

**UNITED FORUM OF EXECUTIVES ASSOCIATIONS
COMPRISING (AIBSNLEA & AIGETOA)**

CHQ, New Delhi

No.UF/Dir(HR)/SB/15-16

Dated the 16th July 2015

To

The Director (HR)

BSNL CO, New Delhi

Subject: submission on introduction of industrial pension scheme as per the provision of sub-rule (23) of Rule-37A and DPE order and as a part of 30% superannuation benefits in respect of direct recruits of BSNL

A. Brief of Demand as an entitlement:

1. BSNL must devise the industrial pension scheme in respect of employees directly recruited after it's inception in Oct-2000 as per the provision of Sub-rule (23) of Rule-37A of CCS pension rule.
2. BSNL must make contribution towards industrial pension scheme in following manner:
 - 2.1.From Oct-2000 to 31.12.2006- Difference amount between E2 and E1A pay scale (which comes around 12% of Basic +DA) as pay scale of BSNL executives was finalized one scale below than MTNL on account of paying pension contribution.
 - 2.2.From 01.01.2007 onwards: up to the fullest limit of 30% superannuation benefit as recommended by DPE followed by 2nd PRC. This comes around 12% of Basic + DA.

B. Supporting Documents in respect of above entitlement:

1. Cabinet note, which says pay scale of two CPSEs working in same sector and under same administrative ministry, must not be different. **(Annexure-1)**
2. Copy of CCS pension rule, Sub-rule (23) of Rule-37A clearly says that BSNL has to devise it's own pension scheme in respect of employees directly recruited after inception in Oct-2000. **(Annexure-2)**

3. DPE order in respect of superannuation benefits, which says CPSE should contribute 30% of Basic + DA towards the superannuation benefits of the employees which includes EPF, Gratuity, Post retire medical benefits and pension. **(Annexure-3)**
4. Copy of recommendations of 2nd PRC which says about the stages of implementation of different benefits of executives. As per the recommendations before extending perks & Allowance to the employees, retiral benefits must be implemented. **(Annexure-4)**

C. Detail of facts:

1. After formation of BSNL in Oct-2000, Both BSNL and MTNL recruited JTO/JAO on same CDA Pay Scale of Rs 6500-200-10500.
2. DOT has approved IDA pay scale of Rs. 9850/- for BSNL and Rs.10750/- for MTNL correspond to same CDA Pay Scale of Rs. 6500/-.
3. Cabinet note is very clear that pay scale of two CPSE working in same sector and under same administrative ministry should not be different on account of financial position of CPSEs. There are no such examples of two such CPSEs in same sector and under same administrative ministry having different pay scales.
4. Despite having higher revenue, higher profit and larger area of working, lower pay scale for BSNL was finalized than MTNL due to special amendment in CCS Pension rule vide rule-37A which extends pension benefits to BSNL employees over MTNL.
5. As per sub-rule 22 and 23 of CCS pension Rule -37A, BSNL will contribute for government pension in respect of absorbed employees and will device it's own pension scheme for BSNL recruited employees accordingly make provision for funding.
6. BSNL has already been making pension contribution in respect of absorbed employees since Oct-2000 but yet to device the pension scheme for direct recruit and disbursing the fund for the same despite our basic pay is lowered in pretext of funding for pension.
7. DPE followed by Second pay commission has also ordered to make contribution towards superannuation benefits which includes EPF, gratuity, post retirement medical benefits and industrial pension with ceiling limit of 30% but BSNL is making contribution for EPF, Gratuity and post retire medical benefits which comes around 18%. Remaining 12% must be contributed towards pension scheme.
8. BSNL has already lowered the pay scale of executives recruited before 01.01.2007 in the name of paying pension contribution hence difference amount of direct recruits is already due with BSNL. This difference amount must be paid continuously towards pension contribution without accessing the financial condition of BSNL. Apart from this,

BSNL is within the criteria of affordability, sustainability and capacity to pay as recommended by DPE for implementation of 30% superannuation benefits in respect of executives recruited on or after 01.01.2007 even though they are entitled to get E2 pay scale from 01.01.2007. BSNL has already extended some parts of perks & Allowances hence as per the stages of implementation of various benefits of second PRC, BSNL cannot deny implementing the 30% superannuation benefit in respect of direct recruits in the name of financial condition.

D. Absorbed employees Vs Direct recruits in respect of retiral benefits.

1. Superannuation benefits in respect of direct recruits are based on defined contribution and for absorbed employees it is a defined benefit. Payments of pension to absorbed employees are not made from the corpus fund generated by the contribution made by BSNL but it is made from common government fund created by public money which includes the dividend, taxes, license fee etc. paid by the CPSEs. BSNL has also paid the dividend, taxes and license fee to government.
2. Apart from above, Government has taken responsibility to pay pension for absorbed employees of BSNL on the cost of handing over various liabilities of DOT including almost 1.5 lakhs extra manpower than actual requirement. 52% revenue of BSNL is expended just to pay the salary and other benefits to this huge and extra man power which is basic reason for BSNL running into loss.
3. Due to the loss caused by extra absorbed employees direct recruits are already losing various benefits like perks/allowances and PRP.
4. Going through the above facts, Apart from pension contribution, BSNL has to pay dividend, tax, and extra salary burden to enable the government pension for absorbed employees hence this is not fair and justified to compare only the amount of contribution made by BSNL in the name of pension in respect of direct and absorbed employees.
5. **As facts presented above, comparing contribution in respect of absorbed employees and direct recruits are highly illogical and unjustified. If it is at all required, it will be appropriate to compare the payment of actual pension they will receive for the rest of the life after their retirement.**

Summary sheets are attached herewith which gives clear comparison about the actual pension which will be received by one direct recruit and one absorbed employee during their retired life. **(Annexure-5)**

E. Financial implication is not a constraints:

Financial implication must not be the constraint to decide the superannuation benefits of the employees on following ground.

1. BSNL has already been paying less salary than MTNL on the pretext of making pension contribution hence it is the money of employees which is available with BSNL need to be paid towards pension contribution.
2. Superannuation benefit of the employee is not the benefit like bonus or perks & Allowance but it is bare minimum requirement for the employees to serve their retiral life. All the absorbed employees which make around 90% of total employees are already covered with adequate Government pension and Once some parts of the perks & Allowance is extended to all the employees, BSNL cannot deny to extend the superannuation benefits in respect of hardly 10% direct recruits in the name of financial implication.

F. Superannuation benefit in the company interest:

An appropriate superannuation benefit is the key tools for the CPSEs working in commercial and competitive markets to attract and retain better talents. No employees of company can give 100% for organization having botheration in his mind about his retired life. Implementation of superannuation benefits in totality will not only limit the discrimination between absorbed and direct recruits employees of BSNL in respect of their retiral life but also enhance the motivation and moral of the employees which will surly reflect on the performance and productivity of the employees.

G. Enclosure and Exhibits:

Annexure-1 to Annexure-5 as mentioned above.

Sincerely Yours

(Prahlad Rai)

General Secretary, AIBNLEA

(R.P. Shahu)

General Secretary, AIGETOA

**Pension comparison between absorbed and direct recruits executives in BSNL
(EPS restricted on Rs 6500/- and 0% pension fund)**

Date of Birth		12/2/1975		
Date of appointment		1/4/2002		
Length of Service		Pension Amount		Ratio of total pension received Absorbed/Direct recruits
		Direct Recruit (with Annuity on EPF, pensinsion under EPS on full and NO Superannuation Fund) (Rs.)	Absorbed Executive (Government Pension)	
On completion of 10 years service	Per month pension from age of 47 to 58 year (annuity on EPF and Superannuation Fund)	₹ 2,344	₹ 23,638	245
	Per month pension on attaining the age of superannuation (60th year)	₹ 3,273	₹ 250,973	
	Total pension received up to Age of 85 Years	1648768	404199897	
On completion of 20 years service	Per month pension from age of 47 to 58 year (annuity on EPF and Superannuation Fund)	₹ 18,649	₹ 107,680	53
	Per month pension on attaining the age of superannuation (60th year)	₹ 20,524	₹ 389,199	
	Total pension received up to Age of 85 Years	8869182	470720457	
on retirement after completion of 35 year service	Per month pension at 60th year	₹ 210,849	₹ 594,587	15
	Total pension received up to Age of 85 Years	62833024	963179576	

**Pension comparison between absorbed and direct recruits executives in BSNL
(EPS restricted on Rs 6500/- and 12% pension fund)**

Date of Birth		12/2/1975		
Date of appointment		1/4/2002		
Length of Service		Pension Amount		Ratio of total pension received Absorbed/Direct recruits
		Direct Recruit (with Annuity on EPF, pensinsion under EPS on full and NO Superannuation Fund) (Rs.)	Absorbed Executive (Government Pension)	
On completion of 10 years service	Per month pension from age of 47 to 58 year (annuity on EPF and Superannuation Fund)	₹ 5,155	₹ 23,638	124
	Per month pension on attaining the age of superannuation (60th year)	₹ 6,084	₹ 250,973	
	Total pension received up to Age of 85 Years	3264978	404199897	
On completion of 20 years service	Per month pension from age of 47 to 58 year (annuity on EPF and Superannuation Fund)	₹ 37,910	₹ 107,680	27
	Per month pension on attaining the age of superannuation (60th year)	₹ 39,785	₹ 389,199	
	Total pension received up to Age of 85 Years	17401659	470720457	
on retirement after completion of 35 year service	Per month pension at 60th year	₹ 405,350	₹ 594,587	8
	Total pension received up to Age of 85 Years	120794393	963179576	

**Pension comparison between absorbed and direct recruits executives in BSNL
(with EPS Contribution on full and 0% pension fund)**

Date of Birth		12/2/1975		
Date of appointment		1/4/2002		
Length of Service		Pension Amount		Ratio of total pension Absorbed/direct
		Direct Recruit (with Annuity on EPF, pensision under EPS on full and NO Superannuation Fund) (Rs.)	Absorbed Executive (Government Pension) in Rs	
On completion of 10 years service	Per month pension from age of 47 to 58 year (annuity on EPF and Superannuation Fund)	₹ 896	₹ 23,638	160
	Per month pension on attaining the age of superannuation (60th year)	₹ 7,088	₹ 250,973	
	Total pension received up to Age of 85 Years	2521514	404199897	
On completion of 20 years service	Per month pension from age of 47 to 58 year (annuity on EPF and Superannuation Fund)	₹ 6,326	₹ 107,680	22
	Per month pension on attaining the age of superannuation (60th year)	₹ 63,208	₹ 389,199	
	Total pension received up to Age of 85 Years	21232065	470720457	
on retirement after completion of 35 year service	Per month pension at 60th year	₹ 632,764	₹ 594,587	5
	Total pension received up to Age of 85 Years	188563758	963179576	

**Pension comparison between absorbed and direct recruits executives in BSNL
(with EPS Contribution on full and 12% pension fund)**

Date of Birth		12/2/1975		
Date of appointment		1/4/2002		
Length of Service		Pension Amount		Ratio of total pension Absorbed/direct
		Direct Recruit (with Annuity on EPF, pensinsion under EPS on full and NO Superannuation Fund) (Rs.)	Absorbed Executive (Government Pension) in Rs	
On completion of 10 years service	Per month pension from age of 47 to 58 year (annuity on EPF and Superannuation Fund)	₹ 3,707	₹ 23,638	98
	Per month pension on attaining the age of superannuation (60th year)	₹ 9,899	₹ 250,973	
	Total pension received up to Age of 85 Years	4137724	404199897	
On completion of 20 years service	Per month pension from age of 47 to 58 year (annuity on EPF and Superannuation Fund)	₹ 25,586	₹ 107,680	16
	Per month pension on attaining the age of superannuation (60th year)	₹ 82,468	₹ 389,199	
	Total pension received up to Age of 85 Years	29764542	470720457	
on retirement after completion of 35 year service	Per month pension at 60th year	₹ 827,266	₹ 594,587	4
	Total pension received up to Age of 85 Years	246525127	963179576	