PENSION AND TERMINAL BENEFITS
Orders of the Govt. dated 02/09/08 applicable to BSNL absorbed – IMPACT ON BSNL ABSORBED EMPLOYEES

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We had stated earlier that since the BSNL absorbed employees are covered by CCS (Pension) Rules as per Rule 37 A the pension rules of the Central Govt. on the date of his retirement is applicable to him. As and when the CCS(Pension) rules get amended this will be applied to the BSNL absorbed pensioners also. Our stand had been vindicated now that DoP &PW had written to DoT that the amended CCS (Pension) rules are applicable to BSNL absorbed employees.

This write up covers the benefit a BSNL absorbed pensioner gets due to the amended Pension Rules.

Calculation of the pension and terminal benefits of BSNL absorbed pensioners is based on the pension rules of the Central Government prevailing at the time of their retirement. The pension Rules are amended w.e.f. 01-01-2006.

The BSNL absorbed employees are categorized in 3 groups for this purpose:-

(A) Those who retired prior to 01-01-2006 i.e. up to 31-12-2005.

(B) Those who retired from 01-01-2006 to 01-09-2008 (the date prior to issue of Notification i.e. 2nd Sept 2008.)

(C) Employees who retire on or after 2nd Sept 2008.

(A) Past pensioners: Those who retired prior to 01-01-2006 i.e. up to 31-12-2005.

Since the CCS (Pension) Rules are amended w.e.f.01-01-2006 those who retired upto 31-12-2005 will not get any benefit in terms of enhanced gratuity etc.

Only the additional quantum of pension on attaining the age of 80 years and above is applicable for them. When one will reach 80 years of age, his basic pension will increase by 20 %. Similarly, on 85 years of age the increase will by 30 %, on 90 years of age basic pension will increase by 40 % and on 95 years of age by 50 %. When one completes a century in age, basic pension will be doubled.

However as on date there will not be a single BSNL absorbed employee at this age. Even the person who retired on superannuation in OCT 2000 will be just 68 years on date. However very like a Central Govt pensioner he would also benefit when he attains
the age of 80 years and above as the rules of additional quantum of pension is applicable to him.

(B) Past Pensioners: Those who retired from 01-01-2006 to 01-09-2008 (date prior to the notification viz.02/09/08)

(i) PENSION:

Pension will be revised as per last pay drawn or the average of last 10 months’ pay which ever is higher. These employees could have got their pension calculated on the last 10 months’ average pay. Now their pension will be fixed on last pay drawn if it is beneficial to them. For most of the employees this will be beneficial. Their pension will be revised and they will be paid arrears.

The additional quantum of pension on attaining the age of 80 years and above is applicable for them when they attain the age of 80 years and above.

(ii) Terminal benefit:

Gratuity:

The ceiling on DCRG has been increased from 3.5 lakhs to 10 lakhs. Hence those executives who were eligible for a higher amount in gratuity but their gratuity was restricted to 3.5 lakhs will now get the difference amount.

The balance of gratuity calculated on their last IDA pay + IDA DA multiplied by 16.5 (for 33 years of service and above) will be given after adjusting Rs 3.5 lakhs already paid to them. Thus, those whose IDA pay plus IDA DA was above Rs.21212/- at the time of their retirement will have the benefit.

Commutation of Pension:

Commutation Table has been revised reducing the commutation factor. For an employee retiring on superannuation, his commutation factor was 9.81. Hereinafter it will be 8.194 only.

However these employees who retired prior to 02-09-2008 will not be affected. They might have already got commutation of pension. Now the commutation table has been revised reducing the commutation factor. But this will not affect the commutation amount already received by them or become absolute for them.

However by the revision of pension as mentioned in (i) by applying last pay drawn they may get some additional pension. If they so opt they can commute 40 % of the increased pension. But the revised commutation table will be applied for commuting the additional pension.
C) Employees who retired on or after 02-09-2008 or who are now in service.

Pension:

(i) Full pension after 20 years qualifying service:

The minimum service required for getting pension is now 20 years. This continues. However the full pension i.e., 50% of pay will be paid for the completed qualifying service of 20 years itself. Consequently there will be no addition of 5 years of service on VRS.

[Note: At present, after completing 33 years of service only one gets full pension i.e. @ 50% of last ten months average pay. Now as per amended rules a person retiring on superannuation after completing 20 years of service will get full pension. Further at present if one takes VRS earlier, 5 years service weightage is added and pension is worked out on pro rata basis i.e., a person taking VRS after 20 years gets (20+5) 25/33 of 50% of average pay as pension. By the above decision of the employee taking VRS after 20 years of service will get full pension i.e., 50% of his pay (either last 10 months’ average pay or last pay drawn which ever is higher). Consequently there will be no addition of 5 years weightage since it is no longer relevant.]

(ii) The pay for the purpose of pension calculation is the average of last 10 months pay or the last pay drawn which ever is beneficial to the official.

(iii) The additional quantum of pension on attaining the age of 80 years and above is applicable for them when they attain the age of 80 years and above.

Terminal Benefits:

Gratuity:

The ceiling for payment of gratuity has been increased to Rs10 lakhs.

Commutation of Pension:

The Commutation table revised. The Commutation factor has been reduced. For an employee retiring on superannuation, his commutation factor was 9.81. Hereinafter it will be 8.194 only.

FAMILY PENSIONERS:

Enhanced Family pension revised for those dying in service:

The pension is 50% of the last pay drawn or the average of last 10 months’ pay whichever is higher. The family pension is 30% of the last pay drawn or the average of
last 10 months’ pay whichever is higher. But when an employee dies in service or a
pensioner dies an enhanced family pension being 50 % of the pay is given for 7 years
from the date of death of the employee/pensioner or the date when the
employee/pensioner would have attained the age of 67 years which ever is earlier.

Now the enhanced family pension has been revised for the families of the employees
dying in service. The enhanced family pension will be paid from the date of death of the
employee for a period of 10 years without any upper age limit.

There will be no change in the enhanced family pension period to the family in case of
death of the pensioner. This will remain the same i.e.,, 50 % enhanced family pension for
7 years from the date of death of the pensioner or the date the pensioner would have
attained 67 years which ever is earlier.

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