



**ALL INDIA
RETIRED**

Registration No. S/00108/NE-/2010

**BHARAT SANCHAR NIGAM LIMITED EXECUTIVES' WELFARE ASSOCIATION
CENTRAL HEAD QUARTERS, NEW DELHI**

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NO.AIRBSNLEWA/CHQ/2024/Secy/

Dated 23rd May, 2024

To,

1. **The Secretary (Pension), Department of Pension & Pensioners' Welfare, Lok Nayak Bhawan, Khan Market, New Delhi-110 003.**
2. **The Secretary, Department of Personnel & Training, Ministry of Personnel, P G and Pensions Government of India, North Block, New Delhi - 110 0013.**
3. **The Finance Secretary, & Secretary (Expenditure), Ministry of Finance, Department of Expenditure, Room No. 129-A, North Block New Delhi-110 001.**
4. **The Secretary Telecom., Dept. of Telecom., Govt. of India, New Delhi – 110 001.**

Sub: Fixation of Commutation Factor For Pensioners Who Have Retired After 2.8.2008 – regarding;

Respected sir,

We, the All India Retired BSNL Executives' Welfare Association is one of the largest association working for the welfare of the BSNL pensioners would like to bring the following facts on the above subject matter to your kind notice for a favourable and sympathetic consideration.

The fixation of Commutation Factor (CF) is done as per Central Civil Services (Commutation of Pension) Rules, 1981 (Last Amended Date: 06/06/2013). The said rules requires revisit on the issue as in last decade lot of changes have occurred in interest rates , mortality rate life expectancy. The LIC table of 94-96 is being used with interest rate of 8% and is effective from 2.9.2008. LIC ultimate table validity expired on 31.03.2013 and hence, the LIC table 94-96 is not a valid w.e.f. 1.4.2013. Instead of re-constructing the said table on every 5 years, still the same LIC table of 94-96 is used for commutation of pension to the retirees retiring even today. Due to changes in RBI repo rate, market interest rates, life expectancy and mortality as is being done for the CGIES and GPF rates, which are being revised every Quarter of a year, the LIC table also needs revision.

The Institute of Actuaries of India has revised the mortality tables every eight years ie 2005, 2013 & 2021. However, the commutation table has not been reconstructed after 2008 and needs to be revised immediately with retrospective effect from 1.4.2013 and 1.4.2021. The policy of the Central Government towards its employees who have rendered their Services for the Nation building for more than 35 years, should be sympathetic towards its employees and they should look after the welfare of employees and particularly pensioners as a model employer, the concept of profit making for central government on these sensitive issue should not be the criteria for fixing the commutation factor and restoration of commuted value of pension. The methodology used in computing the Commutation Factor (CF) is also not correct. The important issue is recovery period of 15 years is improper as the recovery is completed within 10 years and 8 months. Hence, it should have been 10 years and 8 months instead of 15 years recovery period as interest is recovered in 2.66 years. Hence deep study on this subject is required by the Central Government to protect the interest of its employees and pensioners who have served Nation for more than 35 years.

Improper fixation of commutation factor has resulted in loss of 16.5% less commutation amount received by Employees. Those employees who have retired on 1.1.2005, for them Commutation tables one table -1 is effective from 1.3.1971, – till 1.1.2006 with an interest rate of 4.75 %. Age 60 years, next birthday falls on 61 years, Commutation Factor (CF) is 9.81. Those who have retired on 1.1.2008, second commutation table-2 which is effective from 2.9.2008 till now, with an interest rate of 8 % p.a. Age 60 years, next birthday falls on 61 years, Commutation Factor (CF) is 8.194 The lowering of commutation factor from 9.81 to 8.194 from the age of 61 years as next birthday has resulted in reduction of commuted amount to the extent of 16.5%.

The commutation table is being prepared on the grounds of four parameters like Interest rates, Life expectancy, Mortality rate and Period of recovery by the LIC of India prepared in the year 1994. The fixation of Commutation Factor (CF) is based upon the Table, based on LIC (94-96) Ultimate Tables and based upon rate of interest of 8% and the mortality factor is published by the Institute of Actuaries of India (IAI) in the year 2005. The mortality rate has been reducing year by year and life expectancy has been increasing year after year. The interest rates also vary from year to year. The recovery is completed within 10 years and 8 months as the interest is recovered in 2.66 years, hence 15 years recovery period not logical. The interest rate for fixation of Commutation Factor (CF) is 8% is very high as compared to GPF rates of 7.1 % after 2020 and other government rates on deposits, instead of that actually RBI repo rate should have been adopted. The RBI repo rate was at 6.5% as of Dec 2008 and started declining from 2019 onwards to 4% and once again in 2023 it is 6.5 %. Between 2019 to 2023 we had very low interest rates, but central government charged 8% for its pensioners instead of 6%, especially after the year 2020. The mortality factor is published by the Institute of Actuaries of India which shows risk factor of just 1% and life expectancy is 80 years as per Census department source: www.censusindia.gov.in/SRS publications.

In the light of above, we the AIRBSNLEWA requests your goodself to kindly intervene in the matter and consider sympathetically and arrange the re-fixation of the commutation factor and tables with retrospective effect from 1.4.2013, and thereafter every five years, and render justice to the Pensioners, so that further litigations in this matter can be avoided.

With kind regards,

Yours Sincerely



(Prahlad Rai)

**General Secretary
AIRBSNLEWA**