

CHAPTER IV: MINISTRY OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES

Bharat Heavy Electricals Limited

4.1 Undue benefit to employees towards Late Night Snacks Allowance

Bharat Heavy Electricals Limited extended undue benefit to its employees towards payment of Late Night Snacks Allowance to the tune of ₹16.69 crore, in violation of the guidelines of DPE as well as its own Personnel Policy.

The Department of Public Enterprises (DPE) issued (November 2008) guidelines on revision of scales of pay of the Board level and below Board level executives and non-unionised supervisors in Central Public Sector Enterprises (CPSEs) effective from 1 January 2007. DPE also issued (November 2006 and May 2008) guidelines for revision of wages and allowances of the unionised workers of CPSEs as per wage negotiations with the Managements with effect from 1 January 2007.

As per the DPE guidelines of November 2008, the Board of Directors of CPSEs would decide on the allowances and perks admissible to different categories of the employees subject to a maximum ceiling of 50 *per cent* of the basic pay. Instead of having a fixed set of allowances, the CPSEs could follow 'Cafeteria Approach' allowing the employees to choose from a set of perks and allowances. The guidelines further stipulated that infrastructure facilities created by CPSEs like hospitals, colleges, clubs, etc. should be monetised for the purpose of computing the perks and allowances. Further, only four types of allowances were kept outside the ceiling of 50 *per cent* of basic pay, *viz.* North-east Allowance, Allowance for underground mines, Special allowance for serving in difficult and far flung areas, and Non-practicing allowance. DPE further clarified (June 2012 and June 2013) that no other allowance/benefit/perks is admissible outside the prescribed ceiling.

Based on the DPE guidelines, Bharat Heavy Electricals Limited (BHEL) issued (February 2010) orders for revision in pay and allowances of executives, non-unionised supervisors and regular workmen of BHEL with effect from 1 January 2007. These circulars provided, *inter alia*, that the employees were entitled to Late Night Snack Allowance (LNSA) at the rate of ₹100 per night per employee for shifts extending beyond midnight. Accordingly, the Personnel Policy of BHEL also stated that LNSA would be payable to all employees who work in night shifts extending beyond midnight at the rate of ₹100 per night with effect from 1 January 2010 for a period of five years *i.e.* upto 31 December 2014. The rate of LNSA was raised (October 2015) to ₹175 per night with effect from 1 January 2015.

Audit observed that LNSA was kept outside the ceiling of 50 *per cent* of basic pay as stipulated in the DPE guidelines of November 2008, applicable to the executives and supervisors. Thus, the entire payment of LNSA made to the executives and supervisors was inadmissible. A review of the records pertaining to the period from 2014-15 to 2017-18 in Heavy Power Equipment Plant (HPEP) unit of BHEL at Hyderabad revealed that the unit paid an amount of ₹3.72 crore (**Annexure-II**) to its executives and

supervisors on account of LNSA in contravention of DPE guidelines. In case of workmen, the rate of payment of LNSA had been arrived at through negotiations. Accordingly, LNSA was to be paid as per the provisions of Personnel Policy which provided that it would be payable to employees who worked in night shifts extending beyond midnight. BHEL started operating third shift (i.e. from 11 pm to 7 am on the next day) from 1 September 2014 in the identified work centers of various production blocks on need basis. Audit observed that during September 2014 to March 2018, HPEP unit paid LNSA to the workers who were engaged in the second shift. This resulted in excess payment of ₹12.97 crore (**Annexure-II**).

The audit para pertains to BHEL-HPEP unit of Hyderabad only. The Management needs to work out similar excess payments made in other units of BHEL and take corrective action.

The Management/ Ministry stated (March/June 2018) that:

- (a) The intent behind introduction of LNSA was to provide monetary benefit to employees working during late nights for snacks/refreshments. The eligibility for LNSA and its consequential payment was always contingency-based, depending upon the type of shifts in which the employee is engaged.
- (b) The payment of LNSA to workers was outside the ambit of the DPE guidelines of November 2008 as the wage revision of workers had been carried out through negotiations with the Management.
- (c) The employees engaged in second shifts had been granted LNSA keeping in mind the time taken for commuting back home after duty.
- (d) The Unit had issued (April 2018) a circular communicating that LNSA would be paid to employees working in shifts extending beyond midnight only.

The reply of the Management/ Ministry is not acceptable in view of the following:

- (a) DPE had clarified (June 2012 and June 2013) that no other allowance/ benefit/ perks is admissible outside the prescribed ceiling of 50 *per cent* of basic pay in case of executives and supervisors. The payment of LNSA to executives and supervisors was an additional benefit granted over and above the ceiling of 50 *per cent* of basic pay and hence was inadmissible.
- (b) Grant of LNSA to workers engaged in the second shift was in contravention to the provisions of Company's Personnel Policy, based on the wage negotiations. Accordingly LNSA was to be paid to only those workers who worked in shifts extending beyond midnight (i.e. third shift).
- (c) The corrective action has been taken (April 2018) only by HPEP unit of BHEL, and in respect of workers only. The corrective action needs to be taken by BHEL as a whole and in respect of all the category of employees.

Thus, BHEL extended undue benefit of ₹16.69 crore to its employees towards payment of LNSA to the tune, in violation of the guidelines of DPE as well as its own Personnel Policy.