

CHAPTER IV **WAGE POLICIES & RELATED MATTERS**

(a) Wage Policy/Pay Revision/HPPC Recommendations

**19. DPE/Guidelines/IV(a)/19
Policy for the 7th Round of Wage Negotiations for unionized workers in Central Public Sector Enterprises w.e.f. 1.1.2007.**

The undersigned is directed to convey the decision of the Government that the next round of wage negotiations (which falls due on a general basis from 1.1.2007) with the workers of Central Public Sector Enterprises (CPSE) may be undertaken by the Managements of the Enterprises with the Trade Unions/Associations.

2. The wage negotiation and finalization will be subject to the following conditions:-

(i) The managements of the CPSEs would be free to negotiate the wage structure, for the unionised workmen keeping in view and consistent with the generation of the resources/ profits by the concerned enterprises.

(ii) No budgetary support for the wage increase shall be provided by the Government under any circumstance. The resources for meeting the increased obligation for implementation of wage revision must be internally generated and must come from improved performance in terms of productivity and profitability and not from Government subvention.

(iii) For CPSEs which are monopolies / near monopolies or operate under an administered price structure, it must be ensured that any increase in wages after negotiation does not result in increase in the administered prices of their goods and services.

(iv) The validity period of wage settlement would be for ten years with 100% DA neutralization w.e.f. 1.1.2007. The revision shall be subject to the condition that there shall be no increase in labour cost per physical unit of output. There may be rare exceptions, where units would already be working at optimum capacity considering industry-wide norms. In such cases the administrative Department may consult this Department.

(v) As regards sick CPSEs registered with Board for Industrial and Financial Reconstruction (BIFR), until BIFR approves the revival plan for such enterprise in which provision has been made for additional expenditure on account of wage revision, no revision of wage would be allowed to the employees of such CPSEs.

(vi) In case of sick/incipient sick CPSEs referred to Board for Reconstruction of Public Sector Enterprises (BRPSE), the wage revision would be considered on the basis of final decision on the recommendations of BRPSE.

(vii) CPSEs which incurred net loss during any of the three financial years preceding the proposed wage negotiation, but not referred to BIFR/BRPSE may also be allowed to enter into wage negotiation, provided they give an estimate to their administrative Ministry/Department as to how

resources would be generated by them to meet the extra expenditure arising out of implementation of wage revision.

(viii) The CPSEs may implement the negotiated wages after confirming to their administrative Ministry and the Department of Public Enterprises that the revisions are within these approved parameters, and that it has been ensured that such negotiated wages would not come in conflict with the pay revision of officers and non-unionized supervisors of the respective CPSEs.

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

(DPE OM No.2(7)/2006-DPE(WC)–GL-XIV dated 9th November, 2006)
