



**ALL INDIA
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No.AIBSNLOA/CHQ/2011/34

Dated: 23rd September 2011

To
Shri R.K.Upadhyay,
Chairman and Managing Director ,
Bharat Sanchar Nigam Limited,
New Delhi .

Sub : AIBSNLOA's views on the proposed VRS - reg

Sir ,

BSNL proposals on VRS presented to Hon'ble MoC on 12.9.2011 have suddenly surfaced through sources other than the BSNL Management. Media reports about the slated BSNL Board meeting on 29th September to finalise the scheme suggest that Scheme is likely to be introduced at the earliest.

2. As far as AIBSNLOA is concerned, we have already conveyed our views on VRS, almost a year back, on 9.9.2010, during our presentation to DoT on recommendations of Sam Pitroda panel, that **'trimming the size of the organization is important for its financial health, but implementation of any VRS scheme should be purely voluntary and no coercion or indirect pressures be exerted on the employees.'**

3. And the proposed VRS cannot be the 'wonder drug' to cure all the illness inflicting BSNL. **Unless other simultaneous measures, which include freedom from Government control, autonomy in decision making, change in tendering and procurement policy, finalizing the ITS officers absorption issue immediately and inducting professional Managers, are taken, BSNL cannot be expected to achieve the 'Turnaround'.**

4. The Voluntary Retirement Scheme is not as easy as eating the cake. It deals with actual human beings. It deals with the lives of people who are offered to end the careers abruptly and probably do nothing for the rest of their lives. Thus a lot many problems can arise during the actual execution of the scheme. Some of the problems which could be anticipated and for which appropriate action plan could be drawn are: Non- acceptance of the VRS; Over-acceptance of the VRS; Operational problems; Post-VRS blues. We are not aware whether the Management has appropriate plans to tackle

these situations. Any inclination towards tackling the issues after they arise will lead to chaos and confusion.

5. But, we are aware that, apart from all these, the BSNL Executives and employees will be willing to opt for VRS due to various reasons such as apprehension of closure of the company or personal reasons such as poor health, clearance of debt, marriage, education of children, discrimination in duty place affecting their promotion, postings etc. Some may like to go, to escape from the extraordinarily heavy work load forced on their shoulders. **In order that those who volunteer to take the VRS offer get proper and justified compensation for leaving the service prematurely, we request serious consideration of all the following points, before taking a final call on the VRS.**

- 1. The BSNL proposal presented to Hon'ble Minister of Communications & IT, providing '60 days salary (Pay + DA) for every completed year of service OR salary for the remaining period of service, whichever is lower' is a better proposal than the Gujarat model. BSNL proposal as such may be finalized and offered.**
- 2. The officers and employees of BSNL have already been denied their righteous entitlement of 78.2% instead of 68.8% for fixation of pay in the revised scales w.e.f. 1/1/2007. Even though merger of DA for 78.2% has been ordered by DPE and promptly endorsed by DOT, BSNL Board has decided not to give this 78.2% eligible DA merger due to its financial constraints. However, BSNL Board has assured on more than one occasion that the merger of 78.2% of DA shall be given when the BSNL is entering the path of Profitability. Therefore, the legitimate and assured DA merger of 78.2% may at least be given at this crucial juncture of so many thousands of executives as well as non-executives, who are willing to opt for VRS. It will benefit the VRS optees on ex-gratia payment, gratuity, commuted pension, leave encashment and on pension during their rest of their life. This will also make the scheme more attractive.**
- 3. The Central Board of Direct Taxes issued a notification amending Rule 2BA of the Income Tax Rules for VRS takers from a notified institution having importance throughout India or a state. According to it, the VRS income would be exempted from April 1st of the fiscal year 2002-03, the CBDT said. The 5 Lakh tax exemption on VRS was formulated nearly 10 years ago. In the meantime, the gratuity ceiling limit has been raised from Rs. 3.5 Lakhs to 10.0 Lakhs. Further 6th CPC revised the scale of pay to CGEs and 2nd PRC revised scales to their PSU employees by adding 30% benefits. However, this TAX exemption on VRS has not been revised once. Therefore, it is the right time, to take up the matter with the Government through Hon'ble Minister, to give full exemption of tax on VRS amount or at least to raise tax exemption limit from Rs. 5 Lakhs to Rs.15 Lakhs.**
- 4. As per existing rules, if the EL of any employee falls short of 300 days, the same is compensated by taking the HPL available at credit of the employee and limited to 300 days for grant of leave encashment. It may be seen that thousands of BSNL employees are having credit of 300 to 500 days of HPL as on date. By suddenly opting for VRS, they have to forego their HPL credit without any monetary benefits. They have accumulated this leave by not availing HPL for so many years keeping it in reserve to avail at the time of unexpected eventualities. As per DPE**

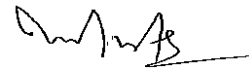
guidelines for VRS, even un-availed CL also can be considered for encashment. **Therefore, encashment of HPL may kindly be included in the terms and conditions of proposed VRS in BSNL.**

5. Management's right to reject any option for VRS should be based on some yardstick and should be transparent and not based on pick and choose policy.
6. **The outdoor medical facility 'without voucher' should be restored atleast to the retirees immediately**, in order to save them from all the practical difficulties in preparing, and submitting claims and to avoid unnecessary personal visits to the pay drawing office.
7. Any arrears of pay to the official that became due prior to the date of VRS but not actually paid, whether it resulted due to any subsequent wage revision, increase of DA etc., with retrospective effect prior to the date of VRS or due to any judgement of any pending case in Hon. Courts, should be paid subsequently
8. In the unfortunate event of the death of the employee whose VRS has been accepted, the VRS compensation which would have been due and payable to the employee, should be paid to the nominee of the employee.

6. We shall be thankful, if decision on all the above points are taken before the scheme is put up for approval by the BSNL Board.

With kind regards,

Yours sincerely,



(V.P.Arya)
General Secretary

Copy to:
Shri A.K.Garg,
Director (HR), BSNL