

**CHAPTER IV**  
**WAGE POLICIES & RELATED MATTERS**

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

**162. DPE/Guidelines/IV(a)/14**

**Board level posts and below Board level posts including non-unionised supervisors in Public Enterprises – Revision of scales of pay w.e.f. 1.1.1997.**

The last revision of scale of pay of non-unionised supervisors, below Board level executives and executives holding Board level posts in Central Public Sector Undertakings was made effective from 1.1.1992 for a period of five years. As the next pay revision fell due from 1.1.1997, the Government had set up a high level Committee under the Chairmanship of Justice S. Mohan, Retd. Supreme Court Judge, to recommend revision of pay and allowances for these executives following IDA pay scales. Based on the recommendations of the Committee, the Government have decided that the scale of pay attached to these Board level posts and below Board level posts would stand revised w.e.f. 1.1.1997 as indicated in Annexure-I.

2. In enterprises, where the scales of pay are different from those prescribed in the DPE guidelines or where rates of increments higher than those provided had been adopted in the past, it may be necessary for such enterprises to introduce certain intermediary scales or modify the scales to be provided in the guidelines with appropriate adjustments in their span and rate of increments. In doing so, it should be ensured that the minimum and the maximum of the individual scales prescribed herein are not altered. Such enterprises shall introduce these modifications only in consultation with their administrative Ministries and the DPE.

3. The grant of one increment in the revised scale against every three increments drawn in the pre-revised scales. The fitment benefit and fitment method would be as indicated in Annexure-II.

4. There will be a provision for grant of upto a maximum of three stagnation increments for those who reach the maximum of their scales.

5. 100 per cent DA neutralisation may be adopted for all employees covered by the Committee's recommendations who are on IDA scales of pay with effect from 1 January, 1997. The periodicity of adjustment should be once in three months, as per existing practice for these categories.

The Industrial DA at AICPI-1708 as on 1.1.1997 admissible to the incumbents in these posts in the revised scale would be 'nil', as the amount of IDA as on 1.1.1997 has been merged in the revised basic pay. The DA payable from 1.1.1997 to the incumbents of these posts would be as per new DA scheme (Annexure-III).

6. In respect of sick enterprises referred to the BIFR, revision of pay scales would be strictly in accordance with rehabilitation packages approved or to be approved by the BIFR and after providing for the additional expenditure on account of pay revision in these packages.

7. Presidential directives would be issued by all the administrative Ministries/Departments indicating these scales as a ceiling, as the actual payments would depend on the capacity to pay of the enterprises. The resources for meeting the increased obligation for salaries and wages must be internally generated and must come from improved performance in terms of productivity and profitability and not from Government subvention. The Presidential directives would also cover guidelines relating to dearness allowance and ceilings on perquisites. A format of the Presidential directive is suggested in Annexure-IV.

8. The next pay revision would be after 10 years.

9 (i) House Rent Allowance to public sector employees would be at the rates applicable to Central Government employees based on the reclassified list of cities as notified by the Government of India. The HRA rates and classification of cities are given in Annexure-V.

9 (ii) Rent recovery on revised pay would be computed from the date of Implementation of these guidelines at the percentages in practice before 1.1.1997 or on the basis of standard rent to be fixed by the companies.

9 (iii) HRA leased accommodation and rent recovery would be computed on revised basic pay but the amount to be paid or recovered would be from the date of implementation of these guidelines.

10. In respect of leased accommodation, the boards of public enterprises will have the flexibility to review and provide for an adequate level of leased accommodation for the executives who are entitled to this facility.

11. City Compensatory Allowance to be granted are as under, from the date of implementation of these guidelines:

Basic pay per month	A-1 Population > 50 lakhs	A Population >20 lakhs and <=50 lakhs	B-1 Population > 10 lakhs And <=20 lakhs	B-2 Population >=5 lakhs and <= 10 lakhs
Below Rs.4000	90	65	45	25
Rs.4001-Rs.5250	125	95	65	35
Rs.5251-Rs.6499	200	150	100	65
Rs.6500 & above	300	240	180	120

12. Payment of perquisites and allowances may be upto a maximum of 50 per cent of the basic pay. Payments over and above the ceiling of 50 per cent should be entirely in the nature of Performance Related Payments which should not exceed 5 per cent of the distributable profits in an enterprise.

13. The Public Sector Enterprises should look into Mediclaim cover through insurance companies for their retired employees. The said policies could be funded from collateral contributions from both employees and organisations. The rules of the EPS 1995 should be amended so that the decisions to either choose EPS 1995 or to work out their own new contributory pension schemes must be that of, and made by the public sector enterprises themselves.

14. There should be no notional revision of pay for the purpose of determining of VRS in sick enterprises.

15. The administrative Ministries are requested to fix the pay of the incumbents of the Board level posts who were in employment in their enterprises as on 1.1.1997 in the manner indicated above and forward their files to the DPE for vetting as required under the existing instructions contained in BPE's D.O. letter No.1/189-BPE(S&A) Cell dated 14.2.1989 and DOPT's OM No.27(14)/EO/89(ACC) dated 6.12.1989, and as per procedure indicated in Annexure-VI.

16. A copy of the direction issued to the Public Enterprises may be endorsed to the Department of Public Enterprises.

**(DPE O.M. No. 2(49)/98-DPE(WC) dated 25th June, 1999)**

**ANNEXURE-I**

**Pay Scales for Public Sector Executives**

Schedule	Existing scales effective from 1.1.92 (Rs.)	Proposed scales effective from 1.1.97 (Rs.)
'A'	13000-500-15000	27750-750-31500
'B'	12000-400-14000	25750-650-30950
'C'	10000-400-12000	22500-600-27300
'D'	9000-300-10500	20500-500-25000

**Below Board Level**

'E-0'	3500-150-6200	6550-200-11350
'E-1'	4000-175-7150	8600-250-14600
'E-2'	4800-200-5800-225-8275	10750-300-16750
'E-3'	5400-225-6300-250-9050	13000-350-18250
'E-4'	6500-250-7500-275-9425	14500-350-18700
'E-5'	7000-275-8100-300-9600	16000-400-20800
'E-6'	7500-300-9900	17500-400-22300
'E-7a'	8250-300-10500	18500-450-23900
'E-7b'	8500-300-10300	18500-450-23900
'E-8'	9500-400-11500	20500-500-26500
'E-9'	11500-400-13500	23750-600-28550

**Non-Unionised Supervisors Scales**

S-1	2800-90-3430-100-4830	5200-140-8000
S-2	3000-105-3735-110-5055	5600-150-8600
S-3	3200-110-3970-120-5290	6000-160-9200
S-4	3375-120-4335-140-5875	6400-180-10000

**ANNEXURE-II**

**FITMENT METHOD**

A		B		C		D
Basic pay as on 31.12.96 and* personal pay as on 1.1.92	+	Corresponding Dearness Allowance at AICPI of 1708 (base 1960=100) as on 1.1.97	+	Upto 20% of 'A'	=	Aggregate amount #

\* Personal Pay resulting as a consequence of the Department of Public Enterprises guidelines dated 19.7.95 on the 1992 Executive salary revision.

# The new basic pay will be determined by placing the aggregate amount at Column D in the revised scale of pay. Where the aggregate amount in Column D thus arrived, does not fit into a stage in the revised scale of pay. The new basic pay will be determined by fixing the Aggregate Amount at the next higher stage in the revised scale of pay.

**ANNEXURE-III**

**PUBLIC SECTOR DEARNNESS ALLOWANCE SCHEME**

**SALIENT FEATURES:**

- A) All India Consumer Price Index number for industrial workers (general) based on 1960=100 (AICPI) is used for grant of compensation to the employees of PSEs for price rise.
- B) DA installments would be released 4 times a year w.e.f. 1st January, 1st April, 1st July and 1st October.
- C) DA would be paid for the increase in AICPI above quarterly index average of 1708 to which the revised scales of pay are related.
- D) The percentage increase in the quarterly average of the AICPI for the period ending February, May, August and November over index 1708 would be taken upto one decimal point.
- E) The rate of compensation of the employees of PSEs over the basic pay at index average of 1708 is also in whole numbers with fractions carried forward.
- F) The percentage neutralisation to employees in different pay ranges would be 100%.

**Foot Note-I**

Quarterly averages would be computed in the following manner:

Quarterly Averages	Payable from
September, October & November	1st January
December, January & February	1st April
March, April & May	1st July
June, July & August	1st October

**Foot Note-II**

The quarterly average of AICPI for the months of September, October and November, 1996 worked out to 1708 and the DA under the IDA scheme at the admissible rates payable from 1.1.97 is being merged in the basic pay. DA admissible under the new formula evolved for the public sector employees would be NIL on 1.1.1997. The first installment of DA would become due from 1.4.1997.

**ANNEXURE-IV**

**Draft Directive to be issued by the administrative Ministries/ Departments to the Central Public Sector Enterprises under their administrative control regarding pay revision and other benefits for Board level and below Board level executives.**

The scale of pay of the incumbents of the Board level and below Board level executives were last revised by the Government w.e.f.1.1.92. Government have now decided that the pay revision and other benefits for these executives w.e.f. 1.1.97 may be implemented through Presidential Directives.

2. In exercise of the powers conferred by Article ..... of Articles/\* of Associations of ...../\*Section ..... of the ..... Act setting up ..... (name of the PSE), the President is pleased to direct the .....(name of the PSE) that the approved pay scales, fitment formula, DA guidelines and ceiling on perquisites for Board level and below Board level executives w.e.f. 1.1.97 may be implemented.

\* Delete whichever is not applicable.

**ANNEXURE-V**

Classification of Cities/Towns	Rates of House Rent Allowance
'A-1'	30% of basic pay
'A', 'B-1' & 'B-2'	15% of basic pay
'C'	7.5% of basic pay
Unclassified	5% of basic pay

A-1	A	B-1	B-2	C
1	2	3	4	5
<b>ANDHRA PRADESH</b>				
-	Hyderabad	-	Visakha-patnam (U/A), Vijaya-wada (U/A)	Srikakulam, Vizianagram, Anakpalle, Kakinada(UA), Rajahmundry(UA), Narsapur, Palacole, Tadepalligudem, Tanuku, Eluru, Bhimavaram, Gudivada, Machilipatnam, Bapatla, Chilakaluripet, Narsaraopet, Ponnuru, Tenali, Mangalagiri, Ongole(UA), Chirala (UA), Cudur, Kavali, Nellore, Madanapalle, Srikalahasti, Tirupati(UA), Chittoor, Cuddapah(UA), Proddatur, Dharmavaram, Kadiri, Tadipatri, Anantapur, Guntakal, Hindupur, Yemmiganur, Kurnool (UA), Adoni, Nandyal, Mahbubnagar, Sangareddy, Siddipet, Bodhan, Nizamabad, Adilabad, Bellampalle, Kagaznagar, Mancheriyal, Jagtial, Sircilla, Karimnagar, Ramagundam, Palwancha, Khammam (UA), Suryapet, Miryalaguda, Nalgonda, Kothagudem (UA), Guntur, Waranga (UA)
<b>ANDAMAN &amp; NICOBAR ISLANDS</b>				
-	-	-	-	Port Blair
<b>ASSAM</b>				
-	-	-	Guwahati City	Dhubri, Tezpur, Jorhat(UA), Nagaon, Dibrugarh(UA), Tinsukia, Silchar, Karimganj
<b>BIHAR</b>				

			Ranchi (UA), Patna (UA)	Mokameh, Bihar, Buxar, Arrah, Dehri, Sasaram, Jehendabad, Nawada, Gaya (UA), Chapra, Bettiah, Bagaha, Motihari (UA), Muzaffarpur, Siwan, Hajipur, Barauni, Begusarai(UA), Darbhanga, Madhubani, Saharsa, Purnia(UA), Kathar, Jamalpur, Lakhisarai, Munger, Bhagalpur (UA), Deoghar(UA), Dhanbad (UA), Giridih, Phusro (UA), Jhumritilaia, Hazaribagh, Ramgarh (UA), Saunda, Daltonganj, Chaibasa, Adityapur, Kishanganj, Bokaro Steel City (UA), Jamshedpur(UA)
<b>CHANDIGARH</b>				
			Chandi-garh(UA)	
<b>DELHI</b>				
Delhi (UA)				
<b>GOA</b>				
				Margoa(UA) Marmugoa(UA)
<b>GUJARAT</b>				
	Ahmeda-bad(UA)	Surat (UA) Vadodara (UA)	Rajkot (UA)	Jamnagar (UA), Upleta, Gondal (UA), Dhoraji (UA), Jetpur (UA), Morvi (UA), Dhrangadhra, Surendranagar, Botad, Mahuva (UA), Amreli (UA), Veraval, Keshod, Junagadh (UA), Anjar, Porbandar (UA), Gandhidham, Bhuj(UA), Deesa, Palanpur (UA), Himatnagar, Unijha, Sidhpur (UA), Visnagar (UA), Kalol (UA), Mahesana(UA), Viramgam, Khambhat (UA), Nadiad(UA), Anand (UA), Dohad (UA), Godhra(UA), Dabhol, Anklesvar (UA), Bharuch (UA), Navsari(UA), Valsad (UA), Gandhinagar, Patan (UA)(under Distt. Mahesana), Petlad, Bhavnagar (UA), Savarkundla (UA)
<b>HARYANA</b>				
			Farida-bad Complex	Panchkula Urban Estate, Ambala, Ambala (UA), Yamunanagar(UA), Thanesar, Kaithal, Karnal(UA), Panipat, Sonapat, Bahadurgarh (UA), Rohtak, Palwal, Gurgaon(UA), Rewari, Narnaul, Bhiwani, Jind, Hansi, Hissar(UA), Sirsa
<b>HIMACHAL PRADESH</b>				
				Shimla (UA)
<b>KARNATAKA</b>				
	Bangalore (UA)		Hubli-Dharwad	Channapatna, Dodaballapur, Ramanagaram, Gokak, Nipani, Belgaum (UA), Bellary, Bidar (UA), Bagalkot, Rabkavi, Banhatti, Bijapur(UA), Chikmagalur, Chitradurga (UA), Davangere(UA), Mangalore (UA), Ranibennur, Gadag-Batgeri, Gulbarga (UA), Hassan(UA), Chintamani, Kolar Gold Fields (UA), Kolar, Mandya, Gangawati (UA), Raichur (UA), Bhadravati(UA), Shimoga(UA), Tumkur (UA), Dandeli, Karwar, Hospet (UA), Harihar, Mysore (UA)
<b>KERALA</b>				
			Thiruvananthapuram (UA), Kochi (UA)	Kasargod, Kanhangad (UA), Payyannur, Vadakara (UA), Ponnani, Manjeri, Palakkad(UA), Thrissur (UA), Changanassery, Kottayam (UA), Alappuzha(UA), Thiruvalla, Kollam(UA), Taliparamba, Kannur (UA), Kayamkulam, Kozhikode(UA)
<b>MADHYA PRADESH</b>				
		Indore (UA), Bhopal	Gwalior(UA), Jabalpur(UA)	Morena, Bhind, Datia, Tikamgarh, Chhatarpur (UA), Sagar (UA), Damoh(UA), Satna (UA) (UA), Guna, Mandasaur, Nagda, Ratlam (UA), Ujjain(UA), Dewas, Dhar, Khandwa, Barhanpur, Vidisha, Sehore(UA), Sarni, Betul(UA), Hoshangabad, Itarsi (UA), Murwara (Katni), Chhindwara(UA), Seoni, Balaghat (UA), Ambikapur (UA), Shivpuri, Dhamtari, Jagdalpur (UA), Mhow (UA), Khargone, Durg, Raigarh (UA), Jaora(UA), Rajanandgaon, Neemuch (UA), Rajhara-jharan Dalli, Raipur(UA)
<b>MAHARASHTRA</b>				
Brihan Mumbai (UA)		Pune (UA) Nagpur (UA)	Nashik (UA), Solapur (UA), Aurangabad (UA)	Virar, Natsopara, Bhiwandi (UA), Panvel, Ratnagiri Manmad, Malegaon, Nandurbar, Dhule, Chalisgaon, Amalner, Bhusawal(UA), Jalgaon, Shrirampur(UA), Ahmednagar (UA), Satara, Karad, Sangli (UA), Barshi, Pandharpur, Ichalkaranji (UA), Jalna, Hingoli, Parbhani, Parli, Ambejogai, Bid, Nanded (UA), Osmanabad, Udgir, Latur, Buldana, Malkapur, Khamgaon, Akot, Akola, Achalpur, Pusad, Yavatmal(UA), Hinganghat, Wardha, Bhandara, Kamptee (UA), Gondiya, Ballarpur(UA), Chandrapur, Kolhapur(UA), Amravati
<b>MANIPUR</b>				
				Imphal(UA)
<b>MEGHALAYA</b>				
				Shillong(UA)
<b>MIZORAM</b>				
				Aizawl
<b>NAGALAND</b>				

				Kohima, Dimapur
<b>ORISSA</b>				
				Bargarh, Brajarajnagar, Jharsuguda, Sambhalpur(UA), Bhadrak, Baleshwar (UA), Balangir, Bhawanipatna, Jeypur, Sunabeda, Brahampur, Puri, Cuttack(UA), Bhubaneswar
<b>PUNJAB</b>				
		Ludhiana	Amritsar, Jalandhar	Gurdaspur, Pathankot(UA), Batala(UA), Ferozpur Cantt., Fazilka, Abohar, Khanna, Kapurthala, Phagwara (UA), Hoshiarpur, SAS Nagar(Mohali), Rajpura, Nabha, Patiala (UA), Maer Kotla, Sangrur, Ferozpur, Barnala, Mansa, Bhatinda, Faridkot (UA), Kotkapura, Muktsar, Malout, Moga(UA)
<b>PONDICHERRY</b>				
				Pondicherry(UA), Karaikal, Oulgaret, Yanam(UA)
<b>RAJASTHAN</b>				
		Jaipur (UA)	Jodhpur, Kota	Hanumangarh, Ganga Nagar, Sardar Shahar, Ratangarh, Sujangarh, Bundi, Jhunjhunn, Nawalgarh, Alwar(UA), Bharatpur(UA), Dhaulpur, Hindaun, Gangapur City(UA), Sawai Madhopur(UA), Fatehpur, Sikar, Kishangarh, Beswar(UA), Nagaur, Makrana(UA), Pali, Barmer, Bhilwara, Udaipur, Chittorgarh, Tonk(UA), Baran, Banswara(UA), Churu(UA), Bikaner, Ajmer
<b>TAMIL NADU</b>				
Chennai (UA)			Coimbatore (UA), Madurai (UA), Salem, Tiruchira-palli (JA)	Chengalpattu, Kanchipuram (UA), Arakkonam, Ambur, Tirupattur, Gudiyattam (UA), Vanyambadi(UA), Attur, Vellore (UA), Krishnagiri, Dharmapuri, Arani, Tiruvannamalai, Tindivanam, Villupuram, Panruti, Vriddhachalam, Chidambaram (UA), Kuddalore, Neyveli (UA), Tiruchengudu, Kumarapalavara, Erode (UA), Udthagamandalam, Mettupalaiyam, Udumalaipettai Tiruppur (UA), Pollachi(UA), Palani(UA), Dindigul, Karur (UA), Mayiladuthurai, Mannargudi, Pattukkottai, Nagappattinam (UA), Kumkakonam (UA), Thanjavur, Pudukkottai, Bodinayakanur, Kambam, Teni Allinagaram, Srivilliputtur, Virudunagar, Aruppukkottai, Rajapalaiaim, Sivakasi (UA), Paramakkurdi, Ramánathapuram, Kovilpatti, Tuticorin (UA), Puliangudi, Kadaiyanallur, Tenkasi, Tirunelveli(UA), Nagercoil, Mettur, Valparai
<b>TRIPURA</b>				
				Agartala
<b>UTTAR PRADESH</b>				
		Lucknow (UA), Kanpur (UA)	Meerut (UA), Bareilly (UA), Allahabad (UA), Varanasi (UA), Agra (UA), Gorakhpur	Dehradun(UA), Kashipur, Rudrapur, Haldwani-cum-Kathgodam, Najibabad, Nagina, Chandpur, Bijnore(UA), Chandausi, Sambhal, Noida, Amroha, Rampur, Deoband, Sharanpur, Roorkee (UA), Haridwar(UA), Shamli, Kairana, Muzaffarnagar (UA), Baraut, Mawana, Pilibhwa, Hapur, Modinagar (UA), Khurja, Sikandrabad, Bulandshahr, Hatras, Mathura, Shikohabad, Ferozabad(UA), Kasganj, Etah, Mainpuri, Sahaswan, Badaun, Pilibhit, Unnao, Shahjahanpur (UA), Lakhimpur, Sitapur, Hardoi, Shahabad, Gangaghat (Distt. Unnao), Raibareilly, Kannauj, Orai, Furrukhabad-cum-Fatehgarh(UA), Auraiya, Etawah, Jhansi(UA), Lalitpur, Mahoba, Banda, Fatehpur, Bela, Pratappgarh, Behraich, Balrampur, Gonda, Nawabganj, Tanda, Faizabad(UA), Sultanpur, Basti, Deoria, Maunath, Bhanjan, Azamgarh, Jaunpur, Ballia, Ghazipur, Bhadohi, Mughalsarai (UA), Mirzapur-cum-Vindhyachal, Moradabad (UA), Ghaziabad(UA), Aligarh.
<b>WEST BENGAL</b>				
Calcutta (UA)				Raiganj(UA), Jalpaigudi, Alipurduar(UA), Darjeeling, Siliguri, Valurghat(UA), Habra (UA), English Bazar(UA), Jangipur, Bharampur(UA), Chakdaha, Krishnanagar, Nabadwip(UA), Santipur, Ranaghat(UA), Bangaon, Basirhat, Rajpur(UA), Contai, Medinipur, Haldia, Kharagpur (UA), Bishnupur, Bankura, Puruliya, Katwa, Asansol(UA), Raniganj (UA), Bardhaman, Suri, Bolpur, Koch-Bihar(UA), Chittaranjan, Debggram, Durgapur

**ANNEXURE-VI**

**PROCEDURE FOR APPROVAL AND ADOPTION OF  
NEW SCALES OF PAY ON IDA PATTERN BY PSEs**

(a) PSEs which have been making profit consistently for the last 3 years viz. 1996-97, 1997-98 and 1998-99 would be allowed to adopt the scales of pay for the executives holding posts at and below the Board level and non-unionised supervisors strictly in accordance with these guidelines.

(b) PSEs which did not make profit during the last 3 years viz. 1996-97, 1997-98 and 1998-99 or had incurred net loss during any of these financial years would also be allowed to adopt these scales of pay of their executives holding posts at and below the Board level and non-unionised supervisors with the approval of the Government i.e. the administrative Ministry acting in consultation with the DPE, provided they give an estimate as to how resources would be generated by them to meet the extra expenditure.

(c) In respect of sick enterprises referred to BIFR, revision of pay scales for all employees following IDA pattern would be strictly in accordance with the rehabilitation packages approved or to be approved by the BIFR and after providing for the additional expenditure on account of pay revision in these packages.

(d) PSEs under construction or new PSEs should submit their proposals for adoption of revised scales of pay and DA pattern for their executives holding posts at the Board level, below Board level and non-unionised supervisors, to their administrative Ministries for appropriate approval in consultation with the DPE, giving details of their likely date of going on commercial production, etc.

(e) The conditions prescribed for Sixth Wage Negotiations of unionised workers in DPE's OM No.2(11)/96-DPE(WC) dated 14.1.1999 shall be applicable for the above pay revision.

(f) DPE will issue detailed instructions, wherever necessary regarding the matters dealt with in the Note.

**(DPE OM No. 2(49)/98-DPE(WC) dated 25th June, 1999)**

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