

Public Enterprises Bhavan  
Block No. 14, CGO Complex  
Lodhi Road, New Delhi  
Dated 2<sup>nd</sup> April, 2009

OFFICE MEMORANDUM

**Subject:-** Pay revision of Executives of Central Public Sector Enterprises (CPSEs) – Role of Financial Advisors in respect of pay revision proposals of CPSEs.

A reference is invited to this Department's O.Ms. No. 2(70)/08-DPE (WC) dated 26.11.2008, 09.02.2009 and 02.04.2009 regarding pay revision of Executives and Non-Unionized Supervisors in CPSEs following IDA pattern of scales of pay w.e.f. 01.01.2007.

2. Para 17 of the O.M. dated 26.11.2008, inter-alia provides that the Board of Directors of each CPSE would be required to consider the proposal of pay revision based on their affordability to pay and submit the same to the administrative Ministry/Department for approval. It has also been provided that the revised pay and allowances would be implemented by the concerned administrative Ministry/Department by issuance of Presidential Directives in respect of each CPSE under their administrative control separately.

3. While considering the proposal for revision of pay for executives of individual CPSEs and before issue of Presidential Directives, attention is invited to some of the salient features of the pay revision as approved by the Union Cabinet and communicated through the O.Ms. under reference. Various ceilings/limits prescribed are as follows:-

- i) Additional outgo by the pay revision keeping in mind the changes agreed to vide OM dated 02.04.09 for a period of 12 months should not result in more than 20% dip in profit before tax (PBT) for the year 2007-08 of a CPSE in respect of executives as well as non-unionised supervisory staff taken together in a CPSE.
- ii) Maximum ceiling of 50% of the Basic Pay for Perks and Allowances.
- iii) Apportioned amount of recurring expenditure on maintaining and running the infrastructure facilities to be restricted to 10 percent of the basic pay of all executives and non-unionised supervisors.
- iv) Maximum ceiling of 30% of Basic Pay plus DA for superannuation benefits.
- v) Maximum ceilings for variable pay depending on the grade of the executive, his performance rating, MoU rating of CPSE, etc. as prescribed in O.Ms. dated 26.11.08 and 9.2.09.
- vi) The quantum of total PRP of a CPSE would be based on physical and financial performance and will come out of profits of the CPSE. 60% of the PRP will be given with the ceiling of 3 % of PBT and 40% of PRP will come from 10% of incremental profit. The total PRP will be restricted to 5% of PBT.
- vii) Ceilings mentioned under various items are the maximum permissible. However, lower ceilings against the maximum permissible limits can be

