

**Response of All India BSNL Executives' Association on questionnaire from Pay Revision Committee for executives and non-unionised Supervisors of CPSEs – w.e.f. 01.01.2007.**

**1. Role of the Government:**

- 1.1 In view of present liberalised and competitive economic scenario, what should be the role of Government as owner in deciding pay structure, perks and allowances of CPSE executives?

**Reply:** In view of present liberalized and competitive economic scenario there is a need to motivate executives in CPSEs for achieving excellence in performance and higher productivity resulting into improved quality of service, customers satisfaction and greater revenue for the company. In such a scenario, the role of Government – as owner – should be restricted to broadly deciding pay structure, perks and allowances of the CPSE executives. Within the broad parameters so decided by the Government, the concerned CPSE Boards shall be allowed to make positive changes depending on the performance of that particular CPSE, the competition in the concerned field and requirement to attract/retain talent in the company. The Board of Directors of the CPSE is fully responsible for the maintenance, operation and developmental activities of the individual CPSE. As such, the Board should not only be given functional autonomy but also and the decision of the Board to allow additional benefit in terms of pay & allowances and on the basis of performance should only be subject to the financial health of that CPSE.

**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.

- 2.1 (c) Should there be separate pay-scales for Nav Ratnas and Mini Ratnas I and II?

**Reply:** Yes.

2.2 Should there be any stipulation regarding uniformity of pay scales and perks among CPSEs, or should the decisions on these matters be left entirely to each CPSE?

**Reply: As suggested earlier, the Government – after making elaborate guidelines on the matter – should leave the decision on pay scales and perks entirely on each CPSE subject to the condition that expenses on this count may be well within the staff expenses ratio and that the Company is financially well equipped to bear the burden of any addition in the pay structure prescribed by the Government.**

2.3 If the Government is not to prescribe any degree of uniformity, what steps, if any, would be required to minimize the migration of superior talent to those CPSEs which are financially better placed, or for minimizing the possibility of any unhealthy competition amongst CPSEs or between CPSEs and Private Sector, to raise the salaries etc. to attract or just retain efficient and productive personnel?

**Reply: It is suggested that there should be parity between those CPSE which are financially better placed & less profit making CPSEs and private sectors to ensure dedicated and efficient service. The concerned Board's autonomy to fix the pay scale of executives – within the broad parameters decided by the Government – and to give performance linked incentives to individual executives will not only minimize the migration of talent but also attract/retain the best talent and productive personnel in the CPSE.**

2.4 What should be the reasonable ratio between the minimum and maximum of the pay scale?

**Reply: At present the ratio between the minimum and maximum of the pay scale vary from 2.1 to 2.5. It is suggested that this ratio should be 3.5 to maintain the uniformity.**

2.5 Should the number of pay scales existing now be retained, increased or decreased, or the same should be replaced by a running pay scale?

**Reply: If the existing pay scales are replaced by a running pay scale, the problem of stagnation increment will not arise.**

2.6 What is the desirable ratio of pay scale between top level and entry level?

**Reply: A ratio of 1:11 appears to be reasonable.**

2.7 What is the ideal ratio of manpower cost to cost of production / sales turnover in your industry and what is actual ratio in you company?

**Reply: No comments.**

2.8 How should pay be fixed in the revised pay scales? Should there be a point-to-point fixation? If not, please suggest a method by which it can be ensured that senior personnel are not placed at a disadvantage vis-à-vis their juniors and due weightage is given for the longer service rendered by the former.

**Reply:** There should be point to point fixation in the revised pay scales. That will ensure that seniors are not at a disadvantage vis-à-vis their juniors and due weightage is given for the longer service rendered by the former. Alternatively, the pay should be fixed as per standard method of fixation on implementation of new pay scales consequent to recommendation of pay revision committee i.e. it may be fixed after adding 40 % of total emoluments as on 01-01-2007 ensuring that each should get minimum of one increment in revised pay scale for every three increments earned in pre-revised pay scale as on 01-01-2007.

2.9 Should the pay scales of Board level executives be re-designed in order to attract candidates of the required caliber; what emoluments would you suggest for the board level executives in CPSEs.

**Reply:** Yes, the pay scale of board level executives should be redesigned to attract the candidate from Corporate World. The pay scale of CMD shall be Rs 80,000-2000-90,000 and Pay scale of board of Directors shall be Rs 74,000-1850-88,800.

### **3. INCREMENTS:**

3.1 What should be the criteria for determining the rates and frequency of increments in respect of different scales of pay? Should these bear a uniform or varying relationship with the minima and/or maxima of scales?

3.2 Should the rate of increment be fixed or on percentage basis. If on percentage basis, indicate the percentage.

3.3 What should be the level of annual increment in terms of absolute value or/and percentage of basic pay?

**Reply of 3.1 to 3.3:** At present, a fixed amount is added in the basic pay on grant of an annual increment which is approximately 2.5 % of lower limit of pay scale. It is suggested that the increment may be granted to the tune of 3 % of basic pay instead of fixed amount. However 1% of the basic pay may be granted as increment over & above 3%, linking it to performance appraisal of the Executive and may be structured accordingly to induce Executives for better performance.

3.4 Whether there should be stagnation increment for executives who reach the maximum of the scale. If so what should be the frequency.

**Reply:** It is suggested that there should be no maximum limit in the revised pay scale to ensure continuous increment accrual.

3.5 Which are the scales in which comparatively a larger number of executives are stagnating in your company?

**Reply:** The Scale in which comparatively a larger number of executives are stagnating: E3 and E4.

### **4. COMPOSITION OF THE PACKAGE:**

4.1 Presently the compensation packages include a number of allowances and perks. Would it be preferable to adopt a system of clubbing these into a consolidated salary in the interest of rationalization?

**Reply: Instead of clubbing them for the sake of rationalization, it is suggested that perks may be linked with performance to bring synergy in the organization.**

4.2 If a mix of basic salary, allowances (including HRA and CCA), perks, incentive payments etc. is to continue, what should be the proportion of each in the package?

**Reply: It is suggested that the package may include the following:-**

(I)	<b>Basic Pay</b>	<b>50 %</b>
(II)	<b>HRA</b>	<b>30 %</b>
(III)	<b>CCA</b>	<b>03 %</b>
(IV)	<b>Transport Allowance</b>	<b>12 %</b>
(V)	<b>Perks</b>	<b>05 %</b>

4.3 What are present allowances? What are the changes you propose?

4.4 Should there be a fixed salary and a variable component which is related to the performance of the individual. If so what should be the proportion.

4.5 Should incentives be made available to the members of the Board of Directors, and if so, what should be their nature and extent?

4.6 Should there be uniformity in perquisites, allowances and incentives amongst all CPSEs, or within the same schedule, or there is no need to prescribe any uniformity?

4.7 What should be the limit on perks of CPSE executives in terms of percentage of basic pay?

**Reply to 4.3 to 4.7: The package may be devised as suggested above. There is no need for uniformity across the entire CPSEs though there may be uniformity among the CPSEs within the same category. The limits on perks and Transport allowance, CCA and HRA should be on the basic pay plus DA and not on basic pay alone. The incentives may be extended to the members of the Board of Directors also.**

5.1 What should be the criteria for performance related payments?

**Reply: The criteria for performance related payments may be the MOU grading obtained by the company.**

5.2 Whether performance related payments be allowed on the basis of distributable profit of the Enterprise?

**Reply: Yes, the performance related payments be allowed on the basis of distributable profit of the enterprise.**

**6. Recruitment, Promotion, Flight of Talent.**

- 6.1 What has been the number of functional directors, executives and officers leaving your organisation over the last ten years and how does it compare with a few similarly placed representative units in private sector? What could be the main reasons for their leaving? (Priority and weightage may please be indicated to the extent possible.)
- 6.2 What is the number of executives leaving in each category and its percentage to the total strength in the concerned category?
- 6.3 What is the system and what are the parameters for recruitment of management trainees or equivalent levels in your organisation?
- 6.4 Please indicate the names of institutions from which management trainees have been recruited through campus recruitment. Also give institution wise details of number recruited and number registered during the last 5 years.
- 6.5 What is the criterion for identifying the institution from which campus recruitment is to be made?
- 6.6 What is the current promotion policy in your CPSE? Are any changes required? Please give your suggestion.

**Reply: Data relating to point 6.1 and 6.2 are to be furnished by the BSNL Management. Regarding 6.3 it is intimated that the Management Trainees should be inducted at the entry level of Executives grade i.e. E-1. BSNL management is inclined to induct the Management Trainees at E-4 level arguing that the Management Trainees inducted at that level will be from IIMs and other institutions of similar repute. No campus selection has been done so far and no institution has also been identified for campus selection of Management Trainees. We suggest that 20% of total intake in E-1 shall be taken from open market. If required a maximum of 5% lateral entry can be allowed for selected professional of specified fields i.e. Marketing, Business Development etc. at E-6 and above levels.**

**In the present promotion policy for Executives, BSNL is granting financial upgradation to the Executives from E-1 to E-5 levels every 4 to 6 years. It is in the interest of the Company to give duties and responsibilities to the executives with the financial upgradation.**

**7. Issues of relativity and comparison with Government/ Private Sector/ Multinational Corporations.**

- 7.1 Should the compensation package in CPSEs for the period 2007 onwards be based on the packages as they now exist, with some percentage increase, or would you suggest any other method?

**Reply: Suggestions given at P.4.1 & 4.2**

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?

**Reply: Yes, to some extent. While the CPSE having pay scales and allowances on IDA pattern should have some definite linkage to the pay scales and allowances in the government (as the pension is the liability of government in BSNL), the growing Private Sector and the competition of CPSEs with this sector has also to be kept in view to keep the attrition from CPSEs at the lowest.**

7.3 How does the current compensation package in CPSEs compare with their counterparts amongst listed private sector or multinationals companies?

**Reply: The CPSEs who are earning more revenue than their counterparts amongst listed private sectors or multinational companies shall be considered for better compensation package.**

7.4 What should be the relativity in remuneration between the top management and workmen?

**Reply: Since the eligibility criteria for recruitment in Top management and Workman categories are different relativity cannot be made between these two categories, however it may be in the ratio of 11:01.**

7.5 What measures should be taken by the relatively weaker CPSEs with inadequate resources to attract better people who would be essential for improved performance? What should be the measures for additional resource mobilization by weaker CPSEs?

**Reply: Attractive pay package and other benefits can be provided to attract better people to join relatively weaker CPSEs.**

7.6 If a very substantial increase in the package of emoluments for CPSEs is recommended to bring them closer to the private sector, what changes in terms of performance targets, evaluation, accountability and other conditions of service etc., should be prescribed?

**Reply: In case of substantial increase in the packages of emoluments for executives of CPSEs differential scale may be devised to reward the executives giving better performance and having accountability on the basis of periodical evolution. A well monitored structure can also be evolved to make the executives target oriented.**

7.7 If it is not found feasible or justified to bring the public sector emoluments at par with those in the private sector, how close need the compensation package in CPSEs be brought to the private sector to attract and retain comparable talent?

**Reply: There should not be large gap and therefore it may be less than half of the emoluments available in private sector of similar field.**

7.8 Taking into account the benefits, excluding pay, derived by employees in CPSEs such as security of tenure, promotional avenues, retirement packages, housing and other invisibles, can there be any fair comparison between the salaries available in the Public Sector vis-à-vis the private sector?

**Reply: Yes. All the facilities given in CPSEs can be quantified and it can be seen that even these benefits do not make up for the higher emoluments given by the Private Sector enterprises in the same field.**

7.9 What are your suggestions on harmonizing pay package of CPSEs with the economic condition of an average Indian and the demands of global competitive Economy?

**Reply: The invisible benefits such as Job Security, Housing, Retirement benefits etc can harmonize the pay package of CPSEs with the economic condition of an average Indian and the demands of global competitive economy.**

7.10 Some countries have Civil Service/ CPSEs pay scales almost to levels prevalent in the private sector on the hypothesis that a well-paid executive is likely to be honest and diligent. To what extent would such a hypothesis be valid and how far would such a course of action be desirable in the case of executives of CPSEs?

**Reply: Yes. A well paid executive is more likely to be honest and diligent.**

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

**Reply: The ratio between pay packages of workman and executive/ supervisors immediately above level of workman may continue to be the same in view of increasing responsibilities of the Executives.**

## **8. Issue of resources**

8.1 Given the problem of resource constraints in many CPSEs, is it possible to enhance the overall compensation packages without increasing the financial burden on the enterprise? If so, how can this be done?

**Reply: The enhancement in the overall compensation package will result in more dedicated and committed workforce. This will result in increase in revenue by way of increased production/services of CPSEs and thus the financial burden because of enhancement in the overall compensation packages can be negated/reduced.**

8.2 Should enhanced payments be deferred and linked to the future performance of the CPSEs and if so, to what extent? How can the employees be rewarded without a direct or immediate burden on the organisation? Schemes like stock option provide and appreciation in the value of the holdings of the employees through the capital market mechanism – what other schemes of this nature can be suggested?

**Reply: A mechanism may be desired to bring enhancement of emoluments of the executives having linkage with the continued better future performance to attract talent in CPSE.**

## **11. Specific proposals**

11.1 In what manner can CPSEs functioning be improved to make them more professional, citizen-friendly and delivery oriented?

**Reply: Single window for efficient delivery of public service may be enforced in all PSU with emphasis on professionalism and citizen friendly environment.**

11.2 Please outline specific proposals, which could result in :

- (i) Reduction and redeployment of manpower
- (ii) Reduction of paper work
- (iii) Better work environment
- (iv) Economy in expenditure
- (v) Professionalization of services
- (vi) Reduction in litigation on service matters
- (vii) Better delivery of services/product by CPSEs to their users
- (viii) Any other suggestions.

**Reply: (i) Offering VRS package & reframing of existing man power with proper training as per the job requirement is the need of the hour to make the existing manpower enable to face the new business environment and professionalism.**

**(ii) The administrative and operational offices of the CPSEs should be completely computerised. The manpower may be trained properly to fit in the paperless environment with complete electronic filling submission of proposal. The training should include psychological aspect also as in CPSEs like BSNL the staff is still not accustomed to the fact that the entire work can be done without a single leaf of paper.**

**(iii) While the performance and target oriented culture with variable time frame may be adopted, a sense of belongingness in the employees can be cultivated by way of welfare measures based on the financial health of the CPSE. Performance based rewards system will also be very helpful in creating a congenial work environment with a dedicated workforce which can definitely be quantified in terms of increased revenue.**

**(iv) The expenditure can be curtailed by reducing paperwork to barest minimum and adopting latest technology in day to day work in CPSEs like BSNL. The Board of such CPSEs which face competition from private players, should be given more powers so that they can take immediate decision in the best interest of the Company without the fear of audit etc.**

**(v) Though there is no dearth of professionalism in service CPSEs, the employees may be trained as per latest requirement after framing a detailed action plan in this regard.**

**(vi) In CPSEs such as BSNL, a lot of court cases are pending on service matters, mainly due to wrong interpretation and indifferent attitude of Management. The top level management may be trained to frame/interpret rules in such a manner that there is no need for the individual employees to seek judicial intervention.**

**(vii) Proper training in the operation and marketing field will better the delivery of services/products to the end users.**

11.3 Do you think the contractual appointment, part-time work, flexible job description, flexi time etc., need to be introduced in CPSEs to change the environment, provide more jobs and impart flexibility in the working conditions of employees?

**Reply: Based on the requirement of the CPSEs where the customer may require to contact the Company for a particular service, the flexi time concept (or any other concept as per requirement) may be introduced. However, in company such as BSNL, the existing employee can be trained to meet the requirement instead of making contractual appointment.**

11.4 What steps should be taken to ensure that technical professionals with sophisticated education and skills are retained in their specialized fields in Central Public Sector Enterprises? Should they be appointed on contract with a higher status and initial pay, advance increments, better service conditions etc.?

**Reply: There is no harm in engaging a top level professional on contract basis with a higher status and pay etc. if the job assigned to him is such that it can be done by a person of his caliber only. However, this should not be a general practice giving scope for misuse by the top levels of CPSEs.**