



ABSTRACT

State Public Sector Undertakings/Statutory Boards- Wage Settlement- Restriction of Wage talks on certain key areas like Industry norms, pay scales and periodicity of the Wage Settlement –Revised guidelines-orders issued

FINANCE (BPE) DEPARTMENT

G.O.Ms.No. 224

Dated: 02.07.2013

Aani:18

Thiruvalluvar Aandu 2044

Read

1. G.O.Ms.No.363,Fin(BPE)Dept dt.21.9.2001
2. From the Commissioner of Labour, Chennai-6
Lr.No.B2/27913/2012 dt.6.9.2012

ORDER:

In the Government order 1st read above, directions were issued specifically indicating that the Chief Executive Officers of all State Public Sector Undertakings where the pay and allowances of the employees / workers are revised based on wage settlements, may impress upon the concerned labour unions through negotiations and mutual agreements to extend the period of wage settlement under Industrial Disputes Act,1947 once in five years for all future wage settlements instead of having it once in 3 or 4 years at present.

2) In spite of the instructions issued in G.O. Ms.No.363,Fin(BPE)Dept dt.21.9.2001, some of the State Public Sector Undertakings like State Transport Undertakings, Tamil Nadu Generation and Distribution Corporation, (erstwhile TNEB) Tamil Nadu Sugar Corporation, Tamil Nadu Cements Corporation, Tamil Nadu Magnesite Ltd, Arasu Rubber Corporation etc, have revised the operating period of Wage Settlements as 3 or 4 years over a period of time based on the Wage Settlement reached between the Management and the Labour Unions under the Industrial Disputes Act 1947. Some of the State Public Sector Undertakings have adopted pay scales and Grade pay similar to that of the pay scales and Grade pay permissible for Government employees.

3) In the letter read above, the Commissioner of Labour has indicated that no period of settlement is prescribed in the Industrial Disputes Act and as the Wage Settlements are made by way of collective bargaining as a package deal including period of settlement, some flexibility can be given to the Establishments to decide about the period of settlement.

4) The Government after careful consideration issue the following revised guidelines in supersession of the instructions issued earlier in G.O.Ms.No.363, Fin(BPE)Dept dt.21.9.2001.

- (a) In cases where the pay scales of State Public Sector Undertakings and periodical increase in Dearness Allowance match with the Government pay scales and DA, such State Public Sector Undertakings shall follow the Pay Commission cycle while entering into Wage Settlements;
- (b) In other cases, where Government scales of pay are not followed, the periodicity of wage settlement shall be below 10 years but not less than 5 years duly ensuring that there shall be no increase in labour cost per physical unit of output except under rare situations where units would already be working at optimum capacity considering industry-wide norms;
- (c) No budgetary support for the wage increase shall be provided by the Government under any circumstance and 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;
- (d) State Public Sector Undertakings operating under an administered price structure shall ensure that any increase in wages after negotiation does not result in increase in the administered prices of their goods and services;
- (e) Sick State Public Sector Undertakings which have been referred to Board for Industrial and Financial Reconstruction, no revision of wages shall be allowed to the employees unless the Board for Industrial and Financial Reconstruction approves the revival plan for such Public Sector Undertakings in which provision has been made for additional expenditure on account of wage revision;
- (f) State Public Sector Undertakings which have incurred net loss during any of the three financial years preceding the proposed wage negotiation, but not referred to Board for Industrial and Financial Reconstruction /Board for Reconstruction of Public Sector Enterprises shall take a decision after getting concurrence from the respective administrative departments and Finance Department in the Secretariat on the estimate to be provided by them as to how resources would be generated by them to meet the extra expenditure arising out of implementation of the proposed wage revision.

5) The Chief Executive Officers of all State Public Sector Undertakings and Statutory Boards are requested to bring this order to the notice of the Board of Directors at the earliest opportunity for adoption.

(BY ORDER OF GOVERNOR)

K.SHANMUGAM
PRINCIPAL SECRETARY TO GOVERNMENT

To
The Chief Executive Officers of all
State Public Sector undertakings /Statutory Boards

The Commissioner of Labour, Chennai-6

Copy to

All Departments of Secretariat.

All Finance Directors

//Forwarded by order//

Calisalaj
3.7.2013
Assistant Director

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03.07.2013

TNEBES