

## **CHAPTER IV**

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

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

**6. DPE/Guidelines/IV(a)/6**  
**Revision of Scales of Pay of the Executives holding posts below the Board level and non-unionised supervisors w.e.f. 1.1.1992.**

The scales of pay of the Executives holding posts below the Board level and non-unionised supervisors following IDA pattern in the Public Enterprises were last revised w.e.f. 1.1.1987 in the terms of the guidelines spelt out in DPE's D.O. letter of even number dated 4.4.1990.

2. Government have now decided that the pay scales of the above two categories would stand revised with effect from 1.1.92.

3. It has further been decided to issue guidelines as per details given in Annexure-I. The PSEs, however, are being given the flexibility to adopt the pay scales at PSEs level depending on their requirements. The fitment method would be as indicated in Annexure-II.

4. The Industrial DA at AICPI-1099 as on 1.1.1992 admissible to the incumbents of the below Board level posts in the revised scale would be as 'nil', as the amount of Rs.787.75 drawn as IDA as on 1.1.1992 has been merged in the revised basic pay. The DA payable from 1.4.1992 to the incumbents of the below Board level posts would be as per new DA scheme. The details of the scheme are indicated in Annexure – III

5. (i) The ceiling for payment of HRA without production of rent receipt and monetary ceiling for leased accommodation set out in sub-paragraphs (ii) and (v) of the paragraph 4 of the OM No.2(8) /91-DPE(WC) dated 3.3.92 would stand revised w.e.f.1.4.1994 as per details given in Annexure-IV. There would be no change in the plinth area ceilings.

(ii) Recovery towards rent for the furnished and unfurnished accommodation provided by the public enterprises would be as per the details given in the Sub-paragraphs (x) and (xii) respectively of paragraph 4 of the OM No.2(8)/91-DPE(WC) dated 3.3.92. Rent recovery on revised pay would be computed w.e.f. 1.4.94.

For the period between 1.1.1992 and 31.3-1994 HRA, leased accommodation & recovery of rent would be computed and paid on the pre-revised basic pay.

6. Non- Practising Allowance (NPA) to the medical executives would stand revised w.e.f. 1.1.92. The details are given in Annexure-I.

7. City Compensatory Allowance would continue to be paid by the PSEs at the existing rates within the overall ceilings given in Annexure-IV.

8. The Payment of Gratuity Act, 1972 has been amended w.e.f. 24.5.1994 and now all employees irrespective of the salary drawn by them are covered under the provisions of the Payment of Gratuity Act. Thus, w.e.f. 24.5.1994 payment of gratuity would be regulated by the PSEs in accordance with the provisions of Payment of Gratuity Act, 1972, is amended from time to time. For the period between 1.1.92 and 24.5.94, gratuity would be regulated by the PSEs in accordance with the instructions issued by the DPE vide OM No.2(29)/75-DPE(WC) dated 23.6.1988 read with subsequent amendments.

9. Employer's Contribution to PF by all the PSEs would continue to be at the rate of 8.33% or 10% of basic pay plus DA plus PP (where admissible) on the revised pay structure right from 1.1.1992.

10. Other perks like rates of conveyance reimbursement, transport subsidy, canteen subsidy, North-eastern allowance, underground allowance, project allowance, etc., would be frozen as on 1.4.1994 and liberalisations allowed by the PSEs on unilateral basis after 1.4.94 would have to be rolled back.

11. The pay revision of the executives holding posts below the Board level and non-unionised supervisors would be permitted subject to the conditions stipulated in the DPE's OM No. 1(3)/86-DPE(WC) dated 12.4.93 and 17.1.94. These conditions prescribe that there shall be no increase in labour cost per physical unit of Output. The Government shall not provide any budgetary support to the PSEs for meeting the enhanced liability. The PSEs which are monopolies or near monopolies or having an administered price structure, it must be ensured that increase in salaries/wages do not result in an automatic increase in administered price of their goods and services. Requisite resources for the pay increases, must be found from within own internal generation.

12. Procedure for approval and adoption of new scales of pay and the IDA pattern by PSEs would be as per the details given in Annexure-V. The procedure outlined in Annexure-V must be scrupulously followed.

13. For sick PSEs registered with the BIFR, pay revision and grant of other benefits will be allowed only if it is decided to revive the Unit. The revival package should include the enhanced liability on this account. The benefit of pay revision, etc., shall be extended to IISCO and financial liability thereof shall be met by SAIL.

14. The revised pay scales for non-unionised supervisors and executives would be valid for a period of 5 years w.e.f. 1.1.92.

15. A copy of the advice given to the Public Enterprises may be endorsed to the DPE.

**(DPE O.M. No. 2(50)/86-DPE(WC) dated 19th July, 1995)**

**ANNEXURE – I**

*Guidelines for Revised Scales of Pay for the Executives Holding Posts Below The Board Level w.e.f.1.1.92*

	<b>Existing W.E.F. 1.1.1987</b>	<b>Guidelines W.E.F 1.1.1992</b>
E - 0	2100-90-2550-100-3450 2100-90-2550-100-3550 2100-100-3600 2100-90-2550-100-3650 2100-100-3700 2150-90-2690-100-3390 2150-100-3850 2200-100-3600 2200-100-3800 2200-90-2650-100-3850 2250-100-4150 2300-90-2750-100-3750 2350-100-4150	3500-150-6200
E-1	2400-110-3940 2400-100-3000-120-3960 2400-100-3000-120-4080 2400-120-4320 2450-120-4370 2500-120-4300 2500-120-4540	4000-175-7150

	2500-125-4625 2650-120-4450-130-5100 2800-120-3450-130-4830	
E-2	3000-120-3720-140-4560 3000-130-4560 3100-130-3750-140-5150 3200-120-5120 3450-140-4770-150-5470	4800-200-5800-250-8275
E-3	3700-140-4540-150-5480 3700-140-4400-150-5900 3850-140-4550-150-6050 4000-150-5950	5400-225-6300-250-9050
E-4	4150-150-4800-160-6340 4300-150-5050-160-5850 4400-150-5450-155-6225 4400-150-6350 4500-160-5140-175-6365 4600-150-5350-160-6790	6500-250-7500-275-9425
E-5	4900-160-5700-175-6400 5000-160-5800-175-6850 5000-170-6870 5100-175-6850 5100-160-5900-175-6950 5200-160-6000-175-6875	7000-275-8100-300-9600
E-6	5500-175-7075 5550-165-6870 5600-175-7175 5650-175-7225 5750-175-7325 5800-175-7200	7500-300-9900
E-7	a. 6250-175-7475 b. 6500-175-7725	a. 8250-300-10050 b. 8500-300-10300
E-8	7250-200-8250	9500-400-11500
E-9	8250-200-9250	11500-400-13500

**Guidelines for revised scales of pay for the NON- UNIONISED SUPERVISORS W.E.F. 1.1.1992**

	Existing W.E.F. 1.1.1987	Guidelines W.E.F 1.1.1992
S - 1	1700-70-2260-80-2580 1700-80-2260-90-3070 1750-60-2170-65-2690 1750-65-2075-75-3125	2800-90-3430-100-4930

S - 2	1875-60-1995-70-2905 1875-70-2365-75-2965 1875-70-2015-80-2975-90-3155 1900-75-2275-85-2870 1950-70-2300-80-2700-90-3420	3000-105-3735-110-5055
S - 3	2000-80-3280 2000-90-3450 2050-80-2450-90-3170-95-3550 2075-70-2215-80-3255 2075-80-2635-85-3315 2075-80-2235-90-3315-100-3615	3200-110-3970-120-5290
S - 4	2250-85-2930-90-3740 2300-80-2700-100-3700	3375-120-4335-140-5735

Foot note:

For Executives and Non-unionised supervisors pay scales.

E-9 scale can be adopted only by a PSE which is in Schedule "A" and other posts in the Company at the Board Level are in Schedule "B". A schedule "B" company is not authorised to adopt this scale of pay.

E-8 scales can be adopted by PSE which is in Schedule "A" as well as in Schedule "B". If a PSE which is in Schedule "C", but does not have any Board Level post it can adopt the scale of pay given at E – 8 for its Executive Directors / SGMs / CGMs.

There is no bar to the adoption of the revised scales of pay as proposed at E-7 by PSEs belonging to either "A", "B", "C" and "D" schedule.

The scales of pay of the non-unionised supervisors who are on IDA pattern would stand revised w.e.f. 1.1.1992 as above.

In case, a PSE has got only three scales of pay for non-unionised supervisors, it is permissible for them to adopt three replacement scales as indicated in the preceeding table.

These scales of pay can also be adopted by these PSEs in respect of Unionised supervisors provided they are willing to have a understanding with the Management of the PSEs to have separate cadre for them independent of the unionised employees. They then would not be eligible for the benefits admissible to the unionised employees as per the wage settlement signed by the Management with the recognised Unions.

### Non-Practicing Allowance (NPA)

Rates of Non-Practicing Allowance to the medical executives would stand revised w.e.f. 1.1.1992 as follows :

Basic Pay range(Existing)	Existing entitlement	Basic Pay Range(Proposed)	Proposed entitlement
Upto Rs. 3500	Rs.600/-	Upto Rs. 5000/-	Rs. 1000/-
Rs. 3501 - 4300	Rs.850/-	Rs. 5001 – 6500	Rs.1250/-

Rs.4301 - 6500	Rs.950/-	Rs.6501 – 9500	Rs.1330/-
Rs.6501 and above	Rs.1000/-	Rs.9501 and above	Rs.1500/-

Non-practicing Allowance would count as pay for the purpose of Dearness Allowance. Gratuity and Employer's contribution to CPF but would not be taken into account for purposes of fixation of pay in the revised scale.

## **ANNEXURE-II**

### **Fitment Method :**

Fitment Method would be as follows:

Basic pay in revised scale would be fixed as under:

- Basic pay in the existing scale of pay as on 1.1.1992\_Plus
- Actual DA as on 1.1.1992 at AICPI 1099:
- The fitment amount on account of revision of pay shall be "upto 20%" of basic pay in the existing scale pay as on 31.12.1991. (Fitment not to be computed on NPA payable to Medical Executives) Plus
- Personal Pay/Personal Allowance/Personal DA wherever payable along with existing basic pay.

On the aggregate pay fixed in the revised scale, where the total does not fit in a stage of the revised scale of pay, the pay will be fixed at the next higher stage.

If in some cases the total of the (a) to (d) as above exceeds the maximum of the revised scale of pay, or wherever the basic pay so fixed on the revised scale, does not allow grant of three increments to an Executive/Non-unionised supervisor as on 1.1.1992, then in such circumstances, the pay of the concerned executive or non-unionised supervisors should be fixed at three stages below the maximum of the scale and the balance amount should be treated as PP. On promotion or appointment in the next higher scale, his pay would be fixed in the normal course, i.e. taking into account only the Basic Pay for the purpose. PP would be allowed to be carried forward in addition and this would be adjusted in the next pay revision. Detailed instructions would be issued by the DPE to the PSEs in this regard.

## **ANNEXURE - III**

### *PUBLIC SECTOR DEARNESS ALLOWANCE SCHEME*

#### *Salient Features*

- 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.
- DA installments would be released 4 times a year w.e.f. 1st January, 1st April, 1st July and 1st October.
- DA would be paid for the increase in AICPI above quarterly index average of 1099 to which the revised scales of pay are related.
- The percentage increase in the quarterly average of the AICPI for the period ending February, May, August and November over index 1099 would be taken upto one decimal point.

E. The rate of compensation of the employees of PSUs over the basic pay at index average of 1099 is also in whole numbers with fractions carried forward.

F. The percentage neutralisation to employees in different pay ranges would be as under:

Pay Ranges – Basic Pay		Neutralisation Percentage		
Upto Rs.3500		100*		
Rs.3501 – 6500	75	Subject to marginal adjustments		
Rs.6501 – 9500	60			
Rs.9501 and above		50		

\*Subject to a minimum of Rs2/- per point shift in AICPI quarterly average beyond 1099 w.e.f. 1.1.1992.

Footnote : I

Quarterly averages would be computed in the following manner :

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

Footnote : II

The quarterly average of AICPI for the months of September, October and November, 1991 worked out to 1099 and the DA under the IDA scheme at the admissible rates payable from 1.1.1992 is being merged in the basic pay. DA admissible under the new formula evolved for the public sector employees would be NIL on 1.1.1992. The first instalment of DA would become due from 1.4.1992.

#### **STATEMENT SHOWING ILLUSTRATION – COMPENSATION TO BE WORKED OUT UNDER PERCENTAGE DA SCHEME**

	Basic pay upto Rs.3500/-pm	Basic pay above Rs.3500/- pm and upto Rs.6500/-pm	Basic pay above Rs.6500/- pm and upto Rs.9500/-pm	Basic pay above Rs.9500/-pm
% Neutralisation	100	75	60	50
Qtrly. Arithmetic average to which related	1099	1099	1099	1099
Qtrly Average of	2% of pay	1.5% of pay	1.2% of pay	1% of pay

AICPI ending Feb. 1992 – payable from 1.4.92 (1121 points)	subject to a minimum of Rs.44/-	subject to a minimum of Rs.70/-	subject to a minimum of Rs.98/-	subject to a minimum of Rs.114/-
Qtrly Average of AICPI ending May 1992 – payable from 1.7.92 (1141 points)	3.8% of pay subject to a minimum of Rs.84/-	2.8% of pay subject to a minimum of Rs.134/-	2.3% of pay subject to a minimum of Rs.182/-	1.9% of pay subject to a minimum of Rs.219/-
Qtrly Average of AICPI ending Aug. 1992 – payable from 1.10.92 (1183 points)	7.6% of pay subject to a minimum of Rs.168/-	5.7% of pay subject to a minimum of Rs.266/-	4.6% of pay subject to a minimum of Rs.371/-	3.8% of pay subject to a minimum of Rs.437/-
Qtrly Average of AICPI ending Nov. 1992 – payable from 1.1.93 (1202 points)	9.4% of pay subject to a minimum of Rs.206/-	7% of pay subject to a minimum of Rs.329/-	5.6% of pay subject to a minimum of Rs.455/-	4.7% of pay subject to a minimum of Rs.532/-
Qtrly Average of AICPI ending Feb. 1993 – payable from 1.4.93 (1193 points)	8.5% of pay subject to a minimum of Rs.188/-	6.4% of pay subject to a minimum of Rs.298/-	5.1% of pay subject to a minimum of Rs.416/-	4.2% of pay subject to a minimum of Rs.485/-
Qtrly Average of AICPI ending May 1993 – payable from 1.7.93 (1207 points)	9.8% of pay subject to a minimum of Rs.216/-	7.3% of pay subject to a minimum of Rs.343/-	5.9% of pay subject to a minimum of Rs.475/-	4.9% of pay subject to a minimum of Rs.561/-
Qtrly Average of AICPI ending Aug. 1993 – payable from 1.10.93 (1248 points)	13.5% of pay subject to a minimum of Rs.298/-	10.1% of pay subject to a minimum of Rs.473/-	8.1% of pay subject to a minimum of Rs.657/-	6.7% of pay subject to a minimum of Rs.770/-
Qtrly Average of AICPI ending Nov. 1993 – payable from 1.1.94 (1292 points)	17.6% of pay subject to a minimum of Rs.386/-	13.2% of pay subject to a minimum of Rs.616/-	10.6% of pay subject to a minimum of Rs.858/-	8.8% of pay subject to a minimum of Rs.1007/-
Qtrly Average of AICPI ending Feb. 1994 – payable from 1.4.94 (1302 points)	18.5% of pay subject to a minimum of Rs.406/-	13.9% of pay subject to a minimum of Rs.648/-	11.1% of pay subject to a minimum of Rs.904/-	9.2% of pay subject to a minimum of Rs.1055/-
Qtrly Average of AICPI ending May 1994 – payable from 1.7.94 (1328 points)	20.8% of pay subject to a minimum of Rs.458/-	15.6% of pay subject to a minimum of Rs.728/-	12.5% of pay subject to a minimum of Rs.1014/-	10.4% of pay subject to a minimum of Rs.1188/-
Qtrly Average of AICPI ending Aug. 1994 – payable from	25.9% of pay subject to a minimum of	19.4% of pay subject to a minimum of	15.5% of pay subject to a minimum of	12.9% of pay subject to a minimum of

1.10.94 (1384 points)	Rs.570/-	Rs.907/-	Rs.1261/-	Rs.1473/-
Qtrly Average of AICPI ending Nov. 1994 – payable from 1.1.95 (1427 points)	29.8% of pay subject to a minimum of Rs.656/-	22.3% of pay subject to a minimum of Rs.1043/-	17.9% of pay subject to a minimum of Rs.1450/-	14.9% of pay subject to a minimum of Rs.1701/-
Qtrly Average of AICPI ending Feb. 1995 – payable from 1.4.95 (1429 points)	30% of pay subject to a minimum of Rs.660/-	22.5% of pay subject to a minimum of Rs.1050/-	18% of pay subject to a minimum of Rs.1463/-	15% of pay subject to a minimum of Rs.1710/-

#### Annexure IV

*Payment of HRA to the employees of Central PSEs and leasing of residential accommodation for Chief Executives, Functional Directors and key officials and recovery of rent thereof etc.*

The Committee of Secretaries at their meeting held on 3.2.1992 approved the DPE's proposal for continued payment of HRA at the following rates:

Delhi , Bombay 30% of Basic Pay

Other "A" class cities 25% of Basic Pay

B1, B2 class cities 15% of Basic Pay

"C" class and other unclassified areas 10% of Basic Pay

Payment of HRA at the above rates would, however, be subject to the proviso that these employees / executives would have to bear 10% of their basic pay towards house rent. Payment would also be subject to their producing the rent receipt from their landlords / valuation certificate issued by the Municipal Authority in respect of the house occupied by them. The rates indicated above are in the nature of ceilings. If some PSEs have agreed to pay HRA at the rates which are either high or lower than the norms indicated above under the subsisting wage settlement/understanding arrived at with the unionised staff, non-unionised supervisors and the executives, their cases need not to be re-opened during the period of validity of the wage settlement/period of understanding with the unionised and non-unionised staff. However, the ceilings on payment of HRA as spelt out above should be incorporated in all further wage settlements/pay revisions for the executives as per the overall pay/wage package. The quantum of HRA paid to an executive or an employee in terms of the existing wage settlement/officers pay revision understanding could be protected as personal to the individual employee if the quantum of HRA worked out on the basis of the revised norms results in lower payment to the individual.

#### **HRA without Production of Rent Receipt :**

The ceilings for payment of HRA without production of rent receipt for the executives and non-unionised supervisors following IDA pattern would stand revised w.e.f.1.4.1994 as follows :

S.No.	City	IDA PSEs		CDA PSEs Rs. Existing
		Rs. Proposed	Rs. Existing	



1.	Delhi, Bombay	1500	1000	1250
2.	Other "A" class cities	1500	1000	1000
3.	"B1", "B2" class cities	1500	1000	680
4.	"C" class cities	750	500	340
5.	Unclassified areas	450	300	310

There would be no increase in the ceilings for the payment of HRA without production of rent receipt for employees who continue on CDA pattern.

#### **Ceilings for Leased Accommodation :**

The monetary ceilings for leased accommodation set out in para (iv) and (v) of para 4 of the DPE's OM dated 3.3.92, which had been worked out with relation to the pre-revised scales of pay would stand revised as per details given in the following table :

*Revised Ceilings for leased accommodation for key officials holding posts below the Board Level in central PSEs following IDA pattern pay scales :*

<b>Pay Scale Range</b>	<b>Plinth Area</b>	<b>Delhi Bombay Calcutta</b>	<b>Ahmedabad, Madras, Bangalore, Hyderabad, &amp; Other "A" Class Cities</b>	<b>B1, B2 "C" Class Cities and other Areas.</b>
Rs.	Sq.Ft.	Rs.	Rs.	Rs.
11500-13500	1500	5400	4700	3400
9500-11500	1200	4600	4100	2900
8500-10300	1200	4100	3600	2600
7500-9900	1200	4000	3500	2500

#### **CCA**

<b>Classification of Cities</b>	<b>A Class Cities</b>	<b>B-1 Cities</b>	<b>B-2 Cities</b>
Rates at which CCA is payable	6% of BP subject to max of Rs.100/-	4.5% of BP subject to max of Rs.75/-	3.5% of BP subject to max. of Rs.20/-

#### **ANNEXURE V**

##### ***PROCEDURE FOR APPROVAL AND ADOPTION OF NEW SCALES OF PAY UNDER THE IDA PATTERN BY PSES***

Profit making PSEs, loss making PSEs and PSE before BIFR:

Public Sector Enterprises are considered as 'State' under the Provisions of Article 12 of the Constitution of India. Both the Supreme Court and the various High Courts have been giving directions in the recent past either for restoration of parity in the scales of pay in one PSE with that of another PSE or removal of anomalies. In order to avoid further litigation, it has, therefore, been proposed that the scales of pay of the incumbents of the top posts, executives holding posts below the Board level and non-unionised supervisors would be similar in all PSEs irrespective of profit or loss made by them. Unlike workers, executives and the Board Members are answerable and accountable to the Government as owners of the PSEs and hence their entitlements require clearance by the Government at least in the case of loss making and BIFR cases etc. and for any deviation. The following procedure would be adopted:

a) PSEs which have been making profit consistently for the last 3 years viz. 1991-92, 1992-93 and 1993-94:- These PSEs would be allowed to adopt the scales of pay for the executives holding posts below the Board level and non-unionised supervisors as given in Annexure – I

b) PSEs which did not make profit during the last 3 years:- PSEs which did not make profit during the last 3 years viz, 1991-1992, 1992-93 and 1993-94 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 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) Sick PSEs – Sick Industrial Companies (Special provisions) Act, 1985 has been amended and the PSEs have been brought within its purview. So far 50 PSEs have been registered with the BIFR. Having regard to the new developments, it is suggested that the PSEs which have been referred to BIFR would not be allowed the benefit of revised scales of pay – for their Board level executives, executives holding posts below the Board level and non-unionised supervisors – unless and until the verdict of the BIFR is available. Where BIFR has ordered closure of the PSEs, action would be expedited to pay the compensation as per the provisions of the Act and close down the PSEs. Wherever revival plan for a PSE has been approved by the BIFR, proposals for adopting revised scales of pay for Board level executives holding posts below the Board level and non-unionised supervisors as well as the new DA formula w.e.f. 1.1.1992 would be required to be submitted by these PSEs to the Government for appropriate approval by the administrative ministry acting in consultation with the DPE provided they give an analysis of their wage bill and also spell out measures to mobilise resources to meet the extra burden.

d) PSEs under construction or new PSEs:- Eight PSEs are under construction. Some PSEs have been created by merger of existing establishments e.g. Power Grid Corporation of India. These 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) Where matters are subjudice:- As per Supreme Court's directions dated 3.5.90 and 28.8.91, employees/executives appointed on or after 1.1.89 in the 69 PSEs which hitherto followed CDA pattern have been placed on IDA pattern and related scales of pay to be prescribed by Government in its discretion. The executive associations of some other PSEs which have approached various High Courts/Supreme Court for review of the directions of the Supreme Court and for permission to draw salary as per HPPC's, scales of pay and DA pattern. The revised scales of pay and the new DA formula which is being notified for all others PSEs could also be opted by them at their own volition. These scales of pay and DA system would not be applicable to DTC as they have secured an Order from the Supreme Court to continue on the Government scale and DA pattern.

f) The conditions prescribed for wage negotiations of unionised workers in BPE's OMs dated 12.4.93 and 17.1.94 should be fulfilled for the above pay revisions.

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

