

No: SNEA/CHQ/SEC DPE/2015-18/01

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To

Smt. Seema Bahuguna,
Secretary,
Dept of Public Enterprises,
CGO Complex,
New Delhi.

Sub: Implementation of 3rd PRC recommendations – suggestions and issues to be addressed:

Respected Sir,

At the outset, Sanchar Nigam Executives Association (SNEA), the only Recognised Executive Association in BSNL, welcome the Govt initiative to implement of 3rd PRC w.e.f 01.01.2017. The following recommendations of the 3rd PRC requires reconsideration at Govt level before taking a final decision on its implementation.

I. Affordability of the CPSU: If affordability clause in the recommendation is strictly followed, more than 75% CPSUs will not be able to implement the Pay Revision. Non-implementation of pay revision will demoralise the Executives and will seriously affect the productivity and revival of the CPSU. **In several aspects, 3rd PRC compared the Executives of CPSUs with Central Govt employees like payment of HRA, quantum of fitment, periodicity of pay revision, increment etc etc. But when it comes to revision of pay, PRC linked it with affordability where as the Central Govt employees pay revision is no way linked with affordability.**

The profit and loss statement of BSNL for the last three years given below:

No.	Particular	2013-14	2014-15	2015-16
1	Total Income	27,996	28,645	32,919
2	Depreciation	6,023	8,817	7,135
3	Total Expenditure	34,929	37,292	36,743
4	EBIDTA	-691	672	3,854
5	Profit Before Tax	-7,123	-8,843	-4,169
6	Provision for Tax	-104	-609	-289
7	Net Profit / Loss	-7,019	-8,234	-3,880

From the above table, it can be observed that, **BSNL has made operational profits of Rs 672 Cr and Rs 3854 Cr during last two years but the balance sheet is still negative.** The main reason for the same is the huge amount of Rs 8,817 Cr to Rs 7,135 Cr accounted as

depreciation. Year by year, revenue also increases. According to the affordability clause, BSNL Executives will not be eligible for pay revision eventhough BSNL is making profits.

So, to extend the minimum benefit of pay revision to the Executives, the basic components of the Pay revision like Revision of Pay and Superannuation benefits should be extended to all the Executives of all the CPSUs. In other words perks, allowances and PRP only should be linked with affordability. Affordability condition is not made applicable for the Central Govt employees.

Several CPSUs didn't implement the 30% Superannuation benefits fully as per the 2nd PRC recommendation. Contribution towards full 30% Superannuation benefits should be made mandatory on the part of the CPSU.

II. Pension revision for the BSNL Executives absorbed from DoT:

3rd PRC recommended 30% Superannuation benefits to the Executives. However, about 30,000 Executives in BSNL, absorbed from DoT are governed by the Govt pension under CCS Pension Rules 1972 and not but 30% Superannuation benefits. 50% of the last pay drawn is the pension. BSNL is to pay pension contribution under FR 116 on their actual basic pay(without IDA) to the Govt. VII CPC didn't covered those Executives in BSNL. So Govt may take a positive decision for the revision of pension under CCS Pension Rules for the BSNL and MTNL pensioners when 3rd PRC report is considered for implementation.

III. Uniform increment date:

There is no specific recommendation about the increment date. This created huge anomalies in CPSUs like BSNL where juniors drawing increments in earlier months got higher pay than the seniors having increment in subsequent months, after pay revision. In several CPSUs, already uniform increment date is followed. VII CPC recommended two uniform increment dates, 1st January and 1st July. So Govt may take a decision for uniform increment dates when 3rd PRC report is considered for implementation.

IV. Periodicity should be 5 years from 01.01.2012 with minimum 15% fitment.

3rd PRC compared Executives in CPSUs with private sector and explained the need to equip them to face the challenges. When the pay and pay revision is compared with other sectors including private sector, 10 year periodicity is not at all appreciable. More precisely, the periodicity of pay revision for the workmen as well as Executives should be 5 years. Both the pay revision of Workmen and Executives should be co-terminus with same periodicity. In some CPSUs, Executives are drawing much lower pay, allowances etc than their juniors who have continued as workmen. This has happened, as workmen scales were revised during 2012 by Management liberally without keeping the relativity in mind. Pay revision of workmen in certain CPSUs with 18% fitment in January 2012 has further compounded this problem. This has resulted in serious discontent, de-motivation and dissolution among the Executives. So Govt should atleast implement pay revision from 01.01.2012 notionally with 15% fitment and next wage revision should be implemented from 01.01.2017 onwards on actual basis with another 10% fitment.

V. Minimum Fitment of 20% required if periodicity is 10 years.

Even for Central Govt employees, minimum fitment of 14.27% implemented by the Govt. Always the pay scales and pay for the Executives in CPSUs where much higher than that of the

Central Govt employees. In every pay revision, the Executives in CPSUs got higher fitment. Unfortunately, 3rd PRC recommendation of 15% is not in this line and market condition is not considered. So, in the present situation, if the periodicity is not changed, **the minimum fitment should be 20%**.

The issues mentioned above may be considered by the Govt while implementation of the 3rd PRC recommendations.

With kind regards,

(K. Sebastin)

Copy to:

- 1) Shri Anant G Geete, Hon Ministry of Heavy Industries & Public Enterprises for kind intervention pl.
- 2) Shri. Pradeep Kumar Sinha, Cabinet Secretary for information and necessary action pl.
- 3) Shri. Pradeep Kumar Pujari, Secretary, DoT for information pl.
- 4) Shri. Anupam Shrivastava, CMD/BSNL, for information pl.