

No. 47-35/2014-Pen(T)  
Government of India  
Department of Telecommunications  
20, Ashoka Road, Sanchar Bhavan,  
New Delhi.

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Dated: 23 December, 2014.

To

Shri Amit Kumar Gupta,  
1/4 Rajendra Banerjee Road,  
Behala,  
Kolkata 700034.

Subject: Seeking information under RTI Act, 2005 - Case of Shri Amit Kumar Gupta.

Sir,

Kindly refer to your representation dated 14.11.2014 vide which you have deposited an amount of Rs. 36/- for obtaining the copy of the Cabinet Memo dated 29.12.2010.

2. As desired by you, a copy of the Cabinet Note dated 29<sup>th</sup> December, 2010 enclosed herewith.

Yours faithfully,



(R.K. Mishra)  
DDG(Estt.) & Appellate Authority

Encl: As stated above.



F.No.40-17/2008-Pen(T)  
Government of India  
Department of Telecommunications

Copy No. /70

Dated 29<sup>th</sup> December, 2010

NOTE FOR THE CABINET

**Sub: Revision of IDA pension for employees of BSNL, who retired after 01.10.2000 and before 01.01.2007.**

**1. Background:**

1.1 Bharat Sanchar Nigam Limited (BSNL) was formed on 01.10.2000 by conversion of the erstwhile Department of Telecom Services (DTS) and Department of Telecom Operations (DTO) into a Public Sector Undertaking (PSU). The Government employees in the two departments were transferred en masse to BSNL on deemed deputation basis. The process of absorption of these employees in BSNL took place with effect from 01.10.2000 in accordance with Rule 37A of CCS(Pension) Rules, 1972. On absorption, these absorbed employees started getting their pay in Industrial Dearness Allowance (IDA) based pay scales. As per sub-rule 8 of rule 37A of CCS(Pension) Rules, 1972, these absorbed employees are eligible for pensionary benefits on the basis of the combined service rendered by them with the Central Government and with BSNL in accordance with formula for calculation of pension and family pension under CCS(Pension) Rules, 1972 at the time of their retirement from BSNL. The absorbed employees of BSNL who retired after 01.10.2000 get pension, and dearness relief thereon as per IDA



F.No.40-17/2008-Pen(T)  
Government of India  
Department of Telecommunications

pattern. The number of such retired employees as on 31.12.2006 is approximately 47,000. The pension to employees absorbed in BSNL is paid by Government as per sub-rule 21 to 23 of Rule 37-A of CCS (Pension) Rules 1972, while BSNL continues to pay Pension Contribution to the DoT as per rates prescribed under FR-116.

1.2 The Department of Public Enterprises (DPE) issued orders for revision of pay of employees in BSNL with effect from 1.1.2007. No such orders were issued by the government for revision of pension of employees retired from BSNL. As a result, employees who retired from BSNL after 1.1.2007 got about 30% higher pension than the employees who retired before 1.1.2007.

**2. Justification:**

2.1 In respect of government employees, consequent to pay revision, pension revision has also been carried out in accordance with guidelines issued by the Department of Pension & Pensioners' Welfare (DoP&PW). Though there are only a few PSUs which are paying pension on IDA pay scales, BSNL is a unique PSU where pension continues to be paid by the government to absorbed employees of BSNL. However, consequent to pay revision in BSNL with effect from 1.1.2007, no guidelines have been issued for revision of pension of absorbed employees of BSNL.



F.No.40-17/2008-Pen(T)  
Government of India  
Department of Telecommunications

2.2 As on 1.1.2007, Dearness Relief given on IDA pay scales was 68.8% of the basic pension. From 01.01.2007, wage revision in IDA scales for all employees took place in BSNL. The revision was done after merging basic pay with IDA @ 68.8% and applying fitment of 30% thereon i.e. on basic pay plus merged IDA. This resulted in significant rise in basic pension for those employees, who retired after 01.01.2007 in the revised pay scales. However, the BSNL absorbed employees who retired before 1.1.2007 continued to draw pension at lower rates, as no change in the pension was notified. A large number of BSNL pensioners, Service Unions as well as pensioner's Associations/Unions have represented for revision of pension in respect of BSNL absorbed employees retired before 1.1.2007.

2.3 The Department of Pension & Pensioners Welfare (DoP&PW) had earlier advised the Department of Public Enterprises (DPE) to issue instructions to all administrative Ministries for revision of pension (under IDA pattern) of retired en-masse transferees who had opted for combined pension as per formulae under the Central Government rules based on IDA pattern of pay, on the lines of procedure adopted for pay scales of PSU officials. No instructions have, however, been issued by DPE to the administrative ministries for revision of pension, presumably on the ground that IDA pension revision issue is beyond DPE's scope.

2.4 It is therefore felt that for pre-2007 retirees of BSNL, DOT has to process revision of pension on IDA pattern. As per sub-rule 21 of Rule 37-A, pensionary benefits including family pension are to be paid by the Government for employees



F.No.40-17/2008-Pen(T)  
Government of India  
Department of Telecommunications

absorbed in BSNL. In the absence of suitable general guidelines for pension revision on IDA pattern, it has been felt necessary to seek Cabinet Approval for such revision. Accordingly, this proposal has been prepared considering the factors given in following paragraphs.

2.5 Pension is linked to pay drawn at the time of retirement as well as pay drawn by employee of similar status in future even after retirement. Pension revision of retired employee is linked to pay revision of existing employees. As per the judgment of Apex Court in case of D. S. Nakara & Others versus Union of India, the Apex Court has ruled that applicability of any liberalised pension scheme should not depend on a fixed date of retirement but the division of pensioners into two classes should be based on some rational principle.

2.6 The annual pension liability of the Government in respect of employees of DoT/DTS/DTO, who retired prior to 1.10.2000 and those who have worked or working in BSNL on deemed deputation and for those who are absorbed in BSNL, shall not exceed 60% of annual receipts to Government from (i) Dividend income from MTNL/BSNL, (ii) License fee from MTNL/BSNL; and (iii) Corporate tax /Excise duty /Service tax paid by BSNL. If the annual pension liability exceeds the figure of 60%, the liability beyond that level will be borne by BSNL. Details of pension liability of government for the year 2009-10 for BSNL are given at **Annexure-I** (Page 14).

2.7 The pension of pre-2006 Central Government pensioner/family pensioner has been revised as per orders dated 1.9.2008, by adding together (i) the existing



F.No.40-17/2008-Pen(T)  
Government of India  
Department of Telecommunications

pension/family pension; (ii) Dearness pension, where applicable (iii) Dearness relief as on 1.1.2006 i.e. 24% of Basic pension/Basic family pension plus dearness pension; and (iv) Fitment weightage @ 40% of existing pension/family pension. The amount so arrived at will be regarded as consolidated pension/family pension with effect from 1.1.2006. The pension revision factor thus comes out to be 2.26 as on 1.1.2006; of course, with minimum and maximum pension as on 1.1.2006 as Rs.3500/- and Rs.45000/- respectively.

2.8 The pension revision methodology contained in this note is based upon the pay revision parameters of BSNL. The consolidated pension/ family pension will be worked out by adding (i) the existing basic pension/family pension, (ii) Dearness relief as on 1.1.2007 i.e. 68.8% of Basic pension/Basic family pension and (iii) Fitment weightage @ 30% on the sum of existing basic pension/family pension and the dearness relief (IDA) thereon. The pension revision factor thus comes out to be 2.194 as on 1.1.2007.

2.9 Other conditions like minimum and maximum revised pension being Rs. 3500/- and Rs. 45000/- as on 1.1.2007 respectively, age related additional pension for pensioners as prescribed by DoP&PW, and government liability of pension being limited to 60% of receipts will remain similarly applicable.



F.No.40-17/2008-Pen(T)  
Government of India  
Department of Telecommunications

**3. Proposal:**

3.1 In view of the foregoing, it is proposed that the pension/ family pension of existing BSNL absorbed pre-2007 pensioners/ family pensioners may be revised w.e.f. 1.1.2007 by adding together-

- (i) Existing pension/ family pension including commuted portion of pension, if any
- (ii) Dearness relief (IDA) @ 68.8%
- (iii) Fitment weightage @ 30% of the existing pension/ family pension and dearness relief (IDA) thereon.

3.2 The amount so arrived at will be regarded as the consolidated pension/ family pension w.e.f. 1.1.2007 subject to minimum/ maximum limit prescribed under CCS Pension Revised Rules 2008. Since the consolidated pension will be inclusive of commuted portion of pension, if any, the commuted portion will be deducted from the said amount while making monthly disbursements.

3.3 The fixation of pension will be subject to the provision that the revised pension, in no case, shall be lower than fifty percent of the minimum of the pay in the pay scale corresponding to the pre-revised pay scale from which the pensioner had retired.

3.4 This quantum of pension/family pension available to the old pensioners/family pensioners shall be increased as follows:



SECRET

F.No.40-17/2008-Pen(T)  
Government of India  
Department of Telecommunications

Age of pensioners/ family pensioners	Additional quantum of pension
From 80 years to less than 85 years	20% of revised basic pension/family pension
From 85 years to less than 90 years	30% of revised basic pension/family pension
From 90 years to less than 95 years	40% of revised basic pension/family pension
From 95 years to less than 100 years	50% of revised basic pension/family pension
100 years or more	100% of revised basic pension/family pension

3.5 After this revision, the annual pension liability of the Government in respect of employees of DoT/DTS/DTO, who retired prior to 1.10.2000 and those who have worked or working in BSNL on deemed deputation and for those who are absorbed in BSNL, shall not exceed 60% of annual receipts to Government from (i) Dividend income from MTNL/BSNL, (ii) License fee from MTNL/BSNL; and (iii) Corporate tax /Excise duty /Service tax paid by BSNL. If the annual pension liability exceeds the figure of 60%, the balance amount is to be paid by BSNL.

**4. Inter-Ministerial Consultation:**

4.1 The draft note was circulated to the Department of Expenditure (Ministry of Finance), Department of Legal Affairs (Ministry of Law and Justice), Department of Pension and Pensioners' Welfare (Ministry of Personnel, Public Grievances and Pensions) and Department of Public Enterprises (Ministry of Heavy Industries & Public Enterprises) on 28.7.2010. The views of the consulted Ministries along with

SECRET



SECRET

F.No.40-17/2008-Pen(T)  
Government of India  
Department of Telecommunications

counter comments of Department of Telecommunications are placed at **Annexure-II** (Page 15) to this note.

4.2 The Department of Expenditure vide its OM dated 3.9.2010 conveyed its concurrence to the proposal contained in this Cabinet Note. Department of Legal Affairs has opined that if IDA pension is not revised from 1.1.2007 in case of BSNL absorbee pensioners, it may create a huge difference in the pension of employees of the same grade retired before and after 1.1.2007 and the former may resort to their legal right on the basis of the aforesaid judgement of the Hon'ble Supreme Court. There being no legal or constitutional objection to the proposal, they also concurred to the proposal contained in this note on 12.8.2010. Department of Pension and Pensioners' Welfare vide its OM dated 23.8.2010 has agreed with the proposal contained in the Cabinet Note with certain observations which have been duly incorporated in the Cabinet Note. Department of Public Enterprises vide its OM dated 23.9.2010 has indicated no objection to the proposal subject to certain observations which have been duly considered while preparing this cabinet note as mentioned in **Annexure-II** (Page 15).

5. **Financial Implications:**

5.1 The additional annual expenditure on account of revision of IDA pension in BSNL comes to around Rs. 110 crores. The additional expenditure for payment of arrears for last 3 years since 1.1.2007 is approximately Rs. 330 crores. The annual liability of the Government on account of this proposed revision of pension in BSNL

SECRET



F.No.40-17/2008-Pen(T)  
Government of India  
Department of Telecommunications

with effect from 1.1.2007 shall be within the prescribed limits as explained in para 3.5 above.

**6. Approval Sought:**

6.1 Approval of the Cabinet is sought for revision of pension/ family pension of existing BSNL absorbed pre-2007 pensioners/ family pensioners w.e.f. 1.1.2007 by adding together-

- (i) Existing pension/ family pension including commuted portion of pension, if any
- (ii) Dearness relief (IDA) @ 68.8%
- (iii) Fitment weightage @ 30% of the existing pension/ family pension and dearness relief (IDA) thereon.

6.2 The amount so arrived at will be regarded as the consolidated pension/ family pension w.e.f. 1.1.2007. This will be subject to the conditions of minimum and maximum revised pension, age related additional pension for pensioners, and government liability of pension being limited to 60% of receipts as mentioned in para 3.2 to 3.5 of this note.

7. The statement of Implementation Schedule has been given in **Appendix-I** (Page 11) to this note.



**SECRET**

F.No.40-17/2008-Pen(T)  
Government of India  
Department of Telecommunications

8. The proposal covered in the note is an administrative issue and therefore criteria of Equity, Innovation and Public Accountability is not relevant in this case. A statement on Equity, Innovation and Public Accountability is attached at **Appendix-II (Page 13)** to this note.

This note has been seen by Hon'ble Minister of Communications & Information Technology.



**(Malay Shrivastava)**  
**Joint Secretary to the Govt. of India**  
**Telephone No. 23717411**  
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**SECRET**



F.No.40-17/2008-Pen(T)  
Government of India  
Department of Telecommunications

APPENDIX - I  
(Refer paragraph 7)

**STATEMENT OF IMPLEMENTATION SCHEDULE**

Sub: Revision of IDA pension for employees of BSNL, who retired after 01.10.2000 and before 01.01.2007.

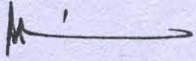
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Gist of decision required	Project benefits/results	Time-frame and manner of Implementation / Reporting to Cabinet Secretariat.
<p>Revision of IDA Pension of existing BSNL absorbed pre-2007 pensioners/ family pensioners w.e.f. 1.1.2007 by adding together-</p> <p>(i) Existing pension/ family pension including commuted portion of pension, if any</p> <p>(ii) Dearness relief @ 68.8%</p> <p>(iii) Fitment weightage @ 30% of the existing pension/ family pension and dearness relief (IDA) thereon.</p>	<p>This will fulfill the demand of pension revision of BSNL retirees (who retired between 01.10.2000 and 01.01.2007) in whose case pension is paid by the Government.</p>	<p>Immediately after approval of this Cabinet Note, instructions will be issued to Controllers of Communication Accounts (CCA), in various circles of BSNL to complete the work of pension revision within 6 months.</p>



F.No.40-17/2008-Pen(T)  
Government of India  
Department of Telecommunications

<p>The revision is subject to the conditions of minimum and maximum revised pension, age related additional pension for pensioners, and government liability of pension being limited to 60% of receipts as mentioned in para 3.2 to 3.5 of this note.</p>	
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SECRET

F.No.40-17/2008-Pen(T)  
Government of India  
Department of Telecommunications


**APPENDIX – II**  
(Refer paragraph 8)

**STATEMENT OF EQUITY, PUBLIC ACCOUNTABILITY AND INNOVATION**

**Sub: Revision of IDA pension for employees of BSNL, who retired after 01.10.2000 and before 01.01.2007.**

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Sl. No.	The required goal	How does the proposal advance this goal?
1.	Equity or inclusiveness, Public Accountability, Innovation	The proposal covered in the Note is an administrative issue and therefore, the criteria of Equity, Public Accountability and Innovation is not relevant in this case.

  
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SECRET



F.No.40-17/2008-Pen(T)  
Government of India  
Department of Telecommunications

**ANNEXURE - I**  
(Refer paragraph 2.6)

**Total Annual Receipt to Government and Pension Liability**

S.No.	Item	Amount Rs. Crores
1.	Dividend from BSNL in 2009-10	0.00
2.	Dividend from MTNL in 2009-10	35.44
3.	Licence fees from BSNL in 2009-10	2154.10
4.	Licence fees from MTNL in 2009-10	348.06
5.	Corporate Tax paid (including TDS) in 2009-10	1935.00
6.	Service tax in 2009-10	2914.68
7.	Excise duty	37.75
8.	Total	7425.03
9.	<b>60% of this amount</b>	<b>4455.00</b>
10.	Pension Liability of Government for 09-10	2877.18
11.	Pension Liability of Government for 09-10 after proposed revision	2877.18 + 110.00 <b>= 2987.18</b>
12.	Pension Contribution paid by BSNL to the government for 2009-10	2023.53

Thus the pension liability of the Government after the proposed revision of pension of the BSNL retirees shall also be within the prescribed limit of 60%.



F.No.40-17/2008-Pen(T)  
Government of India  
Department of Telecommunications

**ANNEXURE – II**  
(Refer paragraph 4.1)

**Comments of Ministries Consulted**

<b>Comments</b>	<b>Counter Comments of Ministry of Communications &amp;IT</b>
<p><b><u>Department of Legal Affairs</u></b></p> <p>The proposals contained in the Draft Note are by and large of administrative nature pertaining to DOT and their two PSUs i.e. BSNL and MTNL. It also appears that at present the pension liability towards the absorbed employees are by and large made by the Government from the receipt of their commercial PSUs. Also, so far the service rendered by these employees in the Government before the corporatisation is concerned, the liability to pay pension was of the Central Government. There appears to be no legal or constitutional objection to the proposals contained in the Note, and if approved, we may concur in the said Note.</p>	<p>No comments required</p>
<p><b><u>Department of Pension and Pensioners' Welfare</u></b></p> <p>DoP&amp;PW is in agreement with the proposal. contained in the draft Cabinet Note. However, following observations are communicated:-</p> <p>(i) The Cabinet Note is silent on the issue of modified parity for pensioners as prescribed in para 4.2 of Department of Pension and Pensioners' Welfare O.M. No.38/37/08-P&amp;PW(A) dated 1.9.2008. Para 4.2 is reproduced below:-</p> <p>'4.2. The fixation of pension will be subject to the provision that the revised pension, in no case, shall be lower than fifty percent of the minimum of the pay in the pay band plus the grade pay corresponding to the pre-revised pay scale from which the pensioner had retired. In the case of HAG+ and above scales, this will be fifty percent of the minimum of the revised scale.'</p>	<p>Appropriate provision has been incorporated as para 3.3 of this Cabinet Note.</p>



SECRET

F.No.40-17/2008-Pen(T)  
Government of India  
Department of Telecommunications

<p>(ii) The Cabinet Note is also silent on the issue of age related additional pension for pensioners as prescribed in para 4.5 of Department of Pension and Pensioners' Welfare O.M. No. 38/37/08-P&amp;PW(A) dated 1.9.2008.</p> <p>Para 4.5 is reproduced below:-</p> <p>'4.5 This quantum of pension/family pension available to the old pensioners/family pensioners shall be increased as follows:</p> <table border="1" data-bbox="259 761 1104 1400"> <thead> <tr> <th>Age of pensioners/ family pensioners</th> <th>Additional quantum of pension</th> </tr> </thead> <tbody> <tr> <td>From 80 years to less than 85 years</td> <td>20% of revised basic pension/family pension</td> </tr> <tr> <td>From 85 years to less than 90 years</td> <td>30% of revised basic pension/family pension</td> </tr> <tr> <td>From 90 years to less than 95 years</td> <td>40% of revised basic pension/family pension</td> </tr> <tr> <td>From 95 years to less than 100 years</td> <td>50% of revised basic pension/family pension</td> </tr> <tr> <td>100 years or more</td> <td>100% of revised basic pension/family pension</td> </tr> </tbody> </table>	Age of pensioners/ family pensioners	Additional quantum of pension	From 80 years to less than 85 years	20% of revised basic pension/family pension	From 85 years to less than 90 years	30% of revised basic pension/family pension	From 90 years to less than 95 years	40% of revised basic pension/family pension	From 95 years to less than 100 years	50% of revised basic pension/family pension	100 years or more	100% of revised basic pension/family pension	<p>Appropriate provision has been incorporated as para 3.4 of this Cabinet Note.</p>
Age of pensioners/ family pensioners	Additional quantum of pension												
From 80 years to less than 85 years	20% of revised basic pension/family pension												
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From 90 years to less than 95 years	40% of revised basic pension/family pension												
From 95 years to less than 100 years	50% of revised basic pension/family pension												
100 years or more	100% of revised basic pension/family pension												
<p>(iii) The Cabinet note in para 3.3 (<i>para 3.5 of this note</i>) discusses the modalities of sharing pensionary liability between BSNL and government and states that pension liability of the government after proposed revision of pension of BSNL pensioners would increase by Rs. 110 crores and total liability shall be within prescribed limits. Department of Pension and Pensioners' Welfare has no comments on this financial issue.</p>	<p>No comments required</p>												

SECRET



F.No.40-17/2008-Pen(T)  
Government of India  
Department of Telecommunications

<p>(iv) The Department of Telecommunications has adopted the formula for revision of pension of all pensioners of BSNL, which has been used for revision of pay of its Board level and below Board level executives and Non-unionized supervisors as communicated vide Department of Telecommunications communication dated 7.2.2009. It is presumed that the same formula had been adopted while revising the pay of employees of BSNL. In case different formula has been prescribed for employees the same shall be adopted for revision of pension of pensioners of this category (employees).</p>	<p>Same formula has been adopted for revision of pay of executives as well as non-executives in BSNL. Presumption confirmed.</p>
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