

CHAPTER IV

WAGE POLICIES & RELATED MATTERS

(a) Wage Policy/Pay Revision/HPPC Recommendations

**4. DPE/Guidelines/IV(a)/4
Wage Policy for the 5th round of wage negotiations in Public Sector Enterprises.**

The wage negotiations for the 5th round of wage settlements had been banned, vide Department of Public Enterprises D.O. No. 2(3)/91-DPE(WC), dated 17th October, 1991. The Government has since decided to withdraw the ban for the 5th round of wage negotiations. The Managements of Public Sector Enterprises may commence their wage negotiations with the Trade Unions/Associations.

2. Under the new wage policy, the Managements are free to negotiate the wage structure keeping in view and consistent with the generation of resources/profits by the individual enterprises/units. The Government will not provide any budgetary support for the wage increases and the respective managements will have to find the requisite resources from within their own internal generation. For certain PSEs which are monopolies or near monopolies or having an administered price structure, it must be ensured that increase in wages after negotiations do not result in an automatic increase in administered prices of their goods and services.

3. It has also been decided that the period of wage settlements shall be for 5 years and the revisions shall be subject to the condition that there shall be no increase in labour cost per unit of output.

4. The IDA scheme will continue and the present rate of neutralisation under the IDA scheme would constitute one of the elements of the future wage settlements.

5. The wage settlements should be negotiated by the PSEs in accordance with the above parameters. The administrative Ministries/Departments are requested to issue suitable instructions to the public sector enterprises under their administrative control on the above lines under intimation to this Department.

(DPE O.M. No. 1(3)/86-DPE(WC) dated 12th April, 1993)

(Guidelines clarifying above OM on same subject is reproduced below.)

No.1(3)/86-DPE(WC) Dated: 17th January, 1994

The undersigned is directed to refer to this Department's OM of even number dated 12.4.1993 indicating the parameters under the new wage Policy on the basis of which the managements of PSEs may commence their wage negotiations with the Trade Unions. It was stated in para 3 of the said OM that the revisions shall be subject to the condition that there shall be no increase in labour cost per unit of output. There was some confusion in regard to this concept and DPE had received representations in this regard. In order to avoid prevailing confusion, it is further clarified that the cost of labour per unit refers to the physical unit and not to a unit in financial terms.

2. DPE is also getting a number of representations asking whether in view of the parameters spelt out in OM dated 12.4.1993, the Wage Settlements concluded by the management with their workers union are to be referred to the administrative Ministries/DPE for approval. It is further clarified that the PSEs have been delegated full autonomy to conclude the long term wage settlements with their workers union in accordance with the parameters spelt out in the said OM and such agreements do not require the approval of the administrative Ministries/Departments or concurrence of DPE.

3. In case of special difficulties being faced by PSEs in conducting wage negotiations in accordance with the parameters spelt out in OM dated 12.4.1993 and the clarifications issued vide para 1 above, the matter may be examined for special dispensation. This has to be done on case to case basis by the administrative Ministries in

consultation with the DPE. Such instances are expected to be rather rare in any case.

4. The administrative Ministries/Departments are requested to issue instructions as per these clarifications to the Public Sector Enterprises under their administrative control under intimation to this Department.