

No(21)/11-DPE (WC) GL-XIII / 2011
Government of India
Ministry of Heavy Industries & Public Enterprises
Department of Public Enterprises

Public Enterprises Bhawan,
Block No.14, CGO Complex,
Lodhi Road, New Delhi – 110003
Dated 6th July, 2011

OFFICE MEMORANDUM

Subject:- Clarification on some issues regarding Performance Management System (PMS), Performance Related Payments (PRP) and Productivity Linked Incentive (PLI).

The undersigned is directed to invite attention to this Department's Workshop on Performance Management System held at Chandigarh on 30.05.2011, wherein some issues emerged for further examination. Accordingly, it has been decided to clarify as under:-

- (i) The 'Bell Curve Approach' as provided in point No. (iii) in Annex – III of DPE O.M. dated 26.11.2008 has to be followed strictly. It is to be ensured that 10% of the Executives and non-unionised supervisors in a CPSE have to be graded as 'below par' and not paid any PRP. Similarly, not more than 15% of the Executives and non-unionised Supervisors in a CPSE should be graded as 'outstanding'
 - (ii) 'Financial year' is to be adopted for PRP distribution instead of 'calendar year'.
 - (iii) For the purpose of 2007 or even 1997 pay revisions, Productivity linked incentives (PLI) may not be equated or confused with payment of the Variable Pay or Performance Related Payments (PRP). While the PRP is entirely dependant/based on the profits of a CPSE, the former i.e. PLI may not. Therefore, PLI cannot continue to be distributed in place of PRP and PLI, if any, can only be distributed within the 50% ceiling on perks & allowances of the Basic Pay of individual executives.
 - (iv) PMS is pre-requisite for distribution of PRP among others under 2007 pay revision O.Ms. In case a CPSE is not in a position to distribute any PRP because of some reasons, it can still have a robust and transparent PMS, which would enable the CPSEs to do better which may result in profit and distribution of PRP.
2. Administrative Ministries/Departments are requested to issue suitable instructions to the CPSEs under their administrative control for information and necessary action.


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

All Administrative Ministries/Departments

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1. Copy to:

Chief Executives of CPSEs.

2. Copy to :

- i) Financial Advisors of the Administrative Ministries/Departments.
- ii) The Comptroller & Auditor General of India (Commercial Audit Wing),
9, Deen Dayal Upadhyaya Marg, New Delhi.
- iii) Department of Expenditure, (Smt. Madhulika P. Sukul, Joint Secretary),
North Block, New Delhi.
- iv) Department of Personnel & Training, (Smt. Mamta Kundra, Joint Secretary
North Block, New Delhi.
- v) Chairman, PESB/Member(s), PESB/Secretary, PESB, CGO Complex,
New Delhi.
- vi) Director General, SCOPE, SCOPE Complex, New Delhi.

3. Copy to:

- i) PS to Secretary (PE).
- ii) PS to Secretary BRPSE
- iii) All Officers of DPE
- iv) NIC, DPE for uploading on to the DPE website.



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