

No. 2(24)/09-DPE (WC) *SL.XIV/09*
Government of India
Ministry of Heavy Industries & Public Enterprises
Department of Public Enterprises

Public Enterprises Bhawan,
Block No. 14, C.G.O. Complex
Lodi Road, New Delhi-110 003
Dated: 2nd June, 2009

OFFICE MEMORANDUM

Subject :- Fixation of pay of the Board level incumbents in CPSEs.

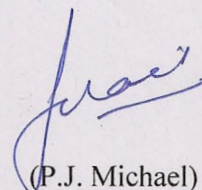
The undersigned is directed to invite attention to DPE O.M. No. 2(10)/02-DPE (WC) dated 14.03.2002 regarding fixation of pay of executive when he/she is appointed to the board level post in a CPSE. This O.M. provides that the pay drawn by the executive in the lower post held by him/her on regular basis will be notionally increased by one increment or Rs. 100/- whichever is more and the pay in the higher post will be fixed at the stage next above the notionally increased pay of the lower post.

2. In cases, where, it is not possible to fix the pay of Board level executives, by applying the above provision, the pay in such case is fixed based on the emoluments drawn in previous post and residual amount is considered as personal pay, which is to be absorbed in future pay fixation/ pay revision. It is, however, observed that such situation of pay fixation arises, where the board level executive is appointed to a post carrying a lower pay scale because the CPSE may be in pre-revised scale or may be in a lower schedule. It has been noticed that by protecting the emoluments drawn by the incumbent to draw the pay at maximum of the scale and residual amount as Personal Pay, results into anomalous situations, where other Directors of Board of a CPSE and also the CMD, draw much lesser salary in comparison to such incumbent.

3. It may be mentioned that 2nd Pay Revision Committee (2nd PRC) in its report recommended exclusion of any special pay or personal pay for the purpose of fitment. This recommendation has been accepted by the government. Subsequently, Government also constituted a Committee of Ministers to look into some issues regarding pay revision of executives of CPSEs. The Committee of Ministers in their report observed that, 'Justice Mohan Committee (1st PRC) had not recommended any protected pay w.e.f. 01.01.1997.' The Committee of Ministers agreed with the 2nd PRC recommendation regarding exclusion of personal pay/special pay for the purpose of fitment.

4. In view of foregoing, it has been decided that henceforth the pay of Board level Executives will be fixed after notionally increasing their pay by one increment and rounding off to the next Rs. 10/- in the new scale. If the pay so arrived at is more than the maximum of the new scale, then the pay would be fixed at the maximum of the scale. In no case, the difference, if any, between the earlier pay and revised pay will be permitted to be drawn as Personal Pay.

5. All administrative Ministries/ Departments of the Government of India are requested to bring the foregoing to the notice of the CPSEs under their administrative control. The proposals for pay fixation of Board level incumbents in future may be sent to DPE accordingly.



(P.J. Michael)
Under Secretary to the Government of India

To

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

Copy to:

1. Chief Executive of Central Public Sector Enterprises.
2. Financial Advisers in the Administrative Ministries/ Departments.
3. Secretary, PESB, CGO Complex, Lodhi Road, New Delhi.
4. Department of Expenditure, E-II Branch, North Block, New Delhi
5. The Comptroller & Auditor General of India (Commercial Audit Wing), 9 Deen Dayal Upadhyay Marg, New, New Delhi
6. NIC, DPE with the request to upload this OM on to the DPE website.