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ANNEXURE - IV

A. Rates of monthly contribution of pension

Effective from 1st July, 1982

Year of service	Rates of monthly contribution expressed as percentage of the maximum monthly pay of the post in the officiating/substantive grade, as the case may be, held by the officer at the time of proceeding on foreign service.			
	Group 'A'	Group 'B'	Group 'C'	Group 'D'
0- 1 year	7%	6%	5%	4%
1- 2 years	7%	6%	6%	4%
2- 3 "	8%	7%	6%	5%
3- 4 "	8%	7%	7%	5%
4- 5 "	9%	8%	7%	5%
5- 6 "	10%	8%	7%	6%
6- 7 "	10%	9%	8%	6%
7- 8 "	11%	9%	8%	6%
8- 9 "	11%	10%	9%	7%
9-10 "	12%	10%	9%	7%
10-11 "	12%	11%	10%	7%
11-12 "	13%	11%	10%	8%
12-13 "	14%	12%	10%	8%
13-14 "	14%	12%	11%	8%
14-15 "	15%	13%	11%	9%
15-16 "	15%	13%	12%	9%
16-17 "	16%	14%	12%	9%
17-18 "	16%	14%	13%	10%
18-19 "	17%	15%	13%	10%
19-20 "	17%	15%	13%	10%
20-21 "	18%	16%	14%	11%
21-22 "	19%	16%	14%	11%
22-23 "	19%	17%	15%	11%
23-24 "	20%	17%	15%	12%
24-25 "	20%	17%	16%	12%
25-26 "	21%	18%	16%	12%
26-27 "	21%	18%	16%	13%
27-28 "	22%	19%	17%	13%
28-29 "	23%	19%	17%	13%
29-30 "	23%	20%	18%	13%
Over 30 years	23%	20%	18%	14%

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ANNEXURE-V

Views of various departments	Comments of DoT
<p>Department of Public Enterprises</p> <p>Liability of pension for Government service by DoT/DTS/DTO employees should be borne by the Government if the same has not been taken into account in computation of the net worth of BSNL at Rs. 63,000 crore. On the contrary in case the provision of the pension liability for Government service by these employees has been made in computation of net worth, it should be borne by BSNL and accordingly BSNL should reimburse the amount of pension paid by Government to these employees.</p>	<p>The Net worth of Rs. 63,000 crore of BSNL did not take into account liability of Pension, gratuity & earned leave. In fact the consultant M/s A.F. Ferguson in its report had given that a tentative amount of Rs. 15000 crore would have to be deducted from Net worth if these liabilities were to be discharged by the BSNL. Therefore liability of pension should be borne by Government as per the reasoning given by Department of Public Enterprises.</p>
<p>Department of Pension and Pensioners' Welfare</p> <p>The Department of Pension and Pensioners' Welfare agrees with the proposals contained in the draft note for Cabinet. The following comments/observations of the Department may be kept in view before finalising the Note for Cabinet:</p> <p>i) In para 9 it has been stated that BSNL incurs an annual loss of revenue of Rs. 1,100 crore on account of non-receipt of dividend and Licence Fee from MTNL and Licence Fee from VSNL. BSNL cannot lay any claim to the dividend and Licence Fee from MTNL and Licence Fee from VSNL, which rightly goes into the Consolidated Fund of India. These receipts are in respect of areas outside the domain of BSNL and hence the dues are not be taken as loss to BSNL, whether actual or notional.</p>	<p>It is reiterated that dividend and Licence Fee from MTNL and Licence Fee from VSNL amounting to Rs. 1100 crore per annum were part of revenue streams of erstwhile DoT/DTS/DTO which was also bearing pension liabilities of its employees. However with corporatisation, these revenue streams have gone to Consolidated Fund of India. Further as brought out in para 9 of the Cabinet Note, more than Rs. 1000 crore are being contributed by BSNL by way of taxes and dividends per annum. Thus Government after corporatisation is getting more than Rs. 2100 crore per annum, while the pension liability of DoT to be paid by Government is</p>

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<p>ii) In para 13 of the Note for Cabinet, the notification number has been given as SO/483(E) dated 30.12.2003, which should read as SO 1483(E) dated 30.12.2003.</p>	<p>Rs. 1100 crore per annum.</p> <p>ii) Necessary modification has been carried out.</p>
<p>Department of Expenditure</p> <p>Ministry of Finance is unable to support the proposal contained in the Cabinet Note on account of the following reasons:</p> <p>i) Prior to creation of BSNL from 01.10.2000, payment of pension to the employees of Department of Telecommunications was never a charge on General Revenues of the Government. Such payments were treated as part of working expenses of the Department and met out of the receipts arising out of commercial operations of the Department.</p> <p>ii) At the time of creation of BSNL, all assets of DOT were transferred to BSNL, Hence, the liability to pay pension to all the retired employees should justifiably be discharged by BSNL.</p>	<p>i) As mentioned in reply to observation of Department of Pension & Pensioner's Welfare above, while earlier on DoT itself was bearing the pensionary liabilities of DoT employees, post-corporatisation, additional amount of Rs. 2100 crore per annum is accruing to General Revenues. Thus it would be appropriate to fund pension liability of Rs. 1100 crore from Consolidated Fund of India.</p> <p>ii) As mentioned in reply to observation of Department of Public Enterprises, while assets and net-worth were calculated pensionary liabilities were not deducted, which would have reduced net-worth of BSNL by Rs. 15,000 crore and would have resulted in an entirely different capital structure. Further while assets were transferred, certain revenue streams of DoT were shifted to General Revenues along with taxes and dividend payments from BSNL, which gave additional inflows of Rs. 2100 crore in 2003-04 to General Revenues as against pension liability of Rs. 1100 crore per annum.</p>

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iii) Subsequent to its creation, BSNL was given substantial reliefs and concessions in the form of exemption from payment of dividend on preference equity upto March, 2004 and on equity upto March 31, 2002; 50% and 25% waiver on dividend due on equity of the years 2002-03 and 2003-04 respectively and moratorium on repayment of Government loan of Rs. 7500 crore as well as interest thereon up to March 31, 2005. Further, Rs. 1500 crore on 2000-01 and Rs. 2300 crore each in the Budget 2001-02, 2002-03 and 2003-04 were provided as compensation to BSNL for meeting operational losses in rural areas and Village Public telephony. BSNL was also granted an interest free loan in perpetuity of Rs. 720 crore in 2002-03 for implementation of Village Public Telephones programme. *It may not therefore be justified to allow any further relief to BSNL in form of exemption from liability to pay pension to the erstwhile employees of DoT who were transferred to BSNL.*

iv) Right from the nascent of creation of BSNL, an unambiguous agreement existed between Department of Telecommunications and Ministry of Finance that Pensionary liabilities would have to be met out of the revenue streams of BSNL. This is also reflected in para 5 of Ministry of Finance, Department of Economic Affairs D.O. No. F.1(12)-B(AC)/2001 dated 9.3.2001 addressed to Member (Finance) DoT.

v) The issue was also discussed in the meeting held between FM and Minister of Communications on 20.8.2002 where a consensus was reached that pension liability in respect of the employees of erstwhile Department of Telecommunications as well as further retirees of BSNL/MTNL will have to be fully met from the contributions made by these two corporations without any budgetary support.

iii) This aspect has already been considered in para 10 of the Cabinet Note. All the reliefs and concessions mentioned by Ministry of Finance is an independent issue and these were specifically to meet losses arising out of maintenance of vast telephone net work in rural areas and for undertaking socially desirable projects at the behest of the Government. Further the reliefs and concessions granted so far to BSNL do not fully meet the losses incurred by BSNL on account of rural telephony and socially desirable projects.

iv) It is not correct to say that there is unambiguous agreement between Department of Telecommunications and Ministry of Finance about meeting pensionary liabilities out of revenue streams of BSNL. It is true that Ministry of Finance has been taking this view and it has not been agreed to by this Department as mentioned in para 6 of the Cabinet Note that is why this Cabinet Note is being submitted.

v) DoT does not have any record of consensus mentioned by Ministry of Finance. However in a Full Telecom Commission meeting held on 4th October 2002 in which the then Finance Secretary and the present Expenditure Secretary were present, it was agreed that the pension of retired and due to be

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	retired DoT employees should be met out of dividend payment by MTNL, VSNL and BSNL deposited in the Consolidated Fund of India.
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