 4 are erstwhile employees of Department of Telecommunications (hereinafter referred to as 'DOT') who were absorbed into the newly incorporated Bharat Sanchar Nigam Ltd. (hereinafter referred to as the 'BSNL') which was established on 01.10.2000 and are covered under the CCS (Pension) Rules, 1972. At the time of absorption, a 'Presidential Order' was issued which held out an assurance, that the pension payable for combined service in DOT and BSNL, to all employees who choose to get absorbed in BSNL, would be paid by the Central Government, as incorporated under Rule 37-A of the CCS (Pension) Rules, 1972 (hereinafter referred to as the '1972 Rules'). This unique condition, which, is specific to BSNL viz., retention of status of government servant upon retirement, for the purpose of entitlement to pension, was one of the primary reasons that motivated the Applicants to opt for absorption in BSNL. However, unfortunately, even after a lapse of almost 3 years of the adoption of the recommendations of the 7th Central Pay Commission ('CPC') by the Central Government, revising pay scales of government employees, simultaneously revising pension payable to retirees, the pension being paid to the Applicants has not been revised, which act of omission and commission is in the teeth of the assurances held out to the

Applicants and also violative of Rule 37-A of the 1972 Rules. A true copy of the Presidential Order issued to Applicant No.2 at the time of absorption dated 15.01.2002 is annexed herewith as **Annexure A-2**. A true copy of the Presidential Order issued to Applicant No.4 at the time of absorption dated 15.01.2002 is annexed herewith as **Annexure A-3**.

- 1.3 It is submitted that the Applicant Association has raised the aforesaid grievance and sought revision of pension of retirees of BSNL in terms of the recommendations of the 7thCPC *vide* representation dated 02.07.2019 to DOT, however, till date neither has the Applicant received any response to the same, nor has any corrective action been taken to set right the patent anomaly and revise the pension of the BSNL pensioners/family pensioners.
- 1.4 The Applicants most of whom, after having rendered long years of service and devoted their entire productive working lives to the Government, are deeply anguished at the treatment being meted out to them in the twilight of their lives and are being compelled to run from pillar to post to enforce their lawful and legal dues.
- 1.5 The Applicants have been constrained to approach this Hon'ble Tribunal to assail the said arbitrary, whimsical, perverse and unlawful acts of conscious omission and commission on part of the Respondents of denying to the Applicants, their vested right to receive pension revision consequent to the adoption of the recommendations of the 7th CPC. It is learnt that the stand of the DOT is that the formula for calculation of pension of BSNL absorbees, will remain unchanged with effect from 01.01.2016 and will not be affected by the revision consequent to implementation of recommendations of the 7th CPC. It is indisputable that the right to receive pension and revision thereof is a vested and recurring right and accrues to retirees on every succeeding month and therefore constitutes a continuing cause of action.
- 1.6 It is respectfully stated that, the aforesaid stand is contrary to the extant position of law, is arbitrary, perverse, vitiated by non-application of mind, amounts to a colourable exercise of power and the first Respondent is barred by principles of promissory estoppel from taking the impugned action. In doing so the Respondents are attempting to alter a settled state of affairs that has prevailed over a long period of time. Furthermore, by the impugned action, the Respondents are attempting to change the rules of the game after it has begun,

which is impermissible and is contrary to the extant position of the law laid down by the Hon'ble Supreme Court.

1.7 The Applicants most respectfully seek a positive direction to the Respondents to grant revision of pension asper the fitment formula recommended by the 7th CPC with respect to retirees of BSNL who were absorbed from the Department of Telecommunication.

2. **JURISDICTION OF THE TRIBUNAL**:

The Applicants submit that the Respondents are situated within the jurisdiction of this Hon'ble Tribunal and therefore the Hon'ble Tribunal has jurisdiction over the present dispute.

3. **LIMITATION**:

The Applicants declare that the Original Application is within the period of limitation prescribed under Section 21 of the Administrative Tribunals Act, 1985.

4. **FACTS:**

- 4.1 The Department of Pension and Pensioners' Welfare ('DoP&PW') vide its OM dated 05.07.1989, modified the terms of pension payable, consequent to the conversion of a Government Department or a segment thereof or a Government office into a Central Public Sector Undertaking/ autonomous body or in case of en masse transfer of employees. The said OM permitted Government servants to retain the pensionary benefits available to them under Government rules or alternatively to be governed by the rules of the Public Sector Undertaking/ autonomous body. In furtherance of this provision, the OM also stated that, Government servants who opt to be governed by the pensionary benefits available under the Government, shall at the time of their retirement, be entitled to pension etc. in accordance with the Central Government rules in force at the time. A true copy of OM dated 05.07.1989 of the Department of Pension & Pensioners' Welfare, Ministry of Personnel, Public Grievances and Pensions, Government of India is annexed herewith as Annexure A-4.
- 4.2 Prior to formation of BSNL, DOT had two structural formations: Department of Telecom Services and Department of Telecom Operations. As per the new telecom policy, the said two Departments were converted into BSNL on

01.10.2000. Almost all the personnel of Department of Telecom Services and Department of Telecom Operations were *en-masse* transferred to BSNL on deemed deputation basis initially and later were permanently absorbed in BSNL w.e.f. 01.10.2000.

4.3 On 25.09.2000, DOT prepared a 'Note for the Cabinet' *vide* No.2-2/99-Restg.(Vol.I). At Para.4.4 of the said Note, the following recommendations were given by DOT in respect of "Pension and Retirement benefits" viz.:

(i) All employees will be entitled to Government's scheme of pension/family pension even after their absorption;

(ii) Technical resignation will not be required;

(iii) Payment of pension would be made by Government;

(iv) Arrangem ents would be worked out for obtaining pension contribution from

the PSU to be deposited with the Government;
(v)
Facility to carry over Earned Leave and Half Pay Leave would be provided;

(vi) The pension framework was made part of the CCS Pension Rules by amending Rule 37 using powers under Article 309 of the Constitution of India.

The aforementioned note was accepted by the Cabinet. A true copy of the Note for the Cabinet prepared by DOT dated 25.09.2000 is annexed herewith as **Annexure A-5**.

- 4.4 Thereafter, on 30.09.2000, i.e., one day prior to formation of BSNL, a Notification No.4/61/99-P&PW(D) was issued by the DoP&PW under proviso to Article 309 and Article 148(5) of Constitution of India, to amend the CCS (Pension) Rules, 1972 by incorporating Rule 37-A. A true copy of the Notification No.4/61/99-P&PW(D) dated 30.09.2000 along with Rule 37-A of CCS (Pension) Rules, 1972is annexed herewith as **Annexure A-6**.
- 4.5 The clarifications of the terms of settlement between DOT and BSNL also provided that BSNL will make pension contribution at the maximum of the scale of the post held by the official at rates varying with the length of service. A true copy of the clarifications on items of settlement between BSNL and DOT dated 31.07.2000 is annexed herewith as **Annexure A-7**.
- 4.6 Rule 37-A pertains to conditions for payment of pension on absorption consequent upon conversion of a Government Department into a Central autonomous body or a public sector undertaking. The rules which were retained

for BSNL employees demonstrate that the Government washed its hands-off employees of other Public Sector Undertakings qua pension save and except a one-time obligation. However, in so far as Government servants who opted for absorption in BSNL are concerned, a distinct and *sui generis* criterion was evolved as reflected in Rule 37-A. The extant 37-A(22), (23) and (24) are extracted hereunder for ready reference:

- (22) Nothing contained in sub-rules (13) to (21) shall apply in the case of conversion of the Departments of Telecom Services and Telecom Operations into Bharat Sanchar Nigam Limited and MahanagarTelephone Nigam Limited in which case the pensionary benefits including family pension shall be paid by the Government.
- (23) For the purposes of payments of pensionary benefits including family pension referred to in sub-rule (22), the Government shall specify the arrangements and manner including the rate of pensionary contributions to be made by Bharat Sanchar Nigam Limited and Mahanagar Telephone Nigam Limited to the Government and the manner in which financial liabilities on this account shall be met.
- (24) The arrangements under sub-rule (23) shall be applicable to the existing pensioners and to the employees who are deemed to have retired from the Government service for absorption in Bharat Sanchar Nigam Limited and Mahanagar Telephone Nigam Limited shall not apply to the employees directly recruited by the Bharat Sanchar Nigam Limited for whom it shall devise its own pension scheme and make arrangements for funding and disbursing the pensionary benefits.
- 4.7 In addition to the same, in Explanation to sub-rule 8, it is specified as follows:

Explanation: The amount of pension / family pension in respect of the absorbed employee on retirement from the Public Sector Undertaking or on death shall be calculated in the same way as would be the case with a Central Government servant, retiring or dying, on the same day.

A true copy of notification dated 21.12.2012 is annexed herewith as **Annexure A-8**. A true copy of notification dated 03.03.2014 is annexed herewith as **Annexure A-9**.

4.8 On 20.12.2002,DoP&PW issued a clarification to sub-rule 9 of Rule 37-A stating as under:

It is hereby clarified that for the calculation of pensionary benefits under sub-rule (9) of Rule 37-A, average emoluments will be calculated on the basis of pay drawn by the absorbed employee during the last 10 months in the PSU prior to retirement and wherever the absorbed employee is drawing the IDA scale during this period, his pay in IDA scale will be taken into account for calculation of average emoluments. In addition to the pension or family pension, as the case may be, such absorbed employee shall

also be eligible to receive dearness relief as per Industrial DA pattern as per the provisions of sub-rule (10) of Rule 37-A.

A true copy of the clarification dated 20.12.2002 issued by DoP&PW isannexed herewith as **Annexure A–10**.

- 4.9 On perusal of the aforesaid rules and the explanation, the following points emerge:
 - i. Specific and special rules are made with regard to BSNL (in comparison with other PSUs), in the matters pertaining to pension. Therefore, persons who opted for absorption into BSNL retain their status as government servants atleast for the purpose of grant of pension.
 - ii. The Government alone is the authority responsible and liable to pay pension to the personnel absorbed into BSNL from the Government.
 - iii. The Government can decide only the arrangements regarding the pensionary contributions by BSNL; however, the liability to pay pension shall be that of the Government.
 - iv. A distinct class among the employees of the BSNL is constituted of those employees who joined Government service and were absorbed into BSNL, to whom the aforesaid rules apply. Different from this, is the class of employees who are recruited directly by the BSNL and for whom BSNL is responsible to formulate the scheme and make arrangements for funding and disbursing pension.
 - v. Employees of DOT who were absorbed in BSNL (who opted for Government pension on combined service) should be paid pension on the basis of the same method of calculation as that for Government servants.
- 4.10 Pursuant to absorption, the Earned Leave and Half-pay leave of the employees earned by them during their service in Government was carried over to BSNL. Similarly, General Provident Fund (GPF) balance was also carried over to BSNL which continued.
- 4.11 However, contrary to the position under Rule 37-A, DOT, vide a letter dated 15.06.2006, stated that the annual pension liability of the Government qua employees, who retired from DOT prior to 01.10.2000 and towards absorbees of DOT in BSNL, shall not exceed 60% of the annual receipts of the Government from the BSNL in the form of: a) Dividend income; b) License fee and c) Corporate Tax / Excise Duty / Service Tax. It further stated that any expenditure for pension over and above the aforesaid limit shallbe borne by BSNL. A true copy of the letter dated 15.06.2006is annexed herewith as **Annexure A-11**.

- 4.12 Thereafter, pursuant to letters dated 02.08.2006 and 09.01.2007 of BSNL, the DOT, vide O.M. dated 20.07.2016, decided to rescind the aforesaid arrangement i.e. the imposition of a cap on annual pensionary liability of Government to the extent of 60%. Infact, prior to that, even on 21.10.2008, DOT stated that in terms Rule 37-A of the CCS (Pension) Rules, 1972, the entire pension liability in respect of BSNL absorbees was of the Central Government. Thus, the cap to the extent of 60% of the remittances from the BSNL was removed, signifying that the entire burden of pension, irrespective of the remittances by BSNL, lies with the Government. A true copy of letter dated 02.08.2006 is annexed herewith as **Annexure A-12**. A true copy of letter dated 21.10.2008 of DOT is annexed herewith as **Annexure A-13**. A true copy of letter dated 0.M dated 20.07.2016 is annexed herewith as **Annexure A-14**. A true copy of the said O.M dated 20.07.2016 is annexed herewith as **Annexure A-15**.
- 4.13 Various recommendations of 6th CPC were considered by the Government and implemented by the Government for Central Government pensioners in the Central Dearness Allowance (CDA) Scale vide OMs dated 01.09.2008 and 02.09.2008. A true copy of the OMs dated 01.09.2008 and 02.09.2008 of the DoP&PW is annexed herewith as **Annexure A-16 (Colly)**.
- 4.14 DOT, however, lacked clarity regarding implementation of the recommendations for BSNL pensioners who were in the Industrial Dearness Allowance (IDA) Scale. Accordingly, a reference was made by DOT to DoP&PW seeking its opinion, since DoP&PW is the nodal department in matters of pension.
- 4.15 The DoP&PW vide a letter dated 27.04.2009, clarified the position and stated that:

Consequent upon the implementation of the Government decision on the recommendation of 6th CPC and as per DoP&PW O.M. dated 2/9/2008, rule regarding limit of DCRG, Calculation of emoluments for pension/family pension, Commutation of pension and qualifying service etc. have changes with effect from 1/1/2006.

Further, Para 3 of the said O.M. stated that:

It is worthwhile to add that 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 2/9/2008 as mentioned in para.2 above are also applicable to IDA pensioners of BSNL."

A true copy of the OM dated 27.04.2009 issued by DoP&PW is annexed herewith as **Annexure A-17**.

- 4.16 Accordingly, DOT implementedrecommendations of the 6th CPC for BSNL IDA pensioners *vide* its letter dated 4th/15th May 2009 and 12th August 2009. A true copy of the letter dated 4/15.05.2009 is annexed herewith as **Annexure A-18**.A true copy of the letter 12.08.2009 is annexed herewith as **Annexure A-19**.
- 4.17 Meanwhile, the 2nd Pay Revision Committee (PRC), was constituted to consider revision of pay/perks of the Executives of Central Public Sector Undertakings. The recommendations of the PRC were only applicable to the Executives of CPSUs and for the Non-executives, pay/perks revision was based on bilateral settlement between the respective management and the recognized union/unions. It is pertinent to note that the financial implication for implementation of the recommendations of the PRC lies solely with the CPSU. This also evident from the guidelines for implementation of the 3rd PRC. The Applicants have reliably learnt that the reason for denial of pension revision is that, pay of employees of BSNL has not been revised since 01.01.2017 in accordance with the recommendations of the 3rd PRC as adopted by the Department of Public Enterprises vide OM dated 03.08.2017. Moreover, it is reiterated that the position of absorbees of DOT in BSNL is on par with Central Government employees qua retirement benefits. It is, therefore, submitted that the PRC recommendations have no application to the Applicants in so far as eligibility to and revision of pension is concerned as the responsibility for their retirement benefits has to be borne by the Central Government and not BSNL under Rule 37-A. A true copy of the OM dated 26.11.2008 of DPE is annexed herewith as **Annexure A-20**.A true copy of OM dated 02.04.2009 of the DPE is annexed herewith as **Annexure A-21**.A true copy of the OM dated 03.08.2017 of the DPE is annexed herewith as **Annexure A-22**.
- 4.18 On the basis of the recommendations of the 2nd PRC, BSNL, with the concurrence of DOT, revised the pay of the BSNL Executives w.e.f. 01.01.2007. On the basis of bilateral settlement between BSNL and the recognized unions, BSNL issued orders for pay revision of non-executive employees w.e.f. 01.01.2007, after seeking approval from DOT on 07.05.2010. The formula for pay revision for both executives and non-executives was existing basic pay plus existing DA as on 01.01.2007 plus 30% weightage of both. However, the pension for those who retired prior to 01.01.2007 was not revised along with pay revision. The employees who retired after 01.01.2007 from BSNL got more pension based on

their revised pay. However, the employees who retired prior to 01.01.2007 including even one day priorgot less pension. In order to correct this anomalous situation. DOT prepared a Cabinet Note for pension revision for pre-2007 retirees, which was approved by the Cabinet on 20.01.2011, based on which DOT issued an O.M. on 15.03.2011 for pension revision from 01.01.2007 for those who retired prior to 01.01.2007. Para 4.1 of this O.M is extracted hereunder for ready reference:

The pension/family pension of pre-2007 BSNL pensioners/family pensioners will be consolidated with effect from 1/1/2007 by adding together:

- I. The existing pension/family pension, including commuted portion of pension, if any;
- II. Dearness Relief upto AICPI (IW) average index 128-6.33 (Base year 2001=100) i.e. @ 68.8% of Basic Pension/Basic family pension
- III. Fitment weightage @ 30% of the sum of existing pension/family pension and Dearness Relief thereon.

The amount so arrived at will be regarded as consolidated pension/family pension with effect from 1/1/2007.

Further, Para 4.4 of the said O.M. stated that "[T]he lower and upper ceiling on pension/family pension shall be Rs.3,500/- and Rs.45,000/- respectively". It is submitted that this was at par with Central Govt. pensioners at that point of time. A true copy of the Cabinet Note dated 29.12.2010 is annexed herewith as **Annexure A-23**.A true copy of this OMdated 15.03.2011 issued by DOT is submitted herewith as **Annexure A-24**.

- 4.19 Qualifying service for full pension, quantum of pension, ceiling on gratuity, commutation table, enhanced family pension in case of death in harness, agerelated additional pension etc. were made identical for BSNL IDA pensioners on par with Central Government CDA pensioners w.e.f. 01.01.2006. A true copy of OM dated 23.06.2011 is annexed herewith as **AnnexureA-25**.
- 4.20 The CCS (Pension) Rules, 1972 were amended vide notification dated 21.12.2012. It is pertinent to note that, sub-rule 22 on the lines of erstwhile sub-rule 21, provided that, the responsibility for payment of pension to persons who had retired from DOT and absorbees in BSNL was of the Government.
- 4.21 It is pertinent to note that DOT has clarified that the absorbee pensioners of BSNL require qualifying service of only 10 years to be eligible for grant of pension and therefore to this extent enjoy parity with Central Government employees. A true copy of OM dated 03.06.2016 is annexed herewith as **Annexure A-26**.

- 4.22 On 04.08.2016, DoP&PW issued an OM for revision of pension of pre-2016 pensioners/family pensioners on the basis of 7th CPC recommendations. Para 2.1 of the said OM states "[T]hese orders shall apply to all pensioners/family pensioners who were drawing pension/family pension before 1/1/2016 under the Central Civil Services (Pension) Rules, 1972."Further, Para 4.1 of this OM stated that the existing pension should be multiplied by 2.57 (i.e. pension 100 rupees plus dearness relief of 125% as on 01.01.2016 plus 32% of basic pension as weightage). Similarly, vide another OM of the same date, DoP&PW also revised the pension for post-2016 retirees in terms of recommendations of the 7th CPC. A true copy of the OM F No.38/37/2016-P&PW(A)(i) dated 04.08.2016 issued by the DoP&PW is annexed herewith as **Annexure A-27**. A true copy of OM F No.38/37/2016-P&PW(A)(ii) dated 04.08.2016 issued by the DoP&PW is annexed herewith as **Annexure A-28**.
- 4.23 It is pertinent to note that DOT has also circulated the aforesaid OMs dated 04.08.2016 for implementation for its own employees vide OM dated 22.08.2016. Thereafter, vide OM dated 19.05.2017, DOT has also adopted the modality for implementation of the recommendation of the 7th CPC by the DoP&PW. A true copy of OM dated 22.08.2016 of DOT is annexed herewith as **Annexure A-29**. A true copy of OM dated 12.05.2017 of DoP&PW is annexed herewith as **Annexure A-30**. A true copy of OM dated 19.05.2017 issued by the DOT is annexed herewith as **Annexure A-31**.
- 4.24 Gratuity and commutation are two components of retirement benefits, other than pension. Gratuity and commutation are calculated in the same way for both, Central Government CDA pensioners (on the basis of CDA pay) and BSNL IDA pensioners (on the basis of IDA pay), as per 7th CPC recommendations from 01.01.2016. On the basis of the aforesaid materials, it is evident that pensioners of the Central Government and absorbee pensioners of BSNL are identically placed in so far as the issue of retirement benefits is concerned. Therefore, it is logical and rational that the pension revision factor for both should also be calculated identically.
- 4.25 The benefits of 7th CPC recommendations were implemented for Central Government CDA pensioners with effect from 01.01.2016 since their pension was last revised from 01.01.2006. In view of the fact that under Rule 37-A, the Applicants, who are BSNL IDA pensioners, are treated on par with Government servants in so far as eligibility for pension and revision thereof is concerned, it is

submitted that, they were entitled to a revision of their pension w.e.f. 1.1.2006 in terms of the recommendations of the 6^{th} CPC and from 1.1.2016 in terms of the 7^{th} CPC. In the case of BSNL IDA pensioners, the last pension revision was, granted w.e.f 01.01.2007.

- 4.26 It is submitted that the Respondents cannot deny pension revision as per 7th CPC recommendations to the Applicants on the pretext that they are getting IDA scales. It is respectfully submitted that the implementation of the IDA pay scale for CPSU employees is mandated vide OM dated 12.06.1990 of the Department of Public Enterprises in compliance with the judgment of the Supreme Court dated 03.05.1990. The aforesaid OM explicitly states that employees appointed in PSUs after 01.01.1989 would be deemed to have been governed by the IDA pay scales. Therefore, rejection of pay revision on this ground is erroneous. A true copy of OM dated 12.06.1990 is annexed herewith as **Annexure A-32**.
- 4.27 Applicant No.1 made several representations to DOT between 23.03.2015 and 02.07.2019 requesting for pension revision on the basis of 7th CPC fitment factor. A true copy of the representations dated 06.03.2018 and 02.07.2019 submitted by Applicant No.1 to the DOT is submitted as **Annexure A-33 (Colly)**.
- 4.28 While no response has been received to the aforementioned representations, DOT's stand remains that there can be no pension revision without pay revision. It is reiterated that the stand of DOT is untenable because absorbees into BSNL constitute a unique class different from other CPSEs in the matter of eligibility to pension on par with government servants, and while pay revision depends upon the financial position of BSNL, pension revision does not depend upon the financial position of BSNL because 100 percent liability of paying pension/family pension for them lies with Government of India which is borne out from Rule 37-A of the Rules.
- 4.29 The unique position of BSNL absorbees is also evident from the fact that while employees of BSNL are not entitled for Central Govt. Health Scheme (CGHS), the combined service pensioners are entitled for this facility because their pension/family pension is paid from the Central Civil Estimate similar to Central Government pensioners. However, employees recruited by BSNL are not eligible for this benefit. A true copy of OM dated 20.02.2014 is annexed herewith as **Annexure A-34**. A true copy of the OM dated 31.8.2016 issued by DOT is annexed herewith as **Annexure A-35**. A true copy of OM dated 01.07.2019 is annexed herewith as **Annexure A-36**.

- 4.30 Moreover, the widowed/ unmarried or divorced daughters of absorbee pensioners are granted family pension without the restriction of any upper-age limit. A true copy of OM dated 31.08.2010 is annexed herewith as **Annexure A-37**.
- 4.31 It is pertinent to note that absorbee BSNL pensioners, like pensioners of the Central Government, are eligible for grant of two family pensions for military and/or civil employments. A true copy of OM dated 16.01.2013 issued by DoP&PW is annexed herewith as **Annexure A-38**.
- 4.32 Despite implementation of the recommendations of the 7th CPC for pre-2016 Central Government pensioners as well as its own pensioners, DOT has illegally and unlawfully denied, vide OM dated 16.03.2017, benefit of the recommendations of the 7th CPC to pre-2017 retirees of BSNL who were absorbed from DOT. The Applicant has sought to get recommendations of the 7th CPC implemented for DOT absorbees vide representations dated 06.03.2018 and 02.07.2019 to the DOT and 12.02.2019 and 16.07.2019 to the DoP&PW and has thereby effectively sought a review of the view expressed by the DOT in OM dated 16.03.2017. However, the Applicants have not received any response thereto. A true copy of OM dated 16.03.2017 of DOT is annexed herewith as **Annexure A-39**.
- 4.33 The revision of pension of pre-2016 pensioners on the basis of the recommendations of the 7th CPC was adopted by the Department of Telecommunications. A true copy of the OM dated 28.07.2017 of the Department of Telecommunications, Ministry of Communication & IT is annexed herewith as **Annexure A-40**.
- 4.34 The combined service optees of BSNL, on retirement, are getting their gratuity in accordance with CCS (Pension) Rules, 1972 and not according to Payment of Gratuity Act, 1972. However, the retirees from other CPSEs are getting gratuity as per Payment of Gratuity Act, 1972. Therefore, it is evident that the retirees from BSNL are different from retirees of other CPSEs with regard to retirement benefits and cannot be placed in the same class or category. Infact, it is owing to this distinction in calculation of gratuity that all Applicants have received a lower amount as gratuity than their counterparts in CPSEs and as an illustration it is pertinent to note that Applicant No.2 got Rs.91,674/- less than his counterpart in CPSE as gratuity.

- 4.35 During discussions of Applicant No.1 with DOT for grant of benefit of 7th CPC, another objection raised by DOT was that the combined service optees of BSNL cease to be Government servants from the date of absorption and they shall be deemed to have retired from Government service as per sub-rule 4 of Rule 37-A of CCS (Pension) Rules, 1972. It is submitted that equating of absorbees in CPSUs with persons who have been recruited by the CPSU, for the purpose of retirement benefits, on the ground that pursuant to absorption, the absorbees cease to be Government servants has been rejected by the Hon'ble Supreme Court vide judgment dated 15.12.1995 in WP (C) No.11855 of 1985, in the context of a similar provision incorporated in OM dated 05.03.1987 of the DoP&PW and the said judgment was implemented by the DoP&PW vide OM dated 30.09.1996. In addition to being contrary to the explicit position under Rule 37-A, the stand of DOT, it is submitted is also contrary to the aforesaid decision of the Hon'ble Supreme Court and its implementation by DoP&PW. A true copy of the judgment of the Hon'ble Supreme Court dated 15.12.1995 in WP (C) No.11855 of 1985 is annexed herewith and marked as **Annexure A-41**. A true copy of OM dated 05.03.1987 is annexed herewith as **Annexure A-42**. A true copy of OM dated 14.07.1998 is annexed herewith as **Annexure A-43**.
- 4.36 The Applicants respectfully submit that the employees who were absorbed in CPSEs from the Government and those who opted for pro-rata monthly pension for the service rendered in Government; and, the employees who were in Government service but resigned their post, joined a CPSU, and got 100% commutation, are all entitled for the benefits of Central Pay Commission.
- 4.37 It is pertinent to note that O.M. dated 23.06.2017 has been issued by the DoP& PW, Para 8, whereof states:

It has been decided to extend the benefit of order dated 2/8/2007 of the Hon. Madras High Court and the order dated 1/9/2016 of the Hon. Supreme Court to all similarly placed absorbeepensioners. Accordingly, all such absorbee pensioners who had taken 100% lump-sum amount in lieu of pension on absorption in PSU/Autonomous Bodies in accordance with the then existing Rule 37-A and in whose case 1/3 pension had been restored after 15 years, may be allowed restoration of full pension after expiry of commutation period of 15 years from the date of payment of 100% lump-sum amount.

Para 9 of the said O.M. states that:

The absorbee pensioners whose full pension is restored in terms of the above instructions would also be entitled to revision of their pension in accordance with the instructions issued from time to time in implementation of the Pay Commissions, including the 7th Central Pay Commission.

A true copy of the DoP&PW O.M. dated 23.06.2017 is annexed herewith as **Annexure A-44**.

- 4.38 The aforesaid decision was circulated for implementation by Department of Telecommunications. A true copy of OM dated 06.07.2017 issued by the Department of Telecommunications, Ministry of Communication & IT is annexed herewith as **Annexure A-45**.
- 4.39 It is respectfully submitted that when the employees who resigned from Central Government service and got 100% lump-sum in lieu of pension are entitled for full pension after 15 years with attendant benefits including pension revision as per 7th CPC recommendations, there is no reason or logic to deny the benefit to the combined service optees who get their monthly pension from the Central Government from the day after their retirement.
- 4.40 It is reiterated that Government employees of Department of Telecom Services and Department of Telecom Operations who were permanently absorbed in BSNL had only one option before them i.e. Government pension on combined service. They had no option either for pro-rata pension or for 100 percent commutation. In light of this fact, it is respectfully submitted that there is no basis for treating the absorbees in BSNL differently from the Central Government employees in so far as retirement benefits such as pension are concerned.
- 4.41 The Applicants submitted representation dated 12.02.2019 to DoP&PW for revision of pension is in accordance with the recommendations of the 7th CPC. Thereafter, the Applicants also submitted representation dated 16.07.2019 to the DoP&PW. A true copy of the representation dated 12.02.2019 is annexed herewith as **Annexure A-46**. A true copy of representation dated 16.07.2019 is annexed herewith as **Annexure A-47**.
- 4.42 In response to the representation of the Applicants, DoP&PW has issued an OM wherein it has referred to proposal of DOT for revision of pension of combined service absorbee pensioners of BSNL/MTNL. It appears that DOT has stated that pay of employees of BSNL has not been revised in implementation of the recommendations of the 3rd PRC and therefore revision in pension of the absorbee pensioners would result in an anomalous situations whereby their pension would become higher than pension of existing employees. DoP&PW has sought proposals from DOT for resolution of this anomaly. It has also directed DOT to consider the representation dated 12.02.2019 of the Applicants and send

comments on the same along with clarifications sought vide note dated 14.01.2019 of the DoP&PW.However, DOT has failed to respond to the DoP&PW and to suggest measures to resolve the anomalous situation resulting in prejudice to the Applicants.A true copy of OM dated 08.03.2019 of the DoP&PW is annexed herewith as **Annexure A-48**.

- 4.43 The Applicants have learnt that DOT has not given any concrete proposal in terms of OM dated 08.03.2019 till date and has failed to take any action for revising the pension of the Applicants and similarly placed persons in terms of recommendations of the 7th CPC. In effect, therefore, pursuant to the said OMdated 08.03.2019 of DoP&PW whereby it has asked DOT to reconsider the request of the Applicant Association as stated in the representation dated 12.02.2019, the DoP&PW being the governing department in the matter of decisions on the eligibility to receive pension, the DOT is obliged to apply its mind to the case set up by the Applicants herein. However, to the best knowledge of the Applicants, DOT has not done so till date. Therefore, the Applicants are constrained to approach this Hon'ble Tribunal especially keeping in view the fact that the right to receive pension in accordance with the rules applicable to them is a vested and recurring right. It is further submitted that every month in which the Applicants are deprived of full and complete pension confers a fresh cause of action on the Applicants.
- 4.44 As already stated, Rule 37-A creates a *sui-generis* group of combined service absorbee pensioners. All the absorbed BSNL pensioners were in Government service for more than 20 years and a maximum of only 17 years' service in BSNL.
- 4.45 It is respectfully submitted that in terms of the recommendations of the 3rd PRC only pay of an employee can be dependent upon the financial position of BSNL, however, since Rule 37-A categorically provides that pension of absorbee pensioners has to be borne by the Central Government, the same cannot be made dependent upon the financial position of the company. A contrary stand will lead to absurd and anomalous result in situations such as closure of BSNL when it may not have even a single employee but that can surely not have any impact on the liability for pension towards retired employees. It is pertinent to note that the revision of pension in terms of the recommendations of the 7th CPC is a result of recognition in the increase of cost of living and therefore benefit of the same cannot be deprived to the Applicants who were promised treatment on par with Central Government employees at the time of their absorption.

- 4.46 Due to non-revision of pension for absorbed BSNL IDA pensioners they are getting pension at a lower rate than their counterparts in Central Government i.e. CDA pensioners. For example, Applicant No.2 is getting Rs.1677/- per month less than his counterpart in Central Government as on 01.01.2017. It is further submitted that pension revision cannot be denied to the absorbee pensioners on the ground of absence of pay revision because the revision of their pension is protected due to their status as absorbees enjoying parity with Central Government employees in matters of pension.
- 4.47 Moreover, as a result of denial of revision of pension in terms of the recommendations of the 7th CPC, members of the Applicant Association are being denied the minimum pension of Rs.9,000/- which is being paid to Central Government pensioners in terms of OMs dated 04.08.2016 by which the recommendations of the 7th CPC were implemented for them. Consequently, thousands of members of the Applicant Association are getting Rs.1,317/- per month less than their counterparts in the Central Government as pension. It is respectfully submitted that the burden of denial of revision in pension on the basis of the recommendations of the 7th CPCto the Applicants who are in the twilight years of their life is extremely grave apart from being blatantly unconstitutional and illegal and therefore they are constrained to approach this Hon'ble Tribunal. A true copy of representation dated 05.07.2019 is annexed herewith as **Annexure A-49**.

5. **GROUNDS**:

That the Applicants, being aggrieved of the inaction on the part of the Respondents in not revising their pension, have filed this OA and urge the following among other grounds:

A. BECAUSE denial of revision of pension of the absorbee pensioners of BSNL on the ground that pay revision has not occurred since 01.01.2017 is contrary to the scheme laid down under Rule 37-A of the CCS (Pension) Rules, 1972. It is submitted that Rule 37-A(22) read with 37-A(24) explicitly lays down that the responsibility for payment of pension of officers who have retired from DOT and absorbees in BSNL lies with the Government of India. It is, therefore, submitted that absorbee pensioners of BSNL enjoy parity with Central Government employees and consequently the revision of their pension cannot be linked to pay revision of employees of BSNL which is dependent on profitability of BSNL.

- B. BECAUSE, indisputably, the absorbee pensioners of BSNL, enjoy parity with Central Government employees, on the issue of pension, as is evident from Rule 37-A(22) read with 37-A(24) of the CCS (Pension) Rules, 1972. It is submitted that, the benefit of the recommendations of the 7th CPC for pension revision has already been extended to the retired employees of the Central Government and therefore denial of such benefit to absorbee pensioners of BSNL amounts to treating equals in an unequal manner leading to class discrimination and is therefore, in violation of Article 14 of the Constitution of India, and is also arbitrary and suffers from non-application of mind.
- C. BECAUSE the presidential order for appointment of the Applicants in BSNL, emphatically provided that, their absorption will be governed by Rule 37-A. As stated above, under Rule 37-A(22) read with 37-A(24), the liability for payment of pension of the Applicants lies with the Central Government and therefore it cannot be linked with pay revision, which has been subsequently made to be dependent on profitability of the Central Public Sector Undertaking. It is, therefore, submitted that the failure of the Respondents to revise the pension of the Applicants is contrary to the Presidential Order of their appointment.
- D. BECAUSE, the impugned action of the Respondents is contrary to the well settled position of law, that, the right to revision of pension at par with other Central Government pensioners cannot be taken away by a mere executive fiat or administrative instruction. Pension and gratuity are not mere bounties; or, given out of generosity by the employer. An employee earns these benefits by virtue of his long, continuous, faithful and un-blemished service. Pension has been held to be deferred salary and once it has been revised for similarly situated persons, its denial to the Applicants cannot be countenanced or permitted.
- E. BECAUSE, the Applicants have been granted parity with Central Government pensioners in matters of (a) Grant of full pension on rendering ten years of qualifying service, in place of 33 years; (b) Grant of full pension at 50% of last pay drawn instead of ten months average pay; (c) Family pension to unmarried/divorced/ mentally retarded/physically retarded daughters without any upper age limit; (d) Grant of two family pensions from military and from BSNL in case of those ex Servicemen who worked in BSNL and retired from BSNL; (e) Grant of benefit of CGHS. In view of the above, it is submitted that the Applicants enjoy parity with Central Government pensioners qua retirement benefits and they cannot be denied the benefit of revision of pension at par with Central Government pensioners.

F. BECAUSE denial of benefit of the recommendations of the Seventh Central Pay Commission to the absorbee pensioners of BSNL who enjoy parity with Central Government pensioners, who have been granted the said benefit is contrary to the law laid down by the Hon'ble Supreme Court in *DS Nakara&Ors.* v. *Union of India*, (1983) 1 SCC 305 that an artificial distinction between a homogenous class of pensioners resulting in lower pension to some is in violation of Article 14. The relevant observations of the Court are being reproduced herewith:

The antiquated notion of pension being a bounty, a gratuitous payment depending upon the sweet will or grace of the employer not claimable as a right and, therefore, no right to pension can be enforced through Court has been swept under the carpet by the decision of the Constitution Bench in Deoki Nandan Prasad v. State of Bihar and Ors7 .: wherein this Court authoritatively ruled that pension is a right and the payment of it does not depend upon the discretion of the Government but is governed by the rules and a Government servant coming within those rules is entitled to claim pension. It was further held that the grant of pension does not depend upon any one's discretion. It is only for the purpose of quantifying the amount having regard to service and other allied maters that it may be necessary for the authority to pass an order to that effect but the right to receive pension flows to the officer not because of any such order but by virtue of the rules. This view was reaffirmed in State of Punjab and Anr. v. Igbal Singh.

[I]f it appears indisputable, as it does to us that the pensioners for the purpose of pension benefits form a class, would its upwards revision permit a homogeneous class to be divided by arbitrarily fixing an eligibility criteria unrelated to purpose of revision and would such classification be founded on some rational principle?

- G. BECAUSE the impugned action is contrary to the law laid down by the Hon'ble Supreme Court in the judgment in *State of Jharkhand* v *Jitendra Kumar Srivastava &Ors.* (2013) 12 SCC 210, wherein it was held that, pension is "property" within the meaning of Article 300A of the Constitution, and executive instructions which do not have any statutory sanction cannot be termed as "law" within the meaning of Article 300A. It was further held that in the absence of statutory rules permitting withholding of pension or gratuity, the State could not do so by way of executive instructions.
- H. BECAUSE the Hon'ble Supreme Court in *U.P. Raghavendra Acharya v. State of Karnataka*, (2006) 9 SCC 630 has reiterated that pension is a vested right and the increase in pension due to grant of revised scale of pay cannot be modified by way of an executive instruction. The relevant observations of the judgment are being reproduced hereinunder:
 - **23.** The stand of the State of Karnataka that the pensionary benefits had been conferred on the appellants w.e.f. 1-4-1998 on the premise that the benefit of the revision of scales of pay to its own employees

had been conferred from 1-1-1998, in our opinion, is wholly misconceived. Firstly, because the employees of the State of Karnataka and the appellants, in the matter of grant of benefit of revised scales of pay, do not stand on the same footing as revised scales of pay had been made applicable to their cases from a different date. Secondly, the appellants had been given the benefit of the revised scales of pay w.e.f. 1-1-1996. It is now well settled that a notification can be issued by the State accepting the recommendations of the Pay Revision Committee with retrospective effect as it was beneficent to the employees. Once such a retrospective effect is given to the recommendations of the Pay Revision Committee, the employees concerned despite their reaching the age of superannuation in between the said dates and/or the date of issuance of the notification would be deemed to be getting the said scales of pay as on 1-1-1996. By reason of such notification, as the appellants had been deprived of a vested right, they could not have been deprived therefrom and that too by reason of executive instructions.

It is respectfully submitted that the revised pension in terms of the recommendations of the 7th CPC have already been implemented for all Central Government retirees vide OMs dated 04.08.2016; and, infact, since the DOT has also implemented this revision for its own employees, the Petitioners cannot be deprived of its benefit on the basis of OM dated 16.03.2017 which is merely an executive instruction.

- I. BECAUSE the Hon'ble Supreme Court in a catena of judgments has asserted that the Constitution has promised workers a 'living wage' which includes earnings that are sufficient to constitute a measure of security in old age. Moreover, the Court has also reiterated the need to fix the remuneration structures in terms of prevailing prices to safeguard an employee against rise in prices and inflation. It is respectfully submitted that the purpose of revision of pension is to enable retired employees to grapple with the increase in cost of living and lead a dignified life in old age and therefore, denial of such a benefit to the Applicants herein is in violation of the law laid down by this Hon'ble Court in *Workmen* v. *Reptakos Brett & Co. Ltd.*, (1992) 1 SCC 290.
- J. BECAUSE denial of the benefit of the recommendations of the 7th CPC to the Applicants herein is resulting in a significant loss to them as they are getting less pension compared with their contemporary retirees from Central Government. The case of Applicant No.2 is illustrative of this phenomenon as he is getting Rs.1,677/- per month less in pension compared to contemporary retirees of the Central Government. The Applicants are therefore being treated differently from Central Government pensioners due to denial of revision of their pension in terms of the recommendations of the 7th CPC despite being similarly situated to them in so far as the issue of retirement benefits is concerned. It is, therefore, submitted

that the denial in revision of pension to the Applicants on the basis of the recommendations of the 7th CPC despite grant of the same to Central Government pensioners amounts to treating similarly placed persons differently and is a violation of the right to equality guaranteed to them under Article 14 of the Constitution.

- K. BECAUSE as a result of denial of revision of pension in terms of the recommendations of the 7th CPC, members of the Applicant Association are being denied the minimum pension of Rs.9,000/- which is being paid to Central Government pensioners in terms of OMs dated 04.08.2016 by which the recommendations of the 7th CPC were implemented for them which is discriminatory, arbitrary and a violation of Article 14.
- L. BECAUSE the combined service optees of BSNL, on retirement, are getting their gratuity in accordance with CCS (Pension) Rules, 1972 and not according to Payment of Gratuity Act, 1972. However, the retirees from other CPSEs are getting gratuity as per Payment of Gratuity Act, 1972. Therefore, it is evident that the retirees from BSNL are different from retirees of other CPSEs with regard to retirement benefits and cannot be placed in the same class or category. Infact, it is owing to this distinction in calculation of gratuity that all Applicants have received a lower amount as gratuity than their counterparts in CPSEs and as an illustration it is pertinent to note that Applicant No.2 got Rs.91,674/- less than his counterpart in CPSE as gratuity.
- M. BECAUSE the Government has acknowledged that the responsibility for payment of pension to retirees from DOT and absorbees in BSNL is its absolute liability, vide OM dated 20.07.2016 and therefore revision in pension of the persons covered under Rule 37-A(22) read with 37-A(24) cannot be made dependent upon revision of pay which is dependent on the profitability of BSNL under guidelines dated 03.08.2017 for pay revision in Central Public Sector Enterprises. Therefore, the impugned action of the Respondents is contrary to settled past practice.
- N. BECAUSE it is not open to the Respondents to introduce an artificial criterion to create a distinction between persons whose status has been equated by a statutory provision.
- O. BECAUSE this Hon'ble Tribunal vide order dated 04.06.2007 in OA No.1640/2006 (*Iqbal Singh Vedi&Ors.* v. *DGCA*) in the context of absorbees of Directorate General of Civil Aviation ("**DGCA**") in the National Airports Authority ("**NAA**")

now Airports Authority of India ("**AAI**") has directed that the pension of the Applicant be revised in terms of the recommendations of the 5th CPC.

- P. BECAUSE the order dated 04.06.2007 of this Hon'ble Tribunal has also been upheld by the Hon'ble High Court of Delhi at New Delhi vide judgment dated 06.03.2017 in WP (C) No.5687 of 2007 (*Director General of Civil Aviation* v. *Iqbal Singh Vedi&Ors.*) and therefore the order of this Tribunal dated 04.06.2007 has attained finality and ought to govern the rights of the parties herein.
- Q. BECAUSE the absorbees who had withdrawn 100% pension as lump sum have been accorded the benefit of restoration of full pension after 15 years from date of payment of 100% lump sum on par with Central Government pensioners vide OM dated 23.06.2017 of the DoP&PW. Therefore, there is no ground to deny absorbees in BSNL the benefit of revision of pension on lines of the recommendations of the 7th CPC which have been implemented for other Central Government pensioners.
- R. BECAUSE the denial of revision of pension to the members of the Applicant Association is in violation of the sovereign guarantee undertaken by the Respondents that the pensionary benefits of the Applicants will not be prejudiced on account of absorption in BSNL from DOT on which basis they consented to the absorption.

6. **DETAILS OF REMEDIES EXHAUSTED**:

It is submitted that the first Applicant submitted several representations to Respondent Nos.1 and 2 and the latest ones being representation dated 02.07.2019 and 16.07.2019, respectively. However, they are yet to receive any response from the Respondents. The Applicants have, therefore, exhausted all remedies available to them.

7. MATTER NOT PREVIOUSLY FILED OR PENDING WITH ANY OTHER COURT:

The Applicants declare that they have not previously filed any application, writ petition or suit before any court of law or any other authority or bench of the Tribunal regarding the matter in respect of which this application has been made and no such application, writ petition or suit is pending before them.

8. **RELIEF/s SOUGHT:**

In light of the facts and circumstances set out hereinabove, it is most respectfully

prayed that this Hon'ble Court may kindly be pleased to -

i. Declare that the members of the Applicant Association are entitled to parity with

Central Government pensioners in the matter of revision of pension on the same

yardstick as granted to Central Government pensioners;

ii. Direct the Respondents to revise the pension of the members of the Applicant

Association in terms of the recommendations of the 7th Central Pay Commission;

iii. Direct Respondents to de-link the issue of revision of pension from pay revision for

absorbee pensioners of BSNL;

iv. Pass such other order/s as may be deemed fit and proper in the facts of the

present case.

Applicants

Through

Gautam Narayan & Associates, Advocate for the Applicants D-17, Basement, Lajpat Nagar, Part 3, New Delhi – 110 024

Place: New Delhi

Dated: 10th September, 2020