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SECTION-I)

**GOVERNMENT OF INDIA
MINISTRY OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
Department of Public Enterprises**

New Delhi, the 30th November, 2006

RESOLUTION

No.2(10)/06/DPE-WC – The Government of India have been considering for some time past the changes that have taken place in the structure of emoluments of public sector executives over the years. Conditions have also changed in several respects since the last pay revision made with effect from 1.1.1997.

2.1 The competent authority has decided to appoint the Pay Revision Committee which comprises of the following :

Chairman	Mr. Justice M.J. Rao (Retired Judge, Supreme Court of India)
Members	(1) Dr. Nitish SenGupta (Economist & former Member Secretary, Planning Commission, Government of India)
	(2) Shri P. C. Parakh (Former Secretary, Department of Coal, Government of India)
	(3) Shri R.S.S. L.N. Bhaskarudu (Former Managing Director, Maruti Udyog Ltd & Ex-Chairman, Public Enterprises Selection Board)
Ex-Officio Member	(4) Secretary, Department of Public Enterprises, Government of India
Secretary	Joint Secretary, Department of Public Enterprises, Government of India

2.2 The Terms of Reference of the Committee will be as follows:

2.2.1 The Committee will examine the principles that should govern present structure of pay, allowances, perquisites, and benefits for the following categories of Central Government Public Sector Enterprises (CPSEs) executives, taking into account the total package of benefits available to them including non-monetary ones, and suggest changes therein which may be desirable and feasible:

- (i) Board level functionaries
- (ii) Below Board level executives
- (iii) Non-unionised supervisory staff

2.2.2 The Committee will make recommendations so as to transform the CPSEs into modern, professional, citizen-friendly and successful commercial entities that are also dedicated to the service of the people.

2.2.3 The Committee will work out a comprehensive pay package for the categories of employees of CPSEs mentioned at sub para 2.2.1 that is suitably linked to promoting efficiency, productivity and economy through rationalization of structures, organizations, systems and processes as well as promoting functional and operational autonomy within the Public Sector Enterprises with a view to leveraging economy, responsibility, transparency, discipline, accountability, assimilation of technology and research and development. The existing patterns of scales based on Central Dearness Allowance(CDA) pattern or Industrial Dearness Allowance(IDA) pattern, categorization of CPSEs such as Schedule 'A', 'B', 'C' and 'D', Miniratna, Navratna, loss, profit making CPSEs and CPSEs referred to BIFR or BRPSE may also be taken into account while evolving suitable pay packages. The Committee will also examine the issue concerning separate pay revision guidelines in respect of Navratna CPSEs.

2.2.4 The Committee will make recommendations to harmonize the functioning of the CPSEs with the demands of the emerging national and global economic scenario. This would also take into account, among other relevant factors, the totality of benefits available to the employees, need of rationalization and simplification thereof, the prevailing pay structure and retirement benefits available under the Central Public Sector Enterprises, the economic conditions in the country, the need to observe financial prudence in the management of the

CPSEs, the resources of the CPSEs and the demands thereon on account of economic and social development and the global economic scenario and competitive environment.

2.2.5 The Committee will examine and make recommendations with respect to the general principles, financial parameters and conditions which should govern the desirability, feasibility and continuation/modification of the Productivity Linked Incentives Scheme and Performance Related Payments.

2.2.6 While finalizing its report, the Committee will also take into account the report of the Sixth Pay Commission.

3. The Committee will devise its own procedures as it may consider necessary. Ministries and Departments of the Government of India and State Governments will furnish such relevant information and documents as may be required by the Committee and which they are in a position and at liberty to give, and extend the necessary cooperation and assistance to it.

4. The Committee will make its recommendations to the Government within a period of 18 months and it will have its headquarters in Delhi.

5. The decision of the Government on the recommendations of the Committee will take effect from 1.1.2007.

6. The Committee will be serviced by the Department of Public Enterprises.

(K.D. Tripathi)
Joint Secretary to Government of India

Ordered that the Resolution be published in the Gazette of India.

Ordered also that a copy of the Resolution be communicated to the Ministries/Departments of the Government of India, State Government/ Administrations of Union Territories and also others concerned.

(K.D. Tripathi)
Joint Secretary to Government of India