

## A+ CATEGORIZATION OF BSNL BY RAO COMMITTEE

### IT IS BECAUSE OF US – SOME ASSOCIATIONS

### CLAIMS & FACTS

The moment the 2<sup>nd</sup> Pay Revision Committee for CPSEs in its recommendations submitted to the Government categorized the CPSEs into five categories i.e A+, A, B, C and D in place of existing categorization in four categories i.e A, B, C and D and incidentally BSNL has got a place in category A+ having passed through the parameters fixed by the Pay Revision Committee of its own for deciding the categorization for the CPSEs, the other two Executives' Associations in BSNL started making tall claims that it is because of them that the BSNL has been classified as A+. *While one Executive Association claimed that “Comprehensive and strong plea made by it before the 2nd pay panel committee in its submission to club and classify BSNL as a company among top ranking and strategic CPSUs has finally been acceded to and accepted by the pay panel in its recommendation,”* The other executive association claimed that *“it had made effective presentation to the Chairman and committee members, that their submissions have been accepted which reflects in the recommendations . BSNL has been placed in the category-1 or A+ CPSE having composite score -96. We are privileged to have A+ highest Category.”*

But what the Pay Revision Committee says on this categorization issue ? How it categorized the CPSEs as A+, A, B, C, D and what was the role of these Associations ? The Pay Committee says that it has categorized the CPSEs based on the **Total Income, Size of Manpower and Geographical spread** of their Operations. And why these parameters are taken ? The Pay Revision Committee says that *“the categorization based on Total Income, Manpower and Geographical dispersal adequately reflect the size of company and management complexities of the enterprise. **These parameters are definitive and are not amenable to any skewed interpretation**”.* (Emphasis is ours).

It is quite obvious that the pay committee has taken the statistics of the three parameters from the 216 PSUs themselves and not from the Associations. Further the Association which claims about the “comprehensive and strong plea made by it” has never touched any of these parameters (viz., Total Income, Size of Manpower and Geographical spread) in its power point presentation. Another Association which claims credit for the A + categorization due to its “effective presentation to the chairman” has never talked of A+ or even proposed revision of present categorization. On the other hand, it was opposed to any revision in existing categorization. It categorically said in its submission to the Pay Revision Committee questionnaire that *“there is no need to revise the present classification of Schedule of CPSE (A, B, C, D). . . The present system of uniformity of pay scales within each of the four schedules (ABCD) should continue.”* But now when the Pay Revision

**Committee has recommended for introduction of a new category A+ with higher pay scales and higher fixation formula than in A category, these Associations claim credit for the same.**

These Associations, as usual, while creating an euphoria among the Executives, on BSNL's placement in A+ category, in which even though they have no contribution, have failed to notice that BSNL's position is very shaky in the proposed system of categorization. The parameters chosen for deciding the categorization may not allow BSNL to have a permanent position in A+ category. Two of the three parameters i.e. Manpower and Total Income may invite problem for BSNL in near future. BSNL's Income is declining. Total Manpower is also getting reduced and BSNL cannot reverse the process since modernization of telecom technology reduces size of manpower. Further, BSNL is presently considered to be overstaffed and recruitment is confined only in few cadres. Within a couple of years due to superannuation, the size of manpower in BSNL will sharply come down. Impact of these factors on BSNL's categorization will then be felt and it may even slip to lower category. Still there are people to laugh and enjoy. Let God help them!

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**ON RECORD (We acknowledge the references to the following documents on which the above write up is based)**

**A. From SNEA website :**

**Congratulations comrades of SNEA.** Comprehensive and strong plea made by SNEA before the 2nd pay panel committee in its submission in August 07 to club and classify BSNL as a company among top ranking and strategic CPSUs has finally been acceded to and accepted by the pay panel in its recommendation to the govt. Our impassioned appeal to our comrades is that we not only have to uphold the trust and confidence that the pay panel has reposed in us by classifying BSNL in A+ category but have to take BSNL to further heights of glory. Thus comrades let us act and act in the most committed manner to acknowledge the critical recommendations of 2nd pay panel in placing BSNL in highly privileged class of A+. The salient features are,

**B. From AIBSNLEA Website**

**30-05-2008 :- CONGRATULATIONS,** The 2nd Pay Revision Committee headed by Hon'ble Justice Rao submitted its recommendations to Govt. on pay revision of CPSE's Executives on 30-05-2008 . AIBSNLEA made effective presentation to the Chairman and committee members on 6<sup>th</sup> Sept. 2007. We are happy that our submissions have been accepted which reflects in the recommendations .The BSNL has been placed in the category-1 or A+ CPSE having composite score -96.We are privileged to have A+ highest Category . BSNL is a Profit making CPSE having net worth of Rs. 85717 Crores (2006 -07) and profit of Rs. 7806 Crores (2006-07). The

**BSNL's excellent performance has yielded the result. Now it is the duty of One and all to ensure that the BSNL continues to achieve the excellent performance and profit. The brief of the recommendations are as under :- ....."**

**C. From Presentation to Pay Committee questionnaire by AIBSNLEA**

**2. Scales of Pay & Uniformity in Pay Packages:**

2.1 (a) Should the present classification of schedule of CPSE (A,B,C,D) be revised? If so what alternatives do you suggest and the reasons thereof?

**Reply: There is no need to revise the present classification of Schedule of CPSE (A, B, C, D). However, there should be periodical review of the classification and the CPSE may be upgraded or downgraded from the group on the basis of performance and financial health.**

2.1 (b) Should the present system of uniformity of pay scales within each of the four schedules (A, B, C, D) continue or should it be revised?

**Reply: Present system of uniformity appears to be in order. The present system of uniformity of pay scales within each of the four schedules (ABCD) should continue. However, it should be based on individual profitability of companies concerned within the schedule.**

**D. Extracts from Pay Committee Report Chapter 5 , Chapter 6**

**5.3.3.13** The proposed categorization based on Total Income, Manpower and Geographical dispersal, adequately reflect the size of company and management complexities of the enterprise. These parameters are definitive and are not amenable to any skewed interpretation. The weightage proposed for the three parameters are considered balanced and this methodology has resulted in a fairly rational classification of CPSEs. Therefore this classification is proposed to be used for deciding fixed component of compensation package.

**6.2.2 Categorization and Classification of CPSEs:**

The Committee recommends that CPSEs be grouped 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. Category wise list of companies is at **Annex-5.5**. The Committee is also recommending a new Sectoral classification for CPSEs. While the Committee is not differentiating compensation packages based on the sectoral classification for the present, it recommends that once the CPSEs achieve

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