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No. AIBSNLOA/CHQ/2019/32

Dated : 16th August 2019

To

Smt. Nirmala Sitharaman,
Hon'ble Minister of Finance,
Government of India,
New Delhi

Subject: Allowing BSNL to pay pension contribution on the basis of actual pay of its absorbed employees as per DoP&T OM dated 19.11.2009 – your kind intervention requested

Respected Madam,

We are constrained to seek your kind personal attention and intervention in a long pending issue, adversely affecting the finance of Bharat Sanchar Nigam Limited (BSNL), particularly at a time when this 100% Government owned PSU is facing liquidity crunch and consequent operational crisis. The matter has been lying with the Department of Expenditure for its decision and hence we thought that it would be appropriate to apprise you of the facts of the case.

2. After formation of BSNL on 1.10.2000 and absorption of the employees of erstwhile Department of Telecom in BSNL, BSNL had directed to pay pension contribution under Fundamental Rule 116 in respect of its absorbed employees, to the Department of Telecommunications, as the Government had taken the responsibility of payment of pension to these employees after their retirement:

3. FR 116 relates to the rate of pension contribution by any borrowing organization to the lending organization in respect of the employees on deputation/Foreign Service from the latter to the former and the rate of pension contribution decided by the Government from time to time for which orders are issued by the Department of Personnel & Training. BSNL was paying pension contribution in respect of its absorbed employees **on the basis of maximum of the pay scale**, as stipulated by the DoP&T OM No. 2/3/2000- Estt (Pay II) dated 15th May 2000.

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4. After implementation of the recommendations of VI Central Pay Commission, DoP&T issued a revised OM vide No. 2/34/2008-Estt (Pay II) dated 19th November 2009, stipulating that pension contribution will be **based on the existing pay**, w.e.f. 1.1.2006. All the Government departments have already implemented the revised methodology of pension contribution. However, BSNL has forced to continue to pay pension contribution in respect of its absorbed employees based on **maximum of the pay scale as per the old DoP&T OM, which stands revised and hence non-existent.**


5. Although, DoT had assured repeatedly that pension contribution by BSNL, in respect of its absorbed employees, would be based on existing pay, in accordance with the extant DoP&T OM dated 19.11.2009, but assurance has not been kept. Resulting, BSNL forced to pay pension contribution, in respect of its absorbed employees, based on maximum of the pay scale even after 1.1.2006. **BSNL is paying Rs.700 crores (approx.) in excess of actual amount due against pension contribution every year since 2006, which is one of the major drains on its revenues.**

6. 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 due to DoE taking a stand that pay structure of BSNL was completely different.

7. According to the information, obtained recently by us, under RTI Act 2005, we find that Department of Expenditure after examining DOP&T Note on the need for deciding the pay on which pension contribution under FR 116 is to be calculated, consequent to introduction of the concept of pay band and grade pay by the VI CPC, had proposed pension contribution should be on existing basic pay instead of the then existing practice of pension contribution on the basis of maximum of the pay scale. This proposal was later implemented by issue of an O.M by the DoP&T vide No.2/34/2008-Estt. (Pay II) dated 19th November 2009.

8. In the said proposal by DoE vide MoF (DoE) ID No.228 (SO)(E-III(A))/08 dated 19th December 2008, [copy enclosed] it has been clearly stated that

“The proposals have been examined in this Ministry. After the implementation of the Sixth CPC’s recommendations, running pay bands and grade pays have been introduced and as such there is no maximum of the pay scales. Also 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 he 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.**”

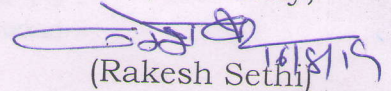


9. Here, it is pertinent to note that due to availability of time bound upgradations after every 4 years to 5 years in respect of BSNL executives and every 7 years to 8 years in respect of BSNL non-executives, no one in BSNL will remain in the same scale for more than 5 years/8 years. Therefore, the ground for extending the method of pension contribution on the basis of actual pay in respect of Government Servants absolutely holds good for extending the same to absorbed BSNL employees, whose pension contribution is covered by the same FR 116. Provisions of FR 116 cannot be implemented differently for different employees covered by the same FR 116, whether they are in CDA or IDA scales.

10. In view of the above, we request you to kindly instruct the Department of Expenditure, to examine the rationale behind the request for allowing BSNL to pay pension contribution in respect of its absorbed employees on the basis of existing pay w.e.f 01.01.2006, in accordance with the rate of pension contribution specified by DoP&T vide its OM No. 2/34/2008-Estt (Pay II) dated 19th November 2009 and to issue necessary orders in this regard.

With high regards,

Yours sincerely,


(Rakesh Sethi)

General Secretary

Encl: As stated

- Copy to: 1. Shri Girish Chandra Murmu,
Secretary, Expenditure, DoE.
2. Shri Anshu Prakash,
Secretary, DoT
3. Shri P.K.Purwar,
CMD, BSNL

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