

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

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

#### **7. DPE/Guidelines/IV(a)/7 Board level Posts in Public Enterprises—Revision of scales of pay of schedule Posts w.e.f. 1.1.1992.**

The undersigned is directed to say that the scales of pay of the incumbents of the top posts i.e. Executives holding Board level posts were last revised by the Government w.e.f. 1.1.1987. Government have decided that the scale of pay attached to the Schedule Posts i.e. Board level posts would stand revised w.e.f. 1.1.1992 as follows:

		<b>Existing</b>	<b>Revised</b>
1.	Schedule 'A'	9000-250-10000	13000-500-15000
2.	Schedule 'B'	8500-200-9500	12000-400-14000
3.	Schedule 'C'	7500-200-8500	10000-400-12000
4.	Schedule 'D'	6500-175-7550	9000-300-10500

The above scales of pay would be valid for a period of five years i.e, till 31.12.1996.

2. The fitment benefit and fitment method would be as indicated in Annexure– I

3. The Industrial DA at AICPI – 1099 as on 1.1.1992 admissible to the incumbents of the Board level posts in the revised scale would be 'nil' as the amounts 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 Board level posts would be as per new DA scheme. The details of the scheme are indicated in Annexure -II.

4. All fresh appointments to the Board level posts hereafter would be made in the revised scale of pay and DA scheme as mentioned in paras 1 and 3 above.

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 (iv) of the paragraph 4 of the OM No.2(8)/91-DPE(WC) dated 3.3.92 would stand revised w.e.f. 1.4.94 as per details given in Annexure-III. There would be no change in the plinth area ceilings. The revised monetary ceilings would also be applicable w.e.f. 1.4.94 to part-time Chairman for whom leased accommodation is to be provided by the PSEs.

(ii) Recovery towards rent for the furnished and unfurnished accommodation provided by the public enterprises would be as per details given in the sub-paragraph (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 from 1.1.92 to 31.3.94, HRA, leased accommodation and rent recovery would be computed and paid on pre-revised basic pay.

6. The monthly rates of recovery for non-duty journeys performed by the Staff cars provided to these executives would continue as at present as indicated in para 7 of this Deptt.'s OM No. 4(12)/82-BPE (WC) dated 1.4.87. City Compensatory Allowance would be paid as under :-

Classification of Cities	A Class Cities	B-I Cities	B-2 Cities
Rates at which CCA is payable	6% of *BP subject to maximum of Rs.100/-	4.5% of *BP subject to maximum of Rs.75/-	3.5% of *BP subject to maximum of Rs.20/-
*BP = Basic Pay			

7. Wherever Productivity Linked Incentive Scheme have been introduced by the PSEs with the prior approval of the Government, the benefit of incentive payment under the existing Productivity Linked Incentive Scheme would also be extended to the incumbents of the Board level posts.

8. 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 1.1.92 in the manner indicated above and forward their files to the DPE for vetting as required under the existing instructions contained in BPE's DO Letter No.1/1/89-BPE (S&A) Cell dated 14.2.89 and DOPT's OM No. 27(14)/EO/89 (ACC) dated 6.12.89, and as per procedure indicated in Annexure-IV.

9. 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.

10. The basic thrust of the new Wage policy for the fifth round of wage negotiation as contained in OM dated 12.4.1993 read with OM dated 17.1.1994 is that the PSUs should generate their own resources for meeting enhanced liability on account of wage revision and no budgetary support would be extended to them by the Government. In the case of revision of scales of pay of Board level posts in Public Enterprises also, the same thrust as contained in the aforementioned OMs of Department of Public Enterprises would hold good. It is clarified that the procedure detailed in Annexure-IV must be followed scrupulously and there will not be any budgetary support for giving the revised scales of pay. The respective Managements/ administrative Ministries/Departments will have to find the requisite resources from within their own internal generation. There should not also be any automatic increase in administered prices of their goods and services.

11. All the administrative Ministries/Departments are, therefore, requested to issue Presidential Directives as per draft enclosed (Annexure-V) to the concerned PSEs under their administrative control to give effect to the above mentioned revision in scales of pay of Scheduled posts w.e.f. 1.1.1992. A copy of the directive issued may be sent to DPE.

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

**ANNEXURE-I**

**Fitment Method :**

Fitment Method would be as follows:

Basic pay in revised scale would be fixed as under:

(a) Basic pay in the existing scale of pay as on 1.1.1992

Plus (b) Actual DA as on 1.1.1992 at AICPI 1099:

(c) 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 (d) 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-II**

### **Public Sector Dearness 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 instalments 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 1099 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 1099 would be taken up to 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:

<b>Pay Ranges – Basic Pay</b>	<b>Neutralisation Percentage</b>
Upto Rs.3500	100*
Rs.3501 – 6500 Rs.6501 – 9500	75 Subject to 60 Marginal adjustment
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.

Foot Note - I

Quarterly averages would be computed in the following manner:

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

Foot Note: 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 AICPI ending Feb. 1992 – payable from 1.4.92 (1121 points)	2% of pay subject to a minimum of Rs.44/-	1.5% of pay subject to a minimum of Rs.70/-	1.2% of pay subject to a minimum of Rs.98/-	1% of pay 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 1.10.94 (1384 points)	25.9% of pay subject to a minimum of Rs.570/-	19.4% of pay subject to a minimum of Rs.907/-	15.5% of pay subject to a minimum of Rs.1261/-	12.9% of pay subject to a minimum of 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 III

**Subject :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 10% of Basic Pay

unclassified areas

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 rents. Payment would also be subject to their producing the cash 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 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 Rs.Proposed	Rs.Existing	CDA PSEs 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.

**Ceiling 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 monetary ceiling for leased accommodation in respect of executives holding posts at the Board Level as well as executives holding posts below the Board Level w.e.f.1.4.1994

Ceiling for leased accommodation for the executives of Board Level

Scale of Pay	Plinth Area	<u>REVISED CEILINGS</u>				
		<u>A Class Cities</u>		<u>Other A Class Cities</u>	<u>B Class Cities</u>	<u>C Class Cities</u>
		<u>DelhiBombay</u>	<u>CalcuttaMadras</u>			
Rs.	Sq.FT	Rs.	Rs.	Rs.	Rs.	Rs.
13000–15000	1900	10500	9750	9000	8250	6750
12000-14000	1900	9800	9100	8400	7700	6300
10000-12000	1700	8400	7800	7200	6600	5400
9000-10500	1700	7400	6900	6300	5800	4800

#### ANNEXURE IV

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

##### Profit making PSEs loss making PSEs and PSEs 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 given 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:

- 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
- PSEs which did not make profit during the last 3 years:- PSEs which did not make profit during 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.
- 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 executive holding posts at 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 establishment 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 1.1.87 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 other 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 DPE'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.

#### **ANNEXURE-V**

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 executives.

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The scale of pay of the incumbents of the Board level executives were last revised by the Government w.e.f. 1.1.87. Government have now decided that the pay revision and other benefits for Board level executives w.e.f. 1.1.92 may be implemented through Presidential Directives.

2. In exercise of the powers conferred by Article \_\_\_\_\_ of Articles\* of Association of \_\_\_\_\_/\*Section \_\_\_\_\_ of the \_\_\_\_\_ Act setting up \_\_\_\_\_ (Name of the PSE), the President is pleased to direct the \_\_\_\_\_ (name of PSE) that the proposed pay revision and other benefits for Board level executives w.e.f. 1.1.92 may be implemented.

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\* Delete whichever is not applicable.