

TAPAN SEN

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(RAJYA SABHA)

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13th February 2007

Dear Shri Deora Ji,

I am writing to convey my deep indignation and serious concern at the most unbecoming developments relating to the on going exercise of appointing a regular Chairman and Managing Director (C&MD) for ONGC

I am afraid, the unusual manner in which the Appointment Committee of Cabinet (ACC) scrapped the panel recommended by Public Enterprises Selection Board (PESB) for appointment of C&MD of ONGC, casts a tall shadow on the future functioning of the Central Public Sector Enterprises and constitutes fundamental shift in the existing institutional mechanism for such selection as well as for short-listing candidates for appointment of functional directors and C&MDs in the CPSEs

In this connection, I refer to the Press Note issued by your Ministry on 7th February 07 which says that the "Competent authority has desired that zone of consideration for the selection of CMD, ONGC should also include persons *from outside the PSUs*". There is a similar directive for a different composition of Selection Committee by truncating the PESB and including the Secretary, Petroleum & Natural Gas *plus some 'outsiders'*. This sudden craze for inclusion of *'outsiders'* in the 'Selection Committee' as well as "in the list of candidates" is inexplicable. It is difficult to understand as to how the need for *'outsiders'* has suddenly become so crucial for the Government to address, what the Press Note says as "ONGC's critical importance for energy security of the country". It is intriguing as to how 'the critical importance of energy security' was totally glossed over since May 2006 when otherwise due extension of the tenure of previous C&MD was just not granted that too without any succession planning. You will agree, sitting over a selected panel for five months or keeping the highest dividend paying company headless, without a regular Chief Executive for about a year, does not speak very well about the quality of appreciation of 'the critical importance of ONGC for energy security of the country'.

The Press Note referred above has noted, "The competent authority has not recorded any adverse finding regarding the candidature of Shri R. S. Sharma and Shri Hazarika", which means that it is not just the candidates but the selection system itself is the pinching point. I strongly feel that all these should have been considered before the commencement of the selection process to avoid acute embarrassment and humiliation of two functional Directors of the top navaratna PSU. I apprehend, this single action of the Govt driven by the zeal for *'inclusion of outsiders'* is likely to demoralize the *"insiders"*, i.e., the present executives within the CPSEs.

In this connection kindly recall my letter dated 8th January 2007 addressed to you wherein I drew your attention to a report in the Economic Times of January 6, 2007 which quoted the Secretary, Ministry of Petroleum and Natural Gas, Government of India saying that the public sector enterprises in the petroleum sector was inefficient and that government would not follow the Russian model of "Resource Nationalisation" as confining oil and natural gas resource to public sector can breed inefficiencies"

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The whole episode has brought forth a necessity to identify what is at odd really--- the efficiency of the PESB or undue interference from outside in the selection process, the efficiency of the PSEs' functional directors or the exercise for providing berth to 'outsiders'!

The question of level playing field must not be a concept of convenience. Given the upstream petroleum policy of the Government including NELP etc, the private sector has got the private advantage in influencing policy decision while the public sector is faced with uncalled for bureaucratic interference. In the instant case, while private sector is intended to be provided access to PSE management; how about its inverse process in reciprocity? I am sure you will appreciate that level playing field does not mean access of business secret to the competitors.

In view of above, Govt owes an explanation to the people as to how, despite "ONGC's critical importance for energy security of the country", the 'Competent Authority' took five months to reject both the selection and the modality of selection, which was obviously approved by your Ministry. I request you to please clarify the position at the earliest to undo the damage already caused to the morale of ONGC employees in particular and the PSEs as a whole and appoint a regular C&MD for ONGC at the earliest through well-established acceptable and transparent process without any extraneous influence of private corporate sector as being apprehended in the instant case in the name of "outside experts" and "outside candidates".

With regards,

Yours sincerely,


(TAPAN SEN)

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Copy to:-

→ The Prime Minister of India
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For kind information and necessary action please


Tapan Sen