Record Note of Discussions held with Unions operating in ONGC, Mumbai regarding implementing the Fair Wage Policy for WOU, Mumbai (08.10.2015)

1.1 EC in its 415th Meeting held on 28th May 2012 approved roll out of the Fair Wage Policy (FWP) w.e.f 1.4.2012. First phase roll out to be effected in Gujarat and subsequently, in other states, except Mumbai and Uran. ONGC implemented the Fair Wage policy w.e.f. 01.04.2012 at onshore work centres.

1.2 Fair Wage Policy finalisation for WOU, Mumbai was deferred because of the prevailing MoU, which provided for higher wages in Mumbai, multiplicity of wage patterns in the MoU and requirement to initially roll out FWP at Onshore areas.

1.3 Historically, since 1991, ONGC Mumbai has seen Memorandum of Understanding (MoU) regarding wages and service conditions of contract workers deployed in WOU, Mumbai. The first such MoU was effective from Dec 1991, second was effective from April 1994 and the last MoU, which was signed in December 2000, was effective for the period 1.1.1998 to 31.12.2007. The contract workers deployed in WOU Mumbai are drawing wages, which can be broadly classified into MoU wages and Minimum wages. MoU wages are further sub-divided into two wage patterns i.e., MoU Consolidated and MoU Pay Scales. As a result, twelve separate wage levels exist as brought out below:-

   a. Minimum Wage Pattern (3): (i) Unskilled (ii) Semi – skilled (iii) Skilled
   b. MoU Consolidated Pattern (3): (i) Unskilled (ii) Semi – skilled (iii) Skilled
   c. MoU Pay Scale Pattern (6): Scales 1 to 6

1.4 The wage difference between minimum wage and MoU wage is very substantial i.e., MoU wages are almost double the minimum wages. Hence, this was a key issue to be addressed as a separate exercise in formulating Fair Wage Policy for Mumbai and Uran. Hazira Plant has already adopted the existing Fair Wage Policy for onshore locations in toto. In March 2013, a taskforce was constituted for examining and suggesting a Fair Wage Policy for Mumbai, Panvel and Uran. The complex situation prevailing in Mumbai related to wage patterns and the number of contract labour covered under the erstwhile MoU was required to be collated and analysed. The taskforce submitted its report to ED-Chief ER. Following
detailed analysis, the taskforce was advised to review its recommendations and submit an implementable report.

1.5 Meanwhile, EC in its 444th meeting held on 18th & 19th March 2014, approved release of interim relief of Rs.60000/- to be extended by the Contractors to all eligible contract workers deployed in WOU, Mumbai, Panvel and Uran Plant, except offshore going contract workers, irrespective of whether they were covered or not under any court case. The benefit of interim relief was subsequently extended to eligible contract workers deployed in material handling contracts operating at Nhava Supply Base. Payment was released by the Contractors to all contract workers who were on the rolls of the Contractors as on 1.4.2012 and continuing in service. This amount is to be adjusted from the arrears of the Fair Wages upon implementation at Mumbai.

1.6 A committee consisting of the following officers was constituted vide Office Order No. 25(5)/2007-IR dated 15th March, 2015 for the purpose of negotiating with the unions concerned at Mumbai and recommending the Fair Wage Policy (FWP) to be adopted in Offshore and Onshore Operations of ONGC in Mumbai, including Uran Plant. The committee functioned under the overall guidance of ED-Chief ER:-

S/Shri

i. R P Dubey GM(HR) – I/c HR-ER, RO, Mumbai
ii. M V Babu GM(F&A)- I/c Finance, Engg. Services, Mumbai
iii. Amarendra Sahu GM(HR) - Head ER, Dehradun
iv. Vijay Raj DGM (HR) – I/c Corp IR, Dehradun
v. Prerak J Desai CM (HR) – I/c IR, WOU, Mumbai – Convenor

1.7 The committee held intensive deliberations with the unions concerned on 6-7 May, 2015 at Mumbai. Broad features of the proposed policy were explained threadbare to the unions. In view of the multiple wage patterns prevailing at Mumbai, the committee proposed to consider separate treatment for the Minimum Wage category and the MoU category. The need for adopting a uniform fair wage policy across all work-centres of ONGC was impressed upon the unions. The unions requested to consider pay revision for the period from 01.01.2008 to 31.03.2012, prior to implementation of FWP from 1.4.2012. After detailed discussions, the unions offered certain suggestions and also sought time for reverting on the committee proposals.
1.8 Thereafter, the committee held three intensive rounds of deliberations with the unions concerned between 8th and 12th June, 2015, at Mumbai. As a result of these negotiations, all the issues were resolved and consensus reached. Following is the gist of discussions and points agreed upon by the Committee and all the unions:-

a. **Implementation of Fair Wage Policy in Mumbai w.e.f. 1.4.2012 at par with onshore work centres:-**

The Unions were demanding introduction of a fresh MoU from 1.1.2008, as the last was valid up to 31.12.2007. After discussions, it was agreed to adopt a uniform policy at all the work-centres of ONGC. Accordingly, Fair Wage policy shall be implemented with effect from 1.4.2012 and will remain valid up to 31.3.2017, in line with the Onshore Assets and Basins.

b. **Bunching of 12 wage patterns into 4 wage patterns on the basis of skill sets:-**

There existed 12 patterns of wages for the contract workers in WOU, Mumbai, in pursuance of the MoU that was signed in 1992, 1995 and 2000. With a view to adopt a uniform policy vis-à-vis onshore work-centres, it was agreed to bunch the wage patterns from existing 12 categories to 4 categories, based on skill sets viz. Unskilled, Semi-skilled, Skilled and Highly Skilled as per Annexure-I.

c. **Fair wage formula for the contract workers in Minimum Wage category at par with onshore work centres:-**

The unions agreed to accept the standard FWP formula implemented in Onshore areas offering 35% increase over the notified Minimum Wages, plus Rs.50/- per working day.

Wage rates for the Scheduled employment of “Construction & Maintenance of Roads & Buildings etc" applicable for Zone "A” would be the reference minimum wage. Half-yearly revision in D.A/Minimum wages as notified by GoI/State Govt, whichever is higher, from time to time, would be similarly revised by 35% and paid to the entitled workmen. Detailed formula is placed at Annexure-II.

d. **Formula for Fair Wage to be extended to contract workers drawing MoU wages:-**

The committee proposed the Fair Wages formula linked with minimum wages for the contract workers drawing MoU wages. The committee proposed three components
including Base Wages, Fixed Component and fixed HRA. Base wage shall be arrived at as per the formula of Fair Wage for Minimum Wage category as brought out at para c above. Fixed component shall be the sum total of the following:

(i) Pre-revised (Base Wages + VDA) less reference minimum wages as on 01.04.2012.

(ii) Consolidated Allowance of Rs.1000.00 or Rs.700.00 as applicable

A fixed HRA based on skill levels would be applicable to those workmen drawing MoU wages. While the Base Wages may get revised every six months, due to DA increase/decrease, the Consolidated Allowance and HRA shall remain fixed during the period of settlement

The unions accepted the above formula linked with MW for deriving Fair Wages for the contract labour drawing MoU wages. Detailed formula is placed at Annexure III. The calculations shall be done on actual wages drawn as on 01.04.2012.

e. Consolidated allowance:-

The contract workers drawing MoU Consolidated wages were drawing a consolidated allowance of Rs.675/- p.m. The unions were demanding to raise the Consolidated Allowance from Rs.675/- to Rs.2000/- per month. Similarly, the contract workers drawing MoU Pay Scale wages were drawing Port Allowance and Transport Subsidy amounting to Rs.480/- per month. The union operating in Nhava demanded an increase in the said allowances. After deliberations, the unions agreed for revision of the said allowances as follows:-

<table>
<thead>
<tr>
<th>Sl No</th>
<th>Erstwhile Category</th>
<th>Existing Amount</th>
<th>Revised Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>MOU – Consolidated</td>
<td>Rs.675/-</td>
<td>Rs.1000/-</td>
</tr>
<tr>
<td>2</td>
<td>MOU – Pay Scale</td>
<td>Rs.480/-</td>
<td>Rs.700/-</td>
</tr>
</tbody>
</table>

Consolidated Allowance shall remain fixed during the entire period of settlement.

f. HRA:-

The unions had demanded for HRA @ 30% of base wages. The committee proposed to merge HRA in fixed Component. The unions requested to retain HRA separately,
so as to enable the contract workers to claim tax benefit. After discussions, it was agreed to provide for varied fixed HRA in each of the four categories of wages as follows:

<table>
<thead>
<tr>
<th>Sl No.</th>
<th>Category</th>
<th>Fixed HRA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Fair Wage - Unskilled</td>
<td>Rs.2500/-</td>
</tr>
<tr>
<td>2</td>
<td>Fair Wage – Semi Skilled</td>
<td>Rs.3000/-</td>
</tr>
<tr>
<td>3</td>
<td>Fair Wage - Skilled</td>
<td>Rs.3500/-</td>
</tr>
<tr>
<td>4</td>
<td>Fair Wage – Highly Skilled</td>
<td>Rs.4000/-</td>
</tr>
</tbody>
</table>

House Rent Allowance shall remain fixed during the entire period of settlement. Amount of HRA shall not be taken into account for calculating EPF contributions, leave encashment and overtime.

g. Revision of Wages for the period from 1.1.2008 to 31.03.2012:-

During discussions, all the unions demanded revision of wages for the contract workers covered under the last MoU, which was effective from 1.1.1998 to 31.12.2007, prior to implementing Fair Wage Policy w.e.f. 1.4.2012. After prolonged deliberations, the Unions agreed for a lump sum amount equivalent to 20% of the actual gross wages drawn between 1.1.2008 and 31.3.2012. Only those contract workers who were covered under the erstwhile MoU from 01.01.1998 to 31.12.2007 shall be eligible for this benefit. Contract labour covered under the erstwhile MoU, deployed as on 31.12.2007 and separated thereafter, will be eligible for payment of arrears till the date of separation. The said lump-sum amount ranges from Rs.1.10 lakh to Rs.1.20 lakh for those drawing MoU consolidated pattern. This amount for MoU Pay scale pattern workers ranges from Rs.1.10 lakh to Rs.2.20 lakh. The lump-sum arrears benefit shall also be released to the contract workers by and through the existing contractors. ONGC will also defray the cost of statutory employer contribution of PF on these lumpsum arrears of wages in lieu of wage revision. Recovery and deposit of matching employee contribution of PF will be effected by the
existing Contractors. Such PF contribution shall be as per the EPF & MP Act, as amended from time to time.

h. Leave with wages:-
The unions had demanded to continue the benefit of 21 days leave with wages, as it was a part of the erstwhile MoU. The committee agreed to maintain the status quo for the contract workers who were drawing wages as per the last MOU. However, the contract workers in the Minimum wage category shall be allowed 18 days of leave with wages only, as per statute.

i. Withdrawal of Court Cases:-
The Unions agreed to withdraw all court cases filed against ONGC before CGIT, Labour Court, High Court and Supreme Court as a necessary pre-condition for implementation of Fair Wage policy in Mumbai w.e.f. 1.4.2012. Such withdrawal shall be done with the consent of the individual contract workers. All payments, including lump-sum for the period from 01.01.2008 to 31.03.2012 and arrears from 01.04.2012 onwards, shall be released only after submission of orders issued by the Tribunal/Court as proof of having deleted the name from the ongoing litigation or closure/withdrawal of case.

j. Job Security:-
In the spirit of the interim orders of the CGIT, Mumbai/ High Court of Bombay to maintain status quo and not disturb the conditions of engagement of the existing contract labour, the Contractors performing jobs or providing services to ONGC will continue to engage the existing contract labour, till such time as the requirement for the job/service exists in ONGC. As per the existing practice, the list of contract labour will be provided to protect them from discontinuity in employment by their contractor. However, the contractor can terminate the services of the contract workers on the following grounds:-

(i) after attaining the age of superannuation i.e. sixty years,
(ii) He is unfit to work and can be removed on health ground after proper medical check-up and after payment of statutory dues
(iii) on disciplinary ground after conducting proper enquiry as per procedure/law following the principle of natural justice
(iv) he has abandoned the job on his own or remains absent for a long time, disciplinary grounds by following the proper procedure,
(v) There is reduction in the activities of the company/closure of establishment

k. Social Security and Social Welfare Measures:-

(i) EPF contribution @12% - (Employer contribution) on the arrears from 01.04.2012 to 31.08.2014 on a ceiling of Rs.6500/- p.m. and from 01.09.2014 onwards on a ceiling of Rs.15000/- per month, as per statute.

(ii) ESI contribution @ 4.75 % for wage limit up to Rs.15000/- p.m. in all contracts from the date of roll out of Fair Wage Policy. No contribution on arrears shall be payable as per the Act.

(iii) Contractors shall obtain insurance cover for liability under the Employee’s Compensation Act, 1923 in respect of all contract workers drawing wages beyond Rs.15000/- or are otherwise outside the ESI cover.

(iv) Minimum Bonus of 8.33%, as per the wage ceiling for calculation provided under the Payment of Bonus Act, to be extended to the contract workers, even if their wages drawn exceed the ceiling limit of Rs.10,000/- p.m. for coverage under the Act.

(v) Group Insurance Policy for Rs.5.00 Lakh cover and an additional accidental insurance cover for Rs.5.00 Lakh for accidental death through the GICs, as it is decided and implemented in Onshore areas.

(vi) Mediclaim Policy (family floater) for the contract workers who are outside the ESI cover, as may be decided and implemented in Onshore areas.

(vii) Group Gratuity insurance cover through LIC to be obtained by the Contractor and transferred to the succeeding Contractor on completion of the contract period. It was also explained that the minimum group size of 10 is prescribed by LIC, as also other insurance companies for coverage under the Group Gratuity Scheme. Subject to the availability of the group size, the Contractor will be required to obtain the policy cover. After discussion, it was also agreed that where the group size is less than 10, the contractor may pay an amount equivalent to the gratuity liability directly to the contract workers on
completion of the contract. Proof of payment will be deposited with the Principal Employer.

(viii) All the insurance covers will be obtained by the respective Contractors and premium cost shall be defrayed in the contract by ONGC. Administration of the insurance policies shall be diligently ensured by the Contractors through the insurance companies.

(ix) The policy cover will be subject to fulfilment of eligibility conditions of the insurance companies, including group size.

I. Other Features

(i) The contractor shall provide requisite items of kits & liveries, including safety items, to the contract workers for execution of the job

(ii) The identity card issued by the contractor to the contract workers shall include date of birth. Universal Account Number of the contract worker, wherever available, should also be displayed in identity card.

m. Issue Related to Model Service Agreement:-

ONGC, Mumbai introduced Model Service Agreement (MSA) from 2010-11 onwards for Facility Management Contracts. As a result of misinterpretation and partial implementation of the explanation on wage parity, some contract workers who were drawing minimum wages started drawing MoU wages, simply because they were deployed along with contract workers who were covered by status quo orders. This is a complex issue, which has led to intra and inter-contract problems. The Unions have demanded correction of such aberrations before the implementation of the Fair Wage Policy, as otherwise the aberrations are bound to get compounded. Compilation of precise data of all such aberrations has been completed. It is agreed that Fair Wage Policy shall not be implemented in respect of MSA covered contract workers at present and shall be dealt separately

n. Eligible Contract Workers:-

All the existing contract labour deployed as on 31.12.2007, covered under the erstwhile MoU valid up to that date, and still deployed as on 1.4.2012, shall be
covered under the new dispensation, including for payment of arrears for the period w.e.f 1.1.2008 till date of implementation.

All contract labour who were deployed as on 31.12.2007, covered under the erstwhile MoU and who separated thereafter, will be covered for payment of benefit by the Contractors as arrears, till the date of separation under the new dispensation.

In case of death of contract labour, the benefits arising out of Fair Wage Policy shall be paid to the nominee/legal heir/dependant, subject to fulfilment of requisite formalities.

All the contract labour deployed as on 1.4.2012 and drawing minimum wages, who are continuing in deployment as on date shall be covered under the FWP.

Payment for the past period for which contracts have since expired shall be released through existing contractor.

**o. Coverage under Fair Wage Policy:-**

Fair Wage Policy shall be applicable in following types of contracts:-

- Job contracts for housekeeping/environment management/cleaning of office and colony /maintenance of gardens and lawns etc.
- Contract for providing security /patrolling and surveillance services.
- Contract for running and maintenance of Guest House /Transit Accommodation/Office Canteen.
- Job /Service contracts for providing various services at office /field locations/colonies.
- Single Facility Management contracts.
- Material Handling contracts operating in Nhava.

However, Fair Wage Policy shall not be applicable to following types of contracts:-

- Lumpsum Turnkey contracts
➢ O&M or AMC through OEM/OES

Separate dispensation in respect of petty job contracts/intermittent and seasonal contracts has been issued in respect of Onshore areas. The same shall also be implemented in WOU, Mumbai and Uran. Similarly, the implementation in Logistics contracts is also under consideration and separate dispensation will be issued shortly.

p. Recovery of Interim Relief:-

Interim Relief of Rs. 60,000/- as brought out at Para 1.5 above shall be recovered from the amount of arrears payable to the contract workers under the Fair Wage Policy.

q. Settlements regarding Fair Wage Policy:-

The unions shall enter into Memorandum of Settlement (MoS) with the Contractors under Section 12 (3) of the Industrial Disputes Act, 1947 in the pending conciliation proceedings before the Labour Authorities. ONGC shall witness the same as Principal Employer. All arrears on account of the implementation of Fair Wage Policy will be released by the Contractors, which shall be defrayed by ONGC by modification/amendment of the existing contracts.

r. Validity of the Settlement:-

The period of settlement shall be valid from 01.04.2012 to 31.03.2017. In terms of Sec.19 of the Industrial Disputes Act, 1947, benefits of this settlement shall continue to flow even after its expiry till replaced by a new settlement.