

REQUEST SET-2
SUPPLEMENTARY REQUEST FOR EXPLANATIONS

1. The base used by the individual departments to calculate the projections is crucial to the credibility of the projections. How are these respective bases arrived at?	Detailed calculations made to arrive at the projections is included in the Explanatory Note.
2. A statement on the impact of the FCPC, if possible by Groups (A,B,C & D), both on basic pensions and mechanism of indexation to inflation.	Data not available.
3. A comparison of these impacts vis-à-vis those of fourth CPC.	Data not available.
4. A summary from the Defence department of its 1997 Survey of pensioners.	This relates to Defence Department.
5. The best possible estimate of arrears from 1997-98 to 2000-01, or at a minimum, the arrears in 2000-01, to enable a fixing of a reasonable base from which to start projections for 2001-02.	Exact amount paid as arrears to pensioners during 1997-98 to 2000-01 is difficult to calculate, as it was paid by about 839 Head Post Offices all over the country. There was also no separate Head of Account for booking of such expenditure, rather it has been booked along with regular pension payment. However, major payment of arrears has already been made during 1997-98 to 1999-2000 and residual cases of revision may not have much financial impact in the current year's expenditure, as it would be offset by regular pension payments of the officials retiring with effect from 1.6.2000.
6. A statement on whether the factors quoted on pages 13-14 of the Draft Report have actually been incorporated in the projections, especially the effect of FCPC on basic pensions.	Yes.
7. Statement on the rates of attrition of pensioners used by the individual Departments.	Rate of attrition at 5% of the Service Pensioners and 10% of the Family Pensioners in each year has been adopted.

Telecom

Explanatory Note on Pensionary Projections of DoT for 10 years

Pensionary liability for budget purpose is being projected on the basis of RE/BE proposals received from the subordinate units i.e. territorial Telecom circles/other units taking into account the historical trend and available data on progress of monthly bookings for the year.

The methodology adopted for projection of Pensionary liabilities for next 10 years i.e. from 2000-01 to 2009-10 submitted vide this office letter No 1-51/99-B dated 3-10-2000 is explained in detail as below:

1. Superannuation Pension:

Pensioners available as on 31-3-2000 (approximately 83000) were taken as base for projecting future pensionary liabilities. Number of addition in subsequent years were taken from data available with DoT's man power planning section. An attrition rate of 5% annually was assumed on the pensioners as at the beginning of each year. The pensioners were divided into A,B,C and D Groups in the ratio of 1: 4: 32: 13 based on staff distribution as on 31 -03-2000.

The amount of Superannuation Pension (Rs.288 crores for 2000-01) was derived from 82803 pensioners during the year (83000 plus new retirees 3953 reduced by attrition of 4150 pensioners during the year), Residual pension at 60 % of basic pension (based on average pay), average pay in each group taken at Rs.15200, Rs.9000, Rs.5875 and Rs.3275 respectively for Groups A, B, C & D and plus 43% of relief (DA) on full basic pension. After having calculated the likely liability in 2000-01 with these values/parameters, the projections for future years took into account inflation and attrition rate and addition to pensioners.

It is assumed that all pensioners have commuted maximum amount of pension and hence in superannuation pension the receipt is 60 % residual pension. The calculations for 2000-01 are as below:

Amount of Superannuation Pension for 2000-01 on 82803									
(Pensioners as on 31-03-2000 as OB)									
Group	No. of Pensioners				Average Pay	Residual Pension	Relief at 43%(37+6)	Total Pen per head	Sup. pension (Rs.in Lakhs)
	No. as on 31-03-00	Added in the year	Attrition 5% OB	During the year					
A	1680	79	83	1656	15200	4580	3268	7828	1556
B	6640	316	332	6624	9000	2700	1935	4635	3684
C	53120	2530	2656	52994	5875	1763	1263	3026	19243
D	21580	1028	1079	21529	3275	983	704	1687	4358
Total	83000	3953	4150	82803					28841

Note: 1. Residual pension is equal to average pay divided by two multiplied by 60% .
2. Relief 43% on basic pension i.e. average pay divided by two X 43%.

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2. Family Pension:

Family Pensioners available approximately 17000 as on 31-3-2000 were taken as base. The new family pensioners are added at 5% attrition of Pensioners and reduced by 10% attrition of family pensioners at the beginning of each year. These family pensioners were divided into A,B,C and D groups in the same ratio as in the case of Superannuation Pensioners.

The amount of family pension (Rs.59 crores in the year 2000-01) was arrived at by taking number of family pensioners 19450 during the year multiplied by 30% of average basic pay groupwise plus 43 % relief (DA) and again multiplied by 12. This was taken as base for future projections. The calculations for 2000-01 are as below:

Amount of Family Pension for 2000-2001 for 19450									
(Family Pensioners as on 31-03-2000 as OB)									
Group	No. of Pensioners				Average Pay	F.P. at 30 % A.P.	Relief at 43%(37+6)	Total FP per head	Amt of FP (Rs.in Lakhs)
	No. as on 31-03-00	Added in the year	Discont. 10% OB	During the year					
A	340	83	34	389	15200	4560	1981	6521	304
B	1360	332	136	1556	9000	2700	1181	3881	721
C	10880	2656	1088	12448	5875	1763	758	2521	3766
D	4420	1079	442	5057	3275	1275	548	1823	1106
Total	17000	4150	1700	19450					5897

Note: 1. Family pensioners added is equal to attrition of pensioners.

3. Commutation, Gratuity and Leave Encashment:

The amount of commutation was worked out at 40% of average basic pension (C.V.P) in each group multiplied by the number of new retirees and again by 120 times. The DCRG was worked out at 16.5 times of average of last emoluments drawn multiplied by number of new retirees. The amount of Leave Encashment was 10 times the last emoluments drawn multiplied by number of new retirees. The last emoluments drawn during 2000-01 were taken at average pay plus 43 % of DA in each group. These projections were based on estimated retirements in 2000-01. While the amounts of commutation and DCRG are worked out at Rs. 53 crores each, the amount of Leave Encashment at Rs.32 crores during 2000-01. These were taken as bases for future projections. The calculations for 2000-01 are as below:

Amounts of Commutation, DCRG and Leave Encashment for New Retirees 3953 during 2000-01						
(Amt in Lakhs of Rs.)						
Group	No. of New Retirees	C.V.P per head	Amt of Commutation	Last Drawn Emoluments	Amt of DCRG	Leave Encashment
A	79	3040	288	21736	283	172
B	316	1800	683	12870	671	407
C	2530	1175	3567	8401	3507	2125
D	1028	655	808	4683	794	481
Total	3953		5346		5255	3185

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