

Dr. Rakesh Sarwal
Jt. Secretary
Department of Public Enterprises
CGO Complex, New Delhi

25/05/2010

Dear Sir,

Sub: In the matter of Personal Pay, Special Pay and Non-practicing allowance for doctors

Ref: NCOA: Meeting with Jt. Secy. DPE on the 25th May 2010

In basis of personnel management of the public sector are the Fundamental Rules and Service Rules (FRSR).

Under FRSR, Personal Pay and Special Pay are considered as part of basic pay for:

- a) Pay fixation at the time of pay revision.
- b) All relevant calculations such as DA etc.

It is pertinent to note that since the inception of the Public Sector the above stated practice was being followed. However, under the pay revision of 2007 the Personal Pay, Special Pay have been divorced from the Basic Pay for the purpose of Pay fixation.

It is therefore obvious that there cannot be a deviation only for this specific pay revision of 2007 particularly when there no such recommendation made by the Second Pay Revision Committee headed by Hon'ble Justice M.J. Rao.

The above stated arguments are valid even in respect of the Non Practicing Allowance paid to the Doctors working in the Public sector. The treatment to the doctors working in the PSEs should not be different from those working in CGHS and other Government Hospitals and establishments. Rule 9 (21) (a) (i) of Fundamental Rules states that the expression "*emoluments*" shall include non-practicing allowance granted to medical officers in lieu of private practice.

We therefore request you to correct this anomaly and restore the system that was being followed.

With regards,

We are also attaching relevant papers to support the cause.

Yours sincerely,

(Baby Thomas)

Dr. Rakesh Sarwal

25/05/2010

Jt. Secretary
Department of Public Enterprises
CGO Complex, New Delhi

Dear Sir,

Sub: In the matter of taxation of perks
Ref: NCOA: Meeting with Jt. Secy. DPE on the 25th May 2010

The Government of India employs personnel directly and through organizations registered under the Societies Act (for example CSIR, ICAR, ICMR etc) and under the Trust Act (for example Port Trusts) and autonomous bodies like the Universities and indirectly through organizations registered under the Companies Act where the President of India is the majority share holder.

In all matters relating to personnel management and pay revision the Government of India takes decisions in the case of Board and Below Board level Officers and supervisory staff and approves the wage settlement between the workers and the management.

It is therefore logical that the taxation should also be treated Mutandis-Mutandi. That is what is not taxable for Government employees should not be taxable for employees of PSE. In the case of the Public Sector for the purpose of taxation the employees are treated at par with those serving the private sector.

What seems to be violation of all principles of natural justice is that in the Public Sector Colonies the same accommodation hired by and allotted to a Government Servant serving in CISF, Excise, sales Tax are exempt from tax but when occupied by a public sector employee the difference between the licensee fee relevant to the accommodation and the 7.5 or 15 % of the gross salary is treated as taxable perquisite.

As the nodal ministry dealing with the wages of PSE employees we request you to kindly take up this anomaly with the Secretary, Revenue, Ministry of Finance, Government of India and the Central Board of Direct Taxes.

With regards,

Yours sincerely,

(Baby Thomas)

Dr. Rakesh Sarwal
Jt. Secretary
Department of Public Enterprises
CGO Complex, New Delhi

25/05/2010

Dear Sir,

Sub: In the matter of maternity, paternity and child care leave
Ref: NCOA: Meeting with Jt. Secy. DPE on the 25th May 2010

The Government of India employs personnel directly and through organizations registered under the Societies Act (for example CSIR, ICAR, ICMR etc) and under the Trust Act (for example Port Trusts) and autonomous bodies like the Universities and indirectly through organizations registered under the Companies Act where the President of India is the majority share holder.

It is unfortunate that there is discrimination in respect of Maternity Leave. Since this matter was not in the terms of reference of the Second Pay Committee Headed by Justice M.J Rao, the committee did not give any recommendations.

We request that necessary circular be issued to ensure that rules pertaining to Maternity Leave be made uniform within the PSEs and on par with what is prevalent in Government. In the Government of India the number of days for maternity leave has been increased from 135 to 180 days. Similarly, the concept of child care leave for women employees and paternity has been introduced in the Government and this should be extended to PSEs.

It is pertinent to state that in the Public Sector the working conditions are much more difficult being within an industrial atmosphere. Also the working hours are 48 hours per week against 40 in the Government and the number of holidays is much less. All this effects the ability of the mother to give child care and so there is a greater reason for a more liberal regime.

With regards,

Yours sincerely,

(Baby Thomas)

Dr. Rakesh Sarwal
Jt. Secretary
Department of Public Enterprises
CGO Complex, New Delhi

25/05/2010

Dear Sir,

Sub: In the matter of taxation on gratuity
Ref: NCOA: Meeting with Jt. Secy. DPE on the 25th May 2010

The Government of India employs personnel directly and through organizations registered under the Societies Act (for example CSIR, ICAR, ICMR etc) and under the Trust Act (for example Port Trusts) and autonomous bodies like the Universities and indirectly through organizations registered under the Companies Act where the President of India is the majority share holder.

In all matters relating to personnel management and pay revision the Government of India takes decisions in the case of Board and Below Board level Officers and supervisory staff and approves the wage settlement between the workers and the management.

It is therefore logical that the taxation on post retirement benefits should also be treated Mutandis-Mutandi. That is the taxable amount of gratuity for employees of PSEs should be same as for Government employees, that being Rs. 10 lakhs.

While gratuity was increased from Rs. 3.5 lakhs to Rs. 10 lakhs in PSE from 1st January 2007, however the benefit of tax exemption is applicable only for the employees who retire on or after the 17th May 2010. It is logical that the benefit of tax exemption should be given even to employees who retired between 1st Jan. 2007 and 17th May 2010.

As the nodal ministry dealing with the wages of PSE employees we request you to kindly take up this anomaly with the Ministry of Finance Government of India and the Central Board of Direct Taxes.

With regards,

Yours sincerely,

(Baby Thomas)

Dr. Rakesh Sarwal
Jt. Secretary
Department of Public Enterprises
CGO Complex, New Delhi

25/05/2010

Sub: Facilitating post retirement medical benefits

Ref:

1. Survey of the utilization of medical (ambulatory and domiciliary) facilities established in the Central Public Sector Undertakings.

At one time the mainstay of the Public sector employees was the hospitals built within the townships of the Public Sector Undertakings. However, with the advent of corporate hospitals the utilization of the hospitals has reduced. Another issue in this context is the handing over of the social infrastructure at the time of privatization.

2. Medical Scheme for retired Employees

A critical area that needs to be taken care of is the medical benefits for the retired employees. Very few PSEs have a medical scheme for retired employees. Given below is a very brief outline of a scheme for retired PSU employees.

Scope

- 1 In the initial Phase this scheme will NOT apply to employees of PSEs already having medical scheme for retired employees.
- 2 This scheme is for employees of those PSEs that have no scheme for retired employees, spouse and dependent parents.
- 3 The employees must have contributed for at least 15 years to be come eligible for the benefit under the scheme. The scheme is applicable for only those employees who retired on superannuation or avail VRS or opt for premature retirement. The employees who have switched over from one PSE to another PSE can continue in this scheme.
- 4 The scheme shall NOT be linked to any medical insurance scheme.

Advantages:

The PSE hospitals/ dispensary will be better utilized then they are being used at present.

Funding

A corpus fund created from

- a) Contribution of 1.5 % profit before tax by the PSEs
- b) One time grant from the Government of India.
- c) Monthly payments from the serving employees.
- d) One time Lump sum payment from retired employee and an annual payment

Scheme:

- 1 Retired employees from any PSE can register with a hospital/ dispensary of any functioning PSE in their neighborhood.
- 2 They can get both ambulatory and domicile treatment as available at the PSE dispensary/ hospital
- 3 The PSE dispensary/ hospital would be reimbursed by this fund for treatment given to retired employees of other PSE.

This scheme needs to be evaluated by actuaries to determine the financial viability.

The DPE as the nodal department could co-ordinate and facilitate the above scheme. NCOA would assist in the conduct the above mentioned survey, formulate and evaluate the scheme.

With warm regards,

Yours sincerely,

(Baby Thomas)

Dr. Rakesh Sarwal
Jt. Secretary
Department of Public Enterprises
CGO Complex, New Delhi

25/05/2010

Sub: Taxation on leave encashment at the time of retirement.
Ref:

The Government of India employs personnel directly and through organizations registered under the Societies Act (for example CSIR, ICAR, ICMR etc) and under the Trust Act (for example Port Trusts) and autonomous bodies like the Universities and indirectly through organizations registered under the Companies Act where the President of India is the majority share holder.

In all matters relating to personnel management and pay revision the Government of India takes decisions in the case of Board and Below Board level Officers and supervisory staff and approves the wage settlement between the workers and the management.

It is therefore logical that the taxation should also be treated Mutandis-Mutandi. That is what is not taxable for Government employees should not be taxable for employees of PSE. In the case of the Public Sector for the purpose of taxation the employees are treated at par with those serving the private sector

In the case of Central PSEs at the time of retirement the amount accrued due to leave encashment is not taxable upto the extent of Rs. 3 lakhs only. This ceiling of Rs. 3 lakhs was fixed in 1998 and has not been revised subsequently. The ceiling should be removed from 1st January 2007 (date of pay revision) as in the case Central and State Government employees. Failing which at least the amount needs to be revised based on the salary structure in 1998 and 2010

As the nodal ministry dealing with the wages of PSE employees we request you to kindly take up this anomaly with the Secretary, Revenue, Ministry of Finance, Government of India and the Central Board of Direct Taxes.

With regards,

Yours sincerely,

(Baby Thomas)

Dr. Rakesh Sarwal
Jt. Secretary
Department of Public Enterprises
CGO Complex, New Delhi

25/05/2010

Respected sir,

We do thank you so much for spending your valuable time with us today. We appreciate the fact that you have a positive approach towards many of our issues.

As discussed we are attaching separate letters for your kind consideration and favorable decisions.

Regards and thanks,

Yours sincerely,

Baby Thomas,
Secretary General, NCOA

Encl: Six Letters