



GOVERNMENT OF KERALA

ABSTRACT

Formulation of a common framework for pay/wage revision of PSU's in Kerala -
Expert Committee constituted - Terms of reference fixed – Orders issued.

FINANCE (PAY REVISION CELL – C) DEPARTMENT

G.O(Ms)No. 307/2017/Fin

Dated, Thiruvananthapuram 22.06.2017

Read:- G.O(Ms)No.21/2017/P&EA dated 20.04.2017

ORDER

Government vide Order read above has constituted an Expert Committee to conduct a comprehensive study on the pay/wage structure in all the Public Sector Undertakings of the State.

Government are pleased to fix the following Terms of Reference for the study of the Expert Committee.

- A. To scrutinize and rationalize the norms for classification of State Public Sector Undertakings and their eligibility for pay revision in line with broader principles recommended by the 2nd Pay Commission for Central PSU's and as per the guiding principles attached as Annexures.
- B. To rationalize and standardize pay scales, dearness allowance, HRA, all other allowances and perks enjoyed by all employees ie, both executive (including Managing Director and Chairman) and worker (full-time as well as part-time and on contract basis) categories of State Public Sector Undertakings (except KSEB, KSRTC, KWA) and devise a comprehensive pay package and fix their eligibility for pay revision in line with broader principles recommended by 2nd Pay Commission for Central PSU's and as per guiding principles with a view to promote efficiency, productivity, profitability while ensuring accountability, responsibility, discipline and transparency in structure, systems, processes and operations of these institutions as ordered by Hon'ble Minister(Finance) attached as Annexure.

C. To study and submit a report on Terms of reference at A and B.

By order of the Governor

K.M.ABRAHAM

Additional Chief Secretary (Finance)

To

Sri.Sukumaran Nair, Chairman, Public Sector Restructuring and Internal Audit Board (RIAB), USRA-54, Udarasiromani Road, Vellayambalam, Sasthamangalam.P.O, Thiruvananthapuram - 695 010

Sri.G.Suresh, Director, Centre for Management Development, Thycaud, Thiruvananthapuram - 695 014

The Chief, Industry, Kerala State Planning Board, Pattom, Thiruvananthapuram - 695 004.

Sri.V.Ramachandran, Director General, Economics & Statistics Department, Vikas Bhavan, Thiruvananthapuram - 695033

The Secretary, Law Department.

The Additional Chief Secretary, Planning & Economic Affairs Department.

The Additional Chief Secretary, Labour Department.

The Director(i/c), Indian Institute of Management(IIM), IIMK Campus P.O, Kozhikode - 673 570

The Principal Accountant General (A&E) Kerala, Thiruvananthapuram.

The Principal Accountant General (Audit) Kerala, Thiruvananthapuram.

All the Administrative Departments in Government Secretariat.

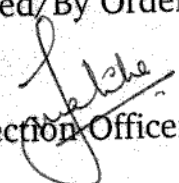
Information & Public Relations (Web & New Media) (for uploading in official website).

The Private Secretary to Chief Minister.

The Private Secretary to Finance Minister.

The Stock File / Office copy.

Forwarded/By Order


Section Officer

ANNEXURE I

Following disparities, listed below are generally found in the pay structure of different PSU's in Kerala.

1. Some PSUs who have not performed well has been receiving better pay packages vis-a-vis the pay structure of some other better performing PSUs which have been dismal.
2. Gross disparity in pay and allowances in PSUs working in same field.
3. Pay revision proposal of certain PSUs have been pending for decision for almost 5 years.
4. The DA rules to executives and workers and extent of DA/inflation neutralisation is another area of great trouble. In certain cases the DA will be as low as Rs. 0.25 per point.
5. Certain PSUs ingeniously demands over 100% of DA as on the date of pay revision, which could have been zero percentage as per the principles of pay revision.
6. The differences in pay and allowances of workers and executives working in the same company has been striking.
7. The employees of loss making PSUs have been demanding révision of pay on humanitarian grounds.

ANNEXURE II

In order to rectify the defects the following principles can be adopted by the Commission.

1. The date of effect of all PSUs (except KSEB, KSRTC and KWA) shall be uniform, say, 01.01.2018. PSU's which complete wage revision period of five years as on date of new revision may automatically switch over to new pay structure. However, PSU's whose five-year period is not completing as on the date of new pay structure, they can be switched over to new revision as and when they complete five years of their previous revision. This revision may be effective for next five years for all PSU's irrespective of their date of entry in to new pay structure and the date of further revision may be from 01.01.2023.

2. The wage structure of executives/officers and workers of all PSU's including sick PSU's may be revised in line with broader principles recommended by 2nd Pay Commission for Central PSU's. All PSU's (except KSEB, KSRTC and KWA) in Kerala may be classified in to four or five categories in different sectors based on income, profit/loss, dividend paid, potential for making profits, size of manpower and other tangible variables. The pay and perks of different categories may be different in different categories in such a way that highest ranking PSU's will get higher pay and perks while lowest ranking PSU will get pay and perks according to its rank. The loss making and sick PSU's may be included as a separate category and pay and perks may also be suggested but can be implemented with the approval of cabinet in each case.
3. The pay package in each company should be composed of a fixed component (around 70-80%) and a performance component (around 20-30%). Fixed component may be a scale of pay and performance component may be a variable lumpsum in accordance with each year's performance.
4. The DA pattern of all PSU's (except KSEB, KSRTC and KWA) shall be uniform and percentage based. The series used for calculation should be the latest AICPI-IW index with the base value depend upon the date of revision of pay and DA may be revised twice in a year, say, April and October and quantum of DA orders may be issued from Finance Department as in the case of Government employees. The payment of DA in each PSU may be decided by the Governing Board of each company depending upon its fiscal health.
5. Imprudent sanctioning of separate allowances/bonuses erodes the fiscal profile of several PSU's and hence the all types and quantum of bonuses/special allowances may be included in the categories and the sanctioning of the same may be decided by each PSU based on its fiscal health.
6. If any PSU employee faces loss when switch over in to new pay structure, the difference in that loss may be protected.