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**Minutes of the 3<sup>rd</sup> meeting of the Committee held on 09-07-2015 at 1100 A.M. in the Meeting Room on 8<sup>th</sup> floor**

Subject of deliberation : - Replacement of E1A and E2A pay scales with E2 and E3 pay scales.

3<sup>rd</sup> meeting of the committee was attended by following:-

1. M.A. Khan, ED (NB) - Chairman
2. Mrs. Madhu Arora, GM (Estt.)
3. Mrs. Smita Choudhary, GM (EF)
4. Shri Prahlad Rai, GS, AIBSNLEA
5. Shri K. Sebastian, GS, SNEA (I)
6. Shri R.P. Sahu, GS, AIGETOA
7. Shri Manish Kumar, DGM (Pers.) - Convenor

Shri Manish Kumar welcomed all. Minutes of 2<sup>nd</sup> meeting were given.

**Chairman opening remarks:**

ED(NB) welcomed all and told that first we will deliberate on point no. 1 of E1 A to E2 pay scale and E2A to E3 pay scale issue.

The pay scales introduced in BSNL was E1A, E2A, E3, ----- E6 for the Executives w.e.f. 01.10.2000.

In BSNL, E1A and E2A pay scales are the non-standard pay scales and other pay scales like E3, E4, E5 and E6 for the Executives are standard pay scales.



The demand is met if E1A and E2A pay scales are replaced by standard pay scales.

The terms of reference of the committee also restricted to examine the implementation of E1A to E2 and E2A to E3.

The demand is met if E1A to E2 and E2A to E3 pay scales are implemented. Minimum of E2 and E3 pay scales are above Rs. 18850 and Rs. 22800, i.e. minimum of replacement scales of E1A and E2A.

GM (Estt.) has given a report dated 9<sup>th</sup> June, 2015. The report was given with Minutes of 2<sup>nd</sup> meeting. Both the reports show roughly the financial burden of 40 crore and 47 crore annually respectively without cascading effect for E1A to E2. E2A to E3 will have nil effect. As financial condition of BSNL is not profitable so to avoid financial burden we should agree that the extra payment to staff may be deposited with BSNL like GPF and BSNL may also give the interest on that amount as applicable on GPF. SDE to Sr. SDE and equivalent will be in E3 scale like GM and Sr. GM are in E9 scale. In that case EPP may continue as per grade like JTO, SDE, Sr. SDE .... etc. and not as per pay scales. When BSNL turns around cash may be given

**GM(Estt):** Financial implications of implementing the demand have to be seen. The Estt. branch has worked out figures. GM(EF) can throw better light on the burden being caused to the company. There are other things which are to be considered like cascading effect on the higher scales/upgradations. The associations should come out clearly on whether they demands upgrading of all scales or only for upgrading E-1A &

E-2A to E-2 and E-3 respectively. The cascading effect will also result in additional financial implication at the time of the next pay revision. Further, pay scale upgradation also have impact on the promotion policy, RRs etc. and these should be carefully examined. To cite an example, there will be disparity between senior and juniors in terms of time span to reach same pay scale under time bound promotions. The seniors got E-3 scale in 11 years whereas the juniors will get the same scale in 5 years. Also SDE and Sr. SDE will be placed in same E-3 scale. Pay scale upgradation will impact the EPP, MSRR and MTRRs as well which will need to be reviewed. Already, there are a number of pay anomalies in different grades, there are court cases. So, while making recommendations thorough examination of all related aspects such as promotion policy & RRs need to be done to identify possible anomalies which can result and the way out to resolve those. Finally, any such change would have to go to DoT for approval.

**GE(EF):** I largely agree with GM(Estt.) on the issue of replacement of scales from E1A/E2A to E2/E3 respectively. After the implementation of 2<sup>nd</sup> PRC those recruited after 2007 were given relief by way of five increments to compensate any loss arising out of non- availability of E-1A scale. E-1 A revised py scale which was approved by Board and submitted to DoT for further approval was 18850-40500 and the same maximum as that of revised E-1 pay scale. By granting five advance increments, the minimum pay fixation for a direct recruit JTO/ JAO after 2007 becomes 19020 which sufficiently mitigates any loss. Further, the same benefit has also been extended to departmental promotees entering the JTO/ JAO cadres in E-1 pay scales. Subsequent batches of JTOs/ JAOS have also been extended the same. Hence in practice, the pay benefit as assured under E-1A has been granted to all JTOs/ JAOS and equivalent cadres in this level. This proposal will lead to discontent among seniors. Further demand may come for higher scales which would involve huge financial implications which BSNL can ill-afford to incur at this critical juncture. We are already compensating pay loss in revised pay with five increments. Implementation of next pay revision is a major challenge. Thus, the cost of such replacement of pay scale on the finances of the company cannot be ignored. EPP is a very well laid out time bound promotion scheme. Provisions of EPP would also need to be modified substantially. Already there is discontent among seniors due to difference in period of first time bound promotion from 4 to 6 years. So, if we accept this demand, there will be perception of this group as the favoured lot. Also, both the promoted and feeder cadres will come in the same scale. So, clarity is required on the issue. Any such instance in other PSUs is to be seen. A reference to DoT is essential.

**Shri Prahlad Rai, AIBSNLEA:-** The pay scales of JTO/SDE has to be settled. There is grievance among these executives the pay scales of JTO/SDE has not been finalized even after 8 years. In the 2<sup>nd</sup> PRC, after the Presidential directives, there was no provision for E-1A & E-2A pay scales. It was said that there cannot be intermediary pay scales. BSNL made effort for the intermediary pay scales and proposal was sent thrice. But it was not turned down. The matter was discussed at the highest level and then a case for settlement of these scales was sent to DPE. DPE confirmed that there cannot be intermediary pay scales. But the pay scales of JTO/SDE has to be settled.

A committee headed by Shri K.C.G.K.Pillai considered the issue and recommended five increments in the revised pay scales as a temporary arrangement to compensate for the time being. As GM (Estt.) told if E-1 & E2 pay scales are revised upwards, there will be difference in time bound upgradations to E-3 scales from the current 16 years to 11 years and 6 years. If this is so, then when presidential directives for pay revision was issued, instead of making efforts for standard pay scale, the management deferred the issue and drag. A wrong impression has being created that are pushing for parallel scales. The issue has been kept pending/ languishing for long. So why should the JTO/JAOs suffer for the failure of management. Now after five year, you are talking of financial implications, cascading effect on higher pay scales etc. we have continuously agitated for this issue. A committee was formed in 2012 to resolve this issue. But there is no result. The chapter relating to DOT, DOP&T or DPE is closed. BSNL should take action to settle the scale you should pay the interest the amount on the money that was not paid to the employees. The arrears with interest should be paid. If this is not done, my executives will be getting lesser pay & pay scales in the 3<sup>rd</sup> PRC. I will be losing in terms of salary. So my dues and proper pay scale should be given. I am not here for charity. I served to maintain my family as also for my career progression.

**Shri R.P.Sahu, GS, AIGETOA:-** There is some confusion in the Company. We are the executive of the Company. We are not demanding but discussing the issues. The pay of executives is decided by the DPE. E-1A and E-2A pay scales were vailed on 1-10-2000 but on 1-1-2007, they became inadmissible. We are sitting in joint consultation to find the way to compensate our executives. The intermediate solution of five increments is not adequate. It is to better to go to the pre-revised pay scales if standard pay scales cannot be given. If the company become the sick and pay is not revised, the executive would be benefit from the old pay scales. The company cannot give lower pay in revised pay scales on account of financial implication, dues of employees cannot be delay. We are talking of pay scales and not PRP benefit. So financial implication dose not come in the picture. The issue of financial implication is for matters of Board and not for decision on pay scale. Seniors employees are getting higher pay in revised pay scale but junior employees at JTO level are getting less pay. This is a Company with Rs. 25000 crores turn over and hence the expenditure being shown is not a big figure. Arrears are to be given. The executives are expecting that they will get their standard pay scale and not to stop payment on one or the other excuse like sales voucher etc. There is no discussion required on the amount. Cascading effect has to be done for higher pay scales like E2 to E3, E-3 to E-4, E-5 to E6 and so on. E1 to E2 and E2 to E3 is not a demand but a compliance of DPE order.

**GS/SNEA(I):** Estt wing has done an excellent job by working out the financial implications. The JAO 2013 (about 400) and the JTO 2014 (about 2700) batches are not accounted by Estt wing eventhough almost all crossed the minimum of E2 scale. It has to be corrected. Only pension contribution of JAO 2013 and about 400 JTOs of 2014 batch to be accounted.

The E1A and E2A pay scales are already rejected by DoT thrice and then by DPE. So the suggestion for again sending E1A and E2A to DoT is not acceptable. The committee is not constituted for that purpose.

The suggestion that E1+5 has solved the issue is not correct. In that case E1 and E2 are becoming the pay scales which is not acceptable. E1+5 is an interim measure to address the pay loss, recommended by the Pillai committee, pending decision on the pay scales.

As per DPE order standard pay scales are to be implemented. The chairman himself said that the replacement scale of E1A and E2A cannot be less than Rs 18850 and Rs 22800 respectively by the multiplication factor of 1.91. This is precisely SNEA(I) is demanding. The standard pay scales where the minimum is above Rs 18850 and Rs 22800 are only E2 and E3 pay scales. So naturally E1A and E2A replacement scales can be only E2 and E3 in the revised pay scales.

On cascading effect of the scales, the demand of the Associations are E2, to E7 scales. However it was not accepted in 2012 itself when the discussion on committee formation and the committee is not empowered for that. The committee mandate is limited to E1A to E2 and E2A to E3. Necessary changes are to be done in EPP also. Since the upgradation in EPP is from one scale to the next higher scale, we will lose one promotion, it should not happen. The promotion has to be made from one grade to the next higher grade with fixation benefit in the same scale.

Since enough discussion already made and financial implications are worked out, the committee may come to a conclusion today on the pay scales so that in the next meeting other issues can be discussed.

The implementation amendments in RRs and EPP to be examined.

On the suggestion to deposit the additional pay in GPF like accounts, the submission is that this is the only motivation to the Executives and in any case it has to be paid in the salary. Otherwise only scale will be changed without any monetary benefit as on today, it will further demoralize the Executives. On arrear payment, the mgt should not snatch the amount due for the employees and consider the payment with an open mind.

On the query what BSNL is getting out of it, first of all the pay scales of the basic cadres are getting finalised. The young and new recruits will be motivated and they can contribute much in terms of hundreds of crores of revenue. The status of the company is decided at what level it is recruiting the Executives in the entry level. If it is at E2 like other PSUs, talent can be attracted. Finally after discussion accepted the draft recommendations.

**Open discussion:** Then the members took part in the open discussion over the various facets of the issue like cascading effect on other pay scales of the executives, likely expenditure in any of the probabilities, disturbance to EPP, ways to accommodate the extant E3 time bound upgradation with the present proposal of E3 replacing E2, to merge SDE and Sr.SDE grade, etc.



## Recommendation

As per the detailed calculation by AGM (Estt.I) U.O. Note no.1-01/2012-PAT(BSNL), dt. 9<sup>th</sup> June 2015, the annual implication for replacing the pre-revised E1A and E2A pay scales with the revised E2 and E3 pay scales is estimated to be about Rs.40 crores. If arrears are also paid, then the expenditure shall be Rs.260 crores without cascading effect of replacement of higher pay scales and Rs. 400 crores for change with cascading effect on successive higher pay scales.


The committee hopes that the young executives and all staff of BSNL will work hard to turn around BSNL.

BSNL is on recovery path, as Hon'ble MOC mentioned that BSNL has come to the State highway and not it has to move on to National Highway. When the executives, JTO/SDE and equivalent cadres go on deputation to BSNL, MTNL or any other organization, they are fixed with lower status due to this anomaly. The Committee recommends the following:-

- i. The standard pay scales for JTO and equivalent grades in replacement of the pre-revised E1A pay scales may be fixed at E2 level in revised scale. Similarly, those of SDE and equivalent grades may be replaced from pre-revised E2A pay scale to E3 in the revised scale.
- ii. Necessary changes in the EPP may be made, if required, and also the approval of DoT for issues of related pension outgo, gratuity etc., may be sought by concerned wings of BSNL.

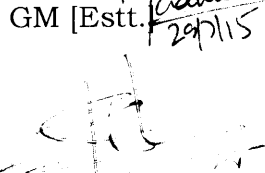
Further, it is decided to hold the next meeting of the Committee at 3 pm on 07-07-2015 in which CPSU cadre hierarchy will be discussed.

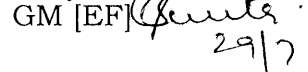
The meeting ended with a vote of thanks by Sh. Manish Kumar, Convenor.

  
ED [NB]

  
GS, AIBSNLEA

We differ from the recommendations given above. Our recommendations / views are enclosed as Annexure I of this report.  
29/7/15

  
GM [Estt.]  
GS, SNEA[I]

  
GM [EF]  
GS, AIGETOA

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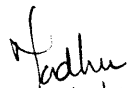
1. The CMD, BSNL
2. The Director [HR], BSNL

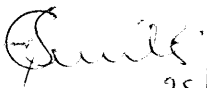
Annexure I

**Opinion of Members GM (Estt.), Smt. Madhu Arora, and GM (EF), Smt. Smita Choudhary as to the recommendation the committee with regard to replacement of E1A and E2A pay scales (ref: meeting of the committee held on 09-07-2015)**

After examining all aspects, it is a considered opinion from our side that upgradation of pay scales E-1A to E-2 and E-2A to E-3 cannot be done in isolation without considering :

- (i) The likelihood of demand for upgrading of scales E-3 and above which has very heavy financial implication and,
  - (ii) Reviewing the associated policies such as EPP, MSRR and MTRR.
2. Accordingly, E-1A & E-2A pay scale upgradation can only be considered if there is written agreement of the Associations on the following:
- i) Upgradation of scales for cadres in E-3 and above will not be considered. Accordingly, both SDE and Sr. SDE will be in the same scale i.e. E-3.
  - ii) Emoluments in the revised pay scales will be payable w.e.f. the date of final approval by DoT i.e. arrears will not be paid.
- ii) Necessary changes in EPP including increase in residency for promotion from E-2 to E-3 scales etc. will be reviewed to avoid anomalies which may arise consequent upon E-1A/ E-2A upgradation such as juniors getting promotion much faster than seniors, reaching E-6 level under EPP earlier than envisaged in the current policy and also stagnating in the pay scales for much longer etc.

  
 Madhu  
 29/7/15  
 GM (Estt.)

  
 Smita  
 GM (EF) 29/7/15