

GOVERNMENT OF INDIA
MINISTRY OF STEEL

RAJYA SABHA
UNSTARRED QUESTION NO.311
FOR ANSWER ON 12/12/2018

RELAXATION OF AFFORDABILITY CLAUSE FOR STEEL PSUs

311. SHRI SANJAY SINGH:

Will the Minister of STEEL be pleased to state:

- (a) whether SAIL was in profit from 2003-04 to 2014-15, but loss during 2015-16 deprived it from Pay revision for next ten years w.e.f. 01.01.17 due to limitations in affordability clause of DPE OM dated 3rd August, 2017;
- (b) if so, whether Ministry has requested DPE to relax affordability clause for steel PSUs, to the extent of considering best three of previous five years, because loss is due to cyclic nature of steel industry, affected by policies of global players;
- (c) whether, DPE has allowed Ministry to seek cabinet approval for affordability clause relaxation; and
- (d) whether Ministry has initiated actions for cabinet approval?

ANSWER

THE MINISTER OF STATE FOR STEEL

(SHRI VISHNU DEO SAI)

(a) Yes, Sir. Steel Authority of India Limited (SAIL) was in profit from 2003-04 till 2014-15 and incurred loss during 2015-16. As per Clause 3 of the DPE guidelines dated 3.8.2017, for implementation of revised pay package for Board level executives, below Board level executives and Non-Unionised Supervisors, the additional financial impact in the year of implementing should not be more than 20% of the average Profit Before Tax (PBT) of the last three financial years preceding the year of implementation. DPE guidelines further provides that no fitment or any other benefit of pay revision will be implemented in the CPSEs where the additional financial impact of the revised pay package is more than 40% of the average PBT of last 3 financial years. The average PBT of the last three financial years i.e. financial years 2014-15, 2015-16 and 2016-17 was negative in case of SAIL. Accordingly, salary revision in case of Executives of SAIL could not be implemented.

(b)&(c): In response to request from Ministry of Steel, DPE have clarified that no proposal for modification in 'affordability' criteria is under consideration. DPE has issued guidelines for 2017 pay revision which, inter-alia, includes an affordability clause, based on the recommendations of Committee of Secretaries (CoS) on the report of 3rd Pay Revision Committee (PRC).

(d) No such proposal has been initiated.
