



ALL INDIA BHARAT SANCHAR NIGAM LIMITED RETIRED EXECUTIVES' ASSOCIATION

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No.AIBSNLREA/CHQ/2023/76

Dated: 9th October 2023

To

Shri Ajay Kumar Sahu,
Member (Services),
Department of Telecommunications,
New Delhi-110001

Sub: **Unjustifiably forcing BSNL to pay Pension contribution on maximum of pay scale instead of existing pay in respect of the BSNL absorbed Employees – Request for intervention**

Sir,

This is in continuation of the informal discussions we had with you on 26.09.2023, wherein we had drawn your kind attention to a major financial distress inflicted on BSNL by unjustly forcing it to pay Pension Contribution in respect of its absorbed employees on the basis of maximum of the pay scales under FR 116, while calculating pension contribution under FR 116 has been modified w.e.f. 1.1.2006 as “on the basis of existing pay of the Government servants on deputation.” Had due importance been given to this issue, BSNL would have been spared the unnecessary drain of hundreds of crores of rupees every year from its resources.

2. While BSNL was formed in the year 2000 as a fully Government owned PSU, the Cabinet had approved a framework in relation to the pension and retirement benefit of the erstwhile DoT employees getting absorbed in BSNL and opting for combined service pension (putting together their service rendered in DoT and BSNL). According to the Cabinet decision “**All employees will be entitled to Government's scheme of pension/family pension even after their absorption; Payment of pension would be made by Government and Arrangements would be worked out for obtaining pension contribution from the PSU to be deposited with the Government.**”

3. Subsequently orders were issued vide DoT letter No. 2-1/200.TA-1/17 dt.31.07.2002 that “*pension contribution is payable by BSNL (both for the deemed deputationists of all categories as well as the absorbed employees of the Group 'C' and 'D' as per rates of contribution prescribed in the Fundamental Rules 116 and 117 under Appendix 2 of Swamy's Compilation. These will be calculated*

at the maximum of the scale of the post held by the official of rates varying with the length of service given in the Annexure of appendix 2 (FRs 116 & 117)."

4. FR 116 pertains to payment of pension contribution in respect of Government servants on deputation to other departments/PSUs payable by the borrowing department. The rate of pension contribution is to be calculated as per DoP&T orders issued from time to time. While the rate was being calculated based on the maximum of the pay scale till 31.12.2005 as per the then existing OM of DoP&T **[Annexure-A]**, it was modified vide DoP&T OM No.2/34/2008-Estt (Pay-II) dated 19.11.2009 **[Annexure-B]** as "based on existing basic pay" w.e.f. 1.1.2006. **This change of rate of pension contribution is yet to be implemented in respect of BSNL absorbed employees, with BSNL still continuing to pay pension contribution on the maximum of the pay scale.**

5. This modified order of DoP&T was issued in consultation with Department of Expenditure which had stated vide its ID No. MoF (DoE) ID No.228 (SO)(E-III(A))/08 dated 19th December 2008, **[Annexure-C]** that "*With the introduction of Modified ACP Scheme under which an employee will now get financial upgradation to the next higher grade pay on completion of 10 years of service, under normal circumstances, no government servant is likely to remain in a particular grade for more than 10 years. In the light of this position, it is proposed that instead of the present practice of basing the calculation of pension contribution during the active period of foreign service on the basis of the maximum of the pay scale plus dearness pay appropriate to such maximum plus interim relief appropriate to such maximum, such calculations may now be based on the existing basic pay of the Government Servant.*" **The above justification, as advanced by Department of Expenditure in respect of CG employees on foreign service, in fact is equally applicable to the BSNL employees since all the BSNL Executives are covered under time bound financial upgradation Scheme after every 4/5 years and the non-executive employees after 7/8 years.** Since none of the BSNL Executives remain in the same scale for more than 4/5 years and similarly the non-executives for more than 7/8 years, payment of pension contribution by BANL basing on 'existing pay' of the BSNL employees is fully justified as per DoP&T OM No.2/34/2008-Estt (Pay-II) dated 19.11.2009 and needs to be implemented w.e.f. 1.1.2006 as in the case of the CG employees or even earlier as the time bound financial upgradations in BSNL were made effective w.e.f. 1.10.2004.

5. Subsequently, **DoT had committed at least in three of its Memorandum of Understanding with BSNL [Annexure-D] to ensure that "Pension Contribution is collected on the actual basic pay instead of maximum of the scale in IDA which is contrary to the procedure followed in respect of CDA scales."** This commitment could not be fulfilled for reasons known only to DoT. DoP&PW had long back in the year 2013 concurred with a GoM decision to extend this methodology to MTNL/BSNL employees w.e.f. 1.1.2006. But Cabinet approval for the same was put on hold in the last minute. Later while extending the benefit of Rule 37A for MTNL employees, a proposal for change in methodology in pension contribution - as per FR-116 upto 31.12.2005 on the maximum of the IDA pay scales and with effect from 01.01.2006 on the actual pay drawn in the

IDA pay scales, was mooted but again it was dropped before final approval of the Cabinet but after issue of Press Release on the subject [Annexure-E]. **There can be no justification for treating BSNL differently when pension contribution is collected from it under the same FR 116 and irrespective of the fact BSNL employees draw pay in IDA scales.**

6. Subsequently DoE had wanted some clarifications on allowing BSNL to pay pension contribution on existing pay. DoT vide its letter **No.40-32/2011-Pen(T) dated 2nd January 2019 addressed to CMD BSNL [Annexure-F]** had listed five points on which DoE required clarification on the matter and had requested BSNL to get them examined and furnish clarifications to DoT for further deliberation in DoT and onward submission to DoE. While we believed that BSNL had submitted the clarifications and the matter was only pending with DoE, we were shocked to learn through a reply dated 11.11.2022 from DoT under RTI [Annexure-G], that **“reply from BSNL is still awaited.”** Our efforts to ascertain the status of further progress in the matter did not bear fruit.

7. We still have a genuine concern about revival of BSNL as the ones have given our blood and sweat in building the organization. We do not know as to why this pension contribution matter was not put up to Cabinet while getting three BSNL revival packages approved in the recent times.

8. We therefore request your personal intervention in this matter for impressing upon the Department of Expenditure, so that BSNL is also allowed to pay pension contribution in respect of its absorbed employees on ‘existing pay’ w.e.f. 1.1.2006 and the excess amount paid by BSNL all these years is refunded. This will not only improve the financial finances but also remove the hurdles in revising the pay scales of BSNL employees.

With kind regards,

Yours sincerely,



(R.R. Balasubramanian)
General Secretary