

To,
Chairman & Managing Director
Oil and Natural Gas Corporation Ltd
6th Floor Jeevan Bharti Building
New Delhi

SUB: Payment of Profit Sharing to Officers on deputation outside ONGC
REF: Earlier letter no. ASTO/Delhi/Issues/C&MD/05-07/2 dtd. 23.01.2007

Sir,

With reference to above mentioned subject, kindly refer to our earlier letter dated 23rd January, 2007 on the same subject matter. We had attached all the documents related to the payment to the officers on deputation to other organizations from ONGC like to DGH, OISD and MRPL etc. I had met you personally and apprised you of the situation and simmering discontent amongst the officers on this aspect.

Somehow the issue has not seen the light of the day despite the positive response from you as well as Director (HR) whenever I have met personally. The deputation/ secondment to the other organizations have been always in the interest of ONGC and allow the officers to work in different work culture and environment which in fact is an intangible benefit to ONGC. The tangible benefit from the deputation/secondment has also been in earning revenues in the form of reimbursement of the expenditure that ONGC makes on the employees who are on deputation/secondment. Approximate earnings from such postings have been to the tune of more than Rs. 1.5 crores per annum.

Sir, till the year 2002-03 all the officers were receiving the payment of profit sharing. However, when the payment of 1998-99 and 1999-2000 was made in the year 2006, these officers were denied the payment. Further, payments were also stopped till date. In our above referred letter we had enclosed all the relevant documents that we have gathered from ONGC service rules, terms and conditions of other Oil Sector PSUs on this aspect.

Attached as Annexure I are the objectives of the Incentive scheme which is in vogue since 01.04.2003. The scheme gives the calculation of corporate incentive. It is in clause 5.0 that the officers on deputation have been left out of the scheme. This scheme gives a detailed criterion for calculation of the Annual Incentive which is called the corporate incentive and is given to all the employees as per clause 5.0.

However, the payment of profit sharing is a calculation based upon the profit made and the criteria prescribed by DPE and is no way related to physical performance. The payment of profit sharing is based upon the financial performance of ONGC. The scheme does not give the criteria for the calculation of the profit sharing which is also called additional annual incentive as it is covered by the DPE guidelines on this issue and does not discriminate amongst the employees.

The officers on deputation are indirect contributors to the financial performance for following reasons:

1. They have been deputed to these organizations in the interest of ONGC and not in individual's interest.
2. All the pay and salaries are reimbursed back to ONGC. For example:

Average monthly salary is Rs. 40,000 per month. If 100 officers are on deputation then we stand to gain nearly Rs. 40 lakhs per month or Rs. 4.80 crores per annum.
3. These officers learn and get different type of experience as well as knowledge of different working culture that further helps in improvement of ONGC.

Though for ONGC the tangible gains are immaterial but the overall gains are there which cannot be disregarded. And if such deputation are resulting in unlawful discrimination then we should review our policy and stop sending officers on deputation.

Sir, already we have suggested this change in the incentive committee recommendations from ASTO's side. Changes to the scheme for certain areas like WSS etc. have already taken place. We again emphasize that the due payment of profit sharing be made to the officers who are on deputation to other organization like DGH, OISD, and MRPL etc.

Sir, I may also add at this juncture that we are feeling let down, that, despite our positive approach on this issue, unfortunately it has not culminated into positive outcome. The discontentment and the frustration of the officers may lead us to take the path of agitation that has been taught to us by the father of our nation – Mahatma Gandhi.

With warm Regards,

(Amit Kumar)
President, ASTO, Delhi

Copy to:-

1. Director (HR), ONGC, New Delhi.
2. Office Copy.