Brief background note regarding settlement of non-standard E1A and E2A pay scales of Bharat Sanchar Nigam Limited (BSNL) executives.

- (i) Before implementation of second IDA pay revision, pre-revised non-standard pay scales of E1A and E2A scales for executives at JTO and SDE levels respectively, which was implemented w.e.f. 1.10.2000, existed in Bharat Sanchar Nigam Limited (BSNL). Government employees in the cadre of JTO/AAO and SDE/AO who were absorbed in BSNL on its formation were in the CDA (Government) pay scale of 6500-200-10500 and 7500-250-12000 respectively. The equivalent IDA pay scales corresponding to the aforesaid CDA pay scales are 8600-250-14600 (El) and 10750-300-16750 (E2) respectively at the relevant time. These are the pre-revised IDA pay scales effective at the time of absorption of Government employees in BSNL at the relevant time.
- During the absorption of Government employees in BSNL as part of (ii) employee settlement, the absorbed appointees were given higher start in the respective IDA pay scale El & E2. After negotiations with the Employees Trade Union, the El scales were to run from 9850-250-14600 (ElA) in respect of JTO/AAO cadres and from 11875-300-16750-17275 (E2A) in respect of SDE/AO cadres, only in respect of those who were appointed by absorption from Government service in that cadre. This was recommended by an Inter Ministerial Group and approved by the Cabinet as a one time special dispensation with a view to ensure that there was no loss of emoluments on absorption in BSNL as well as to facilitate smooth conclusion of the absorption process. There was no order to abandon or modify the IDA El & E2 pay scales in its application to BSNL for other appointees namely, direct recruits and promotees to the respective cadres. Practically, the El & E2 pay scales (pre-revised) in the matter of its application to BSNL at the time of absorbed appointees entering into service in BSNL can be stated as 8600-250-9850-250-14600 in respect of JTO/AAO cadre and 10750-300-11875-300-17275 in respect of SDE/AO cadre with the scales running from 9850 and 11875 respectively in the two cadres applicable only to the absorbed appointees.
- (iii) In terms of BSNL's time bound promotion policy, persons in the JTO/AAO cadre are eligible to be promoted to SDE/AO cadre in four years. Similarly, eligibility for time-bound promotion from SDE/AAO to Sr. DE/Sr. AO cadre is 5 years. Therefore, the successive pay scales of these cadres represent a continuum for promotion. Persons in El scale move to E2, E2 to E3 and so on until E6 scale. While providing a higher start in El and E2 IDA pay scale (Pre-revised) was applicable only for the absorbed appointees, the IDA pay scales per-se were not abolished with regard to its application in BSNL. New recruits were to be governed by the IDA pay scales in its entirety and not entitled for special dispensation given to the absorbed appointees. Therefore, while the truncated portion of the El & E2 scales, namely (9850-250-14600) and (11875-300-17275)

were to apply to absorbed appointees in the respective cadres, the scales of 8600-250-14600 and 10750-300-16750 in the IDA pay scales in its entirety shall apply to new recruits and promotees in the respective cadres to which they were appointed either by direct recruitment or promotion.

- (iv) Consequent to implementation of 2nd IDA pay revision prescribing only 10 replacement pay scales, (EO to E9) in CPSEs as per the recommendations of the 2nd PRC, no separate revised scales were given for replacement of E1A and E2A scales. It was clearly stipulated in the clarification later issued by the DPE that below board level executives of CPSEs have necessarily to be fitted in the specified grades of EO to E9 in a CPSE depending upon the schedule of their CPSE. It has further been clarified by them that no intermediary scales have been permitted. The second PRC revised the IDA E1 pay scale to 16400-40500 and E2 pay scale to 20600-46500.
- (v) On the proposal of BSNL for 2nd PRC pay revision, DoT issued a Presidential Directive approving the pay revision in which it was indicated that proposal on E1A, E2A, E9A and E9B shall be dealt separately. BSNL implemented the revised pay scales w.e.f. 01.01.2007 noting that revised IDA pay scales for E1A, E2A and E9A will be notified later.
- BSNL in the year 2009 proposed a fixation of a scale from 18850-40500 for (vi) the portion 9850-250-14600, and 22800-46500 for the portion 11875-300-17275. However, the proposal was rejected by the DoT on the ground that the said pay scales had not been approved. Since DoT rejected the proposal, BSNL could not go ahead with pay revision and fixation for the two cadres. To solve the impasse, BSNL proposed to upgrade the scale of the persons drawing pay in the scale portion 9850-250-14600 (pre-revised) to 20600-46500 (Revised IDA E2) and those drawing pay in the portion 11875-17275 (pre-revised) to 24900-50500 (Revised IDA E3) respectively. This will invariably have a cascading effect on all scales because E1 constitutes promotion scale and E2-E6 constitutes time bound promotion scales for immediately preceding scales. The unsettling effect will also be felt on the persons presently drawing E6-E9 scales, also raising the prospect for demand for upgradation of scales for persons at these levels also. The cascading effect would be inevitable in the process of upgrading the cadres to higher scales as proposed by BSNL. Hence the proposal of BSNL for upgrading the scales of cadres on the pay band 9850-250-14600 to E2 (revised) and those in the pay band 11875-300-17275 to E3 (revised) cannot be agreed to.
- (viii) Following erroneous actions have been taken by BSNL with regard to implementation of the special dispensation for absorbed appointees:
- (a) BSNL has assumed that E1 & E2 (pre-revised) scales stand revised to E1A and E2A with regard to its application in BSNL. This understanding is incorrect. E1&E2 (pre-revised) scales are not abolished in BSNL. They need to be followed in new recruitment and on promotions to these cadres. The applicability of special dispensation 9850-250-14600 and

11875-300-17275 is only for absorbed appointees in the respective cadres.

- (b) El & E2 (pre-revised) scales are applicable in new recruitment to the respective cadres. However, BSNL in direct recruitment to the cadre has extended the scale applicable to absorbed appointees to the direct recruits as well. BSNL made Direct Recruitment to the cadre of JTO/AAO giving the pay band 9850-250-14600, whereas they should have been placed in the regular E1 (prerevised) pay scale of 8600-250-14600 only. No direct recruitment has been made by BSNL to the cadre of SDE/AO.
- (c) El & E2 (pre-revised) scales are applicable in promotion to the respective scales. However, BSNL has extended the scale applicable to absorbed appointees to the persons promoted to both the cadres from the respective feeder cadre.
- (ix) The consequence of these erroneous actions of BSNL is that the fresh recruits and promotees have got higher pay fixation in the El scale on appointment to the cadre which they would not have got had they been appointed in the regular El scale placing them at the minimum of the scale, i.e. at 8650 basic instead of 9850. It is not possible to undo the benefit accorded to the direct recruits or promotees to the two cadres without serious employee unrest in the organization as these have apparently been extended and received bonafide, because the understanding of BSNL all through has been that the pre-revised IDA pay scales of El & E2 stand revised to ElA & E2A in its application to BSNL.
- (x) To correct these erroneous action of BSNL, it has to be ensured that future recruitments and promotions to these cadres are made at the revised standard IDA scales only, as applicable to the cadre.
- (xi) BSNL made series of proposals to DoT for the revision of their non-standard intermediary scales of E1A, E2A, E9A and E9B scales. The proposal for revision of E9B was later withdrawn by BSNL. The request was examined in DOT and a decision was conveyed to BSNL that the proposal cannot be justified. The advice of DPE on introduction of intermediary pay scales was that there will be no change in the ten pay scales. On another proposal for replacement scales for E1A, E2A and consequent upgradation of E3, E4, E5 & E6, a reply was sent by DoT to BSNL stating that the proposal cannot be acceded to considering the present financial position of the Company and the huge financial burden on Government exchequer in the shape of revised pensionary benefits and recurring burden on pension.
- (xii) BSNL later changed all their previous proposals and made a revised proposal to DoT to revise only E1A and E2A scales to E2 and E3 respectively, keeping the other existing standard pay scales of E3, E4, E5 and E6 unaltered. In a Court case, CAT Chandigarh Bench passed an order directing DoT/ BSNL to

issue necessary Presidential Directives in respect of revised pay scales corresponding to E1A and E2A pay scales and consequently a Contempt Case was also filed in this regard. Accordingly, to settle this issue, the proposal was examined by the Department in the following manner.

- (xiii) The pre-revised El scale is 8600-250-14600. The revised scale based on 2nd PRC is 16400-40500. In BSNL, scale for absorbed appointees in the JTO/AAO cadre extended from 9850-14600 by a special settlement. The Revised El IDA pay scale is 16400-40500. BSNL in 2009 itself has proposed a fixation of Rs. 18850 corresponding to Rs. 9850 in the pay pre-revised pay band. This pay fixation in the Revised IDA pay Scale is based on accepted principles. Therefore, the revised IDA pay scale 16400-40500 was decided to be accorded for El Cadres in BSNL, subject to the following conditions:
- (a) Pay of 'absorbed appointees' in the cadre shall be fixed in the range 18850-40500 to continue the benefit granted to them in the pre-revised El scale.
- (b) Employees appointed to the cadre either by Direct Recruitment or on promotion and who are placed in the pay band 9850-14600 similar to the absorbed employees shall also be accorded pay fixation in the range 18850-40500.
- (c) In future, applicable with immediate effect, appointments to the cadre by direct recruitment or promotion shall be in the revised El IDA scale 16400-40500.
- (xiv) Similarly, BSNL had proposed pay fixation in the range 22800-46500 in the revised IDA E2 pay scale for the range 11875-17275 in the pre-revised scale. This recommendation of BSNL made in 2009 itself, is also correct and harmonizes the benefit granted to the absorbed employees with the revised E2 scale of the 2nd PRC. Therefore in its application to BSNL, the revised IDA E2 scale shall be 20600-46500, subject to the condition that:
- (a) Pay of absorbed appointees in the cadre shall be fixed in the range 22800-46500 to continue the benefit granted to them in the prerevised E2 scale.
- (b) Employees to the cadre either by Direct Recruitment or on promotion and who are placed in the pay band 11875-17275 similar to the absorbed appointees shall also be accorded pay fixation in the range 22800-46500 (BSNL has not made any Direct Recruitment appointments in this cadre).
- (c) In future, applicable with immediate effect, appointment to the cadre by Direct recruitment or promotion shall be in the revised E2 IDA pay scale 20600-46500.
- (xv) Accordingly, a Presidential Order was issued by the DoT on 28.03.2017 approving the settlement of E1A and E2A pay scales in BSNL once for all by directing that the pay scale of JTO/AAOs cadre may be fixed as 16400-40500 subject to the condition that JTO/AAOs in the cadre drawing pay in the range 9850-14600 may be fixed as in the range 18850-40500 and future appointments

by Director Recruitment or promotions shall be made only in the revised IDA E1 pay scale 16400-40500. Similarly, pay scale of SDE/AO cadre may be fixed as 20600-46500 subject to the condition that SDE/AAO in the cadre drawing pay in the range 11875-250-17275 may be fixed in the range 22800-46500 and future appointment by direct recruitment or promotions shall be made only in the

(xvi) After issue of this order dated 28.03.2017, a compliance report was filed in the Court and the Contempt Case was also dismissed.

(xvii) Different Unions of BSNL employees opposed this order and decided to go for various agitation programmes against the order. Their contention is that, by this order, the existing scales of E1A and E2A has been lowered to E1 and E2. BSNL Management has also requested for reconsideration of the order to arrest the discontent in the organisation by stating that lowering of pay scales has created a situation of demoralization and demotivation of junior cadres and this may lead to industrial unrest. While some of the Unions back the above BSNL proposal for limiting the revision to E1A and E2A scales only, some other Unions demand for revision of other existing standard pay scales of E3, E4, E5 and E6 also to the next higher scale along with revision of E1A and E2A.

(xviii) However, DoT's views on these contentions and justifications for issue of its order dated 28.03.2017 are elaborated in the enclosed table (Annexure-IV).

Enclosures of background note:

- DoT order dt. 28.07.2003 providing corresponding IDA scale to existing CDA 1. 2.
- Time bound/post based Executive Promotion Policy for Group 'B' level 3.
- DPE's O.M. dated 26.11.2008 regarding revision of scales of pay of executives 4.
- DoT order dated 27.02.2009 providing revised pay scales w.e.f. 01.01.2007 to BSNL executives.
- BSNL's order dated 05.03.2009 regarding revision of pay scales w.e.f. 5. 01.01.2007. 6.
- DPE's O.M. dated 02.04.2009 conveying Government decision on the Report of the Committee of Ministers regarding revision of pay scales of executives of 7. Recruitment Rules of BSNL Management Services.
- DPE's O.M. dated 24.12.2012 providing clarifications to their pay revision 8. 9.
- DPE's O.M. dated 09.07.2014 conveying comments/ views on BSNL proposal for introduction of intermediary pay scales. 10.
- Copy of BSNL's presentation for revision of E1A and E2A pay scales to E2

- 11. DoT letter dt. 05.09.2017 confirming DPE's categorization of BSNL as an incipient sick CPSE.
- 12. BSNL proposal dt. 09.01.2009 for revised E1A/E2A scales.
- 13. DoT letters dt. 24.01.2011, 18.07.2014 and 09.08.2016 declining BSNL proposal for upgradation of IDA pay scales of E1A and E2A.
