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No.47-35/2014-Pen (T)
Government of India
Department of Telecommunications
(Pension T Section)

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New Delhi, dated the 13 May, 2015.

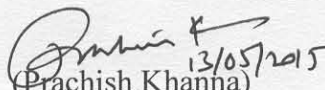
✓ Shri Amit Kumar Gupta,
1/4 Rajendra Banerjee Road,
Behala,
Kolkata-700 034.

Subject: Application under RTI Act, 2005 – Case of Shri Amit Kumar Gupta.

Kindly refer to this office letter of even number dated 26.03.2015 and your letter dated 06.04.2015, vide which you have requested to supply the copies of the relevant documents/information under RTI Act, 2005.

2. The copies of the documents sought by you are enclosed herewith (Total=10 pages).

Encl: As above.


(Prachish Khanna) 13/05/2015
Director (Estt) & CPIO
Tel: 2303 6500

(2)

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

1. Background:

1.1 BSNL was formed on 01.10.2000 after conversion of erst Department of Telecommunication Services (DTS) into a PSU. Government employees were transferred en masse to the PSU on deputation basis. Out of these employees, process of absorption in BSNL those belonging to erstwhile Group B, C and D category and a part of 'A' category took place with effect from 01.10.2000. These absorbed employees were entitled to IDA pay scales from the date of absorption. A sub-rule 8 of rule 37A of CCS(Pension) Rules, 1972, these absorbed employees are eligible for pensionary benefits/ family pension on the basis of com service rendered by them with the Government and the PSU in accordance with formula calculated under CCS(Pension) Rules, as may be in force at time of their retirement from the PSU. Also, as per the same sub-rule absorbed employees at his option, is eligible to receive pro-rata retirement benefits for the service rendered under the Central Government. Employees retired after 01.10.2000 are getting IDA pension and dearness on IDA pattern. The number of such retired employees as on 31.12.2006 is approximately 46,882. Pension to employees of BSNL is paid by Government as per sub rule 21 to 23 of CCS pension rules 1972. In case of other similar placed PSUs pension is to be paid through a fund in the form of a trust as per sub rule 12 to 20 of Rule 37-A of CCS Pension Rules, 1972.

1.2 In December, 2006, dearness relief as per IDA rate was 68.8% of basic pension. From 01.01.2007, wage revision in IDA scales for Executive took place in BSNL and the revision was affected after merging basic pay into IDA at 68.8% and applying fitment of 30% thereon. This resulted in significant rise in basic pension for those employees, who retired after 01.01.2007. A similar revision for Non-executive in BSNL is expected shortly and negotiation is in final stages in BSNL in this regard. Department of Public Enterprises does not issue any order for revision of pension of existing pensioners from the date of effect of wage revision. Eversince the issuance of OMs of DPE on 26.11.2008 regarding wage revision w.e.f. 01.01.2007, IDA pensioners of BSNL existing on 01.01.2007 are demanding revision of their pension. Prior to the issuance of O.M. regarding wage revision, DPE had issued an O.M. dated 26.2.2007 merging 50% IDA with Basic pay w.e.f. 01.01.2007 for serving employees. At that time also the pensioners of BSNL existing on 01.01.2007 raised demand for similar merger with their basic pension w.e.f. 01.01.2007. The matter was taken up with Department of Pension & Pensioners Welfare since they had issued similar orders for CDA pensioners w.e.f. 01.04.2007 when 50% of basic pay was merged with Basic pay as Dearness pay for serving employees. The DPE informed that the subject pertains to DPE which should be considered only to employees serving as on 01.01.2007 and did not include pensioners existing on 01.01.2007. In fact DPE deals only with wage and does not issue any orders regarding pension which is left to administrative Ministries. It was decided in DOT not to further process merger of 50% IDA with basic pay for BSNL pensioners w.e.f. 01.01.2007 with the stipulation that grievance of such pensioners shall be met once "IDA Pension Revision" as such is implemented w.e.f. 01.01.2007.

2. Issue under consideration :

2.1 The Department of Pension & Pensioner's Welfare had earlier issued general guidelines for pension revision of IDA pensioners vide their OM No. 4-14/2001-P&PW(D) dated 19.09.2003. According to these guidelines, IDA pay scales are required to be brought notionally to the equivalent of CDA pay scales. The pension and other relevant benefits will then be calculated on the notional pay in the CDA pay scales. In addition to IDA retirees will be entitled to DR on CDA pattern. As per para 4 of Order No.38020/1/2003-FC.III dated 31.05.05 of Department of Food & Public Distribution, Department of P&PW subsequently advised that it would not be advisable to work out the modalities pending receipt of judgement of Supreme Court of India, as the matter including point of sanction of DR is subjudice. It may be noted here that with reference to this order of provision of DR on IDA pattern was quashed by Kerala High Court vide their judgement dated 1.10.2002 whereas the grant of dearness relief on CDA pattern of IDA retirees was quashed by Madras High Court in their judgement dated 29.11.2002. The matter is now pending in the apex court.

2.2 As per sub rule 9 of Rule 37-A, the pension of BSNL employees has to be calculated as per 10 month average of pay. However, after 6th CPC, this is to be based on last emolument drawn. As per sub rule 10 of rule 37-A, in addition to pension or family pension, the employees shall also be eligible to Dearness Relief as per IDA pattern.

Thus emoluments of absorbed BSNL employees is on IDA pattern and shifting the pension on CDA pattern for revision does not appear proper.

2.3 Further, large number of BSNL pensioners/ Associations/ Service Unions and Pensioners Unions have represented that pension revision by converting to IDA pension to CDA pension as per DoP&PW OM dated 19.09.2003 is not acceptable to them as they will be put to substantial financial loss by doing so. They are demanding revision from IDA pension to IDA pension only as was done in the case of FCI.

2.4 Department of Pension & Pensioners Welfare vide its note No.4/50/2008-P&PW(D) dated 29.12.2008 have indicated that there are several difficulties in implementing their OM dated 19.9.2003 regarding revision of IDA pension.

In para 11 of this note, they have given following advice:

DPE may consider and with approval of competent authority issue instruction

- (i) For adoption of instructions issued by DOP&PW, for revision of pension of PSU employees drawing pension under CDA pattern.
- (ii) To all administrative Ministries to take suitable action for revision of pension (under IDA pattern) of retired en masse transferres who have opted for combined pension as per formulae under Central Government rules based on IDA pattern pay, following the procedure they adopt for issuance of pay scales of PSU officials under their administrative control.

In the same para, it is noted that "It has been advised by DPE that such exercise to some extent is being undertaken by the Department of Food in respect of FCI retirees"

Out of the above 2 recommendations, (i) is regarding PSU retirees drawing pension under CDA pattern and is not relevant in case of BSNL. As regards (ii), it recommends that DPE should instruct administrative Ministries to revise IDA pension on IDA pattern only for PSUs under them by following the procedure adopted for issuance of revision of pay scale of PSU.

While no such instruction has been issued by DPE, Department of Food is already implementing IDA pension revision for FCI pensioners. Last time they have done it on 31.05.2005. It is, therefore, felt that for BSNL retirees (prior to 1.1.2007), DOT only has to approve revision of IDA pension.

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2.5 As regards to methodology of pension revision, the above mentioned note of DoP&PW has indicated that "the pension and revision of pension is governed by certain basic principles:-

- (a) 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.
- (b) Pension is paid by the employer i.e. in case of Govt. Employee by Govt. and in case of PSU employee by PSU and out of funds managed by PSU.
- (c) Pension revision of retired employee is linked to pay revision of existing employees."

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2.6 In case of Government employees absorbed in BSNL, pension is paid by the Government of India as provided in sub-rule 21 of Rule 37-A of CCS (Pension) Rules (Annexure-A). Further, for such absorbed employee, the pension contribution on IDA pattern of pay is already being paid by the BSNL to the Government. Therefore, for the BSNL retirees drawing pension on IDA pattern, pension contribution has already been paid by the BSNL to the Government.

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2.7 Principally, wage revision of Executives & Non-Executives need not be on the same formula because of difference in approach, guiding principles, periodicity etc. prescribed for the two categories. Therefore, if pension revision is linked with wage revision, it will get linked with profit/loss of PSUs which will be unfair to the existing pensioners for whom pension contribution has already been paid by the BSNL to the Government.

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2.8 As per sub-rule 21 to 23 of Rule 37-A (Annexure-A), though pensionary benefits including family pension to BSNL absorbees are being paid by the Government, however, subsequently, Government prescribed following modalities for sharing of liability on this account -

- (i) BSNL has to make pension contribution to the Government for Government as well as absorbed employees working in PSU as per FR 116.
- (ii) The annual pension liability of the Government in respect of employees of DoT/DTS/DTO who retired prior to 1.10.2000 and absorbed employees as well as those on deemed deputation shall not exceed 60% of annual receipts to Government from:
 - (a) Dividend income from MTNL/BSNL
 - (b) Licence fee from MTNL/BSNL
 - (c) Corporate tax /Excise duty /Service tax paid by BSNL

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If the annual pension liability (which has been taken to include even pre 1.10.2000 pensioners) exceeds the figure of 60%, the balance amount is to be paid by BSNL. However, another order was issued by DOT on 05.01.2009 clarifying that if BSNL for any reason, is not able to contribute to the extent prescribed, the Government of India will still pay the admissible pensionary benefits including family pension to BSNL employees (excepting those recruited after 1.10.2000).

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2.9 As per the judgment of Apex Court in case of D.S. Nakara & Others versus Union of India, the Apex Court has directed that no pension scheme can be there which gives rise to a new category of pensioners after a cut off date. In this case, if IDA pension is not revised from 01-01-2007, then we shall

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be creating two categories of pensioners from January 2007, one, who retired after getting pay revision w.e.f. 1.1.2007 with benefit of IDA merger as well as fitment and the other, those retired prior to 1.1.2007. Also, such an approach will create a huge difference in pension of employees of the same grade retired before and after 01.01.2007.

2.10 The revision of pension of pre-2006 Central Government pensioner/family pensioner has been ordered vide DoP&PW OM No.38/37/08-P&PW(A) dated 1.9.2008, which as per Para 4.1 provides that "The pension /family pension of existing pre-2006 pensioners/family pensioner will be consolidated with effect from 1.1.2006 by adding together the existing pension/family pension

- (i) Dearness pension, where applicable
- (ii) Dearness relief up to AICPI (IW) average index 536 (Base year 1982 = 100) i.e. @ 24% of Basic pension/Basic family pension plus dearness pension as admissible vide this Department's OM No.42/2/2006-P&PW (G) dated 5.4.2006
- (iii) Fitment weightage @ 40% of the existing pension/family pension.

Where the existing pension in (i) above includes the effect of merger of 50% of Dearness Relief w.e.f. 1.04.2004, the existing pension for the purpose of fitment weightage will be re-calculated after excluding the merged dearness relief of 50% from the pension. The amount so arrived at will be regarded as consolidated pension/family pension with effect from 1.1.2006."

2.11 Proposal was submitted for financial concurrence vide 53-55/N in which fitment was kept as 40% on Basic pension. Also, in the proposal, no Dearness pension was kept because no such order for merger of 50% IDA with Basic pension was issued by any nodal department. Finance had agreed to the methodology except that they have advised to keep fitment @ 30% in line with fitment given in wage revision of serving employees w.e.f. 1.1.2007. They have further given the following advice:

- (i) the proposal and methodology for revision of IDA pensioners (retired between 1.10.2000 to 31.12.2006) will require the consultation/approval of DoP&PW.
- (ii) the estimated financial implication of approximately Rs 300 crores for last three years, as well as subsequent recurring expenditure on this account, will require approval of MoF.

2.12 In the present draft note, the fitment has been kept as 30% as advised by DoT Finance, however, it is applied on Basic pension plus Dearness Relief (68.8%) taken together. This has been done to keep it similar to the fitment provision given for wage revision of serving employees of BSNL w.e.f. 1.1.2007. The wage revision in IDA scale w.e.f. 1.1.2007 for the executive employees, was effected after merging Basic pay with IDA @ 68.8% and applying fitment @30% thereon (i.e. basic pay plus IDA @ 68.8%).

2.13 If the above IDA wage revision methodology adopted by BSNL w.e.f. 1.1.2007 is implemented for pension revision for pre-2007 BSNL absorbed retirees, fitment @30% shall be given on the sum of Basic Pension, and Dearness Relief (68.8%) in IDA as on 1.1.2007, which results in a pension revision factor of 2.194 as per following calculation:

- (i) Existing Pension as on 1.1.2001 = A
- (ii) Dearness Relief (68.8%) = 0.688A
- (iv) Fitment weightage @30% on (i)+(ii) = 0.30x1.688A = 0.5064A
- (v) Consolidated revised pension = (i)+(ii)+(iii) = 2.194A

3. Proposal:

3.1 In view of the explanation given under sub-rule 8 of 37-A that the amount of pension/family pension of the absorbed employee on superannuation from Public Sector Undertaking / Autonomous Body shall be calculated in the same way as would be the case with a Central Govt. servant, retiring on superannuation, on the same day; and keeping in view the fact that BSNL has done IDA merger @ 68.8% and given fitment @ 30% w.e.f. 1.1.2007, and also the fact that pension contribution is being paid by BSNL to the Government at the revised IDA pay scale w.e.f. 1.1.2007, it is proposed that the pension/family pension of existing pre 2007 pensioners/family pensioners will be consolidated w.e.f. 1.1.2007 by adding together-

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

The amount so arrived at will be regarded as 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.

3.2 Since the IDA pay scale revision of non-executive employees of BSNL with effect from 1.1.2007 is also proposed similar to the executive employees of BSNL (IDA merger @68.8% and fitment @30% and for ten years period), pension revision methodology as proposed at para 3.1 above shall also be notified for pension revision of pre-2007 non-executive absorbed retirees after notification of non-executive pay scales by BSNL.

3.3 The approximate annual expenditure on account of above proposed revision comes to around Rs. 110 crores. Accordingly, the additional expenditure for payment of arrears for last 3 years since 1.1.2007 will be approximately Rs. 330 crores (Rupees three hundred thirty crores only).

Accordingly, the Draft Note for Cabinet has been prepared and is submitted for approval.

(R. S. Rawat)
Under Secretary (STP)

Director (Estt.)

DDG (Estt.)

Member (S)

Member (F)

Secretary (T)

Hon'ble MOC & IT

ADG (Fin)

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Reference instructions of Secretary (T) and Advisor (F) on pages 72/N ante.

2. This is regarding draft Cabinet Note on the issue of revision of IDA pension for employees of BSNL, who retired after 01.10.2000 and before 01.01.2007. The background, issue involved and the proposal are given in detail in the succeeding paragraphs:

Background

3. BSNL was formed on 01.10.2000 after conversion of erstwhile Department of Telecommunication Services (DTS) into a PSU. The Government employees were transferred en masse to the PSU on deemed deputation basis. Out of these employees, process of absorption in BSNL for those belonging to erstwhile Group B, C and D category and a part of Group 'A' category took place with effect from 01.10.2000. These absorbed employees were entitled to IDA pay scales from the date of absorption. As per sub-rule 8 of rule 37A of CCS(Pension) Rules, 1972, these absorbed employees are eligible for pensionary benefits/ family pension on the basis of combined service rendered by them with the Government and the PSU in accordance with formula calculated under CCS(Pension) Rules, as may be in force at the time of their retirement from the PSU. Also, as per the same sub-rule, the absorbed employees at his option, is eligible to receive pro-rata retirement benefits for the service rendered under the Central Government. The employees retired after 01.10.2000 are getting IDA pension and dearness relief on IDA pattern. The number of such retired employees as on 31.12.2006 is approximately 46,882. Pension to employees of BSNL is paid by Government as per sub rule 21 to 23 of CCS pension rules 1972. In case of other similarly placed PSUs pension is to be paid through a fund in the form of a trust as per sub rule 12 to 20 of Rule 37-A of CCS Pension Rules, 1972.

4. In December, 2006, dearness relief as per IDA rate was 68.8% of their basic pension. From 01.01.2007, wage revision in IDA scales took place in BSNL and the revision was affected after merging basic pay with IDA at 68.8% and applying fitment of 30% thereon. This resulted in significant rise in basic pension for those employees, who retired after 01.01.2007. Department of Public Enterprises does not issue any order for revision of pension of existing pensioners from the date of effect of wage revision. Eversince the issuance of OMs of DPE dated 26.11.2008 regarding wage revision w.e.f. 01.01.2007, IDA pensioners of BSNL existing on 01.01.2007 are demanding revision of their pension. Prior to issue of O.M. regarding wage revision, DPE had issued an O.M. dated 26.2.2008 for merging 50% IDA with Basic pay w.e.f. 01.01.2007 for serving employees. At that time also the pensioners of BSNL existing on 01.01.2007 raised demand for similar merger with their basic pension w.e.f. 01.01.2007. The matter was taken up with Department of Pension & Pensioners Welfare since they had issued similar orders for CDA pensioners w.e.f. 01.04.2004 when 50% of CDA was merged with Basic Pay as Dearness Pay for serving employees. The DOP&PW replied that the subject pertains to DPE which should be consulted. The DPE informed that the scope of their OM dated 26.02.2008 was limited only to employees serving as on 01.01.2007 and did not include pensioners existing on 01.01.2007. In fact DPE deals only with wage and does not issue any orders regarding pension which is left to administrative Ministries. It was decided in DOT not to further process merger of 50% IDA with basic pension for BSNL pensioners w.e.f. 01.01.2007 with the stipulation that grievance of such pensioners shall be met once "IDA Pension Revision" as such is done w.e.f. 01.01.2007.

Issue under consideration

5. Department of Pension & Pensioner's Welfare had earlier issued general guidelines for pension revision of IDA pensioners vide their OM No. 4-14/2001-P&PW(D) dated 19.09.2003. According to these guidelines, IDA pay scales are required to be brought notionally to the equivalent of CDA pay scales. The pension and other relevant benefits will then be calculated on the notional pay in the CDA pay scales.

6. As per sub rule 9 of Rule 37-A, the pension of BSNL employees has to be calculated as per 10 month average of pay. However, after 6th CPC, this is to be based on last emolument drawn. As per sub rule 10 of rule 37-A, in addition to pension or family pension, the employees shall also be eligible to Dearness Relief as per IDA pattern. Thus emoluments of absorbed BSNL employees is on IDA pattern and shifting the pension on CDA pattern for revision does not appear proper.

7. Further, large number of BSNL pensioners/ Associations/ Service Unions and Pensioners Unions have represented that pension revision by converting to IDA pension to CDA pension as per DoP&PW OM dated 19.09.2003 is not acceptable to them as they will be put to substantial financial loss by doing so. They are demanding revision from IDA pension to IDA pension only as was done in the case of FCI.

8. Department of Pension & Pensioners Welfare vide its note No.4/50/2008-P&PW(D) dated 29.12.2008 have indicated that there are several difficulties in implementing their OM dated 19.9.2003 regarding revision of IDA pension. In para 11 of this note, they have given following advice:

DPE may consider and with approval of competent authority issue instruction

- (i) For adoption of instructions issued by DOP&PW, for revision of pension of PSU employees drawing pension under CDA pattern.
- (ii) To all administrative Ministries to take suitable action for revision of pension (under IDA pattern) of retired en masse transferees who have opted for combined pension as per formulae under Central Government rules based on IDA pattern pay, following the procedure they adopt for issuance of pay scales of PSU officials under their administrative control.

In the same para, it is noted that "It has been advised by DPE that such exercise to some extent is being undertaken by the Department of Food in respect of FCI retirees"

Out of the above 2 recommendations, (i) is regarding PSU retirees drawing pension under CDA pattern and is not relevant in case of BSNL. As regards (ii), it recommends that DPE should instruct administrative Ministries to revise IDA pension on IDA pattern only for PSUs under them by following the procedure adopted for issuance of revision of pay scale of PSU. While no such instruction has been issued by DPE, Department of Food is already implementing IDA pension revision for FCI pensioners. The last IDA pension revision in FCI has been done with effect from 1.1.1997 as per their order dated 31.05.2005. It is, therefore, for the DOT to revise the IDA pension of BSNL pre-1.1.2007 retirees.

9. As regards to methodology of pension revision, the above mentioned note of DoP&PW has indicated that "the pension and revision of pension is governed by certain basic principles:-

- (a) 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.
- (b) Pension is paid by the employer i.e. in case of Govt. Employee by Govt. and in case of PSU employee by PSU and out of funds managed by PSU.
- (c) Pension revision of retired employee is linked to pay revision of existing employees."

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10. In case of Government employees absorbed in BSNL, pension is paid by the Government of India as provided in sub-rule 21 of Rule 37-A of CCS (Pension) Rules (Annexure-A). Further, for such absorbed employee, the pension contribution on IDA pattern of pay is already being paid by the BSNL to the Government. Therefore, for the BSNL retirees drawing pension on IDA pattern, pension contribution has already been paid by the BSNL to the Government.

11. Principally, wage revision of Executives & Non-Executives need not be on the same formula because of difference in approach, guiding principles, periodicity etc. prescribed for the two categories. Therefore, if pension revision is linked with wage revision, it will get linked with profit/loss of PSUs, which will be unfair to the existing pensioners for whom pension contribution has already been paid by the BSNL to the Government.

12. As per sub-rule 21 to 23 of Rule 37-A (Annexure-A), though pensionary benefits including family pension to BSNL absorbees are being paid by the Government, however, subsequently, Government prescribed following modalities for sharing of liability on this account -

- (i) BSNL has to make pension contribution to the Government for Government as well as absorbed employees working in PSU as per FR 116.
- (ii) The annual pension liability of the Government in respect of employees of DoT/DTS/DTO who retired prior to 1.10.2000 and absorbed employees as well as those on deemed deputation shall not exceed 60% of annual receipts to Government from:
 - (a) Dividend income from MTNL/BSNL
 - (b) Licence fee from MTNL/BSNL
 - (c) Corporate tax /Excise duty /Service tax paid by BSNL

If the annual pension liability (which has been taken to include even pre 1.10.2000 pensioners) exceeds the figure of 60%, the balance amount is to be paid by BSNL.

13. As per the judgment of Apex Court in case of D.S. Nakara & Others versus Union of India, the Apex Court has directed that no pension scheme can be there which gives rise to a new category of pensioners after a cut off date. In this case, if IDA pension is not revised from 01-01-2007, then we shall be creating two categories of pensioners from January 2007, one, who retired after getting pay revision w.e.f. 1.1.2007 with benefit of IDA merger as well as fitment and the other, those retired prior to 1.1.2007. Also, such an approach will create a huge difference in pension of employees of the same grade retired before and after 01.01.2007.

14. The revision of pension of pre-2006 Central Government pensioner/family pensioner has been ordered vide DoP&PW OM No.38/37/08-P&PW(A) dated 1.9.2008, which as per Para 4.1 provides that "The pension /family pension of existing pre-2006 pensioners/family pensioner will be consolidated with effect from 1.1.2006 by adding together the existing pension/family pension

- (i) Dearness pension, where applicable
- (ii) Dearness relief up to AICPI (IW) average index 536 (Base year 1982 = 100) i.e. @ 24% of Basic pension/Basic family pension plus dearness pension as admissible vide this Department's OM No.42/2/2006-P&PW (G) dated 5.4.2006

- (iii) Fitment weightage @ 40% of the existing pension/family pension.

Where the existing pension in (i) above includes the effect of merger of 50% of Dearness Relief w.e.f. 1.04.2004, the existing pension for the purpose of fitment weightage will be re-calculated after excluding the merged dearness relief of 50% from the pension. The amount so arrived at will be regarded as consolidated pension/family pension with effect from 1.1.2006."

15. The Proposal was submitted for financial concurrence in which fitment was kept at 40% on Basic pension. Also, in the proposal, no Dearness pension was kept because no such order for merger of 50% IDA with Basic pension was issued by any nodal department. Finance Branch vide their notes at pages 53-57/N ante agreed to the methodology except that they have advised to keep fitment @ 30% in line with fitment given in wage revision of serving employees w.e.f. 1.1.2007. They further advised, (i) the proposal and methodology for revision of IDA pensioners (retired between 1.10.2000 to 31.12.2006) will require the consultation/approval of DoP&PW and (ii) the estimated financial implication of approximately Rs 300 crores for last three years, as well as subsequent recurring expenditure on this account, will require approval of Ministry of Finance. The Finance Branch further suggested some minor corrections in the draft Cabinet Note vide their notes at pages 63-64/N and 67/N, which have since been carried out.

16. In the present draft note, the fitment has been kept as 30% on the advice of Finance Branch of DOT, which is applied on Basic pension plus Dearness Relief (68.8%) taken together. This has been done to keep it similar to the fitment provision given for wage revision of serving employees of BSNL w.e.f. 1.1.2007. The wage revision in IDA scale w.e.f. 1.1.2007 for both the executive and non-executive employees of BSNL was effected after merging Basic pay with IDA @ 68.8% and applying fitment @30% thereon (i.e. basic pay plus IDA @ 68.8%).

17. If the above IDA wage revision methodology adopted by BSNL w.e.f. 1.1.2007 is implemented for pension revision for pre-2007 BSNL absorbed retirees, fitment @30% shall be given on the sum of Basic Pension and Dearness Relief (68.8%) in IDA as on 1.1.2007, which results in a pension revision factor of 2.194 as per following calculation:

(i)	Existing Pension as on 1.1.2001	= A
(ii)	Dearness Relief (68.8%)	= 0.688A
(iii)	Fitment weightage @30% on (i)+(ii)	= 0.30x1.688A = 0.506A
(iv)	Consolidated revised pension	= (i)+(ii)+(iii) = 2.194A

Proposal:

18. In view of the explanation given under sub-rule 8 of 37-A that the amount of pension/family pension of the absorbed employee on superannuation from Public Sector Undertaking/Autonomous Body shall be calculated in the same way as would be the case with a Central Govt. servant, retiring on superannuation, on the same day; and keeping in view the fact that BSNL has done IDA merger @ 68.8% and given fitment @ 30% w.e.f. 1.1.2007, and also the fact that pension contribution is being paid by BSNL to the Government at the revised IDA pay scale w.e.f. 1.1.2007, it is proposed that the pension/family pension of existing pre-2007 pensioners/family pensioners of BSNL will be consolidated w.e.f. 1.1.2007 by adding together-

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

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The amount so arrived at will be regarded as consolidated pension/family pension w.e.f 1.1.2007 subject to minimum/maximum limit prescribed under CCS Pension Reviser 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.

19. The approximate annual expenditure on account of above proposed revision of IDA pension of employees of BSNL, who retired after 01.10.2000 and before 01.01.2007 comes to around Rs. 110 crores. Accordingly, the additional expenditure for payment of arrears for last 3 years since 1.1.2007 will be approximately Rs. 330 crores (Rupees three hundred thirty crores only). The proposal has been concurred by the Finance Branch of DOT vide their note at page 67/N ante. All corrections suggested by Secretary (T) has been incorporated in para 3.3 of the Draft Cabinet Note after obtaining necessary advice/concurrence of TPF and FEB branches vide notes at pages 73-76/N ante. Now, the final Draft Cabinet Note is put up for kind approval of the Hon'ble MOC&IT before it is circulated for obtaining inter-Ministerial opinion.

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Rawat
(R. S. RAWAT)
Under Secretary (STP)
12.07.2010

Director (Estt.)

[Signature]
12/7/10

DDG (Estt.)

[Signature]
12/7/10

Member (S)

[Signature]
12/07/10

Member (F) - on tour

Advt (F)

[Signature]
12/7

Secretary (T)

[Signature]
14/7/10

Hon'ble MOC & IT

Secretary (T)

[Signature]
23/7

Adv (F)
[Signature]
22/7
DDG (Estt.)

US (STP)

complete note.
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69-S/MS
12.7.2010

1301-AIF-10
13.07.2010

363-UN/Sec
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