

No.2(81)/08-DPE (WC)-GL-XVI/2009
Government of India
Ministry of Heavy Industries & Public Enterprises
Department of Public Enterprises

Public Enterprises Bhawan
Block No. 14, C.G.O. Complex
Lodhi Road, New Delhi-110003
Dated: 08 July, 2009

OFFICE MEMORANDUM

Subject: Creation of a corpus in order to take care of medical and any other emergency needs of retired employees of CPSEs.

The 2nd Pay Revision Committee (2nd PRC) constituted for revision of pay and allowances in respect of Executives and Non-unionized supervisors of CPSEs following IDA pattern of pay scales in its report, inter alia recommended that CPSEs may create a corpus by contributing 1% to 1.5% of Profit Before Tax (PBT) to create a fund in order to take care of medical and any other emergency needs of retired executives and also those employees who are not adequately covered by the Pension Scheme.

2. In terms of DPE O.Ms. dated 26.11.2008 and 02.04.2009, CPSEs are allowed upto 30% of Basic Pay plus DA as superannuation benefits which may include CPF, Gratuity, Pension & Post Superannuation Medical Benefits. While, a number of CPSEs already have schemes for extending post superannuation medical benefits and/or pension to their retired employees, many other CPSEs may not have any such scheme for their retired employees.

3. This Department had requested Ministries/ Departments concerned with the CPSEs for furnishing their considered views about the feasibility and the methodology of operationalising the above referred recommendation of the 2nd PRC. DPE, however, did not receive appropriate response from concerned Ministries/ Departments to the said recommendation. It is found that it would not be feasible to have a common / unified scheme for all the CPSEs. However, at the same time, a need is felt to have a scheme for the

retired employees of a CPSE so that they could avail medical and other emergency benefits. In such a situation, it would be better if decision to create or otherwise, a corpus to implement the recommendation, is left to the individual CPSEs.

4. After careful consideration of the recommendation of 2nd PRC, it has now been decided that individual CPSEs may create a corpus by contributing not more than 1.5% of PBT, in order to take care of medical and any other emergency needs of those retired employees, who are not covered by the pension scheme and/or post superannuation medical benefit scheme.

5. Administrative Ministries/Departments may, therefore, issue suitable instructions to the managements of CPSEs, to consider framing of a scheme, with the following guidelines:

- (i) The scheme may be set up where there is a need felt for such a scheme for retired employees of a CPSE.
- (ii) The scheme should take care of medical and any other emergency needs of those retired employees, who are not covered by the Pension scheme and/or post superannuation medical benefit scheme.
- (iii) A Committee of Directors may be constituted by the Board of Directors of each CPSE for disbursement of fund, to the retired employees of the CPSEs, covered under the scheme. The Committee may also identify the areas of medical and any other emergency needs.
- (iv) In the introductory year of operation of the scheme, not more than 1.5% of previous year's PBT would be permissible for funding of the scheme. In subsequent years, depending upon the need, contribution to the Corpus, if required, would be made. However, in no case the contribution to the Corpus, in any year will exceed 1.5% of the PBT of previous year.
- (v) No budgetary support will be provided by the Government for the scheme.

6. The Board of Directors of each CPSE accordingly, may consider, framing of the scheme, keeping in view the above guidelines, based on their need and affordability, and submit proposal to the Administrative Ministry/ Department for approval. The concerned Administrative Ministry/Department may, with the concurrence of their Financial Advisor, obtain approval of the competent authority for the scheme.

7. A copy of the approved scheme may be forwarded to the Department of Public Enterprises for record, in due course.


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Director
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All Administrative Ministries/ Departments (addressed to Secretaries by name) of the Government of India.

Copy to:

- i) Financial Advisors of the Administrative Ministries/Departments.
- ii) Chief Executives of CPSEs.
- iii) The Comptroller & Auditor General of India (Commercial Audit Wing),
9, Deen Dayal Upadhyay Marg, New Delhi.
- iv) All officers of DPE.
- v) NIC, DPE for uploading on to the DPE web site.


(P.J. Michael)

Under Secretary to the Government of India