

OFFICE MEMORANDUM

Subject :- Policy for the 7th Round (2nd part) of Wage Negotiations for unionized workers in Central Public Sector Enterprises w.e.f. 01.01.2012.

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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 01.01.2012) with the workers of Central Public Sector Enterprises (CPSE) may be undertaken by the Management of the Enterprises with the Trade Unions/Associations.

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

(i) Management of the CPSEs would be free to negotiate the wage revision of workmen where the periodicity of wage settlement of five years has expired generally on 31.12.2011, keeping in view the affordability and financial sustainability of any such wage revision of the CPSEs concerned.

(ii) No budgetary support for any wage increase shall be provided by the Government. The entire burden would be borne by the respective CPSEs from their internal resources.

(iii) To avoid conflict of pay scales of executives/non-unionized supervisors with that of their workmen, CPSEs may consider adoption of graded DA neutralization and/or graded fitment during the wage negotiations.

(iv) The management of the CPSEs concerned 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 of respective CPSEs.

(v) CPSEs must ensure that any increase in wages after negotiations does not result in increase in administered prices of their goods and services.

(vi) The wage revision shall be subject to the condition that there shall be no increase in labour cost per physical unit of output. In exceptional cases where CPSEs are already working at optimum capacity considering industry norms, the administrative Ministry/Department concerned may consult DPE.

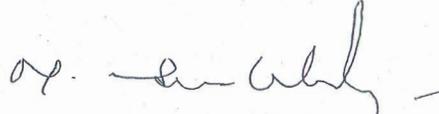
(vii) As regards sick CPSEs registered with BIFR/BRPSE, no revision of wage would be allowed to the workmen of such CPSEs until the provision for additional expenditure on account of such wage revision is approved by BIFR/BRPSE in the revival plan of such CPSEs.

(viii) The validity period of wage settlement would be for a minimum period of five years w.e.f. 01.01.2012. The workmen of only those CPSEs who have opted for five year periodicity of wage negotiations w.e.f. 01.01.2007 may go for another wage negotiation of a minimum five year periodicity (generally from 01.01.2012).

(ix) The CPSEs would implement the negotiated wages after confirming to their administrative Ministry/Department that the wage settlement is in conformity with the approved parameters.

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


(M. Subbarayan)
Director

To

All the administrative Ministries/Departments of the Government of India.

Copy to:-

1. Chief Executives of Central Public Sector Enterprises.
2. Financial Advisers in the Administrative Ministries.
3. The Comptroller & Auditor General of India, 9, Deen Dayal Upadhayay Marg, New Delhi.
4. Department of Expenditure, E-II Branch, North Block, New Delhi.
5. NIC, DPE with the request to upload this OM on to the DPE website. (a)