



**Amit Kumar**  
**President – CWC**

No. ASTO/CWC/Pres/2008 10/PM-I

Date 18.08.2011

To

Dr. Manmohan Singh

Hon'ble Prime Minister

South Block, Raisina Hill

New Delhi – 110 101 Fax No: 011-23019545 / 011-23016857

**Sub: Curbing of freedom of functioning of CPSEs**

Respected Sir,

Association of Scientific and Technical Officers (ASTO) represents nearly 23000 officers of premier public sector – Oil and Natural Gas Corporation Ltd (ONGC).

Sir, in our pursuit to attain energy security ONGC has been playing a pivotal role. The employees of this organization are one of the best professionals of this country. It is well known fact that the employees of ONGC work in one of the most hazardous and difficult areas of the oil industry. ONGC is the pride of India which has discovered nearly 7,500 million tonnes of Oil and Oil equivalent gas and produced nearly 1500 million tonnes of the same so far. Accordingly, giving due recognition of the company's contribution to the country's economy, nation building and its business profile, Government of India has conferred the status of Maharatna to ONGC.

**Sir, the government of India has contributed only Rs. 342.85 crores as equity in ONGC. Till 31<sup>st</sup> March, 2011 it has realized Rs. 14,380 crores through disinvestment of equity which is 42 times the amount of equity invested. Till date ONGC has paid nearly Rs. 48,000 crores as dividend to the exchequer. In addition to all this ONGC has paid nearly Rs. 3,00,000 crores in the form of royalty, cess, taxes and duties to the central and state government so far. Despite the deregulation of the Oil sector, ONGC has shared the subsidy burden of the government to the tune of nearly Rs. 70,000 crores so far. The value addition by this great organization shall not stop at this.**

Sir, I quote from your speech which you had delivered at the foundation stone laying ceremony of the Assam Centre of the Rajiv Gandhi Institute of Petroleum Technology, Assam on February 19<sup>th</sup>, 2011

*Quote "As is well known, oil and gas will continue to provide the major portion of our energy requirements for quite some time to come. Appropriate utilization of advanced oil and gas exploration and production technologies, modern refining technologies and efficient distribution of petroleum products to the citizens of our country will, therefore, continue to be of great importance in the coming years. All these areas will need qualified and skilled personnel in increasing numbers" Unquote*

Sir, your inference is very true. ONGC has been able to contribute consistently to the nation only because of its skilled, qualified and dedicated human resource.

Despite being a major contributor to the nation, today we have a situation where the provisions of DPE guidelines on the pay revision for PSUs effective from 1.1.2007 have dented the aspirations of the officers of ONGC. It has left the officers demoralized, dejected and frustrated.

Sir, I would like to draw your attention to the acute crisis that has developed due to the draconian provisions of DPE guidelines which are impinging upon the working freedom of the MAHARATNA Company like ONGC. The detailed DPE guidelines for below board level executives

were issued vide office memorandum No. 2(70)/08-DPE(WC) dated 26<sup>th</sup> November,2008 and were further reviewed vide OM No. 2(70)/08-DPE(WC)-GL-VII/09 dated 2<sup>nd</sup> April,2009. All these were outcome of the Justice Rao committee which had been established by your government. Justice Rao had prepared the report after detailed deliberations with the government functionaries, PSUs, associations and DPE. However, the recommendations were overlooked and a committee of secretaries toned down the complete recommendations and effectively sealed the bright future of Oil PSUs like ONGC. Further, the latest memorandum of MOPNG No. G-38011/3/2010-Fin.III dated 11<sup>th</sup> August, 2011 (copy is enclosed for your perusal) is further going to erode our salary by nearly Rs. 28,000 per month. This effectively shall not be pay revision but pay reduction.

Sir, these DPE guidelines have been made applicable to all types of CPSEs without going into the type of working conditions that a particular PSU may have. The DPE guidelines have been totally insensitive to the past practices and working environment of particular PSU, especially ONGC. It has always been the past practice that PSUs have been given a free hand to decide upon the allowances and perks that they would like to pay to their employees keeping into consideration the payment capacity and the business environment of a particular PSU, especially ONGC.

Sir, as you are aware despite the entry of private sector in Oil and gas exploration, ONGC has been able to not only deliver much better than them but have been the largest contributor to the government. However, due to lack of proper pay package to employees of ONGC, they have become major poaching target for private companies and slowly but surely the skilled and knowledgeable manpower of ONGC is dwindling. The frustration of the officer's community is on the rise due to such draconian DPE guidelines which have been totally insensitive to the business and professional requirement of our nation. We are of the firm opinion that there has to be a differential treatment to different types of PSUs and the admissibility of the perks and allowances for its employees especially for a MAHARATNA company like ONGC should be left to the Board of ONGC rather than DPE. It is ironical that a Maharatna Board can decide upto Rs. 5000 crores of investment but it cannot decide payment of even Rs. 200 crores per annum of perks and allowances to its employees. It is also ironical that we are not dependent on government budget for the same. ONGC is more than self sufficient to take care of such payments.

Sir, you have been an emphatic advocate for a free and independent working of the board of CPSEs. Unfortunately, such DPE guidelines are not allowing so. We feel that such illogical DPE guidelines should not be allowed to be implemented. Accordingly, we request you, as the highest authority of this government and our representative, to immediately put on hold these DPE guidelines and allow the board of ONGC to take decisions on the perks and allowances related to employees of ONGC as per the past practices and keeping the difficult and hazardous working environment of ONGC into consideration.

With warm regards and best wishes,

Yours sincerely

  
12/8/2011  
(Amit Kumar)

Copy to:

1. Sh. S. Jaipal Reddy, Hon'ble Minister for Petroleum and Natural Gas, New Delhi  
Fax No: 011-23386118/23010847
2. Sh. G.C. Chaturvedi, Secretary, MOPNG, New Delhi Fax No.: 011-23383100
3. Sh. A.K. Hazarika, CMD, ONGC, New Delhi Fax No. : 011-23313028
4. Sh. U.N. Bose, Director (T&FS), ONGC, New Delhi Fax No.: 011-23713743
5. Sh. D.K. Sarraf, Director (Finance), ONGC, New Delhi Fax No.: 011-23766541
6. Sh. S. Vasudeva, Director (Offshore), ONGC, New Delhi Fax No.: 011-23721761
7. Sh. S.V.Rao, Director (Exploration), ONGC, New Delhi Fax No.: 011-23312012
8. Sh. K.S. Jamestin, Director (HR), ONGC, New Delhi Fax No.: 011-23737971
9. All the ASTO units.

No. G-3801/3/2010-Fin.III  
Government of India  
Ministry of Petroleum & Natural Gas

New Delhi, the 11<sup>th</sup> August, 2011

To

Directors(HRs)

ONGC / GAIL / OIL / IOCL / HPCL / BPCL / EIL / MRPL / CPCL / NRL /  
OVL / Balmer Lawrie / Blecco Lawrie

Sub:- Pay Revision of Executives of CPSEs w.e.f. 01.01.2007 – Perks and allowances in Oil PSUs – status of compliance with extant DPE guidelines.

Sir,

I am directed to say that extant DPE's instructions provide that perks and allowances, except those specified in DPE's O.M. dated 26.11.2008, should be kept within 50% ceiling of the basic pay. On the request of some of Oil PSUs, DPE was approached to advise/clarify as to whether certain work related facilities could be exempted from 50% ceiling limit. While reiterating their earlier instructions, DPE has clarified that no other allowances and perks will be kept outside the 50% ceiling except the four that have been provided in DPE's O.M. dated 26.11.2008. All CPSEs were accordingly advised vide letter of even number dated 12<sup>th</sup> July, 2011 to ensure strict compliance of the instructions as in DPE's O.M. dated 1.6.2011.

2. However, some of the CPSEs have now pointed out new items e.g. location/work related payments, duty for rotating shifts, incentive for acquiring higher qualification, entertainment expenses etc. on the plea that they do not form part of salary and therefore bringing them within the 50% ceiling is not justified. In this context, it is reiterated that in view of the recent clarification from DPE, there is no scope for any doubt that all such perks and allowances are to be kept within the 50% ceiling and, therefore, there is no justification for seeking any further clarification in this regard.

3. As regards Conveyance/Maintenance Expenses Reimbursement (CMER), it is clarified that the entire amount of reimbursement on account of CMER needs to be kept within the 50% ceiling and its compliance may also be ensured.


4. Regarding the calculation of interest subsidy on housing/vehicle loans, it is observed that there is no uniformity in approach amongst the Oil PSUs. A Note, indicating the method adopted by EIL and OIL for calculation of interest subsidy is enclosed. It may be observed therefrom that while EIL has based its calculation for determining interest subsidy on SBI-bank rates and included the same within the cafeteria approach, OIL has calculated the same on the basis of SBI market rate but

has excluded interest subsidy from the cafeteria approach. The correct approach within the spirit of DPE guidelines, however, would be to adopt the SBI market rates on the pattern of OIL and include the interest subsidy within the 50% ceiling. In view of this, all Oil PSUs are requested to follow the method adopted by OIL in calculation of interest subsidy and also to include it within the 50% ceiling.

5. It is once again reiterated that appropriate measures be taken immediately to ensure that all perks and allowances are kept within the ceiling of 50% basic pay, except the four allowances as enumerated in DPE's O.M. dated 26.11.2008.

6. This has the approval of SS&FA.

Yours faithfully,

  
(V.K.Sathi)

Deputy Secretary to the Government of India

Copy to:-

Government nominees on Boards of PSUs

1. Shri Sudhir Bhargava  
Additional Secretary  
Ministry of Petroleum & Natural Gas  
Shastri Bhawan, New Delhi
2. Shri D.N.Narasimha Raju  
Joint Secretary(E)  
Ministry of Petroleum & Natural Gas  
Shastri Bhawan, New Delhi
3. Shri Apurva Chandra  
Joint Secretary(M)  
Ministry of Petroleum & Natural Gas  
Shastri Bhawan, New Delhi
4. Shri Vivek Kumar  
Joint Secretary(IC)  
Ministry of Petroleum & Natural Gas  
Shastri Bhawan, New Delhi
5. Shri L.N.Gupta  
Joint Secretary(R)  
Ministry of Petroleum & Natural Gas  
Shastri Bhawan, New Delhi
6. Dr. Archana S.Mathur  
Economic Advisor  
Ministry of Petroleum & Natural Gas  
Shastri Bhawan, New Delhi

Copy for similar action to:-

JA(Fin)/Dir(R&A)/Dir(E.II)/Dir(Dist)/Dir(M)/Dir(Gen.)