

No. 61-01/2012-SU

Government of India
Ministry of Communications & IT
Department of Telecommunications
PSU Division

Sanchar Bhavan, New Delhi
Dated 16th January 2013

To,

The CMD,
Bharat Sanchar Nigam Limited
Corporate Office, Bharat Sanchar Bhavan,
Janpath, New Delhi.

Subject: Revision of scales of pay and allowances w.e.f. 01.01.2007 as per DPE O.M. dated 02.04.2009-regarding.

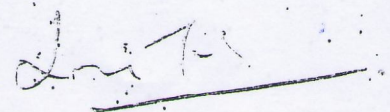
Sir,

I am directed to invite a reference to BSNL letter no. 1-19/2012-PAT (BSNL) dated 15.11.2012 on the subject cited above. The proposal of BSNL was examined as under:-

- (i) During the 106th Meeting of the Board of Reconstruction of Public Sector Enterprises (BRPSE) held on 29.11.2012, the Board discussed the present status of operation/services, performance, financial position, revival status of BSNL and its future outlook. After deliberations, the BRPSE observed that "BSNL has become an incipient sick CPSE".
- (ii) DPE's O.M. dated 26.11.2008 as well as 02.04.2009 on revision of pay for Board level and below board level executives/non-executives stipulates that lower limits against the maximum prescribed limit can be provided in the Presidential Directives depending upon affordability, capacity to pay and sustainability of the concerned CPSE.
- (iii) Proposed IDA fixation from @ 68.8% to 78.2% in respect of pensioners will have huge financial implication of government exchequer besides creating financial liability on BSNL's account on account of accumulated arrear of pay & allowances up to the date of retirement.

2. Further, DPE guidelines dated 09.11.2006 stipulates certain restrictions with regard to wage negotiation for unionised workers in CPSEs. Para 2 (V), (VI) & (VII) of aforesaid guidelines is reproduced as under:

- (a) Para 2 (v): As regards sick CPSEs registered with BIFR, until BIFR approves the revival plan for such enterprise in which provision has been made for additional expenditure on account of wage revision, no revision of wage would be allowed to the employees of such CPSEs.

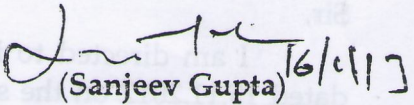


(b) Para 2 (vi): In case of sick/incipient sick CPSEs referred to BRPSE, the wage revision should be considered on the basis of final decision on the recommendations of BRPSE.

(c) Para 2 (vii): CPSEs which incurred net loss during any of three financial years preceding the proposed wage negotiation, but not referred to BIFR/BRPSE may also be allowed to enter into wage negotiation, provided they give an estimate to their administrative Ministry/Department as to how resources would be generated by them to meet the extra expenditure arising out of implementation of wage revision.

3. In view of specific observations of BRPSE, provisions in DPE guidelines and the facts that implementation of aforesaid proposal will have huge financial repercussions on Government as well as BSNL, the proposal may be re-examined and considered view of BSNL with methodology to be adopted, may be apprised to this office. BSNL may also clearly indicate as to how this additional expenditure would be met with.

Yours faithfully,


(Sanjeev Gupta)

Director (PSU-I)

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