

CHAPTER V

MEMORANDUM OF UNDERSTANDING

4. DPE/Guidelines/V/4

Delegation of powers to Public Sector Undertakings signing Memorandum of Understanding with the Government

The undersigned is directed to refer to the Ministry of Industry, Deptt. of Public Enterprises' OM No.1(18)/88.Fin.PPU dated 19.10.1988, wherein the increased financial and administrative powers to MOU signing companies had been indicated. Paragraph 2 of the said OM refers.

2. Various developments have taken place since the issue of these instructions in October, 1988. The MOU system has become established in the PSEs and the administrative Ministries and the PSEs are aware of their duties and the responsibilities under the MOU scheme. A new Industrial Policy has also been announced by the Govt. in July, 1991 and elaborated in December, 1991. In pursuance of the new Industrial Policy, various decisions have been taken and enhanced powers have been conferred on the PSEs. The existing provisions of the OM dated 19th October, 1988 have therefore, been re-examined and the following decisions have been taken:-

Wage revision: The PSEs have now been authorised to negotiate the wage settlements for a period of 5 years subject to the satisfaction of the conditions stipulated under the DPE's OM No. 1(3)86-DPE(WC) dated 12.4.93 and 17.1.94. Approval of the administrative Ministry and the DPE is not required for the wage settlement.

Incentive Scheme: The parameters which seem to be adhered to by the PSEs (both who come within the purview of the Payment of Bonus Act as well as those who are not competing in nature and do not come within the purview of the Payment of Bonus Act) including payment under the approved Incentive Scheme have been spelt out in the DPE's OM No. 2(2)/80-DPE(WC) dt 10.1.94.

Voluntary Retirement Scheme: It has now been decided that the PSEs who want to deviate from the parameters contained in the BPE's OM dated 5.10.88, 6.1.89 and 29.5.92 and 23.9.93 could frame their proposals in respect of the enhanced compensation to be given to its employees who would opt for VRS and such a scheme requires the approval of the Committee of Secretaries through their administrative Ministries and DPE.

3. The provisions, therefore, contained in the BPE's OM dated 19.10.88 sub paragraph i, ii and iii relating to wage revision, incentive scheme and VRS of paragraph 2 of the said OM stands modified to the extent indicated above.

4. All the administrative Ministries/Departments of the Government of India are requested to bring the foregoing to the notice of the public enterprises under their administrative control for their information and necessary action.

(DPE O.M. No. 2(36)/86-DPE(WC) dated 4th March, 1994)
