

DoT to seek legal view on footing MTNL's pension bill

The Department of Telecom will take legal opinion on the issue of footing Mahanagar Telephone Nigam Ltd's pension bill to bring it at par with the other telecom PSU Bharat Sanchar Nigam Ltd.

MTNL has been asking the DoT to take over the burden of paying pension to its employees in a bid to improve its bottom line. In the case of BSNL, the Government pays the pension partly. The Government pays back 60 per cent of the revenues it earns from BSNL (in the form of licence fee, spectrum charges, etc) in the form of pension fund. This was part of the agreement between the Government and the BSNL worker's union at the time of corporatizing the PSU in 2000. But, MTNL has to pay the entire pension bill from its own internal accruals.

MTNL's wage bill rose by Rs 600 crore to around Rs 2,200 crore in 2008-09, primarily due to the pensions paid out on a turnover of Rs 5,000 crore. In 2008-09, 48 per cent of MTNL revenues were used to pay wages and salaries.

The proposal to bring parity between MTNL and BSNL has been hanging fire since 2005 when the matter was first referred to the Cabinet. However the proposal did not go through with the Committee of Secretaries (CoS) opposing the move. The Department of Pension and Pensioner's welfare also did not concur with the proposal on grounds that if Government agreed to pay the pension for MTNL employees then other public sector undertakings will also start raising a similar demand.

The DoT has, however, decided to resurrect the proposal once again and has sought the views of the other Ministries afresh, including the Department of Expenditure and Department of Legal Affairs before taking it up with the CoS. If the CoS ratifies the proposal, the matter will be taken to the Union Cabinet for a final decision.

Business Line dt:25.9.2010