

No. W-02/0035/2019-DPE (WC)-GL XIX /19  
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, the 17<sup>th</sup> September, 2019.

**OFFICE MEMORANDUM**

**Subject: Finalization of Terms & conditions including pay fixation in respect of Board level executives of CPSEs- procedure thereof regarding.**

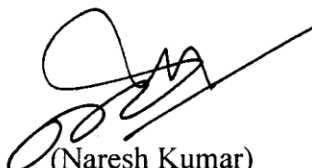
In continuation of the Department of Public Enterprises (DPE)'s OM No 2(34)/12-DPE (WC)-GL-XX/12 dated 14<sup>th</sup> December, 2012 on the subject cited above, the undersigned is directed to state that based on the recommendations of 3<sup>rd</sup> Pay Revision Committee(PRC) and with the due approval of the Cabinet, DPE vide OMs No W-02/0028/2017-DPE(WC)-GL-XIII/17 dated 3<sup>rd</sup> August, 2017, W-02/0028/2017-DPE(WC)-GL-XIV/17 dated 4<sup>th</sup> August, 2017 and W-02/0028/2017-DPE(WC)-GL-XVI/17 dated 7<sup>th</sup> September, 2017 has revised the pay scales of Board level & below Board Level Executives and Non-Unionised Supervisors of Central Public Sector Enterprises(CPSEs) w.e.f. 1<sup>st</sup> January, 2017.

2. The pay fixation principles, which apply in respect of Board level executives of CPSEs would also be applicable mutatis mutandis in respect of below Board level executives and non- unionised supervisors of CPSEs.

3. Therefore, to bring clarity and also for the convenience of all the stakeholders, the examples specified in the Appendix of the DPE OM dated 14.12.2012 have been modified in light of the 2017 pay revision guideline. The **Annexure** contains the new pay fixation examples. The pay fixation examples are only indicative and not exhaustive.

4. The other provisions mentioned in the said OM dated 14.12.2012 would apply in consonance with the amendments made from time to time by this department. Further, the examples mentioned in the said OM dated 14.12.2012 would remain relevant in context of the employees of CPSEs on 1997 and 2007 pay scales.

5. All administrative Ministries/Departments of the Government of India are requested to bring the above to the notice of CPSEs under their administrative control.

  
(Naresh Kumar)  
Under Secretary

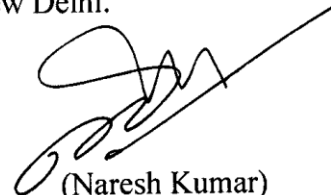
**Encl: As above**

To

All administrative Ministries/Departments of the Government of India.

**Copy to:**

1. The Chief Executives of Central Public Sector Enterprises.
2. The Comptroller & Auditor General of India, 9, Deen Dayal Upadhyay Marg, New Delhi.
3. Financial Advisers in the Administrative Ministries.
4. Department of Expenditure, E-III-A, Branch, North Block, New Delhi.
5. Department of Personnel & Training, EO Division, North Block, New Delhi.
6. NIC, DPE with the request to upload this OM on the DPE website.



(Naresh Kumar)  
Under Secretary

**Pay Fixation Examples**

**1. Appointment from a Board level post to another Board level post (like appointment from Director's post to CMD) within the same CPSE, or a different CPSE, but within the same schedule and same pay revision:**

Lower Post prior to appointment	Director, Schedule 'A' CPSE
Lower Pay Scale	₹180000-340000
Basic Pay (BP) in lower scale	₹220000/-
Higher Post after appointment	CMD, Schedule 'A' CPSE
Higher Pay Scale of the appointed post	₹200000-370000
Pay fixation in the higher scale on selection as CMD	
One notional increment @3% of the previous BP.	₹6600
Basic Pay to be fixed in the higher scale on appointment (Basic Pay + one notional increment)	₹226600 (220000 + 6600)

**2. Appointment from a Board level post to a Board level post in a different CPSE in different schedule but same pay revision:**

Lower Post prior to appointment	Director in Schedule 'A' CPSE
Lower Pay Scale	₹180000-340000
Basic Pay in lower scale	₹200000/-
Higher Post after appointment	CMD in Schedule 'B' CPSE
Scale of pay in Schedule 'B' CPSE	₹180000-320000
Basic Pay as CMD Schedule 'B' CPSE	₹200000/-
(i) No change in basic pay as the scale of pay of CMD Schedule 'B' is lower than that of Director Schedule 'A'.	
(ii) If the basic pay, which may or may not include stagnation increment, exceeds the maximum of the scale of pay the residual amount would be payable as personal pay.	
(iii) This Personal Pay (PP) would be absorbed during fixation of pay in higher scale/ pay revision. PP would not be counted for any purpose including DA.	

**3. Appointment from a Board level post to a Board level post in a different CPSE in different schedule but same pay revision:**

Lower Post prior to appointment	CMD in Schedule 'B' CPSE
Lower Pay Scale	₹180000-320000
Basic Pay in lower scale	₹200000/-
Higher Post after appointment	CMD in Schedule 'A' CPSE
Pay fixation in the higher scale on selection as CMD, Schedule 'A' CPSE	
Scale of pay in Schedule 'B' CPSE	₹180000-320000
One notional increment @3% of the previous BP.	₹6000/-
Basic Pay to be fixed in the higher scale on appointment (Basic Pay + one notional increment)	₹200000+6000/-= 206000/-

**4. Appointment from a Board level post to a Board level post in a different CPSE in different pay scales of different pay revisions but same schedule:**

Lower Post prior to appointment	Director in 2017 pay scale, Schedule 'A' CPSE
Lower Pay Scale	₹180000-340000
Basic Pay in lower post	₹200000/-
Higher Post after appointment	CMD in 2007 pay scale Schedule 'A' CPSE
Scale of pay of CMD in 2007 scale	₹80000-125000/-
Basic Pay Plus DA	₹200000 + DA = X
Maximum of the pay scale to which appointed	₹125000/-
Pay to be protected	₹125000 + DA + PP* = X
*This Personal Pay would be absorbed during fixation of pay in higher scale/ pay revision. PP would not be counted for any purpose including DA.	

**5. Appointment from a Board level post to a Board level post in different CPSE in different pay scales of different pay revisions and in different schedule:**

Lower Post prior to appointment	Director in 2017 pay scale, Schedule 'B' CPSE
Lower Pay Scale	₹160000-290000
Basic Pay in lower post	₹200000/-
Higher Post after appointment	CMD in 2007 pay scale Schedule 'A' CPSE
Scale of pay of CMD in Schedule 'A' CPSE in 2007 scale	₹80000-125000
Basic Pay Plus DA	₹200000 + DA = X
Maximum of the pay scale to which appointed	₹125000/-
Pay to be protected	₹125000 + DA + PP* = X
*This Personal Pay would be absorbed during fixation of pay in higher scale/ pay revision. PP would not be counted for any purpose including DA.	

**6. Appointment from a below Board level post to a Board level post within the same CPSE or different CPSE but within the same schedule and same pay revision:**

Lower Post prior to appointment	Executive Director (E-9), Schedule 'A' CPSE
Lower Pay Scale	₹150000-300000
Basic Pay in lower post	₹190000/-
Higher Post after appointment	CMD, Schedule 'A' CPSE
Higher Scale of the appointed post	₹200000-370000
Pay fixation in the higher scale on selection as CMD	
Basic Pay in lower scale	₹190000
Plus one notional increment @3%	₹5700
Basic Pay in the higher scale on appointment (Pay + one notional increment)	₹200000 [(190000+5700=195700)<200000]

**7. Appointment from a below Board level post to a Board level post in different CPSE in different schedules but same pay revision:**

Lower Post prior to appointment	General Manager (E-8), Schedule-'A' CPSE
Lower Pay Scale	₹120000-280000

Basic Pay in lower scale	₹170000/-
Higher Post after appointment	CMD in Schedule 'C' CPSE
Scale of pay in Schedule 'C' CPSE	₹160000-290000
Notional increment @3%	₹5100
Basic Pay as CMD Schedule 'C' (Pay + one notional increment)	₹175100 (170000+5100)

**8. Appointment from a below Board level post to a Board level post in different CPSE in different pay scales of different pay revisions but same schedule:**

Lower Post	General Manager (E-8), Schedule 'B' (2017)
Lower Scale prior to appointment	₹120000-280000
Basic Pay in lower scale	₹170000
Higher Post after appointment	Director (Schedule B) (2007)
Higher Scale of the appointed post	₹65000-75000
Pay in the higher scale on selection as Director	
Basic Pay in lower scale	₹170000
No notional increment as it is a case of dissimilar pay scales, only emoluments will be protected	
Basic Pay + DA	₹170000 + DA = X
Maximum of the scale to which appointed	₹75000
Pay to be protected	₹75000 + DA + PP* = X
*This Personal Pay would be absorbed during fixation of pay in higher scale/pay revision. PP would not be counted for any purpose including DA.	

**9. Appointment from a below Board level to a Board level post in different CPSE in different pay scales of different pay revisions and in different schedule:**

Lower Post prior to appointment	General Manager (E-8), Schedule 'B' CPSE (2017)
Lower Pay Scale	₹120000-280000
Basic Pay in lower scale	₹170000
Higher Post after appointment	Director, Schedule 'A' CPSE (2007)
Higher Scale of the appointed post	₹75000-100000
Pay in the higher scale on selection as Director	
No notional increment as it is a case of dissimilar pay scales, only emoluments will be protected	
Basic Pay + DA	₹170000 + DA = X
Maximum of the scale to which appointed	₹100000
Pay to be protected	₹100000 + DA + PP* = X
* This Personal Pay would be absorbed during fixation of pay in higher scale/pay revision. PP would not be counted for any purpose including DA.	

**10. Employees coming from Government, for example if a Joint Secretary is appointed as CMD of a schedule 'B' CPSE on permanent absorption:**

Joint Secretary, GoI, level 14 (7 <sup>th</sup> CPC)	₹144200-218200
Basic Pay	₹200000
CMD, Schedule 'B' (2017 pay scale)	₹180000-320000
Pay fixation	₹200000 + DA = X ₹ BP in CMD scale of pay + DA = X. However, Basic pay would not exceed the

	maximum of the CPSE pay scale and any residual amount would be paid as PP, which would be absorbed in fixation of pay in higher scale/pay revision. This Personal Pay would be absorbed during fixation of pay in higher scale/pay revision. PP would not be counted for any purpose including DA.
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**11. Pay fixation on 2017 pay revision if increment date is 01.01.2017 in E5 Pay Scale:**

Basic Pay as on 31.12.2016	₹40000
Scale	₹32900-58000
Date of increment	01.01.2017
Effective date of pay revision	01.01.2017
Pay Revision formula = Basic Pay in pre-revised scale(A) + DA (119.5%)(B) + fitment [15%/10%/5% of (A +B)]	
Pay revised as on 01.01.2017= ₹40000+ ₹47800+ ₹13170(15%)= ₹1,00,970/-	
Annual Increment due on 01.01.2017 (3% of Revised Pay)= ₹3029/-	
Revised Pay Scale: ₹80000-220000/-, BP fixed in revised Pay Scale= ₹104000/- (₹100970+₹3029=₹103999) (Rounded off to next 10 ₹)	

**12. Increment can be an amount less than 3% of basic pay, and stagnation increment to be drawn once in two years after reaching maximum, and maximum three stagnation increments:**

Basic Pay as on 31.12.2018	₹215000
Scale	₹80000-220000
Date of increment	01.01.2019
Next increment	3% of ₹215000 or (₹220000-₹215000), whichever is less = ₹5000
Basic Pay after granting increment	₹220000 (maximum of scale)
Next increment	3% of ₹220000 i.e. ₹ 6600/-
Next increment date	01.01.2021 (as stagnation increment)

**Stagnation Increment:** In case of reaching the end point of pay scale, an executive would be allowed to draw stagnation increment, one after every two years upto a maximum of three such increments provided the executives gets a performance rating of 'Good' or above.

**13. Pay fixation if the amount arrived at after providing a notional increment is more than the maximum of the scale:**

Lower Post prior to appointment	E-8 Schedule 'A' CPSE
Lower Pay Scale	₹120000-280000
Higher Post after appointment	Director in Schedule 'B' CPSE
Higher Pay Scale of the appointed post	₹160000-290000
Basic Pay in the lower post	₹288400 (after grant of one stagnation increment) i.e. ₹ 280000+3% (₹ 8400) Stagnation increment
Plus one notional increment @3%	₹288400 +3% (₹ 8652) = ₹ 297060 (rounded off)
Pay to be fixed	₹290000 i.e. maximum of the scale

**Stagnation Increment:** In case of reaching the end point of pay scale, an executive would be allowed to draw stagnation increment, one after every two years up to a maximum of three such increments provided the executives gets a performance rating of 'Good' or above.

**14. Benefit of bunching of pay on 2017 pay revision on pay fixation from 2007 pay scale to 2017 pay scale:** The benefit of bunching, will be admissible as per Annexure III(A) of DPE OM dated 03.08.2017.

**15. No benefit of bunching of increment in case of CMD/MD of a CPSE from 2007 to 2017 but stepping up in specified cases:** CMD/MD is a stand-alone post in a CPSE, therefore, no comparison for the purpose of benefit of bunching of increments can be made in that CPSE. However, there may be some rare cases of stepping up of pay of CMD/MD in a CPSE. To illustrate, if the Director 'X' of 'Z' CPSE who was junior to a CMD/MD of 'Z' CPSE, and Director 'X' was drawing a lower basic pay in 2007 pay scale (as on 01.01.2017) draws higher basic pay than his CMD/MD on 2017 pay revision as on 01.01.2017, (because of the reasons of getting the benefit of bunching), the pay of CMD/MD of a 'Z' CPSE may be stepped up to the level of that Director 'X' as on 01.01.2017 as under:

Pay scale of Director 'X' in 'Z' CPSE in 2007 pay scale in Schedule 'A' CPSE	₹75000-100000
Pay scale of CMD in 'Z' CPSE in 2007 pay scale in Schedule 'A' CPSE	₹80000-125000
Basic pay of Director 'X' in 2007 pay scale as on 01.01.2017	₹98000
Basic pay of CMD in 2007 pay scale as on 01.01.2017	₹100000
Pay of Director in 2017 pay scale fixed after allowing the benefit of bunching (as on 01.01.2017)	₹255400
Pay of CMD in 2017 pay scale as on 01.01.2017 in normal case	₹253380
Pay of CMD with stepped up revised pay in view of Director 'X' of 'Z' CPSE, as on 01.01.2017	₹255400

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