

**MEMORANDUM TO HON'BLE SEVENTH CENTRAL PAY COMMISSION ON PENSION MATTERS**

**Submitted by**

**All India Bharat Sanchar Nigam Limited Retired Executives' Association  
Central Headquarters, New Delhi**

**Introduction:**

“All India Bharat Sanchar Nigam Limited Retired Executives' Association” represents the pensioners originally recruited by Department of Telecommunications in the Officers grades who subsequently got absorbed in Bharat Sanchar Nigam Limited after its formation and thereafter retired from the various Executive grades in BSNL. The branches of the Association are spread all over India. We are also covered under Central Civil Services Pension Rules like all other Central Government Employees and our pension is being paid by the Government of India. We now submit herewith our memoranda to the Honorable Seventh Central Pay Commission on pension related issues which are of concern to us as we are also a stakeholder in this vital issue.

Bharat Sanchar Nigam Limited, a Central Public Sector Enterprise, was formed on 01-10-2000 by carving out from Department of Telecommunication, a Central Government Department. The erstwhile employees of Department of Telecommunication were given an option to get absorbed in Bharat Sanchar Nigam Limited as per Rule 37 A of CCS (Pension) Rules 1972. The Pension is being paid by the Department of Telecommunications, Government of India from Consolidated funds of India vide Rule 37 A of CCS (Pension) Rules 1972. The CCS (Pension) Rules 1972 apply in all matters in respect of fixation of pension, payment of pension and terminal benefits etc, to all the absorbed employees in Bharat Sanchar Nigam Limited, i.e., those who had served in the Department of Telecommunication upto 30/09/2000 and got absorbed in Bharat Sanchar Nigam Limited. Since we are also covered by the recommendations of the Central Pay Commissions, as far as the issues of pension and terminal benefits are concerned, we herewith submit our memorandum to the Honorable Seventh Central Pay Commission for consideration. We request that the issues brought forth here may kindly be viewed sympathetically by of the Honorable Chairman and members of the Seventh Central Pay Commission and the Honorable Commission may give favorable recommendations on these issues:

**ISSUE NO. 1: GRATUITY:**

The Retirement Gratuity is calculated as 0.25 times of Pay+DA for every completed six months' of service with a maximum of 16.5 times of Pay+DA. This is now restricted to a maximum limit of Rs. 10 lakhs.

*The Hon'ble Sixth Central Pay Commission had opined that the limit of gratuity should be such that all employees barring those in top grades are able to get full benefit of gratuity payable as per the given formula. Keeping this in view, it is the Hon'ble Sixth Central Pay Commission which had recommended the ceiling of gratuity as Rupees ten lakhs only.*

To maintain the same position of full benefit in respect of the grades that were given full benefit as on 2006, it is requested to consider to raise the present ceiling limit of gratuity to Rupees 30 lakhs. During the interim period of the next CPC due to increase in DA, the grades which got full benefit as on the year of implementation of CPC, do not get full benefit after few years. Hence to maintain the same position, it is requested that Hon'ble Seventh CPC may also kindly recommend for a periodical review of the ceiling of gratuity at least once in five years.

## **ISSUE NO. 2: RESTORATION OF COMMUTATION:**

The Sixth Central Pay Commission had stated that the commutation factor arrived at by it was based on market interest of 8 % p.a. and also the mortality rate.

The Hon'ble Supreme Court, on the other hand, in its judgment passed in December, 1986 in Writ Petitions No. 3958-61 of 1983 had directed restoration of the commuted value of pension once the commutation amount along with the interest element thereon was recovered fully. The said judgment of Hon'ble Supreme Court was also referred to by Sixth Central Pay Commission itself in its report.

*An analysis and methodology for application of interest is placed below.* It can be seen that as per the method the principal with 8 % interest gets fully recovered in less than 12 years. As such, it is requested that the commutation may be restored in 10 years.

### **Methodology of calculation of Interest and repayment**

#### **(i) Calculation of Interest**

While calculating the interest and method of repayment, following two procedures are being followed. The first procedure is that the monthly interest gets first charge on the repayment. On the monthly repayment, the interest is taken first and the balance is reduced in principal. The next month's interest is based on the reduced principal. This procedure is followed by the Banks or the Financial Institutions when they give loans to public.

The second procedure is that the principle gets first charge on the repayment. On the monthly repayment, the principle is taken first. The interest of next month is based on reduced principal. This goes on till the principal is fully cleared. The monthly interest accrued for all the months is totaled and this is repaid in further monthly repayment till it gets fully recovered. This procedure is followed when Government gives House Building Advance to its own employees.

Since the commutation amount is considered as a loan with interest and is given by the Government to its employees only when they are to retire, it would be appropriate that the second procedure is applied as the methodology for calculation of Interest and repayment.

(ii) **Rate of Interest :**

The banks or financial institutions charge interests at a lesser rate than the prevailing market rate when the loans are given by them to their own employees/ pensioners. As such the Government should also charge a lesser rate of interest than the market rate since the commutation amount is given to its own retiring employees who had served the Government all through their life and it should not act as a strict money lender to its own retiring employees at their advanced age.

We have attached herewith a worksheet based on the above for repayment of the commutation amount with 8 % interest, of course without applying the mortality rate. The sheet is attached herewith as **Annexure-I**.

It can be seen that while the procedure of interest first is followed the principal and interest at 8 % interest is fully repaid at 160 months (i.e., 13 years and 4 months). When the procedure of principal first is followed, the principal and interest at 8 % interest is fully repaid in 131 months (i.e., 10 years and 11 months).

Thus, even by not taking into account the mortality rate, the commutation amount gets fully cleared at less than 11 years when interest is charged @ 8 % by applying the procedure for reducing the principal first - similar to the procedure being followed by the Government when it grants House Building Advance to its employees.

Further, the Government should not apply market rate of interest on the commutation amount paid to its past employees. In the same manner as the Banks give loans to its employees/pensioners at a lower rate of interest in place of the normal rates of interests charged from the public, the Government should also charge only a lower rate of interest and NOT on market rate of interest. Considering the above and applying a lower rate of interest than the market rate, it is conceivable that the commutation amount would get fully repaid in 10 years.

(iii) **The mortality rate:**

The mortality rate should not be applied for the restoration. It is true that application of mortality rate was done in 1971 when the earlier commutation table was made. But during the period from 1971 till now, the Government has liberalized many issues for the benefit of

pensioners. The family pension given on the death of the pensioners have also been liberalized during the past two CPCs.

Further, even in cases when a pensioner dies before his commutation amount is fully cleared, it does not mean that the Government is at a loss. After all from the very next day of the pensioner's unfortunate demise, the pension is going to stop. Even if there is a family pensioner alive to receive the family pension (the family pension being 30 % of last pay as against the pension being 50 % last pay) would be just 60% of the pension being given till the earlier day. Therefore, the issue here is not like a financial institution granting loan to public. The Government, with a human approach and sympathy to the pensioners, should not apply the mortality rate for the restoration of commutation amount. As such, we request that the commutation be restored at ten years.

### **ISSUE NO. 3: ADDITIONAL PENSION FOR OLD AGE PENSIONERS:**

The Sixth Central Pay Commission had recommended additional pension for old pensioners and the same was accepted by the Government and implemented w.e.f. 01-01-2006 as under:-

|                  |                                |
|------------------|--------------------------------|
| <b>80 years</b>  | <b>- 20% of basic pension</b>  |
| <b>85 years</b>  | <b>- 30% of basic pension</b>  |
| <b>90 years</b>  | <b>- 40% of basic pension</b>  |
| <b>95 years</b>  | <b>- 50% of basic pension</b>  |
| <b>100 years</b> | <b>- 100% of basic pension</b> |

Though this was a great solace to old age pensioners, in reality the benefit does not reach the needy in time as expected. Though the life span of Indians have increased during last decade. As per the statistics, less than 12 % cross 70 years of age and those who cross 80 years of age is just 4.5 %. Further, these senior citizens spend the last decade of their life in poor health conditions and great pains. As the joint family concept is no more in vogue, the old age pensioners live in isolation and have to take the help of others for nursing them obviously on payment basis which also eats their meager pension.

Hence it is highly just and reasonable to extend the benefit of additional pension at the age of 70 years itself instead of present 80 years, so that it may partly mitigate the sufferings of those at the last decade of their earthly life who may not live to get the additional pension at 80 years of age.

It is also requested that an additional pension of 20 % be paid when the pensioner/family pensioner reaches 70 years of age. A further 10 % may be added uniformly at every 5 years up to 95 years so that the additional pension at the age of 95 years would be 70 %. Further, just the handful of pensioners, who are fortunate enough to cross 100 years, may be allowed 100 %

additional pension as at present. With this, the increase in pension due to additional pension to be paid would also be uniform over all the specified periods.

As such, we request that the additional pension for age old pensioners may be recommended as below:

**70 years - 20% of basic pension**  
**75 years - 30% of basic pension**  
**80 years -40% of basic pension**  
**85 years - 50% of basic pension**  
**90 years - 60% of basic pension**  
**95 years - 70% of basic pension**  
**100 years - 100% of basic pension**

**ISSUE NO. 4: ENHANCED FAMILY PENSION:**

At present the enhanced family pension on the death of a pensioner is 50 % of last pay drawn by the deceased government servant and the amount so admissible would be available for a period of 7 years or till the date the pensioner would have attained the age of 67 years whichever is earlier. It is requested that Seventh Central Pay Commission may increase this to 10 years or till the date the pensioner would have attained the age of 70 years whichever is earlier.

The enhanced family pension in case of death in harness of a Government servant is 50 % of the pay last drawn and the amount so admissible would be available for a period of 10 years. There is no restriction with reference to the age of the government servant dying in harness. Since when a government servant dies in harness, his family suddenly finds itself in darkness due to the loss of its breadwinner. It would take quite some time for the family to restore itself back. So it is requested that the enhanced family pension in case of death of a Government servant in harness may kindly be increased to 15 years without any restriction on the age limit.

**OTHER ISSUES OF IMPORTANCE:**

**1. GRIEVANCE REDRESSAL MECHANISMS**

At present, a few Grievance redressal mechanisms for the pensioners, as briefed below, are available, but these are not as effective and decisive as they should have been due to various reasons:

**(a) GRIEVANCE REDRESSAL MECHANISM IN CASE OF PENSIONERS:**

Normally, the grievances received by the Department of Pension & Pensioners Welfare (DoP&PW) from the individual pensioners and the pensioners' Associations are forwarded by DoP&PW to the respective Department to examine and settle the same as per extant rule with intimation to the concerned petitioner. As per DoP&PW instructions, the Department has to first send an acknowledgement to the concerned petitioner. But this is not followed by most of the Departments - specially the Department of Telecommunications. DoP&PW also does not monitor and follow up these cases. Thus, in most of the cases the grievances of the aggrieved pensioners remain unsettled.

Since the Department of Pension & Pensioners' Welfare is the ultimate authority on pension related issues and also since pensioners' associations are also not recognized, it is requested that strict compliance of the DOP&PW's instructions on the subject may kindly be ensured and DOP&PW is also made responsible for settlement of the grievances in a time bound manner. It must monitor the disposal of the grievance petitions sent by it to the concerned Departments.

**(b) STANDING COMMITTEE OF VOLUNTARY AGENCIES (SCOVA):**

The forum of SCOVA (Standing Committee of Voluntary Agencies) is facilitated by the Central Government for interaction with the Pensioners' Associations for discussing the grievances of pensioners of all Departments. At present the SCOVA has a few pensioners' associations as a 'Standing group' and a few other pensioners' associations as 'Rotating group'. There are several hundred thousand pensioners' Association in India. We appreciate that it is not possible for the Government to allow all such associations to participate in the SCOVA meeting. Moreover, as the pensioners are not the employees, there cannot be any recognition rules or channel of communications for their associations. Therefore, it is suggested that DOP&PW should accept new agenda from the interested Pensioners' Associations after due scrutiny by a duly constituted internal Screening Committee set up at its level. Once an item is found having merit for inclusion as an agenda, the concerned Association sending the item may also be given an opportunity to participate in the SCOVA meeting to discuss only the said item in agenda.

**(c) PENSION AADALAT**

To redress the grievances of the pensioners of Department of Telecommunication/Bharat Sanchar Nigam Limited, Pension Aadalats are being held with the objective to resolve their pension related problems. But these are mostly held in the headquarters of the Controllers of Communication Accounts of Department of Telecommunications. The pensioners living in far off areas in the state find it difficult to attend these Pension Aadalats due to their old age. Further they are also not well equipped to present their cases properly before the Pension Aadalat. Moreover, these Aadalats are also not held on regular intervals.

So it is requested that for the sake of effective functioning of the grievance redressal system, the Pension Aadalats may be held at regular intervals by the Controller of Communication Accounts of Department of Telecommunication at all levels (SSA, Circle and Central level). The notice for holding such meetings must be given wide publicity through official website of the concerned authorities holding the Pension Aadalat and the local news papers. Since the Pension Aadalats entertain individual cases, it is requested to allow the petitioner-pensioner to nominate someone of his choice to present his case on his behalf.

## **2. ENSURING EXPEDITIOUS SETTLEMENT OF PENSIONARY BENEFITS**

### **(a) TIME BOUND SETTLEMENT OF VIGILANCE/DISCIPLINARY CASES AGAINST THE PENSIONERS**

It is a common experience that a few government servants after their retirement, continue to suffer for years because of non-settlement of disciplinary/ vigilance cases initiated against them while in service. In addition, in many cases the charge sheets are served on the last day of their service. These cases continue for years together without any hope of their finalization in a reasonable time span. Their pensionary benefits are also withheld by granting them only a provisional pension which is insufficient for leading a decent livelihood. As such, they face immense problem to handle their family and social commitments with the meager amount at their disposal and in the absence of any other source for further reasonable income. The anxiety and tension created on this account apart from the social stigma because of the hanging of the sword over their head for a prolonged period with no settlement in sight also tells upon their health.

Though the Central Vigilance Commission has laid down certain general guidelines for Timely disposal of disciplinary/vigilance cases against the employees in general, but these are hardly being followed. Moreover, there are no special guidelines or mechanism in place for time bound disposal of the disciplinary/vigilance cases against the retiring/retired employees (pensioners). No one takes into consideration the need to settle these cases on time to give mental and financial relief to this section of the senior citizens. Thus, this section of the senior citizens has to lead the rest of their life under severe mental depression.

Under the above background, it is requested that the Hon'ble Seventh Central Pay Commission may kindly recommend to formulate guidelines to devise a special mechanism and a monitoring system for time-bound disposal of disciplinary/vigilance cases against the retiring/retired employees and also to ensure that in no case, the settlement of these cases be delayed for more than a year after retirement.

**Enclosure :**

**Annexure-I [Linked to Issue No. 2(ii) above].**

\*\*\*\*\*