

Office Memorandum issued by the Department of Public Enterprises (DPE) dated 2<sup>nd</sup> April, 2009 for neutralization upto 78.2% DA was already in operation. The Parties to the Tripartite Agreement conscious after negotiations agreed for 68.8% DA neutralisation. It was also decided that as and when the Management of the Plaintiff decides to apply 78.2% DA neutralisation, the same benefits shall be extended to both executives and non-executives of the Plaintiff.

3. The Unions/Associations of the Plaintiff are now demanding benefits of merger of 50% DA effectively amounting to 78.2% as on 1<sup>st</sup> January, 2007 citing that Department of Telecommunications has extended same benefits to BSNL. The Department of Telecommunications (DoT) while issuing the Presidential Directive of BSNL had ordered that BSNL has to bear the additional financial implications on account of revised fitment benefit for pay revision from its own resources and no budgetary support will be provided by the Department. This is in line with the DPE OM dated 2<sup>nd</sup> April, 2009, which states that the revision of pay scales of pay w.e.f. 01.01.2007 can be provided by Presidential Directive depending upon affordability, capacity to pay and sustainability of the concerned CPSE.

4. The DoT has already received a proposal from the Plaintiff by letters dated 4<sup>th</sup> March, 2016 and 15<sup>th</sup> December, 2016 requesting financial support from the DoT to extend benefit of merger of 50% DA effectively amounting to 78.2% neutralisation as on 1<sup>st</sup> January, 2007 to the employees of the Plaintiff.

5. The Plaintiff has mentioned in its proposal to the DoT that its financial position is not conducive to take burden of the increase and it will have adverse impact on its financial position. The Plaintiff has informed that the additional Burden will be about Rs. 1276 Crore for additional yearly expenditure and expenditure of payment of arrear w.e.f. 1<sup>st</sup> January, 2007.

