

# महानगर टेलीफोन निगम लिमिटेड

(भारत सरकार का उद्यम)

निगम कार्यालय

MAHANAGAR TELEPHONE NIGAM LIMITED

(A GOVERNMENT OF INDIA ENTERPRISE)

CORPORATE OFFICE

To  
DDG(Estt)  
Dept. of Telecommunication,  
Sanchar Bhawan,  
New Delhi-110001

58/C  
No MTNL/IRW/21(119)/2004 245  
02.08.2011

**Sub: Revision of Pension of Combined IDA Pensioners/Family Pensioners of MTNL,  
Retired Prior to Revision of Pay on 01.01.2007**

MTNL Corporate Office had been receiving number of representations from retired employees on the subject mentioned above. MTNL Board in its 272<sup>nd</sup> Meeting of the Board of Directors held on 30.06.2011 considered the proposal for Revision of Pension of Combined IDA Pensioners/Family Pensioners of MTNL, retired prior to Revision of Pay on 01.01.2007. In this regard the following proposal is submitted for kind consideration of the DOT.

At the time of absorption in MTNL, the employees had the following options:

- (a) To take a pro-rata pension (Payable by the Government) for the period of service rendered up to the date of absorption and then to get governed by the EPF scheme in the Company.

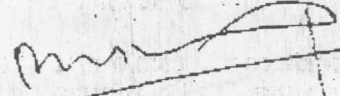
OR

- (b) To choose a combined pension for the service rendered in the Government as well as MTNL to be paid at the time of superannuation.

Most of the employees absorbed in MTNL have opted for combined pension. This pension is being paid by MTNL to the retirees on the instructions of DOT issued vide OM No.40-19/2000-PEN (T) dated 21.11.2000.

As per the recommendations of the 6th Pay Commission, the Pay Scales of the serving employees and the pension of the pensioners of Central Govt. including the Category mentioned at (a) above have been revised by Govt. of India. MTNL, like other PSUs, has revised the Pay Scales of the serving employees w.e.f. 01.01.2007 in the light of the recommendation of 2<sup>nd</sup> CPC for CPSEs. Following this, in BSNL, the pension/ family pension in respect of BSNL absorbed retired employees has already been revised (Annexure-I) and is being paid by the Govt., but, Pension in respect of the MTNL absorbed retired employees [category(b) above] is yet to be revised. They have now been demanding for revision of their pension/ family pension in the light of pay revision and on similar lines of BSNL.

Since the pay of the serving employees in MTNL and the pay as well as the pension of the BSNL pensioners has already been revised, revision of pension for the pre-2007 pensioners shall follow automatically. Accordingly, it is proposed that pension of pre-2007 MTNL pensioners/ family

  
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pensioners also be revised on the same lines of BSNL. The salient points of the proposed revision are furnished below.

I. The pension/family pension of pre-2007 MTNL pensioners/family pensioners will be consolidated w.e.f. 01.01.2007 by adding together

- (a) The existing pension/family pension, including commuted portion of pension, if any;
- (b) Dearness Relief up to AICPI (IW) average index 126.33 (Base Year 2001=100), i.e., 68.8% of Basic Pension/ Basic family pension;
- (c) Fitment weightage@30% of the sum of existing pension/ family pension and Dearness Relief thereon.

The amount so arrived at will be regarded as consolidated pension/family pension with effect from 01.01.2007.

II. The fixation of pension will be subject to the provision that the revised pension, in no case, shall be lower than fifty percent of the minimum of the pay in the pay scale corresponding to the pre-revised pay scale from which the MTNL pensioner has retired.

III. Since the consolidated pension will be inclusive of commuted portion of pension, if any, the commuted portion will be deducted from the said amount while making monthly disbursements.

IV. The lower and upper ceiling on pension/family pension shall be Rs.3500/- and Rs.45000/- respectively.

V. The quantum of pension/ family pension available to old pensioners/ family pensioners may be increased as follows.

Age of Pensioner/ family pensioner	Additional quantum of pension
From 80 years to less than 85 years	20% of revised basic pension/ family pension
From 85 years to less than 90 years	30% of revised basic pension/ family pension
From 90 years to less than 95 years	40% of revised basic pension/ family pension
From 95 years to less than 100 years	50% of revised basic pension/ family pension
100 years or more	100% of revised basic pension/ family pension

VI. The consolidated pension/ family pension arrived at as per Para (I) above includes dearness relief of 68.8% of basic pension corresponding to average index level up to 126.33 (Base Year 2001=100) as on 01.01.2007, as per orders issued quarterly by Department of Public Enterprises in respect of serving employees, whose pay scales were revised w.e.f. 01.01.1997. Therefore, dearness relief on the consolidated pension/ family pension will be admissible only beyond index average 126.33 (Base Year 2001=100) in accordance with the scheme of dearness



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allowance which is admissible on pay to serving employees of MTNL, i.e., the quarterly IDA rates notified by Department of Public Enterprises.

VII. The consolidated pension/ family pension as worked out in accordance with the provisions mentioned in Para (I) to (V) above shall be treated as final Basic Pension with effect from 01.01.2007 and shall qualify for grant of Dearness Relief on IDA pattern sanctioned thereafter.

The one time financial implication towards arrears upto 31.03.2011 is arrived approximately at Rs.192 Crores with a recurring additional cash outgo of Rs.55 Crores per annum (Annexure-II). It is highlighted that the present financial condition of the Company, burdened with the payment of regular monthly pension also, is not in a position to bear the above mentioned additional burden in one go. However, the arrears mentioned above is proposed to be paid in 10 quarterly installments. Further, in view of the financial condition in MTNL, the actual start of the installment of arrears should begin after MTNL regains sufficient financial means to bear the additional burden or when Government resolves the pension issue as per the commitments given. It is further proposed that the benefit of revision will be drawn and paid to the pensioners for the period effective from 01.04.2011.

The above proposal was put up in the 272<sup>nd</sup> meeting of the Board of Directors of MTNL held on 30.06.2011. The Board had approved the above proposal in the said meeting and desired that MTNL may take up the proposal with DOT, Govt of India for approval.(copy of the minutes is enclosed).

In view of the said decision of the MTNL Board of Directors, the above proposal is submitted for kind consideration of approval of DOT, Govt. of India.

This issues with the approval of Competent Authority.



M.K Saxena  
Jt.GM(HR)

Encl : As above

Copy to

- 1) Director(Fin)/Director(HR).
- 2) PS to CMD.
3. Co. Secy, C.O. - for info on ATK.