

Annexure III-Other Issues

1. **Revision of Pay scales of sick and marginally profit making companies:** The 2nd Pay revision committee had recommended in May 2008 that Sick Enterprises making cash profits may be allowed to implement the pay revision. **We deeply regret to bring to your notice that the recommendation of the committee has not been implemented even after four long years.** It needs to be realized that time is the essence for reviving these enterprises and by delaying the decisions abnormally, DPE is becoming instrumental in making these enterprises perennially sick as a number of key employees are leaving the Enterprises. The DPE as the nodal agency may immediately take steps to ensure that the Pay is revised within a month in these Sick Enterprises which are making Cash profits.

The 2nd Pay revision committee had also recommended that CPSEs that are not making cash profits should be examined by BRPSE within a period of 6 months for revival or closure. Enterprises that are recommended for revival should include the proposal for revised pay scales. If Enterprises are recommended for closure, the executives should be compulsorily retired by paying compensation based on the revised basic pay. Even this recommendation of the 2nd Pay revision committee has not been implemented after 4 years. **There seems to be no time schedule for DPE to act on the specific recommendations of the Pay committee headed by former Supreme Court Judge, making the whole exercise a mockery.**

2. **Performance Related Payment:** The Performance Related Payment (PRP) scheme has not been implemented in many PSEs due to ambiguity of the Performance Management System (PMS).

In the case of CPSEs where it is implemented, it is noted that the PMS is not robust and transparent. We must realize that the PMS system shall be evolved by the management with the help of professionals and involvement of the Executives Associations. The PMS shall have wide acceptance among the executives in terms of targets, measuring tools and transparency. Individuals shall be given periodic feedback. It is also necessary to train the senior management teams in the assessing of performance and the tools used for the assessment.

The PRP shall have 2 or 3 components depending on the size of the Enterprise and the areas in which it is operating. These components can be based on the individual performance, performance of the group and the performance of the Enterprise.

3. **Medical Benefit for the Retired Employees:** The 2nd Pay revision committee had recommended that CPSEs may create a corpus by contributing 1 to 1.5% of PBT to

create a fund in order to take care of medical and any other emergency needs of retired employees who are not adequately covered by the Pension Scheme. Even though the government has accepted the recommendations, none of the Central Public Sector Enterprises have implemented this in letter and spirit. The DPE and the administrative ministries should review implementation of this circular and ensure that this order is implemented by all the CPSEs within the next three months.

4. **Disparity in pay with respect to non-officers:** There are disparities existing in the pay, even in the pre-revised scale in companies like Hindustan Machine Tools Ltd. The non-executives draw higher salaries because of the agreement made during 1992 pay revision, allowing percentage increment and open ended pay scales for workmen. **We must realize that Executives of these Enterprises are drawing the pay scales which are 20 years old.** Every executive has reached the end of the scale more than 10 years back and is stagnating. The DPE shall immediately issue directions to allow the executives to draw the annual increments without upper limit from the day they have stagnated.
5. **Upgrading large CPSEs as A+ Enterprise:** Over a period of time some of the CPSEs have grown in size. The volume of business they carry out is large and comparable to Multi-national Enterprises, their activities are spread over the globe and they operate in highly technical intensive areas. They are competing with the global players and have proved their capabilities. Some of the organizations in this category are NTPC, BHEL, ONGC, IOCL, SAIL, Coal India Ltd, NALCO, NMDC, HAL, BEL. These Enterprises have to be identified based on defined parameters and categorized as A+ Enterprises and the posts of CMD and functional Directors have to be upgraded. This is in line with the recommendations of the 2nd Pay revision committee.

The resolutions passed by the national conference conducted in association with Institute of Public Enterprises held at Hyderabad on 30/11/2012 is attached for kind review and possible actions.
