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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

For Reference : 19. DPE/Guidelines/ IV(a)/19

Policy for the 7 th Round of Wage Negotiations for unionized workers in Central Public Sector Enterprises w.e.f. 1.1.2007.

The undersigned is directed to convey the decision of the Government that the next round of wage negotiations (which falls due on a general basis from 1.1.2007) with the workers of Central Public Sector Enterprises (CPSE) may be undertaken by the Managements of the Enterprises with the Trade Unions/Associations.

2. The wage negotiation and finalization will be subject to the following conditions:-

(i) The managements of the CPSEs would be free to negotiate the wage structure, for the unionised workmen keeping in view and consistent with the generation of the resources/ profits by the concerned enterprises.

(ii) No budgetary support for the wage increase shall be provided by the Government under any circumstance. The resources for meeting the increased obligation for implementation of wage revision must be internally generated and must come from improved performance in terms of productivity and profitability and not from Government subvention.

(iii) For CPSEs which are monopolies / near monopolies or operate under an administered price structure, it must be ensured that any increase in wages after negotiation does not result in increase in the administered prices of their goods and services.

(iv) The validity period of wage settlement would be for ten years with 100% DA neutralization w.e.f. 1.1.2007. The revision shall be subject to the condition that there shall be no increase in labour cost per physical unit of output. There may be rare exceptions, where units would already be working at optimum capacity considering industry-wide norms. In such cases the administrative Department may consult this Department.

(v) As regards sick CPSEs registered with Board for Industrial and Financial Reconstruction (BIFR), until BIFR approves the revival plan for such enterprise in which provision has been made for additional expenditure on account of wage revision, no revision of wage would be allowed to the employees of such CPSEs.

(vi) In case of sick/incipient sick CPSEs referred to Board for Reconstruction of Public Sector Enterprises (BRPSE), the wage revision would be considered on the basis of final decision on the recommendations of BRPSE.

(vii) CPSEs which incurred net loss during any of the three financial years preceding the proposed wage negotiation, but not referred to BIFR/BRPSE may also be allowed to enter into wage negotiation, provided they give an estimate to their administrative Ministry/Department as to how resources would be generated by them to meet the extra expenditure arising out of implementation of wage revision.

(viii) The CPSEs may implement the negotiated wages after confirming to their administrative Ministry and the Department of Public Enterprises that the revisions are within these approved parameters, and that it has been ensured that such negotiated wages would not come in conflict with the pay revision of officers and non-unionized supervisors of the respective CPSEs.

3. All the administrative Ministries/Departments are requested to issue suitable instructions to the CPSEs under their administrative control in the light of the above decision of the Government under intimation to this Department.

Sixth Central Pay Commission, Government of India

Terms of Reference

- To examine the principles. The date of effect thereof that should govern the structure of pay, allowances and other facilities/benefits whether in cash or in kind to the following categories of employees:-
 - Central government employees – industrial and non-industrial.
 - Personnel belonging to the All India Services.
 - Personnel belonging to the Armed Forces.
 - Personnel to the Union Territories.
 - Officers and employees of the Indian Audit and Accounts Department; and
 - Officers and employees of the regulatory bodies set up under Acts of Parliament.
- To transform the Central Government Organisations into modern, professional and citizen-friendly entities that are dedicated to the service of the people.
- To work out a comprehensive pay package for the categories of Central Government employees mentioned at (A) above that is suitably linked to promoting efficiency, productivity and economy through rationalization of structures, organizations, systems and processes within the government, with a view leveraging economy, accountability, responsibility, transparency, assimilation of technology and discipline.
- To harmonize the functioning of the Central Government Organisations with the demands of the emerging global economic scenario. This would also take in 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 Undertakings, the economic conditions in the country, the need to observe fiscal prudence in the management of the economy, the resources of the Central Government and the demands thereon on account of economic and social development, defence, national security and the global economic scenario, and the impact upon the finances of the States if the recommendations are adopted by the States.
- To examine the principles which should govern the structure of pension, death-cum-retirement gratuity, family pension and other terminal or recurring benefits having financial implications to the present and former Central Government employees appointed before January 1, 2004.
- To make recommendations with respect to the general principles, financial parameters and conditions which should govern payment of bonus and the desirability and feasibility of introducing Productivity Linked Incentive Scheme in place of the existing ad hoc bonus scheme in various Departments and to recommend specific formulae for determining the productivity index and other related parameters.
- To examine desirability and the need to sanction any interim relief till the time the recommendations of the Commission are made and accepted by the Government.

The Commission will devise its own procedure and may appoint such Advisers, institutional consultants and experts, as it may consider necessary for any particular purpose. It may call for such

information and take such evidence, as it may consider necessary. Ministries and Departments of the Government of India will furnish such information and documents and other assistance as may be required by the Commission. The Government of India trusts that State Governments, Service Association and others concerned will extend to the Commission their fullest cooperation and assistance.

The Commission will have its headquarters in Delhi.

The Commission will make its recommendations within 18 months of the date of its constitution. It may consider, if necessary, sending reports on any of the matters as and when the recommendations are finalized.

PAY REVISION COMMITTEE - CPSE



Chairman : Justice M. J. Rao, Retired Judge, Supreme Court..

Rao, Mamidana Jagannadha, B.Sc., (Hons.) LL.B.—Born on 2-12-1935. Enrolled Advocate on 25-7-1960 at Hyderabad. Practised on the civil side — original and appellate at Hyderabad. Appointed as Additional Judge on 29-9-1982 (AN) in the Andhra Pradesh High Court, Appointed permanent Judge on 29-11-1982. Appointed as Chief Justice of Kerala High Court with effect from 8.8.91. Transferred to Delhi High Court on 12-4-94. Appointed as a Judge of Supreme Court of India on 21-3-97. Retired on 1-12-2000. Present Address : 204, , THOMAS PRABHU RELIANCE- COMPLEX, HIMAYATNAGAR,, , HYDERABAD- 500029. Ph : (40)23224533



Member : Dr. Nitish Sengupta, Economist and former member-secretary, Planning Commission,

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