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No. AIBSNLOA/CHQ/2013/111

Dated: 13th May 2013

To

Dr. Nitish Sengupta,
Chairman, Board for Reconstruction of PSEs,
New Delhi - 110 001.

Subject: Non-grant of benefit of merger of 50% IDA with basic pay for fitment purpose in BSNL-DoT's unfair observations - regarding

R/Sir,

We learn that on the issue of approval for fitment benefit of 78.2% on revision of pay w.e.f. 1.1.2007 in BSNL, as ordered by DPE vide its OM 2(70)/08-DPE(WC)-GL-VII/09 dated 2.4.2009, Deptt of Telecommunication has referred the matter to BRPSE along with some observations citing a few DPE orders, on the grounds that BRPSE is to monitor incipient sickness (incurring loss during two consecutive years) in CPSEs.

2. DoT is said to have taken a stand that, "DPE's O.M.dated 26.11.2008 as well as 02.04.2009 on revision of pay for Board level and below board level executives/non-executives stipulates that lower limits against the maximum prescribed limit can be provided in the Presidential Directives depending upon affordability, capacity to pay and sustainability of the concerned CPSE", implying that as if approving the fitment benefit of 78.2% is the prerogative of BSNL and not mandatory.

3. DoT appears to have ignored the first line of the said DPE OM regarding the **uniform fitment benefit of 30% on basic pay** plus DA @ 68.8% as on 1.1.2007 (Para 2 (i) of DPE O.M. dated 26.11.2008). The freedom given to the CPSE concerned to prescribe a lower ceiling limit other than 30% was as on 1.1.2007 only and not from a subsequent date. BSNL was certainly earning profit on 1.1.2007 and therefore there was no question of prescribing a lower limit and hence 30% fitment benefit was given. **No CPSE was given any freedom to continue with 68.8% by the DPE.**

4. It is to be noted that in its O.M. dated 02.04.2009, DPE had conveyed its decision under Para 2 sub-Para (i) that "Benefit of merger of 50% DA with Basic Pay for fitment purpose: **The benefit of merger of 50% DA with Basic Pay w.e.f. 01.01.2007, effectively amounting to 78.2%, would be allowed for the purpose of fitment and pay fixation in the revised pay scales** (Para 2 (i) of DPE O.M. dated 26.11.2008)." and under Para 3 that, "Government has also decided that benefits under this O.M. read with the earlier decision as conveyed vide O.M. dated 26.11.2008 and 09.02.2009 has **to be viewed as a total package**. It has also been decided that the pay revision package as communicated by earlier O.Ms. alongwith the **above modifications would be applicable to all the CPSEs.**"

5. The DPE order mentioned above does not provide any option to the CPSEs to implement the decision regarding the **benefit of merger of 50% DA with Basic Pay w.e.f. 01.01.2007, effectively amounting to 78.2%** from a date later than 1.1.2007. Had the 78.2% fitment benefit been granted immediately after the DPE orders dated 2.4.2009 was issued when BSNL's financial position was still comfortable, today's predicament could have been avoided. Therefore there is no rationale in denying grant of 78.2%, citing the financial condition of BSNL at a date later than 1.1.2007.

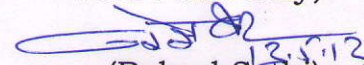
6. We would like to state that **granting of fitment formula amount to 78.2% of DA is not a case of further pay revision. This is actually to implement the DPEs Order on the subject correcting the mistake in its original Order for pay revision concerning the fitment benefit which was wrongly prescribed as 68.8% of DA.** DPE has given no option to the PSUs to give fitment benefit of either 68.2% or 78.2% of DA.

7. As per the operational modalities for BRPSE, on reference by the administrative Ministry, other loss making CPSEs can be considered by BRPSE if it is of the opinion that revival/restructuring is necessary for checking the incipient sickness (incurring loss for two consecutive years) and making the CPSE profitable, keeping the industry specific business environment in view. Thus it would be seen that BRPSE can advise the CPSE on revival/restructuring strategies and not on implementing earlier directions of DPE on pay related matter.

8. We would therefore request you to kindly advise DoT on these lines, so that we are not denied the extra 9.4% w.e.f. 1.1.2007 which is only an equivalent of 50% DA merger allowed prior to second pay revision.

With kind regards,

Yours sincerely,


(Rakesh Sethi)

General Secretary

Copy to: 1. Shri M. F. Farooqui,
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2. Shri R. K. Upadhyay,
CMD, BSNL