

CHAPTER IV **WAGE POLICIES & RELATED MATTERS**

(a) Wage Policy/Pay Revision/HPPC Recommendations

**17. DPE/Guidelines/IV(a)/17
Wage negotiations for workers in Central Public Sector Enterprises in respect of those CPSEs, which have opted for five year wage negotiation w.e.f 1.1.97.**

The undersigned is directed to refer to DPE's OMs of even number dated 14.1.99 and 26.7.2000 on the above subject and to say that the parameters/criteria for sixth round of wage negotiation for the workers of those Central Public Sector Enterprises who had opted for a five year periodicity on wage negotiation on a general basis w.e.f 1.1.97 has been engaging the attention of the Government.

2. It has been decided by the Government that the wage negotiation for workers of such Central Public Sector Enterprises, who had opted for five year wage negotiation during the sixth round will be entitled for another five year wage negotiation. The wage negotiation may be commenced by the managements of the enterprises subject to the following conditions:-

i. The management of the PSEs would be free to negotiate the wage structure for the employees not covered by the report of Justice Mohan Committee in respect of pay revision in CPSEs, keeping in view and consistent with the generation of resources/ profits by the concerned enterprises.

ii. No budgetary support for the wage increase shall be provided by the Government.

iii. For PSEs which are monopolies or near monopolies or operate under an administered price mechanism, it must be ensured that any increase in wages after negotiations does not result in increase in administered prices of their goods and services.

iv. The wage revision shall be subject to the condition that there shall be no increase in labour cost per physical unit of output. There may be exceptions where units were already working at optimum capacity considering industry wide norms. In such cases the administrative Department may consult DPE.

v. As regards sick units registered with BIFR, until BIFR approves revival plan of such enterprises in which provisions have been made for additional expenditure on account of pay revision, no revision of pay would be allowed to the workers of such enterprises.

vi. The workers drawing basic pay upto Rs.6550/- per month shall be entitled for neutralization of DA at 100% of basic pay and those drawing basic pay beyond Rs.6550/- per month shall be entitled for 75% neutralization of DA. The amount of DA drawn upto the basic pay of Rs.6550/- would be protected in the subsequent stages of basic pay in case the amount of DA calculated on the basis of 75% neutralization is less than what was drawn at the basic pay of Rs.6550/-.

vii. The management have to ensure that negotiated scales of pay would not come in conflict with the existing scales of pay of executives/ officers and non-unionized supervisors.

viii. The validity period of wage settlement would be for five years w.e.f 1.1.2002. The workers of the Central PSEs who have opted for five-year periodicity of wage negotiation w.e.f 1.1.97 will necessarily go in for negotiation for another 5 year periodicity (from 1.1.2002 to 31.12.2006) and not for 10 years.

ix. The Public Enterprises should implement negotiated wages after confirming to their administrative Ministry and the Department of Public Enterprises that the revision is within these approved parameters.

3. All the administrative Ministries/ Departments are requested to issue suitable instructions to the public sector enterprises under their administrative control in the light of the above decision of the Government under intimation to this Department.

(DPE O.M. No.2/11/96-DPE (WC)-GL-I dated 11th February, 2004)
