

**Department of Telecommunications  
(Pension Section)**

**Reference: Secretary(T)'s observation at page 68/N.**

The matter relates to revision of pension of BSNL/ MTNL pensioners who were formerly Government employees and were absorbed in BSNL/ MTNL on conversion of DoT into BSNL/ MTNL. These pensioners are getting pension on the basis of their combined service in Government and BSNL/ MTNL.

**2. Background:**

- 2.1 In the case of Central Government employees/ pensioners, their pay and pension has been revised w.e.f. 01.01.2016 on the recommendations of 7<sup>th</sup> CPC. The recommendations of 7<sup>th</sup> CPC are applicable only to the Government employees who are getting pay/ pension on CDA pattern. Of late, BSNL/ MTNL absorbee pensioners have been demanding pension revision based on 7<sup>th</sup> CPC. However, in view of the fact that they are getting pension on IDA pattern, the orders issued by DoP&PW for revision of pension are not applicable to BSNL/ MTNL.
- 2.2 In the case of PSU employees, the pay of serving employees in several PSUs has been revised as per the recommendations of the 3<sup>rd</sup> PRC based on OM dated 3<sup>rd</sup> August, 2017 (p-583/c) issued by DPE regarding implementation of 3<sup>rd</sup> PRC. However, pay of serving employees in BSNL/ MTNL has not been revised so far due to affordability clause in 3<sup>rd</sup> PRC.
- 2.3 As regards the IDA pensioners retired from BSNL/ MTNL, their pension was last revised w.e.f. 01.01.2007 after 2<sup>nd</sup> PRC implementation for serving employees in BSNL/ MTNL 2007 by a Cabinet Approval. This pension revision was done after 2<sup>nd</sup> PRC was implemented for serving employees in BSNL/ MTNL, and by taking the same fitment factor of 2<sup>nd</sup> PRC as for serving employees, so that there is no anomaly between pre-2007 and post-2007 retirees.
3. Various unions/ associations of BSNL/MTNL retirees have represented to PMO, MoC and MoS (PP) to revise pension/ family pension of combined service optee BSNL absorbed employees w.e.f. 01.01.2017 based on 7<sup>th</sup> CPC/ 3<sup>rd</sup> PRC recommendations. Mainly they have made the following contentions in support of the above demands:
  - (a) Pension should be revised as it is not connected/ linked with 3<sup>rd</sup> PRC pay revision of serving BSNL executives or affordability/ paying capacity of BSNL.
  - (b) Pension contribution is already paid by BSNL to the Government.
4. Recently, representation dated 25.07.2022 (p-606/c) from All India BSNL Pensioners' Welfare Association has been received requesting the pension revision from 01.01.2017 for absorbed BSNL/ MTNL pensioners. The Association has also demanded pension revision by extending the 7th CPC CDA pension revision by way of notional CDA pay-fixation w.e.f. 01.01.2016.
5. Due to poor financial conditions and not meeting the criterion of 3<sup>rd</sup> PRC, recommendations of 3<sup>rd</sup> PRC have not been implemented in the case of BSNL/ MTNL serving employees and the employees of BSNL/MTNL continue on the same pay which was fixed after 2<sup>nd</sup> PRC.
6. Pension rules in respect of BSNL absorbed employees are as under:
  - **Rule 37 (5) of CCS (Pension) Rules, 2021:** The permanent absorption of the Government servants as employees of the public sector undertaking shall take effect from the date on which their options are accepted by the Government and from the date of such acceptance, such employees shall cease to be Government servants and they shall be deemed to have retired from Government service.



- **Rule 37 (15) (a)** of CCS (Pension) Rules, 2021: On retirement from the public sector undertaking or on death of an absorbed employee who has exercised option under clause (b) of sub-rule (12), the amount of pension or family pension shall be calculated in the same manner as calculated in the case of a Central Government servant retiring or dying, on the same day.  
Explanation - The emoluments or average emoluments for this purpose shall be based on the pay drawn in the public sector undertaking as per Industrial Dearness Allowance pattern.
- **Rule 37 (16)** of CCS (Pension) Rules, 2021: In addition to pension or family pension, as the case may be, the employee who opts for pension on the basis of combined service shall also be eligible to dearness relief as per Industrial Dearness Allowance pattern.
- **Rule 37 (26)** of CCS (Pension) Rules, 2021: Nothing contained in sub-rules (18) to (25) shall apply in the case of conversion of the Departments of Telecom Services and Telecom Operations into BSNL and MTNL, in which case the pensionary benefits including family pension shall be paid by the Government.
- **Rule 44 (1)** of CCS (Pension) Rules, 2021: A Government servant, who retires under rule 33, rule 34, rule 35, rule 36, rule 37, rule 38 or rule 39, after completing a qualifying service of not less than ten years, shall become eligible for grant of a pension calculated at fifty per cent of emoluments or average emoluments, whichever is more beneficial to him, subject to a minimum of nine thousand rupees per month and maximum of one lakh twenty-five thousand rupees per month:

7. Pension of combined service pensioners is being paid by the Government and it is not connected with affordability and profitability of BSNL however, if the pension of pre-2017 IDA pensioners is revised based on 3<sup>rd</sup> PRC before corresponding revision of pay for serving employees, it will create anomaly as these pensioners will get higher pension than similarly placed pensioners retiring after 1<sup>st</sup> Jan 2017. Though, pension contribution is being paid by BSNL/ MTNL but it is on 2<sup>nd</sup> PRC rates. Further, there is a very huge gap between the quantum of pension contribution received and the actual pension outgo from the Consolidated Fund of India.

8. It is pertinent that absorbed BSNL/ MTNL employees ceased to be government servants w.e.f. the date on which their options were accepted by the Government and the rules applicable to CPSE shall be applicable to these absorbed employees/ pensioners. They have availed adequate fixation benefits at the time of absorption for switching over to IDA pay scales, and have also availed the faster time-bound promotion benefits as per BSNL policy. Hence, allowing them to switch back to current CDA scales now may set a wrong precedent.

Similarly, the demand of these IDA pensioners for applying fitment factor of CDA on their current IDA pay scales, is not supported by any logic, and does not seem to be rational. This has also been endorsed by various court judgements filed by these PSU pensioners/ Associations. (Details at para 5.2 of 51/N)

9. In view of the above constraints in revision, it was decided vide note at **page:41/N** to refer the case to DoPPW (being the nodal department) to examine as to whether 3<sup>rd</sup> PRC may be extended to combined Service pensioners of BSNL/ MTNL without implementing the same for serving employees. DoPPW observed vide Note at **page:42/N-43/N** that affecting pension revision before implementing 3<sup>rd</sup> PRC will create anomaly between pre-2017 and post-2017 pensioners and asked DoT to come up with a proposal which shall not create any such anomalous situation. DoPPW further stated that they can comment on a concrete proposal made by DoT if and when such proposal is made.

As may be seen from pages 44/N to 68/N, the issue was again re-examined in consultation with PSU division and IFD. IFD has opined that pension revision shall be taken up after implementation of 3<sup>rd</sup> PRC for serving employees.



10. Secretary (T) has observed vide 68/N that 'in view of x on page-43/N please put up proposal for examination by DoP&PW'. Accordingly, observations made by DoP&PW vide para 6 of 42/N have been examined again and comments with fresh proposal of DOT are placed as under:

**10.1 Observation of DoPPW at Para 6 (i) at 42/N:**

*DoT had not clearly brought out as to what would be the formula for revision of pension on pre-2017 absorbee pensioners and what would be financial implications on revision of pension as per that formula.*

**DoT Comments:** 3<sup>rd</sup> PRC has recommended the formulations of fitment benefit of 15%, 10%, 5% and NIL, based on additional financial impact of pay package as a %age of average Profit Before Tax (PBT) of last 3 FYs of the PSU preceding the year of implementation. Since BSNL/ MTNL are not qualifying the criterion of 3<sup>rd</sup> PRC, the 3<sup>rd</sup> PRC has not been implemented in these PSUs so far. The above facts have to be taken into account for formulating any proposal for pension revision.

**The proposal:** Keeping in view that (a) pension revision in IDA is likely to result in similar demands from serving employees creating unrest in these PSUs, and (b) the fact that even with NIL fitment factor, the 3<sup>rd</sup> PRC scales are higher than unrevised scales with 2<sup>nd</sup> PRC IDA, it is proposed that in the absence of any benchmark for revision, the benefits of 3<sup>rd</sup> PRC may be extended to the pensioners by merging the basic and IDA/DR as on 01.01.2017 with NIL fitment factor, and placement in the revised pay scales of the 3<sup>rd</sup> PRC.

This would ensure that the pensioners are not placed below the minimum of the 3<sup>rd</sup> PRC scales. Further, as and when 3<sup>rd</sup> PRC is implemented in BSNL/ MTNL, the same fitment factor may be extended to all the pensioners.

It is pertinent that total pension outgo of 2021-22 for 3,57,129 IDA pensioners was Rs. 13,459 Cr. Broadly speaking, the financial implications of merger of basic with DA and placement in 3<sup>rd</sup> PRC scales, would be roughly around 5%, and more accurate implications can be calculated once the proposal is accepted in principle.

**10.2 Observation of DoPPW at Para 6 (ii) of 42/N:**

*It had been stated by DoT that pay of the serving employees has not been revised in implementation of recommendations of 3<sup>rd</sup> PRC, since these entities had not fulfilled the pre-conditions for grant of the facility to these serving employees. This means that serving employees of BSNL/ MTNL continue to be on the same pay which they were getting before 01.01.2007. In that case, the existing Government employees would also be getting pension based on their unrevised 2<sup>nd</sup> PRC pay-scale/ pay. In case pension of the past pensioners is revised, their revised pension would become higher than pension to be fixed on retirement of the existing employees. This will create an anomalous situation in BSNL/MTNL as the past pensioners would be getting more pension than the freshly retired pensioners. DoT, therefore, needs to bring about as to how they propose to resolve this anomaly.*

**Proposal:** For removing anomalies vis-à-vis post-01.01.2017 pensioners, the pension of post 2016 pensioners shall be revised on the notional pay derived after merging the basic with IDA as on 01.01.2017 Subsequent pay updations by way pf promotion, annual increments etc will be calculated on notional basis till his retirement for post-2017 retirees. In this case, PPO shall be prepared not on the basis of last pay drawn, but on the basis of notional pay so derived. Hence, the anomaly regarding the past pensioners would be getting more pension than the freshly retired pensioners would be addressed. However, this will require amendment of rule 44 of CCS (Pension) Rules, 2021 which stipulates amount of pension at fifty percent of emoluments or average emoluments, whichever is more beneficial to employee.



From pre-page :

72/N

11. The following preliminaries will have to be undertaken before the case could be processed for approval of DoE/ Cabinet:

- Rule 37 (15)(a) regarding emoluments or average emoluments based on the pay drawn in the public sector as per IDA pattern would be needed to be relaxed by DoP&PW.
- A decision would require to be taken by DoP&PW whether PPO on notional pay can be given or not. If decided so relevant pension rules (Rule 44) need to be relaxed by DoP&PW.
- DoP&PW may also advise if any other kind of anomaly may arise out of this situation.

*If the above is agreed in principle:*

- PSU division in DoT would notify the approved 3<sup>rd</sup> PRC scales for the purpose of revision of pension of pre-2017 BSNL IDA pensioners.
- BSNL would notify the revised scales for non-executives to enable their pension revision along with that of executives.
- BSNL would need to pay pension contribution of its serving employees at 3<sup>rd</sup> PRC scales w.e.f. 01.01.2017.

1121/MCF/22  
08/8

12. In view of above the following is submitted for consideration please:

12.1 We may forward the proposal at para 10.1 and 10.2 to DOP&PW,  
Or alternatively,

12.2 Since liability of pension on GoI in respect of PSU employees is limited to the DoT PSUs, DoP&PW may be requested to form an Inter-Ministerial Committee of JS/ DDG level consisting of members from DoT including DoT Finance, Dir (HR) from BSNL/ MTNL, nominated representatives from DPE and DoE.

S.O. (Pen-T)

S.O. (Pen-T)

Director (Estt-II)

DDG (Estt)

Member (S)

Member (F)

Secretary (LR)

Mudh  
05.08.22

B/S/8

Rel  
5/8/2022

The case is recommended as proposed which is simple margin of IDA with basic as on 1.1.17 and thereafter calculation on notional basic. The fitment will be 0% over ~~notional~~ over though base was to profitability 5%  
25.08.2022

1060/APR/22  
8/8

PL. examine  
Notes  
Adv (Fm)

Pl examine and put up

DDG (Fm)

Dir (F)

Per  
10/8

Q. Jee  
11/8

AO (F-I)

10/8



Department of Telecommunications  
(Integrated Finance Division)

Noting on pre pages (44-73/N) may kindly be seen,

2. This is regarding revision of pension/family pension of combined services optees of BSNL/MTNL absorbed employees based on 7<sup>th</sup> CPC/3<sup>rd</sup> PRC recommendations.

3. The proposal was last examined in IFD at 67-68/N vide which it was proposed that pension revision may be taken up after implementation of 3<sup>rd</sup> PRC for serving employees. However, Secretary (T) has observed vide 68/N that 'in view of x on page-43/N please put up proposal for examination by DoP&PW'. Accordingly, the nodal section has examined observations made by DoP&PW vide para 6 of 42/N and submitted fresh proposal of DoT at 69-72/N.

4. The nodal section has addressed the observations of DoP&PW as under:

**4.1 Observation of DoPPW at Para 6 (i) at 42/N:**

*DoT had not clearly brought out as to what would be the formula for revision of pension on pre-2017 absorbee pensioners and what would be financial implications on revision of pension as per that formula.*

**DoT Comments:** 3<sup>rd</sup> PRC has recommended the formulations of fitment benefit of 15%, 10%, 5% and NIL, based on additional financial impact of pay package as a %age of average Profit Before Tax (PBT) of last 3 FYs of the PSU preceding the year of implementation. Since BSNL/ MTNL are not qualifying the criterion of 3<sup>rd</sup> PRC, the 3<sup>rd</sup> PRC has not been implemented in these PSUs so far. The above facts have to be taken into account for formulating any proposal for pension revision.

**The proposal:** Keeping in view that (a) pension revision in IDA is likely to result in similar demands from serving employees creating unrest in these PSUs, and (b) the fact that even with NIL fitment factor, the 3<sup>rd</sup> PRC scales are higher than unrevised scales with 2<sup>nd</sup> PRC IDA, it is proposed that in the absence of any benchmark for revision, the benefits of 3<sup>rd</sup> PRC may be extended to the pensioners by merging the basic and IDA/DR as on 01.01.2017 with NIL fitment factor, and placement in the revised pay scales of the 3<sup>rd</sup> PRC.

This would ensure that the pensioners are not placed below the minimum of the 3<sup>rd</sup> PRC scales. Further, as and when 3<sup>rd</sup> PRC is implemented in BSNL/ MTNL, the same fitment factor may be extended to all the pensioners.

It is pertinent that total pension outgo of 2021-22 for 3,57,129 IDA pensioners was Rs. 13,459 Cr. Broadly speaking, the financial implications of merger of basic with DA and placement in 3<sup>rd</sup> PRC scales, would be roughly around 5%, and more accurate implications can be calculated once the proposal is accepted in principle.

**4.2 Observation of DoPPW at Para 6 (ii) of 42/N:**

*It had been stated by DoT that pay of the serving employees has not been revised in implementation of recommendations of 3<sup>rd</sup> PRC, since these entities had not fulfilled the pre-conditions for grant of the facility to these serving employees. This means that serving employees of BSNL/ MTNL continue to be on the same pay which they were getting before 01.01.2007. In that case, the existing Government employees would also be getting pension based on*



*their unrevised 2<sup>nd</sup> PRC pay-scale/ pay. In case pension of the past pensioners is revised, their revised pension would become higher than pension to be fixed on retirement of the existing employees. This will create an anomalous situation in BSNL/MTNL as the past pensioners would be getting more pension than the freshly retired pensioners. DoT, therefore, needs to bring about as to how they propose to resolve this anomaly.*

**Proposal:** For removing anomalies vis-à-vis post-01.01.2017 pensioners, the pension of post 2016 pensioners shall be revised on the notional pay derived after merging the basic with IDA as on 01.01.2017 Subsequent pay updations by way of promotion, annual increments etc will be calculated on notional basis till his retirement for post-2017 retirees. In this case, PPO shall be prepared not on the basis of last pay drawn, but on the basis of notional pay so derived. Hence, the anomaly regarding the past pensioners would be getting more pension than the freshly retired pensioners would be addressed. However, this will require amendment of rule 44 of CCS (Pension) Rules, 2021 which stipulates amount of pension at fifty percent of emoluments or average emoluments, whichever is more beneficial to employee.

5. The following preliminaries will have to be undertaken before the case could be processed for approval of DoE/ Cabinet:
- (a) Rule 37 (15)(a) regarding emoluments or average emoluments based on the pay drawn in the public sector as per IDA pattern would be needed to be relaxed by DoP&PW.
  - (b) A decision would require to be taken by DoP&PW whether PPO on notional pay can be given or not. If decided so relevant pension rules (Rule 44) need to be relaxed by DoP&PW.
  - (c) DoP&PW may also advise if any other kind of anomaly may arise out of this situation.

*If the above is agreed in principle:*

- (d) PSU division in DoT would notify the approved 3<sup>rd</sup> PRC scales for the purpose of revision of pension of pre-2017 BSNL IDA pensioners.
- (e) BSNL would notify the revised scales for non-executives to enable their pension revision along with that of executives.
- (f) BSNL would need to pay pension contribution of its serving employees at 3<sup>rd</sup> PRC scales w.e.f. 01.01.2017.

6. With the above inputs, the nodal section has proposed following for consideration: -

6.1 We may forward the proposal at para 10.1 and 10.2 (71-72/C) (reproduced in para 4 above) to DoP&PW,  
Or alternatively,

6.2 Since liability of pension on GoI in respect of PSU employees is limited to the DoT PSUs, DoP&PW may be requested to form an Inter-Ministerial Committee of JS/DDG level consisting of members from DoT including DoT Finance, Dir (HR) from BSNL/MTNL, nominated representatives from DPE and DoE.

7. The proposal has been recommended by Member (S) with remarks "*The case is recommended as proposed which is simple merger of IDA with basic as on 01.01.2017 and thereafter calculation on notional basis. The fitment will be 0% even though there was profitability*"

8. The proposal has been examined in IFD and it is to submit that the proposal may be forwarded to DoP&PW with reference to their comments (as stated in para 6(i) (ii) at 42/N) and request DoP&PW to form an Inter-Ministerial Committee as

-75/N-

proposed by Pension section in para 12.2 at 72/N (reproduced in para 6.2 above) to address all the observations of DoP&PW on time.

9. In view of above, concurrence of Member (F) and approval of Secretary (T) may be solicited on para 8 above.

Submitted please.

*Rupita*  
AO(F-I)  
18.08.22

~~Director (F)~~

*Chandra Bala*  
18/8/22

~~DDG(F)~~

*RPN*  
18/8/22

~~Advisor (F)~~

*le*  
18/8

~~Member (F)~~

*lll*  
22/08

~~Secretary (T)~~

*lll*  
23/8

~~M(F)~~

*lll*  
24/08

~~M(F)~~

Pls send quickly, may be thru efik  
24.08.2022

~~DDG (EST)~~

*Reed*  
24/8/2022

~~Dis (F II)~~

*B*  
24/8

~~So (Pen-T)~~

DoP&PW (Shri Pramod Kumar, Director) 3<sup>rd</sup> Floor, Lek Nayak Bhawan  
Khan Market, N.D.

ID Note No. 47-63/2015 - Pen(T) (pt. file) dated 25<sup>th</sup> Aug., 2022.

*22/AOM(F)/2022*  
18.08.2022

*1086/AF/22*  
18-8-22

*2593066/22*  
12/09/22  
*1153/M(F)/22*  
18/8

Office of the Secretary  
STs No. 672/5  
20/8/22  
1166/MF  
22/8

*2392731/22*  
26/8/22





No. 4/19/2022-P&PW(D)  
Department of Pension & Pensioners' Welfare  
(Desk-D)  
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**Sub:- Reference received from DoT regarding revision of pension of pre-2017 BSNL/MTNL pensioners and fixation of pension of post 1.1.2017 retirees of DoT who were formerly Government (DoT) employees and who, after absorption in BSNL/MTNL on conversion of DOT into BSNL/MTNL**

Ref: Receipt No. 2393066/2022 received from DoT

This matter relates to revision of pension of pre-2017 BSNL/MTNL pensioners and fixation of pension of post 1.1.2017 retirees of DoT who were formerly Government (DoT) employees and who, after absorption in BSNL/MTNL on conversion of DOT into BSNL/MTNL, opted for pension as per Government rules based on combined service in the Government and PSU.

2. In the case of Central Government employees/pensioners, their pay and pension has been revised w.e.f 01.01.2016 on the recommendations of 7th CPC. While revising pay and pension of central Government employees and pensioners, a certain fitment benefit (i.e. 32% of pre-revised basic pay/pension) was allowed. The recommendations of 7th CPC are applicable only to the Government employees who are getting pay/pension on CDA pattern. BSNL/MTNL absorbee pensioners are getting pension on IDA pattern. Therefore, the orders issued by this Department for revision of pension were not applicable to BSNL/MTNL.

3. In the case of PSU employees, the pay of the serving employees in the several PSUs has been revised based on the recommendations of the 3rd PRC. However, in view of the financial condition of BSNL/MTNL, the recommendations of the 3rd PRC have not been implemented in the case of BSNL/MTNL employees and the employees of BSNL/MTNL continue on the same pay which was fixed after 2nd PRC. They are getting DA on IDA patterns as per 2<sup>nd</sup> PRC rates.

4. As regards the absorbee pensioners, retired from BSNL/MTNL, their pension was last revised w.e.f 01.01.2007 on the basis of the formula recommended by the 2nd PRC for revision of pay of serving employees. Earlier, DoT proposed that, even though pay of the serving employees of BSNL/MTNL had not been revised, the pension of the absorbee pensioners, may be revised on the recommendations of the 3rd PRC.

5. The DoT then stated that the case of serving employees is different from the retired employees in BSNL/MTNL. Serving employees are paid from BSNL/MTNL while retired employees are paid by the Government by a special arrangement. 3rd PRC has not been implemented in BSNL/MTNL since the entity had not fulfilled the pre-conditions for grant of facility to its serving employees. However, in the case of pensioners, the funds are not provided by the company but by the Government. Therefore, the case of retired employees of BSNL/MTNL is same as that of Government pensioners. It was also stated that at the time of the absorption, there was no intention of depriving the Government employees of pension on their absorption in BSNL/MTNL.

6. The matter was examined and following observations were made by this Department in this regard:-

- (i) DoT has not clearly brought out as to what would be the formula for revision of pension of pre-2017 absorbee pensioners and what would be the financial implications on revision of pension as per that formula.



(ii) It has been stated by DoT that pay of the serving employees has not been revised in implementation of recommendations of 3rd PRC, since these entities had not fulfilled the pre-conditions for grant of the facility to these serving employees. Serving employees of BSNL/MTNL continue to be on the same pay which they were getting before 01.01.2007. In that case the existing Government employees would also be getting pension based on their unrevised 2nd PRC pay-scale/pay. In case pension of the past pensioners is revised, their revised pension would become higher than pension to be fixed on retirement of the existing employees. This will create an anomalous situation in BSNL/MTNL as the past pensioners would be getting more pension than the freshly retired pensioners. DoT, therefore, needs to bring out as to how they propose to resolve this anomaly.

7. DoT was requested to reconsider this matter and provide information/comments on the observations mentioned in sub-para (i) and (ii) above.

8. Thereafter, several reminders were sent to DoT for their response to the above queries raised by us in this regard. Several representations were also received from BSNL pensioners' associations, which were also forwarded to DoT for taking an appropriate view in the matter.

9. DoT has now responded to the queries raised by us. The replies/proposals of DoT on the issues raised by us are as under:

**Formula for revision of pension of pensioners who retired before 1.1.2017:**

3rd PRC recommended the formulations of fitment benefit of 15%, 10%, 5% and NIL, based on additional financial impact of pay package as a %age of average Profit Before Tax (PBT) of last 3 FYs of the PSU preceding the year of implementation. Since BSNL/ MTNL are not qualifying the criterion of 3rd PRC, the 3rd PRC has not been implemented in these PSUs so far. These facts have to be taken into account for formulating any proposal for pension revision. Keeping in view that (a) pension revision in IDA is likely to result in similar demands from serving employees creating unrest in these PSUs, and (b) even with NIL fitment factor, the 3rd PRC scales are higher than unrevised scales with 2nd PRC IDA,

DoT has proposed that in the absence of any benchmark for revision, the benefits of 3rd PRC may be extended to the pensioners by merging the basic and IDA/DR as on 01.01.2017 with NIL fitment factor, and placement in the revised pay scales of the 3rd PRC. This would ensure that the pensioners are not placed below the minimum of the 3rd PRC scales. Further, as and when 3rd PRC is implemented in BSNL/ MTNL, the same fitment factor may be extended to all the pensioners.

**Formula for fixation of pension of pensioners who retired on or after 1.12.2017:**

Since these entities had not fulfilled the pre-conditions for grant of the facility to the serving employees, the serving employees of BSNL/ MTNL continue to be on the same pay which they were getting before 01.01.2007. In case pension of the past pensioners is revised, their revised pension would become higher than pension to be fixed on retirement of the existing employees, since pension of post-1.1.2017 retirees would be determined based on their actual unrevised pay. This will create an anomalous situation in BSNL/MTNL as the past pensioners would be getting more pension than the freshly retired pensioners.

DoT has, therefore, proposed that for removing anomalies vis-à-vis post-01.01.2017 pensioners, the pension of post 2016 pensioners shall be revised on the notional pay derived after merging the basic pay with IDA as on 01.01.2017. Subsequent pay updations by way of promotion, annual increments etc will be calculated on notional basis till his retirement for post-2017 retirees. In this case, PPO shall be prepared not on the basis of last pay drawn, but on the basis of notional pay so derived. Hence, the anomaly regarding the past pensioners getting more pension than the freshly retired pensioners would be addressed.



However, this will require amendment/relaxation of Rule 37(15) of CCS (Pension) Rules, 2021 which stipulate that amount of pension would be fifty percent of actual emoluments or average emoluments, whichever is more beneficial to employee.

10. DoT has stated that total pension outgo of 2021-22 for 3,57,129 IDA pensioners was Rs. 13,459 Cr. Broadly speaking, the financial implications of merger of basic with DA and placement in 3rd PRC scales, would be roughly around 5%. More accurate implications can be calculated once the proposal is accepted in principle.

11. DoT has also proposed that an Inter-Ministerial Committee of JS/DDG level consisting of members from DoT including DoT Finance, Dir (HR) from BSNL/MTNL, nominated representatives from DPE and DoE may be formed by DoPPW in this regard.

#### Our comments on the proposal of DoT

12. It may be stated that after the formation of BSNL in 2000, the pay and pension of Central Government employees and pensioners were earlier revised w.e.f. 1.1.2006 on the recommendations of the 6<sup>th</sup> CPC. Correspondingly, the pay and pension of absorbee employees/ pensioners of BSNL were revised w.e.f. 1.1.2007 based on the recommendations of the 2<sup>nd</sup> Pay Revision Committee (PRC) for PSUs, **after DoT obtained approval of the Union Cabinet**. Although, the fitment formula for revision of pay and pension based on 2<sup>nd</sup> PRC was different from the formula for revision of pay and pension based on 6<sup>th</sup> CPC recommendations for Government employees, it was not inferior to the formula for Central Government employees and pensioners.

13. For revision of pay and pension of Central Government employees and pensioners w.e.f. 1.1.2016 based on the recommendations of 7<sup>th</sup> CPC, a minimum fitment benefit of 32% of pre-revised pay/pension has been given. After revision of pay and pension of Central Government employees and pensioners w.e.f. 1.1.2016 based on the recommendations of 7<sup>th</sup> CPC, the pay of employees of many PSUs has been revised w.e.f. 1.1.2017 based on the recommendations of 3<sup>rd</sup> PRC. However, keeping in view the financial condition of BSNL, the pay scales/pay of employees of BSNL have not been revised based on the recommendations of 3<sup>rd</sup> PRC.

14. Although, pension of absorbee BSNL pensioners is paid from the Consolidated Fund of India, DoT had been reluctant to revise the pension of BSNL, as any increase in pension would result in similar demands from the serving employees. It is in this background that the DoT has now proposed to revise the pension with 'nil' fitment benefit to both pre-1.1.2017 retirees as well as post 1.1.2017 retirees, as brought out in para 9 above. DoT has tentatively estimated only 5% additional financial implications, which would be firmed up once the proposals in para 9 above are agreed to in principle.

15. DoT being the administrative Ministry for BSNL is in the best position to make a realistic evaluation of all relevant aspects and to decide the fitment benefit to be given to the pensioners for revision of their pension. In view of this and also keeping in view the fact that the proposal of DoT is likely to result in only 5% additional financial implications, DoPPW may not have any objection to the proposals in para 9 above.

16. As regards the contention of DoT that their proposal for determining the pension of those who retired on or after 1.1.2017 based on their notional pay (with 0% fitment benefit) as proposed in para 9 above would be at variance to the provision in Rule 37(15), (which provides for fixation of pension based on actual pay drawn at the time of retirement), the question of relaxation of Rule 37(15) may be considered as and when the need arises for allowing the pension fixation based on notional pay.



17. As regards the suggestion/proposal of DoT for formation of a Committee, it is not clear as to what would be the terms of reference of such a Committee and what purpose is likely to be served by that Committee. In any case, if any such Committee is to be constituted, it is for the DoT, being the administrative Ministry, to do the same in consultation with Department of Expenditure, if necessary. It may not be necessary for this Department to be associated with any such Committee.

18. It may be stated that a few representations (enclosed) have been received in this Department from pensioners' associations of BSNL reacting to the above proposals of DoT for revision of pension of pre-2017 pensioners and for fixation of pension of those who retired on or after 1.1.2017 based on notional pay with 0% fitment benefit. It has been contended in these representations that, instead of any increase in the pension amount, the proposal of DoT may result in reduction in the overall entitlements of pensioners in many cases. We may forward these representations to DoT for examination and for taking into account the concerns of these Associations while firming up their proposal for revision of pension of pre-2017 pensioners and for fixation of pension of those who retired on or after 1.1.2017.

19. It may also be stated that some BSNL/MTNL Pensioners' Associations have filed a few Petitions in CAT seeking revision of pension based on 3rd PRC recommendations. DoPPW is also named as a respondent in these petitions. DoT/BSNL have filed replies in the CAT defending these petitions. This aspect may also be kept in view by DoT while finalising their proposal for revision of pension of BSNL/MTNL Pensioners.

20. DoT is advised accordingly and requested to consult Department of Expenditure before finalizing their proposals in this respect.

21. This issues with the approval of competent authority.

  
(Charanjit Taneja)  
Under Secretary  
21.09.2022

Director (E-II), Department of Telecom, Sanchar Bhawan, New Delhi

US(D)/2022 DOPPW ID note dated 12.09.2022, Lok Nayak Bhawan, Khan Market, New Delhi

may like to see.

R 15/9/22

DDG (Estt.)

Dir (E/D)

SO (Per-T)

RaD  
16/9/2022

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Mudra  
16.09.22  
Sh. SH ASO