

No.2 (70)/08-DPE (WC) - GL-VII/09
Government of India
Ministry of Heavy Industries & Public Enterprises
Department of Public Enterprises

Public Enterprises Bhawan
Block No.14, CGO Complex, Lodi Road
New Delhi, the 2nd April, 2009

OFFICE MEMORANDUM

Sub: Revision of scales of pay w.e.f. 01.01.2007 for Board level and below Board level executives and Non-Unionised Supervisors in Central Public Sector Enterprises (CPSEs) — Report of the Committee of Ministers thereon.

The undersigned is directed to refer to this department's O.Ms. of even number dated 26.11.2008 and 09.02.2009 regarding pay revision of Executives and Non-unionised Supervisors of CPSEs w.e.f. 1.1.2007. Subsequent to issue of O.M. dated 26.11.2008, the Government constituted a Committee of Ministers to look into the demands raised by CPSE executives of Oil and Power Sectors.

2. The Government, after due consideration of the recommendations of the Committee of Ministers have decided further as follows:

i) **Benefit of merger of 50% DA with Basic Pay for fitment purpose:** The benefit of merger of 50% DA with Basic Pay w.e.f. 01.01.2007, effectively amounting to 78.2%, would be allowed for the purpose of fitment and pay fixation in the revised pay scales (para 2 (i) of DPE O.M. dated 26.11.2008)

ii) **Superannuation Benefit:** The ceiling of 30% towards superannuation benefits would be calculated on Basic Pay plus DA instead of Basic Pay alone. Any superannuation benefit will be under a "defined contribution scheme" and not under a "defined benefit scheme". CPSEs that do not have superannuation scheme, may develop such scheme and obtain the approval of their Administrative Ministry. However, no other superannuation benefit can be granted outside this 30% ceiling. (para 12, Annex IV(v) of O.M. dated 26.11.2008 refers)

iii) **House Rent Allowance:** There is no change in HRA rates as provided in O.M. dated 26.11.2008. However, in case the actual amount of House Rent Allowance as per prescribed rate is less than the actual amount of HRA drawn earlier in the case of a particular officer, the difference would be allowed to be drawn by the officer as 'Personal Allowance' until the difference is eliminated in course of time subject to the condition that the difference will be subsumed within the overall limit prescribed for perquisites and allowances. (para 7 of O.M. dated 26.11.2008 refers)

iv) **Other perquisites and allowances:** Para 10 of O.M. dated 26.11.2008 provided, inter alia, that "in places, where CPSEs have created infrastructure such

as hospitals, colleges, schools, clubs, etc., these facilities should be monetised at replacement cost for the purpose of computing the perks and allowances.”

It has now been decided that for the purpose of reckoning the value of infrastructure facilities, the recurring expenditure on maintaining and running the infrastructure facilities alone would be taken into account. The recurring expenditure should be divided into two parts, based on the proportion of total basic pay of executives and non-unionised supervisors and the total basic pay of workmen. The part attributable to the executives and non-unionised supervisors would be reckoned as the expenditure on perquisites and allowances, subject to the condition that the said amount shall be restricted to 10 per cent of the basic pay of all executives and non-unionised supervisors within the overall limit of 50 per cent of basic pay. (para 10 of O.M. dated 26.11.2008 refers)

The benefit of North East Allowance limited to 12.5% of Basic Pay may also be extended to the Ladakh Region as admissible to Central Government employees. (para 10 (i) of O.M. dated 26.11.2008 refers)

v) **Effective date for revised allowances:** It has been decided that if Presidential Directives are issued by the respective Ministries/ Departments within one month from the date of issue of this O.M., the effective date for revising allowances may be taken as 26.11.2008, being the date of issue of first O.M. by DPE. However, where Presidential Directives are not issued within one month from the date of issue of this O.M., the revised allowances shall be effective only from the date of issue of Presidential Directives. The effective date of allowances can in no case be prior to 26.11.2008. (para 17 of O.M. dated 26.11.2008 refers)

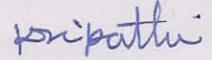
vi) **Introduction of intermediary pay scales to correspond with existing pay scales:** It has been decided that there will be no change in the ten pay scales of below board level posts as indicated in O.M. dated 26.11.2008 and there is no justification for introducing intermediary pay scales. If there have been any aberrations, they need to be corrected. Every officer has to be fitted into the corresponding new pay scale.

However, if there is any exceptional case regarding intermediary pay scales, the same may be referred by the administrative Ministry concerned to the DPE. The issue will be decided by DPE with the concurrence of Department of Expenditure, on a case to case basis without altering the minimum and the maximum of the revised pay scale.

vii) **Other demands:** Government has decided on the basis of the recommendations of the Committee of Ministers that no other change need be made in the O.M. dated 26.11.08 and 09.02.09 issued by the DPE regarding revision of pay scales of Executives and non-unionised supervisors of CPSEs.

3. Government has also decided that benefits under this O.M. read with the earlier decision as conveyed vide O.M. dated 26.11.2008 and 09.02.2009 has to be viewed as a total package. It has also been decided that the pay revision package as communicated by earlier O.Ms. along with the above modifications would be applicable to all the CPSEs.

4. The ceilings mentioned under various items given in O.Ms. dated 26.11.08, 09.02.09 and this O.M. are the maximum permissible limits. However, lower limits against these maximum permissible limits can be provided in the Presidential Directives, depending upon affordability, capacity to pay and sustainability of the concerned CPSE.

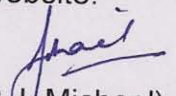


(K.D. Tripathi)

Joint Secretary to the Government of India

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

1. Copy to:
Chief Executives of CPSEs.
2. Copy also to:
 - i) Financial Advisors in the Administrative Ministries/Departments.
 - ii) C & AG of India, 10, Bahadur Shah Zafar Marg, New Delhi.
 - iii) Department of Expenditure, E-2 Branch, North Block, New Delhi.
 - iv) Department of Personnel & Training, North Block, New Delhi.
 - v) Chairman, PESB/Member(s), PESB/Secretary, PESB, CGO Complex, New Delhi.
3. Copy also to:
 - i) PS to Home Minister.
 - ii) PS to Minister of P&NG.
 - iii) PS to Minister of Power.
 - iv) PS to MoS (EB&I).
4. Copy also to:
 - i) Prime Minister Office, (Shri T.K.A. Nair, Principal Secretary to PM).
 - ii) Prime Minister Office, (Shri Kamal Dayani, Director).
5. Copy also to:
 - i) Cabinet Secretariat (Shri C.S. Kedar, Joint Secretary).
 - ii) Cabinet Secretariat (Shri K. L. Sharma, Director).
6. Copy also to:
 - i) PS to Minister (HI&PE).
 - ii) PS to MoS (HI&PE).
 - iii) PS to Secretary(PE).
 - iv) AS & FA (PE).
 - v) All officers of DPE.
 - vi) NIC Cell, DPE with the request to upload the O.M. on the DPE website.


(P.J. Michael)
Under Secretary