

Dated: 29 July, 2011

OFFICE MEMORANDUM

Sub: Creation of Corpus for retired employees of CPSEs

The undersigned is directed to refer to O.M. of even number dated 8.07.2009 on the subject mentioned above providing Board of Directors of each CPSE to frame a suitable scheme keeping in view the guidelines contained in the aforesaid O.M., based on their need and affordability and submit proposal to the Administrative Ministry/Department for approval. Subsequent to issue of O.M. dated 08.07.2009, a number of representations have been received in this Department, requesting for modifications in the Scheme. Government has accordingly reviewed the efficacy of the scheme as conveyed in O.M. of even number dated 08.07.2009.

2. In view of the above, the following has been decided:-

- i) Administrative Ministry/Department may consider creating a common corpus for the retired employees of the CPSEs, under their Administrative control. The purpose of the corpus would be to take care of medical and any other emergency needs of retired employees.
- ii) Each CPSE under the Administrative Ministry/ Department, to contribute not more than 1.5% of its PBT for the above said corpus.
- iii) A Committee, headed by an Independent Director, to be decided by Ministry/Department may be formed by the respective administrative Ministry/ Department for implementation of said corpus.
- iv) Scheme based on individual CPSE as conveyed in O.M. dated 08.07.2009 to continue but basic conditions like not more than 1.5% PBT (whether Ministry/Department based and/or individual CPSE based) and no budgetary support by Government would apply to the Ministry/Department based scheme proposed now. Therefore, there may be a situation, where a CPSE under a Ministry/Department may have a separate scheme for its retired employees,

but at the same time contribute to common corpus for retired employees of other CPSE(s) under Administrative Ministry/Department. In such cases also the total contribution will not exceed 1.5% of PBT of a particular financial year. For individual CPSE based scheme, constitution of Committee will be that as already indicated in para 5(iii) of O.M. dated 08.02.2009.

v) Purpose of the scheme (Individual or Common corpus under a Ministry/Department for its CPSEs) to be as per from 2(i) above. The scheme may be implemented preferably through approved Insurance Companies. It is clarified that scheme should not become a defined benefit pensionary scheme.

vi) The benefits under the Scheme may vary from year to year depending upon the contribution by CPSE(s) in a particular year as the contribution is in turn dependent on the Profits, affordability and sustainability of the CPSE(s) concerned.

vii) The issue of 'emergency needs' may be decided based on the principles of fairness, transparency, functional requirement, affordability sectoral similarities and sustainability of the common corpus, etc., with the prior approval of the aforesaid Committee.

viii) Such corpus will cover only those employees of CPSEs, who retired prior to 01.01.2007.

3. Administrative Ministries/Departments may suitably issue instructions to the CPSEs under their administrative control for their information and necessary action.

4. This issues with the approval of Minister (HI&PE).


(P.J. Michael)
Under Secretary
Tel: 24360823

To: All Administrative Ministries/Departments

Copy to:

1. Chief Executive of CPSEs.
2. Financial Advisors in the Administrative Ministries/Departments.
3. Comptroller & Auditor General of India (Commercial Audit Wing), 9 Deen Dayal Uadhayay Marg, New Delhi.
4. NIC - with the request to upload this O.M. on to the DPE website.
5. All officers of DPE.