



All India Graduate Engineers & Telecom Officers Association

(An Association of DR Graduate Engineers / Account Officers of BSNL)

President

Abhishek Choudhary

9414000272

abhishek_choudhary@rediffmail.com

General Secretary

R.P.Shahu

9424051555

r_p_shahu@yahoo.co.in

No: CHQ/AIGETOA/432

Dated: 22nd July- 2013

To

The Assistant General Manager (P-V & Pen),
BSNL Corporate Office,
New Delhi - 110001

Sub.: -Comments on implementation of Superannuation Benefits for BSNL recruited employees.
– Reg.

Ref.: - BSNL CO New Delhi Letter No. 1-23-2012-PAT(BSNL) dated at New Delhi the 12/07/2013

Dear Sir,

Kindly refer your cited letter under reference above, whereby this association has been asked to submit our comments on the implementation of superannuation benefits in respect of BSNL recruited employees. In this regard, we submit our comments as under for your kind consideration.

Comments on the quantum of superannuation benefits: -

Consequent to the acceptance of the recommendations of 2nd Pay Revision Committee for CPSEs, the Department of Public Enterprise has issued various orders on employee's benefits. These orders perspicuously states that all the employee's benefits will be on IDA pattern and inter-alia provides for the following benefits to the employees of CPSEs.

- i. Basic or serving Benefits (Basic + IDA + HRA);
- ii. Retiral Benefits (EPF + Gratuity + Post superannuation Medical + Pension) up to 30% of Basic + IDA;
- iii. Perks & Allowances up to 50% of Basic
- iv. PRP/Variable Pay up to 40 to 200% of Basic

As per the para-3 of DPE OM dated 26/11/2008 in respect of implementation of 2nd PRC CPSEs shall implement all these benefits subjected to the condition that additional outgo by such revision for a period of 12 months should not result in more than 20% dip in profit before tax for the financial year 2007-2008 in respect of executives as well as non-unionised supervisory staff taken together. CPSE that cannot afford to pay full package can implement with either part PRP or no PRP.

PBT (profit before tax) of BSNL during the financial year 2007-2008 was about 4,500 Cr and additional outgo on implementation of full package of pay revision in respect of executives for a period of 12 months is much less than 20% of PBT. BSNL should have implemented all the benefits in totality including perks & Allowance and PRP.

Apart from above facts, Sequence to implement the above benefits, If additional outgo on implementation of above benefits is more than 20% of profit before tax for the financial year 2007-2008, is clearly illustrate in page number 127 to 129 of chapter-6 of 2nd PRC recommendations (Attached herewith and marked as Annexure-1) which clearly

states that First, company has to pay serving benefits (Basic + DA + HRA) in totality and then Retiral benefits and then only other benefits like perks & allowances and PRP.

Unlike other CPSEs, BSNL has different set of employees, who are governed by different service and pay rules i.e.

- (i) Employees deputed/deployed to BSNL,
- (ii) Employees absorbed in BSNL and
- (iii) Employees directly recruited in BSNL.

Without justifying the continuity of first set of employees in BSNL on some sort of transgressing deputation and without prejudice to other anomalies such as non-finalization of Pay-scales of JTO/JAO and AO/SDE, the disparities and aberrations in employee's benefits between the all sets of employees are tabulated as under.

Set of employees	Basic Benefits (Basic+IDA+HRA)	Retiral Benefits (EPF + Gratuity + Post superannuation Medical + Pension)	Other Benefits (Perks&allowances+PRP)
First (deputation)	Implemented fully ¹	Implemented fully ¹	Implemented fully ¹
Second (absorbed)	Implemented fully ²	Implemented fully ¹	Not implemented fully ²
Third (direct recruited)	Not implemented fully ²	Not implemented fully ²	Not implemented fully ²

Notes: -

- 1 Governed by the recommendations of 6th Central Pay Commission.
- 2 Governed by the recommendations of 2nd Pay Revision Committee for CPSEs.

The first set of employees is of non-employees (i.e. 'employees deputed to BSNL'), who, *occupying all the top posts of the BSNL and overall responsible for the downturn of BSNL*, are in CDA pay-scales. They are not only getting all the benefits as per the recommendations of 6th Central Pay Commission but they are additionally getting several illegitimate benefits for which they are not at all entitled to.

The second set of employees is of 'employees absorbed in BSNL', who are in IDA pay-scales. They are getting Basic benefits (Basic+IDA+HRA) in totality as per the recommendations of 2nd Pay Revision Committee for CPSEs, Retiral Benefits in totality as per the recommendations of 6th Central Pay Commission and other benefits like perks and allowance partially as recommended by 2nd PRC.

The third set of employees is of 'employees directly recruited in BSNL', who are supposed to get all the benefits as per the recommendations of 2nd Pay Revision Committee for CPSEs. Some of the direct recruits recruited on or after 01-01-2007 are even not getting their Basic/Serving Benefits in totality. They are being paid partially the superannuation benefits and other benefits like perks and allowances.

As BSNL is already paying Basic/Serving benefits and Retiral benefits in totality to first two sets of employees (About 3.5 Lakhs since formation of BSNL), should not pay Retiral benefit partially to third set of employees i.e. direct recruits. As per the 2nd PRC, PSU have to contribute totally 30% of Basic + DA but BSNL is only making contribution of statutory portion i.e. EPF (12%) + Gratuity (4.5%) and post retirement medical benefit (1.5%) total comes to 18%. We are yet short of 12% which BSNL has to contribute in the name of superannuation benefit like NPS, contributory fund etc in respect of direct recruits.

Affordability of BSNL cannot be the reason for not paying the Retiral benefits in totality to direct recruits of this company as it is already paying to about 3 lakhs employees in the name of pension contribution even on maximum of the basic. Basic and Retiral benefits recommended by 2nd PRC is already extended in totality to about 3 Lakhs employees considering company was in profit during 2007-2008. Moreover BSNL is already paying even all the perks and allowance to first set of employees some portion of perks and allowances like 2% professional upgradation, transport allowance etc to about 3 Lakhs employees which cannot be paid before covering the Retiral benefits of Direct recruits employees in totality as recommended by 2nd PRC. First of all, company has to cover Basic and Retiral benefits in totality in respect of every employee before paying the perks and allowance if at all there is any financial constraint with the company.

As committee vide letter under reference has recommended only 2% contribution towards superannuation benefits of direct recruits, considering the above submission this association may request to kindly increase the quantum of contribution towards superannuation benefits IN RESPECT OF Direct recruits from proposed 2% to 12% to implement the superannuation benefits in totality as recommended by 2nd PRC. To increase the said quantum, Perks & Allowance of all the sets of employees may be withdrawn if need arise and financial constraint of the company is at all the reason for not implementing the same.

Comments on the effective date of implementation of superannuation benefits:

Your letter cited under reference above, states that the effective date of implementation of superannuation benefits for BSNL recruited employees will be the date of approval by the administrative ministry.

Needless to state that, the effective date of implementation of recommendations of 2nd Pay Revision Committee for CPSEs is first January of 2007. All the employees' benefits *unless otherwise provided* are effective from this date only, and in no case the aberration thereof is permissible. DPE has not permitted to take the advantage of delayed decision by the management of the company by implementing it's order with prospective date. All the recommendations of the second PRC are implemented after 2009 but with retrospective date i.e. from 01-01-2007.

DPE vide it O.M. dated 08/07/2009 and 20/07/2011 and 24/01/2013 has also extended the social benefits to those who have retired before 01/01/2007 by creating a corpus fund of 1.5% PBT hence to extend the social and future security to executives recruited on or after 01/01/2007 the effective date of implementation of superannuation benefits as recommended by DPE for BSNL recruited employees could only be the first January of 2007. Same can also be referred from other CPSEs which have implemented the same.

Apart from above, According to OM dated 30/09/2000 of Ministry of Personnel Public Grievances and Pension " In central civil services (Pension) Rules, 1972, after rule 37, the following rule shall be inserted namely 37A. Conditions for payment of Pension on absorption consequent upon conversion of Government department into a central autonomous body or PSU"

As per Sub-rule (21) "Nothing contained in Sub-rules (12)-(20) shall apply in the case of the Department of Telecom Service and Telecom Operations in Bharat Sanchar Nigam Limited, in which case the pensionary benefits including family pension shall be paid by

Government." Sub-rule (22) "For purpose of payment of pensionary benefits including family pension referred to in Sub-rule (21) , the Government shall specify the arrangements and manner including the rate of contributions to be made by Bharat Sanchar Nigam Ltd. to the Government and manner in which financial liabilities on this account shall be met."

Sub-rule (23) "The arrangement under Sub-rule (22) shall be applicable to the existing pensioners and to the employees who are deemed to have retired from the Government Service for absorption in Bharat Sanchar Nigam Ltd and **shall not apply to the employees directly recruited by the Bharat Sanchar Nigam Ltd for whom it shall devise its own pension scheme and make arrangements for funding and disbursing the pensionary benefit**"

As per above Sub-rule (23) it is very clear that BSNL should have devised it's own pension scheme for directly recruited employees from the date pension contribution is being paid to the government in respect of absorbed employees.

Considering the above submission committee may be humbly requested to consider the implementation of superannuation benefit in respect of direct recruit's employees from the date BSNL is paying pension contribution to the government in respect of absorbed employees not from the prospective date

Lastly, the comments submitted herein are meant only for the purpose of persuasion & guidance and in no case these be construed to be our assent to any term and condition that may govern the above captioned superannuation benefits and or other benefits.

(R P SHAHU)

General Secretary