

MR. PAUL ROY

Dated: 20th November, 2008

MINISTER'S SPEECH

You may recall that Government had set up a Pay Revision Committee headed by Justice M. Jagannadha Rao, (Retired judge of Supreme Court) for pay revision of executives and non unionized supervisors in Central Public Sector Enterprises (CPSEs). You may also recollect that the Committee had submitted its report on 30.05.2008 and on the same day the report of the Committee was uploaded on the website of the Department. From this platform, I had announced to take approval of the Cabinet on the recommendations of the Committee within six months. Let me share with you that even before the completion of the promised deadline of six months, after consulting all the Ministries/ Departments. We received comments from 32 Ministries/ Departments and in total 670 paras were received from Ministries/ Departments/ CPSEs/ Associations etc. The Cabinet has taken a decision on the recommendations of the 2nd Pay Revision Committee. The recommendations of the Committee were also considered by a Committee of Secretaries, which held its two meeting in 10 days to meet the deadline. The Election Commission has also given its clearance for the pay revision of executives of CPSEs.

This Government is committed to the welfare of each category of the CPSEs. Government had already issued guidelines in November, 2006 for wage negotiations (7th Round) of 12.36 lakh unionized workmen of CPSEs and their wages will be decided by way of negotiations between managements and trade unions of CPSEs. And now with the approval of Cabinet for the pay revision of executives and non unionized supervisors, 3.78 lakh in number will be benefitted. The average increase in the compensation package of the executives would be 96 %. Now I come to the decisions of the Government, which have been taken today for pay revision of executives.

1. The Government has accepted the recommendations of 2nd Pay Revision Committee alongwith the recommendations.
2. There would be a single set of pay scales for below Board level executives with an elongated span, which includes the Risk Pay at the minimum and maximum level instead of 5 sets of scales of pay. The revised pay scales are being circulated to you separately.
3. The Government has decided to give uniform fitment @ 30% of Basic Pay + DA as on 01.01.2007 to all executives instead of graded fitment of 3% to 42%.
4. Government has decided to give running pay scales for Directors and CMDs depending upon the schedule of the CPSE, by including Risk Pay at the maximum instead of Fixed Pay, which was suggested by the Committee.

5. The existing categorization of CPSEs into 4 schedules will continue.
6. The Government has accepted the recommendations of the 2nd Pay Revision Committee with regard to Dearness Allowance, House Rent Allowance, Leased Accommodation, City Compensatory Allowance, other allowances/ perks, Variable Pay/ Performance Related Pay, Performance Management System, Remuneration Committee, Long Term Incentives, Cost to the Company, retirement age and Superannuation Benefits.
7. The benefit of one additional increment for every two increment and would be provided to mitigate the problem of junior and senior executive getting the same pay.
8. A uniform rate of annual increment as well as stagnation increment @ 3% of Basic Pay in all CPSEs will be adopted.
9. The Government has even provided pay increase to the marginally profit making CPSEs at the fitment of 10% or 20% of their existing pay + DA, depending upon the affordability of concerned CPSE.
10. I am happy to inform you that a big demand by CPSEs employees regarding raising the limit of gratuity has been accepted by the Government and the ceiling of gratuity for the executives would now stands increased to Rs. 10 lakh. So far the said ceiling was Rs. 3.5 lakh.
11. Appropriate compensation package in respect of non unionized supervisors would be decided by the respective Board of Directors of CPSEs.
12. Expenditure on account of pay revision would be borne by the CPSEs, out of their earnings.
13. Even if there is any specific issue/ problem of CPSEs employees, Government has also constituted Anomalies Committee to look into such issues.
14. The effective date of pay revision will be 01.01.2007.

This decision of the Government, I strongly feel would greatly benefit the executives and non unionized supervisors of CPSEs and help the CPSEs to attract and retain the talent. The CPSEs are doing a good job for the country and with this pay revision they are expected to perform much better.

**REVISED SCALES OF PAY AT BOARD AND BELOW BOARD LEVELS
IN CPSEs**

1	2	3
Grade	Existing	Revised
E0	6550-200-11350	12,600-32,500
E1	8600-250-14600	16,400-40,500
E2	10750-300-16750	20,600-46,500
E3	13000-350-18250	24,900-50,500
E4	14500-350-18700	29,100-54,500
E5	16000-400-20800	32,900-58,000
E6	17500-400-22300	36,600-62,000
E7*	18500-450-23900	43,200-66,000
E8*	20500-500-26500	51,300-73,000
E9*	23750-600-28550	62,000-80,000
Grade	Existing	Revised
Director (D)	18500-450-23900	43200-66,000
CMD (D)	20500-500-25000	51300-73,000
Director (C)	20500-500-25000	51300-73,000
CMD (C)	22500-600-27300	65,000-75,000
Director (B)	22500-600-27300	65,000-75,000
CMD (B)	25750-650-30950	75,000-90,000
Director (A)	25750-650-30950	75,000-1,00,000
CMD (A)	27750-750-31500	80,000-1,25,000

*E7 only in CPSEs of Schedule A, B & C.

*E8 only in CPSEs of Schedule A & B.

*E9 only in CPSEs of Schedule A.

Important Highlights

Categorisation of CPSEs

Pay Revision Committee recommended 5 categories and 5 sets of scales. The Government approved on the basis of the recommendations of the COS that the existing 4 categories and the same sets of scales of pay for Below Board level executives will continue. There will be no change of the present categorization.

Different sets of scales for different set of CPSEs

There will be different scales of pay for Directors and CMDs of different CPSEs but uniform set of scale for the below Board level.

Fitment

Government decided to give uniform fitment of 30% of basic pay plus DA as on 1.1.2007. All the allowances will be on this higher basic pay.

Increment

The Government decided to give uniformly 3% annual increment and 3% stagnation increment but this will be on the higher base of the new pay of the executive pay scale.

HRA

The Government decided to give the same as for the Central Government employees.

Other allowance

The Government accepted the PRC recommendations. PRC recommended ceiling of 50%, however flexibility given to follow 'cafeteria approach' so that different sectors can get different types of allowances as per their need.

Retirement

No change

Anomaly Committee

Government has also formed an Anomaly Committee where all other pending views can be taken on other issues or anomalies.