**CHRONOLOGY OF WAGE REVISION WHICH CREATED ANOMALY**

1. Vide order dated 21.01.2000, NHPC implemented the pay scale of Executive and Supervisors w.e.f. 01.01.1997 in compliance to DPE OM dated 25.06.2009
2. In July-Aug 2000, MOP in line with oil sector PSUs gave NOC to NTPC, PGCIL and PFC for revision of pay scale with effect from 01.01.1997 with 4 percent increment
3. Subsequently, NHPC (BOD-211th on 06.11.2000) approved the revised pay-structure for executives at par with NTPC subject to the approval of GOI which involved raising of E1, E2 & E2A scales and reduction of E3 & E7 scales at par with NTPC and other scales remain unaltered along with 4% increment.
4. NHPC submitted the proposal to MOP which sent it to DPE for concurrence which advised MOP for cabinet approval. The proposal was also sent to DOE for comments
5. DPE submitted a cabinet note 0n 01.05.2001 regarding ex-post facto approval of Oil and Power Sector PSU pay revision in deviation to DPE guidelines. Accordingly, DPE OM dated 06.06.2001 concurred the pay scale of NTPC, PGCIL& PFC and dictated that hereinafter all PSUs making any departure from Government guideline shall take explicit approval from DPE.
6. On similar lines, proposal for NHPC pay structure in line with NTPC was placed before cabinet on 12.11.2002.
7. Cabinet deferred the decision and cabinet secretariat sought clarification from MOP regarding feasibility of reduction of pay scale and NHPC’s fund availability for arrears.
8. A Draft supplementary cabinet note was prepared by MOP after incorporating DPE and DOE Comments in November 2004 and after examining holistically MOP concluded that NHPC is spending more on O&M expenses than CERC norms and requested NHPC to submit an action plan for correction.
9. In the backdrop of these developments and in the light of the fact that BOD was competent authority for revision of pay scale of workmen and supervisors, NHPC Management revised the pay scale of workmen with percent rate of increment vide office order dated 01.11.2001.
10. Subsequently, proposal for revision of supervisors was withdrawn and a modified pay scale with percentage rate of increment and 66 % fitment benefit was implemented vide order dated 14.12.2001.
11. **Due to non-implementation of pay scales in respect of Executives at par with pay scales of NTPC, PGCIL, PFC/Oil sector etc. and revision of pay scales in respect of unionized category of workmen/non-executives in line with the NTPC, PGCIL, PFC/oil sector, anomalies in pay scales arose within the organization.**
12. **The issue got further complicated with the promotion of Supervisors drawing higher pay scales into Executive cadre having lower pay scales.**
13. Instead of action plan, NHPC submitted a proposal for removal of pay anomalies in respect of employees promoted from supervisors to executives grade on 24.02.2006 with the approval of board of directors.
14. MOP vide letter 04.04.2006 issued no-objection for adoption of revised pay scales which resulted in reduction of E3 and E7 pay scale but no increase in E-1, E-2 and E-2 A scale. Accordingly, NHPC modified scales vide order dated 09.05.06.
15. This settlement could not follow the DPE OM dated 14.01.1999 and Annexure VI of DPE OM date 25.06.1999 and failed to rectify the anomaly as the scale of promotional grade is lower than the feeder grade.

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| **PAY SCALES W.E.F. 01.01.1997** |
| **Executive** | **Supervisors** | **Workmen** |
| **Grade**  | **Pay scale**  | **Grade**  | **Pay scale**  | **Grade**  | **Pay scale**  |
| E-1  | 8000-13400  | S-2  | 8600-13700  | W-8  | 8550-14850  |
| E-2  | 8600-14600  | S-3  | 9300-15590  | W-9  | 9000-15150  |
| Spl. Gr  | 10000-16000  |  |  |

1. All India NHPC Diploma Engineers Council had filed a writ petition for removing the pay anomaly in grade E1 to E2A vide CWP No. 19558 of 2007 in the Court of Punjab and Haryana at Chandigarh against NHPC & MOP.
2. The case was decided on 21.03.2011 with the direction;

**“Since the matter is under consideration with the respondents, it would be appropriate to dispose off this writ petition with a direction to the respondents to consider and decide the same within time bound period”.**

1. In compliance to DPE OM dated 26.11.2008 and 09.02.2009 and consequently vide MOP Directive dated 30.04.2009 to CPSEs, it was to be ensured that there is no aberration from DPE guidelines during implementation of 2nd pay revision
2. As the modified pay scales (implemented on 09.05.2006) were not according to DPE guidelines, NHPC along with other Hydro PSUs and REC faced difficulty in implementing the pay revision
3. To resolve the issue, MOP referred the consolidated proposal to DPE for approval/regularization of adopted pay scale in the above mentioned PSUs but DPE did not agree as the scales adopted are in contravention to the DPE scale in March & May 2010.
4. A decision was taken by MOP to move a Cabinet note for the solution.
5. As the implementation was delayed, NHPC in the interest of its executives provisionally implemented the pay scales and in the fixation of salary, pay protection was allowed.
6. Final note was submitted by MOP for consideration of the Cabinet on 13.10.11. However, it was desired that the matter be placed before the Committee of Secretaries(CoS). A note for consideration of CoS was prepared and sent on 21.11.2011
7. Committee on 14.02.2012 recommended that deviant pay scale cannot be regularized, however recovery shall not be made and pay scale may be fitted w.e.f. 01.01.2007 after correcting the aberration in pay scale fixed w.e.f. 01.01.97
8. Regarding pay parity of E-1 to E-2A in NHPC with other PSUs, the Ministry of Power communicated to NHPC vide letter dated 13.09.2012 that the parity in E1, E2 & E2A pay scales w.e.f. 01.01.1997 with other utilities cannot be considered
9. Meanwhile, Ministry of Law & Justice(Department of legal affairs) was also consulted and they vindicated NHPC stand and their observation has been annexed here at ***Annexure-I***.
10. Final note incorporating comments of various ministry/departments was submitted by MOP for consideration of the Cabinet on 12.02.13.
11. Cabinet in meeting held on 21st Feb, 2013 considered the MOP note and decided that the matter may be discussed further between the ministers of MoF, MoHI & MoP and thereafter an appropriate proposal be brought for consideration of the Cabinet.
12. A meeting of GOM was held on 07.05.2013 in which Finance Minister was authorised to take a final decision on this matter. The decision of GOM was conveyed by JS (Pers.), Ministry of Finance vide its letter dated 08.07.2013.
13. As per the recommendation of GoM and further cabinet approval on 12.12.2013, MOP vide its letter dated 27.12.2013 directed concerned CPSUs to implement the cabinet decision as under:
14. The deviant pay scales fixed w.e.f. 01.01.1997 shall not be regularized.
15. However, no recovery shall be made for the excess pay drawn from 01.01.1997 onwards considering the difficulties in effecting recovery and also considering that such a recovery may de-motivate the staff.
16. The pay scales shall be fitted w.e.f. 01.01.2007 after correcting the aberrations in pay scales fixed w.e.f. 01.01.1997
17. NHPC Officers Association, being aggrieved with MOP OM dated 27.12.2013, has filed a writ petition, against NHPC , MOP, DPE etc, for 4% increment rate in pay scale vide CW(P) No. 1377 in the Delhi High Court in 2014 and there is a stay on the implementation by the order of Hon’ble Delhi High Court.

**Annexure – I**

**Ministry of Law & Justice (Department of Legal Affairs) were also consulted and their observations are as under:**

* “Under the same Administrative Ministry there are two different pay-scales for similarly placed persons i.e., for NTPC, PFC and PGCIL, the scales are allowed to be higher in contravention of the DPE guidelines. On the other hand, the aforementioned 5 CPSEs are prevented to bring the pay scales of their Executives at par with their counter-parts in the 3 CPSEs on the ground that the same are in deviation of the DPE guidelines. It violates provisions of Art. 14 and 16 of the Constitution as there is no reasonable classification between the two categories nor there any rational nexus to be achieved by such classification. We feel that equality must be established either by bringing down the scales of the Executives of the three CPSEs or by regularizing the pay-scales of these 5 CPSEs so as to make their pay scales at par with those of the NTPC and others”.

**(Suresh Chandra)**

**Joint Secretary & Legal**

Adviser

* It is advisable that a Committee of Secretaries reviews the matter in the light of the above, so that a holistic view is taken in the matter and which is consistent with the observations of Supreme Court and consistent also with the spirit of Art. 14/16 of the Constitution.

**MLJ(08.01.2013)**