OIL & NATURAL GAS COMMISSION (B.O.P.) KARMACHARI SANGHATANA

AFFILIATED TO - PETROLIUM & GAS WORKERS' FEDERATION OF INDIA

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REF. : ONGC/KS/228/20 DATE : 10/03/2015

o/c

To,
The Hon. Minister of Heavy Industries & Public Enterprize,
Govt. of India,
New Delhi.

The Hon. Minister of Petroleum & Natural Gas,
Govt. of India,
New Delhi.

OFFICE OF THE M (HI & PE) RECEIVED 18 MAR 2015

Subject : Denial of 40% PRP payment to ONGC employees with the contention that "non existence of incremental profit" for the year 2013.

Respected

PRP (Performance Related Pay) payment of ONGC employees was dramatically reduced citing reasons that cannot in any manner be attributed to under-performance of employees. The organization achieved all its targets and thereby its employees were more than eligible for full payment of **PRP**. However the same was denied citing grounds that the incremental profits of ONGC were non-existent as agreed upon for **PRP** payment at the time of wage revision.

The **PRP** has two components which are in the 60-40 ratio. While 60% is payable for personal performance, another 40% is payable for organizational performance and the **PRP** itself is funded by the incremental profits that arise from operations during the year.

The payment of **PRP** in 2013 was restricted to 60% only and the balance denied despite the existence of incremental profits in ONGC kitty. The computation made in arriving that no incremental profits existed was inherently flawed and was an unfortunate denial of a well earned **PRP** by the toiling employees of the company. The contention that no incremental profits existed arose from the massive subsidy bill that was imposed on ONGC by the Union Government based on a formula that was decided after the end of financial year.

The subsidy burden shared by the National Oil companies is not a defined policy document, but an annual exercise that considers the fiscal deficits that need to be narrowed by the Union government including the price increases that were not passed on to end users. India has one of the world's most complex subsidy sharing formula which changes very frequently and has no permanent formula apart from the final quantum not being predictive, even after the closure of the financial year. The formula depends on the quantum of oil prices increase in international markets that the government of the day is willing to pass on to the customers depending on the ongoing political play and atmosphere prevalent in the country.

In the last twelve months of the UPA government in the run up to the Lok Sabha elections in 2014, the then government which was wary of its fast plummeting popularity coupled with ever increasing inflationary pressures, did not pass on the burden of oil price to the end users. Instead of passing on the price increase to the end users, the same was loaded as subsidy burden on the upstream hydrocarbon companies. **ONGC as an upstream company had to bear Rs 57000 crores which in turn left its incremental profits wiped out in its entirety,** despite an outstanding performance. The subsidy burden was decided after the close of the financial year and was very much on the higher side due to the government hesitation to pass on the burden to the end users. This unusually high burden stripped not only ONGC of its annual incremental profits, but also its employees of their 40% **Performance related pay** that they were eligible on account of organizational performance.

While it is the prerogative of the Union Government of India to fix the subsidy burden taking in to account all economic factors and necessities that dictate the quantum of subsidy burden, it is grossly unfair to deny employees their hard earned **PRP**. The government can load the companies to bear the burden, but in this case the employees of ONGC have been wrongly loaded with the subsidy burden of the nation. Our repeated pleading with the ministry have not been acceded to till date and hence the employees feel deprived and betrayed for the unjust manner in which their due **PRP** has been seized or rather denied.