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No. AIBSNLOA/CHQ/2016 /137

Dated: 11th July 2016

To

Shri Sheo Shankar Prasad,
Dy. General Manager (Estt),
BSNL Corporate Office,
New Delhi.

Subject : AIBSNLOA response to the Questionnaire on 3rd PRC – reg
Ref: BSNL letter No.BSNL/20-1/SR/2016 dated 6th July 2016

Sir,

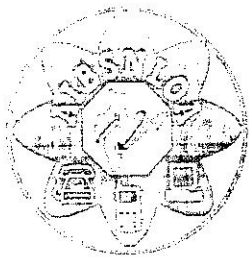
With reference to BSNL CO letter cited under reference, please find herewith enclosed the response of AIBSNLOA to the Questionnaire framed by DPE on 3rd Pay revision.

With kind regards,

Encl: As above (12 Pages)

Yours sincerely,
(Rakesh Sethi)
General Secretary.

9M
11/7/2016



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CHAMAN K. BHATTACHARYA
General Secretary

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General Secretary

No. AIBSNLOA/CHQ/2016 /138

Dated: 11th July 2016

To

Ms. Madhu Arora,
General Manager (Estt),
BSNL Corporate Office,
New Delhi

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Ref: BSNL letter No.BSNL/20-1/SR/2016 dated 6th July 2016

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QUESTIONNAIRE

3rd Pay Revision Committee for Executives and non-unionised Supervisors of CPSEs

1. Role of the Government & Uniform Wage Policies in CPSEs

- 1.1 The 2nd PRC in the preface to its report stated that 'Finally, we feel that time has come when we should no longer look at all these CPSEs spreading over a vast spectrum with a common approach.' A decade has passed since then and in the present scenario what in your view should be the role of the Government with reference to wage policies in CPSEs.

Ans: The present system of PRC may continue. Even when the Government has prescribed mandatory guidelines with standard pay scales, strictly ruling against inter-mediate and non-standard pay scales and has advised removal of any aberrations, BSNL is yet to give standard pay scales of E2 and E3 in place of the pre-revised E1 A and E2 A pay scales existing prior to 1.1.2007. In fact, it is continuing with lesser pay scales of E1 and E2 in the place of E1 A and E2 A. Lower pay scale at the entry level grade of Executives where direct recruitment takes place remains as a road block for attracting talent. BSNL is yet to implement the DPE's mandatory instruction regarding fitment benefit with 50% merger of IDA scale amounting to 78.2% instead of 68.8% as ordered earlier w.e.f. 1.1.2007. Though fixation was allowed w.e.f. 1.1.2007, no arrears have been paid for the period from 1.1.2007 to 9.6.2013, although DPE had not given any freedom to the CPSEs to modify the date of implementation. As a consequence, BSNL pensioners who retired on or after 1.1.2007 but before 10.6.2013 were first denied pay fixation benefit w.e.f. 1.1.2007 with 78.2% IDA merger along with their other colleagues who retired after 9.6.2013. These executives were very much in service on 1.1.2007 and are therefore eligible to get pay fixation benefit with merger of 78.2% IDA on actual basis and also their pension fixed based on their last pay. Now the Union Cabinet has approved pension revision for them notionally from 1.1.2007 but actually from 10.6.2013, further denying the benefit of increase in commuted pension, DCRG and Leave encashment. If the Government's role for a common approach is done away with, the CPSEs are likely to act in an arbitrary manner detrimental to the entire process of uniform wages resulting in utter chaos and industrial unrest.

- 1.2 Flowing from the above, should there be some uniformity of pay scales and perks among CPSEs, or should these decisions be left to the best judgement of the respective administrative Ministries and the Boards of their CPSEs?

Ans: The present system of prescribing standard pay scales should continue.

- 1.3 As part of Government's policy for granting greater autonomy to the Boards of the CPSEs under the Maharatna, NavRatna and Mini Ratna schemes, should there be separate pay scales for 'Ratna' CPSEs?

Ans : The present system of prescribing standard pay scales should continue. 'Ratna' PSUs may however opt for higher scales for their executives within the prescribed standard pay scales.

1.4 (a) Is the present system of classifying the CPSEs on the basis of Schedule i.e. 'A', 'B', 'C', and 'D' is satisfactory? If not, please suggest alternative ways of classification of CPSEs with adequate justifications.

Ans : Yes. Classifying the CPSEs on the basis of Schedule i.e., A, B, C and D is alright but needs further improvement. The second PRC grouped CPSEs into 5 Categories namely A+, A, B, C and D, based on the Total Income, Size of Manpower and Geographical spread of their Operations for the purpose of deciding the 'Fixed' component of the package. DPE has later issued revised guidelines vide its letter No.9 (17)/2011-GM dated 30.11.2011. According to the revised guidelines, as per Para 3 (ii) the proposal for categorisation should contain performance of the concerned CPSE for last five years on the following quantitative parameters

- Investment
- Capital employed
- Net Sales
- Profit before Tax
- Number of employees and units
- Capacity Addition
- Revenue per employee
- Sales/Capital Employed
- Capacity utilisation
- Value added per employee

As per Para 3 (iii), The proposal for categorisation should also contain details on the following qualitative factors related to the concerned CPSE.

- National Importance
- Complexities of problems being faced by the company
- Level of technology
- Prospects for expansion and diversification of activities
- Competition from other sectors

As per Para 3 (iv), Information on the following factors, wherever applicable, should also be included in the proposals for categorisation.

- Share price
- MOU ratings
- Maharatna/Navratna/Miniratna Status
- ISO certification

As per Para 3 (v), In addition to the above factors, the critical/strategic importance of the concerned CPSEs will continue to be taken into account.

The qualitative factors under Para (iii) assume more significance in respect of BSNL, as BSNL is discharging the social obligations of the Government of India by providing services

in remote and rural areas inspite of incurring loss because of these services and its presence in the Telecom industry as a fully Government owned PSU, aiming at providing world class services at affordable tariff, has been accepted by every stake holder as a 'moderating factor' in controlling the tariff in favour of the customers. But for the presence of BSNL in the arena, the private telecom operators would have raised the tariff to alarming proportions. Despite the complexities of problems faced by BSNL, which was converted as a Government PSU from a Government Department, BSNL has been slowly but steadily evolving itself as a Model PSU, keeping itself in the race by updating to the everchanging technology, expanding and diversifying its activities amid stiff and cut throat competition from the Private Telecom companies. The strategic importance of BSNL has to be given due consideration.

While taking into account the quantitative factors mentioned in Para 3 (ii), due consideration should be given to the fact that in there is continuing and drastic reduction in man power due to introduction of new technology and attrition due to retirement, resignations, death etc. The projected retirement in the next five years is 80755, which will amount to 37% reduction from 216925, the staff strength as on 30.9.2015.

Year-wise retirements: [Staff Strength = 216925 as on 30.9.2015]

Year	No. of retirements
2016	13406
2017	14622
2018	16784
2019	18392
2020	17551

So while man power may be taken as a factor its weightage is to be reduced.

(b) Once a system of classification is agreed, should uniformity of pay scales within each of the category be maintained? If not reasons therefor and also suggest suitable alternatives.

Ans: Yes. Uniformity in pay scales within each of the category may be maintained.

1.5 In the absence of some degree of uniformity, isn't there a risk of migration of talent from financially weak CPSEs to financially better off CPSEs thereby further jeopardising future of the weak CPSEs. Will it also not lead to unhealthy competition amongst CPSEs to attract/retain the talent, which in the longrun may act to the detriment of the public sector?

Ans : If the uniformity in pay scales with in each category is maintained then such unhealthy competition may not arise to a large extent.

1.6 Would you suggest any changes in the existing relationship between pay packages of workmen and executives/supervisors immediately above level of workmen

Ans: At present in BSNL the pay scale of NE 11 is 16370-30630 and the pay scale of E1 given to entry level executive is 16400-40500. There is practically no increase in the pay at minimum level. Though one may think that the entry level executive at E 1 enters at a

relatively very young age, as far as the promottee from the non-executive cadres to executive cadres he has very low benefit in getting the promotion from a non-executive cadre to executive cadre and he can nearly reach the pay even while continuing in non-executive cadre. This kills the enthusiasm and initiative in non-executive cadres in updating themselves to latest technologies and give a better performance. As such the pay of E 1 scale at the minimum should be at least 10 % above the pay of NE 11 scale at the minimum of the pay scale.

2. Emoluments structure including pay, allowances and other facilities/benefits

2.1 Over the years, the Central Pay Commissions especially the 6thCPC advocated reduction in the number of pay scales. In the 7th CPC recommendations, however, there were no further reductions. Do you feel whether the existing number of pay scales in the CPSEs should be retained or modified? Please give your suggestions.

Ans: At executives below board level there are just 12 scales E 1 to E 9, E 9 A , Director and CMD. These may be retained.

2.2 What should be the minimum and the maximum pay in CPSEs? What should be the reasonable ratio between them?

Ans: The minimum pay in BSNL at the minimum of NE 1 scale is 7760/- in the scale of 7760-13320 and the pay of CMD in BSNL is 80000/- in the scale of 80000-125000. While the pay scales are revised w.e.f. 01-01-2017 the minimum pay may be 23000/-. At the pay at the highest pay scale of CMD may be 2,35,000/- This will nearly maintain the present relativity between the minimum and maximum of the pay at approx..10.22. The reasonable ratio should be between 10 to 10.5.

2.3 What in your opinion is the desirable ratio of pay scale between top level and entry level?

Ans: The desirable ratio between top level and entry level of executives should be 4.5.

2.4 What is the expected ratio of manpower cost to cost of production/sales turnover in your industry?

Ans: As explained under Para 1.4, the ratio of manpower cost to cost of production/sales turnover in BSNL will continuously come down.

2.5 What should be the method of fixing pay in the revised pay scales? Should there be a point-to-point fixation? If not, please suggest an alternate method with illustration by which it can be ensured that persons with longer service are suitably protected.

Ans: Point to point fixation should be there while fixing the pay in revised pay scale. If such a fixation is not recommended, then when any bunching occurs for two or more adjacent stages while fixing in the revised scale a bunching increment is to be given so that it is ensured that no two employees of the same pay scale drawing different pay in the pre revised pay scale get the same revised pay in the revised scale.

2.6 What should be the pattern of pay scales of Board level executives?

Ans: No comments

3.1 Should the rate of increment be fixed as absolute value or based on percentage

Ans: The rates of increment at present is based on percentage. This may continue.

3.2 What should be the rates of increments in respect of different scales of pay?

Ans: The rate of increment may be 4 % in respect of all the pay scales for executives.

3.3 Should the present system of granting one stagnation increment after every 2 years, subject to a maximum of 3 such increments, for those executives who reached the maximum of their scale be continued? Please give your views.

Ans: The stagnation increment should be given each year for 3 years instead of once in 2 years subject to a maximum of 3 increments for the executives who reached the maximum of the scale.

3.4 Should the date of increment be uniform for the employees of CPSEs as in the case of Central Government employees?

Ans: Yes. The increments may be uniform for all the employees of CPSEs on January 1st and July 1st as in the case of Central Government Employees.

3.5 What should be the increment on promotion?

Ans: On promotion to next higher scale, the pay an executive is currently drawing should be stepped up by two notional increments and fixed in the promoted pay scale. Till 2006, the pay scales had stages with flat amount of increment and at the time of pay fixation on promotion, fixation benefit of one notional increment in the pre-revised pay plus an amount upto and equivalent to one increment in the new scale was available. After rate of increment became a percentage of basic pay, the benefit of pay fixation on promotion has been restricted to only one notional increment in the pre-revised scale, rounded off to the next 10 rupees. Therefore, pay on promotion should be two notional increments in the pre-revised scale rounded off to the next 10 rupees.

4. Composition of the Emoluments package

4.1 Is it preferable that the compensation package includes pay plus allowances and perks or club them into a consolidated remuneration?

Ans: The present system of pay, allowances and perks shown separately in compensation package may continue.

4.2 Is the present system of 'Cafeteria Approach' of choosing from a set of perks and allowances within the overall ceiling of 50% of Basic Pay satisfactory? If not, kindly give your suggestions for further improvement?

Ans: The present system is satisfactory. May continue.

4.3 Do you have any comments/suggestions with reference to the following:

- Classification of Cities and rates of HRA for different class of cities
- DA neutralisation for those who are on IDA pattern of scales
- Company leased accommodation
- Monetisation of facilities availed from the infrastructure like schools, colleges, hospitals, clubs/recreation facilities etc. created by CPSE
- Allowances to be kept outside the ceiling of 50% or whatever rate to be decided
- Hardship allowance and criteria for defining hardship

Ans: Classification of Cities and rates of HRA for different cities may continue as at present. There should be 100% neutralisation of DA for all the employees in the IDA pattern. Granting of IDA DA once in three months as at present may continue.

5. Variable Pay / Performance Related Pay

- 5.1 Should there be fixed salary and a variable component which is related to the performance of the individual. If so what should be the amount/proportion?
- 5.2 What in your opinion should be the basis/criteria for granting performance related pay?
- 5.3 Whether performance related payment be allowed on the basis of distributable profit of the Enterprise?Section 8 companies under the Companies Act, 2013 by definition are not for profit companies and if the PRP is linked to distributable profit,their employees are denied performance incentives. How to reward the performance in Section 8 companies?
- 5.4 How do you rate the present system of PRP in vogue? Give your comments / suggestions in respect of each of the following:
- Rates i.e. % of Basic Pay payable as PRP at different grades in different Schedules of CPSEs
 - Weightage for different MoU ratings
 - Proportion and ceiling of PRP to be given out of current PBT and incremental PBT of a CPSE
 - Performance Management System (PMS)
- 5.5 What are your views on Bell Curve approach being followed currently under the PMS? Give your suggestions for improving the PMS
- 5.6 Any suggestions to incentivise performance and to have a more equitable system

Ans: PRP can be implemented effectively only when the performance appraisal mechanism is foolproof and objective in nature. Measurement of individual performance even after introduction of GPMS and IPMS continues to be ineffective because of subjective evaluation by the concerned authorities. PRP can be implemented only after the performance appraisal mechanism gets fine-tuned in due course and becomes a foolproof method.

6. Recruitment, Promotion, Attrition

- 6.1 What is the number of executives leaving in each category during the last 5 years and its percentage to the total strength in the concerned category? Is it comparable with other CPSEs and Private companies operating in the same sector?What could be the main reasons for their leaving your CPSE?

Ans: No data available with the association

6.2 What is the system of recruitment of management trainees or equivalent levels in your organization?

Ans: Not yet come to shape

6.3 Are you recruiting management trainees through campus recruitments. If so, please indicate the names of institutions from which such campus recruitments have been made and criteria for identifying the institution.

Ans: No

6.4 What is the current promotion policy in your CPSE and there any changes in the offing?

Ans: A time bound financial upgradation policy with attendant conditions without change in status, designation and powers and a post based promotion policy in the name 'BSNL Executive Promotion Policy'. BSNL Management Services Recruitment Rules for promotion to STS grade and above. There is a proposal for minor changes in the name of 'CPSE cadre hierarchy'.

6.5 Does your CPSE have a 'Succession Planning' in place? If so, please mention important points.

Ans: No comments.

7. Relativity with Government/Private sector/Multinational Corporations

7.1 Should the new compensation packages in CPSEs w.e.f. 01.01.2017 onwards be based on the packages as they now exist, with some percentage increase, or would you suggest any other method?

Ans: The compensation packages in CPSEs w.e.f. 01-01-2017 onwards be based on the packages as they now exist with a percentage increase of 35 % over pay plus IDA DA as on 01-01-2017.

7.2 Should CPSE pay scales and allowances have any linkage to the pay scales and allowances in the Government? If so, what are your suggestions?

Ans: The pay scales in CPSEs should be higher than in Govt. for equivalent cadres.

7.3 How do the current compensation package in CPSEs compare with their competitors in private sector or multinationals?

Ans: As far as the executives scales are concerned the present compensation package in CPSEs are lower compared to their competitors in private sector or multinationals.

7.4 Taking into account the advantages other than pay, derived by employees in CPSEs vis-à-vis the private sector like security of tenure, promotional avenues, retirement packages, housing and other invisibles, can there be any fair comparison between the salaries of public and private Sector?

Ans: There cannot be a comparison in strict terms. However there should be a reasonable and fair comparison to attract and retain the talent in CPSEs.

7.5 If parity of emoluments for CPSEs with that of private sector is recommended, what changes in CPSEs in terms of performance targets, evaluation, accountability and other conditions of service etc., shall be insisted?

Ans: Full parity of emoluments for CPSEs what that of private sector is not possible due to the system of fixing individual accountability in CPSEs. However a modified parity may be given to attract and retain the talented.

8. Issue of resource constraint and Pay revision in Sick/BIFR referred CPSEs

8.1 Given the problem of resource constraints and the existing 'Affordability' clause in adopting revised pay packages, is there a way of bringing improvements in emoluments so as to attract and retain talent in CPSEs?

Ans: The Sick/BIFR CPSEs should be evaluated for the causes for their sickness. The administrative ministry should take up the measures necessary to bring those CPSEs to normal level. In particular, DoT, the administrative Ministry for BSNL should keep the commitments made by the Government of India at the time of formation of BSNL that "Government will consider and provide a package of measures so that the viability of BSNL is not impaired because of implementation of any socially desirable uneconomic activity, such as rural telephony, undertaken by BSNL at the behest of Government."The affordability clause in adopting revised pay packages should not be there for PSUs which

implements socially desirable uneconomic activity undertaken by it at the behest of Government, since it will drive away the talent. Instead the 3rd PRC should recommend introduction of 'Necessity' clause on the basis of strategic national importance.

8.2 In case of non-affordability, can the enhanced package be deferred and linked to the future performance of the CPSEs? How can the employees be rewarded without a direct or immediate burden on the organization? Schemes like stock option provide an appreciation in the value of the holdings of the employees through the capital market mechanism – what other schemes of this nature can be suggested?

Ans: The enhanced package should not be deferred. Any deferment of pay revision would further demotivate an employee causing the industry further go sick and thus would form a vicious circle.

8.3 What should be the pay revision policy for sick / incipient sick / weak CPSEs?

Ans: A slightly lesser fitment benefit say 5 % less than that given to a profitable CPSE may be considered.

9. Long term Incentives and Superannuation benefits

9.1 Based on the earlier PRC, it was prescribed that 10-25 % of the PRP shall be given as ESOP. Has your company implemented this? Please give details and suggestions for improvement.

Ans: PRP can be implemented only after the performance appraisal mechanism gets fine-tuned in due course and becomes a foolproof method.

9.2 Can the ESOP be an option for deferred implementation / payment of revised package?

Ans: No.

9.3 Do you think that any change is required in the existing policy of granting 30% Basic Pay plus DA as superannuation benefits? If so give detailed comments/suggestions.

Ans: No. No change is required in the existing policy of granting 30 % of basic pay plus DA as superannuation benefit.

9.4 What should be the gratuity ceiling?

Ans : The gratuity ceiling may be the same as in Central Govt. i.e., 20 lakhs with an increase in the ceiling by 25% whenever DA increases by 50%.

9.5 What should be the policy regarding leave encashment at the time of retirement on superannuation?

Ans: The present system may continue.

10. Voluntary Retirement Scheme

10.1 In addition to the VRS, would you like to suggest any other ways to rationalise manpower?

Ans: As explained under 1.4, the employee strength will fall by 37% by the year 2010 purely because of retirements alone. There will be no need to rationalise manpower. The existing employees should be given refresher training for upgrading their skill.

10.2 Whether VRS scheme issued by DPE and amended from time to time should continue or VRS package should be modified? If yes, indicate the suggestions?

Ans: Due to fast dwindling manpower in BSNL there is no necessity for VRS now. However, VRS scheme issued by DPE and amended from time to time may continue.

11. Specific proposals

11.1 How the functioning of CPSEs can be improved so as to make them more professional, citizen-friendly and delivery oriented?

Ans: Sales & Marketing and Customer care are two areas where improvement is required. Expertise available within BSNL from among qualified and young executives are to be groomed and utilized in these areas.

11.2 Please outline specific proposals, which could result in:

- (a) Reduction and redeployment of staff
- (b) Reduction of paper work
- (c) Better work environment
- (d) Economy in expenditure
- (e) Professionalization of services
- (f) Effective grievance redressal mechanism
- (g) Reduction in litigation and grievances on service matters
- (h) Better delivery of services/product by CPSEs to their users
- (i) Any other suggestions

Ans:(a) No reduction in staff is required but redeployment is still possible.

(b) Paper work has been mostly reduced but still there is scope for further reduction.

(c) Work environment in BSNL is satisfactory

(d) (i) Electricity & fuel charges have been the second major item of expenditure. In most of the circles, BSNL is paying electricity consumption charges under commercial tariff, although BSNL has been declared as an Industry. Payment of electricity consumption charges under Industrial tariff will save crores of rupees for BSNL. This Association has been continuously pursuing the issue with BSNL for taking up with State Electricity Boards concerned, without success.

(ii) BSNL is paying service tax on the basis of telephone bills raised by it. Actual collection is always lesser than the amount raised in the bills because of defaulting customers. BSNL should be allowed to pay service tax on the basis of amount collected rather than bill raised.

(e) & (h) There is greater scope for improvement in Sales & Marketing and Customer care

(f) & (g) The available grievance mechanism is not effective resulting in numerous litigations, mostly on promotion issues. Effective grievance redressal mechanism with prompt reply to the representations will largely result in reduction in litigation.

(i) Even after 16 years of formation of BSNL, the BSNL Board lacks autonomy in decision making and is required to look up to DoT for even minor issues. BSNL should be given full autonomy in decision making to enable it to compete with the private telecom operators. DoT has repeatedly committed in its MoU with BSNL that it would ensure

i. Re-imbursement of deficit on account of commercially non-viable services:a. Rural Wireline

ii. Refund of upfront BWA spectrum License fee.

iii. Center/State governments and PSUs should give priority to BSNL for their telecom service requirement.

iv. Pension Contribution is collected on the actual pay drawn in IDA instead of on maximum of the scale which is contrary to the procedure followed in respect of CDA scales.

v. Funding Support for VRS

vi. No levy of charges towards additional spectrum, as recommended by TRAI.

DoT should implement these commitments in letter and spirit and to the full extent.

11.3 The concepts of contractual appointment, part-time work, flexible job description, flexi time etc. are expected to change the environment, provide more jobs and impart flexibility to the working conditions of employees? Share your experiences.

Ans: No Comments