

ALL INDIA ASSOCIATION OF COAL EXECUTIVES
(AIACE)

(Regd under The TU Act,1926,Reg no 546/2016,PAN -- AAEEA7978E)

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Dated 28/11/2016

To

The Chairman
Third Pay Revision Committee
Core-3, 5th Floor
Scope Complex, Institutional Area
Lodhi Road
New Delhi 110003
Email =prc.dpe@gov.in

Sub— Proposal/response for pay revision for executives and non-unionised supervisors of CPSEs – w.e.f. 01.01.2017 by ALL INDIA ASSOCIATION OF COAL EXECUTIVES(AIACE)..

Dear sir,

ALL INDIA ASSOCIATION OF COAL EXECUTIVES (AIACE) , an association of working as well as retired coal executives of CIL,SCCL and NLC is registered under The TU Act'1926 with CG Govt .Its registration number is .546/2016.

We submit our proposal as below. on questionnaire from 3rd Pay Revision Committee for executives and non-unionised supervisors of CPSEs – w.e.f. 01.01.2017

1. Role of the Government & Uniform Wage Policies in CPSEs

1.1 The 2nd PRC in the preface to its report stated that 'Finally, we feel that time has come when we should no longer look at all these CPSEs spreading over a vast spectrum with a common approach.' A decade has passed since then and in the present scenario what in your view should be the role of the Government with reference to wage policies in CPSEs.

AIACE : The govt should ensure that there should be uniformity in the implementation of some of statutory salary items like basic pay, pension contribution (retirement benefits) in all PSUs irrespective of their status, categorisation and performance and they should not be completely left to individual PSUs.

2 1.2 Flowing from the above, should there be some uniformity of pay scales and perks among CPSEs, or should these decisions be left to the best judgement of the respective administrative Ministries and the Boards of their CPSEs?

AIACE : The uniformity in pay scales of CPSEs is very much essential. Core Industry CPSEs , Manufacturing CPSEs and Service oriented CPSEs have different nature of works and businesses. Some set of CPSEs may get profits and some may get losses as performance of any sector depends upon different factors and govt policies. There must be pay parity among same cadres of executives in all CPSEs.

1.3 As part of Government's policy for granting greater autonomy to the Boards of the CPSEs under the Maharatna, NavRatna and Mini Ratna schemes, should there be separate pay scales for 'Ratna' CPSEs?

AIACE : The role of individual executives in profit & loss a company is very less as it depends on Govt policies, its support and other opportunities and constraints .So, Company's profit should not be linked with Executives' salary. To meet the energy demand of the country, many coal mines are running in losses, so in spite

of maharatna status being conferred to CIL, the performance is very poor in some of the mines. Also, CIL is a maharatna company but its subsidiaries are miniratna companies in spite of giving the best performance. All PSUs must create a performance oriented promotion policy. Further, the entry level scale should be made uniform in every CPSU to ensure equal distribution of quality and quantity in all the PSUs irrespective of their status. It will result in inclusive growth for all PSUs with quality manpower present in all CPSUs.

1.4 (a) Is the present system of classifying the CPSEs on the basis of Schedule i.e. 'A', 'B', 'C', and 'D' is satisfactory? If not, please suggest alternate ways of classification of CPSEs with adequate justifications.

AIACE : Present classification is not satisfactory. The Classification of CPSEs may be done as follows:

a) Core Industry CPSEs (Natural Gas, Crude Oil, COAL, and Refinery products, Fertilizers, Steel, Cement and Electricity).

b) Manufacturing CPSEs (Like BHEL, BEL etc)

c) Service Sector CPSEs (Like BSNL, MTNL, Air India etc)

d) Consultancy organizations /Other CPSEs (CMPDIL,MECON, ECIL,PDIL etc)--

(b) Once a system of classification is agreed, should uniformity of pay scales within each of the category be maintained? If not reasons therefore and also suggest suitable alternatives.

AIACE : Uniformity in pay scales must be maintained. Pay scales should be de-linked with profit and grades/ classifications.

1.5 In the absence of some degree of uniformity, isn't there a risk of migration of talent from financially weak CPSEs to financially better off CPSEs thereby further jeopardising future of the weak CPSEs. Will it also not lead to unhealthy competition amongst CPSEs to attract/retain the talent, which in the long run may act to the detriment of the public sector?

AIACE : Agreed in totality. Entry level scales should mandatorily be made uniform across all the PSUs to prevent unnecessary attrition from one PSU to another. Further a model frame work for scales vis-à-vis the promotional avenues should be designed which should be made mandatory for all the PSUs. For equal distribution of available talents, the recruitment of executives should be done through independent PSU SELECTION BOARD like banking sector and executives should be posted in different companies with the provision of transfer from one company to another after certain period of experience.

1.6 Would you suggest any changes in the existing relationship between pay packages of workmen and executives/supervisors immediately above level of workmen.

AIACE : As executives are having more role and responsibility in performance of CPSEs ,there should be a sufficient gap between workmen and executives/supervisors' pay packages. The periodicity of pay revision should be kept the same for executives and workmen. Due to different pay revision period, Coal India and Singreni Coal Company and other companies are facing the problems of pay anomaly among executives. Some of the executives are even getting lesser salary than staffs and workers working under them and this has been created due to different wage period. The pay revision should be done from the lowest level of employees to board members for the same period like govt. employees.

2. Emoluments structure including pay, allowances and other facilities/benefits

2.1 Over the years, the Central Pay Commissions especially the 6thCPC advocated reduction in the number of pay scales. In the 7th CPC recommendations, however, there were no further reductions. Do you feel whether the existing number of pay scales in the CPSEs should be retained or modified? Please give your suggestions.

AIACE: Existing structure is good.

2.2 What should be the minimum and the maximum pay in CPSEs? What should be the reasonable ratio between them?

AIACE : Minimum Pay should be Rs. 60,00 and the Maximum Pay should be Rs. 5,00,000 in CPSEs. A ratio of 1:4 would be a reasonable one. While Coining New Pay Scales it should be so ensured the minimum of the scale so fixed should not be less than the amount arrived at by adding Fitment amount on Pay+DA to avoid pay loss to the new entrants.

The proposed scales are tabulated as below:

6 Grade Existing Scale Proposed Scale

E-1	1640 0 - 40500	65600 - 16200 0
E-2	2060 0 - 46500	82400 - 18600 0
E-3	2490 0 - 50500	99600 - 20200 0
E-4	2910 0 - 54500	11640 0 - 21800 0
E-5	3290 0 - 58000	13160 0 - 23200 0
E-6	3660 0 - 62000	14640 0 - 24800 0
E-7	4320 0 - 66000	17280 0 - 26400 0
E-8	5130 0 - 73000	20520 0 - 29200 0
E-9	6200 0 - 80000	24800 0 - 32000 0
Director	7500 0 - 10000 0	30000 0 - 40000 0
CMD	8000 0 - 12500 0	32000 0 - 50000 0

2.3 What in your opinion is the desirable ratio of pay scale between top level and entry level?

AIACE : 1: 5 should be there.

2.4 What is the expected ratio of manpower cost to cost of production/sales turnover in your industry?

AIACE : The ratio of the cost should not be considered as CIL/SCCL are engaged in meeting the energy demand of our country. The manpower cost for Under Ground mines varies from 40% o 60% in underground mines and about 20- 25% in open cast mines. The working extends in remote areas, hilly areas and in the area where anti social elements exist . The performance of the employees should be linked to the pay & promotion to enhance the performance and thereby reducing man power cost to revenue earned.

2.5 What should be the method of fixing pay in the revised pay scales? Should there be a point-to-point fixation? If not, please suggest an alternate method with illustration by which it can be ensured that persons with longer service are suitably protected.

AIACE : “ Point to Point” fixation is good. There should be point to point fixation in the revised pay scales. It will ensure that seniors are not at a disadvantage vis-à-vis their juniors and due weightage is given for the longer service rendered by the executives.

2.6 What should be the pattern of pay scales of Board level executives?

AIACE : The Pay and Perks must be linked with performance of board executives. A handsome amount should be given as variable component which should be linked to the profit, performance and output of the company.

3. Increments

3.1 Should the rate of increment be fixed as absolute value or based on percentage basis?

AIACE : On Percentage basis.

3.2 What should be the rates of increments in respect of different scales of pay?

AIACE : Rate of increment should be 6% of basic pay for all grades .

3.3 Should the present system of granting one stagnation increment after every 2 years, subject to a maximum of 3 such increments for those executives who reached the maximum of their scale be continued? Please give your views.

AIACE : The stagnation increment should be continued every year for initial five years and then one increment after every two years as it is seen that in spite of good performance most of the CIL executives are stagnating for more than 10-15 years in the same grade.

3.4 Should the date of increment be uniform for the employees of CPSEs as in the case of Central Government employees?

AIACE : Yes, it should be uniform for all.

3.5 What should be the increment on promotion?

AIACE : There should be 2 Increments on promotion.

4. Composition of the Emoluments package

4.1 Is it preferable that the compensation package includes pay plus allowances and perks or club them into a consolidated remuneration?

AIACE : It should be pay plus allowances and perks.

4.2 Is the present system of 'Cafeteria Approach' of choosing from a set of perks and allowances within the overall ceiling of 50% of Basic Pay satisfactory? If not, kindly give your suggestions for further improvement?

AIACE : Perks are essential in boosting the performance of employee and some perks should be made essential for all CPSUs. HRA and Transport allowance may be kept out of overall ceiling of 50%. Further it is suggested whenever the DA/IDA crosses 50% ,HRA should be automatically be granted on Pay plus DA. Transport Allowance should be linked to Cost of living Index and as when DA increases it should be upwardly revised as in the case of Central Government Employees. In toady's scenario perks are also seen as an attraction of young talent.

4.3 Do you have any comments/suggestions with reference to the following?
Classification of Cities and rates of HRA for different class of cities

AIACE : Only Two classifications should be made with 25% and 40% HRA.

DA neutralisation for those who are on IDA pattern of scales●

AIACE : May be neutralised but any negative movement should be treated as null.

Company leased accommodation●

AIACE : There should not be any perquisite tax as the accommodations are not furnished. Most of the coal mines are located in remote areas devoid of basic facilities as available in cities. So perquisite tax on company provided quarters/leased accommodation should be exempted.

Monetisation of facilities availed from the infrastructure like● schools, colleges, Hospitals, clubs/recreation facilities etc. created by CPSE

AIACE : It should be done.

Allowances to be kept outside the ceiling of 50% or whatever● rate to be decided

AIACE : The HRA ,Coalfield allowance, underground allowance, north east allowance and transport allowance should be kept outside the ceiling of 50% .

Hardship allowance and criteria for defining hardship●

AIACE : The existing system may continue with doubling the existing allowance.

5. Variable Pay / Performance Related Pay

5.1 Should there be fixed salary and a variable component which is related to the performance of the individual. If so what should be the amount/proportion?

AIACE : Apart from pay, the performance linked allowances should be there with fixed as 40% of annual basic pay per annum.

5.2 What in your opinion should be the basis/criteria for granting performance related pay?

AIACE : The fulfilment of individual target by executives.

5.3 Whether performance related payment be allowed on the basis of distributable profit of the Enterprise? Section 8 companies under the Companies

Act, 2013 by definition are not for profit companies and if the PRP is linked to distributable profit, their employees are denied performance incentives. How to reward the performance in Section 8 companies?

AIACE : There are different set of environments for public sectors. PRP must not be linked with company's profit. Company's profit depends on many factors. Criteria should be fixed for measuring individual performance and Group Performance and the reward should be linked with percentage of basic and the performance rating obtained by the employee.

5.4 How do you rate the present system of PRP in vogue? Give your comments / suggestions in respect of each of the following:

AIACE : Performance based system should be implemented in all CPSEs as a mandatory condition. This will improve the performance of the company.

Rates i.e. % of Basic Pay payable as PRP at different grades in different Schedules of CPSEs

AIACEA : Apart from pay, the performance linked allowances should be there with fixed as 40% of annual basic pay per annum and it should not be linked to grades as it was linked in the last pay revision. In the last revision, the juniors got very less PRP amount and seniors got much in comparison to juniors.

Weightage for different MoU ratings

As stated under point no. 5.2 Proportion and ceiling of PRP to be given out of current PBT and incremental PBT of a CPSE AIGETOA : 40% of PBT Performance Management System (PMS)

AIACE : It should be based on annual performance with sufficient weightage for education qualification and achievement of targets which will boost the employee to upgrade his skills.

5.5 What are your views on Bell Curve approach being followed currently under the PMS? Give your suggestions for improving the PMS

AIACE : Bell curve approach should be abolished as it creates demoralisation and frustration among executives. Even some of excellent rated executives have been put in the last bracket under bell curve in CIL. The fast track promotion should be given by designing appropriate method of giving marks/ratings for education qualifications and defining suitable performance related parameters. Promotion policy based on performance should be made mandatory for all PSUs and the APAR grading should be based on well-defined and quantifiable achievement parameters.

5.6 Any suggestions to incentivise performance and to have a more equitable system

AIACE : The implementation of a rugged performance measuring tool with well-defined and quantifiable parameters should be made mandatory for all PSUs. APAR grading should be linked up with this system.

6. Recruitment, Promotion, Attrition

12 6.1 What is the number of executives leaving in each category during the last 5 years and its percentage to the total strength in the concerned category? Is it comparable with other CPSEs and Private companies operating in the same sector? What could be the main reasons for their leaving your CPSE?

AIACE: The attrition rate is not much but executives are deprived of regular promotion due to many loop holes and court cases on CIL promotion policies. Even a professionally qualified and best performing executive whose CR remained outstanding for the last many years is waiting for his promotion for so many years due to lack of contemporary and performance oriented promotion policy. This is resulting in high dissatisfaction, demotivation & unrest among executives.

6.2 What is the system of recruitment of management trainees or equivalent levels in your organization?

AIACE: Management trainees from colleges are recruited through campus interview and written exams. Departmental candidates are promoted by

conducting departmental exam for different disciplines. We strongly oppose any other form of lateral recruitment at middle and higher level in executive cadre.

6.3 Are you recruiting management trainees through campus recruitments? If so, please indicate the names of institutions from which such campus recruitments have been made and criteria for identifying the institution.

AIACE: Yes. management trainees are recruited through campus interview from IITs, NITs, IIMs and other reputed institutes.

13 6.4 What is the current promotion policy in your CPSE and there any changes in the offing?

AIACE --The management trainee is recruited in E2 grade and after one year of training they are absorbed in E3 grade. Department candidates after clearing departmental exams are promoted in E1/E2 grade and thereafter promoted as per cadre scheme. The promotion is done on the basis of vacancy. The current policy is lacking in rewarding performance .

6.5 Does your CPSE have a 'Succession Planning' in place? If so, please mention important points.

AIACE : The succession planning of CIL is not in place. In CIL , the professionally qualified executives recruited in thousands and thousands are being restricted to four or five level of promotions. Instead of grooming and encouraging, the internal talent (executives already working), CIL is getting inclined to recruit executives at levels higher than these executives which is creating a huge demotivation, unrest and a feeling of uncertainty in their minds. These Executives are professionally qualified, performing lot with sufficient age profile on their side. CIL can have its succession plan by giving proper promotion and training to its available internal executives who were directly recruited at the level of mgt trainees.

7. Relativity with Government/Private sector/Multinational Corporations

7.1 Should the new compensation packages in CPSEs w.e.f. 01.01.2017 onwards be based on the packages as they now exist, with some percentage increase, or would you suggest any other method?

AIACE : It is ok.

7.2 Should CPSE pay scales and allowances have any linkage to the pay scales and allowances in the Government? If so, what are your suggestions?

AIACE: Yes. CPSE having pay scales and allowances on IDA pattern should have some definite linkage to the pay scales and allowances like in the government .The pension should be linked to DA.

7.3 How do the current compensation package in CPSEs compare with their competitors in private sector or multinationals?

AIACE: Not good. It needs to match with the packages of multinationals to attract talent from the market.

7.4 Taking into account the advantages other than pay, derived by employees in CPSEs vis-à-vis the private sector like security of tenure, promotional avenues, retirement packages, housing and other invisibles, can there be any fair comparison between the salaries of public and private Sector?

AIACE: Yes up to some level. All the facilities given in CPSEs can be quantified and it can be seen that even these benefits do not make up for the higher emoluments given by the Private Sector enterprises in the same field.

7.5 If parity of emoluments for CPSEs with that of private sector is recommended, what changes in CPSEs in terms of performance targets, evaluation, accountability and other conditions of service etc., shall be insisted?

AIACE: Accountability and performance measurement should be made essential criterion. An effective tool for measuring executives' performance must be evolved to give fair and equal chance to all executives to perform. Periodical mechanism of review of performance and awarding the rewards like private companies is very much required in CPSEs.

8. Issue of resource constraint and Pay revision in Sick/BIFR referred CPSEs

8.1 Given the problem of resource constraints and the existing 'Affordability' clause in adopting revised pay packages, is there a way of bringing improvements in emoluments so as to attract and retain talent in CPSEs?

AIACE : The enhancement in the overall compensation package will result in more dedicated, committed workforce and further attract and retain talent in the CPSEs. This will result in increase in revenue by way of increased production/services of CPSEs and thus the financial burden because of enhancement in the overall compensation packages can be negated/reduced. The Pay revision should not be linked with profit, as profit depends on the other factors like depreciation of assets, Government policies, social obligations, mandatory provisions etc.

8.2 In case of non-affordability, can the enhanced package be deferred and linked to the future performance of the CPSEs? How can the employees be rewarded without a direct or immediate burden on the organization? Schemes like stock option provide an appreciation in the value of the holdings of the employees through the capital market mechanism – what other schemes of this nature can be suggested?

AIACE: There must not be any deferment of enhanced package on account of non-affordability. Instead, employees of such PSUs should be motivated to perform more by providing government support if needed. The Pay revision should not be linked with profit, as profit depends on the other factors like depreciation of assets, Government policies, social obligations, mandatory provisions etc. Instead a suitable assessment of performance be made and rewards be made associated with it.

8.3 What should be the pay revision policy for sick / incipient sick / weak CPSEs?

AIACE : As above

9. Long term Incentives and Superannuation benefits

9.1 Based on the earlier PRC, it was prescribed that 10-25 % of the PRP shall be given as ESOP. Has your company implemented this? Please give details and suggestions for improvement.

AIACE: At present not applicable/defined in CIL. It should be made mandatory for all PSUs to give a certain part of pay as PRP.

9.2 Can the ESOP be an option for deferred implementation / payment of revised package?

AIACE: At present not applicable/defined in CIL.

9.3 Do you think that any change is required in the existing policy of granting 30% Basic Pay plus DA as superannuation benefits? If so give detailed comments/suggestions.

AIACE: Minimum 40% of Basic plus DA should be made mandatory and Upper Ceiling should be removed and it should be ensured the implementation of these recommendations from all CPSEs as it is related with social security of an employees.

9.4 What should be the gratuity ceiling?

AIACE: It should be made Rs. 30 lacs (Thirty) at least for all employees.

9.5 What should be the policy regarding leave encashment at the time of retirement on superannuation?

AIACE: It Should be as per 7th CPC recommendations for all the CPSEs.

10. Voluntary Retirement Scheme

10.1 In addition to the VRS, would you like to suggest any other ways to rationalise manpower? AIACE: By training ,the skill level of executives can be increased for deployment in different jobs.

10.2 Whether VRS scheme issued by DPE and amended from time to time should continue or VRS package should be modified? If yes, indicate the suggestions?

AIACE : VRS policy should be implemented in CPSEs. This is very much required in CPSEs like CIL to decrease its pay and allowance burden and to improve the performance of employees by recruiting young people from the market. The average age of CIL employee is above 45 which is very much higher than the other CPSEs.

11. Specific proposals

11.1 How the functioning of CPSEs can be improved so as to make them more professional, citizen-friendly and delivery oriented?

AIACE: More liberty to take decisions on the level of Board of Directors irrespective of categorisation of CPSEs. Resources should be made available and accountability at each level should be fixed. Citizen Charter should be made for service provider.

11.2 Please outline specific proposals, which could result in: (a) Reduction and redeployment of staff

AIACE : VRS should be implanted in CIL/SCCL and rationalisation of staff should be done based on revised norms.

(b) Reduction of paper work

AIACE : Making full and mandatory usage of ERP/Software tools in all office works.

(c) Better work environment

AIACE : Providing better facilities to all employees. Performance based rewards system will also be very helpful in creating a congenial work environment with a dedicated workforce which can definitely be quantified in terms of increased revenue

(d) Economy in expenditure

AIACE :

i) The expenditure can be curtailed by reducing paperwork to barest minimum and adopting latest technology in day to day work in CPSEs like CIL.. The Board of such CPSEs which face competition from private players, should be given more powers so that they can take immediate decision in the best interest of the Company without the fear of audit etc.

ii) Many officers are visiting foreign countries on technical matters in the fag end of their career and CIL failed to utilise them. This should be stopped.

iii) Pooling of cars for planning/administrative unit officers should be implemented in all offices.

iv) Official vehicles should be GPS enabled to differentiate official/ personal visit. Pre-paid electricity vouchers should be introduced in administrative offices to minimise un-judicious electricity consumption in office hours and as well as beyond office hours.

(e) Professionalization of services:

AIACE:: In CPSEs such as CIL, a lot of court cases are pending on service matters, mainly due to wrong interpretation and indifferent attitude of Management. The top level management may be guided to frame/interpret rules in such a manner that there is no need for the individual employees to seek judicial intervention. A high power committee comprising 4-5 middle level officers should be constituted at subsidiary level with a mandate to attempt to redress the grievances in a time bound manner. These officers may be chosen from all disciplines and should be kept under the direct control of the director.

(g) Reduction in litigation and grievances on service matters .

AIACE : Centralised online mechanism in CPSEs in coordination with DPE must be made available. Personnel Responsibility should be fixed in cases where gross negligence of the rules are observed and unnecessary appeals to higher courts are being recommended despite the establishment of the fact that the appeal is not going to be sustained in higher courts

(h) Better delivery of services/product by CPSEs to their users.

AIACE : Proper training in the operation and marketing field will better the delivery of services/products to the end users.

(i) Any other suggestions

AIACE: All the mandatory provisions of the second PRC recommendations like extension of 30 percent Superannuation benefit, replacement of non-standard pay scales with standard pay scales be ensured with retrospective effect before extending the benefits of third PRC.

With Kind regards

P K Singh Rathor
Principal General Secretary

AIACE

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