

CHAPTER IV

WAGE POLICY & RELATED MATTERS

(b) Dearness Allowance/Interim Relief

61. DPE/Guidelines/IV(b)/61

Merger of 50% of Dearness Allowance with basic pay to the employees of Central Public Sector Enterprises (CPSEs) following 1997 Industrial Dearness Allowances (IDA) pattern scales of pay.

Consequent upon the recommendation of the 2nd Pay Revision Committee based on large number of the representations on merger of 50% DA with the basic pay from Executives / CEOs of CPSEs both individually and collectively in writing, the Government have now decided as follows:

i) Portion of IDA equal to 50% of the existing basic pay in respect of employees in CPSEs following IDA pattern of pay scales at 1997 levels for employees of CPSEs may be merged w.e.f. 1.1.2007 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 Contributory Provident Fund, Licence Fee, various advances etc.

ii) The merger of IDA equal to 50% of the existing basic pay as mentioned at sub-para (i) above may be allowed to employees of CPSEs following IDA pattern of pay scales at 1997 level that are not loss making and are in a position to absorb the additional expenditure on account of merger of 50% of IDA with basic pay from their own resources without any budgetary support from the Government. The budgetary support would not be available for this purpose.

iii) Similar benefits of merger of IDA equal to 50% of the existing basic pay as at sub-para (i) above may also be extended to the employees in the IDA pattern pay scales in the Food Corporation of India.

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

v) Portion of Dearness Allowance converted into Dearness Pay would be deducted from the existing rate of Dearness Allowance while computing quantum of Dearness Allowance.

vi) The Board of Directors of each CPSE would consider the proposal for 50% merger of DA with Basic Pay for executives and workmen keeping in mind the capacity of the company to pay and submit a proposal to the Administrative Ministry which will approve the proposal with the concurrence of its Financial Advisor.

2. All the administrative Ministries/ Department of the Government of India are requested to bring to forego to the notice of Central Public Sector Enterprises (CPSEs) under their administrative control for their information and necessary action.

(DPE OM No. 2(7)/2005 DPE- (WC) GL-III dated 26th February, 2008)
