

## **CHAPTER IV**

### **WAGE POLICIES & RELATED MATTERS**

#### **(a) Wage Policy/Pay Revision/HPPC Recommendations**

#### **18. Merger of 50% of Dearness Allowance with basic pay to the employees of Central Public Sector Enterprises (CPSEs) following CDA pattern pay scales covered under High Power Pay Committee (HPPC) recommendations.**

Consequent to the issue of Office Memorandum dated 1.3.2004 by the Department of Expenditure, Ministry of Finance on Merger of 50% of Dearness Allowance/Dearness Relief with basic pay to the Central Government employees with effect from 1.4.2004 and in continuation of DPE OM No.2(42)/97-DPE(WC) dated 7.4.2005, the Government have now decided as follows:

(i) With effect from 1.4.2004, portion of DA equal to 50% of the existing basic pay in respect of employees in CPSEs following CDA pattern of pay scales shall be merged with the basic pay of the employees and shown distinctly as Dearness Pay (DP) which would be counted for purposes like payment of allowances, transfer grant, retirement benefits, contribution to GPF/CPF, Licence Fee, various advances etc.

(ii) The merger of DA equal to 50% of the existing basic pay as mentioned above shall be allowed to employees of those CPSEs that are not loss making and are in a position to absorb the additional expenditure on account of merger of DA with basic pay from their own resources of the CPSEs without any budgetary support from the Government and also to employees in the CDA pattern pay scales in Food Corporation of India.

(iii) The entitlements for LTC, TA/DA while on tour and transfer and accommodation shall, however, continue to be governed on the basic pay alone without taking into account Dearness Pay.

(iv) Portion of Dearness Allowance converted into Dearness Pay as above would be deducted from the existing rate of Dearness Allowance while computing quantum of Dearness Allowance.

2. All the administrative Ministries/Departments of the Government of India are requested to bring the foregoing to the notice of Central Public Sector Enterprises under their administrative control for their information and necessary action.

**(DPE O.M. No. 2(6)/2004-DPE(WC)-GL-VI dated 24th May, 2005)**

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