

Dated 18.03.2008

To

The Chairman and Managing Director,
Mahanager Telephone Nigam Limited,
Kunshidial Bhavan,
New Delhi - 110 001.

Subject: Payment of Pension and other retirement benefits to MTNL employees, including those on deemed deputation basis.

Sir,

The undersigned is directed to refer to this Department's letter of even number dated 26.12.2007 wherein it was emphasised that the same modalities for processing pension cases and other retirement benefits for Group A & B categories of Government employees may be adopted as laid down for Group C & D categories of government employees vide this Department's O.M. No. 40-19/2000 -Pen(T) dated 21.11.2000 (Copy enclosed for ready reference)

2. Certain doubts in this regard has been raised with regard to payment of interest on gratuity, time for such interest is payable and whether separate Presidential Order needs to be issued by Department of Communications for Group A & B officers of MTNL for pro-rata pension etc. Necessary clarifications in this regard are as indicated below:-

- (a) The notification No. SO1821(E) dated 26.10.2007 issued by the Department of Pension and Pensioners' Welfare carries an explanatory memorandum wherein it says that "This is certified that no one shall be adversely affected by giving retrospective effect to this notification". As regards payment of interest on gratuity, it is clarified that since Group A & B Officers of MTNL were deemed to have been absorbed in that organization w.e.f. 01.10.2000, they will be completing seven years on 30.09.2007. The relevant provisions in this regard contained in DOP&PW OM No. 4/18/87-P&PW(D) dated 05.07.1989 are reproduced below:-

"1.(d) (iv) In the case of employees covered by Clause (ii) the retirement gratuity and for those covered by Clause (iii) above, both retirement gratuity as well as lump sum commuted value shall be paid on the expiry of a period of 7 years from the date of permanent absorption. The amounts, however, can be paid earlier in the event of death/retirement resignation/discharge from service.



(v) The amounts of retirement gratuity and lump sum value in lieu of pension mentioned in Clause (iv) above shall remain with the government and earn interest at the rate prescribed for General Provident Fund deposits from time to time for the period they remain with the Government."

(b) Notification No. SO1821(E) dated 25.10.2007 issued by the Department of Pension and Pensioners' Welfare for grant of pro-rata retirement benefits speaks of all Government servants who have been absorbed in Public Sector Undertakings or autonomous bodies. Thus, the said notification applies to all Government employees irrespective of any category. Thus, no separate Presidential Order needs to be issued by Department of Telecommunications for Group A & B officers of MTNL for pro-rata pension. The DOP&PW notification is statutory in character and does not need administrative approval of DOT Head Quarter.

3. In view of the position explained above, MTNL is requested to call for options for pro-rata pension from the absorbed Group A & B Officers after giving them sufficient time, as deemed fit, for exercising the option to draw pro-rata pension.


(Bal Kishan)
Director (Estt)

Copy for information and necessary action to:

1. The Controller of Communication Accounts, Delhi
2. The Controller of Communication Accounts, Mumbai
3. The CMD, BSNL, New Delhi
4. DDG (FEB)/DDG (Accounts)/DDG (Estt)

O/C (m) 18/3/08

20.8.07
19.8.07