



ALL INDIA BSNL DOT PENSIONERS ASSOCIATION

[Registered No. S/68836/2010]

Central Head Quarters

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AIBDPA/Memorandum/VIII CPC

July 30, 2014

To

Justice Shri Ashok Kumar Mathur,
Chairman, VII Central Pay Commission,
Chatrapati Shivaji Bhawan,
1st Floor, B-14/A,
Qutab Institutional Area,
New Delhi – 110 016

Sir,

Sub: - Memorandum on Pension and Pensionary benefits - Case of BSNL absorbed DOT employees.

All India BSNL DOT Pensioners Association is the organisation of pensioners who have retired from Department of Telecom as well as those retired from BSNL, but absorbed from DOT at the time of corporatisation in 2000.

We completely support the Common Memorandum submitted by the Bharat Central Pensioners Confederation. This Memorandum is submitted with regard to the special demands of the DOT and BSNL retired employees, whose pension is paid by the Government of India as per the agreement at the time of the formation of BSNL. Further, the Chairman of the VII CPC has been kind enough to suggest during the meeting granted to the BCPC on 23rd July 2014, that a Memorandum on the issues of the above mentioned pensioners be submitted for consideration of the CPC.

We request you to kindly consider the points mentioned in the Memorandum favourably and also grant us some time to explain the main points of the Memorandum.

Thanking you,

Yours sincerely

[V.A.N. Namboodiri]
Advisor

Encl: As above

**Memorandum on Pension and other Pensionary Benefits
to DOT-BSNL Retired Employees**

(I) We fully support the Common Memorandum submitted by the BCPC.

(II) Pension for BSNL absorbed DOT Employees.

At the time of formation of Bharat Sanchar Nigam Limited in October 2000, by bifurcating the DOT's services, it was assured by the Government that Government Pension will be paid from Consolidated Fund of India to the BSNL absorbed DOT employees on retirement. In order to facilitate this, Rule-37A was added to the Central Civil Services (Pension) Rules 1972.

The relevant portion of the Rule-37-A are reproduced below:

Rule 37-A: Conditions for payment of pension on absorption consequent upon conversion of a Government Department in to a Central Autonomous Body or a Public Sector Undertaking:-

(8) A permanent Government servant who has been absorbed as an employee of a Public Sector Undertaking or Autonomous Body shall be eligible for pensionary benefits on the basis of combined service rendered by the employee in the government and in the Public Sector Undertaking or Autonomous Body in accordance with the formula for calculation of pension/family pension under these rules as may be in force at the time of his retirement from the Public Sector Undertaking or Autonomous Body, as the case may be or at his option, to receive pro-rata retirement benefits for the service rendered under the Central Government in accordance with the orders issued by the Central Government.

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

(21) Nothing contained in sub-rules (12) to (20) shall apply in the case of conversion of the Departments of Telecom Services and Telecom Operations into Bharat Sanchar Nigam Limited, in which case the pensionary benefits including family pension shall be paid by the Government.

(22) For the purposes of payment of pensionary benefits including family pension referred to in sub-rule (21), the Government shall specify the arrangements and manner including the rate of pensionary contributions to be made by Bharat Sanchar Nigam Limited to the Government and the manner in which financial liabilities on this account shall be met.

(23) The arrangements under sub-rule (22) 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 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.

Department of P & PW vide OM No. 4/61/99-P & PW (D) dated 20th December 2002 issued clarifications as follows:

Clarifications to Rule 37-A of CCS (Pension) Rules:

Sub-rule (9) of Rule 37-A of CCS (Pension) Rules provides that the pension of an employee under sub-rule (8) shall be calculated on the basis of his last 10 months' average pay. References have been received by this Department seeking clarification as to whether the pay of an employee in PSU

in the IDA scale should be taken into consideration for calculating average emoluments under sub-rule (9). **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 pay in 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.

The amended Rule 37-A and the clarifications issued clearly state that the DOT absorbed BSNL employees are eligible for government pension on the basis of the wages received from the BSNL at the time of retirement.

The pensioners are put to great difficulty due to the fact that pension revision is not automatically given on the basis of the wage revision of the employees. It is only after sustained pressure and agitation by the employees and pensioners, that the pension revision is being done for the BSNL Pensioners. This has happened at the time of conversion of CDA payscales to IDA scales in 2000 after formation of BSNL and after wage revision agreement in 2007. It had to go to cabinet for a decision in the latter case. The government decision came only in 2010 for the pension revision, after three years of the wage revision.

Therefore we suggest the following:

- (1)** Pension Revision of BSNL Pensioners should be made mandatory whenever wage revision is implemented for BSNL employees.
 - (2)** The condition of linking the amount of pension being paid by the Government with the payments made by BSNL to DOT is to be removed. An order was issued by the DOT on 15 June 2006 stating that if the pension liability is more than 60% of the payment being made by BSNL to DOT by way of taxes, licence fee, dividend etc., then the balance will have to be paid by BSNL to Government. This is completely untenable. BSNL is paying pension contribution of each and every employee to the Government, that too on the maximum of the payscale. As such, there is no reason why such a condition of 60% should be made. We request that such an adverse condition be removed.
 - (3)** As stated above, BSNL is paying pension contribution on the basis of the maximum of the payscale and not on the actual basic pay. This is putting a serious burden on the finance of BSNL. This adverse condition should be removed and the pension contribution should be on the basis of the actual basic pay.
 - (4)** 78.2% IDA Merger fixation be granted for BSNL Pensioners both pre-2007 and post-2007 BSNL retirees. At present they are given only 68.8% IDA merger fixation, while the DPE has given guidance to the effect of 78.2% IDA merger as per Government decision.
 - (5)** All benefits granted to BSNL employees from time to time should be extended to the BSNL Pensioners.
 - (6)** All the pensionary benefits that may be granted to the central government pensioners based on the recommendations of the VII CPC should be extended to the BSNL Pensioners as is the case of the VI Central Pay Commission.
- (III) Pension for BSNL recruited employees.**
- At present, the BSNL recruited employees are covered by the Employees Pension Scheme, formulated for the Public Sector employees. Thus in the BSNL, there are two sets of officials, who on retirement, have two schemes, **(1)** Defined Pension by Govt. of India and **(2)** Pension through EPS. The pension that will get through EPS is probably lesser and the risk is enormous

since the Pension Funds may be adversely affected as per market fluctuations.

As such, it is requested that the EPS for BSNL recruitees be scrapped and they be brought under the defined pension, as is the case with BSNL absorbed DoT employees. It is understood that the defined pension system still continues as per CCS (Pension) Rules 1972 for newly recruited employees also in PSUs such as Tea Board Corporation, Damodar Valley Corporation, Steel Authority of India, Coal India Limited, Airport Authority of India Pat & Dock etc. As such, the BSNL recruited employees be also granted defined pension as per CCS (Pension) Rules.

(IV) CGHS facilities to BSNL absorbed DoT retirees.

Department of Telecom vide their OM No.4-12(11)2012-PAT dated 20.02.2014 have extended CGHS facilities to retired BSNL employees who are in receipt of Central Civil pension/Pro-rata pension from Central Civil Estimates in consultation with the Ministry of Health & Family Welfare. BSNL retirees have been given an option to choose either CGHS or BSNL-MRS as per their convenience.

BSNL also vide its letter no. BSNL/Admn./14-15.09(pt) dated 2nd April, 2014 addressed to all the Chief General Managers, has asked them to give wide publicity and to assist the willing retired employees by forwarding their applications to the respective CGHS units for admission to CGHS.

But, the Ministry of Health & Family Welfare does not seem to have issued any other in this connection. Hence, in the absence of necessary order from the nodal Ministry, the facility is unlikely to be extended to BSNL retirees by CGHS. Hence immediate necessary action in the matter needs to be taken by MoH & FW.

Further, since the DoT O.M. dated 20.02.2014 stipulates that the retired BSNL employees who opt for CGHS “would have to pay the requisite fee to CGHS as applicable to Government retirees”, DoT must now fix the rate of monthly contribution payable by the pensioner. It is to be noted that the contribution payable by the Government retirees is fixed on the basis of the Grade Pay that they would have drawn had they been in service whereas in BSNL there is no element of Grade Pay to fix the rate of contribution on par with Government retirees. The ward entitlement of Government retirees is also determined on the ‘notional Pay in Pay Band’. Hence, BSNL will have to evolve a new dispensation on contribution and ward entitlement in respect of BSNL retirees which must be in conformity with the rates applicable to CGHS beneficiaries.

We request the VII CPC once again to consider the Memorandum submitted by the BCPC as also by the AIBDPA and give favourable recommendations to the Government.

Sd/-
V.A.N.Namboodiri
Advisor, AIBDPA.

Sd/-
A.K. Bhattacharjee
President, AIBDPA

Sd/-
K.G.Jayaraj,
General Secretary AIBDPA