



ASSOCIATION OF SCIENTIFIC & TECHNICAL OFFICERS

OIL AND NATURAL GAS CORPORATION LIMITED, NEW DELHI

Registered with the Registrar of Societies U.P., Lucknow, Registration No. 172 (1967-68)



AMIT KUMAR
President - CWC

No. ASTO/CWC/Pres/2008-10/CMD-10

27.06.2008

To

Chairman and Managing Director

ONGC Ltd.
Jeevan Bharati Tower-II
New Delhi

Subject: Recommendation of 2nd Pay Revision Committee.

Sir,

The 2nd Pay Revision Committee for revision of pay of executives and board level functionaries of CPSE under the chairmanship of Justice Rao submitted their recommendations to the Govt. of India on 30th May 2008.

ASTO deliberated threadbare on the recommendations given in the Report and its impact on the overall pay structure vis-à-vis the OSOA demands, 6th Pay Commission Report and the overall oil sector scenario. Justice Rao committee though highlighted the need to align the pay structure of CPSE to that of private sector and allow the board to fix perks and allowances. But while making recommendations Justice Rao Committee has chosen to ignore their own observations. The recommended pay scales have not been given due cognizance to the working environment in the upstream oil industry and the hardship undergone by our officers. Due to the skill and experience achieved by our officers they are in high demand throughout the world. Oil PSUs, therefore, face much greater competition from the private sector in business as well as talent. With the pool of highly skilled professionals at below market salaries, the oil PSUs have become easy poaching ground.

In last ten years compensation in the Indian Private Sector has increased by 4 times on an average. In comparison, the Oil & Gas PSU salaries have increased only on average 2.26 times (increments + DA increase). The quantum of total guaranteed cash in Private Sector is nearly 62% to 1411% higher than oil PSUs.

The major factors of concern are as under:

- (i) Proposed pay scales have not considered the applicability of recommended fitment formula. The recommended fitment formula when applied to the existing pay scales, results in revised basic pay exceeding the maximum of the recommended pay scales. This leads to stagnation from the first year itself.

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- (ii) Annual increment is 2 to 4%, while the already existing one is 4% and 6% on promotion.
- (iii) Fitment Benefit upto E6 level is less than 40%, surprisingly the Fitment Benefit is even much less than what is recommended by the 6th Pay Commission.
- (iv) Percentage of risk pay is very low at lower and middle management levels compared to the hazardous, risky work that our executives perform.
- (v) Three slab system of HRA is not acceptable as most of the work-centers of ONGC are in remote and is also not as per the existing guidelines.
- (vi) Proposed ceiling on CTC, Perks is in contradiction with its own observations regarding empowerment to the Board.
- (vii) The ceiling of 50% of revised pay on allowances and perks limits the freedom of the Board to finalize perks and allowances in line with the market trend.
- (viii) CTC ceiling of different scales limits the power of Board to enhance the package and is not in line with the committee's observations.
- (ix) The performance related pay (PRP) methodology as proposed is not implementable due to a lot of subjective parameters. In the present form it may become a demotivating factor for us, hence the recommendations are not acceptable.
- (x) The withdrawal of conveyance facility to below Board level executives is also not acceptable as ONGC is an operation intensive company and is working in far-flung remote areas and needs continuous mobility.
- (xi) The Committee is also silent on the periodicity on the pay revision in their recommendations. Though in their observations Rao Committee mentioned that the periodicity should be 5 years. Our demand is also for 5 years as DPE guidelines for periodicity in case of unionized cadre has already been issued for 5 years.
- (xii) Fixation formula does not cover Personal Pay (PP) and Special Pay (SP) as well as 3 additional stagnation relief already provided upto 31.12.2006.

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- (xiii) The stagnation increments proposed are once in two years which is contradictory to existing provision itself and shall lead to mass stagnation of officers.
- (xiv) Compensation Categorization should have been done based on the type of work an oil PSU is doing rather than total income, size of manpower, geographical spread etc.
- (xv) Certain scales/levels in ONGC are totally missing from the recommendations like E6 etc.

Detailed observations and a comprehensive proposal shall be provided in due course. However, under these circumstances, it is very clear that the recommendations require several modifications as well as special dispensation to oil sector before implementing the same. The issue of pay revision of oil sector PSUs is very critical in nature for the energy security of the nation, in order to retain capable and technically sound executives nurtured in PSUs for the last few decades. All the oil PSUs have been hit by high rate of alteration with more than 2000 officers have left PSUs especially ONGC, mainly due to low compensation package as compared to private players. Justice Rao Committee has totally failed to bridge the gap in the compensation between private players and oil PSUs.

This report shall only lead to a mass agitation programme by Oil PSUs if corrective action is not taken on the above issues.

With regards,

Yours sincerely,


(Amit Kumar)
President-CWC

Copy to:

1. Director (HR), ONGC, New Delhi.
2. Director (Onshore), ONGC, New Delhi.
3. Director (Offshore), ONGC, New Delhi.
4. Director (T&FS), ONGC, New Delhi.
5. Director (Exploration), ONGC, New Delhi.
6. Director (Finance), ONGC, New Delhi.
7. MD, ONGC Videsh Ltd., K.G. Marg, New Delhi.
8. ED-Chief ER, ONGC, Dehradun.
9. All ASTO-units – **with a request to circulate amongst all the members.**