

WAGE REVISION- The Issue of Relaxation

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(Sorry to bother the comrades concerned. This note is to educate those interested and get myself educated on this issue. I am an ordinary ex-soldier and I understand my limitation. I understand the convenience of ignoring this note also but on reading this, if somebody comes forward to educate me further, I shall feel thankful.)

The struggle for wage revision is making routes on three tracks. The first one is joint struggle of both Executives and Non Executives on the platform of AUAB for seeking relaxation of affordability clause, a conditional clause in the order of Executives and 3rd PRC. The second is purely by Non Executives in their Wage Revision Committee to arrive at the necessary agreement or MOU to implement wage revision for Non-Executives. The third one is the struggle of all Central Unions for abolishing and nullifying the applicability of affordability clause.

The Executive wage revision helped last time in 2007 on three aspects. One is wage revision for them, second is equivalent fitment benefit for Non- executives and the third one is Pension revision on the same formula. This time also Unions are demanding the same 15 % fitment formula as given by 3rd PRC and jointly pursue the same with executive Unions. For the Non- Executives DOT has endorsed the 8th round guidelines so belatedly through its letter dated April 27th and advised BSNL to take steps with strict compliance with the DPE instructions of Nov 24th 2017.

Amongst the loss making Units, BSNL is the sector where serious efforts are being witnessed in connection with the issue of Wage Revision. The Unions and Associations are trying their best by their continuous struggles to get the wage revision implemented from 1-1-17 with the 3rd PRC 15 % fitment. They made headway to bring DOT to the negotiating table and found some mechanism to carry on the discussion with the heavy task of bringing the same to the desirable end. The pressure is that the solution should be attained before election notification and the concern is to settle the issue with this Government itself in order to avoid further delay due to any change of new Govt.

The Central Unions are demanding withdrawal of affordability clause and advising the BSNL Unions not to go alone in struggles (Hyderabad PSU Unions declaration). Even voices are coming not to get into the trap by asking relaxation of affordability clause. The unfortunate thing is that no one is questioning them what they did in the last ten years for the removal of affordability clause and why they failed to give a common note to 3rd PRC demanding some provision for wage revision to loss making units. Even after reading the 3rd PRC Report why they failed to address the issue of Affordability by taking the issue collectively to DPE/ Ministry of Heavy Industries, DOE/MOF and PMO. Of course the yearly general strikes are there but that is more to expose the existing Government than trying to bring settlement of the issues.

Sloganeering 'Wage Revision is our right' may be right as everyone is having right to seek some rights. But 'making that right to realize' needs continuous efforts and acceptance of all the concerned stake holders. This demands a mix of negotiating skill and struggles as and when needed.

II

The Affordability clause in its true sense was inserted by Rao, the 2nd PRC and made complicated by Sathish Chandra, the 3rd PRC. Earlier in the Mohan Committee, though spelt profitability for consecutive 3 years, there was also a clause for loss making units to get their wage revision.

In the earlier Guidelines this stringent clause was not found. During these periods Wage negotiations were allowed if resources found even when not in profit. Another positive clause found in early 1990s was that the agreement between Unions and Management need not be sent for the approval of the Ministry or DPE.

1999 Guideline of DPE:

“PROCEDURE FOR APPROVAL AND ADOPTION OF NEW SCALES OF PAY ON IDA PATTERN BY PSEs Annexure 6

(a) PSEs which have been making profit consistently for the last 3 years viz. 1996-97, 1997-98 and 1998-99 would be allowed to adopt the scales of pay for the executives holding posts at and below the Board level and non-unionised supervisors strictly in accordance with these guidelines.

(b) PSEs which did not make profit during the last 3 years viz. 1996-97, 1997-98 and 1998-99 or had incurred net loss during any of these financial years would also be allowed to adopt these scales of pay of their executives holding posts at and below the Board level and non-unionised supervisors with the approval of the Government i.e. the administrative Ministry acting in consultation with the DPE, provided they give an estimate as to how resources would be generated by them to meet the extra expenditure.” (DPE(WC) dated 25th June, 1999)

1992 Guideline of DPE:

Though there was no PRC in 1992, one can find the same provisions issued by DPE

“1992 Wage Revision PROCEDURE FOR APPROVAL AND ADOPTION OF NEW SCALES OF PAY ON THE IDA PATTERN BY PSEs- Profit making PSEs loss making PSEs and PSEs before BIFR:

a. PSEs which have been making profit consistently for the last 3 years viz. 1991-92, 1992-93 and 1993-94:- These PSEs would be allowed to adopt the scales of pay for the executives holding posts below the Board level and non-unionised supervisors as given in Annexure -I

b. PSEs which did not make profit during the last 3 years:- PSEs which did not make profit during last 3 years viz., 1991-1992, 1992-93 and 1993-94 or had incurred net loss during any of these financial years would also be allowed to adopt these scales of pay of their executives holding posts below the Board level and non-unionised supervisors with the approval of the Government i.e. the administrative ministry acting in consultation with the DPE, provided they give an estimate as to how resources would be generated by them to meet the extra expenditure.”

2nd PRC

The recommendations of second PRC by Rao committee for Executives were implemented by the DPE guidelines issued during November 2008. The PBT clause was inserted for the affordability and the expenditure was also linked restricting 20 % of PBT to have full fitment formula and if more than that then reduced fitment implementation was allowed. Thus the affordability clause was limited strict to PBT and no relaxation to any loss making units found in that guidelines. This limitation was extended to the workmen when guidelines issued during 2013 for the second part of 7th round when the workmen of 5 years periodicity demanded their next wage revision due from 2012. In the guidelines we found the affordability restrictive clause first time for the workmen (non executives). Instead of 'resources or profit', the clause was changed as 'affordability and financial sustainability'

3rd PRC

The Satish Chandra committee, the 3rd PRC recommended 15 % increase in pay only to the companies that are profit earning that also with a condition of financial impact linked with PBT(profit before tax). The affordability factor is fully linked with PBT factor not for mere one year as that of 2nd PRC but with 3 previous years. The financial impact for full 15 % wage hike is also restricted with the financial impact of 20 % of PBT. A company having profit of say 1000 crores (PBT) may be allowed to implement 15 % hike only when the expenditure for the wage revision is well within 200 crores that is 20 % of PBT. If the expenditure is higher, then the hike is reduced to 10 %, 5 % and no benefit after that.

DPE 3-8-2017 for Executives 3rd PRC Affordability: The revised pay scales would be implemented subject to the condition that the additional financial impact in the year of implementation should not be more than 20 % of the average PBT of the last 3 financial years preceding the year of implementation. If within 20% then uniform full fitment benefit of 15 % would be provided

DPE OM dated 24th NOV, 2017

WAGE POLICY FOR THE 8TH ROUND FALLS DUE ON 1-1-17

2.1 Managements would be free to negotiate wage revision for workmen where the periodicity of 5 years or ten years has expired generally on 31-12-16 keeping in view the affordability and financial sustainability of such wage revision for the CPSEs concerned

III Relaxation decisions Hitherto:

1.DPE OM dated 2nd/4th August, 2011 by the Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises, Government of India. Para 3 of this memorandum is in the following terms:-

"3. DPE is of the view that all those CPSEs that are on 1987 or 1992 pay scales should at least be brought on 1997 pay scales. Administrative Ministries/Departments of the CPSEs which are sick/loss making and are still having 1987 or 1992 pay scales, therefore, need to consider bringing these CPSEs to 1997 level, based on affordability and if necessary, may consider obtaining funds through budget allocation for this purpose."

As per Cabinet approval dated 16.09.2015, improved VRS was implemented for the employees of respondent no. 2 on 13.10.2015 for a period of 3 months only with better terminal benefit by notionally arrived at IDA linked 2007 pay scale formulated by the DPE for CPSUs."

2. PIB 28-February-2014

VRS package for the employees of Hindustan Photo Films Mfg. Company Limited

The Cabinet Committee on Economic Affairs has approved the proposal for providing non-plan budgetary support of Rs. 181.54 crores for VRS at 2007 notional pay scales as one time relaxation of DPE Guidelines for all employees of Hindustan Photo Films Mfg. Co. Ltd. (HPF), Udhagamandalam (Tamil Nadu). This is a Central Public Sector Enterprise [CPSE] under the Department of Heavy Industry [DHI], Ministry of Heavy Industries & Public Enterprises (HI&PE).

Employees of the company are in the 1987 pay scale. With the increased cost of living, it is very difficult for them to survive and meet their immediate financial obligations. With this decision employees will come out of their current financial crises. The enhanced VRS will also help HPF employees in their post retirement rehabilitation.

3. Cabinet decision for Coal India 14-10-2015

Union Cabinet has given its nod to the Permission for loss making subsidiaries of Coal India Ltd. (CIL) to adopt 2007 pay revision as an exception to the prescribed affordability clause and payment of Performance Related Pay (PRP) to executives and non-unionised supervisors of all subsidiaries of CIL

The Union Cabinet chaired by the Prime Minister Shri Narendra Modi, has approved the recommendations of the Committee of Secretaries to regularize the 2007 Pay Revision implemented by Coal India Limited (CIL) with effect from 01.01.2007 in the loss making subsidiaries. This is being allowed as a special dispensation to CIL. However, this special dispensation to CIL will not be cited as a precedent by other loss making Central Public Sector Enterprises (CPSEs).

4. DPE 3-8-2017 for Executives

Companies under a statute to perform specific agenda- that the impact of the revised compensation supposedly form the part of revenue stream for such PSUs (no budgetary support), the affordability condition shall not be applicable to these CPSEs subject to approval of Ministry upon agreeing and ensuring to incorporate the impact of the revised compensation structure into the revenue stream. (DPE clarified that BSNL is not coming in this clause)

IV

Government's Position for 3rd Wage revision for BSNL

1. Telecom DFG LS 47th Report march 2018

Reduce salary burden

consider VRS at the earliest

Commercial exploitation of lands- 15192 parcels of land- 4030 prime parcels with value 70524 crores.

Approval of DOT for 7 pending- rev 1057 crores- but specific approval of cabinet in each case is needed

Assistance in the form of subsidy given by Govt. to BSNL is Rs 13028 Crores (from 2007-08 to 2016-17). On the assistance still required, it is stated that Govt. to continue the assistance to BSNL in the form of giving Govt. projects on nomination basis.

MTNL was classified as "Incipient Sick CPSE" as per DPE Guidelines. MTNL has engaged M/s Deloitte as Consultant for providing "Advisory Services" for revival plan of MTNL. The revival plan prepared by M/s Deloitte was considered by MTNL Board and forwarded the same to DOT for consideration.. DOT is examining the report

The committee desire that revival plan in the line of ITI ltd may be worked out and implemented in the case of MTNL. No delay in that- VRS for 20 % of staff

2. DPE lr to NFTE BSNL dt 31st Jan 2018

On the request for affordability exemption referring NFTE's lr 22-12-17 received thro PMO 5-1-18 thro DOT 16-1-18 on the sub -

DPE nov 24th 2017 for 8th round based on Govt decision therefore for any exemption in respect of any clause of DPE 24-11-2017, the approval of the cabinet is essentially required. You are requested to approach DOT to examine the rep accordingly to take appropriate decision thereon. (copy was also marked to Pawan Gupta, Dir (PSU 1), DOT- Even after this information DOT is silent on this aspect of Non executives pertaining to the clause of affordability and financial sustainability)

3.DPE wage cell OM dt 18-4-18 addressed to DOT

(With Reference to DOT OM dt 20-3-18)

As per DPE guidelines, BSNL does not fall under the category mentioned in para 5 of 3-8-17. Affordability clause decision is based on the Committee of Secretaries on 3rd PRC.

Any relaxation/ amendment in the extant guidelines would require the approval of the cabinet for which DOT may examine the issue at its end for necessary action

4. Reply to LS QN 1-8-18

Since BSNL has incurred losses consecutively for the last three years, BSNL has been declared as "Incipient Sick" as per the guidelines of Department of Public Enterprises (DPE). Accordingly, action has been initiated by the Department of Telecommunications (DOT) for preparation of revival/restructuring plan of BSNL.

5. Reply to LS QN 8-8-18

BSNL is not covered by affordability clause of DPE OM dated 03.08.2017 as it has been incurring losses for 2016-17, 2015-16 and 2014-15. Based on proposals and representations received, a reference was sent to DPE whether the affordability criteria can be relaxed for implementing pay scale revision in BSNL as per 3rd PRC.

DPE has clarified that BSNL does not fall under the category mentioned in Para 5 of DPE's OM dated 03.08.2017 and indicated that any relaxation/amendment in the extant guidelines would require the approval of the cabinet and Department of Telecommunications (DOT) has to examine issue at its end. The matter is under

examination (This reply is also silent about Non executive's 24-11-17 clause of affordability)

6. DOT letter to CMD dt 6th NOV 2018

The matter of affordability of BSNL to pay 15% annual impact Rs 4300 cr, for which the present finance status/position of BSNL may not permit to accommodate the extra burden without support from other sources...

You are requested to submit a concrete viable proposal with a detailed analysis on the above points among other that you consider relevant to enable this Department to further examine the proposal.

7. DOT OM dt 7th Jan 2019- Status of Demands

Regarding wage revision of Non executives DPE had issued Om 24-11-2017 to negotiate keeping in view affordability and financial viability. CPSEs are required to revise the wages after negotiations and to intimate to the admn dept about the arrived wage settlement for wage settlement for ensuring conformity with approved parameters. This was intimated to BSNL vide our lr dt 27-4-18, It is now for the BSNL management to implement wage revision for their non executive employees.

V Experiences and way out

1. The Executives of Coal India loss making unit got relaxation for wage revision of 2007 after 8 years of struggles in a different context on the justification of one method of recruitment. The Coal India is taken as one unit for PBT. But Telecom is not one unit (MTNL BSNL TCIL BBNL IIT etc not taken as single unit of telecom -TCIL got wage revision with 15 %). Though 2014 was election year, they could not get it in that year but got in in 2015. One may claim that Our militant struggles and negotiating skills may give us better results early, no doubt. Mere hurry alone will not suffice. It seems that the struggle is a long drawn one. Best result with least expenditure of Soldiers' energy is always a guiding path for any mass movement to sustain and keep momentum.

2. DOT is doing correspondence on the issue of BSNL's proposal for Executives and advising the BSNL to come out with some viable proposal to enable DOT to take up the issue to the logical end. But in the case of Non-Executives, DOT is trying to advise all the concerned to arrive at the required agreement for its perusal and keeping itself distance and showing hands off. It means no proposal for Non- Executives is on the table of DOT to issue PO/ to take to Cabinet .

DOT is saying that It is now for the BSNL management to implement wage revision for their non executive employees. DOT is dishonest and not properly guiding the BSNL regarding the clause of affordability for Non Executives. Suppose 15 % fitment is made as agreement and sent for PO to DOT, then whether DOT will approve it and issue PO when the proposal for Executives is pending for preparation of cabinet note and approval.

3. One should clarify that relaxation for Executives of DPE dt 3-8-2017 itself is enough for Non Executives also for the issue of PO. Is there no meaning for the letter issued by DPE to NFTE that any relaxation for Nov 24th 2017 needs cabinet clearance. This issue is yet to be clarified thro minutes of Non Executives wage revision committee.

Non Executive Unions if they feel agreement is not possible or fruitful before any proposal is accepted by DOT/cabinet for Executives then that should be educated to the concerned members and expose DOT for its tricks of double standards on technical basis. HRA issue is a side track one comparing wage revision.

4. Next clarification needed is if relaxation is given for wage revision then what is basis for calculation of expenditure for giving 15%/10%/5%

5. Another clarification needed is whether Pay revision is going to be linked with any Revival/restructuring plan. BSNL has given in its non executive wage committee minutes that as on date there is no approval plan but DOT should clarify this aspect and should be transparent on this issue as IIM report is already found light.

5. Central Union may take settlement oriented initiatives, if at all they are serious on loss making units. Organising separately the workers belonging to all loss making units and bringing the Govt to the negotiating table thro dialogues and struggles is the task before central unions. They may demand the insertion of the clause that loss making units may also be allowed wage revision if resources found as existed in the age old guidelines.

At least one demand will help almost all the 70 loss making units to adopt 2017 new scales. Why different units whether profit making, loss making are in different scales like 2017, 2007, 1997 etc and getting different IDA orders issued for these different scales by DPE. What is the problem of financial sustainability by making the new 2017 scales applicable to all PSUs. It is like conversion of old scales to new scales with new IDA.

The above demand is when any new scales are introduced, it is better if it is introduced to all PSUs as per PRC. IDA merger on a particular date is not wage enhancement- It is subsumption - it is correction of inflationary erosion on the real wage announced 10 years back. Fitment is wage enhancement. Graded fitment is understandable. But refusal to enter into new scales is discrimination.

The amendment needed in 3rd PRC DPE guideline is "Allowing every PSU including the loss making PSUs to 2017 scales and graded fitment as per PBT ". This one is accepted then that will be a better solution till the issue of affordability clause is once for all withdrawn. This will be a better position than merely standing on old scales like 2007 or 1997.

The ruling circle is not in favour of the wage revision for the loss making PSUs. The road to travel may demand long drawn struggles to make the Government to yield for getting either the necessary amendments in the existing guidelines or seeking one time exemption to BSNL.