

No: SNEA/CHQ/SEC DPE/2015-18/04 Dated 09.07.2018.

To

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

Sub: DoT reference to Dept Of Public Enterprises (DPE) regarding BSNL proposal for revision of the intermediary pay scales of 9850-250-14600 (E1A) and 11875-300-17275 (E2A) to the next higher standard pay scales of E2 and E3 for the JTO, SDE and equivalent Executives in BSNL w.e.f 01.01.2007, based on 2nd PRC recommendations. Since BSNL satisfies the affordability clause stipulated in the DPE OM dated 26.11.2008 (The Profit Before TAX, PBT for BSNL during 2007-08 is Rs 4451 Crores), 2nd PRC implemented with full 30% fitment. Based on DPE guidelines, BSNL Board recommended next higher standard pay scales of E2 and E3 replacing E1A and E2A scales. Contrary to the recommendations of BSNL Board and DPE guidelines on the affordability clause, DoT issued Presidential order on 28.03.2017, lowering the revised pay scales from E1A to E1 (16400-40500) and E2A to E2 (20600-46500). BSNL did not implemented the presidential orders since the pay scales of the entry cadres are lowered and sought review of the decision of DoT. Reference from DoT seeking views /comments from DPE in this regard:

Respected Madam,

Sanchar Nigam Executives Association (SNEA) is the Recognised Executives' Association in BSNL after the membership verification among the BSNL Executives, representing about 47,000 BSNL Executives.

BSNL is a CPSE under Dept of Telecommunications (DoT). As per DPE guidelines, based on the recommendations of the CPSE Board, respective Administrative Ministry has to issue the Presidential Order, notifying the revised pay scales, fitment formula etc. The pay revision and all the related issues for the CPSE Executives are governed by DPE guidelines and dealt by DPE. However, DoT earlier referred the pay scales revision of BSNL Executives to DoPT and then to Dept of Expenditure (DoE) for guidance/comments simply for delaying the revision of the intermediary pay scales. This has been established by the fact that both DoPT and DoE returned the proposal without any direction, simply informing DoT that they are not dealing with the pay revision of CPSE Executives and it is dealt by DPE. After the intervention of Hon Minister of State for Communications, now DoT referred the matter, one again to DPE.

A brief history of the issue is furnished below:

(1) In DoT, the JTO and equivalent cadres were recruited in the CDA scale of Rs 6500-200-10500 (**JTO RR 1999 as Annexure A**). Similarly the SDE and equivalent cadres were recruited/promoted in the CDA scale of Rs 7500-250-12000 (**SDE RR1996 as Annexure B**).

(2) During absorption process, based on the recommendation of the BSNL Board and with the approval of DPE, DoT notified the IDA pay scales corresponding to the CDA scales of DoT on 28.07.2003, for the BSNL Executives (**Annexure C**). Among the pay scales notified by DoT, 9850-250-14600 (E1A) and 11875-300-17275 (E2A) scales were intermediary or non-standard pay scales [The standard pay scales notified by DPE as per 1st Pay Revision w.e.f 01.01.1997 was E0, E1, E2, E3, E4 ---- etc based on Justice Mohan Committee recommendations]. E1A scale is between E1 & E2 and E2A scale is between E2 & E3.

The notified pay scales are as under:

BSNL		
Sl No	Existing CDA scale	Corresponding IDA scale
1	6500-200-10500	9850-250-14600 (E1A)
2	7500-250-12000	11875-300-17275 (E2A)
3	8000-275-13500	13000-350-18250 (E3)
4	10000-325-15200	14500-350-18700 (E4)
5	12000-375-16500	16000-400-20800 (E5)

(3) **The E1 (8600-250-14600) and E2 (10750-300-14600) pay scales were never approved, notified or implemented in BSNL. There was no presidential order from DoT in this regard.** Initially, new JTO and equivalent cadres were recruited by BSNL in the IDA scale corresponding to the CDA scale of Rs 6500-200-10500 (**BSNL JTO Rect Rule 2001 as Annexure D**). Similarly the SDE and equivalent cadres were recruited/promoted in the IDA scale corresponding to the CDA scale of Rs 7500-250-12000 (**BSNL SDE Rect 2002 Rule as Annexure E**). In other words, BSNL recruited JTO and equivalent cadres in the IDA scale of Rs 9850-250-14600 (**E1A**) corresponding to the CDA scale of Rs 6500-200-10500. Similarly SDE and equivalent cadres were recruited/promoted by BSNL in the IDA scale of Rs 11875-300-17275 (**E2A**) corresponding to the CDA scale of Rs 7500-250-12000. **The CDA scale of Rs 6500-200-10500 and Rs 7500-250-12000 was operational upto 2003, till the completion of absorption process.**

(4) **The E1A and E2A scales were not a special dispensation for the absorbed employees as erroneously stated by the preset DoT establishment.** E1A and E2A were the pay scales recommended by the then BSNL Board and approved by DoT and DPE in 2003, corresponding to the CDA scales of Rs 6500-200-10500 and Rs 7500-250-12000. The corresponding IDA pay scales are applicable uniformly for BSNL absorbees as well as BSNL direct rectx. This is specifically stated in the PO issued by DoT dated 28.07.2003 which states that:

"1.2 -----, In respect of executives appointed by BSNL on CDA pay scales on or after 01.10.2000, the executives will be deemed to have been appointed in the

corresponding IDA pay scale and accordingly their pay will be fixed at the minimum of the IDA pay scale corresponding to the CDA scale in which they were appointed. -----".

(5) BSNL Time Bound Promotion Policy for the Executives (EPP 2007) was notified on 18.01.2007, with the concurrence of DoT (**Annexure F**). This promotion policy implemented w.e.f 01.10.2000, from the date of absorption. In the BSNL Executive Promotion Policy (EPP 2007) also, the pay scales for different grades were mentioned as E1A, E2A, E3, E4, E5 and E6. The promotions also defined from E1A to E2A, E2A to E3, E3 to E4, E4 to E5 and E5 to E6. **In this EPP 2007 also, there is no mention about E1 or E2 scales as claimed by DoT.**

(6) **In the same organization, different pay scales cannot be operated for the same cadre, simultaneously.** As stated above, BSNL implemented Rs 9850-250-14600 (**E1A**) scale for the JTO equivalent cadres absorbed from DoT as well as directly recruited by BSNL as per the Presidential order dated 28.07.03. Similarly, Rs 11875-300-17275 (**E2A**) scale for the SDE equivalent cadres absorbed from DoT as well as recruited/promoted by BSNL.

(7) Consequent to the 2nd Pay Revision for the CPSE Executives, DPE issued guidelines on 26.11.2008 defining revised pay scales from E0 to E9, fitment method and affordability clause. No revised pay scales for the intermediary pay scales were notified. Further vide OM dated 02.04.2009, DPE clarified that below Board level Executives of CPSEs have necessarily to be fitted into the standard pay scales of E0 to E9. It has further been clarified that no intermediary pay scales have been permitted. **Prior to 2nd PRC, other CPSUs like BHEL, NTPC, ONGC, Coal India, FCI etc. also operated intermediary pay scales like E1A, E2A, E2B, E3A, E7A, E7B, E7C, E9A etc.**

(8) **Naturally and quite rationally, all other CPSUs like BHEL, NTPC, ONGC, Coal India, FCI etc which operated intermediary pay scales like E1A, E2A, E2B, E3A, E7A, E7B, E7C etc during 1st PRC, maintaining basic HR values and sensitivities of their people, switched over to the immediate higher standard pay scales of E2, E3, E4, E8 etc, ensuring that no cadre is demoted from a higher scale to a lower scale (Annexure G, H, I, J, K).**

(9) Further the affordability of the CPSE for implementation of 2nd pay revision was mentioned at Para 3 of the DPE OM dated 26.11.2008 as under:

3. **Affordability for implementation of pay revision:** - The revised pay scales would be adopted, subject to the condition that the additional outgo by such revision for a period of 12 months should not result in more than 20% dip in profit before tax (PBT) for the year 2007-08 of a CPSE in respect of executives as well as non-unionised supervisory staff taken together in a CPSE. CPSEs that cannot afford to pay full package, can implement with either part PRP or no PRP. These CPSEs

(10) **Since BSNL satisfies the affordability clause stipulated in the DPE OM dated 26.11.2008, BSNL proposed revised pay scales corresponding to E1A, E2A, E3, E4, E5, E6, E7, E8, E9, E9A and E9B scales with full 30% fitment (Annexure L).** The standard pay scales of E3, E4, --- E9 were approved by DoT on 27.02.2009 and presidential orders issued. This has been implemented by BSNL w.e.f 01.01.2007 with full 30% fitment.

Financial year	Income	Profit Before TAX (PBT)
2007-08	38053	4451 Crores

(11) Later on, the revised intermediary pay scales of E1A (18850-40500) and E2A (22800-46500) recommended by BSNL on 09.01.2009 were rejected by DoT on 24.01.2011(**Annexure M**). Again the E1A and E2A scales were taken up with DPE in 2014 and DPE also rejected E1A and E2A scales on 09.07.2014, being intermediary pay scales. DPE directed DoT and BSNL to implement standard pay scales replacing the intermediary scales. This has been communicated by DoT to BSNL on 18.07.14 (**Annexure N**).

(12) Finally, BSNL Board revised its recommendation dated 09.01.2009 and recommended replacement of intermediary pay scales of E1A and E2A with the immediate higher standard pay scales of E2 and E3 w.e.f 01.01.2007, the date of implementation of 2nd PRC, in line with the decision of the Union Cabinet and DPE guidelines. The recommendation has been sent to DoT on 06.06.2016 (**Annex: O**).

(13) The financial implication on BSNL to implement this proposal is worked out to be just 46 Crores per annum. Practically there is no financial implication on DoT.

(14) In complete disregard to BSNL Board decision, DoT issued Presidential orders on 28.03.2017, replacing the intermediary pay scales of E1A and E2A with lower pay scales of E1 and E2 respectively, demoting the cadres itself (**Annexure P**). The Presidential order is to be issued based on DPE guidelines and the recommendations of the respective CPSE. The BSNL proposal dated 09.01.2009 for revised E1A and E2A scales stands modified by the BSNL recommendations dated 06.06.2016 and there is no proposal of revised pay scale of E1 and E2 scales from BSNL. **By this retrograde order, the pay of an Executive recruited after 01.01.2007 will come down by atleast Rs 10,000 per month.**

Pre-revised scale		Revised scale proposed by BSNL on 06.06.2016		Revised scale approved by DoT on 28.03.2017		Difference in Basic pay itself
E1A	9850-250-14600	E2	20600-46500	E1	16400-40500	Rs 4200
E2A	11875-300-16750	E3	24900-50500	E2	20600-46500	Rs 4300

(15) To justify the action, now DoT taken a U Turn, stating that E1 and E2 are the pay scales approved and notified by DoT for the fresh BSNL direct rectx and E1A and E2A scales are applicable only for the DoT officers absorbed in BSNL. But there is no such presidential order issued by DoT notifying E1 and E2 scales or there is no such communication to BSNL. DoT not even able produce a copy of the Presidential orders with E1 and E2 scales. Rather in the PO issued on 28.07.2003 with the approval of DPE, it is clearly stated that the revised IDA scales of E1A and E2A are uniformly applicable for BSNL absorbees as well as BSNL direct rectx.

(16) The present DoT establishment acted in an erroneous manner while notifying the revised pay scales for E1A and E2A as E1 and E2 w.e.f 01.01.2007, vide PO dated 28.03.2017, in the following manner:

- a) E1 and E2 pay scales were never implemented in BSNL.
- b) DoT now assuming that E1 and E2 are the pay scales notified for BSNL Executives and E1A and E2A are special dispensation for absorption. In fact at the time absorption,

BSNL Board recommended E1A (9850-250-14600) and E2A (11875-300-17275) scales as replacement scales for the CDA scales of Rs 6500-200-10500 and Rs 7500-250-12000 along with other pay scales for all the Executives, BSNL absorbees as well as BSNL direct rectx which has been approved by DoT and DPE .

- c) The IDA pay scales, E1A and E2A are implemented uniformly for BSNL absorbees as well as new BSNL direct recruitees as different pay scales cannot be operated for the same cadre.
- d) **DoT approved and notified the intermediary pay scales of Rs 18800-40500 and Rs 22500-46500 even after 2nd PRC, upto the period 28.03.2017.**
- e) Other CPSUs like BHEL, NTPC, ONGC, Coal India, FCI etc also operated intermediary pay scales like E1A, E2A, E2B, E3A, E7A, E7B, E7C etc before 2nd PRC.
- f) DPE guidelines dated 26.11.2008 stipulates that Administrative Ministry has to issue the Presidential Order on the recommendations of the respective CPSE Board.
- g) BSNL Board recommended revised E1A and E2A scales after 2nd PRC. This has been rejected by DoT and DPE on 24.01.2011 and 18.07.2014. Thereafter, on 06.06.2016 BSNL recommend E2 and E3 scales w.e.f 01.01.2007, replacing E1A and E2A scales.
- h) BSNL Board never recommended revised E1 and E2 scales for pre-revised E1A and E2A, after 2nd PRC.
- i) BSNL recommended next higher standard pay scales in order to retain the existing talent and for attracting best talent into the organization. BSNL is in a highly competitive Telecom market.
- j) All other CPSUs like BHEL, NTPC, ONGC, Coal India, FCI etc operated intermediary pay scales like E1A, E2A, E2B, E3A, E7A, E7B, E7C etc, maintaining basic HR values, switched over to the immediate higher standard pay scales of E2, E3, E4, E8 etc, ensuring that no cadre is demoted from a higher scale to a lower scale.
- k) However, DoT unilaterally issued the PO on 28.03.2017, lowering the pay scales from E1A to E1 and E2A to E2, demoting the cadres from a higher scale to a lower scale.
- l) DoT cited present losses of BSNL during last few years as the reason for lowering the pay scales. In fact, this pay revision is part of 2nd PRC, due from 01.01.2007 and BSNL satisfies the affordability clause stipulated in the DPE OM dated 26.11.2008. BSNL recorded Rs 4451 Crores PBT during 2007-08 and extended full 30% fitment.
- m) The effect of DoT action to lower the pay scales from E1A to E1 and E2A to E2 can be explained by the below mentioned chart.

Cadre	Pay scale as on 31.12.2006		Pay scale as on 01.01.2007	
	Pay scale	Grade	Pay scale	Grade
JTO equivalent	9850-14600	E1A	8600-14600	E1
SDE equivalent	11875-17275	E2A	10750-16750	E2

Pre-revised scale from 01.01.2000		Pay scale proposed by BSNL on 2 nd PRC		Pay scale approved by DoT on 28.03.2017		Pre-revised scale equivalent to the scale approved by DoT on 28.03.2017	
9850-14600	E1A	20600-46500	E2	16400-40500	E1	8600-14600	E1
11875-17275	E2A	24900-50500	E3	20600-46500	E2	10750-16750	E2

(17) After the PO dated 28.03.2017, BSNL management on 01.05.2017 and 27.12.2017 (Annexure Q & R) written to DoT to reconsider the decision with several reminders from CMD/BSNL stating that:

- BSNL did not recommended E1 and E2 pay scales, replacing E1A and E2A scales.
- BSNL proposal of E2 and E3 scales are to be approved w.e.f 01.01.2007, replacing the pre-revised E1A and E2A scales.
- Lowering of pay scales from E1A to E1 and E2A to E2 lead to demoralization and demotivation of the Executives.
- The financial implication is bare minimum, just Rs 46 Crores per annum.
- There will not be any financial implications on the Govt.

(18) As per the direction of Hon Minister of State For Communications, the matter has been referred to DoPT and DoPT in turn advised DoT to refer the matter to Dept of Expenditure. Thereafter DoE advised DoT to refer the matter to DPE.

In view of the above submissions, the DoT proposal may be examined at the earliest and proper direction may be issued to DoT to:

- Approve the pay scales based on BSNL recommendation which is mandatory as per para 17 of DPE guidelines dated 26.11.2008 and as per DPE guidelines dated 02.04.2009 and 09.07.2014.**
- The affordability clause is to be examined with reference to PBT of the year 2007-08 only, as per DPE guidelines.**
- The pay scale of any cadre should not be lowered, unilaterally, which will lead to demoralization and demotivation.**

With kind regards,

(Sebastin. K)

Copy to: 1) Shri. Anupam Shrivastava, CMD/BSNL for kind information and necessary action please. Kindly depute some senior officers to DPE to explain the facts to the officers in DPE.

2) Dr. Madhukar Gupta, Addtl Secretary, DPE for kind information and necessary action pl.

3) Shri. Rajesh K Chaudhary, Joint Secretary, DPE for kind information and necessary action pl

4) Smt. Sujata T Ray, DIR(HR) for kind information and necessary action please.

Enclosure: Annexure A to P.