

THE HINDU Business Line

MTNL union agrees to Govt's pension funding plan

Our Bureau

New Delhi, Sept. 17:

The employees union of Mahanagar Telephone Nigam Ltd has agreed to the Government's proposal to bring parity of pay scales with their counterparts in Bharat Sanchar Nigam Ltd.

This will be done at the time of next wage revision in 2017. In exchange, the Government will finance the pension burden of MTNL partially.

At present, MTNL workers get higher pay compared to BSNL employees. The liability of the Government towards pension of absorbed employees of MTNL will be restricted to the equivalent scales of similarly placed employees in BSNL. In case MTNL decides to pay pension on the basis of existing pay scales, the liability arising from the same shall be borne by MTNL. High wage costs have been a concern for MTNL. Salary and pension expenses of MTNL employees are more than its revenues.

The agreement signed by as many as 30 MTNL worker's unions was presented to the Empowered Group of Ministers last week. Under the agreement, pension benefits will be given to all optee MTNL officials by the Government on the lines of BSNL under Rule 37-A with effect October 1, 2000.

The Government liability is restricted to pension benefits at equivalent BSNL pay scales. MTNL will bear additional liability due to difference in pay scales. MTNL contribution up to December 31, 2005 will be on the maximum of the IDA pay-scales and from January 1, 2006 on the actual pay drawn.

The Department of Telecom had also presented to the EGoM a multi-pronged strategy to revive the two PSUs. This included a refund of Rs 11,000 crore to BSNL and MTNL.

BSNL and MTNL had taken broadband spectrum in 2009 without participating in the auction. The two PSUs were told to pay the final bid price quoted by the private players. As a result, BSNL ended up paying Rs 8,300 crore, and MTNL Rs 4,500 crore.

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