Questionnaire on3rd Pay Revision

### Demographic

1. Please mention the name of your organization below

Ans. NHPC LTD.

1. Please provide the current schedule of the organization

X

A B C D

*Please mark (X) in the applicable box*

1. Please provide the current status of your organization

X

Maharatna Navratna Miniratna-I Miniratna-II BIFR

*Please mark (X) in the applicable box*

1. Please provide details on number of employees

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Workmen (Unionized) | Non-unionized (Supervisors) | Executives below Board level | Board Level | **Total** |
| 4217 | 216 | 3913 | 5 | 8351 |

*Please provide number of employees in cells above*

1. Please provide details on number of employees

|  |  |
| --- | --- |
| Permanent | Contractual |
| 8346 | - |

*Please provide number of employees in cells above*

1. Has your organization implemented recommendations of 2nd PRC?

Ans. Yes

1. Please provide attrition rate in your organization across last 5 years

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Year** | **Attrition Rate** | | | | | |
| **Manual workforce** | **Staff**  **(W0 to S4)\*** | **Junior Mgmt**  **(E1 to E4)\*** | **Middle Mgmt**  **(E5 to E7)\*** | **Sr/Top Mgmt**  **(E8 to E9)\*** | **Overall** |
| 2015-16 | - | 1 | 57 | 1 | - | 59 |
| 2014-15 | - | 6 | 53 | 2 | - | 61 |
| 2013-14 | - | 18 | 43 | 1 | - | 62 |
| 2012-13 | - | 6 | 29 | 10 | - | 45 |
| 2011-12 | - | 13 | 49 | 3 | - | 65 |

### Management Level considered for information purpose.

### Pay Structure

1. Please provide your views and opinions with respect to current compensation structure (breakup of total compensation into Fixed and its components like Base pay allowances etc.) in your organization?
2. The 2nd Pay Revision Committee recommended having a cafeteria approach towards Perquisites and Allowances. Please share how Cafeteria approach was implemented in the organization and also provide challenges of implementation of PSEs. Additionally, please comment on the components included under the cafeteria allowance

Ans. Perks are essential in boosting the performance of employee . Cafeteria ceiling to maximum of 50% of basic was implemented with disbursement of 47% of basic in NHPC. But this was ineffective on account of increasing trend of inflation as such it would be appropriate to have Cafeteria ceiling for minimum of 50% of basic plus dearness allowance to cater inflation trend.

To add present list of cafeteria description & request for exclusion.

1. Most of the private sector organizations in India have done away with the concept of providing Dearness Allowance to the employees, however, public sector companies still continue to provide DA to the employee. Please let us know your opinion of DA practice in PSEs weather DA sufficiently compensates for inflation?

Ans. Yes, concept of providing Dearness Allowance to the employees is a good mechanism to cope up with the inflation in the government controlled structure where pay scale increment are not designed to cater the inflation criterion.

1. Is the current HRA scheme able to supplement the cost that the employees are bearing in terms of accommodation related expenses? Please provide your inputs on indexing this component to Basic pay.

Ans. Current HRA scheme are not able to cater the cost of accommodation especially in metro cities and big cities. The HRA need to be provided after considering prevalent accommodation cost in different cities and accordingly it needs to be provided in proportion to basic pay. Since the increment in pay structure is very low and the revision is being done for 10 years, there should be provision of increment in HRA in line with increment in DA

1. Please provide your suggestions with respect to the practice of providing Company leased accommodation?

Ans. Company leased accommodation facility should continue as self lease/Third party lease with due rate enhancement in accordance with the inflation / prevalent market.

1. Which pattern of pay scales are employee using: IDA or CDA? Are there any concern regarding the pattern being followed?

Ans. IDA pay scale is being used. The CPSE having pay scales and allowances on IDA pattern should have some definite linkage to the pay scales and allowances in the government.

1. Please mention business related expense (for e.g. Flying Allowance) and its coverage in the current compensation structure

|  |  |
| --- | --- |
| **Allowances** | **Covered within Perks & Benefits** |
| Flying Allowance (for e.g.) | Yes |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |

1. Which allowances/expenses do you think should be kept outside the ceiling of 50% of Basic Pay?

Ans. Canteen allowance; Transport allowance; LTC allowance should be kept outside the ceiling of 50% allowances.

Further, LTC for overseas holidays may also be considered for motivation of the employees and their families

1. Second Pay Revision also recommended that provision of Infrastructure facilities such as schools and colleges, clubs etc should be monetized at replacement cost for the purpose of computing perks? Please provide details of cost heads covered for computation purpose.

Ans. NHPC have to develop bare minimum facilities for basic education and primary health in the remotely located project areas. These facilities are very basic in nature and are also as a part of social responsibility and widely used by the locals. So monetization of these primary amenities is not justified.

1. Please let us know if any ESOP related scheme exists in your organization

Ans. No, NHPC Ltd has not implemented the system of distributing of certain percentage of PRP as ESOP

1. Please let us know your views on Superannuation Benefits provided by PSE organizations? Is the quantum adequate to cover for employee requirements post retirement?

Ans. Present superannuation benefit provided by PSE organization is a good step but there is need of modification. 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 the employees.

1. What do you think about the ceiling on Gratuity (if any)?

Ans. There should not be any ceiling

### Annual Increments

1. Most of the private organizations provide an annual salary increment to employees which are in the range of 8-12% (as per Aon Hewitt’s Salary Increases) whereas PSEs provide an annual increment of 3% to all the employees followed by increase in DA numbers to offset inflation. Please let us know your view point on the above practice.

Ans. In PSUs which is governed by Govt. guidelines, it would be preferable to stick to percentage increment with increase in DA in line with Govt. Employees as it provides an immunity to rising inflation to PSU employees whose pay and perks are governed and controlled by Government.

1. Second Pay Revision also provided for implementation of Stagnation Increment in PSE organizations for employees reaching maximum end of pay scales. Please let us know how this guideline was implemented? Also, please elaborate on challenges faced in implementing Stagnation Increments

Ans. Increment should be continued every year/annually after attaining stagnation without any limit to the maximum number of increments to keep the employee constantly motivated.

1. Please let us know your views on the increments not being linked to the following:
   1. Performance
   2. Promotion

Ans. To demarcate the Annual Increment from the Promotion, which is a stage of elevation for , shouldering more responsibility, on promotion the Executive should be entitled to minimum of three increments. Exemplary performance should also be encouraged by increment.

1. What do you think should be the increment on promotion in case of PSEs?

Ans. On promotion the Executive should be entitled to minimum of three increments.

### Performance Appraisal

1. How has bell curve been implemented in your organization? Please let us know your views or challenges (if any)

Ans. In the recent years, the Bell Curve approach is being abandoned by many MNCs, both in India and abroad, being a method of forced ranking system which cannot evaluate the true performance of the professionals. Further, organizations where team performance plays vital role, this type of curve have real limitations.

Continuous evaluation throughout the year should be done to ascertain the performance of the employees.

### Performance Related Pay

1. Second pay Revision also called for implementation of Performance Related Pay in order to reward employees based on individual performance and organization performance. Please let us know how PRP has helped drive a performance oriented culture in the organization

PRP is motivating the employees as the profit percentage are shared and has succeeded in keeping the performance of the company on higher side to achieve higher returns. This is a good tool for talent retention.

1. The PRP pool was calculated on the basis of 3% of current and 2% of increment profit. Please let us know your critical views on the same

Ans. PRP should only be linked with total profit of the company i.e. minimum 10% of the PBT be considered.

1. Please provide information with total fund distributed with regard to PRP



|  |  |
| --- | --- |
| **Year** | **Fund Distributable (%)** |
| 2008-09 |  |
| 2009-10 |  |
| 2010-11 |  |
| 2011-12 |  |
| 2012-13 |  |
| 2014-15 |  |
| 2015-16 |  |

1. Most of the private sector organizations are using “Total Rewards” as an employee value proposition to attract and retain employee. How would you rate competitiveness of the “Total Rewards” in CPSE vis-à-vis private sector? Please provide your responses as per the management cadre

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Management Levels** | **Much better than private sector** | **Better than private sector** | **At par with private sector** | **Below par with private sector** |
| Top Management |  |  |  |  |
| Senior Management |  |  |  |  |
| Middle Management |  |  |  |  |
| Junior Management |  |  |  |  |
| Staff (Non-unionized supervisors) |  |  |  |  |

*Please mark (X) in the applicable cell*

### Pay Governance

1. In the present scenario, what do you think should be the role of government with respect to wage policies in PSEs

Ans. Considering the basic purpose of creating Public Sector Undertakings i.e to play a role model to Private enterprises for Goal achievement with due consideration to the welfare of employees and the Society, the Government has to play a key role with reference to wage policies.

Seeing the Government framework and guidelines within which CPSEs have to work, Government has a vital role in deciding the wages which are comparative to the best players in the industry so as to retain its employees and have an edge over the Private.

1. Please let us know how the fitment of employee takes places in case lateral hires? Do you face any issue in managing fitment of employees?

Ans. Pay Scales should be 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.

1. Do you think that there should be any uniformity of pay scales and perks among CPSEs? If no, do you think it would lead to unhealthy competition among different categories of CPSEs.

Ans. Since the responsibilities shared by the executives at various levels in different CPSEs are similar, parity in pay and perks needs to be maintained across various CPSEs

Distinction in pay scales will create discontent and race of migration amongst employees from one CPSE to other for higher stature and it would be difficult for CPSEs in attracting and retaining the talent / manpower.

1. Do you think that CPSEs should be given more flexibility and autonomy to decide the pay scalesof employees? If yes, please provide reasons thereof.

Ans. Flexibility should be given to CPSE for finalization of cafeteria ceilings.

1. 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?

Ans. The creation of Maharatna, Navratnas, Mini Ratnas etc. was basically for granting greater autonomy to the board of CPSEs and has no distinction vis-à-vis pay scales as these are mere adjectives/ adjuncts as far as pay scale is concerned. Since the responsibilities shared by the executives at various levels in different CPSEs are similar, parity in pay and perks needs to be maintained across various CPSEs

Distinction in pay scales on the basis of Maharatna, Nav Ratna and Mini Ratna status will create discontent and race of migration amongst employees from one CPSE to other for higher stature and it would be difficult for CPSEs in attracting and retaining the talent / manpower.

1. Is the present system of classifying the CPSEs on the basis of Schedule i.e. ‘A’, ‘B’, ‘C’, and ‘D’ is satisfactory? If no. please suggest any alternative mechanism

Ans. a) It is felt that the present system of classifying the CPSEs on the basis of Schedule i.e. ‘A’, ‘B’, ‘C’ and ‘D’ is satisfactory, hence no need for reclassification is felt at present.

(b)The present system of uniformity of pay scales amongst Schedule ‘A’, ‘B’, ‘C’ and ‘D’ CPSEs is appropriate, and no change thereon is proposed.

1. What in your opinion should be the frequency of Pay Revisions for executives?

Annual

Once in 3 Years

✓

Once in 5 Years

Once in 10 Years

Any Other (Please specify)

*Please mark (X) in the applicable box*

1. What in your opinion should be the ratio of CEO pay to that of an entry level executive in your organization?

Ans. The ratio of CEO pay to the entry level executive should be 1:7

1. What do you think should be the policy of pay revisions in Sick/BIFR organizations?

Ans. No comments to offer.