



NATIONAL CONFEDERATION OF OFFICERS' ASSOCIATIONS
(National Forum of the Executives of Central Public Sector Enterprises)
Registered under the Trade Union Act 1926 Reg No DNE 707

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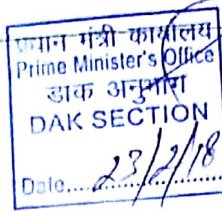
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Ref-PM/NCOA/3rd PRC/2017-18/01
To
Shri Narendra Modi Ji
Hon'ble Prime Minister of India
New Delhi



Dated-19-02-2018

Subject: Dispassionate consideration of waiver of unwarranted and counterproductive clause of affordability so as to facilitate across the board implementation of the 3rd PRC for CPSEs, bastions of Indian economy, its growth and development, and, thus enable these institutions to get stronger.

Respected sir

Central Public Sector Enterprises, over decades, rather since Country's independence, have indisputably established their credentials in so far as they have contributed in a virtually unparalleled manner towards all round development and growth of the Country and its economy. These institutions, which, to say the least, are basic building blocks of growth and development of the Country, have enormously contributed towards firmly putting in place unshakeable basic infrastructure, which has admirably withstood all the tests of time over decades, in critical and strategic areas of growth and development like power, steel, telecom, coal, oil, heavy industries, strategic and significant areas of manufacturing in defense sector, banking, insurance and the list is endless.

It would not be at all an exaggeration to mention that Country has moved forward in a very big manner in critical areas of development, particularly in remote and inaccessible areas, precisely because of herculean and spectacular role that these engines of growth and development of Country have played over last more than six decades. That is how they got identified as Temples of Indian Economy, its Growth and Development. Of specific significance is the role that these strategic institutions have played in building basic infrastructure in remotest parts of the Country where our downtrodden and underprivileged Country men have been living in horrible poverty and been victims of exploitation, deprivation and social injustice. These institutions have gone a long long way to uplift our Countrymen, economically and otherwise also, living in these highly inaccessible and backward areas.

Not only this, these institutions of paramount significance have given huge leverage to successive govts., in enforcing policies and maintaining highest level of market competitiveness, also arming the govt. to check growth of cartelization and private monopoly. The role of PSBs in effectively encountering international monetary crisis in 2008 and thus successfully insulating Indian economy from the wrath of severe economic meltdown of 2008 is a glaring testimony to the role that these institutions have played. But for the presence of robust PSBs, India got unquestionably overcome in the international economic meltdown of the year 2008. This is just to quote once instance which is just the tip of an iceberg.

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Other significant areas of contribution of CPSEs have been rapid economic development, generation of financial resources, facilitating redistribution of income and preventing concentration of wealth, promoting balanced regional growth, creating employment opportunities, encouraging development of medium to small scale enterprises and their ancillaries, accelerating export promotion and import substitution, defeating building of private monopoly, safeguarding consumer interests and insulating them from exploitation, and contributing in a huge manner towards socio-economic upliftment of the downtrodden, vulnerable and unprivileged strata of the society. The extraordinary and stimulating contribution of Public Sector towards building a robust and resilient Indian Economy can be measured from some of the hard facts enumerated hereunder;

Public sector generates revenue to the tune of Rs twenty lakhs crores per annum. Public Sector contribution towards GDP is about 15%. Public sector pays about Rs three lakh crore to the exchequer per annum in the form of taxes, dividends & levies etc. Public Sector provides direct employment to about 12.5 lakhs people and indirect employment to about 1.5 crore people of our Country to full fill the prime and critical objective of the govt. to generate employment to the people of this Country. Public Sector has generated eight lakh crore INR surplus for the development of the country, whereas, in shocking and stark contrast, Private sector has generated 11 lakh crore INR as NPA (Non-Performing assets) and PSBs have been the victims of this loot of public money by the private sector whose role is being eulogized and amplified by vested interests.

Public Sector has significantly improved purchasing power parity in the Country which has resulted in India being reckoned as third largest economy in terms of purchasing power in the world after USA and China and is probably racing towards becoming second economy amongst the emerging markets.

Without the great and timely role of Public sector and huge investments made by it, the success of ambitious dream projects (Digital India & Smart City) of our beloved PM and Countrymen having unlimited potential to turn around the very face of our beloved Nation would have been impossible to conceive, let alone complete the projects.

In accomplishing the aforesaid herculean objectives of our policy makers and successive governments, the role of the employees and officials of CPSEs has been central to all these accomplishments. Unfortunately, of late because of lop sided policies of the successive governments to somehow promote private sector at the cost of public sector, and because of inefficient administration and management of CPSEs, good number of CPSEs have been pushed to the background and have registered losses. A meticulous analysis will clearly reveal and establish that employees and officers have had no role to play in pushing their respective enterprises to the background. Flawed policies of the government and pathetic management are squarely responsible for their sad state of affairs.

As you are aware, sir, Pay revision of Central and state govt. employees is done regularly after every 10 years on the recommendation of the Central Pay Commission, regardless of whether they are earning profits or incurring losses. Pay commission takes certain parameters into consideration, before arriving at any conclusion, regarding DA neutralization and pay & perks revision for Central Govt. employees, and it is uniformly implemented by the board.

Taking analogy from the decisions of the govt. regarding implementation of pay revision for Central Govt. employees, the yardstick for pay revision for CPSEs ought to be similar and not at all linked to the affordability of CPSEs to enforce pay revision since CPSEs are operating and competing in a very stiff and harsh competitive national and international environment. To link pay revision for below board level executives and non-executives staff of CPSEs to profits of respective CPSE is nothing but a clear attempt to strangle the growth of the

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by demoralizing and demotivating the entire workforce to a stage where the very existence of the respective CPSE is completely jeopardized.

Sir, while constituting 3rd PRC, Govt. categorically envisaged that for the CPSEs to thrive and be competitive in the prevailing business environment in the country and in the world, it's employees have to be provided with suitable working conditions, emoluments and incentives to motivate them to strive for further growth, productivity and profitability of their enterprises and to enable CPSEs to become modern, professional, consumer friendly, commercially successful and competitive entities committed to national developmental goals and dedicated to the service of the people.

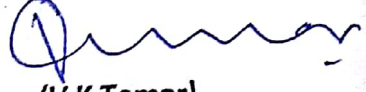
3rd PRC has distinctly earmarked sizeable portion of the pay as Performance Related Pay (PRP) and this component of the pay directly relates to the performance and profitability of the CPSE and is thus inherently included and enshrined in itself in the affordability of the CPSE. Further incorporating unwarranted and counterproductive rider of Affordability Clause of 3rd PRC as a pre-condition for implementation of pay scales in a CPSE is not only ill conceived, irrational and discriminatory towards the employees at large but is fraught with dangerous consequences of finishing the very existence of CPSEs. Depriving and demotivating the entire workforce of a particular CPSE by denying them their legitimate wage revision on grounds of affordability is nothing but a very calculated move of the bureaucracy to reduce existence of CPSEs to ashes. Thus incorporating deadly affordability clause is bound to have catastrophic consequences as far as future of these CPSEs is concerned.

Sir, profitability or otherwise of public enterprise, is not at all subject to the performance of its employees but is largely determined by the policies of the government and the versatility, aggressiveness, decisiveness, pragmatism and professionalism of the respective managements to drive and steer the company through turbulent and rapidly changing business environment and market forces. These crucial elements of growth of a CPSE are well beyond the scope or performance of employee or his outcome. Depriving the employees of salary revision after ten long years on frivolous and irrational grounds is sheer oppression and exploitation by the model state employer.

Keeping the foregoing crucial facts in view and also keeping in view the hard fact that CPSEs have to be kept alive and going to meet future emerging challenges successfully, we dispassionately and fervently appeal to your good self to prevail upon the government machinery to do away completely with counterproductive and deadly clause of affordability provision decided upon by the government as a precondition to qualify employees of CPSEs for wage revision. More than the employee's interest, it is the National interest of keeping CPSEs competitive and alive that has to be kept in mind because, in the absence of wage revision of any CPSE, the concerned CPSE is bound to decay and collapse in due course of time. This is bound to happen in case wage revision is not effected and cannot be avoided. Thus this National perspective of paramount significance must not be lost sight off, it is our humble submission.

With regards

Yours sincerely



(V K Tomar)
Secretary General