

Annexure II

Sub: Pay Revision w.e.f. 01.01.2012

We would like to draw your kind attention regarding the issue of Pay revision for the executives of Central Public Sector Enterprises. Historically the Pay revision for Executives in the Central Public Sector Enterprises has tenure of 4 year, which was subsequently made 5 years. Only during the revision in 1997 the tenure has been increase to 10 Years based on the recommendations of the 1st Pay revision committee. However when the tenure was increased to 10 years, the DA has been merged with the basic pay after it had reached 50% and the same was reckoned for all purposes such as computation of DA, Performance related Payment, Perks & Allowances, Pay fixation at the time of pay revision etc. It may be noted that the tenure was defined at the time of Pay Revision itself so that there is no ambiguity.

It is deeply regretted that the tenure of the Pay revision has not been defined at the time of Pay revision in January 2007. The Second Pay revision committee has brought out clearly in the Preface that the question that was repeatedly raised in our discussions with CPSEs was that 10 years are too long a period for Pay revision in the Public Sector and that this time gap should be reduced to five years or so. The committee has felt that the Revision can be considered by the Board of Directors and the concerned Ministry as and when necessary on the basis of the economic situation and the nature of the concerned industry.

As brought out by the 2nd pay revision committee, the Public Sector salary levels appear to be far less attractive and this explains the ongoing exodus from the Public sector system especially at the middle level and higher level management. The Public Sector failed to attract IIT or IIM graduate and visits to their campuses for placement often yielded no result. This conclusion of the Pay committee in 2007, is equally valid even today after the pay revision in 2007.

At time of 2007 pay revision, the Officers Association of CPSEs had represented to the government that the Pay revision shall be once in three years to keep pace with the market conditions. The Department of Public Enterprises in the Cabinet note at the time of 2007 Pay revision had categorically mentioned that the decision on the tenure of the Pay revision will be taken at appropriate time. As more than 5 years have passed after the pay revision and the Gap in the Pay packet of

Executives of CPSEs and Private Sector have widened, there is an immediate need to revise the Pay Scales of executives in CPSEs with effect from January 2012.

As regards periodicity of wage revision in respect of unionised workmen, the Policy for the 7th Round of wage negotiations provides for a 10 year periodicity. However, considering the demands from various associations/unions, the

guidelines have since been issued to the Administrative Ministries/Departments to consider the claims for altering the period of settlement (not less than 5 years) from workmen's unions of CPSEs on a case by case basis and to decide with the approval of their Minister.

A number of CPSEs have revised the Pay Scales of Workmen with periodicity of 5 years. This will result in a situation where the workmen pay scales are revised with effect from January 2012 whereas the executives' salaries are not revised. As the workmen get promoted to the executive grade, it creates serious anomalies. It will also create serious discontent among the executives and has to be avoided at any cost.

The NCOA has been make representation in this regard for the last one year and the government has not taken any steps so far for the revision of Pay Scales. As the time has come for the government to take the decision for Pay revision, we request you to initiate the necessary steps immediately to ensure that the Pay revision for executives is implemented with effect from January 2012.
