

**GOVERNMENT OF INDIA  
HEAVY INDUSTRIES AND PUBLIC ENTERPRISES  
LOK SABHA**

STARRED QUESTION NO:186  
ANSWERED ON:04.08.2000  
WAGE REVISION OF EMPLOYEES OF PUBLIC SECTOR UNDERTAKINGS  
AJAY CHAKRABORTY;GADDE RAMAMOCHAN

**Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:**

- (a) the wage policy of the Government with regard to the employees of Public Sector Undertakings;
- (b) the names of Public Sector Undertakings in which wage revision is due since January 1997 and before;
- (c) whether the Cabinet Committee on Economic Affairs has recently taken a decision to offer public sector working unions an option with regard to the periodicity of wage revision;
- (d) if so, the details thereof;
- (e) the reaction of the unions of public sector undertakings in this regard;
- (f) whether the Government have also received Justice Mohan Committee Report in this regard;
- (g) if so, the details of the recommendations made by Justice Mohan Committee;
- (h) the number of recommendations out of these accepted by the Government; and
- (i) the further steps taken by the Government to give better scales to PSU employees?

**Answer**

MINISTER OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES (SHRI MANOHAR JOSHI)

- (a) to
- (i): A statement is laid on the Table of the House.

STATEMENT TO LOK SABHA STARRED QUESTION NO. 186 FOR REPLY ON 4.8.2000 ON 'WAGE REVISION OF EMPLOYEES OF PUBLIC SECTOR UNDERTAKINGS'

(a) & (b):- Government have in a memorandum dated 14th January, 1999 stated that Management of Enterprises would be free to negotiate wage structure with the workers' unions subject to the following conditions:-

- (1) Keeping in view and consistent with the generation of profits and resources by the concerned enterprises.
- (2) No budgetary support for the wage increase shall be provided by the Government.
- (3) For PSEs which are monopolies or near monopolies or operate under an administered price structure, any increase in wages after negotiations should not result in any increase in administered prices of their goods and services.
- (4) There shall be no increase in labour cost per physical unit of output.

The wage revision has been left to the PSEs to be negotiated and is a continuing process. The details of the negotiations and revision effected are not centrally monitored.

(c) to (e):- Government have decided as a further step, through guidelines issued on 26th July, 2000 to allow the unionised employees of the PSUs governed by Industrial Dearness Allowance (IDA) pattern to opt for either:-

- (i) a 10 year periodicity on wage revision with 100% neutralisation of DA as set out in the guidelines issued on 14.1.1999 OR
- (ii) a 5 year periodicity on the basis of graded neutralisation as did exist previously i.e. from 1.1.1992 to 31.12.1996.

The Committee of Public Sector Trade Unions had in a representation dated 5.7.2000 inter-alia sought five years wage settlement with full neutralization of Dearness Allowance.

(f) to (i) The terms of reference and the recommendations of Justice Mohan Committee relate to public sector executives at Board level, below Board level and non-unionised supervisors, and not to the workers in this regard. The Chief recommendations of the Committee are annexed to this statement. Government, have in the main, accepted the recommendations of the Justice Mohan

Committee and issued orders on 25th June, 1999.

## ANNEX

### ANNEX TO PART (G) OF LOK SABHA QUESTION NO. 186 FOR REPLY ON 4.8.2000 REG. WAGE REVISION OF EMPLC OF PUBLIC SECTOR UNDERTAKINGS

Chief recommendations of the Committee are as under:-

The proposed pay scales would be effective from 1.1.1997.

The recommended scale of pay for Executives in Schedule `A` posts is Rs. 27,750-31,500, Schedule `B` posts is Rs. 25,750-30,950, Schedule `C` posts is Rs. 22,500-27,300 and in Schedule `D` posts is Rs. 20,500-25,000.

100% neutralisation of cost of living for PSE employees covered by the terms of reference of this Committee.

The next pay revision for executives in PSEs should be after a period of 10 year or co-terminus with pay revision for Government employees.

HRA based on the reclassified list of cities as notified by Government of India based on the recommendations of 5th Central Pay Commission.

An increasing proportion of payments to executives, apart from salaries, should be performance related, thus constituting incentive/disincentive payments. Perquisites and allowance