GOVERNMENT OF INDIA

MINISTRY OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES

DEPARTMENT OF PUBLIC ENTERPRISES

GUIDELINES FOR ADMINISTRATIVE MINISTRIES/DEPARTMENTS AND CENTRAL PUBLIC SECTOR ENTERPRISES

GOVERNMENT OF INDIA

MINISTRY OF HEAVY INDUSTRIES
&
PUBLIC ENTERPRISES

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GUIDELINES
FOR
ADMINISTRATIVE MINISTRIES/DEPARTMENTS
AND
CENTRAL PUBLIC SECTOR ENTERPRISES
(Upto 30.09.2018)

SECRETARY

GOVERNMENT OF INDIA
MINISTRY OF HEAVY INDUSTRIES
& PUBLIC ENTERPRISES
DEPARTMENT OF PUBLIC ENTERPRISES
C.G.O. Complex, Block No.-14,
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INTRODUCTION

Department of Public Enterprises (DPE) is the nodal Department for Central Public Sector Enterprises (CPSEs). It issues policy guidelines concerning CPSEs from time to time. In order to keep pace with changing environment and requirements of CPSEs, these guidelines were reviewed and a Compendium was brought out in the year 2006 and again in 2015. It has been DPE's constant endeavour to keep the guidelines current, relevant and up-to-date. Therefore, the guidelines have been further reviewed and are contained in the latest Compendium entitled **"Guidelines for Administrative Ministries/Departments and Central Public Sector Enterprises, 2019".**

All efforts have been made to arrange the guidelines in a systematic manner as a ready reference. The latest Compendium comprises of a total of 203 guidelines in respect of Corporate Governance/Management, Policy Planning, Wage Policy, Memorandum of Understanding (MoU), Corporate Social Responsibility (CSR) and Voluntary Retirement Scheme (VRS) etc.

Besides, there are some guidelines which have been merged and others which have been archived. They are listed at the Annexure I & II respectively. These guidelines are still applicable. Their details can be seen at DPE website www.dpe.gov.in. The Compendium is also available on the website of DPE.

The Department of Public Enterprises acknowledges the contribution made by all the officers & staff in facilitating the publication of this Compendium.

(Seema Bahuguna)

मंत्री
भारी उद्योग एवं लोक उद्यम
भारत सरकार

सत्यमेव जयते

Minister of
Heavy Industries & Public Enterprises
Government of India

January, 2019

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FOREWORD

Department of Public Enterprises (DPE) under the Ministry of Heavy Industries & Public Enterprises is the nodal Department for issuing policy guidelines concerning Central Public Sector Enterprises (CPSEs). The existing guidelines were last compiled in the year 2006 and again in 2015. In line with the principle of minimum government and maximum governance, it has been decided to review these guidelines at regular intervals to update the same.

I am happy that a new Compendium 2019 has been brought out by DPE. I trust that this compilation would be a useful guide for administrative Ministries/Departments and Central Public Sector Enterprises.

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भारत सरकार

January, 2019

PREFACE

I am happy that Department of Public Enterprises (DPE) under the Ministry of Heavy Industries & Public Enterprises is issuing an updated compendium on policy guidelines concerning Central Public Sector Enterprises (CPSEs). The Compendium 2019 will be helpful to all the administrative Ministries/Departments, CPSEs and their employees as ready reference in their day-to-day working.

I congratulate DPE for this comprehensive exercise and hope that this exercise of review of the guidelines will continue regularly.

(Babul Supriyo)

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The information published includes references or pointers to information created and maintained by other Government Ministry/ Department which may not be included /published in the Compendium of DPE guidelines. Department of Public Enterprises (DPE) has consolidated these guidelines solely for information and convenience.

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CHAPTER-I

CORPORATE GOVERNANCE

1. Power of President to issue directives—Provisions in the Articles of Association—regarding.

As the Ministry of Agriculture & Rural Development, etc., are aware that the Articles of Association of the public enterprises contain an article to the effect that the President may from time to time issue such directives or instructions as may be considered necessary in regard to conduct of business and affairs of the company and in like manner may vary or annul any such directive or instruction.

2. The Committee on Public Undertakings (1987-88), in their 32nd Report on ñaccountability and autonomy of public undertakingsò, have recommended that all directives issued by the President should be in writing addressed to the Chairman and that the contents of those directives should be incorporated in the annual report of the Company.

3. This recommendation was considered and it has been found that the Articles of Association of some public enterprises already contain such a provision while others do not. It has now been decided that the following provision may be incorporated, at the appropriate place, in the Articles of Association of all such public enterprises which do not have this provision:ï

Provided that all directives issued by the President shall be in writing addressed to the Chairman. The Board shall, except where the President considers that the interest of the national security requires otherwise, incorporate the contents of directives issued by the President in the annual report of the Company and also indicate its impact on the financial position of the Company.

4. The Ministry of Agriculture and Rural Development, etc. are, therefore, requested to advise the public enterprises under their administrative control accordingly.

[BPE O.M. No. 2 (100)/87-BPE (GM) Dated 18th February, 1988]

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2. Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs)

The undersigned is directed to state that the Guidelines on Corporate Governance for CPSEs were issued in June, 2007 for an experimental phase of one year. The CPSEs have implemented these Guidelines, which were voluntary in nature, for the full year 2008-09.

2. The Government has reviewed the above matter and in light of experiences gained and also the need to adopt good corporate governance practices in CPSEs, decided to continue these Guidelines on a mandatory basis with minor modifications.

3. The revised Guidelines on corporate Governance for CPSEs are available on DPE website (url-http:// dpe.nic.in/newsite/gcgcpse2010.pdf).

4. All administrative Ministries/Departments are requested to take note of the above and issue suitable directions to all CPSEs under their respective administrative jurisdiction to comply with the revised Guidelines on Corporate Governance on a mandatory basis and also to submit quarterly progress reports with regard to compliance in the prescribed format within 15 days from the close of each quarter.

5. The administrative Ministeries are also requested to consolidate the information obtained from the CPSEs and furnish a comprehensive report to the Department of Public Enterprises by 31st May of every financial year on the status of compliance of Corporate Governance Guidelines.

6. This issues with the approval of Minister of Heavy Industries & Public Enterprises.

CHAPTER 1 - INTRODUCTION

1.1 Corporate Governance involves a set of relationships between a companyôs management, its Board, its shareholders and other stakeholders. Corporate governance provides a principled process and structure through which the objectives of the company, the means of attaining the objectives and systems of monitoring performance are also set. Corporate governance is a set of accepted principles by management of the inalienable rights of the shareholders as a true owner of the corporation and of their own rule as trustees on behalf of the shareholders. It is about commitment to values, ethical business conduct, transparency and makes a distinction between personal and corporate funds in the management of a company.

1.2 There are 250 Central Public Sector Enterprises (CPSEs). Majority of these CPSEs including Navratna, Miniratna CPSEs are earning profit and have improved their financial performance over the years. In the context of the policy of the government to grant more autonomy to the CPSEs and encourage them to access the capital markets for their fund requirement, Corporate Governance has become even more important. Under the recently introduced Maharatna Scheme, CPSEs are expected to expand international operations and become global giants, for which effective Corporate Governance is imperative.

1.3 These guidelines on corporate governance are formulated with the objective that the Central Public Sector Enterprises follow the guidelines in their functioning. Proper implementation of these guidelines would protect the interest of shareholders and relevant stakeholders.

1.4 The Department of Public Enterprises (DPE) had issued guidelines on composition of Board of Directors of Central Public Sector Enterprises (CPSEs) in 1992 **(Annex-I).** According to these guidelines at least one-third of the Directors on the Board of a CPSE should be non-official Directors. The Maharatna , Navratna and Miniratna schemes provide that exercise of the enhanced powers delegated to these CPSEs is subject to the condition that their Boards are professionalised by inducting adequate number of non-official Directors, with minimum four in case of Maharatna, Navratnas and minimum of three in case of Miniratnas. The schemes for Maharatna, Navratna and Miniratna CPSEs also provide for setting up of Audit Committees.

1.5 In November 2001, DPE issued further guidelines on composition of Board of Directors of listed CPSEs **(Annex-II).** It provided that the number of independent directors should be at least one-third of the Board if the Chairman is non-executive and not less than 50% if the Board has an executive Chairman. Relevant extracts of Clause 49 of the Listing Agreement with Stock Exchanges issued by Securities and Exchange Board of India (SEBI) form part of the said guidelines.

1.6 To bring in more transparency and accountability in the functioning of CPSEs, the Government in June, 2007 introduced the Guidelines on Corporate Governance for CPSEs for an experimental phase of one year to bring in more transparency and accountability in the functioning of CPSEs. These Guidelines were of voluntary nature. Since the issue of guidelines, the CPSEs have had the opportunity to implement them for the whole of the financial year 2008-09. These Guidelines have been modified and improved based on the experience gained during the experimental phase of one year. The Government have felt the need for continuing the adoption of good Corporate Governance Guidelines by CPSEs for ensuring higher level of transfarency and decided to make these Guidelines mandatory and applicable to all CPSEs.

1.7 Apart from these instructions of DPE, the CPSEs are governed by the Companies Act, 1956 and regulations of various authorities like Comptroller and Auditor General of India (C&AG), Central Vigilance Commission, administrative Ministries, other nodal Ministries, etc. The Right to Information Act 2005 is also applicable to the CPSEs. The CPSEs fall under the definition of ôStateõas provided in Article 12 of the Constitution of India. Further, some principles of corporate governance are already in vogue in public sector because (a) the Chairman, Managing Director and Directors are appointed independently through a prescribed procedure; (b) Statutory auditors are appointed independently by the C&AG; (c) Arbitrary actions, if any, of the Management can be challenged through writ petitions; (d) remuneration of Directors, employees, etc. are determined on the basis of recommendations of Pay Committees constituted for this purpose; etc.

CHAPTER 2 - APPLICABILITY OF GUIDELINES

2.1 For the purpose of evolving Guidelines on corporate governance, CPSEs have been categorised into two groups, namely, (i) those listed in the Stock Exchanges; (ii) those not listed in the Stock Exchanges.

CPSEs listed in Stock Exchanges:-

2.2 In so far as listed CPSEs are concerned, they have to follow the SEBI Guidelines on Corporate Governance. In addition, they shall follow those provisions in these Guidelines which do not exist in the SEBI Guidelines and also do not contradict any of the provisions of the SEBI Guidelines.

Non-listed CPSEs:-

2.3 Each CPSE should strive to institutionalize good Corporate Governance practices broadly in conformity with the SEBI Guidelines. The listing of the non-listed CPSEs on the stock exchanges may also be considered within a reasonable time frame to be set by the Administrative Ministry concerned in consultation with the CPSEs concerned. The non-listed CPSEs shall follow the Guidelines on Corporate Governance given in the subsequent chapters, which are mandatory.

2.4 The guidelines on Corporate Governance for listed and unlisted CPSEs are being dealt in the succeeding chapters under the following headings.

Å Board of Directors

Å Audit Committee

Å Remuneration Committee

Å Subsidiary Companies

Å Disclosures

Å Report, Compliance and Schedule of Implementation

CHAPTER 3 - BOARD OF DIRECTORS

3.1 Composition of Board

3.1.1 The Board of directors of the company shall have an optimum combination of functional, nominee and independent directors.

3.1.2 The number of functional directors (including CMD/MD) should not exceed 50% of the actual strength of the Board.

3.1.3 The number of nominee directors appointed by Government/other CPSEs shall be restricted to a maximum of two.

3.1.4 In case of CPSEs listed in the Stock Exchanges and whose Board of Directors is headed by an Executive Chairman, the number of independent directors shall be at least 50% of Board Members and in case of other CPSEs, at least one-third of the Board Members should be independent directors. The expression ôindependent directorô shall mean a part-time director of the company who:

(a) apart from receiving directorôs remuneration, does not have any material pecuniary relationships or transactions with the company, its directors, its senior management or its holding company, its subsidiaries and associates which may affect independence of the director;

(b) is not related to persons occupying management positions at the board level or at one level below the board;

(c) has not been a senior executive or managerial personnel of the company in the immediately preceding three financial years;

(d) Is not a partner or an executive not partner or an executive during the preceding three years, of any of the following:

i) the statutory audit firm or the internal audit firm or tax audit firm or energy audit firm or management audit firm or risk audit firm or insurance audit firm that is associated with the company, and

ii) the panel advocate(s) or legal firm(s) or consultant(s) and consulting firm(s) or expert(s) that have a material association with the company.

(e) is not a material supplier, service provider or customer or a lessor or lessee of the company, which may affect independence of the director;

(f) is not a substantial shareholder of the company i.e. owning two percent or more of the block of voting shares.

Explanation : For the purposes of the sub-clause 3.1.4:

(i) **Associate** shall mean a company which is an ñassociateò as defined in Accounting Standard 23 (AS-23), ñAccounting for Investments in Associates in Consolidated Financial Statementsò, issued by the Institute of Chartered Accountants of India.

(ii) **"Senior management"** shall mean personnel of the company who are members of its core management team excluding Board of Directors. Normally, this would comprise all members of management one level below the functional directors, including all functional heads.

(iii) **"Relative"** shall mean ñrelativeò as defined in Section 2(41) and Section 6 read with Schedule IA of the Companies Act, 1956 (Extract from the Companies Act at **Annex III).**

3.1.5 Nominee directors appointed by an institution which has invested in or lent to the company shall be deemed to be independent directors.

Explanation:

ñInstitutionô for this purpose means a public financial institution as defined in Section 4A of the Companies

Act, 1956 or a ñcorresponding new bankò as defined in section 2(d) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 or the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 [both Acts].ò

3.2 Part-time directors' compensation and disclosures

All fees/compensation, if any paid to part-time directors, including independent directors, shall be fixed by the Board of Directors subject to the provisions in the DPE guidelines and the Companies Act, 1956.

3.3 Other provisions as to Board and Committees

3.3.1 **Number of Board meetings:-** The Board shall meet at least once in every three months and at least four such meetings shall be held every year. Further, the time gap between any two meetings should not be more than three months. The minimum information to be made available to the Board is given in **Annex-IV.**

3.3.2 A director shall not be a member in more than 10 committees or act as Chairman of more than five committees across all companies in which he is a director. Furthermore it should be a mandatory annual requirement for every director to inform the company about the committee positions he occupies in other companies and notify changes as and when they take place.

Explanation:

a. For the purpose of considering the limit of the committees on which a director can serve, all public limited companies, whether listed or not, shall be included.

b. For the purpose of reckoning the limit under this sub--clause, Chairmanship/ membership of the Audit Committee and the ShareholdersôGrievance Committee alone shall be considered.

3.3.3 **Compliance of Laws to be reviewed:-** The Board shall periodically review compliance reports of all laws applicable to the company, prepared by the company as well as steps taken by the company to rectify instances of non-compliances.

3.4 Code of Conduct

3.4.1 The Board shall lay down a code of conduct for all Board Members and senior management of the company. The code of conduct shall be circulated and also posted on the website of the company.

3.4.2 All Board members and senior management personnel shall affirm compliance with the code on an annual basis. The Annual Report of the company shall contain a declaration to this effect signed by its Chief Executive.

3.4.3 Guidelines and policies evolved by the Central Government with respect to the structure, composition, selection, appointment and service conditions of Boards of Directors and senior management personnel shall be strictly followed.

3.4.4 There shall be no extravagance in expenditure on the part of Board members and senior management personnel. CPSEs executives shall be accountable for their performance in conformity with established norms of conduct.

Explanation: For this purpose, the term ñsenior managementò shall mean personnel of the company who are members of its core management team, excluding Board of Directors. Normally, this would comprise all members of management one level below the functional directors, including all functional heads.

3.4.5 Any external/internal changes made from time to time, due to addition of or amendment to laws/ regulatory rules, applicable to CPSEs, need to be dealt with carefully by the respective boards/senior management personnel.

3.4.6 A suggested list of items to be included in the code of conduct is given at **Annex-V.** Further, to assist the CPSEs in the formulation of the code, a model Code of Business Conduct and Ethics for Board Members and Senior Management is given at **Annex-VI.**

3.5 Functional Role Clarity between Board of Directors and Management

A clear definition of the roles and the division of responsibilities between the Board and the Management is necessary to enable the Board to effectively perform its role. The Board should have a formal statement of Board Charter which clearly defines the roles and responsibilities of the Board and individual directors. The Board of each CPSE may be encouraged to articulate its corporate governance objectives and approach (within the broad parameters of these guidelines and the general perception of business risk) to satisfy the expectations of its majority shareholders and other stakeholders.

3.6 Risk Management

Enterprise risk management helps management in achieving CPSE performance and profitability targets. It helps to ensure effective reporting and compliance with laws and regulations, and helps avoid damage to the entityôs reputation and associated consequences. Considering the significance of risk management in the scheme of corporate management strategies, its oversight should be one of the main responsibilities of the Board/Management. The Board should ensure the integration and alignment of the risk management system with the corporate and operational objectives and also that risk management is undertaken as a part of normal business practice and not as a separate task at set times.

3.7 Training of Directors

The company concerned shall undertake training programme for its new Board members (Functional, Government, Nominee and Independent) in the business model of the company including risk profile of the business of company, responsibility of respective Directors and the manner in which such responsibilities are to be discharged. They shall also be imparted training on corporate governance, model code of business ethics and conduct applicable for the respective Directors.

CHAPTER 4 - AUDIT COMMITTEE

4.1 Qualified and Independent Audit Committee

A qualified and independent Audit Committee shall be set up, giving the terms of reference.

4.1.1 The Audit Committee shall have minimum three directors as members. Two-thirds of the members of audit committee shall be independent directors.

4.1.2 The Chairman of the Audit Committee shall be an Independent Director.

4.1.3 All members of Audit Committee shall have knowledge of financial matters of Company, and at least one member shall have good knowledge of accounting and related financial management expertise.

Explanation 1: The term ñknowledge of financial matters of Companyò means the ability to read and understand basic financial procedures and statements i.e. balance sheet, profit and loss account, and statement of cash flows.

Explanation 2: A member will be considered to have accounting and related financial management expertise if he or she possesses experience in finance or accounting, or requisite professional certification in accounting, or any other comparable experience or background which results in the individualôs financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.

4.1.4 The Chairman of the Audit Committee shall be present at Annual General Meeting to answer shareholder queries; provided that in case the Chairman is unable to attend due to unavoidable reasons, he may nominate any Member of the Audit Committee.

4.1.5 The Audit Committee may invite such of the executives, as it considers appropriate (and particularly the head of the finance function) to be present at the meetings of the committee. The Audit Committee may also meet without the presence of any executives of the company. The Finance Director, Head of Internal Audit and a representative of the Statutory Auditor may be specifically invited to be present as invitees for the meetings of the Audit Committee as may be decided by the Chairman of the Audit Committee.

4.1.6 The Company Secretary shall act as the secretary to the Audit Committee.

4.2 Role of Audit Committee: The role of the Audit Committee shall include the following:-

4.2.1 Oversight of the companyôs financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

4.2.2 Recommending to the Board the fixation of audit fees.

4.2.3 Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

4.2.4 Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:

a. Matters required to be included in the DirectorsôResponsibility Statement to be included in the Boardôs report in terms of clause (2AA) of section 217 of the Companies Act, 1956;

b. Changes, if any, in accounting policies and practices and reasons for the same;

c. Major accounting entries involving estimates based on the exercise of judgment by management;

d. Significant adjustments made in the financial statements arising out of audit findings;

e. Compliance with legal requirements relating to financial statements;

f. Disclosure of any related party transactions; and

g. Qualifications in the draft audit report.

4.2.5 Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.

4.2.6 Reviewing, with the management, performance of internal auditors and adequacy of the internal control systems.

4.2.7 Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

4.2.8 Discussion with internal auditors and/or auditors any significant findings and follow up there on.

4.2.9 Reviewing the findings of any internal investigations by the internal auditors/auditors/agencies into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

4.2.10 Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

4.2.11 To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

4.2.12 To review the functioning of the Whistle Blower Mechanism.

4.2.13 To review the follow up action on the audit observations of the C&AG audit.

4.2.14 To review the follow up action taken on the recommendations of Committee on Public Undertakings (COPU) of the Parliament.

4.2.15 Provide an open avenue of communication between the independent auditor, internal auditor and the Board of Directors

4.2.16 Review all related party transactions in the company. For this purpose, the Audit Committee may designate a member who shall be responsible for reviewing related party transactions.

Explanation

The term **"related party transactions"** shall have the same meaning as contained in the Accounting Standard 18, Related Party Transactions, issued by the Institute of Chartered Accountants of India.

4.2.17 Review with the independent auditor the co-ordination of audit efforts to assure completeness of coverage, reduction of redundant efforts, and the effective use of all audit resources.

4.2.18 Consider and review the following with the independent auditor and the management:

- The adequacy of internal controls including computerized information system controls and security, and
- Related findings and recommendations of the independent auditor and internal auditor, together with the management responses.

4.2.19 Consider and review the following with the management, internal auditor and the independent auditor:

- Significant findings during the year, including the status of previous audit recommendations
- Any difficulties encountered during audit work including any restrictions on the scope of activities or access to required information,

Explanation

If the company has set up an Audit Committee pursuant to provision of the Companies Act, the said Audit Committee shall have such additional functions / features as contained in these guidelines.

4.2.20 Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

4.3 Powers of Audit Committee

Commensurate with its role, the Audit Committee should be invested by the Board of Directors with sufficient powers, which should include the following:

(i) To investigate any activity within its terms of reference.

(ii) To seek information on and from any employee.

(iii) To obtain outside legal or other professional advice, subject to the approval of the Board of Directors.

(iv) To secure attendance of outsiders with relevant expertise, if it considers necessary.

(v) To protect whistle blowers.

4.4 Meeting of Audit Committee

The Audit Committee should meet at least four times in a year and not more than four months shall elapse between two meetings. The quorum shall be either two members or one third of the members of the Audit Committee whichever is greater, but a minimum of two independent members must be present.

4.5 Review of information by Audit Committee

The Audit Committee shall review the following information:

(i) Management discussion and analysis of financial condition and results of operations;

(ii) Statement of related party transactions submitted by management;

(iii) Management letters / letters of internal control weaknesses issued by the statutory auditors;

(iv) Internal audit reports relating to internal control weaknesses;

(v) The appointment and removal of the Chief Internal Auditor shall be placed before the Audit Committee; and

(vi) Certification/declaration of financial statements by the Chief Executive/Chief Finance Officer.

CHAPTER 5 – REMUNERATION COMMITTEE

5.1 Each CPSE shall constitute a Remuneration Committee comprising of at least three directors, all of whom should be part-time directors (Nominee directors or independent directors). The Committee should be headed by an Independent Director. CPSE will not be eligible for Performance Related Pay unless the independent directors are on its Boards. Remuneration Committee will decide the annual bonus/variable pay pool and policy for its distribution across the executives and non unionized supervisors, within the prescribed limits.

CHAPTER 6 - SUBSIDIARY COMPANIES

6.1 At least one Independent Director on the Board of Directors of the holding company shall be a Director on the Board of Directors of a subsidiary company.

6.2 The Audit Committee of the holding company shall also review the financial statements of the subsidiary company.

6.3 The minutes of the Board meetings of the subsidiary company shall be placed at the Board meeting of the holding company. The management should periodically bring to the attention of the Board of Directors of the holding company, a statement of all significant transactions and arrangements entered into by the subsidiary company.

Explanation: For the purpose of these guidelines, only those subsidiaries whose turnover or net worth is not less than 20% of the turnover or net worth of the Holding company may be treated as subsidiary companies.

CHAPTER 7 - DISCLOSURES

7.1 Transactions

7.1.1 A statement in summary of transactions with related parties in the normal and ordinary course of business shall be placed periodically before the Audit Committee.

7.1.2 Details of material individual transactions with related parties, which are not in the normal and ordinary course of business, shall be placed before the Audit Committee.

7.1.3 Details of material individual transactions with related parties or others, which are not on an armôs length basis should be placed before the Audit Committee, together with Managementôs justification for the same.

7.2 Accounting Standards

7.2.1 Where in the preparation of financial statements, a treatment different from that prescribed in an Accounting Standard has been followed, the fact shall be disclosed in the financial statements, together with the managementôs explanation in the Corporate Governance Report as to why it believes such alternative treatment is more representative of the true and fair view of the underlying business transaction.

7.2.2 The Companies Act, 1956 as well as many other statutes require that financial statements of an enterprise should give a true and fair view of its financial position and working results. That requirement is implicit even in the absence of a specific detailed provision to this effect. However, what constitutes a true and fair view has not been defined either in the Companies Act, 1956 or in any other statute. The Accounting Standards as well as other transactions of the Institute of Chartered Accountants of India on Accounting matters seek to prescribe the accounting principles and the methods of applying these principles in preparation and presentation of financial statements so that they give a true and fair view.

7.2.3 Consolidated financial statements present financial information about the parent company, its subsidiaries, its associates and joint ventures as an economic entity to show the economic resources controlled by the group, the obligation of the group and the results the group achieved with its resources, which is not determinable from individual financial statements of parent, subsidiaries, associates and joint ventures. All CPSEs shall prepare consolidated financial statements as per Accounting Standards, namely, AS21, AS23 and AS27 issued by the Institute of Chartered Accountants of India (ICAI) in relation to the Consolidation of Financial Statements.

7.2.4 Many CPSEs provide groups of products and services or operate in geographical areas that are subject to differing rates of profitability, opportunities for growth, future prospects, and risks which may not be determinable from the aggregated data. Reporting of segment information is widely regarded as necessary for meeting the needs of users of financial statements. Hence, all CPSEs are required to publish segment wise profit and loss as per Accounting Standard 17 ñSegment Reportingò issued by ICAI.

7.3 Board Disclosures – Risk management

7.3.1 The company shall lay down procedures to inform Board members about the risk assessment and minimization procedures. These procedures shall be periodically reviewed to ensure that executive management controls risk through means of a properly defined framework. Procedure will be laid down for internal risk management also.

7.3.2 The Board should implement policies and procedures which should include:

(a) staff responsibilities in relation to fraud prevention and identification

(b) responsibility of fraud investigation once a fraud has been identified

(c) process of reporting on fraud related matters to management

(d) reporting and recording processes to be followed to record allegations of fraud

(e) requirements of training to be conducted on fraud prevention and identification.

7.4 Remuneration of Directors

7.4.1 All pecuniary relationship or transactions of the part-time Directors vis-à-vis the company shall be disclosed in the Annual Report.

7.4.2 Further the following disclosures on the remuneration of Directors shall be made in the section on the Corporate Governance of the Annual Report.

a. All elements of remuneration package of all the directors i.e. salary, benefits, bonuses, stock options, pension, etc.

b. Details of fixed component and performance linked incentives, along with the performance criteria.

c. Service contracts, notice period, severance fees.

d. Stock option details, if any ï and whether issued at a discount as well as the period over which accrued and over which exercisable.

7.5 Management

7.5.1 As part of the Directorsô Report or as an addition thereto, a Management Discussion and Analysis Report should form part of the Annual Report. This Management Discussion and Analysis should include discussion on the following matters within the limits set by the companyôs competitive position:

i. Industry structure and developments

ii. Strength and weakness

iii. Opportunities and Threats

iv. Segmentï wise or product-wise performance

v. Outlook

vi. Risks and concerns

vii. Internal control systems and their adequacy

viii. Discussion on financial performance with respect to operational performance

ix. Material developments in Human Resources, Industrial Relations front, including number of people employed.

x. Environmental Protection and Conservation, Technological conservation, Renewable energy developments, Foreign Exchange conservation

xi. Corporate social responsibility

7.5.2 Senior management shall make disclosures to the board relating to all material financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the company (e.g. dealing in company shares, commercial dealings with bodies, which have shareholding of management and their relatives, etc.)

Explanation: For this purpose, the term ñsenior managementò shall mean personnel of the company who are members of its core management team excluding Board of Directors. Normally, this would comprise all members of management one level below the functional directors, including all functional heads.

CHAPTER 8 - REPORT, COMPLIANCE AND SCHEDULE OF IMPLEMENTATION

8.1 Report on Corporate Governance

There shall be a separate section on Corporate Governance in each Annual Report of company, with details of compliance on Corporate Governance. The suggested list of items to be included in the report on Corporate Governance is in **Annex-VII.**

8.2 Compliance

8.2.1 The company shall obtain a certificate from either the auditors or practicing Company Secretary regarding compliance of conditions of corporate governance as stipulated in these Guidelines and Annexes. The aforesaid certificate with the Directorsô Report, which is sent annually to all the shareholders of the company, should also be included in the Annual Report.

8.2.2 Chairmanôs speech in Annual General Meeting (AGM) should also carry a section on compliance with corporate governance guidelines/norms and should form part of the Annual reports of the concerned CPSE.

8.2.3 The grading of CPSEs may be done by DPE on the basis of the compliance with corporate governance guidelines/norms.

8.3 Schedule of implementation

These Guidelines on Corporate Governance are now mandatory. The CPSEs shall submit quarterly progress reports, within 15 days from the close of each quarter, in the format (**Annex VIII)** to respective administrative Ministries/ Departments. The Administrative Ministries will consolidate the information obtained from the CPSEs and furnish a comprehensive report to the DPE by 31st May of every financial year on the status of compliance of Corporate Governance Guidelines during the previous financial year by the CPSEs under their jurisdiction.

8.4 DPE will, from time to time, make suitable modifications to these Guidelines in order to bring them in line with prevailing laws, regulations, acts, etc., DPE may also issue clarifications to the concerned Administrative Ministries/CPSEs on issues relating to the implementation of these Guidelines.

ANNEX-I

GUIDELINES ON COMPOSITION OF BOARD OF DIRECTORS OF CPSEs

I. Composition of Board of Directors of Public Sector Enterprises.

The question of Composition of the Board of Directors of PSEs has been considered from time to time and various guidelines have been issued in this regard by the Bureau of Public Enterprises. The Members of the Board of PSEs generally consist of the following three categories:ï

i. **Functional Directors:–** These are full time operational Directors responsible for day to day functioning of the enterprise. The Economic Administrative Reform Commission (EARC) had recommended that each Board should have an adequate number of Functional Directors on it. This was considered by the Govt. and the Bureau of Public Enterprises had issued guidelines in 1984 that the posts of Director (Finance) and Director (Personnel) be created in all Schedule óAô and Schedule óBô enterprises and on a selective basis in Schedule óCô Companies. Apart from these two functions, the enterprises could have representation at Board level for other disciplines such as production, marketing, project, planning etc. It is, however, observed that these guidelines are not being followed by the Administrative Ministries while constituting the Boards of PSEs. While in some cases the Boards are functioning without a single Functional Director, in others there is preponderance of such Directors.

ii. **Government Directors:–** These are appointed by the Administrative Ministries and are generally the officers dealing with the concerned enterprise. In most cases there are two such Directors on a Board; the Joint Secretary or Additional Secretary dealing with particular enterprise and the Financial Adviser of the Ministry. The question of representation of Government Directors on the Boards of PSEs was examined by the Arjun Sengupta Committee and following its recommendation, the Bureau of Public Enterprises have issued guidelines in 1986 that the Administrative Ministry concerned should not have more than one nominee Director on the Board of a PSE. In case of PSEs engaged in trading or dealing with important and exclusive items the number of Government Directors could be two. It is, however, noticed that in actual practice the number of Government Directors on the Boards of PSEs continues to be large.

iii. **Non-Official Directors:–** The induction of Non-Official Directors on the Boards of PSEs has been considered essential by various Committees and Commissions in order to make the Boards more professional. They are to be drawn from the public men, technocrats, management experts and consultants, and professional managers in industry and trade with a high degree of proven ability. The Bureau of Public Enterprises have issued guidelines in 1983 that the number of such Directors on a Board should be one-third of its total strength. This input is considered *very* important as it plays a complementary role in providing professional and managerial advice to the Board. It has, however, been the experience that the vacancies of these Directors are not filled up to stipulated levels in many enterprises by the Ministries.

2. The Department of Public Enterprises has recently considered the question of professionalization of the Boards of PSEs in pursuance of the New Industrial policy Statement made in the parliament on 24th July, 1991 and it has been decided that the composition of the Boards of Directors in PSEs should be broadly on following lines:ï

(A) Functional Directors:

Every Board should have some full time Functional Directors. The number of such Directors on a Board should not exceed 50% of the actual strength of the Board.

i. In cases where the number of Functional Directors on the Board is more than the 50% of its actual strength (not sanctioned strength), Administrative Ministries will immediately undertake a review of the strength of the Board in consultation with Department of Public Enterprises and PESB.

ii. On such Boards where the posts of Functional Directors do not exist, Administrative Ministries will take immediate steps to create such posts in accordance with the prescribed guidelines.

(B) Government Directors:

The number of the Government Directors on the Board of Directors of an enterprise should not exceed one-sixth of the actual strength of the Board.

i. It will be preferable to have only one Government Director from the concerned Administrative Ministry on each Board. The choice of the nominee Director would vest with the Secretary of the concerned Department.

ii. In case of PSEs where it is considered essential to give representation on the Boards to other concerned Government agencies/Ministries/State Governments, only one representation from the Group could also be appointed on the Board as part-time Government Director.

iii. The number of Government Directors on a Board should in no case exceed two.

(C) Non official Directors

i. The number of Non-Official Part-time Directors on a Board should be at least one-third of its actual strength. Wherever there is under representation of such Directors on the Board the concerned Ministries should take immediate steps to fill up the vacancies to stipulated level.

ii. A Panel of suitable persons who could be considered for appointment as Non-Official Part-Time Director on the Boards of PSEs will be maintained centrally by Department of Public Enterprises. This Panel will be prepared in consultation with PESB and the Secretary of the concerned Administrative Ministry.

(DPE O.M. No. 18 (6)/91-GM dated 16th March, 1992.)

II. Composition of Board of Directors of Public Sector Enterprises.

Reference is invited to this Departmentôs O.M. of even number dated the 16th March, 1992 on the above mentioned subject. In para 2 (B) (ii) of the said O.M., it was, inter-alia, mentioned that the choice of the Nominee Director would vest with the Secretary of the concerned Department. The matter was reconsidered in this Department and it has now been decided that the choice of the Nominee Director would vest with the administrative Ministry of the concerned Department.

(DPE O.M. No. 18 (6)/91-DPE (GM) dated 13th November, 1995)

III. Age of retirement of part-time Chairmen and criteria for appointment of part-time non-official Directors in Central PSUs.

The question of prescribing age of retirement for part-time Chairmen of Central Public Sector Enterprises as also laying down requisite criteria for appointment of part-time non-official Directors on the Boards of PSUs were under consideration of the Government.

2. Government have now decided that the age of retirement of part-time Chairmen of public enterprises should be 62 years.

3. As regards the selection and appointment of part-time non-official Directors, the following criteria will come into force forthwith:-

(a) *Qualification:* Minimum qualification for part-time non--official Directors would be graduate degree from a recognized university.

(b) *Experience:* Not less than 10 years at the level of Joint Secretary and above in the Government; CMD/MD in Corporate Sector/PSU; Professor level in an Academic Institution or professionals of repute like eminent Chartered Accountants/Cost Accountants at the level of Directors of Institutes/Heads of Department.

In selecting academics at the level of Professors, these academics should be in fields relevant to the companyôs area of operation, e.g. management, finance, marketing, technology, human resources, or law, as Professors of some other disciplines may have little to contribute.

(c) *Age:* The age band should be between 45-65 years (minimum/maximum limit). This could however, be relaxed for eminent professionals, for reasons to be recorded, being limited to 70 years.

4. It has also been decided that the above criteria should be applied for Navratna/Miniratna enterprises in such a way as to ensure that they could be globally competitive and have a level playing field with the Corporates.

(DPE O.M. No. 18(10)/2003-GM-GL-55 dated 11th March, 2004)

IV Criteria for appointment of non-official (Independent) Directors in Central PSEs.

The undersigned is directed to refer to this Departmentôs O.M. of even number dated 11th March, 2004 wherein the criteria for appointment of part-time non-official Directors in Central PSEs were laid down.

2. The criterion relating to ôExperienceô has been reviewed by the Government and para 3(b) of the above referred OM has been modified as under:-

ñ(b) Experience: Not less than 10 years at the level of Joint Secretary and above in the Government; CMD/MD in Corporate Sector/PSE; Professor level in an Academic Institution or professionals of repute like eminent Chartered Accountants/ Cost Accountants at the level of Directors of Institutes/ Heads of Department; persons of eminence with proven track record from Industry, Business or Agriculture.ò

3. All the administrative Ministries/Departments are requested to take note of the above modifications in the criteria for appointment of non-official (Independent) Directors for guidance and compliance.

[DPE O.M. No. 18(10)/2003-GM-GL-75 dated 10th November, 2005]

V. Turning selected Public Sector Enterprises into Global Giants – Operational and Administrative modalities – Restructuring of the Boards.

The Common Minimum Programme of the Government states, inter-alia, that Government will identify public sector enterprises that have comparative advantages and support them in their drive to become global giants. In pursuance of these objectives, the government have decided to grant enhanced autonomy and delegation of powers to nine selected public sector enterprises, namely BHEL, BPCL, HPCL, IOC, IPCL, NTPC, ONGC, SAIL and VSNL.

2. The exercise of the enhanced autonomy and authority shall be exercisable only after the Boards have been restructured, as indicated below. It must be ensured that each of these PSEs inducts in the first instance at least four non-official part-time Directors of an impeccable stature and background. This number should be more for those PSEs which have a very large number of Functional Directors. It should also be ensured that within six months, the number of non-official part-time Directors in increased to reach at least 1/3rd of the total strength of the Board.

3. The above is in partial modification to the general guidelines issued by the Department of Public Enterprises vide OM No.18(6)/91-GM dated 16th March, 1992.

4. While selection of full-time Directors and part-time Government nominees Directors would continue to be done as per the existing procedures, for selection of the non-official part -time Directors in these companies, a Search committee comprising Chairman-PESB, Secretary-DPE, Secretary of the Administrative Ministry and an eminent person (s) to be nominated by Industry Minister has been set up.

[DPE OM No.DPE/11(2)/97-Fin. Dated 22nd July, 1997]

ANNEX-II

COMPOSITION OF BOARD OF DIRECTORS OF LISTED CENTRAL PUBLIC SECTOR ENTERPRISES

According to the existing policy, as contained in this Department's O.M. No. 18(6)/91-GM dated 16.3.1992, the Board of Directors of Public Sector Undertakings should consist of (i) Full time Functional Directors whose number should not exceed 50% of the actual strength of the Board; (ii) Government Directors whose number should not exceed one-sixth of the actual strength of the Board subject to the condition that in no case the number should exceed two; and (iii) Non-official part-time Directors whose number should be at least one-third of the actual strength of the Board.

2. The Securities & Exchange Board of India (SEBI) has issued guidelines regarding Listing Agreements with Stock Exchanges, which include a new Clause 49 on Corporate Governance, an extract of which is enclosed (Annexure-I). It provides that in the cases of companies with non-Executive Chairmen at least one-third of the Board should comprise Independent Directors and in the cases of companies with Executive Chairmen at least half of the Board should comprise Independent Directors. The definition of Independent Directors is also given under the Clause 49. The SEBI has clarified that in the case of Public Sector Undertakings the Government nominee Directors cannot be considered as Independent Directors for the purpose of constitution of Board of Directors. The SEBI has, however, subsequently agreed that the nominees of Financial Institutions would be treated as Independent Directors for listed public sector companies. A schedule of implementation is also enclosed (Annexure-II).

3. As all listed companies including PSUs have to comply with the SEBI guidelines, there may be a need to reconstitute the Boards of Directors of some of the listed PSUs so that the requisite number of Independent Directors is inducted in order to avoid de-listing.

4. All the administrative Ministries/Departments are, therefore, requested to take appropriate action, if not already taken, to reconstitute the Board of Directors of listed PSEs in accordance with the SEBI guidelines within the time schedule prescribed. In case there is a need to increase the maximum number of Directors permissible under the Articles of Association, the respective PSEs may be advised to take steps to amend the relevant Article suitably.

[DPE O.M. No. 18(6)/2000-GM Dated 26th November, 2001]

ANNEXURE-I of O.M. dated 26.11.2001 - Clause 49: Corporate Governance - Board of Directors

A. The company agrees that the board of directors of the company shall have an optimum combination of executive and non-executive directors with not less than fifty percent of the board of directors comprising of non-executive directors. The number of independent directors would depend whether the Chairman is executive or non-executive. In case of a non-executive chairman, at least one-third of board should comprise of independent directors and in case of an executive chairman, at least half of board should comprise of independent directors.

Explanation: For the purpose of this clause the expression óindependent directorsô means directors who apart from receiving directorôs remuneration, do not have any other material pecuniary relationship or transactions with the company, its promoters, its management or its subsidiaries, which in judgement of the board may affect independence of judgement of the director. Except in the case of government companies, institutional directors on the boards of companies should be considered as independent directors whether the institution is an investing institution or a lending institution.

B. The company agrees that all pecuniary relationship or transactions of the non-executive directors vis-à-vis the company should be disclosed in the Annual Report.

ANNEXURE-II of O.M. dated 26.11.2001 - Schedule of Implementation

The above amendments to the listing agreement have to be implemented as per schedule of implementation given below:-

- Å By all entities seeking listing for the first time, at the time of listing.
- Å Within financial year 2000-2001, but not later than March 31, 2001 by all entities, which are included either in Group óAô of the BSE or in S&P CNX Nifty index as on January 1, 2000. However to comply with the recommendations, these companies may have to begin the process of implementation as early as possible.
- Å Within financial year 2001-2002, but not later than March 31, 2002 by all the entities which are presently listed, with paid up share capital of Rs.10/- crore and above, or networth of Rs.25 crore or more any time in the history of the company.
- Å Within financial year 2002-2003, but not later than March 31, 2003 by all other entities, which are presently listed, with paid up share capital of Rs.3 crore and above.
- Å As regards the non-mandatory requirement given in Annexure-3, they shall be implemented as per the discretion of the company. However, the disclosures of the adoption/non-adoption of the non-mandatory requirements shall be made in the section on corporate governance of the Annual Report.

ANNEX-III

EXTRACTS FROM THE COMPANIES ACT, 1956

Section 2 (41) ñrelativeò means, with reference to any person, any one who is related to such person in any of the ways specified in section 6, and no others;

Section 6 - Meaning of "relative"

A person shall be deemed to be a relative of another, if, and only if, -

(a) they are members of a Hindu undivided family; or

(b) they are husband and wife; or

(c) the one is related to the other in the manner indicated in Schedule IA.]

[SCHEDULE IA] [See section 6(c)] List of Relatives

1. Father.
2. Mother (including step-mother).
3. Son (including step-son).
4. Sonôs wife.
5. Daughter (including step-daughter).
6. Fatherôs father.
7. Fatherôs mother.
8. Motherôs mother.
9. Motherôs father.
10. Sonôs son.
11. Sonôs Sonôs wife.
12. Sonôs daughter.
13. Sonôs daughterôs husband.
14. Daughterôs husband.
15. Daughterôs son.
16. Daughterôs sonôs wife.
17. Daughterôs daughter.
18. Daughterôs daughterôs husband.
19. Brother (including step-brother).
20. Brotherôs wife.
21. Sister (including step-sister).
22. Sisterôs husband.

ANNEX-IV

INFORMATION TO BE PLACED BEFORE BOARD OF DIRECTORS

1. Annual operating plans and budgets and any updates.

2. Capital budgets and any updates.

3. Quarterly results for the company and its operating divisions or business segments.

4. Minutes of meetings of audit committee and other committees of the board.

5. The information on recruitment and remuneration of senior officers just below the board level, including appointment or removal of Chief Financial Officer and the Company Secretary.

6. Show cause, demand, prosecution notices and penalty notices which are materially important.

7. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.

8. Any material default in financial obligations to and by the company, or substantial nonpayment for goods sold by the company.

9. Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company.

10. Details of any joint venture or collaboration agreement.

11. Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.

12. Significant labour problems and their proposed solutions. Any significant development in Human Resources/Industrial Relations Front like signing of wage agreement, implementation of Voluntary Retirement Scheme, etc.

13. Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business.

14. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.

15. Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer, etc.

ANNEX-V

SUGGESTED LIST OF ITEMS TO BE INCLUDED IN THE CODE OF CONDUCT

The Board of Directors of the company will formulate the code of conduct for the Directors and senior Management Personnel and while doing so the code of conduct would, inter alia, include the following: -

1. Act in the best interests of, and fulfill their fiduciary obligations to the Company
2. Act honestly, fairly, ethically and with integrity;
3. Conduct themselves in a professional, courteous and respectful manner and not take improper advantage of the position of Director;
4. Act in a socially responsible manner, within the applicable laws, rules and regulations, customs and traditions of the countries in which the Company operates.
5. Comply with communication and other policies of the Company;
6. Act in good faith, responsibly, with due care, competence and diligence, without allowing their independent judgment to be subordinated;
7. Not to use the Companyôs property or position for personal gain;
8. Not to use any information or opportunity received by them in their capacity as Directors in a manner that would be detrimental to the Companyôs interests;
9. Act in a manner to enhance and maintain the reputation of the Company;
10. Disclose any personal interest that they may have regarding any matters that may come before the Board and abstain from discussion, voting or otherwise influencing a decision on any matter in which the concerned Director has or may have such an interest;
11. Abstain from discussion, voting or otherwise influencing a decision on any matters that may come before the board in which they may have a conflict or potential conflict of interest;
12. Respect the confidentiality of information relating to the affairs of the Company acquired in the course of their service as Directors, except when authorized or legally required to disclose such information;
13. Not to use confidential information acquired in the course of their service as Directors for their personal advantage or for the advantage of any other entity;
14. Help create and maintain a culture of high ethical standards and commitment to compliance;
15. Keep the Board informed in an appropriate and timely manner any information in the knowledge of the member which is related to the decision making or is otherwise critical for the company.
16. Treat the other members of the Board and other persons connected with the Company with respect, dignity, fairness and courtesy.

ANNEX-VI

MODEL CODE OF BUSINESS CONDUCT AND ETHICS FOR BOARD MEMBERS AND SENIOR MANAGEMENT

1.0 **Introduction**

1.1 This Code shall be called ñThe Code of Business Conduct & Ethics for Board Members and Senior Managementò ofé é é é é é é é é é é .(hereinafter referred to as ñthe Companyò)

1.2 The purpose of this Code is to enhance ethical and transparent process in managing the affairs of the Company.

1.3 This Code for Board Members and Senior Management has been framed specially in compliance of the provisions of Clause 49 of the Listing Agreement with Stock Exchanges and as per the Guidelines of DPE.

1.4 It shall come into force with effect from the é é é é é é é é é .(year and month).

2.0 **Definitions and Interpretations:**

2.1 The term ñBoard Membersò shall mean Directors on the Board of Directors of the Company

2.2 The term ñWhole-time Directorsò or ñFunctional Directorsò shall be the Directors on the Board of Directors of the Company who are in whole-time employment of the company.

2.3 The term ñPart-time Directorsò shall mean Directors on the Board of Directors of the Company who are not in whole time employment of the Company.

2.4 The term ñRelativeò shall have the same meaning as defined in Section 6 of the Companies Act, 1956.

2.5 The term ñSenior Managementò shall mean personnel of the Company who are members of its core management team excluding Board of Directors and would comprise all members of management one level below the Whole time Directors, including all functional heads.

2.6 The term ñthe Companyò shall mean é é é é é é é (name of the Company)

Note: In this Code words importing the masculine gender shall include feminine gender and words importing singular shall include the plural or vice-versa.

3.0 **Applicability**

3.1 This code shall be applicable to the following personnel:

a) All Whole-time Directors including the Chairman & Managing Director of the Company.

b) All Part-time Directors including Independent Directors under the provisions of law.

c) Senior Management

3.2 The Whole-time Directors and Senior Management should continue to comply with other applicable/ to be applicable policies, rules and procedures of the Company.

4.0 **Contents of Code**

Part I General Moral Imperatives

Part II Specific Professional Responsibilities

Part III Specific Additional Provisions for Board Members and Senior Management

This code is intended to serve as a basis for ethical decision -making in the conduct of professional work. It may also serve as a basis for judging the merit of a formal complaint pertaining to violation of professional ethical standards.

It is understood that some words and phrases in the code of ethics and conduct document are subject to varying interpretations. In case of any conflict, the decision of the Board shall be final.

PART – I

5.0 **General Moral Imperatives**

5.1 Contribute to society and human well being

5.1.1 This principle concerning the quality of life of all people, affirms an obligation to protect fundamental human rights and to respect the diversity of all cultures. We must attempt to ensure that the products of our efforts will be used in socially responsible ways, will meet social needs and will avoid harmful effects to health and welfare of others. In addition to a safe social environment, human well being includes a safe natural environment.

5.1.2 Therefore, all Board Members and Senior Management who are accountable for the design, development, manufacture and promotions of companyôs products, must be alert to, and make others aware of, both a legal and a moral responsibility for the safety and the protection of human life and environment.

5.2 **Be honest and trustworthy & practice integrity**

5.2.1 Integrity and honesty are essential components of trust. Without trust an organization cannot function effectively.

5.2.2 All Board Members and Senior Management are expected to act in accordance with highest standards of personal and professional integrity, honesty and ethical conduct, while conducting business of the Public Enterprise.

5.3 Be fair and take action not to discriminate

5.3.1 The value of equality, tolerance, respect for others, and the principles of equal justice govern this imperative. Discrimination, on the basis of race, sex, religion, caste, age, disability, national origins or other such factors, is an explicit violation of this Code.

5.4 **Honour confidentiality**

5.4.1 The principle of honesty extends to issues of confidentiality of information. The ethical concern is to respect all obligations of confidentiality to all stakeholders unless discharged from such obligations by requirements of the law or other principles of this Code.

5.4.2 All Board Members and Senior Management, therefore, shall maintain the confidentiality of all confidential unpublished information about business and affairs of the CPSE.

5.5 **Pledge & Practice**

5.5.1 To strive continuously to bring about integrity and transparency in all spheres of the activities.

5.5.2 Work unstintingly for eradication of corruption in all spheres of life.

5.5.3 Remain vigilant and work towards growth and reputation of the Company.

5.5.4 Bring pride to the organization and provide value-based services to Companyôs stakeholders.

5.5.5 Do duty conscientiously and without fear or favour.

PART II

6.0 **Specific Professional Responsibilities**

6.1 **Live the Vision, Mission and Values of CPSE – each day**

Live the Vision, Mission and Values of é é é é .(name of CPSE) each day. For quick reference they are as under:

Vision

[Incorporate here vision of the CPSE ï for example - A World-class Engineering Enterprise committed to enhancing Stakeholder Value]

Mission

[Incorporate here the mission of the CPSE ï for example To be an Indian Multinational Engineering Enterprise providing total business solutions through quality products, systems and services in the fields of é é é é é é é é é and other potential areas]

Values

- Å Zeal to excel and zest for change
- Å Integrity and fairness in all matters
- Å Respect for dignity and potential of individuals
- Å Strict adherence to commitments
- Å Ensure speed of response
- Å Foster learning, creativity and team-work
- Å Loyalty and pride in the CPSE

6.2 Strive to achieve the highest quality, effectiveness and dignity in both the processes and products of professional work: - Excellence is perhaps the most important obligation of a professional. Everyone, therefore, should strive to achieve the highest quality, effectiveness and dignity in their professional work.

6.3 Acquire and maintain professional competence:- Excellence depends on individuals who take responsibility for acquiring and maintaining professional competence. All are, therefore, expected to participate in setting standards for appropriate levels of competence, and strive to achieve those standards.

6.4 Compliance with Laws:- The Board Members and Senior Management of the CPSE shall comply with all the applicable provisions of existing local, state, national, and international laws. They should also follow and obey the policies, procedures, rules and regulations relating to business of the CPSE.

6.5 Accept and provide appropriate professional review:- Quality professional work depends on professional review and comments. Whenever appropriate, individual members should seek and utilize peer review as well as provide critical review of the work of theirs.

6.6 Manage personnel and resources to enhance the quality of working life:- Organizational leaders are responsible for ensuring that a conducive working and business environment is created for fellow employees to enable them delivering their best. The Board Members and Senior Management would be responsible for ensuring human dignity of all employees, would encourage and support the professional development of the employees of the CPSE by providing them all necessary assistance and cooperation, thus enhancing the quality of working.

6.7 Be upright and avoid any inducements:- The Board Members and Senior Management shall not, directly or indirectly through their family and other connections, solicit any personal fee, commission or other form of remuneration arising out of transactions involving Company. This includes gifts or other benefits of significant value, which might be extended at times, to influence business for the organization or awarding a contract to an agency, etc.

6.8 Observe Corporate Discipline:- The flow of communication within the CPSE is not rigid and people are free to express themselves at all levels. Though there is a free exchange of opinions in the process of arriving at a decision, but after the debate is over and a policy consensus has been established, all are expected to adhere and abide by it, even when in certain instances one may not agree with it individually. In some cases policies act as a guide to action, in others they are designed to put a constraint on action. All must learn to recognize the difference and appreciate why they need to observe them.

6.9 Conduct in a manner that reflects credit to the Company:- All are expected to conduct themselves, both on and off duty, in a manner that reflects credit to the Company. The sum total of their personal attitude and behaviour has a bearing on the standing of Company and the way in which it is perceived within the organization and by the public at large.

6.10 Be accountable to Company's stakeholders:- All of those whom we serve, be it our Customers, without whom the Company will not be in business, the Shareholders, who have an important stake in its business, the Employees, who have a vested interest in making it all happen, the Vendors, who support the Company to deliver in time and Society to which Company is responsible for its actions ï are stakeholders of the Company. All, therefore, must keep in mind at all times that they are accountable to Companyôs stakeholders.

6.11 Prevention of Insider Trading:- The Board Members and Senior Management shall comply with the code of Internal Procedures and conduct for prevention of Insider Trading in dealing with Securities of the Company.

6.12 Identify, mitigate and manage business risks:- It is everybodyôs responsibility to follow the Risk Management Framework of the Company to identify the business risks that surround function or area of operation of the Company and to assist in the company-wide process of managing such risks, so that Company may achieve its wider business objectives.

6.13 Protect properties of the Company:- The Board Members and Senior Management shall protect the assets including physical assets, information and intellectual rights of the Company and shall not use the same for personal gains.

PART – III

7.0 Specific Additional Provisions for Board Members and Senior Management

7.1 As Board Members and Senior Management: They shall undertake to actively participate in the meetings of the Board and Committees on which they serve.

7.2 As Board Members

7.2.1 Undertake to inform the Chairman and Managing Director/ Company Secretary of the Company of any changes in their other Board positions, relationship with other business and other events/ circumstances / conditions that may interfere with their ability to perform Board/ Board Committee duties or may impact the judgement of the Board as to whether they meet the independence requirements of Listing Agreement with Stock Exchanges and the Guidelines of DPE.

7.2.2 Undertake that without prior approval of the disinterested members of the Board, they will avoid apparent conflict of interest. Conflict of interest may exist when they have personal interest that may have a potential conflict with the interest of the Company. Illustrative cases can be:

Related Party Transactions: Entering into any transactions or relationship with Company or its subsidiaries in which they have a financial or other personal interest (either directly or indirectly such as through a family member or relation or other person or other organization with which they are associated).

Outside Directorship: Accepting Directorship on the Board of any other Company that competes with the business of the Company.

Consultancy/Business/Employment: Engaging in any activity (be it in the nature of providing consultancy service, carrying on business, accepting employment) which is likely to interfere or conflict with their duties/ responsibilities towards Company. They should not invest or associate themselves in any other manner with any supplier, service provider or customer of the company.

Use of Official position for personal gains: Should not use their official position for personal gains.

7.3 Compliance with the Code of Business Conduct and Ethics

7.3.1 All Members of the Board and Senior Management of Company shall uphold and promote the principles of this code.

The future of the organization depends on both technical and ethical excellence. Not only it is important for Board Members and Senior Management to adhere to the principles expressed in this Code, each of them should also encourage and support adherence by others.

7.3.2 **Treat violations of this code as inconsistent association with the organisation**

Adherence of professionals to a code of ethics is largely and generally a voluntary matter. However, if any of Board Members and Senior Management does not follow this Code, the matter would be reviewed by the Board and its decision shall be final. The Company reserves the right to take appropriate action against the defaulter.

7.3 Miscellaneous Points

7.4.1 **Continual updation of Code**

This Code is subject to continuous review and updation in line with any changes in law, changes in Companyôs

philosophy, vision, business plans or otherwise as may be deemed necessary by the Board and all such amendments / modifications shall take effect prospectively from the date stated therein.

7.4.2 **Where to seek clarifications**

Any member of Board or Senior Management requiring any clarification regarding this code of conduct may contact Director (HR)/ Company Secretary/ any officer specifically designated by the Board of Directors.

ACKNOWLEDGEMENT OF RECEIPT OF CODE OF BUSINESS CONDUCT AND ETHICS FOR BOARD MEMBERS AND SENIOR MANAGEMENT

I have received and read the code of Business Conduct and Ethics for Board Members and Senior Management of é é é é é é é é é (name of the Company) I understand the standards and policies contained in the said Code of Business Conduct and Ethics and understand that there may be additional policies or laws specific to my job. I further agree to comply with the said Code of Business Conduct and Ethics.

If I have questions concerning the meaning or application of the said Code of Business Conduct and Ethics, any policies of the CPSE or the legal and regulatory requirements applicable to my job, I know I can consult Director or Company Secretary concerned the CPSE knowing that my questions or reports will be maintained in confidence.

Further, I undertake to provide following Affirmation on an Annual basis to the Company within 30 days from the end of 31st March every year.

AFFIRMATION

(By Board Members/ Senior Management of the Company on Annual basis by 30th April of every year)

I,é é é é é é é é é é é é é (name),é é é é é é é ..(designation), having read and understood the Code of Business Conduct and Ethics for Board Members and Senior Management, hereby solemnly affirm that I have complied with and has not violated any of the provisions of the Code during the year ended 31st March é é é .

Signature

Name : ð ð ð ð ð ð ð ð ð

Designation : ð ð ð ð ð ð

Place: Employment Number : ð ð ð ð ð ð

Telephone No.

Date:

ANNEX-VII

SUGGESTED LIST OF ITEMS TO BE INCLUDED IN THE REPORT ON CORPORATE GOVERNANCE IN THE ANNUAL REPORT OF COMPANIES

1. **A brief statement** on companyôs philosophy on Guidelines on Corporate Governance.

2. **Board of Directors:**

   i. Composition and category of directors, for example, promoter, executive, non-executive, independent non-executive, nominee director.

ii. Attendance of each director at the Board meetings and the last AGM.

iii. Number of other Boards or Board Committees in which he/she is a member or Chairperson

iv. Number of Board meetings held, dates on which held.

v. In case of appointment of new Director/re-appointment of a director following information may be provided:

a. brief resume of Director

b. nature of his expertise in specific functional areas; and

c. names of companies in which the person holds the directorship and the membership of committees of the Board.

3. Audit Committee:

i. Brief description of terms of reference

ii. Composition, name of members and Chairperson

iii. Meetings and attendance during the year

4. Remuneration Committee:

i. Brief description of terms of reference

ii. Composition, name of members and Chairperson

iii. Meetings and attendance during the year

iv. Remuneration policy/Details of remuneration to all the directors

5. General Body meetings:

i. Date, Time and Venue of the last three AGMs

ii. Whether any special resolutions passed in the previous 3 AGMs

iii. AGM of the current year: Date, Time and Venue

6. Disclosures:

i. Disclosures on materially significant related party transactions that may have potential conflict with the interests of company at large.

ii. Details of non-compliance by the company, penalties, strictures imposed on the company by any statutory authority, on any matter related to any guidelines issued by Government, during the last three years.

iii. Whistle Blower policy and affirmation that no personnel has been denied access to the Audit Committee.

iv. Details of compliance with the requirements of these guidelines

v. Details of Presidential Directives issued by the Central Government and their compliance during the year and also in the last three years.

vi. Items of expenditure debited in books of accounts, which are not for the purposes of the business.

vii. Expenses incurred which are personal in nature and incurred for the Board of Directors and Top Management.

viii. Details of Administrative and office expenses as a percentage of total expenses vis-a-vis financial expenses and reasons for increase.

7. **Means of communication:**

i. Quarterly results

ii. Newspapers wherein results normally published

iii. Any website, where displayed

iv. Whether it also displays official news releases;

8. Audit qualifications:

Company may move towards a regime of unqualified financial statements.

9. **Training of Board Members:**

A company may train its Board members (Functional, Government Nominee and Independent) in the business model of the company as well as the risk profile of the business parameters of the company, their responsibilities as directors, and the best ways to discharge them.

10. Whistle Blower Policy:

The company may establish a mechanism for employees to report to the management concerns about unethical behaviour, actual or suspected fraud, or violation of the companyôs General guidelines on conduct or ethics policy. This mechanism could also provide for adequate safeguards against victimization of employees who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases. Once established, the existence of the mechanism may be appropriately communicated within the organization.

ANNEX-VIII

Format of Quarterly Compliance Report by CPSEs to nodal Administrative Ministries/Departments under Para 8.3 of DPE's Guidelines on Corporate Governance for CPSEs

Name of the CPSE:

Administrative Ministry/Department:

Whether listed or unlisted:

Quarter ending on:

S. No.	Activity	CG Guidelines Clause[1]	Status of Compliance with CG guideline (Yes/No/NA)	Remarks
I	**Board of Directors**			
1.	Composition of Board	3.1		
2.	Non-official Directors	3.1		
3.	Part-time directors compensation and disclosures	3.2		
4.	Number of Board meetings	3.3.1		
5.	Review of compliance of laws	3.3.3		
6.	Code of Conduct	3.4		
7.	Risk management	3.6		
8.	Training for new Board members	3.7		
II	**Audit Committee**			
9.	Constitution of Audit Committee	4.1		
10.	Audit Committee assigned due role	4.2		
11.	Audit Committee vested adequate powers	4.3		
12.	Meetings of Audit Committee	4.4		
13.	Review of information by Audit Committee	4.5		
III	**Remuneration Committee**			
14.	Constitution of remuneration Committee	5.1		
IV	**Subsidiary Companies**			
15.	Board of subsidiary companies	6.1		
16.	Review of financial statements of subsidiary by Audit Committee	6.2		
17.	Review of performance of subsidiary by Board	6.3		
V	**Disclosures**			
18.	Transactions	7.1		
19.	Accounting Standards	7.2.1		

[1]Refers to the relevant provision in the Guidelines on Corporate Governance issued by DPE.

20.	Consolidated financial statements	7.2.3
21.	Segment-wise profit and loss statement	7.2.4
22.	Board Disclosures - Risk management	7.3
23.	Remuneration of directors	7.4
24.	Management Discussion and Analysis	7.5
25.	Disclosures by Senior management.	7.5.2
VI	**Report and Compliance**	
26.	Report on Corporate Governance	8.1
27.	Compliance Certificate	8.2.1
28.	Chairmanôspeech in AGM and annual report	8.2.2
29.	Holding of AGM, Adoption of audited accounts and filing of adopted accounts with the Registrar of Companies within the stipulated time@	
30.	Timely submission of Compliance report	8.3

Date:- (Name and Signature of the Chief Executive)

@Information in respect of this item should be furnished at the end of the relevant quarter of the relevant year.

[DPE OM No. 18(8)/2005-GM Dated 14th May, 2010]

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3. Grading of CPSEs on the basis of their compliance with Guidelines on Corporate Governance for Central Public Sector Enterprises(CPSES).

The undersigned is directed to refer to this Department's O.M. even number dated 22.6.2011 enclosing therewith the prescribed format for grading CPSEs on the basis of their compliance with Guidelines on Corporate Governance.

2. This Department had received a number of representations regarding suitability of indicators included in the prescribed format. In order to address the concerns expressed in this regard, DPE had set up a Committee of Company Secretaries of select CPSEs to suggest suitable modifications/improvements in the prescribede format. The recommendations of this Committee have been considered in this Department and a revised format for grading CPSEs has been approved for implementation. (Copy enclosed). The revised format for grading CPSEs is also available on DPE's website.

3. The enclosed modified format is to be filled by concerned CPSEs on quarterly basis and submitted only to their respective administrative Ministries/Departments within 15 days from the close of the each quarter. The quarterly Compliance reports are not required to be furnished to this Department.

4. All administrative Ministries/Departments are requested to bring the contents of this O.M. to the notice of all CPSEs under their respective administrative jurisdiction and to furnish consolidated annual score and grading of CPSEs under their respective jurisdiction for the year 2012-13 and onwards within 31st May of every financial year in the enclosed prescribed format.

5. The availability of annual grading of CPSEs on the basis of their compliance with Guidelines on Corporate Governance is even more significant as Corporate Governance has been incorporated as a performance parameter in MoUs of all CPSEs.

ANNEXURE

REVISED FORMAT FOR grading Central Public Sector Enterprises (CPSEs) on the basis of their compliance of Guidelines on Corporate Governance

Name of CPSE----------

Name of Ministry/Department----------

Listed/Unlisted----------Year----------Quarter----------

1.1. Composition of Board (2 Marks)

Sl. No.	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
i.	Does the Board of the Company have an optimum combination of functional, nominee and independent directors? (The optimum number of members i nthe board may be decided by the DPE)	1	Year=1 No=0	
ii.	Does the number of functional directors in the company (including CMD/MD) not exceed 50% of the actual strength of the board?	1	Yes=1 No=0	

1.2 Non-official Directors (5 Marks)

Sl. No.	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
i.	Is the number of Nominee Directors appointed by Government/other CPSE as per the DPE Guidelines?	1	Yes=1 No=0	
ii.	Is the number of Independent Directors at least 50% Board Members (in the case of listed CPSE with an executive chairman) and at least one-thired (in the case of listed but without an executive chairman or not listed CPSE)?	4	Yes-4 No-0	

1.3 Part-time Directors' Compensation and Disclosure (1 Marks)

Sl. No.	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
i.	Is the fee/compensation of Non-Official Part-Time Directors fixed by Board as per the DPE Guidelines and Companies Act, 1956?	1 1	Yes=1 No=0	

1.4	**Board Meetings (2 Marks)**			
Sl. No.	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
i.	Does the Board meet atleast once in every three months and the time gap between any two meetings is not more than three months?	1	Yes=1 No=2	
ii.	Does the Company send to all the members of the Board notification of Board Meetings with atleast one volume of agenda of atleast 7 days in advance of meetings?	1	Yes=1 No=0	
1.5	**Review of Compliance of Laws (5 Marks)**			
Sl. No.	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
i.	Does the Board periodically review compliance reprots of all laws applicable to the company as well as steps taken by the Company to rectify instances of non-compliances?	5	Yes=1 No=2	
1.6	**Code of Conduct (2 Marks)**			
Sl. No.	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
i.	Does the Company have Code of Conduct approved by the Board applicable to Board Members and Senior Management of the company?	1	Yes=1 No=0	
ii	Doe the Members of the Board having conflict of interest abstain from participating in the agenda item in which he/she has personal interest?	1	Yes=1 No=0	
1.7	**Risk Management (4 Marks)**			
Sl. No.	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
i.	Does the company have risk managments plan approved by the Board?	2	Yes=2 No=0	
ii	Does the Board periodically review and take remedial action to implement the risk management plan?	2	Yes=2 No=0	

1.8	**Training of New Board Members (4 Marks)**			
Sl. No.	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
i.	Does the Company have a policy specifying training requirements for board members?	2	Yes=2 No=0	
ii.	Does the Company provide training to the new Board members of atleast three days after appointment to the Board?	2	Yes = 2 No. = 0	
2.1	**Constitution of Audit Committee (4 Marks)**			
Sl. No.	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
i.	Does the Board of Directors have a qualified and independent Audit Committee with a Terms of Reference?	1	Yes =1 No=0	
ii	Does the Audit Committee have Minimum three directors as members and two-third of its members as Independent Directors?	1	Yes=1 No= 0	
iii.	Is the Audit Committee chaired by an Independent Director?	1	Yes=2 No=0	
iv	Do all members of the Audit Committee have knowledge of financial matters of the company and at least one member has expertise in accounting and financial management?	1	Yes=1 No=0	
2.2	**Audit Committee Role (6 Marks)**			
Sl. No.	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
i	Does the scope/terms of reference governing the Audit Committee specify tha the Audit Committee is responsible for the oversight of the company's financial reporting process and the disclosures of its financial information?	1	Yes=1 No=0	
ii	Does of the scope/terms of reference governing the Audit Committee specify that it can recommend to the Board the fixation of audit fees?	1	Yes=1 No=0	
iii	Does of the scope/ terms of reference governing the Audit Committee specify that it can approve the payment to statutory auditors for any other services rendered by them?	1	Yes=1 No=0	

iv	Does the scope/terms of reference governing the Audit Committee specify that the Audit Committee is responsible for reviewing with the management and ensuring that the company's annual financial statements and audits are in compliance with applicable laws, regulations, and company policies before submission to the Board for approval?	1	Yes=1 No=0	
v	Does the scope/terms of reference governing the Audit Committee specifty that the Audit Committee is responsible for reviewing with the management the performance of internal auditors and adequacy of the internal control systems?	1	Yes=1 No=0	
vi	Does the scope/terms of reference governing the Audit Committee approved by the Board?	1	Yes=1 No=0	
2.3	**Audit Committee Powers (5 Marks)**			
Sl. No.	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
i	Is the Audit Committee empowered to seek information from any employee of the CPSE?	1	Yes=1 No=0	
ii	Does the Audit Committee have powers to secure help of outside legal or any other experts when necessry?	1	Yes=1 No=0	
iii	Does the Audit Committee have powers to mitigate conflicts of interest by strengthening auditor independence?	1	Yes=1 No=0	
iv	Is the Audit Committee empowered to ensure the effectiveness of internal controls and risk management?	1	Yes=1 No=0	
v	Is there a system of protection for employees and others who report infractions (to protect "whistle blowers")?	1	Yes=1 No=0	
2.4	**Meeting of Audit Committee (5 Marks)**			
Sl. No.	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
I	Did the Audit Committee meet at least four times during the last 12 months?	1	Yes=1 No=0	

ii	Does the frequency of the Audit Committee meetings as per the norms (*i.e.* not more than four months shall elapse between two meetings)?	1	Yes=2 No=0	
iii	Did the minimum of two Independent Directors attend the meeting of the Audit Committees?	1	Yes=2 No=0	
2.5	**Review of Information by Audit Committee (5 Marks)**			
Sl. No.	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
i	Does the Audit Committee review the management discussion and analysis of financial condition and results of operations?	1	Yes=1 No=0	
ii	Does the Audit Committee review the statement of related party transactions submitted by management?	1	Yes=1 No=0	
iii	Do the internal audit report relating to internal control weaknesses reviewed by the Audit committee?	1	Yes=1 No=0	
iv	Is the information regarding appointment and/ or removal of Chief Internal Auditor placed before the Audit Committee?	1	Yes=1 No=0	
v	Does the Audit Committee review the declaration of financial statement by the CEO/CFO?	1	Yes=1 No=0	
3.1	**Constitution of Remuneration Committee (5 Marks)**			
Sl. No.	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
i	Does the Company have Remuneration Committee?	1	Yes=1 No=0	
ii	Does the Remuneration Committee comprise of at least 3 directors who are all part-time directors (Nominee or Independent)?	1	Yes=2 No=0	
iii	Is the Remuneration Committee chaired by an Independent Director?	1	Yes=2 No=0	

4.1 Board of Subsidiary Companies (3 Marks)				
Sl. No.	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
i	Does the Board of Subsidiary Company, whose turnover or networth is not less than 20% of the turnover or networth respectively of the Holding Company in the immediately preceding accounting year, include at least one independent director of the holding company as a director?	1	Yes=1 No=0	
ii	Are the minutes of meetings of Board of Directors of subsidiary company placed in the Board meetings of the holding company?	1	Yes=1 No=0	
iii	Does the number of functional directors (including CMD/MD) not exceed 50% of the actual strength of the board of Subsidiary Company, whose turnover or networth respectively is not less than 20% of the turnover or networth of the Holding Company in the immediately preceding accounting year?	1	Yes=1 No=0	
4.2 Review of Financial Statement of Subsidiary by Audit Committee (1 Marks)				
Sl. No.	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
i.	Does the Audit Committee of the holding company review the financial statements of the subsidiary company?	1	Yes=1 No=0	
4.3	**Review of Performance of Subsidiary by Board (1 Marks)**			
Sl. No.	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
i.	Does the Board of Directors of the holding company review the performance of the subsidiary company?	1	Yes=1 No=0	
5.1	**Transactions (3 Marks)**			
Sl. No.	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
i.	Is the summary of transactions with related parties in the normal and ordinary course of business placed periodicaloy before the Audit Committee?	1	Yes=1 No=0	

ii.	Are the details of material individual transactions with related parties undertaken in extraordinary circumstanes of business placed before the Audit Committee?	1	Yes=1 No=0	
iii.	Are the details of material individual transactions with related parties or others, which are not on an arm's length basis placed before the Audit Committee along with Management's Justification for the same?	1	Yes=1 No=0	

5.2 Accounting Standards (3 Marks)

Sl. No.	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
i.	Do the company's accounting procedures comply with the Accounting Standards adopted by concerned regulatory authority from time to time?	2	Yes=2 No=0	
ii.	Is the deviation from the prescribed Accounting Standards disclosed and explained in the financial statements and in the Corporate Governance Report of the Company?	1	Yes=1 No=0	

5.3 Consolidated Financial Statements (3 Marks)

Sl. No.	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
i.	Are the Consolidated Financial Statements of the Company prepared in accordance with the Accounting Standards issued by concerned regulatory authority from time to time?	3	Yes=3 No=0	

5.4 Segment-wise Profit and Loss Statement (3 Marks)

Sl. No.	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
i.	Does the company disclose segment-wise profit & loss, as per Accounting Standards issued by concerned regulatory authority from time to time?	3	Yes=3 No=0	

5.5	**Board Disclosures-Risk Management (3 Marks)**			
Sl. No.	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
i.	Do the company's latest Annual Report include management's assessment of the company's outlook for the future and identify important risks that the company may face in future?	2	Yes=2 No=0	
ii.	Has the company included in its latest Annual Report a statement of its corporate objectives (Mission)?	1	Yes=1 No=0	
5.6	**Remuneration of Directors (3 Marks)**			
Sl. No.	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
i.	Does the company's latest Annual Report disclose all pecuniary relationship or transactions of the part-time directors *vis-a-vis* the company?	2	Yes=2 No=0	
ii.	Does the company disclose in its latest Annual Report the details on remuneration of Directors?	1	Yes=1 No=0	
5.7	**Management Discussion and Analysis (1 Marks)**			
Sl. No.	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
i.	Does the Management Discussion and Analysis Report include the matters as specified in the DPE Guidelines?	1	Yes=1 No=0	
5.8	**Disclosures by Senior Management (1 Marks)**			
Sl. No.	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
i.	Does the Company's latest Annual Report disclose significant "related party" transactions of Board Members where they have personal interest?	1	Yes=1 No=0	
6.1	**Report on Corporate Governance (4 Marks)**			
Sl. No.	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
i.	Does the company's latest Annual Report have a separate section on Comliance to Corporate Governance Guidelines issued by DPE?	2	Yes=2 No=0	

ii.	Does the company produce periodic reports and press releases to indicate significant developments impaction on corporate governance (such as, legal and environmental issues commitment to workforce, suppliers, customers and local communities etc.)?	1	Yes=1 No=0	
iii.	Does the company have a facility for information sharing with stakeholders through the use of information and communication technologies (ICT)?	1	Yes=1 No=0	
6.2	**Compliance Certificate (4 Marks)**			
Sl. No.	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
i.	Has the company obtained a Certificate from the auditors and/or practicing Company Secretary regarding Compliance of Corporate Governance Guidelines and Annexes?	2	Yes=2 No=0	
ii.	Does the latest Annual Report of the company include the Compliance Certificate along with the Directors' Report, which is also sent to all shareholders?	2	Yes=2 No=0	
6.3	**Chairman's Speech in AGM and Annual Report (4 Marks)**			
Sl. No.	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
i.	Does the Chairman's speech at the latest AGM include a section on compliance with Corporate Governance guidelines?	2	Yes=2 No=0	
ii.	Does the Chairman's Letter/Message to shareholders form part of Annual Report of the company?	2	Yes=2 No=0	
6.4	**Holding AGM, Adoption of Audited Accounts and Filing of adopted Accounts with the registrar of Companies within the stipulated time (4 Marks)**			
Sl. No.	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
i.	Did the company hold an Annual General Meeting (AGM) as per the provisions of the Companies Act, 1956?	1	Yes=1 No=0	
ii.	Are the year-end Audited Accounts placed in the AGM for adoption by the shareholders of the company?	2	Yes=2 No=0	

iii.	Are the year-end Audited Accounts adopted in the AGM filed with the Registrar of Companies within the stipulated time?	1	Yes=1 No=0	

6.5 Timely Submission of Grading Report (4 Marks)

Sl. No.	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
i.	Does the company submit quarterly grading report regarding DPE Guidelines on Corpoarte Governance in the prescribed format to respective Administrative Ministries within 15 days form the close of each quarter?	4	Yes=4 No=0	

(Signature of Authorized Signatory)

(Name and Designation of Authorized Signatory)

Note:ð

1. The grading report in the above format is to be filled for each quarter and total marks (out of 100) are to be calculated for each quarter. The scores for each of the four quarters are to be averaged for arriving at annual score.

2. The grading would be awarded as under.

Grade	Annual Score
Excellent	85 and above
Very Good	75-84
Good	60-74
Fair	50-59
Poor	Below 50

3. In case, a particular indicator is not applicable to a CPSE, the same may be mentioned in the format along with justification for non-applicability and the score may be calculated after excluding the marks of that indicator and the marks may be pro-rata calculatd for arriving at total score out of 100.

[DPE OM No. 18(8)/2005-GM Dated 6th September 2012]

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CHAPTER-II

PERSONNEL POLICIES

(a) Service Matters

1. Recruitment to posts in Public Sector Enterprises through National Employment Service—issue of revised guidelines regarding.

The undersigned is directed to say that the scheme of Employment Exchange procedure came under the judicial scrutiny of the Supreme Court in the case of Excise Superintendent, Malkapatnam Krishan District, Andhra Pradesh Vs. K.P.N. Visweshwara Rao & Others (1996 (6) SCALE 676). The Supreme Court, inter-alia, directed as follows:

> ñIt should be mandatory for the requisitioning authority/establishment to intimate the employment exchange and employment exchange should sponsor the names of the candidates to the requisitioning Departments for selection strictly according to seniority and reservation, as per requisition. In addition, the appropriate Department or undertaking or establishment, should call for the names by publication in the newspapers having wider circulation and also display on their office notice boards or announce on radio, television and employment news bulletins and consider the cases of all the candidates who have applied.ò

2. In view of the need to incorporate the directions of the Supreme Court, it has been decided to consolidate all existing instructions in this regard and issue revised guidelines as follows:-

> PSEs are required to notify all vacancies meant for recruitment to the post carrying scales of pay, the maximum of which does not exceed Rs.2500/- per month pre-revised as indicated in DPEôs O.M. No.2(48)/91-DPE(WC) dated 6th April, 1992 to the Employment Exchanges/Central Employment Exchanges in the manner and form prescribed in Rule 4 of the Employment Exchanges (CNV) Rule, 1960 and make recruitment through National Employment Service. In addition to notifying the vacancies for the relevant categories to the Employment Exchange, the requisitioning authority/establishment may, keeping in view administrative/budgetary conveniences, arrange for the publication of the recruitment notice for such categories in the ñEmployment Newsò published by the Publication Division of the Ministry of Information & Broadcasting, Govt. of India and then consider the cases of all the candidates who have applied. In addition to above, such recruitment notices should be displayed on the office notice boards also for wider publicity.

3. These guidelines will take effect from the date of issue and will not apply to such cases where process of recruitment through employment exchanges/open advertisement has been initiated before the said date.

4. All the administrative Ministries/Departments are requested to bring the aforesaid instructions to the notice of PSUs under their administrative control for strict adherence.

[DPE O.M. No. 24(11)/96(GL-010)/GM Dated 2nd November, 1998]

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2. Enforcement/transfer of bond in respect of employees of Public Enterprises who leave the services of one Undertaking to join another Undertaking/ Government.

The undersigned is directed to refer to this Department's OMs No. BPE/GL-017/77/MAN/2(11)/75-BPE(GM-I) dated 13.6.1977 and 23.5.1981 and No. 17/20/84-GM dated 5.2.1985 on the subject mentioned above, which were deleted vide this Department's O.M. No. 20(5)/95-DPE(GM) dated 10th December, 1997. After deletion of these guidelines, Department of Public Enterprises received references from various quarters for revival of these guidelines to enable them to regularize enforcement/ transfer of bond in the case of public sector employees joining services in Central Govt./State Govt./Autonomous Bodies. The position has been reviewed and after careful consideration, it has been decided to revive this Department's OMs dated 13.6.1977, 23.5.1981 and 5.2.1985 with the following modifications:

(a) The bond executed by employees of the Public Enterprises, who have received scientific/technical training at the cost of Public Enterprises and have applied through proper channel during the currency of the bond join Central Govt./State Govt. services or take up employment under quasi-government organizations or any other public enterprise either on the basis of competition examinations/tests/ interviews organized by those organizations or the Union Public Service Commission should not be enforced subject to the condition that a fresh bond is taken to ensure that the employee serves the new employer for the balance of the original bond period.

(b) The terms of bond whereby an employee of a Central public enterprise receiving scientific and technical training out the expenses of the Govt./Public Sector Enterprises undertakes to repay this specified amount in the event of his failure to serve the enterprise for a stipulated period after completion of his training should not be enforced against an employee who leaves service of public enterprise to secure, with proper permission, employment under the Central Govt., a public enterprise or an autonomous body wholly or substantially owned/financed/controlled by the Central/State Govt. A fresh bond should be taken from the person concerned to ensure that he serves the new employer for the balance of the original period.

(c) To ensure that the requirement of obtaining a fresh bond from a person, where necessary, is fulfilled, the enterprise with whom the employee has executed the original bond may at the time of forwarding his application write to the organization etc. under whom the employee intends to take up another appointment intimating them about the bond obligation of the individual and clarifying that in the case of his selection for the new post, his release will be subject to the condition that the new organization take from him a fresh bond binding him to serve them for the balance of the original bond period; in case he fails to serve the new department/organization etc. or leaves it before completion of the original bond period for a job where exemption from bond obligation is not available, the proportionate bond money should be realised from the individual and refunded to the first organization with whom he originally executed the bond.

2. All the administrative Ministries/Departments are requested to kindly issue necessary instructions accordingly to the public sector enterprises under their administrative control.

[DPE O.M. No. 15(2)/2003-DPE(GM)/GL-57 Dated 29th July, 2004]

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3. Periodical review for ensuring probity and efficacy among employees of CPSEs.

In the matter of recruitment and personnel management in Central Public Sector Enterprises (CPSEs), the Government has in the past issued general guidelines in the form of model Recruitment Rules (RRs). Conduct, Discipline & Appeal (CDA) Rules/Service Rules for adoption by CPSEs. Based on such model

guidelines/rules, the concerned CPSEs have been drawing up RRs, CDA and Service Rules applicable to their respective organisations. In this context and with a view to ensure probity and efficacy amongst the CPSEs employees, attention is invited to the government instructions issued recently by DoPT vide OM No. 25013/ 01/2013-Estt A-IV dated 11-09-2015 (copy enclosed) in terms of provisions under FR 56 (i) prescribing review of Government employees upon completion of specifled years of service or attaining specified years of age.

2. Keeping in view the Government instructions stated above, all the CPSEs are required to ensure that similar provisions as laid down under FR 56 (i) are incorporated in their respective CDA/Service Rules and implemented in the spirit of government instructions issued vide DoPT OM No. 25013/01/2013-Estt A-IV dated 11-09-2015. In case of Board Level appointees of CPSEs, the extant instructions issued by PESB/DoPT from time to time including those issued vide letter no. 13/07/2010-PESB dt. 13-05-2011 and No. 5/6/2020-PESB dt. 28-06-2011 (copies enclosed) regarding confirmation and extension of tenure etc. of Board level appointees of CPSEs will continue to be followed.

3. All the concerned Ministries/Department are requested to advise the CPSEs under their administrative control to carry out the exercise of periodical review of officials of their respective organisation as provided in their CDA/Service Rules.

[DPE-GM-01/0001/2015-GM -FTS-4857 Dated 14th December, 2015]

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4. Discontinuation of interview for recruitment to Non-Executive posts in CPSEs-reg.

The Department of Public Enterprises has been emphasizing from time to time on the need for formulation of proper recruitment and management policies by Public Enterprises which are in conformity with the latest policies / decisions taken by the Government. This requires a periodical review of Recruitment Rules, CDA Rules and Service Rulesso that they are in line with the extant instructions of the Government on personnel management.

2. Recently it has been decided by DoPT to dispense with the practice of interview for all Group 'C' and 'D' posts and non-Gazetted posts of Group 'B' category. Accordingly those cases where recruitment rules of above categories of posts specify the process of selection through interview, the authorities concerned are required to amend the recruitment rules immediately.

3. In pursuance of the above decision of the Government, all Ministries/Departments are requested to advise the CPSEs under their administrative control to adopt a revised mechanism of recruitment for the non-executive levelposts by dispensing with the practice of interview for such posts by effecting suitable amendments to the existing Recruitment Rules, wherever necessary.In case for any particular post, interview is considered essential, the clearance of administrative Ministry/Department of the concerned CPSE would need to be obtained by the CPSE or alternatively CPSEs may adopt alternate modalities to assess the required skills for recruitment to such posts in consultation with concerned administrative Ministry/Department.

4. The completion of the above exercise may be done by 31-12-2015 and a compliance report to this effect be submitted to DPE by the concerned administrative Ministry/Department by 07-01-2016.

[DPE-GM-01/0001/2015-GM -FTS-4857 Dated 14th December, 2015]

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5. Periodical review for ensuring probity and efficacy among employees of CPSEs - Composition of Representation Committee.

The undersigned is directed to refer to DPE OM of even no. dated 14-12-2015 regarding periodically review of CPSEs employees for ensuring probity and efficacy on the lines of provisions laid down under FR 56(j) and Government instructions issued vide DoPT OM No. 25013/1/2013-Estt.AIV dated 11-09-2015.

2. In the said instructions of DoPT dated 11-09-2015 it was stated at Para 12 that composition of "Representation Committee" will be communicated separately. Accordingly,DoPT vide its OM No. 25013/01/ 2013-Estt.A-IV dated 1st March 2016 (copy enclosed) had issued instructions regarding Composition of Representation Committee.

3. The concerned administrative Ministries / Departments of CPSEs are requested to advise CPSEs under their administrative control to constitute "Representation Committee" on the lines of above said DoPT instructions dated 1st March 2016 and in accordance with CPSEs CDA rules.

[DPE-GM-01/0001/2015-GM-FTS-4857 Dated 3rd May, 2018]

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6. Recruitment Process followed in CPSEs.

The undersigned is directed to refer above stated subject in reference to Secretary, M/o Human Resource Development (MHRD), D/o Higher Education DO No.4-177/2015-DL dated 1st May 2018 (copy enclosed) regarding non-recognization by CPSE of degrees / diplomas acquired in Open and Distance Learning (ODL) mode from UGC recognized Universities for the purpose of employment.

2. As recruitment to the below board level posts are done by management of CPSEs. The administrative Ministries / Departments of the CPSEs are requested to advise their respective CPSEs to take cognizance of the various notifications / circulars / public notices of MHRD and UGC regarding the recognition of ODL mode degree for the purpose of employment while making recruitment in CPSEs.

[DPE GM-12/0001/2015-GM-FTS-3756 Dated 25th May, 2018]

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(b) Conduct, Discipline & Appeal Rules

1. CCS (CC&A) Rules 1965-Rule 14(8)(a) - Request of a delinquent official for permission to engage a Legal Practitioner to defend his case before the Inquiry Officer

The undersigned is directed to refer to the Department of Personnel and Administrative Reforms O.M. No. 11012/7/83-Estt.(A) dated 23.7.1984 on the above subject (reproduced below).

2. Ministry of Industry etc. are requested to bring the contents of the Office Memorandum of the Department of Personnel and A.R. referred to above to the notice of the public enterprises under their administrative control and advise them to incorporate the above provisions in their relevant CDA rules accordingly.

Copy of O.M. No. 11012/7/83-Estt.(A) dated 23.7.1984 from Department of P.&A.R. regarding CCS (CC&A) Rules, 1965-Rule 14(8)(a)-Request of a delinquent official for permission to engage a Legal Practitioner to defend his case before the Inquiry Officer.

The undersigned is directed to refer to Rule 14(8)(a) of the Central Civil Services (Classification, Control and Appeal) Rules, 1965 which provides, inter-alia, that a delinquent Government servant against whom disciplinary proceedings have been instituted as for imposition of a major penalty may not engage a legal practitioner to present the case on his behalf before the Inquiring authority, unless the Presenting Officer appointed by the disciplinary authority is a legal practitioner, or the disciplinary authority, having

regard to the circumstances of the case, so permits. It is clarified that, when on behalf of the disciplinary authority, the case is being presented by a Prosecuting Officer of the Central Bureau of Investigation or a Government Law Officer (Such as Legal Adviser, Junior Legal Adviser), there are evidently good and sufficient circumstances for the disciplinary authority to exercise his discretion in favour of the delinquent officer and allow him to be represented by a Legal Practitioner. Any exercise of discretion to the contrary in such cases is likely to be held by the court as arbitrary and prejudicial to the defence of the delinquent Government servant.

2. The Ministry of Finance, etc., are requested to bring the contents of the O.M. to the notice of all disciplinary authorities etc.

[BPE No. 15(34)/84-BPE(GM) Dated 21st August, 1984]

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2. Model Grievance Redressal Procedure for staff and officers in the Central Public Sector Enterprises

The undersigned is directed to say that the need for evolving a suitable grievance redressal machinery for the officers and staff in the Central public sector undertakings has been engaging the attention of the Government for quite some time. It has been noticed that whereas several forums, backed by legislation, are available to workers/workmen for redressal of grievances, an adequate mechanism does not exist in most of the public enterprises through which officers and other staff could make known their grievances and seek redress. A model Grievance Redressal procedure has now been formulated. This will cover all officers and staff of the Central public sector enterprises excluding employees who are deemed to be workers/workmen under the Factories Act, 1948/Industrial Disputes Act, 1947 or any other similar legislation applicable to such categories.

2. Such Central public sector enterprises who are already having an established formal procedure which is working satisfactorily need not adopt the procedure indicated in the Model enclosed. However, adaptation may be made under special circumstances as those obtaining in the Defence undertakings, organizations having several regional offices/projects, etc.

3. The Ministry of Industry and Company Affairs, etc. are requested to advise the Public Enterprises under their administrative control to adopt the enclosed model procedure with or without modification as appropriate to the enterprise concerned. A copy of the grievance procedure so adopted by the enterprises may please be sent to the Bureau.

ANNEXURE

Model for Grievances Redressal Procedure for Staff and Officers in Central Public Sector Undertakings:

1. Objectives

The objective of the grievance redressal procedure is to provide an easily accessible machinery for settlement of grievances and to adopt measures in Central Public Sector Undertakings as would ensure expeditious settlement of grievances of staff and officers leading to increased satisfaction on the job and resulting in improved productivity and efficiency of the organization.

2. Applicability

The scheme will cover all staff and officers of the organisation except employees who are deemed to be workers/workmen under the Factories Act 1948/Industrial Disputes Act, 1947 or any other legislation applicable to such categories of employees.

3. Grievance

'Grievance' for the purpose of this scheme would only mean a grievance relating to any staff member/ officer arising out of the implementation of the policies/rules or decisions of the organization. It can include matters relating to leave, increment, acting arrangements, non-extension of benefits under rules, interpretation of Service Rules, etc., of an individual nature.

4. Procedure for handling grievances

Subject to the above provisions, individual grievances of staff members and officers shall henceforth be processed and dealt within the following manner:

4.1 An aggrieved staff member or officer shall take up his grievance(s) orally with his immediate superior who will give a personal hearing and try to resolve the grievance(s) at his level within a week.

4.2 If the grievance is not satisfactorily redressed, the aggrieved staff member/officer may submit his grievance in writing to the Departmental Head concerned or to the Personnel Officer/Manager as may be determined by the Chief Executive of the organization. Such Nominated Authority will record his comments on the representation within seven days, and if need be refer it to the Grievance Redressal Committee in case the grievance is not resolved or settled amicably. The recommendation of the Grievance Redressal Committee will be conveyed within one month to the Deciding Authority to be nominated by the Chief Executive and the decision of the Deciding Authority will be final, subject to the provisions contained in para 4.3 below.

4.3 In exceptional cases, with the concurrence of the Grievance Redressal Committee, the aggrieved staff member/officer whose grievance has been considered and is not satisfied with the decision of the Deciding Authority, will have an option to appeal either to the Director concerned or to the Chief Executive. A decision on such appeals will be taken within one month of the receipt of the appeal. The decision of the Director concerned or the Chief Executive, as the case may be, will be final and binding on the aggrieved staff member/officer and the management.

4.4 Grievances in respect of the following two categories of officers will not fall within the purview of the Grievance Redressal Committee. In their case, the procedure will be as under:

i. In the case of officers who are one step below the Board level, the individual grievance may be taken up with the concerned Director.

ii. Officers reporting directly to the Chief Executive may approach him for resolving their grievances.

5. Composition of the Redressal Committee

The Chief Executive of the organization may determine the composition and tenure of the Grievance Redressal Committee.

5.1 In the case of multi-unit organizations the Chief Executive may constitute Grievance Committees at the Regional level and also nominate the Deciding Authorities. However, if the supervisors/officers in such Regional units are not satisfied with the decision of the Deciding Authority, then they may prefer an appeal to the Grievance Redressal Committee at the Headquarters. The committee should consider and take a decision on the grievances within a period of one month failing which it should be brought to the notice of the Director (Personnel) or the Chief Executive of the organization. The Grievance Redressal Committee should meet at least once a month.

6. Overall guidance and conditions

6.1 The Staff member/officer shall bring up his grievance immediately and in any case within a period of 3 months of its occurrence.

6.2 If the grievance arises out of an order given by the management the said order shall be complied with before the staff member / officer concerned invokes the procedure laid down herein for redressal of his grievance.

6.3 Grievance pertaining to or arising out of the following shall not come under the purview of the grievance procedure:

a. Annual performance appraisals/Confidential Reports;

b. Promotions including DPC's minutes and decisions;

c. Where the grievance does not relate to an individual employee or officer; and

d. In the case of any grievance arising out of discharge or dismissal of a staff member or officer.

6.4 Grievances pertaining to or arising out of disciplinary action or appeal against such action shall be channelled to the competent authority as laid down under the Conduct, Discipline and Appeal Rules of the organization and in such cases the grievance redressal procedure will not apply.

6.5 All grievances referred to the Grievance Redressal Committee/ Director (Personnel)/Chief Executive shall be entered in a Register to be maintained for the purpose by the designated officer(s). The number of grievances, settled or pending, will be reported to the Chief Executive every month.

[BPE O.M. No. 16(84)/82-GM Dated 5th September, 1985.]

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3. Suspension of suspect officials in corruption cases

Please refer to this Bureauôs letter of even number dated 1st March, 1985 forwarding therewith copies of the Department of Personnel & Training O.M. Nos. 142/5/84-AVD.I dated 16.2.85 and 43/56/64-AVD dated 22nd October, 1964 on the subject mentioned above. The Department of Personnel & Training has further considered the matter and issued revised instructions vide O.M. No.142/5/84-AVD(I) dated 20th June, 1986. A copy of the same is, therefore, forwarded for information and necessary action.

2. It is requested that the instructions contained in this O.M. may kindly be brought to the notice of all concerned confidentially for guidance and necessary action. The Ministry of Industry (Bureau of Public Enterprises) and the Banking Division and the Insurance Division of the Department of Economic Affairs may also kindly bring these instructions to the notice of the Public Sector Undertakings, Nationalized Banks and Insurance Corporation/ Companies.

Copy of DOPT OM No.142/5/84-AVD (I) dated 20th June, 1986 regarding suspension of suspect officials in corruption cases.

The undersigned is directed to refer to Ministry of Home Affairôs O.M. No.43/56/64-AVD(I) dated 22nd October, 1964 and this Departmentôs O.M. of even number dated 16th February, 1985 (Copy enclosed) which indicate broadly the circumstances in which the disciplinary authority may consider it appropriate to place a Government Servant under suspension. It has been brought to the notice of this Department that the request of the Central Bureau of Investigation to the Administrative Department for placing under

suspension the concerned Government Servant involved in a case of corruption is not being acted upon in some cases inter-alia on the ground that the rules/instructions do not provide for the same. The matter has, therefore, been considered further in this Department and it is clarified that in the following case, there may be adequate justification for placing the concerned government servant under suspension, on the request received from the CBI or otherwise, at the stage indicated against each type of case:

i. In a case where a trap has been laid to apprehend a government servant while committing an act of corruption (usually receiving illegal gratification) and the Govt. servant has been so apprehended; immediately after the Govt. Servant has been so apprehended.

ii. In a case where, on conducting a search, it is found that a Govt. Servant is in possession of assets disproportionate to his know sources of income and it appears, *Prima facie* that a charge under section 5(i) (e) of the Prevention of Corruption Act could be laid against him; immediately after the prima facie conclusion has been reached.

iii. In a case where a charge sheet accusing a Govt. servant of specific acts of corruption of any other offence involving moral turpitude has been filed in a Criminal Court;ð immediately after the filing of the charge sheet.

iv. In a case where, after investigation by the CBI a prima facie case is made out and pursuant thereto Regular Departmental Action for imposition of a major penalty has been instituted against a Govt. Servant and a charge sheet has been served upon him alleging specific acts of corruption or gross misconduct involving moral turpitude; - immediately after the charge sheet has been served upon the Govt. servant.

[BPE letter No. 15(7)/85-GM Dated 19th September, 1988]

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4. Acceptance of resignation tendered by officers against whom disciplinary case(s) are pending or contemplated.

I am directed to refer to the Bureauôs Secret D.O. Letter No.2(21)/82-BPE(GM-I) dt. 19.1.1983 (copy enclosed- Sl.No. 102 above) wherein it was inter-alia, suggested that the question of including a suitable clause to the effect that the management reserves the right not to accept resignation tendered by Executives in the terms and conditions of appointment may be placed before the Board of Directors of the enterprise for an appropriate decision. It was with view to ensure that delinquent officers do not go scot free by merely resigning.

It has now been brought to the notice of the Bureau that many Chief Vigilance Officers of public enterprises are not aware of these instructions. These instructions are, therefore, once again being brought to your notice for appropriate action.

[BPE letter No. 15(5)/89-GM Dated 16th August, 1989]

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5. Consolidated Model Conduct, Discipline and Appeal (CDA) Rules for CPSEs - 2017.

The undersigned is directed to refer to BPE OM No. 2(121)/73-BPE (GM-I) dated 26th April, 1974 vide which a Model set of Conduct, Discipline and Appeal (CDA) Rules were forwarded to the concerned administrative ministries / departments for adoption by their respective CPSEs while framing their CDA rules.

2. After the issuance of above mentioned OM, numerous amendments / additions have been issued in respect of Model CDA rules based on references received from DoPT / CVC. All these amendments / additions

issued from time to time have been consolidated & enclosed at Annexure for reference and guidance of all concerned administrative ministries / departments / CPSEs.

ANNEXURE

Consolidated Model Conduct, Discipline and Appeal (CDA) Rules for CPSEs.

Rule 1. Short title and commencement

i) These rules may be called ð ð ð ð ð ð ð Conduct, Discipline and Appeal Rules 2017.

ii) They shall come into force onð ð ð ð ð ð .

Rule 2. Application

These rules shall apply to all employees except

i) Those in casual employment or paid from contingencies;

ii) Those governed by the standing orders under the Industrial Disputes Act, 1947.

Rule 3. Definitions

In these rules, unless the context otherwise requires**a.**

a. CPSE means the ð ð ð ð ð ð ð ð (name of the Corporation/Company/Organization /Undertaking to be mentioned).

b. Employee means a person in the employment of the CPSE other than the casual, work-charged or contingent staff or workman as defined in the Industrial Disputes Act, 1947, but includes a person on deputation to the CPSE.

c. Workman means a person as defined in the Industrial Disputes Act 1947and to whom the provision of these rules shall not apply.

d. Board means the Board of Directors of the CPSEs and includes in relation to the exercise of powers, any committee of the Board/ management or any officer of the CPSE to whom the Board delegates any of its powers.

e. Chairman/Managing Director means the Chairman/Managing Director of the CPSE.

f. Disciplinary Authority means the authority specified in the Schedule appended to these rules and competent to impose any of the penalties specified in Rule 23.

g. Competent Authority means the authority empowered by the Board of Directors by any general or special rule or order to discharge the function or use the powers specified in the rule or order.

h. Government means the Government of India.

i. Appellate Authority means the authority specified in the Scheduled appended to these rules.

j. Reviewing Authority means the authority specified in the Schedule attached to these rules.

k. Family in relation to an employee includes:ï

i. The wife or husband as the case may be of the employee, whether residing with the employee or not but does not include a wife or husband as the case may be separated from the employee by a decree or order of a Competent court.

ii. Sons or daughters or stepsons or stepdaughters of the employee and wholly dependent on the employee, but does not include a child or stepchild who is no longer in any way dependent on the employee or of whose custody the employee has been deprived of by or under any law.

iii. Any other person related, whether by blood or marriage to the employee or to such employeeôs wife or husband and wholly dependent on such employee.

l. Public servant shall means and includes a person as defined in Section 2(1) (o) read with Section 14 (f) of the Lokpal and Lokayukta Act, 2013 as amended from time to time.

m Inquiry Authority means an Employee or Committee of Employees duly constituted under these rules by disciplinary authority to enquire into allegations of misconduct levelled against one or more than one charge sheeted employee.

Rule 4. General

1. Every employee of the CPSE shall at all times

(i) Maintain absolute integrity;

(ii) Maintain devotion to duty;

(iii) Do nothing which is unbecoming of a public servant;

(iv) commit oneself to and uphold the supremacy of the Constitution and democratic values;

(v) defend and uphold the sovereignty and integrity of India, the security of the State, public order, decency and morality;

(vi) maintain high ethical standards and honesty;

(vii) maintain political neutrality;

(viii) promote the principles of merit, fairness and impartiality in the discharge of duties;

(ix) maintain accountability and transparency;

(x) maintain responsiveness to the public, particularly to the weaker section;

(xi) maintain courtesy and good behavior with the public;

(xii) take decisions solely in public interest and use or cause to use public resources efficiently, effectively and economically;

(xiii) declare any private interests relating to the Employeeôs public duties and take steps to resolve any conflicts in a way that protects the public interest;

(xiv) not place oneself under any financial or other obligations to any individual or organization which may influence the employee in the performance of oneôs official duties;

(xv) not misuse oneôs position as public servant and not take decisions in order to derive financial or material benefits for oneself, oneôs family or oneôs friends;

(xvi) make choices, take decisions and make recommendations on merit alone;

(xvii) act with fairness and impartiality and not discriminate against anyone, particularly the poor and the under-privileged sections of society;

(xviii) refrain from doing anything which is or may be contrary to any law, rules, regulations and established practices;

(xix) maintain discipline in the discharge of oneôs duties and be liable to implement the lawful orders duly communicated to the employee;

(xx) maintain confidentiality in the performance of oneôs official duties as required by any laws for the time being in force, particularly with regard to information, disclosure of which may prejudicially affect the sovereignty and integrity of India, the security of the State, strategic, scientific or economic interests of the State, friendly relation with foreign countries or lead to incitement of an offence or illegal or unlawful gain to any person;

(xxi) perform and discharge oneôs duties with the highest degree of professionalism and dedication to the best of his/her abilities.

2. (i) Every employee of the CPSE holding a supervisory / managerial post shall take all possible steps to ensure the integrity and devotion to duty of all employees for the time being under his/her control and authority.

(ii) No Employee of CPSE shall, in the performance of his/her official duties, or in the exercise of powers conferred on the employee, act otherwise than in his/her best judgement except when employee is acting under the direction of his/her official superior;

(iii) The direction of the official superior shall ordinarily be in writing. Oral direction to subordinates shall be avoided, as far as possible. Where the issue of oral direction becomes unavoidable, the official superior shall confirm it in writing immediately thereafter;

(iv) An employee who has received oral direction from his/her official superior shall seek confirmation of the same in writing as early as possible, whereupon it shall be the duty of the official superior to confirm the direction in writing.

Explanation I.- An employee who habitually fails to perform the task assigned to the employee within the time set for the purpose and with the quality of performance expected of the employee shall be deemed to be lacking in devotion to duty within the meaning the clause (ii) of sub-rule (1).

Explanation II.- Nothing in clause (ii) of sub-rule (2) shall be construed as empowering an Employee to evade his/her responsibilities by seeking instructions from, or approval of, a superior officer or authority when such instructions are not necessary under the scheme of distribution of powers and responsibilities.

2A. Promptness and Courtesy

No Employee shall

(a) in the performance of his/her official duties, act in a discourteous manner;

(b) in his/her official dealings with the public or otherwise adopt dilatory tactics or willfully cause delays in disposal of the work assigned to him/her.

2B. Observance of Government's policies

Every Employee shall, at all times-

(i) act in accordance with the Governmentôs policies regarding age of marriage, preservation of environment, protection of wildlife and cultural heritage;

(ii) observe the Governmentôs policies regarding prevention of crime against women.

3. Prohibition of sexual harassment of women

(1) No employee shall indulge in any act of sexual harassment of any woman at any *work place.*

(2) Every employee who is in-charge of a work place shall take appropriate steps to prevent sexual harassment to any woman at the work place.

Explanation. - (I) For the purpose of this rule,ð

(a) ñsexual harassmentò includes any one or more of the following acts or behaviour (whether directly or by implication) namely : -

(i) physical contact and advances; or

(ii) a demand or request for sexual favours; or

(iii) making sexually coloured remarks; or

(iv) showing pornography; or

(v) any other unwelcome physical, verbal, non-verbal conduct of a sexual nature.

(b) the following circumstances, among other circumstances, if it occurs or is present in relation to or connected with any act or behaviour of sexual harassment may amount to sexual harassment : -

(i) implied or explicit promise of preferential treatment in employment; or

(ii) implied or explicit threat of detrimental treatment in employment; or

(iii) implied or explicit threat about her present or future employment status; or

(iv) interference with her work or creating an intimidating or offensive or hostile work environment for her; or

(v) humiliating treatment likely to affect her health or safety.

(c) ñworkplaceò includes,-

(i) any department, organisation, undertaking, establishment, enterprise, institution, office, branch or unit which is established, owned, controlled or wholly or substantially financed by funds provided directly or indirectly by the Central Government;

(ii) hospitals or nursing homes;

(iii) any sports institute, stadium, sports complex or competition or games venue, whether residential or not used for training, sports or other activities relating thereto;

(iv) any place visited by the employee arising out of or during the course of employment including transportation provided by the employer for undertaking such journey;

(v) a dwelling place or a house related to or connected in course of official dealings.

Rule 5. Misconduct

Without Prejudice to the generality of the term ñmisconductò, the following acts of omission and commission shall be treated as misconduct:ï

1. Theft, fraud or dishonesty in connection with the business or property of the CPSE or of property of another person within the premises of the CPSE

2. Taking or giving bribes or any illegal gratification.

2A. Obtaining donations/ advertisement / sponsorship etc. for the associations/NGOs formed by either employee or their spouse / employeeôs family members etc. from the contractors, vendors, customers or other persons having commercial relationship / official dealings. This will be treated as misconductò

[Inserted in respect of DPE OM No. GM-06/0002/2015-GM/FTS-4861 dated 14-12-2015.]

3. Possession of pecuniary resources or property disproportionate to the known source of income by the employee or on his/her behalf by another person, which the employee cannot satisfactorily account for.

4. Furnishing false information regarding name, age, fatherôs name, qualification, ability or previous service or any other matter germane to the employment at the time of employment or during the course of employment.

5. Acting in a manner prejudicial to the interests of the Corporation/ Company.

6. Wilful insubordination or disobedience, whether or not in combination with others, of any lawful and reasonable order of employeeôs superior.

7. Absence without leave or over-staying the sanctioned leaves for more than four consecutive days without sufficient grounds or proper or satisfactory explanation.

8. Habitual late or irregular attendance.

9. Neglect of work or negligence in the performance of duty including malingering or slowing down of work.

10. Damage to any property of the CPSE.

11. Interference or tampering with any safety devices installed in or about the premises of the CPSE.

12. Drunkenness or riotous or disorderly or indecent behaviour in the premises of the CPSE or outside such premises where such behaviour is related to or connected with the employment.

13. Gambling within the premises.

14. Smoking within the premises.

15. Collection without the permission of the competent authority of any money within the premises of the CPSE except as sanctioned by any law of the land for the time being in force or rules of the CPSE.

16. Sleeping while on duty.

17. Commission of any act, which amounts to a criminal offence involving moral turpitude.

18. Absence from the employeeôs appointed place of work without permission or sufficient cause.

19. Purchasing properties, machinery, stores, etc. from or selling properties, machinery, stores etc., to the CPSE without express permission in writing from the competent authority.

20. Commission of any acts subversive of discipline or which amount to a criminal offence.

21. Abetment of or attempt at abetment of any act which amounts to misconduct.

***Note:** The above instances of misconduct are illustrative in nature, and not exhaustive. The CPSEs having clauses in addition to above list may continue to have the same.

Rule 6. Employment of near relatives of the employees in any company or firm enjoying patronage of the CPSE.

1. No employee shall use his/her position or influence directly or indirectly to secure employment for any person related, whether by blood or marriage to the employee or to the employeeôs wife or husband, whether such a person is dependent on the employee or not.

2. No employee shall, except with the previous sanction of the competent authority, permit his/her son, daughter or any member of the family to accept employment with any company or firm / entity with which the employee has official dealings, or with any company or firm / entity, having official dealings with the CPSE.

Provided that where the acceptance of the employment cannot await the prior permission of the competent authority the employment may be accepted provisionally subject to the permission of the competent authority, to whom the matter shall be reported forthwith.

3. No employee shall in the discharge of his/her official duties deal with any matter or give or sanction any contract to any company or firm / entity or any other person if any member of his/her family is employed in that company or firm or under that person or if employee or any member of his/her family is interested in such matter or contract in any other matter and the employee shall refer every such matter or contract to his/her official superior and the matter or the contract shall thereafter be disposed of according to the instructions of the authority to whom the reference is made.

Rule 7. Taking part in demonstration

No employee of the CPSE shall engage oneself or participate in any demonstration, which involves incitement to an offence.

Rule 7-A. Restriction on political activities of employees of CPSEs'

The following kinds of activities of the employees are prohibited, as the case may be:

(i) to be an office-bearer of a political party or an organization which takes part in politics ;

(ii) to take part in or assist in any manner in any movement/agitation or demonstration of a political nature;

(iii) to take part in an election to any legislature or local authority ;

(iv) to canvass in any election to any legislature or local authority.

[Inserted in reference to BPE D.O. No. 15(7)/83-GM Dated 21st July, 1984 and 23rd Feb., 1988]

Rule 8. Connection with electronic and print Media

1. No employee of the CPSE shall, except with the previous sanction of the competent authority, own wholly or in part, of conduct or participate in the editing or management of, any newspaper or other periodical publication.

2. No, employee of the CPSE shall, except with the previous sanction of the Competent authority or the prescribed authority, or in the bona fide discharge of his/her duties, participate in a broadcast or contribute any article or write any letter either in his/her own name or anonymously, pseudonymously, or in the name of any other person to any publication.

Provided that no such sanction shall be required if such publication, broadcast or such contribution of is a purely literary, artistic or scientific character.

Rule 9. Criticism of Government and the CPSE

No employee shall in any electronic and print media or in any document published under his/her name or in the name of any other person or in any communication to the press, or in any public utterances, make any statement:

a. which has the effect of adverse criticism of any policy or action of the Central or State Governments, or of the CPSE; or

b. which is capable of embarrassing the relations between the CPSE and the public.

Provided that nothing in these rules shall apply to any statement made or views expressed by an employee, of purely factual nature which are not considered to be of a confidential nature, in his/her official capacity or in due performance of the duties assigned to the employee.

Provided further that nothing contained in this clause shall apply to bona fide expression of views by the employee as an office-bearer of a recognized trade union for the purpose of safeguarding the conditions of service of such employees or for securing an improvement thereof.

Rule 10. Evidence before Committee or any other Authority

1. Save as provided in sub-rule (3), no employee of the CPSE shall, except with the previous sanction of the competent authority, give evidence in connection with any enquiry conducted by any person, committee or authority.

2. Where any sanction has been accorded under sub-rule (1), no employee giving such evidence shall criticize the policy or any action of the Central Government or of State Governments, or of the CPSE.

3. Nothing in this rule shall apply to

a. evidence given at any enquiry before an authority appointed by the Government, Parliament or a State Legislator or any CPSE;

b. evidence given in any judicial enquiry; or

c. evidence given at any departmental enquiry ordered, by authorities subordinate to the Government.

Rule 11. Unauthorized communication of information

No employee shall, except in accordance with any general or special order of the CPSE or in the performance in good faith of the duties assigned to the employee, communicate, directly or indirectly, any official document or any part thereof to any officer or other employee, or any other person to whom employee is not authorized to communicate such document or information.

Rule 12. Gifts

1. Save as otherwise provided in these rules, no employee of the CPSE shall accept or permit any member of his/her family or any other person acting on his/her behalf, to accept any gift.

   Explanation - The expression ñgiftò, shall include free transport, board, lodging or other service or any other pecuniary advantage when provided by any person other than a near relative or a personal friend having no official dealings with the employee.

   Note - An employee of the CPSE shall avoid acceptance of lavish or frequent hospitality from any individual or firm having official dealings with the employee.

2. On occasions such as weddings, anniversaries, funerals or religious functions, when the making of gifts is in conformity with the prevailing religious or social practices, an employee of the CPSE may accept gifts, from his/her near relatives but employee shall make a report to the competent authority if the value of the gift exceeds

   (i) rupees twenty five thousand in the case of Executives;

   (ii) rupees fifteen thousand in the case of an Non-Executives;

3. On such occasions as are specified in sub-rule (2), an employee of the CPSE may accept gifts from his/her personal friends having no official dealings with the employee, but employee shall make a report to the competent authority if the value of any such gift exceeds rupees one thousand five hundred in the case of Executives and Non-Executives;

4. In any other case, an employee of the CPSE shall not accept or permit any other member of his/her family or any other person acting on his/her behalf to accept any gifts without the sanction of the competent authority if the value thereof exceeds rupees one thousand five hundred in the case of Executives and Non-Executives;

   Provided that when more than one gift has been received from the same person/firm within a period of 12 months, the matter shall be reported to the competent authority if the aggregate value of the gifts exceeds Rs.25,000/- and Rs.15000/-in case of Executives and Non-Executives respectively.

Rule 12A. No employee of the CPSE shall

(i) give or take or abet the giving or taking of dowry; or

(ii) demand, directly or indirectly, from the parents or guardian of a bride or bridegroom, as the case may be, any dowry.

Explanation: For the purposes of this rule dowry has the same meaning as in Dowry Prohibition Act, 1961 (28 of 1961) or any amendment, if any.

Rule 13. Private Trade or employment

1. No employee of the CPSE shall except with the previous sanction of the competent authority, engage directly or indirectly in any trade or business or undertake any other employment; Provided that an employee may, without such sanction, undertake honorary work of a social or charitable nature or occasional work of literacy, artistic or scientific character, subject to the condition that his/her official duties do not thereby suffer.

2. Every employee of the CPSE shall report to the competent authority; any member of his/her family is engaged in a trade or business or owns or manages an insurance agency or Commission agency.

3. No employee of the CPSE shall, without the previous sanction of the competent authority except in the discharge of his/her official duties, take part in the registration, promotion or management of any bank or other company which is required to be registered under the Companies Act, 2013 or other law for the time being in force or any cooperative society for commercial purposes;

   Provided that an employee of the CPSE may take part in the registration, promotion or management of a consumer/House Building Co-operative society substantially for the benefit of employees of the CPSE, registered under the Cooperative Societies Act, 1912 (2 of 1912) or any other law / amendment for the time being in force, or of a literary, scientific or charitable society registered under the Societies Registration Act, 1860 (21 of 1860), or any corresponding law / amendment in force.

4. No employee of the CPSE shall accept any fee or any pecuniary advantage for any work done by him/her for any public body or any private person without the sanction of the competent authority.

Rule 13-A. With regard to dealing in the shares of CPSEs.

(i) A full-time Director or any employee involved in the decision making process of fixation of price of an IPO/FPO of shares of a CSPE shall not apply either oneself/herself or through any member of his/her family or through any other person acting on his/her behalf for allotment of shares (which includes all types of equity related instruments) in an IPO/FPO of such CPSE, even out of the category of preferential quota reserved for employees/Directors of the CPSE.

(ii) Employees including full time Directors who are in possession of unpublished price sensitive information would be prohibited from dealing/transacting either in their own name or through any member of their family in the shares of their own CPSE.

(iii) Full-time Director or employee or any member of his/her family or any person acting on his/her behalf shall not apply for shares out of any preferential quota reserved for employees/Directors of other companies.

(iv) Employees would be required to disclose to the CPSE all transactions of purchase/sale in shares worth two months Basic pay or more in value or existing holding/interest in the shares worth Rs. two months Basic pay or more in his/her own CPSE either in his/her own name or in the name of any family member of employee to report to the CPSE indicating quantity, Price, date of transaction and nature of interest within 4 working days.

[Inserted in reference to DPE OM No. 15(7)/1999-DPE(GM)-GL-95Dated 16th June,2009 and DPE OM No. 15(7)/99-DPE(GM)-GL-95 Dated 28th July, 2009. The limit is changed to two months Basic pay in accordance with Rule 16 of the CCS (Conduct) Rules, 1964, as amended.]

Rule 14. Investment, lending and borrowing

No employee shall, save in the ordinary course of business with a bank, financial institution or a firm of standing, borrow money from or lend money to or otherwise place oneself under pecuniary obligation to any

person with whom employee has or is likely to have official dealings or permit any such borrowing, lending or pecuniary obligation in his/her name or for his/her benefit or for the benefit of any member of his/her family.

Rule 14-A. Speculation of stock / shares of companies

Employee shall not speculate in any stock, share or other investment. It may also been explained that frequent purchase or sale or both, of shares, securities or other investments shall be deemed to be speculation within the meaning of this sub-rule.

With a view to enable the administrative authorities to keep a watch over such transactions, an intimation may be sent in the Proforma to the prescribed authority in the following cases:

Executives:ï If the total transactions in shares, securities, debentures or mutual funds scheme etc. exceed Rs. 50000/- (or as may be specified by CPSE) during the calendar year.

Non-Executives:ï If the total transactions in shares, securities, debentures or mutual funds scheme etc. exceeds Rs. 25000/- (or as may be specified by CPSE) during the calendar year.

[Inserted in reference to DPE O.M. No. 15(1)/92-GM Dated 4th September, 1992 regarding extension of (three) circulars issued by DoPT regarding conduct rules of government servants to PSUs dated 04-09-1992.]

Rule 15. Insolvency and habitual indebtedness

1. An employee of the CPSE shall avoid habitual indebtedness unless employee proves that such indebtedness or insolvency is the result of circumstances beyond his/her control and does not proceed from extravagance or dissipation.

2. An employee of the CPSE who applies to be, or is adjudged or declared insolvent shall forthwith report the fact to his/her competent authority.

Rule 16. Movable, Immovable and valuable property

1. Every employee shall, on first appointment in the CPSE, submit a return of assets and liabilities in the prescribed form giving the particulars regarding:-

    a. the immovable property inherited by the employee, or owned or acquired by the employee, held by the employee on lease or mortgage, either in his/her own name or in the name of any member of his/her family or in the name of any other person;

    b. shares, debentures, and cash including bank deposits inherited by the employee (or similarly) owned, acquired, or held by the employee;

    c. other movable property inherited by the employee or similarly owned, acquired or held by the employee if the value of such property exceeds Rs. 10,000/-.

    d. debts and other liabilities incurred by employee directly or indirectly;

    e. every employee shall, beginning 1st January, submit a return of immovable property inherited/ owned/acquired once in every two years.

2. No employee shall, except with the previous knowledge of the competent authority, acquire or dispose of any immovable property by lease, mortgage, purchase, sale, gift or otherwise, either in his/her own name or in the name of any member of his/her family.

3. No employee of the CPSE shall, except with the previous sanction of the competent authority, enter into any transaction concerning any immovable or movable property with a person or a firm having official dealings with the employee or his/her subordinate.

4. Every employee of the CPSE shall report to the competent authority every transaction concerning movable property owned or held by the employee in his/her own name or the name of a member of his/her family, if the value of such property exceeds Rs. two months Basic pay (unless otherwise specified by CPSE).

5. The competent authority may, at any time, by general or special order require an employee to submit, within a period specified in the order a full and complete statement of such movable or immovable property held or acquired by the employee or on his/her behalf or by any member of his/her family as may be specified in the order. Such statement shall, if so required by the competent authority, include details of the means by which, or the source from which such property was acquired.

Explanation I - For the purposes of this rule ï the expression ñmovable propertyò includes

(a) jewellery, insurance policies, the annual premia of which exceeds ótwo monthsô basic pay of the employee, shares, securities and debentures;

(b) all loans, whether secured or not, advanced or taken by the employee;

(c) motor cars, motor cycles, horses or any other means of conveyance; and

(d) refrigerators, radios radiograms and television sets.

Explanation II.- For the purpose of this rule ólease ô means, except where it is obtained from, or granted to, a person having official dealings with the employee, a lease of immovable property from year to year or for any term exceeding one year or reserving an yearly rent.

Rule 17. Canvassing of non-official or other influence

No employee shall bring or attempt to bring any outside influence to bear upon any superior authority to further his/her interests in respect of matters pertaining to his/her service in the CPSE.

Rule 18. Bigamous marriages

1. No employee shall enter into, or contract, a marriage with a person having a spouse living; and

2. No employee, having a spouse living, shall enter into, or contract, a marriage with any person;

Provided that the Board may permit an employee to enter into, or contract, any such marriage as is referred to in clause (1) or clause (2) if it is satisfied that

a. such marriage is permissible under the personal law applicable to such employee and the other party to the marriage; and

b. There are other grounds for so doing.

3. The public sector employee who has married or marries a person other than that of Indian nationality, shall forthwith intimate the fact to his/her employer.

[Sub Rule 3 inserted in reference to O.M. No. 15(1)/85-BPE(GM) Dated 7th February, 1985]

Rule 19. Consumption of intoxicating drinks and drugs

Employee shall ï

(a) strictly abide by any law relating to intoxicating drinks or drugs in force in any area in which employee may happen to be for the time being;

(b) not be under influence of any intoxicating drink or drug during the course of his/her duty and shall also take due care that the performance of his/her duties at any time is not affected in any way by the influence of such drink or drug; refrain from consuming any intoxicating drink or drug in a public place;

(c) not appear in a public place in a state of intoxication;

(d) not use any intoxicating drink or drug to excess.

Explanation: For the purposes of this rule, ópublic placeô means any place or premises (including a conveyance) to which the public have, or are permitted to have, access, whether on payment or otherwise.

Rule 19-A. Prohibition regarding employment of children below 14 years of age.

No CPSE employee shall employ to work any child below the age of 14 years.

Rule 20. Suspension

1. The appointing authority or any authority to which it is subordinate or the disciplinary authority or any authority empowered in that behalf by the management by general or special order may place an employee under suspensiona.

   a. Where disciplinary proceeding against the employee is contemplated or is pending; or

   b. Where case against the employee in respect of any criminal offence is under investigation or trial; or

   c. Where, in the opinion of the authority aforesaid, he/she has engaged oneself in activities prejudicial to the interest of the security of the State;

2. An employee who is detained in police / judicial custody, whether on a criminal charge or otherwise for a period exceeding 48 hours shall be deemed to have been suspended with effect from the date of detention, by an order of the appointing authority, and shall remain under suspension until further orders.

3. Where a penalty of dismissal or removal from service imposed upon an employee under suspension is set aside on appeal or on review under these rules and the case is remitted for further inquiry or action or with any other directions, the order of his/her suspension shall be deemed to have continued in force on and from the date of the original order of dismissal or removal and shall remain in force until further orders.

4. Where a penalty of dismissal or removal from service imposed upon an employee is set aside or declared or rendered void in consequence of or by a decision of a court of law and the disciplinary authority, on consideration of the circumstances of the case, decides to hold a further inquiry against the employee on the allegations on which the penalty of dismissal or removal was originally imposed, the employee shall be deemed to have been placed under suspension by the appointing authority from the date of the original order of dismissal or removal and shall continue to remain under suspension until further orders.

5. An order of suspension made or deemed to have been made under this Rule may at any time be revoked by the authority, which made or is deemed to have made the order or by any authority to which that authority is subordinate.

Rule 21. Subsistence Allowance

1. An employee under suspension shall be entitled to draw subsistence allowance equal to 50 percent, of his/her basic pay provided the disciplinary authority is satisfied that the employee is not engaged in any other employment or business, or profession or vocation. In addition employee shall be entitled to Dearness Allowance admissible on such subsistence allowance and any other compensatory allowance of which employee was in receipt on the date of suspension provided the suspending authority is satisfied that the employee continues to meet the expenditure for which the allowance was granted.

2. Where the period of suspension exceeds six months, the authority which made or is deemed to have made the order of suspension shall be competent to vary the amount of subsistence allowance for any period subsequent to the period of the first six months as follows:-

i. The amount of subsistence allowance may be increased to 75 percent of basic pay and allowances thereon if, in the opinion of the said authority, the period of suspension has been prolonged for reasons to be recorded in writing not directly attributable to the employee under suspension;

ii. The amount of subsistence allowance may be reduced to 25 percent of basic pay and allowances thereon if in the opinion of the said authority, the period of suspension has been prolonged due to the reasons to be recorded in writing directly attributable to the employee under suspension.

3. If an employee is arrested by the Police on a criminal charge and bail is not granted, no subsistence is payable. On grant of bail, if the competent authority decides to continue the suspension, the employee shall be entitled to subsistence allowance from, the date employee is granted bail.

Rule 22. Treatment of the period of suspension

1. When the employee under suspension is reinstated, the competent authority may grant to the employee the following pay and allowances for the period of suspension:

a. If the employee is exonerated and not awarded any of the penalties mentioned in Rule 23 the full pay and allowances which employee would have been entitled to if employee had not been suspended, less the subsistence allowance already paid to the employee; and

b. If otherwise, such proportion of pay and allowances as the competent authority may prescribe.

2. In a case falling under sub-clause (a) the period of absence from duty will be treated as a period spent on duty. In case failing under sub-clause (b) it will not be treated as a period spent on duty unless the competent authority so directs.

Rule 23. Penalties

The following penalties may be imposed, on an employee, as hereinafter provided, for misconduct committed by the employee or for any other good and sufficient reasons.

Minor Penalties

(a) Censure;

(b) withholding of increments of pay without cumulative effect;

(c) withholding of promotion;

(d) recovery from pay of the whole or part of any pecuniary loss caused to the CPSE by negligence or breach of order;

(e) reduction to a lower stage in the time-scale of pay by one stage for a period not exceeding 3 years, without cumulative effect and not adversely affecting his/her terminal benefits.

Major Penalties

(f) save as provided in clause (e), reduction to a lowe stage in the time scale of pay for a specified period, with further directions as to whether or not the employee will earn increments of pay during the period of such reduction and whether on expiry of such period, the reduction will or will not have the effect of postponing the future increment of pay;

(g) reduction to a lower time scale of pay, grade, post or Service which shall ordinarily be a bar to the promotion of the employee to the time-scale of pay, grade, post from which employee was reduced, with or without further directions regarding conditions of restoration to the grade or post from which the employee was reduced and his/her seniority and pay on such restoration to that grade or post;

(h) compulsory retirement;

(i) removal from service which shall not be a disqualification for future employment under the Govt. or the CPSE owned or controlled by the Govt.;

(j) dismissal from service which shall ordinarily be a disqualification for future employment under the Govt. or the CPSE owned or controlled by the Govt.;

Provided that, in every case in which the charge of possession of assets disproportionate to known sources of income or the charge of acceptance from any person of any gratification, other than legal remuneration, as a motive or reward for doing or forbearing to do any official act is established, the penalty mentioned in clause (i) or (j) shall be imposed:

Provided further that in any exceptional case and for special reasons recorded in writing, any other penalty may be imposed.

Rule 24. Disciplinary Authority to impose penalties

The Disciplinary Authority, as specified in the schedule, or any authority higher than it may impose any of the penalties specified in Rule 23 on any employee.

Rule 25. Procedure for imposing major penalties

1. No order imposing any of the major penalties specified in Clauses (f) to (j) of Rule 23 shall be made except after an inquiry is held in accordance with this rule.

2. Whenever the disciplinary authority is of the opinion that there are grounds for inquiring into the truth of any imputation of misconduct or misbehaviour against an employee, it may itself enquire into, or appoint any inquiring authority to inquire into the truth thereof. Provided that where there is a complaint of sexual harassment within the meaning of Rule 4(3) above, the complaints Committee for inquiring into such complaints, shall be deemed to be the inquiring authority appointed by the disciplinary authority for the purpose of these rules and the Complaints Committee shall hold, if separate procedure has not been prescribed for the complaints committee for holding the inquiry into the complaints of sexual harassments, the inquiry as far as practicable in accordance with the procedure laid down in these rules.

Explanation : Where the disciplinary authority itself holds the inquiry, the inquiring authority shall be construed as a reference to the disciplinary authority.

3. Where it is proposed to hold an inquiry, the disciplinary authority shall deliver or cause to be delivered to the employee a copy of the articles of charge, the statement of the imputations of misconduct or misbehaviour and a list of documents and witnesses by which each article or charges is proposed to be sustained. On receipt of the articles of charge, the employee shall be required to submit his/her written statement of defence, if employee so desires, and also state whether employee desires to be heard in person, within a period of fifteen days, which may be further extended for a period not exceeding fifteen days at a time for reasons to be recorded in writing by the Disciplinary Authority or any other Authority authorised by the Disciplinary Authority on his/her behalf:

   Provided that under no circumstances, the extension of time for filing written statement of defence shall exceed forty-five days from the date of receipt of articles of charge.

   Explanationð It will not be necessary to show the documents listed with the chargesheet or any other document to the employee at this stage.

4. On receipt of the written statement of defence, the disciplinary authority may it selfinquire into such of the articles of charge as are not admitted, or, if it considers it necessary so to do, appoint, under sub-rule (2), an inquiring authority for the purpose, and where all the articles of charge have been admitted by the charged sheeted Employee in his/her written statement of defence, the disciplinary authority shall record its findings on each charge after taking such evidence as it may think fit and shall act in the manner laid down in rule 26. If no written statement of defence is submitted by the charged sheeted employee, the disciplinary authority may itself inquire into the articles of charge, or may, if it considers it necessary to do so, appoint, under sub-rule (2), an inquiring authority for the purpose.

5. Where the disciplinary authority itself inquires or appoints an inquiring authority for holding an inquiry, it may, by an order appoint an employee to be known as the ñPresenting Officerò to present on its behalf the case in support of the articles of charge.

6. The employee may take the assistance of any other public servant but may not engage a legal Practitioner for the purpose ***unless the Presenting Officer appointed by the disciplinary authority is a legal practitioner, or the disciplinary authority, having regard to the circumstances of the case, so permits.***

7. On the date fixed by the inquiring authority, the employee shall appear before the Inquiring Authority at the time, place and date specified in the notice. The inquiring authority shall ask the employee whether employee pleads guilty or has any defence to make and if employee pleads guilty to any of the articles of charge, the inquiring authority shall record the plea, sign the record and obtain the signature of the employee concerned thereon. The Inquiring Authority shall return a finding of guilt in respect of those articles of charge to which the charged sheeted employee concerned pleads guilty.

8. If the employee does not plead guilty, the inquiring authority shall adjourn the case to a later date not exceeding thirty days after recording an order that the charged sheeted employee may, for the purpose of preparing his/her defence:

   i. inspect the documents listed with charge-sheet.

   ii. submit a list of additional documents and witnesses that employee wants to examine; and

   iii. be supplied with the copies of the statements of witnesses, if any, listed in the charge-sheet.

   Note : Relevancy of the additional document and the witnesses referred to in subclause 8 (ii) above will have to be given by the employee concerned and the documents and the witnesses shall be summoned if

the inquiring authority is satisfied about their relevance to the charges under inquiry.

9. The inquiring authority shall ask the authority in whose custody or possession the documents are kept, for the production of the documents or issue a non-availability certificate before the Inquiring Authority within one month of the receipt of such requisition: Provided that if the authority having the custody or possession of the requisitioned documents is satisfied for reasons to be recorded by it in writing that the production of all or any of such documents would be against the public interest or security of the State, it shall inform the Inquiring Authority accordingly and the Inquiring Authority shall, on being so informed, communicate the information to the charged sheeted employee and withdraw the requisition made by it for the production or discovery of such documents.

10. The authority in whose custody or possession the requisitioned documents are, shall arrange to produce the same before the inquiring authority on the date, place and time specified in the requisition notice.

    Provided that the authority having the custody or possession of the requisitioned documents may claim privilege if the production of such documents will be against the public interest or the interest of the CPSE. In the event, it shall inform the inquiring authority accordingly.

11. On the date fixed for the inquiry the oral and documentary evidence by which the articles of charge are proposed to be proved shall be produced by or on behalf of the disciplinary authority. The witnesses shall be examined by or on behalf of the Presenting Officer and may be cross-examined by or on behalf of the charged sheeted employee. The Presenting Officer shall be entitled to re-examine the witness on any points on which they have been cross-examined , but not on a new matter, without the leave of the Inquiring Authority. The Inquiring Authority may also put such questions to the witnesses as it thinks fit.

12. Before the close of the prosecution case, the inquiring authority may, in its discretion allow the Presenting Officer to produce evidence not included in the charge sheet or may itself call for new evidence or recall or re-examine any witness.

    In such case the charged sheeted employee shall be given opportunity to inspect the documentary evidence before it is taken on record; or to cross-examine a witness, who has been so summoned.

13. When the case for the disciplinary authority is closed, the charged sheeted employee may be required to state his/her defence, orally or in writing as employee may prefer. If the defence is made orally, it shall be recorded and the charged sheeted employee shall be required to sign the record. In either case a copy of the statement of defence shall be given to the Presenting Officer, if any appointed.

14. The evidence on behalf of the charged sheeted employee shall then be produced. The charged sheeted employee may examine himself/herself in his/her own behalf if employee so prefers. The witnesses produced by the charged sheeted employee shall then be examined and shall be liable to cross-examination, re-examination and examination by the inquiring authority according to the provision applicable to the witnesses for the disciplinary authority.

15. The Inquiring Authority may, after the charged sheeted employee closes his/her case, and shall, if the employee has not examined himself/herself, generally question the charged sheeted employee on the circumstances appearing against the charged sheeted employee in the evidence for the purpose of enabling the charged sheeted employee to explain any circumstances appearing in the evidence against him/her.

16. After the completion of the production of the evidence, the charged sheeted employee and the Presenting Officer may file written briefs of their respective cases within 15 days of the date of completion of the production of evidence.

17. If charged sheeted employee does not submit the written statement of defence referred to in sub-rule (3) on or before the date specified for the purpose or does not appear in person, or through the assisting officer or otherwise fails or refuses to comply with any of the provisions of these rules, the inquiring authority may hold the enquiry ex parte.

18. Whenever any inquiring authority, after having heard and recorded the whole or any part of the evidence in an inquiry ceases to exercise jurisdiction therein, and is succeeded by another inquiring authority which has, and which exercises, such jurisdiction, the inquiring authority so succeeding may act on the evidence so recorded by its predecessor, or partly recorded by its predecessor and partly recorded by itself.

Provided that if the succeeding inquiring authority is of the opinion that further examination of any of the witnesses whose evidence has already been recorded is necessary in the interest of justice, it may recall examine, cross-examine and reexamine any such witnesses as herein before provided.

19.(i) After the conclusion of the inquiry report shall be prepared and it shall containa.

a. gist of the articles of charge and the statement of the imputations of misconduct or misbehaviour;

b. a gist of the defence of the charged sheeted employee in respect of each article of charge;

c. and assessment of the evidence in respect of each article of charge;

d. the findings on each article of charge and the reasons therefor.

Explanationð If in the opinion of the inquiring authority the proceedings of the inquiry establish any article of charge different from the original articles of the charge, it may record its findings on such article of charge.

Provided that the findings on such article of charge shall not be recorded unless the charged sheeted employee has either admitted the facts on which such article of charge is based or has had a reasonable opportunity of defending oneself against such article of charge.

(ii) The inquiring authority, where it is not itself the disciplinary authority, shall forward to the disciplinary authority the records of inquiry which shall include

a) The report of the inquiry prepared by it under sub-clause (i) above:

b) The written statement of defence if any submitted by the employee referred to in sub-rule (13)

c) The oral and documentary evidence produced in the course of the inquiry;

d) Written briefs referred to in sub-rule (16) if any; and

e) The orders if any made by the disciplinary authority and the inquiring authority in regard to the inquiry.

20. (a) The Inquiring Authority should conclude the inquiry and submit his/her report within a period of six months from the date of receipt of order of his/her appointment as Inquiring Authority.

(b) Where it is not possible to adhere to the time limit specified in clause (a), the Inquiring Authority may record the reasons and seek extension of time from the disciplinary authority in writing, who may allow an additional time not exceeding six months for completion of the Inquiry, at a time.

(c) The extension for a period not exceeding six months at a time may be allowed for any good and sufficient reasons to be recorded in writing by the Disciplinary Authority or any other Authority authorised by the Disciplinary Authority on his/her behalf.

[Sub Rule 6 updated in reference to BPE No. 15(34)/84-BPE(GM) dated 21-08-1984 issue in reference to CCS (CC&A) Rules 1965ð Rule 14(8)(a)]

Rule 26. Action on the inquiry report

(1) The disciplinary authority, if it is not itself the inquiring authority may, for reason to be recorded by it in writing remit the case to the inquiring authority for fresh or further inquiry and report and the inquiry authority shall thereupon proceed to hold the further inquiry according to the provisions of Rule 25 as far as may be .

(2) The disciplinary authority shall forward or cause to be forwarded a copy of the report of the inquiry, if any, held by the disciplinary authority or where the disciplinary authority is not the inquiring authority, a copy of the report of the inquiring authority, together with its own tentative reasons for disagreement, if any, with the findings of inquiring authority on any article of charge to the employee who shall be required to submit, if employee so desires, his/her written representation or submission to the disciplinary authority within fifteen days, irrespective of whether the report is favourable or not to the employee.

(3) If the disciplinary authority having regard to its findings on all or any of the articles of charge is of the opinion that any of the penalties that any of the penalties specified in Rule 23 should be imposed on the employee it shall, notwithstanding anything contained in Rule 27 make an order imposing such penalty.

(4) If the disciplinary authority having regard to its findings on all or any of the articles of charge, is of the opinion that no penalty is called for, it may pass an order exonerating the employee concerned.

Rule 26-A. In the matter of promotion of employees against whom disciplinary / court proceedings are pending or whose conduct is under investigation, the procedure may be follow in accordance with the DoPT OM No. 22011/4/91-Estt.(A) dated 14.09.1992 and subsequent instructions of DOPT on sealed cover procedure.

[Inserted in reference to DPE OM dated 04.09.92 which endorse DoPT OM dated 31.7.91 and DoPT OM dated 14.09.92]

Rule 27. Procedure for imposing minor penalties

(1) Where it is proposed to impose any of the minor penalties specified in clauses (a) to (e) of Rule 23, the employee concerned shall be informed in writing of the imputations of misconduct or misbehaviour against the employee and give an opportunity to submit his/her written statement of defence within a specified period not exceeding 15 days. The defence statement, if any, submitted by the employee shall be taken into consideration by the disciplinary authority before passing orders.

(2) The record of the proceedings shall include ï

(i) A copy of the statement of imputations of misconduct or misbehaviour delivered to the employee;

(ii) His/her defence statement, if any; and

(iii) The orders of the disciplinary authority together with the reason therefor.

Rule 28. Communication of orders

Orders made by the Disciplinary Authority under Rule 26 or Rule 27 shall be communicated to the employee concerned, who shall also be supplied with a copy of :

(i) its finding on each article of charge, **or** where the disciplinary authority is not the inquiring authority, a statement of the findings of the disciplinary authority together with brief reasons for its disagreement, if any, with the findings of the inquiring authority and

(ii) A copy of the advice, if any, given by the Commission, and

(iii) where the disciplinary authority has not accepted the advice of the Commission, a brief statement of the reasons for such non-acceptance.

Rule 29. Common proceedings

Where two or more employees are concerned in a case, the authority competent to impose a major penalty on all such employees may make an order directing that disciplinary proceedings against all of them may be taken in a common proceedings and the specified authority may function as the disciplinary authority for the purpose of such common proceedings.

Rule 30. Special procedure in certain cases

Notwithstanding anything contained in Rule 25 or 26 or 27, the disciplinary authority may impose any of the penalties specified in Rule 23 in any of the following circumstances:ï

(i) the employee has been convicted on a criminal charge, or on the strength of facts or conclusions arrived at by a judicial trial ; or

(ii) where the disciplinary authority is satisfied for reasons to be recorded by it in writing that it is not reasonably practicable to hold an enquiry in the manner provided in these Rules; or

(iii) where the Board is satisfied that in the interest of the security of the CPSE, it is not expedient to hold any inquiry in the manner provided in these rules.

Rule 30-A. Disciplinary proceedings / Imposition of Penalty on Employees after their Retirement.

(i) The disciplinary authority may impose penalty on delinquent employees on conclusion of such departmental proceedings which were initiated during their service time and have continued beyond the date of their superannuation.

(ii) Disciplinary proceedings, if instituted while the employee was in service whether before his/her retirement or during his/her re-employment, shall, after the final retirement of the employee, be deemed to be proceeding and shall be continued and concluded by the authority by which it was commenced in the same manner as if the employee had continued in service.

(iii) During the pendency of the disciplinary proceeding, the disciplinary authority may withhold payment of gratuity, for ordering the recovery from gratuity of the whole or part of any pecuniary loss caused to the CPSE if the employee is found in a disciplinary proceeding or judicial proceeding to have been guilty of offences/misconduct as mentioned in sub-section (6) of Section 4 of the Payment of Gratuity Act, 1972 or to have caused pecuniary loss to the CPSE by misconduct or negligence, during his/her service including service rendered on deputation or on re-employment after retirement. However, the provisions of Section 7(3) and 7(3A) of the Payment of Gratuity Act, 1972 should be kept in view in the event of delayed payment, in case the employee is fully exonerated.

[Sub-rule (i) inserted in reference to DPE O.M. No. 15(1)/92-GM Dated 4th September, 1992 and subrule (ii) and (iii) in reference to DPE O.M.No. 15(7)/99 (GL-021) / GM(DPE) Dated 16th December, 1999 and DPE OM No. 15(7)1999-DPE (GM)-GL-98 Dated 26th November 2009]

Rule 31. Employees on deputation from the Central Government or the State Government, etc.

(i) Where an order of suspension is made or disciplinary proceeding is taken against an employee, who is on deputation to the CPSE from the Central or State Government, or another public undertaking, or a local authority, the authority lending his/her services (hereinafter referred to as the ñlending authorityò) shall forthwith be informed of the circumstances leading to the order of his/her suspension, or the commencement of the disciplinary proceeding, as the case may be.

(ii) In the light of the findings in the disciplinary proceeding taken against the employee:ï

(a) If the Disciplinary Authority is of the opinion that any of the minor penalties should be imposed on the employee, it may pass such orders on the case as it deems necessary after consultation with the Lending Authority; provided that in the event of a difference of opinion between the Disciplinary and the Lending Authority, the services of the employee shall be placed at the disposal of the Lending Authority.

(b) If the Disciplinary Authority is of the opinion that any of the major penalties should be imposed on the employee, it should replace his/her services at the disposal of the Lending Authority and transmit to it the proceedings of the enquiry for such action as it deems necessary.

(iii) If the employee submits an appeal against an order imposing a minor penalty on the employee under sub-rule (ii) (a), it will be disposed of after consultation with the Lending Authority;

Provided that if there is a difference of opinion between the Appellate Authority and the Lending Authority, the services of the employee shall be placed at the disposal of the Lending Authority, and the proceedings of the case shall be transmitted to that authority for such action as it deems necessary.

Rule 32. Appeals

(i) An employee may appeal against an order imposing upon the employee any of the penalties specified in rule 23 or against the order of suspension referred to in Rule 20. The appeal shall lie to the authority specified in the schedule.

(ii) An appeal shall be preferred within one month from the date of communication of the order appealed against. The appeal shall be addressed to the Appellate Authority specified in the schedule and submitted to the authority whose order is appealed against. The authority whose order is appealed against shall forward the appeal together with its comments and the records of the case to the appellate authority within 15 days. The appellate authority shall consider whether the findings are justified or whether the penalty is excessive or inadequate and pass appropriate orders within three months of the date of appeal. The appellate authority may pass order confirming, enhancing, reducing or setting aside the penalty or remitting the case to the authority which imposed the penalty or to any other authority with such direction as it may deem fit in the circumstances of the case.

Provided that if the enhanced penalty which the appellate authority proposes to impose is a major penalty specified in clauses (f) to (j) of Rule 23 and an inquiry as provided in Rule 25 has not already been held in the case, the appellate authority shall direct that such an enquiry be held in accordance with the provisions of Rule 25 and thereafter consider the record of the inquiry and pass such orders as it may deem proper. If the appellate authority decides to enhance the punishment but an enquiry has already been held as provided in Rule 25, the appellate authority shall give a show cause notice to the employee as to why the enhanced penalty should not be imposed upon the employee. The appellate authority shall pass final order after taking into account the representation, if any, submitted by the employee.

Rule 33. Review

Notwithstanding anything contained in these rules, the reviewing authority as specified in the schedule may call for the record of the case within six months of the date of the final order and after reviewing the case pass such orders thereon as it may deem fit.

Provided that if the enhanced penalty, which the reviewing authority purposes to impose; is a major penalty specified in clauses (f) to (j) of Rule 23 and an enquiry as provided under Rule 25 has not already been held in the case, the reviewing authority shall direct that such an enquiry be held in accordance with the provisions of Rule 25 and thereafter consider the record of the enquiry and pass such order as it may deem proper. If the appellate authority decides to enhance the punishment but an enquiry has already been held in accordance with the provisions of Rule 25, the reviewing authority shall give show cause notice to the employee as to why the enhanced penalty should not be imposed upon the employee. The reviewing authority shall pass final order after taking into account the representation, if any, submitted by the employee.

Rule 34. Service of orders, notices, etc.

Every order, notice and other process made or issued under these rules shall be served in person on the employee concerned or communicated to the employee by registered post at his/her last known address.

Rule 35. Power to relax time-limit and to condone delay

Save as otherwise expressly provided in these rules, the authority competent under these rules to make any order may, for good and sufficient reasons or if sufficient cause is shown, extend the time specified in these rule for anything required to be done under these rules or condone any delay.

Rule 36 Savings

1. Nothing in these rules shall be constructed as depriving any person to whom these rules apply, of any right of appeal which had accrued to the employee under the rules, which have been superseded by these rules.
2. An appeal pending at the commencement of these rules against an order made before the commencement of these rules shall be considered and orders thereon shall be made, in accordance with these rules.
3. The proceedings pending at the commencement of the rules shall be continued and disposed as far as may be, in accordance with the provisions of these rules, as if such proceedings were proceedings under these rules.
4. Any misconduct, etc., committed prior to the issue of these rules which was a misconduct under the superseded rules shall be deemed to be a misconduct under these rules.

Rule 37. Removal of doubts

Where a doubt arises as to the interpretation of any of these rules, the matter shall be referred to the Board for final decision.

Rule 38. Amendments

The Board may amend, modify or add to these rules, from time to time, and all such amendments, modifications or additions shall take effect from the date stated therein.

[No. 15(07)/99-DPE-GM-VOL-III-FTS-2344) Dated 11th December, 2017]

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(c) Vigilance Policies

1. Scrutiny of Annual Property Returns of Officers/Executives of PSUs by the Vigilance Branch.

The undersigned is directed to say that the Conferences of Chief Vigilance Officers held by the CBI and the Central Vigilance Commission during 1996 and 1997 recommended, inter-alia, that the scrutiny of property returns may be undertaken by the Chief Vigilance Officers. It was also suggested that the general practice of receiving and filing property returns and their safe custody in the PSU should continue with the Personnel Department and the Vigilance Branch may scrutinize random basis and on specific information about 20% of the property returns so that the scrutiny cycle gets completed in every five years.

2. The matter has been examined carefully by the CVC and DOPT and it has been decided that in view of the emphasis on probity in public life and need for contemporaneous reporting of assets by the official concerned, the vigilance set up in the PSUs would scrutinize, on a random basis and on specific information, about 20% Annual Property Returns of the regular permanent employees of their respective organizations so that the scrutiny cycle is completed in every five years. To carry out this exercise, the management of PSU should provide staff whenever required by the CVO by making internal adjustments. However, the general practice of receiving and filing property returns and their safe custody with Personnel Department of PSUs will continue. This arrangement should be put into effect immediately.

3. All Administrative Ministries/Departments are requested to bring the above decision to the notice of public sector undertakings under their administrative control for strict compliance.

[DPE OM No. 15(6)/98(GL-008)/GM Dated 1st September, 1998]

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2. Model vigilance structure for PSUs.

The Government having expressed its concern to tackle corruption and make the functioning of investigating and vigilance agencies more independent, effective, credible and prompt entrusted the Department of AR & PG to conduct a study on vigilance set up in respect of CPSUs. The study observed that the nature of functions and operations of PSUs is different, dissimilar and largely of a heterogeneous type. Nevertheless, it stated that the vigilance division in PSUs by and large deals with investigations, disciplinary proceedings, anti-corruption work, preventive vigilance and in some cases technical and audit work and all vigilance units in the PSUs should have adequate personnel to carry out all these functions. The study concluded that it would be impractical to recommend a uniform vigilance set up for all PSUs but emphasised the need for a vigilance set up in each PSU to have the desired manpower requirements of skilled and trained vigilance personnel and recommended the following model of vigilance set up for the PSUs as a broad guideline to be adopted with such modifications as may be appropriate to their requirement:ð

1. CORPORATE OFFICE:

i. Chief Vigilance Officer

ii. Dy. CVO (For Schedule óAô and óBô PSUs)

iii. Vigilance Wings

a) Investigation Wing

- Sr. Vigilance Officer	One
- Investigators	Two
- Steno	Two

b)	**Anti-Corruption and Vigilance Wing**	
	- Sr. Vigilance Officer	One
	- Vigilance Assistant	Two
	- Steno	One
c)	**Disciplinary Proceedings Wing**	
	- Sr. Vigilance Officer	One
	- Vigilance Assistant	Two
	- Steno	One
d)	**Preventive Vigilance Wing**	
	- Sr. Vigilance Officer	One
	- Vigilance Officer	One
	- Steno	One
e)	**Technical Wing (This is applicable to PSUs engaged in engineering and other technical operations).**	
	- Sr. Vigilance Officer	One
	- Vigilance Officer	One
	- Expert	One
	- Steno	One

2. **Regional/Project/Plant Office**: (This is applicable to Schedule óAô and óBô PSUs only)

- Sr. Vigilance Officer	One
- Investigator	One
- Steno	One

3. This recommendation has been examined in this Department and it has been decided that PSUs should take immediate steps for adoption of the model vigilance structure with suitable modifications depending upon the size, function and operation of the organisation.

4. All the Administrative Ministries/Departments, therefore, are requested to advise the PSUs under their administrative control to take necessary action on the above lines and furnish action taken report to the DPE within a period of six months from the date of issue of this OM

[DPE O.M. No.15(7)/98(GL-009)/GM Dated 25th September, 1998]

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3. Recruitment of Management Trainees in PSUs.

It has come to the notice of CVC that detailed written procedure for recruitment of Management Trainees (MTs) in one of the PSEs is not laid down with the result that arbitrary short-listing of candidates is carried out and large number of candidates meeting the requirements for the posts are not even called for interview. The CVC observed that absence of proper rules and regulations for recruitment of MTs, recruitment through personal interview only without conducting written test and instead resorting to arbitrary rejecting and short-listing of candidates for interview could result in undesirable consequence of slots of MTs not going to deserving candidates and misutilization of discretion. Recruitment of personnel below the board level falls within the purview of the management of the PSUs. However, as serious lapses in the recruitment of MTs have been observed by CVC it has become necessary to have this matter examined for evolving a uniform and transparent procedure for all PSUs.

2. On an analysis of practice followed in some of the major PSEs, it is observed that procedure for recruitment of MTs vary from organization to organization. While recruitment on All-India basis through open competition (with a written test) and interview is the normal practice followed by majority of PSEs, some of them also recruit personnel through 'campus recruitment' from reputed institutions like IITs, IIMs, RECs, etc. In certain PSUs, selection in specialized disciplines is made through the process of Walk-in-Interview.

3. Considering the fact that the nature of functions and operations of PSEs are different, their manpower requirement is dissimilar and largely of a heterogeneous nature, it may not be desirable to provide a uniform procedure or restrict the selection process to a particular method. PSEs, which come under the definition of 'State' are required to provide equal opportunity to all eligible candidates, while appointing MTs, and as such, the normal course of selection should be recruitment on All-India basis through a written test followed by personal interview. Detailed procedure for recruitment, requiring written test setting of question papers, evaluation of answer scripts, fixing of bench marks and criteria for short-listing of candidates for interview, constitution of selection committee/interview board, etc. is required to be laid down clearly with the approval of the Board of Directors.

4. All PSEs should have detailed Recruitment Rules for recruitment of MTs by open competition and if considered necessary, keeping view the exigencies of dynamic corporate management, have provisions for Campus Recruitment from reputed institutions like IITs, IIMs, RECs, etc. or through Walk-in Interview rout in rare and exceptional circumstances where there are compelling reasons and with the prior approval of the Board of Directors. However, detailed procedure should be laid down in the recruitment rules of MTs through these methods.

5. All administrative Ministries/Departments are requested to ensure that all PSEs under their control evolve and put in place a transparent procedure in the recruitment rules for MTs so that the discretion of selection of MTs vesting with the respective managements is not misutilized.

[DPE O.M. No. 24(4)/99(GL-023)/DPE(GM) Dated 29th May, 2000]

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4. Acceptance of gift by Government servants.

The undersigned is directed to forward herewith a copy of a letter No. 002-MSC/70 dated the 27th August, 2003 issued by Central Vigilance Commission on the subject mentioned above with the request that the contents of the aforesaid letter may kindly be brought to the notice of all Public Sector Enterprises under administrative control of Ministries/ Departments for strict implementation under intimation to this Department.

[Copy of CVC's letter No. 002-MSC / 70 Dated 27th August, 2003]

Acceptance of gifts by Government servants

Gifts are presented by the public sector undertakings, banks etc. to a number of persons including government officials during festive occasions, such as, Diwali, Christmas, New Year etc. This matter has been the subject of comments in the press, media etc. The Commission has considered the matter and is of the view that this practice, at least, so far as Government servants are concerned, needs to be discouraged. The CCS (Conduct) Rules provide that no Government servant shall accept or permit any member of the family or any other person acting on his behalf to accept any gift except on occasions like weddings, anniversaries or religious functions. The practice of PSUs etc. sending gifts to government servants unnecessarily embarrasses them

and puts them in a dilemma. The gifts are to be provided only to promote commercial/business interests and need not therefore be sent to government officials etc. who are only doing their duty. The public sector undertakings, banks etc. are, therefore, advised that they may follow this advice with immediate effect. The CVOs may bring this to the notice of the Chief Executives and all relevant executives.

2. The Commission also would like to receive a report from the CVOs on the gift policy of the Company followed by them in the current year and the actual expenditure incurred by them as festival gifts. The Commission hopes to receive the special report by 15th January, 2004 and every year thereafter.

[DPE O.M. No. 15(3)/2003-DPE(GM)/GL-48 Dated 8th October, 2003]

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5. Strengthening Vigilance Machinery in Public Sector Undertakings.

References:

1. No. 18/5/83-BPE(GM-II) dated 15.11.83-appointment of persons designated as Special Directors, Executive Directors.
2. No. 16(48)/87-GM dated 12.4.89-Chief Vigilance Officers in PSUs-Grant of incentives regarding.
3. No. BPE OM No, 16(28)/88-GM, dated 9th June, 1989-Strengthening of Vigilance Machinery of Public Sector Undertakings.
4. No. 16(48)/87-GM dated 2.8.96-Strengthening Vigilance Machinery in Public Sector Undertakings.
5. No. 16(48)/87-GL-013/DPE(GM) dated 6.1.99-Strengthening Vigilance Machinery in Public Sector Undertakings.
6. No. 15/2/99-GL-017/DPE(GM) dated 6.4.1999.
7. No. 15/14/85-GM dated 1.1.86-CVO to report directly to Chief Executive
8. No. 16(48)/87-GM dated 2.2.88-Chief Vigilance Officers in PSUs-Grant of Incentives-regarding
9. No. 16(48)/87-GM dated 19.7.88-Chief Vigilance Officers in PSUs-Grant of Incentive-Regarding
10. No. 16(48)/87-GM dated 6.7.2000-Satus, facilities and perquisites of Head of Vigilance of the level of Jt. Secretary and above in PSEs.

The undersigned is directed to refer to the above noted OMs of this Department on the subject mentioned above and to state that it has been decided to modify and merge all these guidelines suitably as follows:

(i) The Chief Vigilance Officer (CVO) of a PSU will report directly to the Chief Executive as required under the approved Action Plan on anti-corruption measures.

(ii) It has been observed by the Department of Company Affairs that the practice of designating executives of companies who are not Members of the Board of Directors as Special Director, Executive Directors, etc. is patently wrong as it gives an impression to public at large that they are full-fledged Directors and entitled to act as such on behalf of the company. The Department of Company Affairs has advised companies to desist from giving such designations. Keeping this in view, as decided by the CVC in its latest guidelines circulated vide communication

No. 3(V)99/5 dated 27.9.99 all Heads of Vigilance Divisions in the PSEs will be designated only as "Chief Vigilance Officer" irrespective of their status in the present organization.

(iii) CVOs in Schedule 'A' and 'B' companies who are of the level of Joint Secretary to the Government of India and above may exercise such administrative and financial powers which are considered essential for efficient functioning of the vigilance machinery of the PSU subject to the condition that the financial powers are exercised within the allocated budget to the vigilance unit and in accordance with the financial discipline and accountability, at par with other functional Directors.

(iv) CVOs in Schedule 'A' and 'B' companies who are of the level of Joint Secretary to the Government of India and above may be given status equivalent to that of a functional Director without allowing the scale of pay (of functional Directors) in the PSU but it is not necessary for him to attend Board Meetings even as an invitee, on a regular basis, because in the process his neutral position may be compromised. However, he may attend Board meetings on rare occasions when an issue relating to vigilance is discussed.

(v) CVOs in Schedule 'A' and 'B' companies who are of the level of Joint Secretary to the Government of India and above will continue to be entitled to such accommodation and staff car facility which are available to other functional Directors in the PSU.

(vi) CVOs, being head of the Department of Vigilance in the PSU, may be treated as "key official" and accommodation may, therefore, be arranged by the PSU for the CVOs on the lines admissible to key officials as indicated in DPE OMs No. 2(8)/91-DPE(WC) dated 19.7.95 and 25.6.99 (below Board level) and 2(42)/97-DPE(WC) dated 20.7.98 as applicable.

(vii) CVO who are below the rank of Jt. Secretary to Government of India may be provided staff car facilities for official duties including pick and drop at residence as a special case and this facility will be in lieu of car allowance. The officer may be allowed to exercise his option in favour of either of these two.

(viii) Progress of vigilance work/disciplinary cases needs to be reviewed periodically and it has been decided that the Board of Directors of PSUs will continue to undertake such review at least once in six months.

(ix) If the CVO of an administrative Ministry asks for a factual report against a Board level appointee from the CVO of the PSE, the latter will send the same to the CVO of the Ministry, after endorsing a copy of the report to the CMD to keep him informed of the development. However, if the CMD himself is the subject matter of the investigation, the CVO of the PSE need not endorse a copy of the report to him. It would thus be the responsibility of the CVO of the Ministry to obtain the version of CMD (qua suspect person) at the appropriate time. The CVO of the Ministry may make reference to the CVC after collecting all the relevant facts and following the prescribed procedure.

(x) In case of difference of opinion between the Chief Vigilance Officer and the CMD in respect of corruption cases and consequent action to be taken against below Board level appointees it will be the responsibility of CMD to bring the case to the Board.

(xi) It will be the responsibility of the CMD to inform the Secretary of the administrative Ministry/ Department about any major irregularity brought to his notice by the Chief Vigilance Officer.

All the administrative Ministries/Departments are requested to take note of the above consolidated instructions and advise the PSUs under their administrative control to comply with these instructions.

[DPE O.M. No. 15(7)/2002-DPE(GM)/GL-50 Dated 15th December, 2003]

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6. Purchase of shares by CVOs and other officials in vigilance set up of Central Public Sector Enterprises (CPSEs1 under preferential quota meant for employees in Public issues

The undersigned is directed to invite attention to the subiect mentioned above and to state that it has come to the notice of Central Vigilance Commissioner (CGC) where the Chief Vigilance Officer (CVO) of a CPSE was allotted shares in the IPO out of quota reserved for employees of the CPSE CVC felt that such extraordinary benefits compromise the independence and objectivity of CVOs in overseelng vigilance administraction the CPSEs CVO has. therefore indicated that outsider full-time CVOs in the CPSEs should not be considered for allotment of shares in IPOs under the preferential quota meant for employees in IPOs of CPSEs

2. The matter has been considered by the Government and has been decided to restrict the CVO who is not an employee of that CPSE from apply in alotment of shares under employees quota in Public Issues of CPSEs

3. This Department had earlier issued consolidated guidelines vide O M 15(7)12003-DPE(GM) dated 15'rl December 2003 on 'Strongthening 'Vigilance Machinery in Public Sector Enterprises In view of the above mentioned observation of CVC a new Clause (xii) would deemed to have been incorporated therein, which would read As under:

(xii) "(CVOs and other officials in vigilance set up of CPSEs, who are not employees in the concerned CPSEs shall not be eligible for allotment of shares in Public issue under the quota meant for employees of CPSEs Such extraordinary benefits compromise on independence and objectivity of CVOs in overseeing the vigilance administration in CPSEs

4. All the adminIstrative Ministries/Departments are requested to suitably instruct the CPSI is under their administrative control in this regard.

[DPE O.M. No. 15(7)2002-DPE(GM)-GL-96 Dated 11th August, 2009]

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7. Complaints against CMDs/Chief Executives/Functional Directors/Non official Directors (NoDs) etc. of Central Public Sector Enterprises (CPSEs), Public Sector Banks (PSBs), Financial Institutions (FIs) and Public Sector Insurance Companies (PSICs).

Vide OM No. 15(l)/2010-DPE(GM) dated 11.3.2010, a Group of Officers (GoO) was constituted under the Chairmanship of Secretary(Coordination) in the Cabinet Secretariat to first scrutinize and take a view on complaints, whether pseudonymous or otherwise, against CMDs/Chief Executives/Functional Directors of CPSEs, PSBs and Fls, Some modifications were done to the guidelines vide OM dt. 12.04.2010 and 11.05.2011. Subsequently, vide OM No. lS(l)/2010-DPE (GM) FTS-2874 dated 25.01.2017, Non-officials Directors (NODs) of CPSEs were also included in the purview of GoO.

2. It is considered necessary to further modify the guidelines/procedure regarding handling of complaints with a view to include NoDs and certain other categories of Directors of PSBs, part-time/non-official Chairpersons of PSBs/CPSEs, etc. Accordingly, the following revised consolidated guidelines are issued.

3. Composition of the Group

A Group under the Chairmanship of the Secretary (Coordination) in the Cabinet Secretariat is constituted

to take a view on such complaints. The composition of the Group shall be as follows:

(i)	Secretary (Coordination) intheCabinetSecretariat	:	Chairman
(ii)	Secretary, Department ofPublicEnterprises (DPE)	:	Member
(iii)	Secretary, Department ofFinancialServices(DFS)	:	Member
(iv)	Secretary, Central Vigilance Commission (CVC)	:	Member

4. Categories of officials covered in the purview of GoD

(i) CMDs,ChiefExecutives, Functional DirectorsandNODsofCPSEs,PSBs,FIs and PSICs

(ii) Part-time/ Non-official Chairperson of CPSEs, PSBs, FIs and PSICs, wherever applicable.

(iii) Workmen Directors, Officers' Directors and Chartered Accountant Directors (excluding Govt. nominee Directors, RBI nominee Directors, Shareholder Directors) in the case of PSBs.

5. Category of complaints received

Complaints received from PMO, Cabinet Secretariat, or DPE against above 'stated categories of officials would be dealt by GoO. Further, GoO will also look into complaints received by Cabinet Secretary from cvc under cvc.

Act or Public interest Disclosure Resolution. Complaints against the above stated category of-officers received directly by the concerned administrative Ministry/Department. are handled by them. However, in ex-optional cases where concerned Ministry /Department considers it necessary to refer a particular case to GoO, the same may be done with the approval of competent authority 'Ofthe administrative Ministry/Department.

6. Procedure to be followed by Group of Officers (GoO)

6.1 This Group, after receiving the complaint(s), would proceed as follows

(a) If there is no substance in the complaint or the complaint is frivolous in nature, the Group would close the complaint and inform the relevant office from where the complaint was received.

(b) In case the preliminary scrutiny of the complaint indicates that there is some substance in it or there are verifiable allegations, the Group may:

(i) Seek the comments/reports of the Secretary and/or CVO of the concerned Ministry / Department/Organisation,comments of officer against whom complaint has been received, and/or

(ii) Call for the concerned file(s); relevant records, including annual property returns, other reports, etc. as considered necessary.

6.2 Having received appropriate inputs, reports on the complaints, the Group will then proceed in the following manner:

(a) In case the records/comments/reports indicate that there is no substance in the complaint it will be closed under intimation to concerned office from where the complaint was received.

(b) If after scrutiny, it is found that there is some substance in the complaint, a view would be taken by the Group regarding the nature of the investigation and further action called for and an appropriate recommendation would be made in this regard.

(c) Thereafter, the recommendation would be submitted to the concerned Competent! Disciplinary Authority, for further appropriate action.

(d) If the concerned Competent/Disciplinary Authority, after considering the recommendations of GoO, decides not to proceed further in the matter and close the case/complaint, it would do so by recording reasons for the same and inform the GoO /Cabinet Secretariat.

7. Other miscellaneous matters

(i) All the concerned Ministries/Departments shall follow a time limit of maximum of 30 days for submission of the initial report/comments on all the allegations made in a complaint and a maximum of 15 days for furnishing any clarifications/additional information sought by the Group of Officers. In particular, in cases where the officer against whom complaint has been made is retiring in near future, the concerned Ministry/Department will ensure submission of their reports in a strict time frame to enable the GoO to submit its recommendations before the date of retirement of such officer.

(ii) In case the Ministries/Departments do not adhere to the prescribed timeline, the matter would be pursued with the Ministry/Department to clarify the factual position, and if considered necessary, the concerned Secretary may be invited to attend subsequent meeting of GoO as special, invitee; with relevant progress/status/ report of the case;

(iii) Anonymous/pseudonymous complaints can be filed with the approval of Secretary (Coordination) and details of such filed complaints will be placed before GoO in its next meeting for information.

(iv) In respect of complaints received from CVC by Cabinet Secretary and referred to this Group, CVC shall be kept informed at regular intervals about the status/progress.

(v) If any complaint received by GoO is also under investigation by CVC GoO may not proceed further with such a complaint.

8. This has the approval of Minister (HI&PE).

[DPE O.M. No. 15(1)2010-DPE(GM)-FTS-2874 Dated 11th December, 2017]

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(d) Restrication on Post Retirement Employment

1. Restrictions on top level executives of Central Public Sector Enterprises (CPSEs) joining private commercial undertakings after retirement.

The undersigned is directed to refer to this Department's O.M. No. 2(22)/99-GM dated 15th May, 2008, 3rd June, 2009, 8th August, 2012, 7th January, 2013 and 14th December, 2016 on the subject cited above and to state that the contents of the above instructions have been examined and consolidated into a single guideline for ease of understanding and better compliance as under.

2. The following proviso may be included in the CDA Rules/ Service Rules of Central Public Sector Enterprises (CPSEs) and also in the terms & conditions of appointment of full time Directors, including Chief Executives.

"No functional Director of the company including the Chief Executive who has retired/resigned from the service of the company, after such retirement/ resignation, shall accept any appointment or post, whether advisory or administrative, in any firm or company, whether Indian or foreign, with which the company has or

had business relations, within one year from his/her date of retirement without the prior approval of Government".

3. The term retirement includes resignation; but not in cases where the term of appointment was not extended by the Government for reasons other than proven misconduct. The term 'business relations' includes 'official dealings' as well. The term 'appointment or post' also includes the position of Independent Director in private companies.

4. Functional Directors, including Chief Executives who after superannuation or resignation accept employment in private commercial firms/companies without the prior sanction of Government, will henceforth be debarred from being appointed as full time/part time Directors of CPSEs.

5. Further, in order to secure compliance of these restrictions, CPSEs shall secure a bond from the concerned person at the time of his/her employment/retirement/resignation as Director in CPSEs for an appropriate sum of money payable by him/her as damages for any violation of these restrictions. A copy of the model bond, duly vetted by the Ministry of Law & Justice and approved by the CVC, which would be executed by full-time functional Directors/MDs/CMDs of all CPSEs before release of terminal benefits, is enclosed (Annex-1). All administrative Ministries/Departments are requested to get this model bond executed by all full-time functional Directors/ MDs/CMDs of all CPSEs under their respective administrative jurisdiction.

6. The administrative Ministry/Department shall examine requests received from Functional Directors including Chief Executives on a case to case basis depending upon the merit of the case after obtaining 'no objection' from the concerned CPSE and grant permission for post retirement employment with the approval of their Minister-in-charge.

7. The administrative Ministry/Department may grant permission keeping in view the following aspects:-

a. The official concerned has had no official dealings with prospective employers in the preceding five years.

b. Whether the ex-functional Directors or ex-chief executives has been privy to sensitive or strategic information in the last years of their service which is directly related to the areas of interest or work of the organization which they propose to join or the areas in which they propose to practice/consult.

c. Whether there is conflict of interest between the policies of the office (s) they have held in the last 5 years and the interest represented or work undertaken by the organization they propose to join. Such conflict of interest, however, should not be interpreted narrowly to mean normal economic competition with Government or its Enterprises.

d. Whether the service record of the ex-functional Director or ex-chief executive is clear, particularly with respect to integrity and dealings with Government as well as with CPSEs/ non-Government organizations.

e. Applicant's commercial duties will not involve liaison or contact with the Government Departments/PSEs,

f. The employer of the applicant should not get an unfair advantage due to previous official positions/experience/knowledge of the incumbent and also,

g. The present emoluments and pecuniary benefits should not be far in excess of those currently prevalent in the industry. The words "far in excess" should not be narrowly interpreted to cover increases in such benefits that may be the result of buoyancy in the industry or the economy as a whole.

8. With a view to ensuring that all the relevant particulars are available for considering the application for permission to take post retirement employment, a model form of application is enclosed (Annex 2).

9. The administrative Ministry/Department shall normally take a final decision on the application for granting permission to accept any appointment/post after retirement and communicate the same to the applicant within a period of 30 days from the date of receipt of the application complete in all respects. In case no decision is communicated within 60 days, the applicant may take up the assignment presuming that the permission has been granted.

10. Wherever permission is to be refused on such requests, an opportunity may be given to the applicant to present his case and a final decision in this regard shall be communicated after consultation with DPE.

11. All administrative Ministries/Departments are requested to comply and also to bring the contents of this guideline to the notice of the CPSE(s) under their administrative control.

ANNEX -1

BOND cum UNDERTAKING

(*To be executed on a non judicial stamp paper of the appropriate value*)

To be obtained from the concerned Functional Directors(s)/CMD alongwith NON DUES CERTIFICATE prior to release of terminal benefits

KNOW ALL MEN BY THESE PRESENTS THAT WE .....s/d/o ..... resident of ..... presently working as ..... in (Name of CPSE) (hereinafter called "the Obligor") and (i) Shrié é é é é é é s/d/oé é é é é é .r/oé é é é é é (ii) Shrié é é é é é .. s/d/oé é é é r/oé é é é é é (hereinafter called "the Sureties") do hereby jointly and severally bind ourselves and respective heirs, executors and administrators to pay to the é é é é é é é .(Name of the CPSE) on demand the sum of Rsé é é é é é é . (Rupeesé é é é é é é) equivalent to the basic pay drawn by the Obligor during the last six months of his/her tenure in (Name of CPSE) or Rs.10 (Ten) lakhs, whichever is more, together with interest thereon from the date of demand at Government rates, for the time being in force, on Government loans or, if payment is made in a country other than India, the equivalent of the said amount in the currency of that country converted at the then prevailing official rate of exchange between that country and India AND TOGETHER with all costs between attorney and client and all charges and expenses that shall or may have been incurred by the Company.

1. AND WHEREAS the Obligor has been appointed to the position of Director/CMD in (Name of the CPSE) (hereinafter called 'the Company'), in terms of Offer of Appointment ref. Noé é é ..... Datedé é é .. The aforesaid terms of the offer were accepted by him/her and the Obligor assumed office on .....

2. AND WHEREAS in terms of the aforesaid Offer of Appointment it is required that in the event of Obligor's retirement/resignation from the Company, the Obligor will not accept any appointment or post, whether advisory or administrative, in any firm or Company whether Indian or Foreign, with which the Company has or had business relations, within one year from the date of Obligor's retirement/ resignation, without prior approval of the Government.

3. AND WHEREAS it was also required, in terms of the aforesaid Offer of Appointment, that terminal benefits due to Obligor, in the event of his/her retirement/resignation from the services of Company, would not be released unless a bond regarding aforesaid restriction on the post retirement is executed by him/her.

4. AND WHEREAS for the better protection of the Company, the Obligor has agreed to execute this bond with such condition as herein under contained.

5. AND WHEREAS the said Sureties have agreed to execute this bond as sureties on behalf of the above Obligor.

6. NOW THE CONDITIONS OF THE ABOVE WRITTEN OBLIGATION IS THAT in the event of Obligor's failure to abide by the restriction pertaining to acceptance of employment or post, whether advisory or administrative, in any firm or Company whether Indian or Foreign, with which the Company has or had business relations, within one year from the date of Obligor's retirement/resignation, without prior approval of the Government, Obligor shall become liable for payment of the sum equivalent to the bond amount to (Name of CPSE). In the event of the aforesaid failure and upon the Obligor failing to pay the sum equivalent to the bond amount to (Name of CPSE), the Company will be at liberty to initiate appropriate civil action for recovery of the aforesaid bond amount from the Obligor. This will be without prejudice to the rights of the Company to initiate any other action as deemed fit in the circumstances of the case.

AND upon the Obligor Shrié é é é é é . and, or Shrié é é é é é é é é and, or Shrié é é é é é and Shrié é é é é é é é , the Sureties aforesaid making such payment, the above written obligation shall be void and of no effect otherwise it shall be and remain in full force and virtue.

PROVIDED ALWAYS that the liability of the Sureties hereunder shall not be impaired or discharged by reason of time being granted or by any forbearance act or omission of the Company or any person authorised by it (whether with or without the consent or knowledge of the Sureties) nor shall it be necessary for the Company to sue the Obligor before suing the Sureties Shrié é é é é é é . and Shrié é é é é é é . or any of them for amounts due hereunder.

THE bond shall in all respects be governed by the laws of India for the time being in force and the rights and liabilities hereunder shall where necessary be accordingly determined by the appropriate Courts in India.

In witness whereof, these present have been signed by a duly authorised officer on behalf of the Company and by the other person(s) party thereto.

Signed and delivered by the above Obligor along with his Sureties on thisé é .. Day of é é .. Month é ..é 20é .....

Signature of Obligor

é é é é é é é é .....

1. Sign of Surety :

   Name :

   Designation :

   Office to which attached :

   In the presence of_____

   For and on behalf of the Company

2. Sign of Surety :

   Name :

   Designation :

   Office to which attached :

This bond should be executed accordingly & accepted by the accepting authority*

Signature of the Accepting Authority
Directors — CMD/MD of the concerned CPSE
MD — Chairman of the concerned CPSE
CMD — Secretary of the concerned administrative Ministry/Department

ANNEX 2

Form of application for permission to PSE executives to accept commercial employment within a period of one year after retirement.

1. Name of the Executive .....
(in BLOCK letters)

2. Date of retirement .....

3. Particulars of the Ministry/Department/Office/PSE in which the executive served during the last 5 years preceding retirement (with duration):

Name of Ministry/Department/Office/PSE. ..... Post held.....Duration .....From.....To .....

4. Post held at the time of retirement and period for which held.....

5. Pay scale of the post and pay drawn by the Executive at the time of retirement.....

6. Pensionary benefits:
Pension expected/sanctioned, if any
(communication if any, should be mentioned) ..... Gratuity, if any .....

7. Details regarding commercial employment proposed to be taken up .....

   a. Name of the firm/company/co-operative society, etc.

   b. Products being manufactured by the firm/type of business carried out by the firm, etc.

   c. Whether the executive during last 5 years

   d. prior to his retirement/resignation had any official dealings with the firm.

   e. Duration and nature of the official dealings with the firm

   f. Whether the PSE in which the executive was working had any dealings with the firm, etc. if so, give details

   g. Name of the job/post offered

   h. Whether post was advertised, if not, how was offer made (attach newspaper cutting of the advertisement, and a copy of the offer of appointment, if any)

   i. Description of the duties of the job/post

      (a) Remuneration offered for post/job

8. Any information which the applicant desires to furnish in support of his request

9. Declaration:ð

I hereby declare thatð

i. I had no official dealings with the prospective employer in the preceding 5 years. The proposed employment will not involve conflict of interest with the policies of the office held by me during the last 5 years and the interest represented or work undertaken by the organization;

ii. the employment which I propose to take up will not bring me into conflict with Government/ PSE;

iii. my commercial duties will not be such that my previous official position or knowledge or experience under Government/PSE could be used to give my proposed employer an unfair advantage;

iv. my commercial duties will not involve liaison or contact with the Government departments/ PSEs.

v. I have not been privy to sensitive or strategic information in the last 5 years of service which is directly related to the areas of interest of work of the firm that I propose to join or to the areas in which I propose to practice or consult.

Signature of the applicant

Dated:

Address:

[DPE O.M. No.2(22)/99-GM Dated 24th April, 2018]

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(e) Creation of Board level posts in CPSEs

1. Criteria/parameters for upgradation (re-categorization) of Public Sector Enterprises and creation/ upgradation of Board level posts.

The undersigned is directed to refer to this Departmentôs O.M. No. 9(10)/94-GM(DPE) dated 11.4.1994 wherein guidelines on the subject mentioned above were issued. In view of the liberalization of economy and consequential changes in the functioning of PSUs, the existing criteria/parameters have been reviewed. Based on the review, it has been decided that the parameters mentioned below shall be adopted for processing such cases henceforth.

(i) Upgradation of the schedule of a PSU. The parameters to be adopted for this purpose are quantitative factors like investment (paid capital + long term loans), capital employed (net block + working capital), net sales, profit before tax, number of employees and number of units, qualitative factors like national importance, complexities of problems, level of technology, prospects for expansion and diversification of activities and competition from other sectors and other factors like image of the PSU (in terms of its share price, MOU ratings, classification as Navratna/Miniratna, ISO 9000/IS 14000 certification), productivity of the PSU (in terms of capacity utilization) and value added per employee.

(ii) Upgradation of posts on personal basis: Upgradation of posts on personal basis for grant of higher schedule of pay to the individual concerned is to be allowed in rare and exceptional cases only. The overall performance of the PSU during the tenure of the executive concerned, development of technology through R&D, diversification of activities, and stagnation at the maximum of the existing scale for a long period would be the criteria to be used for this purpose. The overall performance will be assessed with reference to the parameters, which are used for upgradation of the schedule of a PSU.

(iii) Creation of additional posts. The number of full time directors on the Board of a PSU should not exceed 50% of the actual strength of the Board, as laid down in the DPE O.M. No. 18(6)/ 91-GM dated 16.3.92. If there is a need for creating additional posts(s) of full time functional Directors, within this limit, justifications for the same are to be spelt out in clear terms along with the reasons as to why the function, for which the Board level post is needed, cannot be performed by a below Board level executive.

2. The following particulars/information/documents are necessary for processing the cases referred to above.

(a) Full justification for the proposal supported by financial, physical and qualitative performance figures for the last 5 years as per parameters given at paragraph 1 above. The performance trend during the year of consideration of the proposal also needs to be stated.

(b) Corporate Plan of the company concerned.

(c) Organizational structure/charts (existing as well as proposed) indicating all posts up to the 4th level in the organization and their pay scales.

(d) Comparative analysis vis-à-vis other companies in the cognate group and with those under the administrative control of the Ministry/Department concerned.

(e) Financial implication of the proposal. If the proposal is for creation of additional posts of Directors it may clearly be mentioned whether the post is to be created in lieu of some other existing post at below Board level.

(f) Job description of posts, if the proposal involves creation of posts.

(g) Up-to-date ACR dossier of the executive concerned in respect of proposals for personal upgradation

3. All the administrative Ministries/ Departments are requested to take note of the above guidelines while processing proposals in this regard. Before the proposals are referred to DPE for further processing in consultation with the PESB and obtaining the approval of the competent authority, the concurrence of the Financial Advisor of the Ministry and the approval of the Minister-in-charge may be obtained.

[DPE O.M. No. 9(15)/99-GM-GL-29 Dated 9th October, 2000]

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(f) Categorization of CPSEs

1. Policy regarding date of upgradation of pay scales of Board level executives of PSUs consequent upon the upgradation of the PSUs.

The Public Sector Undertakings are categorized into four schedules, namely, A, B, C and D. The schedule of a PSE is sometimes upgraded on the basis of criteria laid down for this purpose. The question as to the date from which the upgradation of the pay scales of the incumbent Board level functionary should take effect as a consequence of the upgradation of the schedule of the PSU concerned has been under consideration of the Government for some time.

2. As per the extant instructions on the subject, the approval of the Appointments Committee of the Cabinet is required for making appointments to the posts of Chairman and other Members of the Board of Management (including the Managing Director and Financial Adviser, if the Financial Adviser is a Member of

the Board of Management) of Schedule óAô and óBô State owned public corporations, companies or enterprises, except where such appointment is made on ex-officio basis by the Government. The powers for making appointments to the Board level posts in Schedule óCô and óDô PSUs have been delegated to the administrative Ministries/Departments provided such appointments are strictly in accordance with the recommendations of the Public Enterprises Selection Board.

3. All decisions of the Appointments Committee of the Cabinet have prospective effect unless otherwise specified therein. Therefore, it has been decided that the date of order of ACC in respect of upgradation of an officer should be the relevant date for allowing the higher scale of pay to him. In the cases of Schedule óCô and óDô PSUs, the date of approval of the PESB recommendations by the competent authority in the administrative Ministry/Department concerned would be the relevant date for allowing the higher scale of pay.

[DPE O.M. No. 9(10)/92-GM-GL-51 Dated 18th December, 2003]

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2. Operation/revival of Board level posts in CPSEs after deemed abolition.

The undersigned is directed to refer to the erstwhile Bureau of Public Enterprises O.M. No. 5(30)/75-BPE (PESB)dated 27th May, 1975, wherein it was inter-alia stated that if a post is held in abeyance or remains unfilled for a period of one year or more, it would be deemed to be abolished and if the post is required subsequently, the prescribed procedure for creation of new post will have to be followed. It has, however, been observed that these instructions are not being followed strictly and Board level posts are being kept vacant for long durations instead of treating them as abolished.

2. Government has, therefore, considered this matter and decided as under:-

(i) Board level posts which are vacant for one year or more and where PESB selection process is not currently under way shall be deemed to have been abolished.

(ii) If the post is required subsequently, the prescribed procedure for creation of new post will have to be followed. Proposals in this regard should be referred to the Department of Public Enterprises (DPE) for approval of the competent authority as per DPE O.M. No.9(15)/99-GM-GL-29 dated 9.10.2000.

(iii) However, as some posts were kept in abeyance because of initiation of disinvestment process, a one-time relaxation of period of abeyance for a maximum of 4 years or upto 31.3.2006, whichever is earlier, is permissible for PSEs which were slated for disinvestment.

3. All the administrativeMinistries/Departments are requested to take necessary action to implement the above decisions and also to follow them strictly in future. Also a list of posts which stand abolished due to the above decision may be sent to DPE, PESB and DOPT immediately.

[DPE OM No. 18(13)/2005-GM-GL-74 Dated 21st October, 2005]

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3. Criteria/parameters for categorization of Central Public Sector Enterprises (CPSEs)

The undersigned is directed to refer to this Department's O.M. No. 9(15)/99-GM-GL-28 dated the 9th October, 2000 and O.M. No. 9(15)/99-GM-GL-29 dated 9th October, 2000 laying down the broad guidelines to be followed for categorization (refers to initial categorization as well as re-categorization) of Central Public Sector Enterprises (CPSEs) into appropriate schedules.

2. All CPSEs are required to be categorized into 4 schedules, namely, Schedule 'A', Schedule 'B', Schedule 'C' and Schedule 'D'. The categorization of CPSE has implications, mainly for organizational structure and salary of Board level incumbents of the concerned CPSE.

3. The procedure and parameters being used for the purpose of categorization of CPSEs have been re-examined by the Department of Public Enterprises (DPE) and it has been decided that to continue with the present system of categorization with minor modifications. The procedure and parameters to be used for the purpose of categorization are prescribed as under.

(i) The proposals for categorization of CPSEs would continue to be initiated by the concerned administrative Ministry/Department and submitted to DPE, which would examine such proposals in consultation with the Public Enterprises Selection Board. The proposals for categorization of CPSEs should be furnished to DPE with the concurrence of the financial Advisor and the approval of the Minister-in-chage of the concerned administrative Ministry/ Department.

(ii) The proposal should contain performance of the concerned CPSE for last five years on the following quantitative parameters (definitions as per Public Enterprises Survey).

- Å Investment
- Å Capital employed
- Å Net sales
- Å Profit before Tax
- Å Number of employees and units
- Å Capacity Addition
- Å Revenue per employee
- Å Sales/Capitl Employed
- Å Capacity utilization
- Å Value added per employee

(iii) The proposals for categorization should also contain details on the following qualitative factors related to the concerned CPSE.

- Å National importance
- Å Complexities of problems being faced by the company
- Å Level of technology
- Å Prospects for expansion and deversification of activities
- Å Competition from other sectors.

(iv) The information on the following factors, wherever, available, should also be included in the proposals for categorization.

- Å Share price
- Å MOU ratings
- Å Maharatna/Navratna/Miniratna status
- Å ISO certification

(v) In addition to above factors, the critical/strategic importance of the concerned CPSE will continue to be taken into account.

(vi) In case of initial categorization, if the figures of past performance on above quantitative factors are not available, figures projected in the Cabinet Note relating to the setting up of the CPSE may be furnished.

4. The concerned administrative Ministry/Department should furnish self-contained comprehensive proposals for categorization of CPSEs containing the following particulars/information/documents.

(i) Full justification for proposing categorization of the CPSE in a particular Schedule supported by financial, physical and qualitative performance figures for the last five years in respect of parameters as mentioned at para 3(ii), (iii) and (iv) above.

(ii) Copy of he Cabinet Note for setting up of CPSE along with an extract of the decision of the Cabinet and copy of Memorandum and Articles of Association of the CPSE (applicable in case of initial categorization.

(iii) Existing organization structure indicating all posts up to the 4th level in the CPSE and their pay scales.

(iv) Comparison with other CPSEs in the same cognate group and with those under the administrative control of the Ministry/Department concerned, with reference to the quantitative parameters mentioned in para 3 (ii) above.The CPSEs incorporated under Section 25 of the Companies Act would also be compared with similar CPSEs for the purpose of categorization.

(v) Corporate Plan of the concerned CPSE.

(vi) Financial implication of the proposal.

5. There will be no change in the extant guidelines as prescribed *vide* DPE O.M. No. 9(15)/99-GM-GL-29 dated 9th October, 2000 in respect of proposals for Upgradation of Board level posts on personal basis and Creation of additional Board level posts.

6. All the administrative Ministries/Departments are requested to take note of the above guidelines while processing proposals for categorization of CPSEs for submission to DPE.

[DPE OM No.9(17)/2011-GM Dated 30th November, 2011]

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4. Personal pay upgradation of Board level incumbents of Central Public Sector Enterprises (CPSEs) consequent to upgradation of Schedule of CPSEs

The undersigned is directed to state that the proposals for upgradation of Schedule of CPSEs are considered by this Department in consultation with Public Enterprises Selection Board (PESB). After upgradation

of Schedule of a CPSE, the suitability of the existing Board level incumbents of the concerned CPSE in the higher scale of pay is again assessed by the PESB and after the recommendations of PESB and approval of competent authority, the higher scale of pay is allowed in terms of provisions of DPE OM of even no. dated 18th December, 2003 (copy enclosed).

2. This matter has been further considered and it has been decided that the proposal for personal pay upgradation of Board level incumbents of upgraded CPSEs should be forwarded by the concerned administrative Ministries/ Departments to PESB within three months of the issuance of order of upgradation of the schedule of the CPSE.

3. All administrative Ministries/Departments are requested to strictly comply with the above directions.

4. This has the approval of Minister of Heavy Industries & Public Enterprises.

[DPE OM No. 9(10)/99-GM Dated 25th April, 2014]

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(g) Composition of Boards of CPSEs

1. Composition of Board of Directors of Public Enterprises

The question as to how the structure of the Boards of Directors of Public Enterprises can be rationalized, consistent with efficient functioning of these enterprises has been under consideration of Government for some time. It has now been decided that the following principles should be followed by the administrative Ministries in this regard:

i. For large multi-unit enterprises and large trading organizations, the typical structure of a Board could be a full-time Chairman-cum-Managing Director assisted by at least two functional Directors, one of whom would be in-charge of Finance, and part-time Directors.

As regards the inclusion of General Managers of constituent units and executive in-charge of different regions in the Boards of multi-unit or multi-regional enterprises, inclusion of a few General Managers and Directors by rotation could be considered. Even if all the General Managers are not made directors, those left out should also, in principle, be invited to attend and participate in all the Board meetings. It is, of course, understood that in certain situations, they may not, for good reasons, all be invited to a particular meeting.

ii. A typical structure of a Board for the smaller enterprises could be a Chairman-cum-Managing Director with one, and possibly even two senior officers of the undertaking itself as functional Directors together with some part-time Directors. One of the functional Directors could, if necessary, be designated as Executive Director or Director (Co-ordination), should the burden on the Chairmanï cum-Managing Director be too heavy.

iii. In the cases referred to in (i) and (ii) above, there should be no bar to the appointment of a part-time Chairman, if in particular cases this course appears desirable. In such cases, a suitable whole-time Managing Director should invariably be appointed.

iv. The number of part-time non-official Directors on the Boards of multi-unit and multi-regional Public Enterprises may be about 1/3rd of the total strength, which may be of the order of 12 to 15. In relatively smaller enterprises, the Board strength should be between 8 and 12, including official and non-official part-time Directors, the number of the latter being about 1/3rd of the total.

v. The policy regarding appointment of full-time Chairman/ Managing Directors/Functional Directors from out of the "panels" being prepared by the Empanelment Selection Board in

accordance with the Prime Ministerôs directive, should be followed without exception to ensure maximum utilization of the panels. The aim should be for the enterprises themselves to generate their own top executives at this level also, who should, therefore, be screened by the Empanelment Selection Board before considering empanelment of Government servants and men from private enterprises.

vi. Appointment of Government representatives on the Boards should ordinarily be restricted to the dealing Joint Secretary/Director, but in the case of some Ministries, other officials within it might be chosen so as to constitute a Management Coordination Cell, as proposed to be done in the Ministry of Industrial Development and Internal Trade or to meet the conditions about the number or directorships held by each officer.

vii. With regard to part-time Directors, as an interim measure, the services of those from the private sector, who have volunteered for full-time appointment in Public Enterprises and considered fit and empanelled to hold such top level posts in Public Enterprises may be advantageously utilised. A comprehensive list of those considered suitable for appointment as part-time Directors will, in due course, be prepared and circulated, it being understood, however, that discretion would be available to appoint those outside the list, where necessary. The final decision on the question of representation of workers on the Boards of Industrial Enterprises being pursued by the Department of Labour and Employment will also be relevant in this context.

viii. On the question whether Government representatives on the Boards of Public Enterprises should necessarily include a representative of the Finance Ministry, while Finance Ministry representatives may be appointed to the major Public Enterprises, the relatively smaller enterprises may do without representatives of the Finance Ministry. In such cases, however, where there is no representative of the Finance Ministry on the Boards, the undertakings should ensure that the concerned Financial Advisers (Heads of the respective Expenditure Divisions in the Finance Ministry) receive, sufficiently in advance of the Board meetings, the agenda papers, as also the minutes of the meetings. This will enable the Finance Ministry to keep in touch with the activities of the enterprises.

ix. The policy decision in regard to the exclusion of Members of Parliament in the Boards of Public Enterprises, which is based on the recommendations of the Krishna Menon Committee should remain unchanged. (The relevant extract from the report of the Krishna Menon Committee on State Undertakings and Governmentôs decisions thereon, referred to above, is enclosed in Annexure).

2. The above decisions are brought to the notice of the Ministry of Petroleum and Chemicals, etc., for information and compliance.

ANNEXURE

Extract from the report of the Krishna Menon Committee on State Undertakings and Government's decision thereon.

42. Members of Parliament on Boards

A more difficult question to decide arises in the matter of Members of Parliament or Legislative Assemblies, and whether they should be members of Boards of Management. The overwhelming weight of considerations must be against it. Such membership even if it carries no emoluments, carries much power and patronage. The Member of Parliament concerned is part of the organ of public control and is the exponent of public criticism in Parliament. As a Director or part of a concernôs administration he is responsible for the very conduct and affairs which Parliament, and therefore, he is called upon to examine, criticize and judge.

Having specialized and inside knowledge, he can use it in Parliament and elsewhere, when he has disagreements with his colleagues on the Board and wishes to take a line apart from the team of which he is a Member. His colleagues who are not Members of Parliament like himself cannot reply. They are "officials"ð employed in State Undertakings. His Parliamentary colleagues are also at a disadvantage because he purports to speak from expert and inside knowledge. The Minister finds himself in a very embarrassing position when the matter is debated in the House.

43. There is also the further consideration-for whom does he speak?

(1) If he speaks for the industry in Parliament he takes the place of the Minister; (2) if he speaks for the Board as Managing Director or Chairman, being one himself, then he has greater facilities which other MPs do not have; (3) if he turns critic, he places every one including the industry in an adverse position.

44. It will be understood that such a Member of Parliament, who is not a member of Government, cannot take over the functions and duties of a Minister. He cannot be a critic for the reasons stated above. Thus, he can neither defend nor criticize, for as Chairman or a Director of the Company concerned he has access to information which others do not have and which he should not use. Therefore, if a Member of Parliament is Chairman or even a Director, he would disqualify himself for participation in discussions in regard to the concern he is associated with, and there would be severe limitations in regard to his participation in debates on similar concerns or State concerns as a whole. On the other hand, he cannot be obliged to sit in Parliament unconcerned, when the debate is on matters of which he has knowledge. This, in effect, would prevent him from functioning fully as a Member of Parliament. If, on the other hand, he were to use his position and his knowledge, then he places the concern of which he is an active and responsible part and the Board at a great disadvantage as well as in a position of embarrassment. His colleagues and the concern are not represented in Parliament except through the Minister. Conflicts will arise as to whom the Minister represents. In the result, therefore, appointment of Members of Parliament in Corporations is altogether an unhealthy practice and is difficult to justify.

Government's Decision on the Above Recommendation

"Members of Parliament should not be appointed to Boards of Directors".

[BPE No. 2(158)/70-BPE (GM) Dated 13th October, 1972]

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2. Inclusion of State Government representatives on the Boards of Directors of Public Enterprises.

The undersigned is directed to refer to this Ministryôs O.M. No. 2(158)/70-BPE(GM) dated 13th October, 1972, on the composition of the Board of Directors of public enterprises wherein the broad principles which the administrative Ministries should follow in this respect, had been spelt out. This O.M. was silent on the question of nominating representatives of the State Government on the Board of Directors of the Central Public Enterprises.

2. The appointment of a representative of a State Government on the Board of Directors for the Central Public Enterprises has been pressed by a number of State Governments particularly by the states where major Public Enterprises are located. This issue is undoubtedly a very delicate matter involving the larger concept of Centre-State relationship. However, it is a fact that so long as the company is located in one State only, it would be desirable to have representative of the concerned State Government on the Board of Directors of the concerned enterprise. There are several matters particularly concerning law and order, industrial relations, State taxation, etc., where the representative of the State Government would provide useful input. In the case of multi-unit enterprises operating in many States, however, it would neither be desirable nor practicable to have a representative of the State Government from all States and it would be discriminatory to select only from a

particular State. In other words, in such multi-unit enterprises, there is no need at present to include any representative of the State Government on the Board of Directors of the concerned enterprises.

3. In view of the delicate nature of the subject, the decision on the above lines is being brought to the notice of the administrative Ministries through this confidential circular.

[BPE O.M. No. 2(4)/75-BPE(GM-I) Dated 22nd May, 1975]

3. Composition of Board of Directors of Public Enterprises.

As the Ministry of Industry, etc. are aware, according to the present policy of the Government, a sitting Member of Parliament should not be appointed to the Boards of Directors of Central Government Public Enterprises. The guidelines issued by BPE through its O.M. No. 2 (158)/ 70-BPE (GM) dated the 13th October, 1972, also envisaged that for large multi-unit enterprises and large trading organizations, the typical structure of a Board could be a full-time Chairman-cum-Managing Director, assisted by a few Functional Directors, and part-time Directors. It was, however, indicated at that time that there should be no bar to the appointment of a part-time Chairman if in particular cases this course appears desirable, in which cases, a suitable whole-time Managing Director should invariably be appointed.

2. Government had occasion to review these two issues at considerable length in the context of the recommendations of the Committee of Public Undertakings and in the light of some proposals received from the Administrative Ministries from time to time.

3. Government have decided that the policy of not appointing sitting Members of Parliament to the Boards of Directors of Central Government Public Enterprises should continue. Government have also taken a decision that the policy of combining the post of Chairman and Managing Director of a public enterprise should be decided on the merits of each type of enterprise and the availability of a competent person to hold the post of part-time Chairman.

4. The above decisions are brought to the notice of the Ministry of Industry, etc. for information and compliance. Cases where sitting Members of Parliament are already functioning as part-time Members of the Boards of Central Government Public Enterprises may also be reviewed in the light of the above decision of the Government when the Boards of Directors of such enterprises are reconstituted.

[BPE O.M. No. 2 (9) /80-BPE (GM) Dated 20th April, 1982]

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4. Organization/Functioning of the Boards of Public Sector Enterprises—Decisions of the Government on the recommendations of the Economic Administration Reforms Commission Report on "Government and Public Enterprises—Top Management and the Boards".

The undersigned is directed to say that the Economic Administration Reforms Commission (EARC) in their report on "Government and Public Enterprisesð Top Management and the Boards" have made a number of recommendations regarding the organization and functioning of the Boards of the public sector enterprises. These have been considered by the Government. The recommendations and the decisions of the Government on these recommendations are given below for information and necessary action by the respective administrative Ministries:

(i) Appointment of Chief Executive

It was noted that the replacement for Chief Executive, due to retire, was in some cases sought at a very late stage causing very often the enterprises to go topless. In this context, the EARC have recommended that the replacement for a Chief Executive due to retire should be found well in advance and inducted as an under-study and that if for any reason the successor is not

in position, there should be automatic extension of the term of the existing incumbent until his successor is able to take over. It has now been decided by Government that the enterprises might create, if necessary, a supernumerary post of under-study for a limited period of three months. However, automatic extension of the term of the existing incumbent was not desirable and short-term extensions should only be in exceptional circumstances where there is delay in selection of a new incumbent. It is, therefore, requested that the vacancies that will arise as a result of superannuation or because of non-extension of the tenure of the existing incumbent may kindly be intimated by the respective administrative Ministries to the Public Enterprises Selection Board at least three months in advance. This will enable Public Enterprises Selection Board to initiate recruitment action well in time to find a successor before the vacancy arises.

(ii) Appointment of Part-time Chairman

Vide BPEôs O.M. No. 2(158)/70-BPE(GM) dated 13th October, 1972, the guidelines were issued regarding the composition of Boards of Directors of Public Enterprises. It was mentioned therein that the Board should normally be headed by a Chairman-cum-Managing Director. It was also indicated that there should be no bar to the appointment of a part-time Chairman if in particular cases this course appeared desirable. These guidelines were reiterated in 1982 vide BPEôs O.M. No. 2(9)/80-BPE(GM) dated 20th April 1982. The EARC has also recommended that the general policy of appointing a single Chairman-cum-Managing Director should continue. This recommendation has been accepted by the Government.

It has also been decided that the practice of appointing the Secretary of the administrative Ministry as Part-time Chairman of a Public Enterprise, even for short period, should be discouraged.

(iii) Role of Government Directors on the Boards of Public Enterprises

The EARC are of the view that the association of Government officials with the Boards of Public Enterprises can be of advantage as this provides for a liaison role and a channel of communication between Government and the Public Enterprises. They have also emphasized that the dual role of a Government Director should be clearly recognizedð as a Director of the company and as a representative of the Government. He should be allowed to function freely and use his own judgement without any formalized briefing by the Ministry before a Board meeting with discretion whether to seek a briefing or make a report. The Government Director should identify himself with the objects and goals of the enterprise, engage in joint thinking on equal terms and not assume a superior status, he should not reserve his position on matters before the Board, however, others on the Board should not expect him to commit the Government in respect of matters which require to be referred to the Government. In all subsequent examination of the Board approved proposals, his role should be mainly elucidatory and he should not sit in judgement over the Board. Reference to the Ministry for approval, sanction etc. should be addressed to the Government representative on the Board whose responsibility should be to process the matter and obtain the necessary Government approval promptly.

The Government have accepted these recommendations and the administrative Ministries may kindly brief the Government Directors on the Boards of their Undertakings suitably.

(iv) Number of Government Directors on the Board of Directors

On the basis of the recommendations of the Administrative Reforms Commission, the Bureau of Public Enterprises vide their O.M. No. 5/23/74-BPE(PESB) dated 3rd February, 1975, had

suggested that ordinarily not more than two Government representatives should be appointed on the Boards of Directors of public sector enterprises. The EARC has also emphasized the need for keeping down the number of Government officials on the Boards of public enterprises. They have recommended that number of directorships reflecting special concerns or interests should be minimized and that the possibility of drawing suitable persons from non-Government sources should be considered. However, this does not apply to experts drawn from other public enterprises, which has been strongly recommended. The Government have accepted this recommendation. The administrative Ministries may kindly note for necessary action.

On the question of the representation of the officials of the administrative Ministries on the Board of Directors of public enterprises, the EARC have also recommended that an officer should not have too many directorships on the Boards of public enterprises so that he can do adequate justice to his role as a Government Director. The directorships held by each Joint Secretary could be kept down by having Directors/Deputy Secretaries on the Boards of smaller enterprises. Further, the Ministries having a large number of public enterprises could consider reducing the number of Under Secretaries and perhaps even Deputy Secretaries and providing for an additional Joint Secretary or two to add to efficiency and economy.

Government have noted this recommendation and are of the view that restricting the number of directorships and spreading of the workload of directorships evenly in the administrative Ministries by putting Directors and Deputy Secretaries on the Boards of small public enterprises was already being followed. However, the administrative Ministries could look into the question of their restructuring as suggested by the EARC.

(v) Clear Demarcation of Powers of decision-making between the Board and the Government

The EARC has recommended that there should be clarity in regard to the powers of decision-making of the Board and those, which are reserved for the Government. In this context, they have mentioned that while on paper and in the Articles of Company such clarity exists, in a very large number of cases, informal advice amounting virtually to a directive percolates from the administrative Ministries to the public enterprises. In consequence, the Government Directors on Boards also tend to be used or considered to be acting as channels of informal control by the Ministry. Since functional autonomy of these enterprises is essential for their good performance, there should be no vagueness about the areas on which the Boards can take decisions and those in which it must seek prior Governmental approval.

This recommendation has been accepted by the Government and the administrative Ministries are requested to review the position in this regard.

2. BPE may kindly be kept informed of the action taken in regard to the above decisions of the Government.

[BPE O.M. No. 18/1/84-GM Dated 19th September, 1984]

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5. Composition of Board of Directors of Public Sector Enterprises.

The question of Composition of the Board of Directors of PSEs has been considered from time to time and various guidelines have been issued in this regard by the Bureau of Public Enterprises. The Members of the Board of PSEs generally consist of the following three categories:ï

i. Functional Directors:ï These are full time operational Directors responsible for day to day functioning of the enterprise. The Economic Administrative Reform Commission (EARC) had recommended that each Board should have an adequate number of Functional Directors

on it. This was considered by the Govt. and the Bureau of Public Enterprises had issued guidelines in 1984 that the posts of Director (Finance) and Director (Personnel) be created in all Schedule óAô and Schedule óBô enterprises and on a selective basis in Schedule óCô Companies. Apart from these two functions, the enterprises could have representation at Board level for other disciplines such as production, marketing, project, planning etc. It is, however, observed that these guidelines are not being followed by the Administrative Ministries while constituting the Boards of PSEs. While in some cases the Boards are functioning without a single Functional Director, in others there is preponderance of such Directors.

ii. **Government Directors**:ï These are appointed by the Administrative Ministries and are generally the officers dealing with the concerned enterprise. In most cases there are two such Directors on a Board; the Joint Secretary or Additional Secretary dealing with particular enterprise and the Financial Adviser of the Ministry. The question of representation of Government Directors on the Boards of PSEs was examined by the Arjun Sengupta Committee and following its recommendation, the Bureau of Public Enterprises have issued guidelines in 1986 that the Administrative Ministry concerned should not have more than one nominee Director on the Board of a PSE. In case of PSEs engaged in trading or dealing with important and exclusive items the number of Government Directors could be two. It is, however, noticed that in actual practice the number of Government Directors on the Boards of PSEs continues to be large.

iii. **Non-Official Directors**:ï The induction of Non-Official Directors on the Boards of PSEs has been considered essential by various Committees and Commissions in order to make the Boards more professional. They are to be drawn from the public men, technocrats, management experts and consultants, and professional managers in industry and trade with a high degree of proven ability. The Bureau of Public Enterprises have issued guidelines in 1983 that the number of such Directors on a Board should be one-third of its total strength. This input is considered very important as it plays a complementary role in providing professional and managerial advice to the Board. It has, however, been the experience that the vacancies of these Directors are not filled up to stipulated levels in many enterprises by the Ministries.

2. The Department of Public Enterprises has recently considered the question of professionalization of the Boards of PSEs in pursuance of the New Industrial policy Statement made in the parliament on 24th July, 1991 and it has been decided that the composition of the Boards of Directors in PSEs should be broadly on following lines:ï

(A) Functional Directors:

Every Board should have some full time Functional Directors. The number of such Directors on a Board should not exceed 50% of the actual strength of the Board.

i. In cases where the number of Functional Directors on the Board is more than the 50% of its actual strength (not sanctioned strength), Administrative Ministries will immediately undertake a review of the strength of the Board in consultation with Department of Public Enterprises and PESB.

ii. On such Boards where the posts of Functional Directors do not exist, Administrative Ministries will take immediate steps to create such posts in accordance with the prescribed guidelines.

(B) Government Directors:

The number of the Government Directors on the Board of Directors of an enterprise should not exceed one-sixth of the actual strength of the Board.

i. It will be preferable to have only one Government Director from the concerned Administrative Ministry on each Board. The choice of the nominee Director would vest with the Secretary of the concerned Department.

ii. In case of PSEs where it is considered essential to give representation on the Boards to other concerned Government agencies/Ministries/State Governments, only one representation from the Group could also be appointed on the Board as part-time Government Director.

iii. The number of Government Directors on a Board should in no case exceed two.

(C) Non official Directors :

i. The number of Non-Official Part-time Directors on a Board should be at least one-third of its actual strength. Wherever there is under representation of such Directors on the Board the concerned Ministries should take immediate steps to fill up the vacancies to stipulated level.

ii. A Panel of suitable persons who could be considered for appointment as Non-Official Part-Time Director on the Boards of PSEs will be maintained centrally by Department of Public Enterprises. This Panel will be prepared in consultation with PESB and the Secretary of the concerned Administrative Ministry.

3. All Ministries/Departments concerned with Public Sector Enterprises are requested to strictly adhere to above guidelines in the composition of the Boards of Directors in respect of PSEs under their administrative control.

Composition of Board of Directors of Public Sector Enterprises.

Reference is invited to this Departmentôs O.M. of even number dated the 16th March, 1992 on the above mentioned subject. In para 2 (B) (ii) of the said O.M., it was, inter-alia, mentioned that the choice of the Nominee Director would vest with the Secretary of the concerned Department. The matter was reconsidered in this Department and it has now been decided that the choice of the Nominee Director would vest with the administrative Ministry of the concerned Department.

2. All Ministries/Departments concerned with Public Sector Enterprises are requested to take note of the above decision and follow the same at the time of composition of Board of Directors of PSEs under their administrative control.

[DPE O.M. No. 18 (6)/91-GM Dated 16th March, 1992]

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6. Composition of Board of Directors of Public Sector Enterprises

The undersigned is directed to refer to this Departmentôs O.M. No. 18(6)/91-GM dated 16.3.92 on the subject mentioned above wherein it was, inter-alia, mentioned that the number of Government Directors on the Board of Directors of an Enterprise should not exceed 1/6th of the actual strength of the Board and that the number of such Directors should in no case exceed two.

The Committee on Public Undertakings (1998-99) in its fourth Report on ñSenior level posts in public undertakingsð Appointment and related mattersò has expressed strong displeasure over the deviations in this regard in some of the undertakings. The Committee has desired that the number of Government Directors should be brought down within the prescribed limit.

All the administrative Ministries/Department are requested to review the existing composition of the Board of Directors of PSUs under their administrative control and bring down the number of Government

Directors with in the limits prescribed in this Departmentôs O.M. referred to in para 1 above. Action taken in this regard may kindly be intimated to this Department early.

[DPE O.M. No. 2(19)/99-GM Dated 25th January, 2000]

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7. Composition of Board of Directors of Public Sector Enterprises

The undersigned is directed to refer to this Departmentôs O.M. No. 18(6)/91-GM dated 16.3.92 on the subject mentioned above wherein it was, inter-alia, stated that every Board should have some non-official Directors whose number should be at least 1/3rd of the actual strength of the Board.

The Committee on Public Undertakings (1998-99) in its fourth Report on ñSenior level posts in Public Undertakings ï Appointment and related mattersò has expressed the opinion that shortage of non-official Directors on the Board deprives the undertakings of expert guidance of seasoned professionals and technocrats. This is particularly true in the case of sick/potentially sick undertakings or those, which are to be restructured. The Committee has, therefore, recommended that the strength of non-official Directors in PSUs should be brought to the level stipulated in the guidelines without further loss of time and at the same time care should be taken that persons having vested interests directly or indirectly in the particular industry are not inducted into the Boards of PSEs.

The administrative Ministries/Departments are requested to take immediate action to appoint non-official Directors on the Boards of those PSUs where adequate number of such Directors are not in position at present. As the administrative Ministries/Departments are aware, it is always to be ensured that only such persons who do not have any conflict of interest with the functions of the concerned PSU are appointed as non-official Directors.

[DPE O.M. No. 2(20)/99-GM Dated 25th January, 2000]

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8. Composition of Board of Directors of Public Sector Undertakings.

According to the existing policy, as contained in this Department's O.M. No. 18(6)/91-GM dated 16.3.1992, the Board of Directors of Public Sector Undertakings should consist of (i) Full time Functional Directors whose number should not exceed 50% of the actual strength of the Board; (ii) Government Directors whose number should not exceed one-sixth of the actual strength of the Board subject to the condition that in no case the number should exceed two; and (iii) Non-official part-time Directors whose number should be at least one-third of the actual strength of the Board.

2. The Securities & Exchange Board of India (SEBI) has issued guidelines regarding Listing Agreements with Stock Exchanges, which include a new Clause 49 on Corporate Governance, an extract of which is enclosed (Annexure-I). It provides that in the cases of companies with non-Executive Chairmen at least one-third of the Board should comprise Independent Directors and in the cases of companies with Executive Chairmen at least half of the Board should comprise Independent Directors. The definition of Independent Directors is also given under the Clause 49. The SEBI has clarified that in the case of Public Sector Undertakings the Government nominee Directors cannot be considered as Independent Directors for the purpose of constitution of Board of Directors. The SEBI has, however, subsequently agreed that the nominees of Financial Institutions would be treated as Independent Directors for listed public sector companies. A schedule of implementation is also enclosed (Annexure-II).

3. As all listed companies including PSUs have to comply with the SEBI guidelines, there may be a need to reconstitute the Boards of Directors of some of the listed PSUs so that the requisite number of Independent Directors is inducted in order to avoid de-listing.

4. All the administrative Ministries/Departments are, therefore, requested to take appropriate action, if not already taken, to reconstitute the Board of Directors of listed PSEs in accordance with the SEBI guidelines within the time schedule prescribed. In case there is a need to increase the maximum number of Directors permissible under the Articles of Association, the respective PSEs may be advised to take steps to amend the relevant Article suitably.

ANNEXURE-I

CLAUSE 49: CORPORATE GOVERNANCE

I. Board of Directors

A. The company agrees that the board of directors of the company shall have an optimum combination of executive and non-executive directors with not less than fifty percent of the board of directors comprising of non-executive directors. The number of independent directors would depend whether the Chairman is executive or non-executive. In case of a non-executive chairman, at least one-third of board should comprise of independent directors and in case of an executive chairman, at least half of board should comprise of independent directors.

Explanation: For the purpose of this clause the expression óindependent directorsô means directors who apart from receiving directorôs remuneration, do not have any other material pecuniary relationship or transactions with the company, its promoters, its management or its subsidiaries, which in judgement of the board may affect independence of judgement of the director. Except in the case of government companies, institutional directors on the boards of companies should be considered as independent directors whether the institution is an investing institution or a lending institution.

B. The company agrees that all pecuniary relationship or transactions of the non-executive directors vis-a-vis. the company should be disclosed in the Annual Report.

ANNEXURE-II

SCHEDULE OF IMPLEMENTATION

The above amendments to the listing agreement have to be implementation as per schedule of implementation given below:-

Å By all entities seeking listing for the first time, at the time of listing.

Å Within financial year 2000-2001, but not later than March 31, 2001 by all entities, which are included either in Group 'A' of the BSE or in S&P CNX Nifty index as on January 1, 2000. However to comply with the recommendations, these companies may have to begin the process of implementation as early as possible.

Å Within financial year 2001-2002, but not later than March 31, 2002 by all the entities which are presently listed, with paid up share capital of Rs.10/- crore and above, or networth of Rs.25 crore or more any time in the history of the company.

Å Within financial year 2002-2003, but not later than March 31, 2003 by all other entities, which are presently listed, with paid up share capital of Rs.3 crore and above.

Å As regards the non-mandatory requirement given in Annexure-3, they shall be implemented as per the discretion of the company. However, the disclosures of the adoption/non-adoption of the non-mandatory requirements shall be made in the section on corporate governance of the Annual Report.

Role of Government Directors on the Boards of Public Enterprises. (DPE O.M. No. 18(24)/2003-GM-GL-49 dated 4th December, 2003)

[DPE O.M. No. 18(6)/2000-GM Dated 26th November, 2001]

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(h) Matters relating to Board of Directors

1. Date of Superannuation of full-time Board level appointees in Central Public Enterprises.

The undersigned is directed to refer to this Departmentôs O.M. No. 5 (17)/86-BPE dated the 2nd June, 1986 on the subject mentioned above wherein it was mentioned that full-time Board level appointees in Central Public Enterprises, who are given tenure up to the date of superannuation, would retire on the actual date of their superannuation and not on the last day of the month in which they superannuate. The Government have reconsidered the matter and it has now been decided that full-time Board level appointees in the Central Public Enterprises will retire on the last day of the month of their superannuation. This decision will come into force from the date of issue of this OM.

2. All the administrative Ministries are requested to kindly take note of this decision for compliance in respect of public enterprises under their administrative control.

[DPE O.M. No. 18 (6)/89-GM Dated 11th April, 1991]

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2. Date of superannuation of full-time Board level appointees in Central Public Enterprises.

The undersigned is directed to refer to this Deptt's. OM of even No. dated the 11th April, 1991 on the subject mentioned above and to say that a doubt has been raised about the date of retirement of executives whose date of birth falls on the first day of the month. It is clarified that a full-time Board level appointee in the Central Public Enterprises whose date of birth falls on the first of the month shall retire from service on the afternoon of the last day of the preceding month, on attaining the age of superannuation.

2. All the administrative Ministries are requested to kindly take note of this while implementing the decisions communicated in this Department's. OM refereed to in para 1 above.

[DPE O.M. No. 18 (6) / 89-GM Dated 14th May, 1991]

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3. Role of Government Directors on the Boards of Public Enterprises.

The undersigned is directed to say that instructions on various matters relating to the organization/ functioning of the Boards of Public Sector Enterprises (PSEs) were issued vide BPE O.M. No.18/1/84-GM dated 19.9.1984. The role of Government Directors on the Boards of PSEs were spelt out in these instructions. The relevant portion is reproduced below:ð

“Role of Government Directors

The EARC are of the view that the association of Government officials with the Boards of Public

Enterprises can be of advantage as this provides for a liaison role and a channel of communication between Government and the Public Enterprises. They have also emphasized that the dual role of a Government Director should be clearly recognizedð as a Director of the company and as a representative of the Government. He should be allowed to function freely and use his own judgement without any formalised briefing by the Ministry before a Board meeting with discretion whether to seek a briefing or make a report. The Government Director should identify himself with the objects and goals of the enterprise, engage in joint thinking on equal terms and not assume a superior status. He should not reserve his position on matters before the Board. However, others on the Board should not expect him to commit the Government in respect of matters, which require to be referred to the Government. In all subsequent examination of the Board approved proposals, his role should be mainly elucidatory and he should not sit in judgement over the Board. Reference to the Ministry for approval, sanction etc. should be addressed to the Government representative on the Board whose responsibility should be to process the matter and obtain the necessary Government approval promptly.

The Government have accepted these recommendations and the administrative Ministries may kindly brief the Government Directors on the Boards of their Undertakings suitably.ò

2. These instructions are once again brought to the notice of the administrative Ministries/Departments for information and guidance.

[DPE O.M. No. 18(24)/2003-GM-GL-49 Dated 4th December, 2003]

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4. Holding Board meetings of Central Public Sector Enterprises (CPSEs) at Headquarters

It has been brought to the notice of the Government that some Central Public Sector Enterprises particularly those which are located in the North-East are holding their Board meetings and other Sub-Committee meetings in places like Delhi, Kolkata, Mumbai, etc. Very rarely are these meetings held at the Headquarters of the PSE concerned. It has also been pointed out that this has created resentment amongst the employees of the PSE concerned. Further, the Board of Directors is deprived of exposure to field organisations.

2. The matter has been examined in the Government and it has been decided that normally the meetings of the Board and Sub-Committees of the Board should be held at the Headquarters of the CPSE concerned. There should, however, be no objection in holding the meetings at the Unit Headquarters of the company also as it would give an opportunity to the Directors to acquaint themselves with the working of different Divisions/ Units of the company. If the meeting is to be held in any place other than the Headquarters of the PSE or the Unit Headquarters, the reasons for doing so should be recorded in writing.

3. All the administrative Ministries/Departments are requested to take note of the above decision and also to advise the PSEs under their administrative control to ensure that the above decision are followed.

[DPE OM No.18(17)/2005-GM –GL63 Dated 18th July, 2005]

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5. Procedure to be observed for Board level appointments for CPSEs requiring approval of ACC.

The undersigned is directed to invite a reference to the Department of Personnel & Training (DOPT) O.M. No. 26(3)/EO/2004-ACC dated 17.8.2005 in which detailed guidelines on the subject mentioned above have been issued. The guidelines in so far as they relate to the appointments in Central Public Sector Enterprises, are reproduced in the subsequent paras.

2. Whenever personnel related schemes or policies are under review, proposals under that scheme or policies should continue to be processed under the existing rules and regulations till such time amendments are actually approved by the ACC. However, such amendments should be carried out within 6 months of the directions of the ACC. In case the process of amendments of the Policies/Schemes/Rules goes beyond this time period the concerned Ministry/Department would have to explain date wise steps taken for finalisation of the Rules.

3. (a) In respect of Board level appointments in PSEs, defined time-frame was circulated to all Ministries/Departments vide O.M. No.27(12)EO/94(ACC) dated 30th July, 1999. These instructions were subsequently modified vide O.M. No.27(12)/EO/94(ACC) dated 22.12.99 to increase the time period from 6 months to 12 months, for initiating action for filling up of Board level vacancies. Despite these instructions in force, some Board level appointments continue to get delayed either on account of delays in obtaining vigilance clearance/court cases/ineligibility, etc. Hence, it may be desirable to initiate action at least 2 years in advance of the date of occurrence of the vacancy with a stipulation that the PESB recommendations in respect of such Board level vacancies should be made at least 6 months in advance of the date of vacancy and, therefore, the same should be sent to the Ministry concerned, for completing other formalities.

(b) For extension of tenure of Board level appointees, extant instructions as contained in Cabinet Secretaryôs D.O. No. 27(18)EO/86-ACC dated 17.12.1986 provide that extension proposals should be initiated four months in advance of the date of vacancy. It has now been decided that in case of proposals for extension of Board level appointments action should be initiated one year in advance of the date of occurrence of the vacancy so as to ensure that proposals are submitted two months in advance, for consideration of the ACC.

4. The ACC has delegated its power for entrusting additional charge arrangement in all scheduled PSEs, to the respective Ministries up to three months from the date of vacancy with the approval of Minister-in-charge and proposals for additional charge beyond three months up to a maximum of six months should be submitted to the Establishment Officer for obtaining approval of the competent authority. The delegation to the Ministries/Departments, as above is subject to the following:

a) additional charge of the post of CMD is assigned only to the senior-most functional Director in the PSE;

b) the officer is clear from vigilance angle;

c) timely action has been taken to fill up the vacancy and the position is brought out in the proposal seeking additional charge;

d) any deviation from the above would require ACC approval;

e) the above delegation shall not apply to companies referred to BIFR. The proposals in this regard, for entrusting additional charge may continue to be sent to the Establishment Officer for obtaining approval of the competent authority.

f) The proposals other than those delegated in the preceding sub-paras may be submitted to the EO who would arrange to get the formal orders issued with the approval of the competent authority.

5. The ACC has directed that the current charge arrangements beyond three months be totally dispensed with and full additional charge be considered in such cases. The current charge arrangements has been allowed

to the Ministries upto three months with the approval of the Minister-in-Charge. In so far as PSEs are concerned, there should not be any occasion to give current charge of a post of functional Director; the same should automatically vest in the CMD and, in case of a post of CMD, the same should be entrusted to the senior most functional Director, as per the extant orders. However, this may exclude BIFR referred Companies, as in sub-para 4 (e) above.

6. The ACC, after carefully reviewing the entire ACC approval process, has approved the above guidelines. Administrative Ministries/Departments are therefore requested to take note of the above guidelines approved by ACC for strict compliance by all concerned. Receipt of this O.M. may be acknowledged.

[DPE O.M. No. 18(23)/2005-GM-GL-70 Dated 27th September, 2005]

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6. Cut-off age for Board level appointments in Central Public Sector Enterprises

The undersigned is directed to refer to this Departmentôs OM of even number dated 3.2.1999 and OM No.18(10)/99-GM-GL-33 dated 22.8.2001 on the subject mentioned above wherein the decision of the Government that candidates for interview by PESB for Board level appointments in PSEs should not exceed 58 years of age where the age of retirement is 60 and 56 years in the cases where age of retirement is 58 years.

2. The Government has further considered the matter and, in modification to the above mentioned OMs, has decided as under :-

(i) The cut-off age for external candidates for consideration for Board level posts in Public Sector Enterprises should be a minimum of three years service left (on the date of occurrence of vacancy) with reference to superannuation age applicable in the PSE against which the candidate is being considered, and

(ii) For internal candidates, the residual service condition would continue to be two years.

3. All the administrative Ministries/Departments are requested to kindly take note of the above decision for guidance and necessary action.

(DPE OM No. 18(6)/98-GM-GL-72 dated the 20th October, 2005)

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7. Definition of "internal candidate" for the purpose of selection for appointment to a Board level post in Central Public Sector Enterprises.

As per prevaling policy for selection of top posts in Central Public Sector Enterprises (CPSEs), unless markedly better candidates are available from outside, internal candidates, employed in the public sector enterprises will be preferred for appointment to Board level posts. The definition of an internal candidate has a direct bearing on short-listing of candidates for various Board level posts in CPSEs. Government has, therefore, approved the following definition of the 'internal candidate':ð

> "Internal candidate is one, who is an employee of an enterprises who has put in a minimum of 2 years of continuous service in it, on the date of occurrence of vacancy, and who does not hold a lien in any other PSE/Government. An employee, who holds a lien on a post in a CPSE can also be considered as 'an internal candidate' of that enterprise provided he/she has put in a minimum of 2 years of continuous service in that enterprise, on the date of acquiring lien and the period for which he/she is away from the enterprise is not more than 5 years."

2. All the administrative Ministries/Departments are requested to kindly take note of the above decision for guidance and necessary action.

[DPE OM No. 18(2)/96-GM-GL-81 Dated 16th May, 2007]

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8. Appointment of Chief Executives and Functional Directors in sick/loss making Central Public Sector Enterprises (CPSEs) under revival package approved by the Government.

The National Common Minimum Programme (NCMP), inter-alia, states that every effort will be made to modernize and restructure sick public sector companies and revive sick industry. The Government has considered the issue relating to restructuring of CPSEs and also the ways and means for funding the scheme for revival of such CPSEs as well as providing strong and effective top management team for them. In this context, it was felt that there was a need to attract Board level executives capable for turning around sick CPSEs and give them continuity of tenure for the revival package to succeed.

2. The Government has considered this matter and the Competent Authority has decided that in the case of sick/loss making CPSEs for which revival plan has been approved by the Government, the following relaxation would be provided:-

(i) In case, any Board level incumbent of such CPSE has contributed exceedingly well in the turn around of that sick CPSE, his tenure may be extended till he attains the age of 65 years. Since, the selection process to a board level post is being initiated by Public Enterprises Selection Board (PESB) one year prior to the due date of superannuation of the incumbent, the proposal for extension of tenure beyond the age of superannuation will have to be initiated at least one year prior to the date of superannuation of the incumbent. In case, the balance period of tenure of incumbent is less than one year at the time of approval of revival package by the Government, such proposal for extension of tenure may be initiated immediately after approval of revival package by the Government. The decision on the extension of tenure beyond the normal retirement age will be taken as per the extant procedure for extension of tenure of Board level executives, i.e. joint appraisal by PESB followed by the approval of the competent authority. Further, such extension would be subject to annual review of the performance of the incumbent to be conducted by Secretary of the concerned administrative Ministry.

(ii) Where fresh appointment of the Chief Executive or any Functional Director is proposed and if the PESB procedure of circulation of vacancy does not ultimately lead to a panel for consideration by the competent authority, then relaxation of cut-off age for applying, to 62 years, with minimum tenure of 3 years, could be considered. In such cases, serving/retired CPSE executives, Government servants and private sector executives could be considered.

(iii) Chief Executives and Functional Directors of these CPSEs would be considered for a lump-sum incentive up to maximum of Rs.10 lakh out of the profits of the CPSE besides usual pay, allowances and perks attached to the post. The detailed guidelines in this regard would be issued separately.

3. It is re-iterated that the extant guidelines and procedure with regard to the process for selection, appointment and extension of the tenure of the Chief Executives and Functional Directors of CPSEs will continue to be followed except for the relaxations specified in para 2(i) and para 2(ii) above.

4. All the administrative Ministries and Departments concerned are requested to take note of the above decision.

[DPE OM No. 18(11)/2005-GM-GL-88 Dated 24th July, 2007]

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9. Procedure to be observed for Board level appointments for CPSEs requiring approval of ACC.

The undersigned is directed to refer to this Department's O.M. of even number dated 27th September, 2005 on the subject mentioned above. In para 4 of the aforesaid OM powers for entrusting additional charge arrangements in all scheduled PSEs have been delegated to the respective Ministries subject to certain conditions.

2. The Issue relating to requirement of fresh vigilance clearances for extension of additional chage arrangements in respect of Board level posts in Central Public Sector Enterprises (CPSEs) have been considered by the government in consultation with Central Vigilance Commission and the following further guidlines have been approved.

(a) for additional charge of Board level positions in PSUs, for an initial period of up to three months, clearance from the CVO would suffice;

(b) for continuation of the additional charge arrangements, beyond three months, clearance from CVC would be required; and

(c) fresh CVC clearance would be required, if the arrangements continue, beyound one year.

(d) In the cases where additional charge is assigned to either a functionary of another PSU, or an officer from a Ministry, clearance from the CVO would not suffice, and CVC clearance would be necessary.

3. All the administrative Ministries/Departments are requested to take note of the above guidelines for strict compliance, Receipt of this O.M. may please be acknowledged.

[DPE OM No. 18(23)/2005-GM-GL-87 Dated 25th October, 2007]

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10. Procedure to be observed for Board level appointments for CPSEs requiring approval of ACC.

The undersigned is directed to refer to this Department's O.M. of even number dated 25th October, 2007 on the subject mentioned above wherein the following guidelines on vigilance clearance for entrusting additional charge arrangements in respect of Board level posts in CPSEs had been stipulated.

(a) for additional charge of Board level positions in PSUs, for an initial period of up to three months, clearance from the CVO would suffice;

(b) for continuation of the additional charge arrangements, beyond three months, clearance from CVC would be required; and

(c) fresh CVC clearance would be required, if the arrangements continue, beyound one year.

(d) In the cases where additional charge is assigned to either a functionary of another PSU, or an officer from a Ministry, clearance from the CVO would not suffice, and CVC clearance would be necessary.

2. The issue relating to seeking vigilance clearance in favour of Board level functionaries who are proposed to be entrusted with some additional charge (s) within the same organization or in another organization under the same administrative Ministry/Department has been further considered by the Government in consultation with Central Vigilance Committion and it has been decided that henceforth in such cases clearance from the Commission is not required to be sought for the purpose of additional charge arrangements in respect of Board level functionaries in PSUs, unless the Department concerned has material in their possession on the basis of which it has reason to believe that vigilance status has changed since the incumbent was last cleared for Board level appointment. The clearance from CVO would continue to be required as stipulated in the foregoing paragraph.

3. The earlier instructions, as mentioned in para 1 above would continue to apply in cases where the Functional Director of a CPSE or an officer from the Ministry is proposed to be given additional charge of MD/ CMD of the CPSEs.

4. All the administrative Ministries/Departments are requested to take note of the above guidelines for strict compliance, Receipt of this O.M. may please be acknowledged.

[DPE OM No. 18(23)/2005-GM Dated 16th October, 2008]

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11. Creation of posts at Senior Management level in Central Public Sector Enterprises (CPSEs).

The undersigned is directed to refer to the subject mentioned above and to state that the Government has reviewed the procedure with regard to creation of posts at Senior Management level in the CPSEs in the context of revision of pay packages of CPSEs executivess on the basis of recommnedations of 2nd Pay Revision Committee.

2. It has been decided that CPSEs (including Navratna and Miniratna CPSEs) will not create any posts at the level of E7 and E9 without the approval of the concerned Administrative Ministry/Department who will have to satisfy themselves about the urgent and unabvoidable need for creation of such posts. In the case of creation of Board equivalent posts whose incumbents are not members of the Board, the procedure laid down for creation of board level posts will be applicable for all CPSEs including Navratna and Miniratna CPSEs.

3. The above instructions will come into force with immediate effect and until further orders. Managements of CPSEs may be directed to follow the above instructions.

[DPE OM No. 16(11)/2008-GM Dated 4th November, 2008]

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12. Incentive Scheme for Chief Executives/Functional Directors of sick CPSEs for which Government have approved the revival package.

The National Common Minimum Programme (NCMP), inter-alia, states that every effort will be made to modernize and restructure sick public sector companies and revive sick industry. The Government has considered the issue relating to restructuring of CPSEs and also the ways and means for funding the scheme for revival of such CPSEs as well as providing strong and effective top management team for them. In this context, it was felt that there was a need to attract Board level executives capable for turning around sick CPSEs and give them continuity of tenure for the revival package to succeed. In this regard instructions were issued vide O.M. No.18(11)/2005-GM-GL-88 dated 24th July, 2007, which inter alia, provided that Chief Executives and Functional Directors of those CPSEs which are able to achieve the projected targets of the revival plan would be considered for suitable incentive.

2. The Government has considered the above matter and has decided to introduce an incentive scheme for Chief Executives/Functional Directors of sick/loss making CPSEs for which Government has approved the revival package. The details of the incentive scheme are as under:-

(i) This scheme is applicable only to the whole-time Chief Executives/Functional Directors of sick/loss making CPSEs for which Government has approved the revival package and the CPSEs have timely achieved the projected targets of the revival plan.

(ii) The whole- time Chief Executive/Functional Directors of the CPSEs referred in this scheme are *jointly* entitled to share the profit of their concerned CPSEs at the rates mentioned below.

S. No.	Schedule of the CPSE	Percentage of profit payable as *group* incentive *to the* whole- time Chief Executive *and* Functional Directors *under the proposed scheme.*
1	Schedule ï A	1%
2	Schedule ï B	1.5%
3	Schedule ï C	2%
4	Scheduleï D & Un-categorized	2.5%

The above share of profit is subject to the conditions stipulated in the succeeding sub paras.

(iii) The total *group* incentive payable under this scheme to the whole-time Chief Executive/ Functional Directors should not exceed Rs.10 lakh per annum.

(iv) The total amount of *group* incentive payable to the whole-time Chief Executive/ Functional Directors shall be distributed among them in the following manner.

(a) In the case of Schedule óAô and óBô CPSEs, the total amount of incentive available for distribution will be distributed among the whole-time Chief Executive and all whole-time Functional Directors in the ratio of 4 : (3 X Number of Functional Directors) subject to the ceiling mentioned in the Table given below.

(b) In the case of Schedule óCô and óDô and óUn-categorizedô CPSEs, the total amount of incentive available for distribution will be distributed among the whole-time Chief Executive and all whole-time Functional Directors in the ratio of 7 : (5 X Number of Functional Directors) subject to a ceiling mentioned in the Table given below.

S. No.	Schedule of the CPSE	Maximum Incentive payable to Whole-time Chief Executive (Rs. per annum)	Maximum Incentive payable to Whole-time Functional Directors (Rs. per annum per person)
1	Schedule ï A	2,40,000	1,80,000
2	Schedule - B	2,40,000	1,80,000
3	Schedule - C	2,10,000	1,50,000
4	Schedule ï D & Un-categorized	2,10,000	1,50,000

If any whole-time Chief Executive/Functional Director was employed for a part of the Financial Year, he/she shall be paid incentive on proportionate basis.

(v) The term óProfitô for the purpose of this scheme means Profit before Tax before prior period adjustments and extraordinary items like waivers/ concessions/subsidy/write-offs/grants received from Government/ banks/Financial Institutions. However, subsidy if any received by the CPSE as a part of the scheme administered by the Government will be considered for computing the profit.

(vi) The incentive for a particular year will be computed based on the audited accounts of that year and the same will be paid by the Company as a lump sum in the succeeding year. For example the incentive for the year 2007-08 will be computed on the basis of the audited accounts of the year 2007-08 and the same will be paid during 2008-09.

(vii) The Scheme is effective from the year 2007-08. The incentive under this scheme should be paid only after the same is approved by the Remuneration Committee and also by the Board of Directors.

(viii) The Scheme will be valid for 5 years and will be reviewed thereafter.

3. The proposals in this regard, after approval of the Board, may be submitted by the CPSEs to their concerned administrative Ministry/Department for approval. The concerned administrative Ministry/Department, with the concurrence of its FA, may take the final decision in this regard.

4. The Government has since approved the implementation of Performance-Related Pay (PRP) as part of the salary revision of CPSE executives including Chief Executive and Functional Directors of profit making CPSEs vide DPE O.M. No.2(70)/08-DPE (WC)-GL-XVI/08 dated 26.11.2008. The Chief Executives and Functional Directors of those sick and loss making CPSEs referred in para 2 of this O.M. have the option to opt for any one of the two schemes, i.e., either the PRP approved by the Government or the proposed incentive scheme in respect of sick and loss making CPSEs.

[DPE OM No. 18(11)/2005-GM-GL Dated 17th December 2008]

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13. Assignment of additional charge of the posts of CMD/MD/Functional Directors of subsidiary Companies.

The undersigned is directed to refer to the Department of Personnel & Training (DOPT) O.M. No. 26(3)EO/2004(ACC) dated 17.8.2005 wherein detailed guidelines regarding procedure to be observed for Board level appointments were issued and were reiterated vide this Departmentôs O.M. of even number dated 27th September, 2005.

2. The Appointments Committee of the Cabinet (ACC) has further directed to adhere to the following guidelines in this regard:-

ñThe power to approve additional charge in the Central Public Sector Undertakings upto a period of three months has been delegated to the Minister-in-charge, and for the next three months, to the MOS (PP) vide this Departmentôs OM No.26(3)EO/2004(ACC) dated 17.8.2005, subject to the condition that the person should be clear from the vigilance angle. The power to approve additional charge beyond six months vests with the ACC.

The ACC has also approved that in the case of subsidiary CPSEs, the additional charge of the post of MD/CMD should be assigned to the senior most Functional Director of that subsidiary company having vigilance clearance. In case no such Functional Director is in position in the subsidiary CPSE, the additional charge of the post of MD/CMD of the subsidiary company could be automatically assigned to the CMD/ Functional Director of the holding company who is the nominee Director of the holding company on the Board of subsidiary company. However, this assignment should not result in contravention of Section 316 of the Companies Act, 1956.ò

3. All the administrative Ministries/Departments are requested to take note of the above guidelines for strict compliance. Receipt of this O.M. may please be acknowledged.

(DPE OM No. 18(23)/2005-GM Dated 16th April, 2009)

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14. Procedure for selection to Board level posts in Central Public Sector Enterprises (CPSEs)-obtaining CVC clearance regarding

The undersigned is directed to refer Ministry of Personnel, PG & Pensions, Department of Personnel & Training O.M. No. 7(12)EO/04(ACC) dated 30th July, 1999 laying down the guidelines for processing cases of Board level appointments in CPSEs.

2. The Competent Authority has since approved a revised procedure for obtaining CVC clearance in favour of candidates recommended by the Public Enterprises Selection Board (PESB) for Board level appointments in Public Sector Undertakings (PSUs) so as to reduce delays. The revised procedure would be as given below:

(i) The screened in candidates, called for the interview by the PESB, would submit personal details and details about their postings-during the preceding 10 years, to the PESB (Prescribed format enclosed at Annex).

(ii) PESB would send the personal details [as in (1) above], of the selected candidates, to the CVC, alongwith its recommendations.

(iii) CVC would then collect the requisite details directly from CVOs of the organization where the selected candidate has worked in the preceding 10years period.

(iv) Based on reports from CVOs concerned and other agencies the CVC would grant its clearance or otherwise within 15 days of the receipt of PESB recommendation as prescribed vide this office O.M. No. 27(12)EO/94(ACC) dated 30.7.1999.

3. The Public Enterprises Selection Board and Central Vigilance Commission are requested take note of the above decision and take necessary steps to implement the revised procedure with immediate effect.

ANNEXURE

PARTICULARS OF THE OFFICERS FOR WHOM VIGILANCE COMMENTS/CLEARANCE IS BEING SOUGHT

1. Name of the Officer(in full) :

2. Father's Name :

3. Date of Birth :

4. Date of Retirement :

5. Date of Entry into Service :

6. Service to which the officer belongs including batch/year cadre-etc. wherever applicable :

7. Positions held :
(during the ten preceding years)

S.No.	Organization (Name in full)	Designation & Administrative/nodal Ministry/ Deptt. Place of posting Concerned (in case of officers of PSUs etc.)	From	To

DATE: (Name and Signature)

[DPE OM No. 18(26)/2004-GM Dated 20th July 2009]

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15. Extension/non-extension of the term of appointment of Chief Executives/Functional Directors beyond the term of appointment approved by the Appointments Committee of the Cabinet (ACC).

The undersigned is directed to refer to the Cabinet Secretariat's instructions dated 10.12.1986 (copy enclosed) on the subject mentioned above laying down the procedure for processing the proposals in this regard.

2. The competent authority has further approved that the administrative Ministry/Department should simultaneously process for CVC clearance and Joint Appraisal by PESB so that CVC comments are available by the Ministry/Department thereby, avoiding delays on account of non-availability of vigilance clearance.

3. All administrative Ministries/Departments are requested take note of the above decision and to take immediate steps to comply with the directions of ACC.

Copy to the Cabinet Secretary's D.O. No. 27(18)/EO/86-ACC dated 10.12.1986

According to the existing procedure, proposals for appointments to the posts of Chief Executives/ Functional Directors in public sector enterprises, on the basis of the recommendations of the Public enterprises Selection Board, are submitted to the Appointments Committee of the Cabinet, for its consideration, as per the provisions contained in the Government of India (Transaction of Business) Rules, 1961, as amended, from time to time. Similarly, proposals emanating from the Ministries/Departments for further extension of the tenure, based on a performance appraisal during the tenure approved by the Appointments committee of the Cabinet, are also submitted to the Committee. So far, cases wherein the Ministries decide not to seek further extension of the term of appointment of a Chief Executive/Functional Director beyond the term of appointment approved by the Committee were not referred to the Committee for a decision.

2. It has come to the notice of the Prime Minister, in a recent case, that the term of a competent Chief Executive of a Public Sector Enterprise was not extended by the Administrative Ministry. The matter also did not come up before the Appointments Committee of the Cabinet, as only extension of the term of appointment is presently being submitted to the Committee.

3. In order to ensure that the cases of competent executives are not disposed off by the Administrative Ministries at the end of their term without further consultation either with the PESB or ACC, it has been decided that in future, in cases where the term of Chief Executive/Director is not proposed to be extended beyond the term already approved by the ACC (except on superannuation of the officer), the Administra-

tive Ministries/Departments should carry out, in consultation with the PESB, an appraisal of the past performance of the Chief Executive/Director four months in advance of the end of his term. After such appraisal, these cases would fall broadly into the following three categories:

(i) Cases in which on the basis of the positive appraisal, the Administrative Ministry and PESB decide to seek extension of his term and send a proposal to E.O. for approval of ACC;

(ii) Cases in which a change in the incumbency of Chief Executive/Director is considered necessary on account of:

(a) the dismal performance of the Chief Executive/Director as well as of the Company necessitating a change in the leadership. In such cases, the Administrative Ministry after consulting PESB will come to ACC through E.O. for appointment of the new Chief Executive/Director.

(b) Cases in which the performance of the Chief Executive/Director is considered satisfactory/positive, but due to certain other reasons, the Administrative Ministry and/or PESB desires to have a change. In all such cases, the Administrative Ministry would first consult the ACC invariably before terminating the appointment.

Such cases, which were not being referred to ACC hitherto by the Administrative Ministries, would now require the approval of the ACC before termination of appointment as per directions of the Prime Minister.

[DPE OM No. 18(23)/98-GM Dated 15th September, 2009]

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16. Time limit for Board level appointees to join posts in Central Public Sector Enterprises (CPSEs)

The undersigned is directed to refer to this Department's O.M. of even number dated 20.10.2005 and to state that the Government has since reviewed the matter and the following guidelines are issued for debarment of officers who decline to join after selection by Public Enterprises Selection Board (PESB).

(i) The PESB while inviting the applications for filling up of the post should clearly mention in the vacancy circular that a candidate should submit his/her willingness for the post at the time of interview itself. If any candidate does not initially give his/her willingness, he/she may not be interviewed.

(ii) If any of the candidates who appeared for the interview and is selected by the PESB, give his/her unwillingness after the interview is held, but before the appointment is processed, would be debarred for a period of two years from the date of interview from being considered for a Board level post in any Public Sector Enterprises other than the one to which the candidate belongs.

(iii) If any candidate gives his/her unwillingness after the issue of offer of appointment, he/she would be debarred for a period of two years from the date of offer of appointment from being considered for a Board level post in any Public Sector Enterprises other than the one to which the candidate belongs.

(iv) In the above cases, no request for relaxation or otherwise would be entertained.

(v) The list of such debarred candidates would be maintained by the concerned administrative Ministry/Department and the PESB.

2. All the administrative Ministries/Departments are requested to take note of the above decision and also bring it to the notice of the CPSEs under their administrative control.

[DPE OM No. 18(21)/98-GM Dated 24th January 2011]

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17. Professionalisation of Boards of Central Public Sector Enterprises (CPSEs) - recommendations of Department related Parliamentary Standing Committee on Industry reg.

The undersigned is directed to state that in its 221st Report on Action Taken Report on its 216th Report of the Department-related Parliamentary Standing Committee on Industry had made further recommendation on the subject mentioned above, which is reproduced as under.

> "The Committee had taken into account the fact that the Government had laid down certain criteria for the appointment of non-official Directors on the Boards of CPSEs. But what the Committee would like to reiterate is that if persons from the categories of Scheduled Castes, Scheduled Tribes, and OBC and women categories come forward with the above mentioned criteria, they should be given preference. There by the Committee wants to re-emphasis the need for representation of these categories in the Board of CPSEs."

3. The above recommendation was considered by the Department of Public Enterprises (DPE) and it has been decided to communicate the concern expressed by the Committee to all the administrative Ministries/ Departments, since the proposals for appointment of non-official Directors on the Boards of CPSEs are initiated by the administrative Ministries/Departments.

4. All Administrative Ministries/Departments are requested to take note of the above recommendation of the Department-related Parliamentary Standing Committee on Industry for further necessary action in this regard.

[DPE OM No. 2(18)/2011-GM Dated 18th April 2011]

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18. Incentive scheme for Chief Executives and Functional Directors in sick/loss making Central Public Sector Enterprises (CPSEs) under revival package approved by the Government.

The undersigned is directred to refer to this Department's O.M. of even number dated 24th July, 2007 and 17th December, 2008 (copies enclosed) on the subject mentioned above.

2. The Government had issued the above office orders in order to attract suitable Board level executives capable of turning around sick CPSEs by providing for extension of tenure beyond the age of superannuation till 65 years and a lumpsum incentive upto maximum of Rs. 10 lakhs per annum to such Board level incumbents of CPSEs including, CMD who have contributed to the turnaround of the concerned sick CPSE.

3. It has been brought to the notice of this Department that in many cases the Board level incumbents, including CMD, who have played an effective role in turning around the sick CPSEs have not been given the benefits of above schemes. Such a position defeats the basic objectives behind the introduction of above schemes and also adversely impacts the achievement of turnaround targets included in revival package of the concerned CPSEs.

4. It has therefore, been decided to impress upon the concerned administrative Ministries/Departments to implement the benefits of schemes as envisaged *vide* above referred DPE O.M. dated 24th July, 2007 and 17th December, 2008 in turnaround CPSEs in letter and spirit which would be consistent with the Government policy for strengthening and revival of sick CPSEs.

5. All administrative Ministry/Departments are requests to take necessary action, as applicable, in terms of provisions contained in above referred DPE O.M. dated 24th July, 2007 and 17th December, 2008.

[DPE OM No. 18(11)/2005-GM Dated 7th August 2012]

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19. Enhancement of age of superannuation from 58 to 60 years in Central Public Sector Enterprises (CPSEs) .

The undersigned is directed to state that consequent to enhancement of age of superannuation in CPSEs from 58 to 60 years in 1998, this Department had issued a number of guidelines on this matter. Since these guidelines have referral significance, the contents of these guidelines have been consolidated into a single guideline in chronological order retaining the operative part of each guideline for ease of understanding and better compliance as under.

I. Age of retirement of below board level employees of Central PSEs-raising from 58 to 60 years (DPE O.M. No. 18(6)/98-GM-GL-002 dated 19th May, 1998)

The Government has decided to enhance the age of retirement for below board level employees of Central Public Sector Enterprises in the manner mentioned below:-

(a) Except as otherwise provided specifically every employee at below board level in the Central Public Enterprises whose age of retirement is currently 58 years shall now retire from the services of the enterprise on the afternoon of the last date of the month in which he/she attains the age of 60 years. However, below board level employees of public sector enterprises whose date of birth is the first of the month shall retire from service on the afternoon of the last date of the preceding month on attaining the age of 60 years.

(b) There shall be a complete ban on extension of service beyond the age of superannuation i.e. 60 years;

2. These decisions will come into force w.e.f. the date the relevant rules and regulations of the PSEs concerned are amended by the concerned PSE. These decisions, however, do not apply in the cases of those employees who have already retired in accordance with the earlier rules, and who are on extension in service on the date of issue of these instructions or those who are governed by specific rules or regulations.

3. Consequent upon enhancement of age of retirement from 58 to 60 years, the public sector enterprises will review the vacancies arising from retirement in regard to direct recruitment as well as promotion so that there is no over recruitment or litigation leading to creation of supernumerary posts or review DPCs because of change in the zone of consideration as a result of reduction in retirement vacancies.

II. Age of retirement of board level appointees in Central PSEs - raising from 58 to 60 years (DPE OM No.18(6)98-GM-GL-005 dated 30th May, 1998)

The Government has decided to enhance the age of retirement for board level appointees of Central PSEs in the manner mentioned below:-

a) The age of retirement of board level appointees in PSEs will be 60 years with effect from date of issue of this O.M.

b) This will not apply to those who are on extension beyond 58 years on the date of issue of this O.M. They will retire upon expiry of the extension.

c) Those existing incumbents who have not completed 58 years or 5 years' tenure, may continue upto 60 years or completion of 5 years' tenure, whichever is earlier. Orders may be issued by the Ministries concerned without reference to ACC.

d) Where existing incumbents complete 5 years' tenure and there is a need to continue their service upto 60 years, reference will first have to be made to PESB on a case by case basis for assessment of their performance and thereafter approval of ACC obtained as per usual procedure.

e) If as a consequence of (c) above, an existing incumbent completes 5 years' tenure before 31st August, 1998 and it is considered necessary to continue his service, the administrative Ministry/ Department with the approval of the Minister concerned may grant extension of tenure upto three months pending completion of the procedures as prescribed in (d) above.

III. Age of retirement of board level appointees in Central PSEs-raising from 58 to 60 years (DPE O.M. No. 18(6)/98-GM dated 17th August, 1998)

It has been decided to insert the following sub-para in the O.M. dated 30th May, 1998:-

(f) No extension in service shall be granted to a board level appointee after he/she attains the age of 60 years. A Board level appointee who has attained the age of 60 years on or before 30th May, 1998 but was granted extension in service prior to 30th May, 1998 shall retire at the end of the extended period of service but no further extension in service shall be granted.

IV. Age of retirement of below board level employees of Central Public Enterprises-raising from 58 to 60 years (DPE O.M. No. 18(9)/98-GM dated 21st August, 1998)

The decision of the Government in this regard is binding on all undertakings. In case any administrative Ministry or Public Sector Undertaking does not wants to increase the age of retirement of its employees, specific exemption from operation of the aforesaid decision would be necessary.

V. Age of retirement of employees of Public Sector Enterprises (DPE O.M. No. 18(10)/99-GM-GL-025 dated 9th May, 2000)

There has been proposals for rolling back the age of retirement in the case of some sick/unviable PSUs for which rehabilitation/revival packages are under consideration. The procedure to be followed in such cases was considered and it was decided that in such cases the Board of the concerned company should review its decision on the raising of the age of retirement and make suitable recommendations to the administrative Ministry/Department concerned for taking the approval of the Cabinet. All the administrative Ministries/Departments are requested to follow the above procedure in case the age of retirement of employees of sick/ unviable PSU for which rehabilitation/revival packages are under consideration, is to be rolled back to 58 years. The PSUs under their administrative control may also be apprised of this procedure.

VI. Age of retirement of employees of Public Sector Enterprises (DPE O.M. No. 18(10)/99-GM-GL-30 dated 1st January, 2001)

The undersigned is directed to refer to this Department's O.M. of even number dated the 9th May, 2000 on the subject mentioned above wherein the procedure for rolling back the age of retirement of employees of sick/ unviable PSUs for which rehabilitation/revival packages are under consideration, has been laid down. The procedure included taking the approval of the Cabinet.

2. The issue whether the approval of the Cabinet is necessary in such cases has been reconsidered and it has now been decided that such proposals for roll back of the age of superannuation from 60 years to 58 years in Public Sector Enterprises covered under the DPE O.M. dated 9.5.2000, which are duly approved by their Board of Directors and also the Minister in charge of the administrative Ministry need not be brought before the Cabinet.

VII. Age of retirement of employees of Public Sector Enterprises (DPE O.M. No. 18(10)/99-GM-GL-33 dated 22nd August, 2001)

The undersigned is directed to refer this Department's O.M. of even number dated 1.1.2001 on the subject mentioned above wherein the decision of the Government that proposals for roll back of age of retirement of employees of sick/unviable PSEs for which rehabilitation/revival packages are under consideration, which are duly approved by the Board of Directors and also the Minister-in-charge of the administrative Ministry need not be brought before the Cabinet was communicated.

2. The Government has further considered the question of extending the above decision to all PSEs and all categories of employees, both Board level and below Board level, and it has been decided that henceforth the Minister-in-charge of the administrative Ministry will have the authority to approve proposals for roll back of age of superannuation from 60 years to 58 years for all PSEs and all categories of employees, both Board level and below Board level, which are duly approved by their Board of Directors.

3. As a consequence of the above decision, the Government has also decided as under:

(i) To fix another cut-off age of 56 years for recruitment to Board level posts in respect of those PSEs where the age of retirement is 58 years so that a minimum of 2 years residual length of service before retirement is available on the same principle of the cut-off age of 58 years for recruitment to board level posts in respect of PSEs where the age of retirement is 60 years. This is in partial modification of this Department's O.M. No. 18(6)/98-DPE (GM) dated 3.2.1999.

(ii) To revert back the upper age limit for recruitment by the method of direct open competitive examination to below board level posts in the case of PSEs where the age of retirement is rolled back to 58 years. This would be in partial modification of this Department's O.M. No. 18(6)/98-GM dated 28.6.1999. A reasonable period of at least 3 months will be given for the reduced upper age limit to have effect.

VIII. Age of retirement of employees of Public Sector Enterprises. (DPE O.M. No. 18(9)/2004-GM-GL-62 dated 1st April, 2005)

The undersigned is directed to refer to this Department's O.M. No. 18(10)/99-GM-GL-33 dated 22.8.2001 on the subject mentioned above wherein, among other things, the authority to approve proposals for roll back of age of superannuation from 60 years to 58 years for all PSEs and all categories of employees, both Board level and below Board level, which are duly approved by their Board of Directors was delegated to the Minister-in-charge of the administrative Ministry.

2. The Government has since reviewed this matter and it has now been decided that the powers for roll back of age of retirement of employees of PSEs, including Board level executives, shall henceforth vest with the Cabinet.

IX. Enhancement of age of retirement of Board and below Board level employees of profit earning Central Public Sector Enterprises (DPE OM No. 18(1)/2007-GM-GL-80 dated 20th April, 2007)

The Government had taken a decision to increase the age of retirement from 58 to 60 years of Board level and below Board level employees of Central Public Sector Enterprises (CPSEs) in May 1998. In May 2000, sick/ unviable CPSEs were permitted to roll back the age of retirement from 60 to 58 years with the approval of the Cabinet. Subsequently in August 2001, the Cabinet delegated the authority to Minister-in-charge to approve proposals for roll back of age of retirement from 60 to 58 years for all CPSEs and all categories of employees, which are duly approved by their Board of Directors. This decision was reviewed in April 2005 and it was

decided that the power for roll back of age of retirement of all categories of employees of CPSEs would thereafter vest with the Cabinet.

2. In the meantime, several sick CPSEs have started making profit and these CPSEs have requested for enhancement of age of retirement of its employees from 58 to 60 years. The matter has further been reviewed by the Government and it has now been decided that the Minister-in-charge of the administrative Ministry/ Department concerned is empowered to approve the proposals of CPSEs to enhance the age of retirement from 58 to 60 years, provided that-

(a) The CPSE concerned should as per its audited annual accounts have made net profits for the last 3 years continuously and should have a positive net worth during the last three years.

(b) The CPSE has not availed any budgetary support during the last 3 years and no budgetary support will be availed by the CPSE in future.

(c) The proposals are approved by the Board of Directors of the CPSE concerned and have the concurrence of Financial Advisor of the concerned administrative Ministry/Department.

X. Enhancement of age of retirement of Board and below Board level employees of profit earning Central Public Sector Enterprises (DPE OM No. 18(1)/2007-GM-GL-87 dated the 19th July, 2007)

The undersigned is directed to refer this Department's O.M. No. 18(1)/2007-GM-GL-80 dated 20th April, 2007 on the subject mentioned above.

2. The Government has further considered the matter and the condition relating to budgetary support [para 2(b) of above mentioned O.M. dated 20th April, 2007] has been modified.

3. Budgetary support would now mean support for "non-plan expenditure for salary, wages, payment of statutory dues, payment for Voluntary Retirement/Separations Schemes (VRS/VSS) and payment to meet cash losses".

4. Other provisions as mentioned in O.M. dated 20th April, 2007 will remain unchanged.

All the administratie Ministries/Departments are requested to take note of the provisions of this consolidated guideline for information and compliance and also to bring it to the notice of CPSEs under their respective administrative control.

[DPE O.M. No. 18(6)/98-GM Dated 24th April, 2018]

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(i) Job description of Board level Posts

1. Prescription of qualification/experience for various Board level positions in PSUs.

A reference is invited to the Ministry of Personnel, PG & Pensions, Department of Personnel & Training O.M. No. 44011/8/2006-Estt. (B) dated 22nd April, 2008 on the subject mentioned above.

2. The issue of prescription of qualification/experience for various Board level positions in PSUs and laying down laying down norms to infuse more transparency and objectivity in the PESB selections have further been considered by the Government and it has been decided that the Administrative Ministry concerned may, in consultation with the different PSUs under the their control. Once the recruitment norms are finalized, such norms should have validity for a minimum period of 5 years. The finalised eligibility criteria should be open for the information of the general public.

3. In case of any disagreement or dispute between the PESB and the Administrative Ministry in relation to finalization of eligibility conditions, the matter should be referred to ACC for final orders.

4. All administrative Ministries/Departments are again requested to take note of the above decision for necessary action.

[DPE OM No. 18(21)/2005-GM Dated 18th September, 2008]

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2. Prescription of qualification/experience for various Board level positions in PSUs.

A reference is invited to the Ministry of Personnel, PG & Pensions, Department of Personnel & Training O.M. No. 44011/8/2006-Estt. (B) dated 2nd February, 2009 on the subject mentioned above (copy enclosed for ready reference).

2. As intimated by DOPT vide their aforementioned O.M., the appointments committee of cabinet (ACC) has directed that all Ministries should review/update/formulate recruitment norms and qualification for various Board level posts in CPSEs. In accordance with the directions of ACC, all administrative Ministries/Departments had been requested to initiate action for reviews, updation/finalization of recruitment rules (RR) for Board level positions in PSUs and furnish the status report in this regard to DOPT with a copy to DPE and PESB by 15.4.2009.

3. All administrative Ministries/Departments are again requested to take immediate steps to comply with the directions of ACC and submit the status report in this regard by 15.4.2009.

[DPE OM No. 18(21)/2005-GM Dated 8th April, 2009]

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3. Prescription of qualification/experience for various Board level positions in CPSEs.

The undersigned is directed to refer this Department's O.M. of even number dated 8th April, 2009 and Department of Personnel & Training O.M. No. 44011/8/2006-Estt.(B) dated 2nd February, 2009 (Copy enclosed) on the subject mentioned above intimating the direction of ACC that all Ministries should review/update/ formulate recruitment norms and qualifications for various Board level posts in CPSEs. In accordance with the directions of ACC, all administrative Ministries/Department were requested to initiate action for reviewed updation finalization of recruitment rules (RR) for Board level position in PSUs and furnish the status report in this regard to DOPT with a copy to DPE and PESB by 15.4.2009.

2. This Department has so far received the status report from only a few administrative Ministries/ Departments. The Department of Personnel & Training have also expressed concern over the lack of action on the part of the administrative Ministries/Departments in this regard.

3. All administrative Ministries/Departments are, therefore, again requested to take immediate steps to comply with the above decision of ACC and take up action for review/updation/formulation of recruitment rules (job description, qualifications and recruitment norms) for various Board level-posts in respect of CPSEs under their administrative control. A status report in this regard may also be furnished to this Department with a copy to PESB and DOPT by 3.7.2009.

[DPE OM No. 18(21)/2005-GM Dated 24th June, 2009]

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4. Prescription of qualification/experience for various Board level positions in CPSEs.

The undersigned is directed to refer this Department's O.M. of even number dated 18th September, 2008; 8th April, 2009 and 24th June, 2009 (Copies enclosed) on the subject mentioned above.

2. The above matter was considered by Committee of Secretaries (COS) in their meeting held on

29th October, 2010. The COS observed that "the Ministries are yet to update/frame the qualifications/experience/ job description in consultation with DPE/PESB. In case of disagreement, the matter is to be referred to DoPT. It was mentioned that as per present procedure, only when the vacancy is intimated by the concerned Ministry to the PESB, PESB initiates the process to examine the qualification and eligibility norms of the post and decide at that stage in consultation with CPSE concerned whether any change is required in eligibility criteria. It was felt that the delay in filling up the vacant post due to this process needs to be avoided. It was thus decided that the DPE and PESB may again write to all Ministries/Departments to complete this process within a period of six months. Once the qualifications/experience/job descriptions for various posts are finalized by the Ministries/Departments, the same would be applicable for a period of five years, thereby dispensing with the need to review them each time a vacancy arises. PESB would also take steps to upload qualifications/experience/ job descriptions for various posts on their website for purpose of information.

3. All administrative Ministries/Departments are, therefore, again requested to take immediate steps to comply with the above decision of COS and take up action for review/updation/formulation of recruitment rules (job description, qualifications and recruitment norms) for various Board level-posts in respect of CPSEs under their administrative control. A status report in this regard may also be furnished to this Department with a copy to PESB and DOPT at the earliest.

[DPE OM No. 18(23)/2005-GM Dated 24th February, 2010]

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(j) Non-official Directors

1. Vigilance clearance in respect of non-official Directors of Public Sector Enterprises.

The existing stipulations and procedures relating to the requirement of vigilance clearance for non-official part-time Directors to be appointed on the Boards of public sector enterprises have been causing practical problems in the induction of professionals of high repute on such Boards.

2. In view of the above, it has now been decided that it would no longer be necessary to obtain the vigilance clearance and integrity certificate as currently prescribed. Instead the nominees would henceforth be required to furnish a declaration in the prescribed format, which is to the effect that they do not suffer from any of the disqualifications in terms of Section 274 or to other relevant provisions of the Companies Act for holding a Directorship, and that they are not facing any charge of, nor have they ever been convicted for, any act of moral turpitude or an economic offence.

3. All the administrative Ministries/Departments are requested to take note of the above decisions of the Government and follow the revised procedure with immediate effect.

DECLARATION

(For Non-official part-time Directors on the Boards of Public Sector Enterprises)

I é é é é é é é é é é é é é son of é é é é .....é é é .. and resident of é é é é é …é é é é é é é é é é é é é é é é é é é hereby certify that I have not been disqualified to act as a Director under Section 274 or any other relevant sections of the Companies Act, 1956.

2. I also certify that I am not facing any charge of, nor have ever been convicted for, any act of moral turpitude or economic offence.

Signatureé é é é é é é é é ..

Nameé é é é é é é é é é

Designation/Occupationé é é é é é é é
Dated the é é é é ..... day é é é é é é é . of é é é é é é é 19 é é é
Witness:- 1) é é é é é é é é é é
2) é é é é é é é é é é

[DPE O.M. No.18 (3)/97-GM Dated 10th October, 1997]

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2. Induction of non-official (independent) Directors on the Boards of Public Sector Enterprises (PSEs)

The undersigned is directed to refer to this Department's O.M. No. 18(6)/91-GM dated 16.3.1992 and O.M. No. 18(6)/2000-GM dated 26.11.2001 on the subject mentioned above wherein it was, inter alia, provided that at least one-third of the Directors on the Board of a PSE should be non-officials and in the cases of listed companies headed by executive Chairman at least half of the Directos should be independent Directors. This Department has also issued guidelines containing the criteria for appointment of non-official independent Directors vide O.M. No. 18(10)/2003-GM dated 11.3.2004 as amended on 10.11.2005.

2. The Secretary, Department of Public Enterprises in his D.O. letters of even number dated 1.12.2004 and 16.12.2004 emphasized the need for induction of adequate number of independent Directors on the Boards of all PSEs. It was also mentioned therein that proposals, complete in all respects, should be sent to DPE so that panel of independent Directors may be prepared for each PSE. In the D.O. Letter No. 18(8)/2005-GM dated November 11, 2005 addressed to Secretaries of different Ministries, the need for compliance with the SEBI guidelines appointment of independent Directors in listed companies by 1.1.2006 was emphasized.

3. The Search Committee, which selects independent Directors for Navratna and Miniratna PSEs, has desired that immediate steps may be taken to fill up the vacancies of independent Directors. The Committee has further desired that proposals for selection should be placed before it at least six months in advance of the date of occurrence of vacancies.

4. In case there is any difficulty in identiying eligible persons for consideration, names can be drawn from the data bank maintained by this Department. The data bank is available on DPE website: www.dpe.nic.in.

5. As this issue has gained considered importance in the recent past and a number of questions are ofter raised in the Parliament as well, it is requested that immediate action may be taken to fill up the posts of indenpendent Directors. The position indicating the number of vacancies of independent Directors in each PSE and the steps taken for filling up the vacancies may kindly be intimated to this Department at your earliest convenience.

[DPE O.M. No. 9(32)/2004-GM-GL-76 Dated 9th December, 2005]

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3. Appointment of non-official part-time Directors on the Board of Central Public Sector Enterprises (CPSEs)

The undersigned is directed to the subject mentioned above and to state that Appointments Committee of Cabinet (ACC) while considering a proposal for appointment of non-official Director on the Board of a CPSE observed as under.

(i) The presence of two persons wth similar backgrounds on the Board of a CPSE, being

superfluous, reflects on poor scrutiny, on the part of the sponsoring authority, and also in the selection/screening procedures.

(ii) All future proposals for appointment of non-official part-time Directors on the Boards of CPSEs should be accompanied with a brief background/details of the existing non-offical Drectors on the Board.

2. The above directions of the ACC may be noted for compliance and future guidance.

[DPE O.M. No. 9(32)/2004-GM Dated 28th December, 2006]

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4. Professionalisation of Boards of Central Public Sector Enterprises (CPSEs) - recommendations of Department related Parliamentary Standing Committee on Industry reg.

The undersigned is directed to state that in its 221st Report on Action Taken Report on its 216th Report of the Department-related Parliamentary Standing Committee on Industry had made further recommendation on the subject mentioned above, which is reproduced as under:

"The Committee had taken into account the fact that the Government had laid down certain criteria for the appointment of non-official Directors on the Boards of CPSEs. But what the Committee would like to reiterate is that if persons from the categories of Scheduled Castes, Scheduled Tribes, and OBC and women categories come forward with the above mentioned criteria, they should be given preference. There by the Committee wants to re-emphasis the need for representation of these categories in the Board of CPSEs."

2. The above recommendation was considered by the Department of Public Enterprises (DEP) and it has been decided to communicate the concern expressed by the Committee to all the administrative Ministries/ Departments, since the proposals for appointment of non-official Directors on the Boards of CPSEs are initiated by the administrative Ministries/Departments.

3. All Administrative Ministries/Departments are requested to take note of the above recommendation of the Department-related Parliamentary Standing Committee on Industry for further necessary action in this regard.

[DPE OM No. 2(15)/2011-GM Dated 18th April, 2011]

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5. Criteria for the persons who can be considered for appointment as non-official Directors on the Boards of CPSEs.

The undersigned is directed to state that the Department of Personnel & Training (DOPT) vide its O.M. No. 13 (15)EO/2007/(ACC) dated 1.9.2010 while communicating the decision of ACC regarding eligibility criteria as well as the process of selection and appointment of non-official Directors on the Boards of CPSEs, has *inter-alia* intimated as under.

"Serving CEOs and Directors of private companies listed on the Stock Exchanges may also be considered for appointment as part-time non-official Directors (NoDs) on the Boards of CPSEs, if suitable former CEOs or professionals below Board level Enterprises and the administrative Ministry/Department shall ensure that there is no conflict of interest on appointment of such serving CEOs as part-time NoDs on the Board of the concerned PSU. Even a subsequent situation of conflict should be brought to the notice of the CPSE and the NoD concerned should immediately resign from the Board."

2. The non-official Directors are appointed on the Boards of CPSEs by the concerned administrative Ministries/Departments after ensuring that there would be no conflict of interest on such appointment.

3. All administrative Ministries/Departments are requested to ensure strict compliance with the above direction of ACC and bring the same to the notice of all non-official Directors appointed on the Boards of CPSEs under their respective administrative jurisdiction for their information and compliance.

[DPE OM No. 9(32)/2004-GM Dated 24th August 2012]

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6 **Role & Responsibilities of non-official Directors on the Boards of Central Public Sector Enterprises (CPSEs).**

The undersigned is directed to state that the appointment of non-official Directors on the Boards of CPSEs has been one of the major initiatives undertaken by the Government in the context of policy for Professionalization of Boards of CPSEs. The presence of non-official Directors on the Board is considered important for sound Corporate Governance as their significant and constructive role is essential for smooth and transparent functioning of the company as well as its Board. In the above background and the fact that defining the roles and responsibilities of Directors leads to a transparent environment of decision making and fulfilling their assigned responsibilities in an effective and efficient manner by the non-official Directors would greatly contribute to protecting and building stakeholders' confidence, this Department has taken the initiative to draft Model Role & Responsibilities for non-official Directors on the Boards of CPSEs.

2. The above task was assigned to the Institute of Chartered Accountants of India (ICAI) and in a consultative process involving obtaining views of relevant stakeholders, the Model Role & Responsibilities for non-official Directors on the Boards of CPSEs has been finalized and a copy of the same is enclosed.

3. The Model Role & Responsibilities for non-official Directors would be reviewed in the light of experiences gained and brought in line with the relevant provisions of Companies Bill, 2011 as and when it is passed by the Parliament.

4. All the administrative Ministries/Departments are requested to bring the contents of this O.M. to the notice of CPSEs under their administrative control and also non-official Directors appointed on the Boards of such CPSEs for their information and compliance with intimation to this Department.

MODEL ROLE AND RESPONSIBILITIES OF NON-OFFICIAL DIRECTORS OF CENTRAL PUBLIC SECTOR ENTERPRISES (CPSEs)

I. **ROLE AND FUNCTIONS:**

The non-official directors shall:

1. help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments, Corporate Social Responsibility, Sustainable Development and standards of conduct;

   Being totally independent of the company or its management, provide a candid view of the faults or shortcomings of the company's plans and suggest measures for improvement.

2. bring an objective view in the evaluation of the performance of board and management;

3. scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;

4. facilitate quality standards for products and services of the company that should meet the national/international standards;

5. satisfy themselves on the integrity of financial information and that the financial controls and the systems of risk management are robust and defensible;

6. add value to the decision making process of the Board of Disrectors by giving positive inputs and constructive criticism, wherever required;

7. safeguard the interests of all stakeholders, particularly the minority shareholders;

8. SEPARATE MEETINGS:

   (1) The non-official directors of the company shall hold at least one meeting in a year, without the attendance of Functional and Government directors and members of management;

   (2) All the non-official directors of the company shall strive to be present at such meeting;

   (3) The meeting shall:

   (a) review the performance of Functional and Government directors and the Board as a whole;

   (b) review the performance of the Chairperson of the company, taking into account the views of all the directors;

   (c) assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

9. balance the conflicting interest of the stakeholders;

10. moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest;

11. facilitate sustainable development of the company;

12. encourage in adopting green rechnologies and resource conservation practices by the company;

13. help in determining appropriate levels of remuneration as per Chapter 5 of the Guidelines on Corporate Governance for CPSEs 2010;

II. **DUTIES:**

The non-official directors shall:

1. undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;

2. seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;

3. strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;

4. participate constructively and actively in the committees of the Board in which they are chairpersons or members;

5. strive to attend the general meetings of the company;

6. where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;

7. keep themselves well informed about the company and the external environment in which it operates;

8. not use confidential information acquired in the course of their service as Non-official Directors for their personal advantage or for the advantage of any other entity;

9. keep the Board informed in an appropriate and timely manner any information in the knowledge of the member which is related to the decision making or is otherwise critical for the company;

10. not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;

11. pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;

12. furnish a report to the board about their role & contribution during the year. This will inculcate accountability in their working & will enhance their contributions;

13. report concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy;

14. acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;

15. not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price. sensitive information, unless such disclosure is expressly approved by the Board or required by law.

16. ascertain and ensure that the company has an adequate and functional vigil mechanism and ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;

17. be acquainted with the applicable laws and understand that the Liability may arise, where a company violates any law and shall get a list of applicable laws to the company and understand the penal provisions for contraventions under those laws.

18. not be a member on more than ten Committees/sub-Committees of the Boards and shall not act as Chairman of more than five Committees/Sub-Committees of the boards across Boards

	of CPSEs companies in which he/she is a Director. Furthermore, each non-official Director should inform the company about the Committee/Sub-Committee position he/she occupies in other companies and notify change(s) as and when they take place.

[DPE OM No. 16(4)/2012-GM Dated 28th December 2012]

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7. Eligibility criteria for persons to be considered for appointment as non-official Directors on the Boards of CPSEs.

The undersigned is directed to state that the Appointments Committee of the Cabinet (ACC) has approved the proposal for laying down a limit of not more than 10 private companies (with the existing ceiling of not more than 3 for CPSEs remaining unchanged), a person can hold directorship for being considered for appointment as non-official Director in a CPSE.

2. A copy of the revised eligibility criteria for persons who can be considered for appointment as non-official Directors on the Boards of CPSEs is enclosed. The enclosed criteria may be referred to while preparing the panel of names to be furnished to DPE for appointment of non-official Directors on the Boards of CPSEs and processing the recommendations of Search Committee for obtaining the approval of competent authority.

Criteria for selection/appointment of non-official Director on the Boards of CPSEs as laid down by the Government

(A) Criteria of Experience

(i) Retired Government officials with a minimum of 10 years experience at Joint Secretary level or above.

(ii) Persons who have retired as CMD/CEOs. of CPSEs and Functional Directors of the Schedule 'A' CPSEs . The ex-Chief Executives and ex-Functional Directors of the CPSEs will not be considered for appointment as non-official Director on the Board of the CPSE from which they retire. Serving Chief Executives/Directors of CPSEs will not be eligible to be considered for appointment as non-official Director on the Boards of any CPSEs.

(iii) Academicians/Director of Institutes/Heads of Department and Professors having more than 10 years teaching or research experience in the relevant domain e.g. management, finance, marketing, technology, human resources, or law.

(iv) Professionals of repute having more than 15 years of relevant domain experience in fields relevant to the company's area of operation.

(v) Former CEOs of private companies if the company is (a) listed on the Stock Exchanges or (b) unlisted but profit making and having an annual turnover of at least Rs. 250 crore.

(vi) Persons of eminence with proven track record from Industry, Business or Agriculture or Management.

(vii) Serving CEOs and Directors of private companies listed on the Stock Exchanges may also be considered for appointment as part-time non-official Directors on the Boards of CPSEs in exceptional circumstances.

(B) Criteria of Educational Qualification

Minimum graduate degree from a recognized university.

(C) Criteria of Age

The age band should be between 45-65 years (minimum/maximum limit) This could, however be relaxed for eminent professionals, for reasons to be recorded, being limited to 70 years.

(D) Reappointment

The non-official Directors, will not be re-appointed in the same CPSE after completing a maximum of two tenures, each tenure being for a period of three years.

(E) Appointment in number of CPSEs at the same time

One person will not be appointed as non-official Director on the Boards of more than three CPSEs at the same time.

(F) Directorship in private companies

A person being considered for appointment as non-official Director on the Board of CPSEs should ot hold directorship in more than 10 private companies.

[DPE OM No. 9(15)/2012-GM Dated 31st July, 2013]

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(k) Deputation / Lien

1. Policy for retention of lien on appointments below the board level in the case of individuals selected and appointed to board level positions in the public sector.

The undersigned is directed to say that the question of retention of lien on posts below the board level in the case of individuals selected and appointed to board level positions in the public sector was considered by the Government in the background that there is no uniform policy among the PSEs in this regard. At present, the individual enterprises decide such cases in accordance with their own rules and/or specific requirements. As a result while some PSEs permit retention of lien for periods even beyond 7 years, other PSEs do not permit lien at all.

2. It has now been decided that a uniform policy should be followed by all the PSEs in regard to retention of lien of their employees when selected and appointed to board level posts in the same PSE or in any other Central PSE. Accordingly, the public sector enterprises should permit retention of lien for a period not exceeding three* years to their employees holding posts below board level when they are appointed to posts at the board level within the same PSE or in any other Central PSE. The lien will automatically stand terminated at the conclusion of the three* year period. This decision will have prospective effect only.

3. To ensure that all PSEs follow this policy uniformly, it is necessary that the concerned administrative Ministry/Department issues appropriate directives to PSEs under the relevant clauses of the Articles of Association or the relevant provisions of the Acts creating the statutory Corporation, as the case may be.

4. All the Administrative Ministries/Departments are, therefore, requested to issue Presidential Directives as per draft enclosed (annexure) to all the PSEs under their control to give effect to the above mentioned policy regarding retention of lien. A copy of the directive issued may be sent to DPE.

ANNEXURE

Draft Directive to be issued by the administrative Ministries/ Departments to the Central Public Sector Enterprises under their control regarding retention of lien.

At present there is no uniformity among the public sector enterprises in regard to retention of lien of their employees below board level when they are selected and appointed to posts at the board level. The

question of retention of lien is presently decided by the respective PSEs in accordance with their own rules and/or requirements. The Government has, therefore, considered the question whether a uniform policy should be followed by all PSEs in the matter of retention of lien on the post below the board level when en employee of the PSE is selected and appointed to a board level post in the same enterprise or in any other Central PSE and, if so, the period for which such lien should be retained.

2. In exercise of the powers conferred by Article é é é . of Articles of Association of é é /Section* é é of the é é Act setting up é é (name of the PSE), the President is pleased to direct that the é é é é é é é é (Name of PSE) should permit retention of lien for a period not exceeding 3 years to its employees holding posts below the board level when they are appointed to posts at the board level within the same PSE or in any other Central PSE.

(DPE OM No.23(9)/93-GM Dated 31st January, 1994)

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2. Deputation abroad of officials of the Public Sector Undertakings (PSUs)—Instructions Regarding

In accordance with the existing instructions, the Central Government officials while on tour abroad are entitled to daily allowance for journeys on duty in various countries as per the rates fixed from time to time by the Ministry of External Affairs. Normally, accommodation for such officials is arranged in approved hotels by the Embassy/High Commission concerned in the country of visit; such facility is not available to officials of PSUs. Actual expenditure on room rent is reimbursed to MEA by the concerned ministry from their approved foreign travel budget in accordance with the normal procedure laid down for the purpose. In respect of daily allowance which covers food etc., no accounts are required to be rendered by the officials.

2. The officials of the public sector undertakings are allowed daily allowance in accordance with the rates and guidelines laid down by the Reserve Bank of India from time to time applicable to all persons except Government servants. This consolidated amount is to cover daily allowance, hotel accommodation and other contingent expenditures. No arrangement for accommodation is being made by the Embassies for PSU employees.

3. The question of bringing about economy in expenditure on foreign travel of the officers of the Public Sector Undertakings has been under consideration of the Government for some time past.

4. It has now been decided that the consolidated amount allowed by RBI guidelines, would cover room rent, taxi charges, entertainment (if any), official telephone calls and other contingent expenditure and daily allowance PSU employees should render accounts on return from tour for all items, other than daily allowance which normally covers food etc. as per MEA rates for each country. Any surplus after calculation of the expenditure incurred (after including daily allowance) for the tour as a whole shall be refunded to the PSUs.

5. The Government nominee Directors in the Boards of Public Sector Enterprises shall be governed by the Government rules and procedures in matters relating to foreign tours (as per Department of Expenditureôs OM No. 19045/1/E-IV/93 dated 12.2.93) and rendering of expenditure accounts etc.

6. The above guidelines may kindly be brought to the notice of all PSUs under the administrative control of your Ministry/Department for adoption by the Board of Directors of every PSU.

Reference is invited to the Office Memorandum of even number dated 20thSeptember, 1995 on the above mentioned subject vide which the decision of the Government in respect of the procedures to be followed in the matter of deputation of Public Sector executives abroad, was communicated. In addition to the procedures and the requirements as communicated in the earlier office memorandum, the Government has also decided that the foreign visits of the officers of the Public Sector Enterprises may be monitored by the Board of Management of the respective enterprises. For monitoring such visits of public sector executives, it would thus

be necessary that an effective monitoring mechanism be devised by the respective Boards for the foreign visits of the officials of PSUs. Such mechanisms may be as per the respective requirements of the enterprises. Foreign visits reports of executives may also form a regular agenda for information at the Board meetings of the PSUs.

2. The above instruction may kindly be brought to the notice of all the public enterprises under the administrative control of the different Ministries/ Departments for adoption by the Board of Directors of the PSUs. The Ministries may advise the PSUs to frame the monitoring mechanism as per the specific requirements of the enterprises concerned.

[DPE OM No. 2(41)/93-DPE (WC) Dated 20th September, 1995]

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3. Policy for retention of lien on appointments below the board level in the case of individuals selected and appointed to board level positions in the Public Sector.

The undersigned is directed to refer to this Departmentôs OM No. 23(9)/93-GM dated 31.1.1994 on the subject.

2. In modification of the above, the Government has decided that the maximum period for which retention of lien to be permitted in the case of below board level employees of Public Sector Enterprises on their selection and appointment to board level posts in the same or any other Central Public Enterprises will be 5 years.

3. All the Administrative Ministries/Departments are, therefore, requested to advise the PSEs under their administrative control to comply with the above decision of the Government.

[DPE OM No. 23/19/98/GL-014/DPE (GM) Dated 13th January, 1999]

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4. Deputation of Government Officers to posts in public sector undertakings – Review of Policy.

The undersigned is directed to refer to this Departmentôs O.M. No. 5(25)/83-BPE(PESB) dated 6.3.1985 and O.M. No. 18(4)/98-GM-GL-26 dated 26.6.2000 on the subject mentioned above. As per policy laid down therein, deputation of Government officers including those belonging to Defence Services to posts (whether Board-level or below Board-level) in Central Public Sector Enterprises (CPSEs) is not permitted. Government officers could join posts in CPSEs only on immediate absorption basis. This policy also applies to employees of one CPSE joining other CPSEs regardless of the level of the post involved. These OMs had also provided for relaxation of the policy in respect of certain categories of posts in CPSEs.

2. The Government have since reviewed the policy and decided that the existing ban on deputation to posts in CPSEs should continue.

3. However, deputation may be permitted in the following cases:-

(i) Posts of Chief Executives and Regional/Zonal Chiefs of CPSEs who require continuous liaison and co-ordination with the State Governments and where the expertise acquired in the State Government is needed for organizational efficiency. The list of CPSEs in which the posts of Chief Executives and Regional/Zonal Chiefs could be exempted, should remain restricted and should not normally be enlarged. Such list shall be drawn up by Department of Public Enterprises (DPE) with the approval of ACC separately.

(ii) Posts of Chief Vigilance Officers in CPSEs.

(iii) Posts of Chief Security Officers and others in Security set up of CPSEs, subject to the following conditions:-

(a) Security personnel, other than Chief Security Officer, will not be taken on deputation where the Central Industrial Security Force (CISF) is deployed.

(b) Where CISF is not deployed to provide security services, the Directorate General, Resettlement (DGR) should be approached for meeting security requirements, as provided in DPE O.M. No.6/22/93/GL-15/DPE(SC/ST) dated 1.2.1999, as amended from time to time.

(c) Where CISF is not deployed and protection from specialized forces other than DGR sponsored security agencies is required, personnel of the rank of Inspector and below from Central Police Organizations like CRPF and CISF, Railwayôs Protection Forces like RPF/RPSF and State Police and State Armed Police may be taken on deputation for providing Security to vital installations like refineries, pipelines, power plants, metro rails etc.

(d) Security personnel taken on deputation from specialized forces will not be deployed in the corporate/administrative offices or the residential areas of CPSEs.

4. The criteria for exemption of any particular category of posts from the ñRule of immediate absorptionò should be non-availability of suitable persons for particular posts. All attempts should be made to fill up the post on a regular basis. The option for filling up of a post on deputation should be used as an exception when all other avenues have been exhausted.

5. The number of posts to be exempted will be decided in each PSE on a case-to-case basis with the concurrence of DPE. DPE, while agreeing to exemption, would keep the criteria in para 4 above in mind.

6. Exemptions of posts in CPSEs, which are not covered under the categories mentioned in para 3 above, from the rule of immediate absorption have to be obtained from the Department of Public Enterprises, on a case to case basis, by the administrative Ministry/Department concerned, as provided in Ministry of Personnel, Public Grievances & Pensions (Department of Pension & PensionersôWelfare) O.M. No.4/10/2005-P&PW(D) dated 25.4.2005.

7. The period of deputation shall not exceed 5 years in the case of Board level posts and 3 years in the case of below Board level posts. However, the tenure of officers of organized services appointed to posts in Public Sector Enterprises should be the same as the tenure that would be permissible in their cases on their deputation to the Centre.

8. The above decisions would apply to all CPSEs including those under the Ministry of Railways.

9. For below Board level posts, DPE, with the approval of ACC, may evolve suitable guidelines for sectors/technical departments looking to their specific requirements.

10. All administrative Ministries/Departments are requested to take note of the above decisions and also to bring the same to the notice of the CPSEs under their administrative control for strict compliance by all concerned.

[DPE O.M. No. 18(6)/2001-GM-GL-77 Dated 28th December, 2005]

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(l) APAR/ACR Matters

1. Maintenance and preparation of Annual Performance Appraisal Reports — communication of all entries for fairness and transparency in public administration

The undersigned is directed to refer this Departmentôs O.M. of even no. dated 18th October, 2005 regarding performance appraisal of top management incumbents of CPSEs, wherein it has been, *inter alia,* provided that all adverse entries recorded in the Annual Performance Appraisal (APR) of an officer should be communicated to the concerned officer (para 6 of DPE O.M. dated 18.10.2005)

2. The issue of communication of entries in the APR has been considered by Supreme Court in the case of Shri Dev Dutt Vs. Union of India (Civil Appeal No. 7631 of 2002). In their judgement dated 12.5.2008, the Supreme Court has observed that ñwhen the entry is communicated to him the public servant should have a right to make a representation against the entry to the concerned authority, and the concerned authority must decide the representation in a fair manner and within a reasonable period. We also hold that the representation must be decided by an authority higher than the one who gave the entry, otherwise the likelihood is that the representation will be summarily rejected without adequate consideration as it would be an appeal from Caesar to Caesar. All this would be conducive to fairness and transparency in public administration, and would result in fairness to public servants. The State must be a model employer, and must act fairly towards its employees. Only then would good governance be possible.ò It has been further mentioned in the judgement that the above directions will, *inter alia,* be applicable to the employees of Public Sector Corporations.

3. In compliance of the above referred judgement of Supreme Court, the Government has issued instructions to the effect that full Annual Performance Appraisal Report (APAR) including the overall grade shall be communicated to the concerned officer. It has also been provided that the concerned officer shall be given the opportunity to make any representation against the entries and final grading given in the report. A copy of the O.M. dated 14.5.2009 issued by Department of Personnel & Training in this regard is enclosed.

4. Keeping in view the directions of the Supreme Court and the decision of the Government to make the Performance Appraisal system more consultative and transparent, it has been decided that the above instructions issued by DOPT shall be made applicable for CPSEs also. Para 6 of the DPE O.M. dated 18.10.2005 will deem to have been amended to that extent.

5. All Administrative Ministries/Departments are, therefore, requested to take note of the contents of the DOPT O.M. dated 14.5.2009 and ensure all CPSEs under their respective administrative control comply with the provisions of the afore-mentioned O.M. issued by DOPT.

[DPE OM No. 5(1)/2000-GM Dated 28th May, 2009]

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2. Annual Performance Appraisal of top management incumbents of Central Public Sector Enterprises (CPSEs) from the year 2010-11.

This is regarding the Annual Performance Appraisal of top management incumbents of Central Public Sector Enterprises (CPSEs). It may be recalled that the guidelines for writing Performance Appraisal Report (PAR) of top management incumbents of CPSEs who do not belong to any organized service of the Central or State Governments were prescribed vide DPE O.M. No. 5(1) 2000-GM-GL-71 dated 18th October, 2005. Since then significant developments have taken place in the field of Human Resoruce Development and Performance Management, viz. bringing all CPSEs under the ambit of the MOU system, introduction of Performance-related Pay (PRP) for executive in CPSEs and introduction of new performance appraisal formats/

rules for All India Service Officers. In view of the above developments, a need was felt for setting up of a robust and transparent performance management system in CPSEs.

2. In the above background, the existing format and procedure of writing PARs of the top management incumbents of CPSEs were reviewed by an Inter-Ministerial Committee set up by Department of Public Enterprises. As recommended by the Committee, therevised procedure and guidelines for writing PARs of Chief Executive, Functional Directors, Executive Directors (E9) and General Managers (E8) of CPSEs are enclosed for **adoption by all CPSEs from the year 2010-11 onwards.** The salient features of the revised guidelines are also enclosed for your ready reference.

3. You may like to take necessary steps to ensure that all CPSEs under the administrative jurisdiction of your Ministry/Department comply with the revised Guidelines. The concerned CPSEs may be directed to nominate a suitable officer as the Nodal Officer for ensuring compliance with the prescribed guidelines As prescribed under the revised Guidelines, suitable nodal officer in your Ministry/Department (concerned Joint Secretary incharge of Administration) may also be nominated under.

4. I would be grateful if this Department could be apprised of the action taken in respect of your Ministry/ Department. This would enable us to monitor the timely completion of the Performance. Appraisal exercise in respect of top management incumbents in CPSEs.

Salient Features of the revised Guidelines on writing Performance Appraisal Reports (PARs) of Cheif Executives, Functional Directors,Executive Directors (E9) and General Managers (E8) 0f CPSEs

1. Format of PAR :- There would be a common format for Chief Executives, Functional Directors, Executive Directors (E9) and General Manager (E8) (page 10 to 25).

2. **Components of PAR and their relative weights:-** The proposed Weightage for Achievement of MOU targets (as determined by DPE), individual targets, personal attributes and functional competencies for all the 3 levels of top management incumbents of CPSEs would be as under.

Designation	Weightage			
	MOU target	Individaul flowing target from MOU targets	Personal attributes and functional competencies	Total
Chief Executive	75	-	25	100
Functional Directors	40	35	25	100
Executive Directors (E9) & General Manager (E8)	25	50	25	100

3. Time Schedule:- A detailed time schedule for each and every one every process of the Performance Appraisal exercise has been laid out so that the exercise is completed within one year the Reporting Year. (Table 2, Page 5 and 6).

4. Channel of submission :- The channel of submission of PAR hasbeen recomended in a tabular from so that it is clear and unambiguous (Table 1, Page 2). However, the Administrative Ministries, with the Concurrence of DPE, can make modification(s) in the prescibed channel.

5. Monitoring of PAR process :- The PAR process would be monitored closely so that everybody involved in the process adheres to the prescribed time schedule. For the purpose of close monitoring of the performance Appraisal exercise, CPSEs and the administrative ministries/department will nominate their senior officers as Nodal officers whose responsibilities are listed at page 6.

6. Additional Information to be recorded in APR :- The views of superior on the integrity of their subordinates would be recorded while assessing the performance of the executives. The information regarding (i) annual medical examination, (ii) filing of annual property return, (iii) training programme(s) attended, (iv) additional qualification acquired and (v) award/ honours conferred in respect of officer reported upon would now be furnished in the PAR.

7. Grading of executives :- It may also be insured that bell Curve approach is followed in grading the executive of CPSEs so that not more than 10%-15% executives are graded as Outstanding/ Excellent (PAR score of 1.00-1.50).

8. While the prescribed PAR From, guidelines and procedure are to be treated as "Core elements" of the Performance Management System in all CPSEs, in order to accomodate Existing robust performance management practices, and future Requirements unique to some CPSEs, the Boards of CPSEs may supplement the contents in the enclosed PAR From, Under intimation to DPE and their administrative Ministry/Depatment, without losing any of its Features.

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Procedure and guidelines for writing Performance Appraisal Report of Chief Executives, Functional Directors, Executive Directors (E9) and General Managers (E8) of Central Public Sector Enterprises (CPSEs)

1. Definitions:

a) **Accepting Authority:** Accepting Authority is the authority, which supervises the performance of Reviewing Authority and Reporting Authority and is responsible for the actions of the officer reported upon.

b) **Board level Executive :** Board level executives include the Chief Executive and the Functional Directors of the CPSE.

c) **Chief Executives:** Chief Executive of the CPSE means the head of the CPSE having substantial powers called by whatever name including Executive Chairman, Chairman and Managing Director and Managing Director.

d) **Nodal officer:** Nodal officer refers to a senior officer nominated as such by the CPSE or the Administrative Ministry/Department concerned to coordinate the activities relating to Performance Appraisal exercise for its smooth completion.

e) **PAR Repository Authorities:** PAR Repository Authorities are those authorities that have been designated by the CPSE, Administrative Ministry/Department and Public Enterprises Selection Board (PESB) to keep the PARs of the top management incumbents of CPSEs in their custody.

f) **Reporting Authority:** Reporting Authority is the authority, which supervises the performance of the officer reported upon.

g) **Reporting year:** The reporting year of the PAR is the financial year i.e. from 1st April to 31st March.

h) **Reviewing Authority:** Reviewing Authority is the authority, which supervisers the performance of the Reporting Authority and supervisers the work of the officer reported upon through the Reporting Authority.

i) **Top Management incumbents:** Top management incubents include Chief Executives, Functional Directors, Executive Directors (E9) and General Managers (E8) of Central Public Sector Enterprises (CPSEs).

2. Applicability

These procedures are applicable to all Board level executives and Executive Directors (E9) and General Managers (E8) and other equivalent officers of CPSEs . The Performance Appraisal Reports (PARs) of Government officers on deputation to posts in CPSEs will be written in the formats prescribed by their respective Cadre Authorities and the procedure for writing the same will also be as prescribed by those Authorities. The PARs of Chief Vigilance Officers will be written on the instructions issued by Department of Personnel & Training. Further, unless otherwise specified, the term ôheô mentioned in these guidelines includes ôsheô also.

3. Authorities for initiation, review and acceptance of PARs for Top management incumbents of CPSEs

3.1 Table No. 1 below specifies the Reporting Authority, Reviewing Authority and Accepting Authorities in respect of Performance Appraisal Report (PAR) of the Chief Executives, Functional Directors, Executive Directors (E9) and General Managers (E8) of CPSEs.

Table No.1-Channel of submission of PAR

Sl. No.	Name of the officer whose PAR is to be written	Reporting Authority	Reviewing Authority	Accepting Authority	PAR Repository
I	**Holding Companies**				
i)	Executive Chairman	Secretary of the AM/D[1]	Minister-in-charge	Minister-in-charge	Original copy with the AM/D and one certified copy each with the Nodal officer of the CPSE and PESB
ii)	CMD[2]	Secretary of the AM/D	Minister-in-charge	Minister-in-charge	
iii)	MD[3]	Executive Chairman	Secretary of the AM/D	Minister-in-charge	-do-
		Secretary of the AM/D	Minister-in-charge		

[1]AM/D-Administrative Ministry/Department
[2]CMD-Chairman & Managing Director of the CPSE
[3]MD-Managing Director of the CPSE

Sl. No.	Name of the officer whose PAR is to be written	Reporting Authority	Reviewing Authority	Accepting Authority	PAR Repository
iv)	Functional Director	Executive Chairman	Secretary of the AM/D	Minister-in-charge	-do-
		CMD	Secretary of the AM/D	Minister-in-charge	
		MD	Executive Chairman Secretary of the AM/D	Secretary of the AM/D Minister-in-charge	
v)	ED[1] and other officers of equivalent posts (E9)				
a	In case the officer directly reports to Functional Director	Functional Director	Executive Chairman CMD MD	Executive Chairman CMD Executive Chairman or MD	Original copy with the Nodal officer of the CPSE
b	In case the officer directly reports to Executive Chairman	Executive Chairman	Executive Chairman	Executive Chairman	
c	In case the officer directly reports to CMD	CMD	CMD	CMD	
d	In case the officer directly reports to MD	MD	Executive Chairman MD	Executive Chairman MD	
vi)	GM[2] and other officers of equivalent posts (E8)				
a	In case the officer directly reports to ED	ED	Functional Director	Executive Chairman of CMD or MD	Original Copy with the Nodal officer of the Executive CPSE.
			Executive Chairman or CMD	Executive Chairman or CMD	
			MD	Executive Chairman or MD	
b	In case the officer directly reports to Executive Chairman	Executive Chairman	Executive Chairman	Executive Chairman	

[1]ED-Executive Director in CPSE.

[2]GD-General Manager in CPSE.

Sl. No.	Name of the officer whose PAR is to be written	Reporting Authority	Reviewing Authority	Accepting Authority	PAR Repository
c	In case the officer directly reports to CMD	CMD	CMD	CMD	
d	In case the Officer directly reports to MD	MD	Executive Chairman	Executive Chairman	
			MD	MD	
e	In case the oficer directly reports to Functional	Functional Director	Executive Chairman CMD	Executive Chairman CMD	
			MD	Executive Chairman or MD	
II	**Subsidiary Companies**				
i)	CMD	CMD or Executive Chairman of Holding Company	Secretary of the AM/D	Minister-in-charge	Original Copy with AM/D and one certified copy each with the Nodal officer of the CPSE and PESB
		MD of Holding Company	Executive Chairan of Holding Company or Secretary of the AM/D	Secretary of the AM/D or Minister-in-Charge	
ii)	MD	Executive Chairman/ CMD of Holding Company	Secretary of the AM/D	Ministry-in-charge	
		MD of Holding Company	Executive Chairman of Holding. Company or Secretary of the AM/D	Secretary of the AM/D or Minister-in-charge	
iii)	Functional Director	CMD/MD of subsidiary company	Executive Chairman or CMD of Holding Company	Secretary of the AM/D	-do-
			MD of Holding Company	Executive Chairman of Holding Company or Secretary of the AM/D	

Sl. No.	Name of the officer whose PAR is to be written	Reporting Authority	Reviewing Authority	Accepting Authority	PAR Repository
iv)	GM and other officers of equivalent posts (E8)				
a	In case the officer direictly reports to Functional Director	Functional Director	CMD	CMD	Original Copy with the Nodal officer of the CPSE
			MD	Executive Chairman or MD	
b	In case the officer directly reports to CMD	CMD	CMD	CMD	
c	In case the officer directly reports to MD	MD	Executive Chairman	Executive Chairman	
			MD	MD	

3.2 Notwithstanding the channel of Reporting, Reviewing and Acceptance mentioned in para 3.1 above, the administrative Ministry/Department may, in consultation with Department of Public Enterprises, adopt a different channel of submission of PAR on case by case for valid reasons.

4. **Schedule of commencement and completion of PARs:**

4.1 Table No.2 given below indicates the schedule of commencement and completion of Performance Appraisal exercise which should be strictly followed:ð

Table No.2 Schedule of commencement and completion of PARs

S.No.	Activity	Cut-off Date[1]
i)	Finalization of targets and relative weights by the Reporting Authority in consultation with the officer reported upon and sending a copy thereof to the Nodal officer for record	30th June
ii)	Nodal Officer will circulate one copy of blank PAR form to the officer reported upon specifying the Reporting, Reviewing and Accepting Authorities	30th September
iii)	Submission of the PAR form after appraisal by the Reporting reported upon to the Reporting Auhority under intimation to the Nodal officer	31st October
iv)	Submission of the PAR form after appraisal by the Reporting	15th November
v)	Submission of the PAR form after review by the Reviewing Authority to the Accepting Authority under intimation to the Nodal officer	30th November

[1]Cut-off date will be in the year following year for which PAR is written for S. No. (i) where the cut-off date mentioned is 30th June of the Reporting year. In case these dates fall on holidays, the cut-off date will be automatically extended to thenext working day.

vi)	Furnishing of the PAR form after appraisal by Accepting Authority to the Nodal officer	15th December
vii)	Disclosure of the PAR to the officer reported upon by the Nodal officer	31st December
viii)	Submission of representation, if any, by the officer reported upon to the Nodal officer	15th January
ix(a)	<u>If no representation is received:</u> The PAR as disclosed to the officer reported upon should be treated as final and forwarded to the concerned PAR Repository Authority by the Nodal officer	31st January
ix(b)	<u>If representation is received:</u> The Nodal officer shall put up the representation before the Accepting Authority for disposal in consultation with a committee of senior officers and with the Reporting/Reviewing Authority as may be required.	28th February
ix(c)	Nodal officer shall make necessary entries in Section VI of the PAR about the final decision of the Accepting Authority on the representation and disclose the same to the officer reported upon	15th March
ix(d)	Nodal officer will forward the completed PAR in original to the concerned PAR Repository Authorities and complete the process	31st March

5. Nomination of Nodal officer by CPSE/Administrative Ministry/Department

5.1 The Nodal officers nominated by the CPSE and the concerned administrative Ministry/Department should ensure that only one copy of the PAR form in respect of the Chief Executives, Functional Directors, Executive Directors and General Managers is circulated and filled up. They should also ensure that the PARs are duly completed as per the schedule given in para 4.1 and copies (hard as well as digital) of the PAR are made and certified by them. The Nodal officer should send the certified copies of the PAR to the concerned PAR Repository Authorities within the prescribed time. The Nodal officers for the Board level and below Board level executives are indicated in Table No.3 given below:

Table No. 3-Nodal officers for the Board level and below Board level executives

Particular of Post	Nodal officer
Board level Executives Chief Executives and Functional Directors	Joint Secretary looking after administration in the concerned administrative Ministry/Department
Below Board level Executives (E9 & E8) Executive Directors and General Managers	A senior officer of CPSE looking after the Human Resource/Personnel Administration Deptt. so designated by the concerned CPSE

6. Procedure for initiation, review and acceptance of PARs

6.1 Commencement of Performance Appraisal exercise: The performance appraisal should commence with the fixation of targets. The deliverables as well as relative weights in respect of each assigned tasks will be decided by the Reporting Authority after consulting the officer reported upon within two months from the start of the period of report. For example, for the year 2010-11, this work should be completed by 31st May, 2010. A copy of the approved targets as well as their relative weights should be sent to the Nodal officer by 30th June of the year of report by the Reporting Authority for record.

6.2 Nodal officer: The Nodal Officer shall, by 30th September of the year following the Reporting year, circulate one copy of PAR form after filling Section I to the officer reported upon specifying the Reporting. Reviewing and Accepting Authorities. The Nodal officers shall closely monitor the process of initiation and completion of PAR to that the remarks of the Reporting, Reviewing and Accepting Authorities are recorded without fail by the dates indicated in the schedule given in Para 4.1. In case the officer was on leave, training, ex-cadre foreign assignment for more than a year, the Nodal officer will record a certificate to the effect that no PAR is required to be written in respect of that officer for that period. Such a period shall be called ôNo Report Periodò and accordingly no PAR would be necessary for such period.

6.3 Officer reported upon: The officer reported upon shall forward his self-appraisal to the Reporting Authority before 31st October of the following year under intimation to the Nodal officer and keep a record of the same as evidence that he had submitted the same in time i.e. by 31st October.

6.4 Reporting Authority: The Reporting Authority should record his comments in the PAR and send it to the Reviewing Authority within the stiuplated time i.e. by 15th November under intimation of the Nodal officer. When the Reporting Authority retires or otherwise demits office, he may be allowed to give his report on his subordinates within a month of his retirement or demission of office. The Reporting Authority should have at least 3 months experience of the work and conduct of the officer reported upon before writing an assessment of the work of that officer. However, when there is no Reporting Authority having the requisite experience of 3 months or more during the period of report, the Nodal officer should indicate this in section III of the PAR.

6.5 Reviewing Authority: The Reviewing Authority should record his comments on the PAR of his subordinates forwarded to him by the Reporting Authority and send it to the Accepting Authority by 30th November under intimation of the Nodal officer. The Reviewing Authority can review the PAR of his subordinates within one month after his retirement or demission of his office.

6.6 Accepting Authority: The Accepting Authority shall within the timeframe specified in para 4.1, record his remarks on the PAR and forward it to the Nodal officer. Where the Accepting Authority has not seen the performance of the officer reported upon for at least three months during the period for which the PAR has been written, it will not be necessary for the Accepting Authority to accept any such report and an entry to this effect shall be made in the Performance Appraisal report by the Nodal officer. The Accepting Authority shall not accept any PAR after one month of his retirement from service or demitting office. Further, it is incumbent on the Accepting Authority to see whether the overall grade given to the officer by the Reporting/Reviewing Authority correspond with the pen picture given by them and in case they are different, he/she should harmonise them by suitable changing the overall grade.

6.7 Action plan to avoid delay in completion of the PAR process: In case the Reporting Authority fails to submit the PAR to the Reviewing Authority within the stiuplated period i.e. by 15th November, the Nodal officer shall immediately obtain a copy of the self-appraisal from the officer reported upon and send it directly to the Reviewing Authority and authorize him to initiate the PAR. The Nodal officer shall also

keep a note of the failure of the Reporting Authority to submit the PAR of his subordinate in time for making entry in Item No. 11 of Section I of the PAR of such Reviewing/Reporting. In case either the Reviewing authority or both the Reporting Authority and Reviewing Authority fails(s) to submit the PAR to the Accepting Authority within the stipulated period i.e. by 30th November, the Nodal officer shall immediately obtain a copy of the PAR of the officer reported upon with self appraisal and appraisal of the Reporting Authority, if available and send them directly to the Accepting Authority and request him to either review or óinitiate and reviewôthe PAR, as the case may be. The Nodal officer shall also keep a note of the failure of the Reporting or/and Reviewing Authority, as the case may be, to submit the PAR of his/ their subordinates in time for an appropriate entry in Item No. 11 of Section I of the PAR of such Reviewing/ Reporting Authorities. When the PAR of an officer of the CPSE reported upon is initiated by the Accepting Authority due to delay in initiation and review by the concerned authorities, it will not be necessary for him to review and accept such report. Similarly, when the PAR of an officer of the CPSE reported upon is reviewed by the Accepting Authority due to delay inreview by the Reviewing Authority, it will not be necessary for him to accept such report.

6.8 Comments on the integrity of the officer reported upon: The Reporting Authority is required to comment on the integrity of the officer reported upon. In recording remarks with regard to integrity, he/she need not limit him/herself only to matters relating to financial integrity but would also take into account any violation, by the concerned officer, of the code of conduct laid down by the Board of the CPSE or expected of him. The following procedure should be followed in filling up Column 8 relating to integrity: (i) If the Officerôs integrity is beyond doubt, it may be stated: (ii) If there is any doubt or suspicion, a separate secret not should be recorded and sent to the Reviewing Authority after recording this fact in the column relating to integrity. (iii) Where it is not possible either to certify the integrity or to record secret note, the Reporting Authority should state that he/she has not received anything against the officer. The Reviewing Authority will ensure that the follow up action is taken expeditioulsy.

6.9 The Reviewing Authority will ensure that the follow up action is taken expeditiously on the secret note if any submitted by the Reporting Authority. If, as a result of the follow up action, the doubts or suspicions are cleared, the integrity of the officer reported upon should be certified and an entry made accordingly by the Reviewing Authority in the Peformance Appraisal Report. If the doubts or suspicions are confirmed, this fact should also be recorded by the Reviewing Authority. If as a result of the follow up action, the doubts or suspicions are neither cleared nor confirmed, the officerôs conduct should be watched for a further period of one year and the outcome should be recorded in the Performance Appraisal Report by the Reviewing Authority. The Nodal officer shall communicate the final decision on the integrity of the officer reported upon to the officer concerned as well as the Reporting Authority.

7. Disclosure of the entries recorded in the PAR and disposal of the representation, if any, received from the officer reported upon

7.1 Once the PAR is completed, the Nodal officer shall be responsible for communicating the full Performance Appraisal Report including the overall grade and assessment of integrity, to the concerned officer by 31st December of the year following the year of report.

7.2 The concerned officer reported upon shall be given an opportunity to make a representation, if any, within a period of fifteen days from the date of receipt of the PAR against the entries and the final grading given in the PAR. While communicating the entires, it should be made clear that in case no representation is received within fifteen days, it shall be deemed that he/she has no representation to make. If the Nodal officer does not receive any representation from the concerned officer reproted upon, on or before fifteen days from the date of disclosure, the PAR will be treated as final. The representation shall be restricted to specific, observations contained in the report on the assessment of the achievements against targets, personal

attributes, functional competencies and integrity. A committee of three senior officers will be appointed by the Accepting Authority to advise him on the representation, if any, received from the officer reported upon. The Committee of officers will consider the representation received from the officer reported upon in consultation with the Reporting and/or Reviewing Authorities and submit their report to the Accepting Authority. The Accepting Authority shall decide the matter objectively based on the material placed before him within a period of 45 days from the date of receipt of the representation from the officer reported upon. The Accepting Authority after due consideration shall pass a self-contained, speaking order on the issue at hand. He may reject the representation or may accept and modify the PAR accordingly. The Nodal officer shall communicate to the officer reported upon, Reporting and Reviewing Authorities, the decision of the Accepting Authority and the final grading within fifteen days of its receipt and shall kept record thereof in Section VI of PAR form.

8. Maintenance of PARs

The completed PARs in original of all Chief Executives and Functional Directors of CPSEs shall be retained in the Administrative Ministry and a certified copy of the PAR shall be kept in the concerned CPSE and PESB. The completed PARs in original of all Executive Directors (E9), General Managers (E8) and their equivalent executives of CPSEs shall be retained in the concerned CPSE, Maintenance of a copy of PAR of all Board level executives will facilitate Public Enterprises Selection Board (PESB) in its task of selection of Board level executives in CPSEs.

9. Oversight of Performance Appraisal exereise by Department of Public Enterprises (DPE)

By 30th April of every year, PESB will share with DPE the status of completion of Performance Appraisal exercise in respect of all Board level executives for the year which is two years prior to the year of sharing of status report. Based on the report of PESB, DPE will take up the issue of incomplete or delayed PARs with the administrative Ministries/Departments for expediting the completion of the Performance Appraisal exercise.

ANNEX-II

PERFORMANCE APPRAISAL REPORT OF THE CHIEF EXECUTIVES, FUNCTIONAL DIRECTORS, EXECUTIVE DIRECTORS (E9) AND GENERAL MANAGERS (E8) OF CENTRAL PUBLIC SECTOR ENTERPRISES (CPSEs)

For the year/period from ð ð ð ð ð ð ð toð ð ð ð ð ð ð -

Each and every section of this form should be filled in by the concerned officer/authority after carefully reading the instructions attached to this form.

Section I - Basic information

(To be filled in by the Human Resource/Personel/Administration Department of the CPSE)

Recent photograph of the officer reported upon to be affixed

Personal Data of the officer reported upon

1. Name of the Officer reported upon: ð ð ð ð ð ð ð ð ð ð ð -ð ð ð ð ð ð ð ð ð ð ð
2. Employee Number: ð
3. Date of Birth: ð
4. Brief Academic & Prpfessional Qualifications: ð ð ð ð ð ð ð ð ð ð ð ð ð ð ð ð ð ð ð

6. (a) Date of First Public Enterprises Appointment :ð ð ð ð ð ð ð ð ð ð ð ð ð ð ð ð

(b) Scale of Pay of the Post on First Appointment :ð ð ð ð ð ð ð ð ð ð ð ð ð ð ð ð

7. Reporting, Reviewing and Accepting Authorities during the year

	Name & Designation	**Period worked**	
		from	**to**
Reporting Authority			
Reviewing Authority			
Accepting Authority			

8. Period of absence on leave, etc. during the year.

	Period	**Type**	**Remarks**
On Leave other than Casual Leave			
Others (specify)			

9. Qualification acquired and Training programmes attended during the year:

(a) Details of Qualification acquired during the year

S.No.	**Details of Qualification**	**Institution from which studied**	**Details of subjects studied and the marks obtained**

(b) Details of Training programme attended during the year

Date from	**Date to**	**Institute**	**Subject**

10. Awards/Honours received during the year

11. Number of officers for whom PAR was not written by the officer reported upon as Reproting/ Reviewing Authority for the Previous year

12. Date of filing the property return in the presecribed format (Appendix I) for the year ending 31st December,_____.

13. Date of last prescribed medical examination (for officers over 40 years of age). Please attach a copy of the summary of the medical report. (Suggested format of detailed and summary of the medical examination report is at Appendix II)

Signature:

Name & Designation of the officer of the Human Resource/Personnel/Administration Department

Date:

Section II-Self appraisal of the officer reported upon

1. Brief Description of responsibilities:

(Objectives of the position you hold and the responsibilities you are required to discharge, in about 100 words)

2. Annual work plan and achievement:

Tasks to be performed **I. MOU Targets** **II. Other key assigned tasks flowing from MOU**	**Weightage** *[3]	**Deliverables[1]** _	**Achievement[2]** *[4]
(i)			
(ii)			
(iii)			
(iv)			
(v)			
(vi)			
(vii)			
(viii)			
(ix)			
(x)			
Total (i to x)	*[5]		
III-Grand Total	75		

1. *Deliverables refer to quantitative or financial targets or verbal description of expected outputs. The deliverables and the weights for undividuals key assigned tasks will be decided by the Reporting Authority after consulting the officer reported upon within two months from the start of the period of report. The Reporting Authority shall send a copy of the details of the finally agreed key assigned tasks and their relative weights targets to the Nodal officer by 30th June.*

2. *Acutal achievements against the speficied deliverables in respect of each task. No explanation for divergences are to be given in this table.*

3. *The weightage for MoU targets is 75 for Chief Executives, 40 for Functional Directors and 25 for Executive Directors/General Managers.*

4. *The final MoU score based on audited accounts conveyed by DPE should be filled in this space.*

5. *The total weightage for other assigned tasks flowing from MoU is nil for Chief Executive, 35 for Functional Director and 50 for Executive Directors/General Managers.*

3. During the period under report, do you believe that you have made any exceptional contribution, *e.g.* successful completion of an extraordinarily challenging task or major systemic improvement (resulting in significant benefits to the Company and/or reduction in time and costs)? If so, please give a verbal description (within 100 words) :

4. What are the constraints that hindered your performance?

5. Please indicate specific areas of training that will add value to you:

For the Current assignment:
For your future career:

Note: Chief Executives and Functional Directors should send their updated CV, including additional qualifications acquired, training programmes attended, publications/special assignments undertaken to the Nodal officer of the CPSE as well as the Nodal officer of the Administrative Ministry once in 5 years so that updated records are available with them. However, the Executive Directors and General Managaers should send such information once in 5 years to the nodal officer of the CPSE only.

6. Declaration

Have you filed immovable property return in the prescribed format as due? If yes, please mention the date.	Yes/No
Have you undergone the suggest medical check up?	Yes/No
Have you set the annual work plan for all offiicers for the current year, the respect of whom you are the Reporting Authority?	Yes/No

Signature of the officer reported upon

Date:

Section III—Appraisal of the Reporting Authority (Please read the relevant instructions attached to this form before filling up this section

1. Please state whether you agree with the responses relating to the accomplishments of the work plan as filled out in section II. If not, please furnish factual details.

2. Please comment on the claim (if any) made by the officer reported upon about his exceptional contribution.

3. Has the officer reported upon met with any significant shortfall in achieving the targets? If yes, please furnish factual details.

4. Do you agree with the constraints mentioned by the officer reported upon that had hindered his performance and, if so, to what extent?

5. Do you agree with the competency up-gradation needs as indentified by the officer?

6. Assessment of the achievement made against the targets. *(This assessment should rate the officer vis-a-vis his peers and not the general population. Grades should be assigned on a scale of 1-5, in maximum of 2 decimal numbers, with 1.00 referring to the best grade and 5.00 ot the lowest grade. Weightage to his Section will be 75%).*

Particulars	**Weightage**	**Reporting Authority**		**Reviewing Authority**		**Initials of Reviewing Authority**
		Absolute grade	**Weighted grade**	**Absolute grade**	**Weighted grade**	
	(a)	**(b)**	**(c=axd)**	**(d)**	**(e=** ax d_	
I. MOU Targets	*[1]	*[2]				
II. Other key assigned tasks						
(i)						
(ii)						
(iii)						
(iv)						
(v)						
(vi)						
(vii)						
(viii)						
(ix)						
(x)						
Total (i to x)	*[3]	_			_	
III-Grand Total II & III	75	_			_	
Overall Grade= Grand Total/100	-	-			_	

Weighted grade is to be computed by multiplying the absolute grade by the relative weights. Overall grading is to be computed by summing up the weighted grade and dividing the total by 100 and rounding off to 2 decimals.

[1]The weightage for MoU targets will be 75 for Chief Executives, 40 for FunctionaL Directors and 25 for Executive Directors/ General Managers.

[2]The final MoU score based on audited accounts conveyed by DPE should be filled in this space.

[3]The weightage for other key assigned targets will be nil for Chief Executives, 35 for Functional Directors and 50 for Executive Directors/General Managers.

7. Assessment of Personal Attributes and Functional Competencies *(Grades should be assigned on a scale of 1-5, in maximum of 2 decimal numbers, with 1.00 referring to the best grade and 5.00 to the lowest grade. Weightage to this Section will be 25%)*

S.No.	Particulars of Personal Attributes and Functional Competencies	Grade by Reporting Authority	Grade by Reviewing Authority	Initials of Reviewing Authority
i.	Effective communication skill			
ii	Strateigc orientation and Decision making ability			
iii	Problem solving and Analytical ability			
iv	Ability to develop and motivate team members			
v	Ability to coordinate and develop collaborative partnerships			
vi	Innovatiion and change orientation			
vii	Planning and Organising			
viii	Result orientation			
ix	Business Acumen			
x	Role based functional competency			
	Total (i to x)			
	Overall Grading of Personal Attributes and Functional copetencies (Total/40)			

All the personal attribues and functional competencies (S.No. i to x) carry equal weights. Overall grading is to be computed by diving the total gradae by 40 and rounding off to 2 decimals.

a. Personal Attributes and Functional Competencies should be judged in the backdrop of Leadership ability to lead by example, particularly in challenging circumstances.

b. Item nos. iv andv on the team work should be evaluated based on the ability of the incumbent to perform as a member of a team and enhance3 team performance.

8. Integrity (Please comment on the integrity of the officer reported upon by choosing and one of the following options):

(i) Beyond doubt

(ii) Integrity of the officer is doubtful. A separate secret note is attached.

(iii) Nothing adverse has been received about the officer.

9. Pen picture by Reporting Officer. Please coment (in about 100 words) on the overall qualities of the officer including areas of strengths and those which need improvements. The pen picture should be consistent with the overall grade furnished in Item no. 10.

10. Overall grade (on a grade of 1-5) based on the grades awarded in Item no. 6 & 7. This should be computed by summing up the weighted average grade indicated in Item No. 6 and Item No. 7.

Signature of Reporting Authority
Name & Designation of the Reporting Authority

Date:

Section IV-Review by Reviewing Authority (Please read and relevant instructions attached to this form before filling up this Section)

1. Do you agree with the assessment made by the Reporting officer with respect to discharge of responsibilities and various attributes of the officer reported upon in Section III? (In case you agree with the assessments made by the Reporting Authority, please make a note to that effect in the space provided for you in Item No. 6 and 7 of Section III and initial it. If you do not agree with any of the numerical assessments made by the Reporting Authority, please record you assessments in the space provided for you in Item No. 6 and 7 of Section III and initial your entries.)

Yes/No.

2. Do you agree with the assessment of the Reporting officer in respect of extraordinary achievements and/or significant shortfalls of the officer reported upon?

Yes/No

3. In case of difference of opinion, details and reasons for the same may be given.

4. Comments, if any, on the pen picture written by Reporting Authority.

5. Overall grade on a scale of 1—5 *(Grade should be assigned on a scale of 1-5, with referring to the best grade and 5 to the lowest grade). The overall grade should be computed by summing up the weighted average grade obtained in Item No. 6 and 7 of Section III.*

Signature of Reviewing Authorityð ð ð ð ð ð ð ð ð ð ð
Name & Designation of the Reporting Authority

Date:

Section V - Acceptance by the Accepting Authority (Please read the relevant instructions attached to this form before filling up this section)

1. **Is the overall grade given by the Reporting/Reviewing Authority is consistent with the pen picture given by them?**

   Yes/No

2. **Do you agree with the remarks of the Reporting/Reviewing Authorities?**

   Yes/No

3. **In case of difference of opinion, details thereof and reasons for the same may be given.**

4. **Overall grade on a grade of 1—5** *(Grades should be assigned on a scale of 1—5, with referring to the best grade and 5 to the lowest grade).*

Signature of Accepting Authority
Name & Designation of the Accepting Authority

Date:

Section VI - Review by the Acceptance Authority in the light of the representation received from the officer reported upon

1. Whether the Accepting Authority considers any merit for revising the overall grade given earlier to the officer reported upon in the light of the representation made by him/her?

Yes/No

2. If yes, please indicate the revised overall grade on a grade of 1—5 *(Grades should be assigned on a scale of 1-5, with I referring to the best grade and 5 to the lowest grade).*

Signature of the Nodal Officer
Name & Designation of the Nodal officer

Date:

Note:

The concerned Nodal Officer shall fill this section based on the orders passed by the Accepting Authority. Copies of the representation made by the officer reported upon and the orders of the Accepting Authority thereon are to be attached.

APPENDIX I to APPENDIX II

SUGGESTED PROFORMA FROM HEALTH CHECK UP TOP MANAGEMENT OF CPSEs

Date:

Name: Age: Sex: M/F
Employee No.:
Name of the Post held:
Brief clinical history, if any:

A: Examination

Physical Systemic

INVESTIGATIONS:

Haemogram

HB%

TLC

DLC

Peripheral Smear

Blood Sugar

F

P.P

Lipid Profile

Total Cholesterol

HDL Cholesterol

LDL Cholesterol

VLDL Cholesterol

Triglyceride

Liver Function Test

Total Bilirubin

Direct Bilirubin

Indirect Bilirubin

SGOT

SGPT

ALK Phosphates

Kidney function Test

Urea

Creatinine

Uric Acid

Electrolytes

Na+

K
Calcium
Inorganic Phosphates

Cardiac Profile

CPK
CK-MB
LDH
SGOT

Urine

Routine Microscopic
Sugar
Albumin

E.C.G.

X-Ray

Ultra Sound Abdomen

Any other Investigation

Advice

B. Medical Report of the Officer

1.	Haemoglobin level of the officer	Normal/Low
2.	Blood Sugar Level	Satisfactory/Normal/High/Low
3.	Cholesterol level of the officer	Normal/High/Low
4.	Liver functioning	Satisfactory/Normal/Dysfunctional
5.	Kidney status	Normal/Both-One Kidney not functional optimally
6.	Cardiac Status	Normal/Enlarged/Blocked/Not normal

C. Summary of Medical Report

1.	Overall Health of the officer	
2.	Any ther remarks based on the health check up of the officer	
3.	Health profile grading	

Designation

Date:

Instructions for filling up the Performance Appraisal Report (PAR) of the Chief Executives, Functional Directors, Executive Directors (E9) and General Managers (E8) of Central Public Sector Enterprises (CPSEs)

1. Introduction

The Performance Appraisal Report is an important document. It provides the basic and vital inputs for further development of an officer. The officer reported upon, the Reporting Authority, Reviewing Authority and the Accepting Authority should, therefore, undertake the duty of filling up the form with a high sense of responsibility.

Performance Appraisal should be used as a tool for career planning and training, rather than a mere judgmental exercise. Reporting Authorities should realize that the objective is to develop an officer so that he/she realizes his true potential. It is not meant to be a fault-finding process but a developmental tool. The Reporting Authority, the Reviewing Authority and the Accepting Authority should not shy away from reporting shortcomings in performance, attitudes or overall personality of the officer reported upon. The columns should be filled with due care and attention and after devoting adequate time. Any attempt to fill the report in a casual or superficial manner will be easily discernible to the higher authorities.

Performance appraisal is expected to be used as a tool for human resource development, career planning and training rather than a mere judgemental exercise. Thus the Reporting Authority and the officer reported upon should meet at the beginning of the year to set targets and goals of performance.

2. Section I – Basic information

This Section should be filled up in by the Nodal officer or the Human Resource/Personnel/ Administration Department of the CPSE. Period of report could be either the entire reporting year, namely, from 1st of April to 31st March or a part of the year (exceeding 3 months). In case the period of report is a full year, it should be indicated accordingly; for example, 2009-2010. In case the period of report is less than the entire year, specific start and end dates should be indicated, for example, 10th September 2009 to 31st March 2010.

Item No.1: Name of the officer reported upon should be written in capital letters

Item No.8: The period of absence from duty, on leave other than casual leave, training, or for other reasons should be mentioned in this section.

Item No.12: The date of filing the annual property return in the prescribed format is to be mentioned.

Item No.13: This Section provides for annual medical examination of the officer reported upon from an approved medical institution. The health check up is, however, mandatory for all officers above the age of 40. The officer concerned should get his medical examination completed by 30th June every year at a medical institution designated by the concerned CPSE. A suggested format for the medical report is appended to the PAR form. CPSEs may, however, prescribe a separate form provided it includes all the details specified in the form suggested by the Committee. A copy of the summary of the medical report of the officer reported upon is to be attached to the Performance Appraisal Report Form by the Nodal officer or the Human Resource/Personnel/Administration Department of the CPSE before circulating the same to the concerned officer for completing self-appraisal.

3. Section II – Self-appraisal of the officer reported upon

Item No.1: The officer reported upon is first required to give a brief description of his responsibilities, which would normally not exceed about 100 words. Ideally, this should be in bullet form.

Item No.2: In this section, the officer reported upon is required to furnish the details of targets and

achievements unless revised by the new Reporting officer. While the targets for the Chief Executive will be only MOU targets; for others, the targets will be both MOU targets as well as other assigned tasks flowing from MOU targets. All officers are required to develop a work plan for the year and agree upon the same with the Reporting officer. The work plan should incorporate the work related to the area of functioning of the concerned officer and it should emanate from the MOU targets/goals. The work plan would normally consist of quantifiable targets. The exercise is to be carried out at the beginning of the year and finalized by 31st May, positively. The work plans, duly signed by the officer reported upon and the Reporting Authority has to be submitted by 30th June to the nodal officer for record.

After the work plan is prepared, it is possible that the officer reported upon is transferred out. There need not be more than one work plan for one post each year. In case of a change of the Reporting officer during the year, the work plan agreed with the previous Reporting officer would continue to apply unless revised by the new Reporting officer. The contribution of the officer reported upon during the period spent by the officer on the post could be considered for evaluating his performance against the work plan.

Item No.3: This section provides an opportunity for the officer to reflect upon his performance during the year and indicate one item in which he/she had made significant contribution during the year. It is always possible for any officer to make significant contribution even in activities otherwise regarded as routine in nature.

Item No.5: The officer reported upon is required to indicate specific areas in which he/she feels the need to upgrade competencies and attend training programmes. He/she should also mention the specific steps that he/she has taken or proposes to take to upgrade his/her competencies in the identified area.

4. Section III – Appraisal of the Reporting Authority

Item No.1: The Reporting Authority is required to comment on the self-appraisal made by the officer reported upon in Section II, and specifically state whether he/she agrees with the responses relating to accomplishments. In case of disagreement, the Reporting Authority should highlight the specific portions with which he/she is unable to agree to and the reasons for such disagreement.

Item No.6: In this Section, the Reporting Authority is required to record a numerical grade (not more than 2 decimals) in respect of the work output of the officer reported upon against each of the key assigned tasks.

Item No.7: In this section, the Reporting Authority is also required to record a numerical grade (not more than 2 decimals) in respect of personal attributes and functional competencies of the officer reported upon. To ensure that the personal attributes and functional competencies are clearly understood by all stakeholders of the PAR process, the descriptions of each of them are given in Table No.1 below:

Table No.1 – Description of Personal Attributes and Functional Competencies

S. No.	Personal Attributes and Functional Competencies	Description of Personal Attributes and Functional Competencies
i)	Effective communication skills	Communicates articulately and assertively to influence critical stakeholders and strives to achieve a win-win solution.
ii)	Strategic orientation and Decision making ability	Demonstrates comprehensive business and environment awareness including related laws and rules; develops/aligns self and team to the long term business strategy and overall

		organizational vision. Considers multiple factors while taking decisions for long term organization impact.
iii)	Problem solving and Analytical ability	Analyzing and solving a problem by identifying the elements and relationships of a problem in a systematic way and identifying logical links.
iv)	Ability to develop and motivate team members	Provides direction and support, encourages team work, inspires and motivates team and manages conflict to accomplish group objectives while focusing on capability enhancement of the team
v)	Ability to coordinate and develop collaborative partnerships	Builds collaborative partnerships with internal and external stakeholders and leverages relations through networking to meet organizational objectives.
vi)	Innovation and change orientation	Takes initiative; manages and champions change and learning processes; encourages new and innovative approaches.
vii)	Planning and Organising	Ability to plan and organize own as well as team activities, prioritize and handle contingencies to meet set goals and objectives within defined timelines.
viii)	Result orientation	Demonstrates drive for results and ensures that operating practices and performance results adhere to high standards of efficiency and excellence
ix)	Business Acumen	Understands the tie between and revenue and expenses; utilizes financial data and information to make sound business decisions that promote cost consciousness, profitability, revenue and growth.
x)	Role based functional competency	Demonstrates knowledge of rules and laws, systems and processes, functional domain and IT applications in order to carry out the assigned role with conviction

In order to bring in more objectivity in the assessment of the attributes and competencies and minimize bias, benchmarking for assigning grades to various Personal Attributes and Functional Competencies are indicated in the Table No.2 given below:-

Table No. 2 – Benchmarking for assigning grades to Personal Attributes and Functional Competencies

Grade	Description of the benchmark	Details of Behaviour competencies
1	Consistently exceeds expectations	Demonstrates exemplary behaviours, consistently in all situations far above that are required for effectiveness in the current role. Demonstrates outstanding professional attributes, which indicates strong potential for rapid future development.
2	Consistently meets expectations	Consistently demonstrates behaviours which surpass those required for effectiveness in current role.

		Demonstrates professional skills that indicate strong potential for future advancement.
3	Meets expectations most of the times	Regularly demonstrates behaviours at the level required for effectiveness in current role. Displays the required level of proficiency for this competency, exceeding expectations at times.
4	Partially meets expectations	Inconsistently or partially demonstrates behaviours required for effectiveness in current role; however significant progress is required to achieve the expected proficiency level for this competency.
5	Consistently does not meet expectations	Does not sufficiently demonstrate behaviours required for effectiveness in current role and immediate improvement is needed to achieve the required proficiency level for this competency.

Item No.8: In this section, the Reporting Authority is required to comment on the integrity of the officer reported upon. In recording remarks on integrity, he/she need not limit him/herself only to matters relating to financial integrity but would also take into account any violation, by the concerned officer, of the code of conduct laid down by the Board of the CPSE. The following procedure should be followed in filling up column relating to integrity: (i) If the Officerôs integrity is beyond doubt, it may be stated; (ii) If there is any doubt or suspicion, a separate secret note should be recorded and sent to the Reviewing Authority after recording this fact in the column relating to integrity. (iii) Where it is not possible either to certify the integrity or to record secret note, the Reporting Authority should state that he/she has not received anything against the officer reported upon.

The Reviewing Authority will ensure that the follow up action on the secret note submitted by the Reporting Authority is taken expeditiously. If, as a result of the follow up action, the doubts or suspicions are cleared, the integrity of the officer reported upon should be certified and an entry made accordingly by the Reviewing Authority in the Performance Appraisal Report. If the doubts or suspicions are confirmed, this fact should also be recorded by the Reviewing Authority in the PAR. If as a result of the follow up action, the doubts or suspicions are neither cleared nor confirmed, the officerôs conduct should be watched for a further period of one year and the outcome should be recorded in the Performance Appraisal Report by the Reviewing Authority. The Nodal officer shall communicate the final decision on the integrity of the officer reported upon to the officer concerned as well as the Reporting Authority.

Item No.9: The Reporting Authority is also required to record a descriptive pen-picture on the overall qualities of the officer reported upon and his performance and this should be consistent with the numerical grade given to the officer. This should try to cover overall qualities of the officer, including areas of strengths. The pen-picture is also meant to be a qualitative supplement to the quantitative assessments made in earlier part of this section.

Item No.10: Finally, the Reporting Authority is required to record an overall grade. This should also be done on a scale of 1-5, with 1 referring to the best grade and 5 to the lowest.This should be computed by adding the weighted average grade indicated in Item no. 6 & 7.

5. Section IV – Review by the Reviewing Authority

Item No.1: This Section is to be filled up by the Reviewing Authority. He/she is required to indicate whether he/she agrees with the assessments made by the Reporting officer. In case of disagreement, he/she may record his own assessment about the work output and/or any of the attributes in the column specifically

provided for the purpose in Item No.6 and/or Item No.7 of Section III. The numerical grades should not be given in more than 2 decimals.

Item No.3: In case of disagreement with the assessment made by the Reporting Authority, the Reviewing Authority should record the details of disagreement and the reasons for the same in this section.

Item No.4: In this section, the Reviewing Authority should comment on the pen picture written by the Reporting Authority.

Item No.5: Finally, the Reviewing Authority is required to record in this section an overall grade in the scale of 1-5 with 1 referring to the best grade and 5 to the lowest. This should be computed by adding the weighted average grade indicated in Item no. 6 & 7 of Section III.

6. Section V – Acceptance by the Accepting Authority

Item No.1: This Section is to be filled by the Accepting Authority. He/she is required to indicate whether he/she agrees with the assessments made by the Reporting Authority/Reviewing Authority.

Item No.2: In case of difference of opinion, the Accepting Authority is required to give details and reasons for the same in this section.

Item No.3: Finally, the Accepting Authority is required to record in this section an overall grade in not more than two decimals in the scale of 1-5 with 1.00 referring to the best grade and 5.00 to the lowest.In case the overall grade given to the officer reported upon by the Reporting/Reviewing Authority is not consistent with the pen picture given by them, the Accepting Authority should make suitable changes to the overall grade to make them consistent.

7. Section VI: Review of the overall grade by the Acceptance Authority

In this section, the Nodal officer will fill in the form, the final decision of the Acceptance Authority on the representation, if any, made by the officer reported upon.

8. Numerical Grades

At several places, numerical grades are to be awarded by Reporting/Reviewing Authorities. It is expected that any grading of 4.00 or 5.00 (against work output or personal attributes and functional competencies or overall grade) would be adequately justified in the pen-picture by way of specific failures and similarly, any grade of 1.00 or 2.00 would be justified with respect to specific accomplishments. In awarding a numerical grade, the Reporting, Reviewing and Accepting Authorities should rate the officer against a larger population of his peers that may be currently working under them or would have worked under them in the past.

9. Weightage & Mean:

Weights have been assigned to work output, personal attributes and functional competencies. The overall grade in not more than 2 decimals will be based on the addition of the weighted mean value of each group of indicators.

10. Benchmarking of the Grade:

The overall grade obtained by the officer shall be benchmarked as under:

Outstanding	1.00 - 1.50
Very Good	1.51 - 2.50
Good	2.51 - 3.50
Fair	3.51 - 4.50
Poor	4.51 - 5.00

APPENDIX I to ANNEX II

PROFORMA FOR ANNUAL PROPERTY RETURN

Name of the Officer:

Employee No. :

Name of the post held :

	1	S. NO.
	2	Descritption of Property
	3	Precise location (Name of Distt., Division. Taluk & Village inwhich the property is situated and also its distinctive number, etc.
	4	Area of land (in case of landed property, etc.)
	5	Nature of land (in case of landed property etc.
	6	Extent of interest
	7	If not in own name, state in whose name held, his her relationship, if any, to the Governments servant
	8	Date of acquistion
	9	How acquired (whether by purchase, mortgage, lease in heritance, gifted or otherwise and name with details person(s) from whom acquired addresses and connection of the Govt. servant, if any, with the person(s) concerned (Please see not I below)
	10	Value of property (see not 2 below)
	11	Particular of sanction of prescribed authority, if any
	12	Total annual income from the property
	13	Remarks

[D.O No. 5(1)/2000-GM Dated 5th April 2010]

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3. Appraisal of top management incumbents of Central Public Sector Enterprises (CPSEs).

This is in furtherance to the guidelines issued by this Department vide D.O. letter of even number dated 5th April, 2010 regarding Annual Performance Appraisal of top management incumbents of Central Public Sector Enterprises (CPSEs). Corrigendum in the Performance Appraisal Report (PAR) format indicated below may be noted for compliance:-

Page 21, serial No. 7 - PAR format titled ñAssessment of Personal Attributes and Functional Competenciesò

2. The following footnotes should be added below the table at Serial No. 7:

   a. **Personal Attributes and Functional Competencies** should be judged in the back-drop of Leadership ability to lead by example, particularly in challenging circum-stances.

   b. Item nos. (iv) and (v) on the *team work* should be evaluated based on the ability of the incumbent to perform as a member of a team and enhance team performance.

3. A sample copy of the revised page is enclosed.

4. The above position may be suitably reflected in the Annual Performance Appraisal of top management incumbents of CPSEs for the year 2010-11 onwards.

7. Assessment of Personal Attributes and Functional Competencies (Grades should be assigned on a scale of 1-5, in maximum of 2 decimal numbers, with 1.00 referring to the best grde and 5.00 to the lowest grade. Weightage to this Section will be 255).

S. No.	Particulars of Personal Attributes and Functional Competencies	Grade by Reporting Authority	Grade by Reviewing Authority	Initials of Reviewing Authority
i.	Effective communication skills			
ii.	Strategic orientation and Decision making ability			
iii.	Problem solving and Analytical ability			
iv.	Ability to develop and motivate team members			
v.	Ability to coordinate and develop collaborative partnerships			
vi.	Innovation and chaange orientation			
vii	Planning and Organising			
viii	Result orientation			
ix	Business Acumen			
x	Role based functional competency			
	Total (i to x)			

Overall Grading of Personal Attributes and Functional competencies (Total/40)

All the personal attributes and functional competencies (S. No. i to x) carry equal weights. Overall grading is to be computed by dividing the total grade by 40 and rounding off to 2 decimals.

a. Personal Attributes and Funcational Competencies should be judged in the backdrop of Leadership ability to lead by example, particularly in challenging circumstances.

b. Item nos. iv and v on the team work should be evaluated based on the ability of the incumbent to perform as a member of a team and enhance team performance.

8. Integrity (Please comment on the integrity of the officer reported upon by choosing any one of the following options.):

i. Beyond doubt

ii. Integrity of the officer is doubtful. A separate secret note

iii. Nothing adverse has been received about the officer.

[DPE OM No. 5(1)/2000-GM Dated 6th July 2010]

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4. Procedure and Guidelines for writing Annual Performance Appraisal Reports (APARs) of top management incumbents of Central Public Sector Enterprises (CPSEs)

The undersigned is directed to invite a reference to the guidelines issued by this Department vide its DO letter dated 5th April, 2010 on the subject mentioned above.

2. The above guidelines are being implemented from the year 2010-11. With a view to ensure timely completion of APAR writing process as well as recording of the remarks by reporting/reviewing and accepting authority in the APARs, the implementation of the above guidelines was reviewed and the following changes in the existing guidelines have been approved.

(i) The time schedule prescribed in Table No. 2 of para 4.1 of the existing guidelines has been advanced for the first two activities and the new cut-off dates would be as under:

Table No.2 - Schedule of commencement and completion of PARs

S. No.	Activity	Earlier Cut-off Date	New Cut-off Date
i)	Finalization of targets and relative weights by the Reporting Authority in consultation with the officer reported upon and sending a copy thereof to the Nodal officer for record	30th June	15th May
ii)	Nodal Officer will circulate one copy of blank PAR form to the officer reported upon specifying the Reporting, Reviewing and Accepting Authorities	30th September	31st July

All references to the above time-lines in the Guidelines would stand accordingly modified.

(ii) Appendix I of the existing guidelines dated 5.4.2010 detailing the format of Annual Property return and all references to the format in the guidelines stands removed. The property return will be filed as per procedure and format laid down in this regard and the date of filing property return will continue to get indicated in Col. 12 of the Personal Data.

(iii) Appendix II of the existing guidelines dated 5.4.2010 detailing Medical checkup reports for various tests and all references to it stand deleted. Only part (C) of the appendix, i.e. Summary of the medical report is retained.

(iv) A new para 6.3.1 is added after para 6.3 of the existing guidelines dated 5.4.2010 worded as under:

"In case the officer reported upon is getting retired before the time of initiation of APAR for that year, the APAR of concerned officer may be initiated, i.e. he/she may submit self-appraisal report, within one month of his/her retirement and MOU ratings may be included in APAR as and when they are available so that APAR could be then reviewed/accepted as per laid down timelines.

(v) The following Explanation is added at the end of para 6 of the guidelines.

Explanation :ð For the purpose of these guidelines, a "Minister" shall not be construed as having demitted the office if he continues to be a Minister in the Council of Ministers with a different portfolio or in the Council of Ministers immediately reconstituted after the previous Council of Ministers of which he was Minister with the same or a different portfolio provided the Prime Minister, continues in office.

(vi) A new para 6.7 is added after existing para 6.6 (succeeding paras in the existing guidelines accordingly stand renumbered) worded as under:

"6.7 Where the reporting authority has not seen, but the reviewing authority has seen the performance of a member of the officer reported upon for at least three months during the period for which the performance appraisal report is to be written, the reviewing authority shall write the performance appraisal report of any such officer for any such period. Where, both the reporting authority and the reviewing authority have not seen and the accepting authority has seen the performance of the officer reported upon for at least three months during the period for which the performance appraisal report is to be written, the accepting authority shall write the performance appraisal of any such officer during such period. Where the reporting authority, the reviewing authority and the accepting authority have not seen the performance of the officer reported upon for at least three months during the period for which the report is to be written, the Nodal Officer shall make an entry to that effect in the performance appraisal report for any such period".

(vii) The administrative Ministries/Departments concerned should advise Maharatna, Navratna, Miniratna and other profit making CPSEs under their respective administrative control to adopt IT enabled APAR system from the year 2015-16 on a trial basis and to fully implement the IT enabled APAR system depending upon the experience gained from such trials.

3. All administrative Ministries/Departments are requested to take necessary action and also bring the contents of this Office Memorandum to the notice of CPSEs under their respective administrative jurisdiction for information and compliance under intimation to this Department.

[DPE F No. 18(1)/2013-GM Dated 2nd March, 2015]

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5. Writing of Annual Performance Appraisal Reports (APARs) of top management incumbents of CPSEs from the year 2017-18 onwards

The undersingned is directed to state that in order to correlate the earlier and the new system of award of MoU scores with the system of awarding APAR rating/grade and to enure that the overall grades are properly calculated in APARs, it has been decided to change the system of award of grade for APAR attributes and benchmarking of grade as contained in para 6 and 7 of Section III and para 10 of instruction of extant guidelines dated 5.4.2010.

2. The revised para 6 and 7 of Section III (Assessment of the achievements made against the targets) and Assessment of Personal Attributes and Functional Competencies) along with revised table for benchmarking of the Grade is enclosed.

3. All administrative Ministries/Departments are requested to take note of the above decision and bring it to the notice of CPSEs under their respective administrative control for information and compliance for completing the APARs of top management incumbents of CPSEs from the year 2017-18 onwards.

6. Assessment of the achievements made against the targets. (This assessment should rate the officer vis-a-vis his peers and not the general of population. Grades should be assigned on a scale of 1ð 10 in maximum of 2 decimal number, with 10 referring to the best grade and 1 to the lowest grade. Weightage to this Section will be 75%).

Particulars	**Weightage**	**Reporting Authority**		**Reviewing Authority**		**Initials of Reviewing**
		Absolute grade	**Weighted grade**	**Absolute grade**	**Weighted grade**	
	(a)	(b)	c=(a x b)/100	(d)	e=(a x d)/10	
I-MOU targets	***1**	***2**				
	(a)	(b)	c=(a x b)/10	(d)	e=(a x d)/10	
II-other Key assigned tasks						
i)						
ii)						
iii)						
iv)						
v)						
vi)						
vii)						
viii)						
ix)						
x)						
Total (i to x)	***3**					
III-Grand Total of I & II	**75**					

Weighted grade is to be computed by multiplying the absolute grade by the weight. Overall grading is to be computed by summing up the weighted grade and rounding off to 2 decimals.

1. The weightage for MoU targets will be 75 for Cheif Executives, 40 for Functional Directors and 25 for Executive Director/General Managers.
2. The final MoU score based on audited accounts conveyed by DPF should be filled in this space.
3. The weightage for other key assigned targets will be nil for Cheif Executives, 35 for Functional Directors and 50 for Executive Directors/General Managers.

7. Assessment of Personal Attributes and Functional Competencies (Grades should be assigned on a scale of 1ð 10, in maximum of 2 decimal number, with 10 referring to the best grade and 1 to the lowest grade. Weightage to this Section will be 25%)

S. No	Particulars of Personal Attributes and Functional Competencies(a)	Grade by Reporting Authority	Grade by Reviewing Authority	Initials of Reviewing Authority
i.	Effective communication skills			
ii.	Strategic orientation and Decisision making ability			
iii.	Problem solving and Analytical ability			
iv(b)	Ability to develop and motivate team members			
v(b)	Ability to coordinate and develop collaborative partnership			
vi.	Innovation and chage orientation			
vii.	Planning and Organizing			
viii.	Result orientation			
ix.	Business Acumen			
x.	Role based functional competency			
	Total (i to x)			
	Overall Grading of Personal Attributes and Functional competencies (Total/4)			

All the personal attributes and functional competencies. (S.No. i to x) carry equal weights. Overall grading is to be computed by dividing the total grade by 4 and rounding off to 2 decimals.

REVISED TABLE FOR BENCHMARKING GRADE

10. Benchmarking of the Grade:

The overall grade obtained by the officer shall be benchmarked as under:

Outstanding	90-100
Very Good	Less than 90 to 70
Good	Less than 70 to 50
Fair	Less than 50 to 33
Poor	Less than 33 to 0

[DPE O.M. No. 18(1) 2013 Dated 1st June, 2018]

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(m) Reservation Policies

1. Applicability of instructions regarding reservation to SC/ ST/ OBC/ Disability & Ex-servicemen as issued by Government Ministries / Departments, to Central Public Sector Enterprises (CPSEs).

The issues of applicability of instructions regarding reservation to SC/ ST/ OBC/ Disability & Ex-servicemen as issued by Government Ministries / Departments to CPSEs are reviewed by Department of Public Enterprises (DPE) and it was found that in general instructions on reservation matters as issued by Government departments are extended to CPSEs as *mutatis mutandis*.

As such, it is decided that instructions as issued by Government in respect of reservations to SC/ ST/ OBC/ Disability & Ex-servicemen are to be taken as mutatis mutandis extended to all the CPSEs concerned unless specifically specified otherwise by DPE. List of such OM's / instructions extended to CPSEs is Annexed.

LIST OF OM'S / INSTRUCTIONS EXTENDED TO CPSES

Reservation policies

1. Presidential Directives on Reservation for SC/ST in PSEs. (OM No. 6/19/89-BPE (SC/ST Cell) dated 25.04.1991).

Subsequent instructions on Reservation for SC/ST

2. DPE's OM No. 6/13/96-DPE (SC/ST Cell) dated 17.03.1997 circulating DOPT's OM No. 20011/1/96-Estt. (D) dated 30.01.1997 regarding Seniority of SC/ST officers promoted earlier vis-a-vis general candidates promoted later.
3. DPE's OM No. 6/20/97-DPE (SC/ST Cell) dated 28.07.1997 circulating DOPT's OM No. 360 12/ 2/96-Estt. (Res.) dated 02.07.1997 Regarding post-based roster.
4. DOPT's OM No. 36017/1/2004-Estt. (Res.) dt. 05.07.05 regarding revised percentage in local recruitment.
   (i) Model Roster-Post based-Promotion
   (ii) Model Roster-Post based-Direct Recruitment
5. DPE's OM No. 6/4/98-DPE dated 12.01.1998 circulating DOPT's OM No. 36012/23/98 Estt. (Res.) dated 22.07.1997 regarding reservation in promotion-Prescription of lower qualifying marks/lesser standard of evaluation.
6. DPE's OM No. 6/20/97 -DPE (SC/ST Cell) dated 05.09.1997 circulating DOPT's OM No. 36012/5/97 Estt. (Res.) dated 29.8.1997 Regarding 50%l imit.
7. DPE's OM No. 6/4/98-DPE (SC/ST Cell) dated 09.01.1998 circulating DOPT's OM No. 36012/18/95 Estt.(Res.) dated 13.08.1997 regarding Reservation for SC/ST in promotion.
8. DPE's OM No. 6/21/97-DPE (SC/ST Cell) dated 09.01.1998 circulating DOPT's OM No. 36 024/5/97-Estt. (Res) dated 05.01.1998 Regarding allowing SC/ST Employees to write to National Commission for SC/ST directly.
9. DPE's OM No. 6/17/98-DPE (SC/ST Cell) dated 23.09.1998 circulating DOPT's OM No. 36011/1/98-Estt. (Res.) dated 01.07.1998 regarding Relaxations and concessions for SC/STs-clarification.

10. DoPT's OM No. 36036/2/97-Estt. (Res.) dated 30.11.1998 Regarding Role of National Commission for SCs and STs.

11. DPE's OM No. 6/20/97-DPE (SC/ST Cell) dated 27.07.2000 circulating DOPT's OM No. 36012/5/97-Estt. (Res.) Vol. II dated 20.07.2000 regarding Treatment of Backlog as distinct group.

12. DPE's OM No. 6/4/98-DPE (SC/ST Cell) dated 11th October, 2000 circulating DOPT's OM No. 36012/23/96-Estt. (Res.) Vol-II dated 03.10.2000 Regarding Reservation in Promotion.

13. DPE's OM No. 6/13/96-DPE (SC/ST) dated 26.02.2002 circulating DOPT's OM No. 20011/1/2001-Estt. (D) dated 21.01.2002 regarding Seniority of SC/ST Govt. Servants on Promotion by virtue of rule of Reservation/Roster.

14. DOPT's OM No. 36028/17/2001 Estt. (Res.) dated 11/07/2002 regarding Treatment of SCs/STs candidates Promoted on their own merit, in the Reservation Rosters.

15. DOPT's OM No. 36028/17/2004 -Estt.(Res.) dt. 31.01.2005 regarding Treatment of SC/ST Candidates Promoted on their own merit.

16. DOPT's OM No. 36012/17/2002 -Estt. (Res.) dated 06.11.2003 regarding Non-permissibility of Exchange of Reservation between SCs and STs.

17. DOPTs OM No. 43011/10/2002- Estt. (Res.) dated 19.12.2003 regarding Annual Report regarding representation of SCs,STs and OBCs in Central Govt. Services.

18. DPE' OM No. 6/11/2004-DPE (SC/ST Cell) dated 08.11.2004 regarding Concession to SCs/STs in posts filled by promotion by Selection-posts within Group 'A' (Class-I).

19. DPE's OM No. 24(4)/99-DPE(SC/ST Cell) -GL-023(GM) dated 29.5.2000 regarding Recruitment of Management Trainees in PSUs.

20. DOPTs OM. No. 22011/2/2002 Estt. (D) dt. 06.01.2006 Regarding Review of Size of Zone of Consideration.

21. DOPTs OM. No. 42011/22/2006-Estt. (Res) dt. 29.03.2002 Regarding Action against Govt servants who get appointment on the basis of False SC/ST/OBS certification.

22. DOPTs OM No. 36033/2/2006- Estt. (Res.) dt. 12.10.2007 Regarding Special efforts to fill up the Reserved Vacancies of SCs, STs and OBCs.

23. DOPT's OM No. 36028/21/2008- Estt. (Res.) dt. 29.07.2008 regarding Reservation for SCs/STs in posts filled by Promotion- grading of SC/ST officers.

24. Reservation for SCs/STs for appointment in Public Enterprises -Concessions to SCs & STs in posts filled by Promotion by selection (OM No. 6/11/2004-DPE(SC/ST Cell) Dt. 08-11-2004).

25. Reservation for SCs/STs for appointment in Public Enterprises -Concessions to SCs & STs in posts filled by Promotion by selection (OM No. 6/11/2004-DPE (SC/ST Cell) Dt. 31-01-2014).

26. Special Recruitment Drive (SRD) for filling of backlog reserved vacancies of SC, ST, OBCs. (DPE OM No. 6/12/2008-DPE (SC/ST Cell) dated 25-02-2009).

27. Representation of SC, ST, OBC, Minorities and the Women on Selection Board / Committee (DPE OM No. DPE-GM/0038/2014-GM dated 12-06-2014).

Reservation for OBCs

28. DPEs OM No. 6/45/94-DPE (SC/ST Cell) dated 27.07.1995 regarding Presidential Directive on Reservation for OBCs in PSEs.

29. DPE's OM No. 6/15/2003-DPE(SC/ST Cell) dated 14.08.2003 circulating DOPTs OM dated 25.07.2003 regarding Validity period of OBC certificates.

30. DOPTs OM No. 36033/5/2004-Estt. (Res.) dated 14.10.2004 regarding Clarification on Creamy layer amongst OBCs.

31. DOPTs OM No. 36033/2/2006-Estt. (Res) dated 25.04.2006 regarding Collection of information about Backlog reserved vacancies of OBCs.

32. DOPTs OM No. 36033/1/2008- Estt. (Res) dt. 15.07.2008 regarding Treatment of backlog reserved vacancies of SCs,STs & OBCs as a distinct group and non-applicability of 50 percent ceiling thereon.

33. DOPTs OM No. 36033/3/2004- Estt. (Res.) dt. 14.10.2008 Regarding Revision of Income criteria to exclude Creamy Layer from the preview of reservation for OBCs.

34. Reservation For Other Backward Classes In Civil Posts And Services Under The Central Public Sector Enterprises-Sub-Quota For Minority Community (DPE OM No.6/6/2011-DPE(SC/ST Cell) Dated 02-01-2012).

35. Special Recruitment Drive (SRD) for filling of backlog reserved vacancies of SC, ST, OBCs. (DPE OM No. 6/12/2008-DPE (SC/ST Cell) dated 25.02.2009).

36. Implementation of Prime Minister's New 15-Point Programme for the welfare of Minorities (OM No. 6/4/2007-DPE (SC/ST Cell) dated 07-12-2011).

37. Prime Minister's New 15-Point Programme for the welfare of Minorities- Measures to give special consideration to minorities in recruitment (OM No. 6/4/2007-DPE(SC/ST Cell) dated 13-08-2013).

Reservation for Disabled Persons

38. Reservation for the physically handicapped persons in group 'A' and Group 'B' posts/ services under the Central Govt.,PSUs (DPE's OM No. 6/21/95-DPE (SC/ST Cell) dated 11.03.1997 circulating DOPT's OM No. 36035/7/95-Estt. (SCT) dated 18.02.1997).

39. Reservation for the physically handicapped in the posts filled by Promotion (DPE's OM No. 6/21/95-DPE (SC/ST Cell) dated 16.03.1998 circulating DOPT's OM No. 36035/7/95-Estt. (SCT) dated 18.02.1997).

40. Reservation for persons with disabilities in group 'A' , B,C & D identified posts/services- Revised Procedure for filling up of the vacancies (DPE's OM No.6/21/95-DPE (SC/ST Cell) dated 27.07.1999 circulating DOPT's OM No. 36035/16/98-Estt. (Res) dated 13.07.1999).

41. Reservation for the Persons with Disabilities in group 'A' and Group 'B' posts/ services under the Central Govt. - Clarification regarding identification of posts (DPE's OM No. 6/21/95-DPE (SC/ST Cell) dated 23.09.1998 circulating DOPT's OM No. 36035/14/98-Estt. (Res) dated 28.08.1998).

42. Furnishing of a Certificate to the Recruiting Agencies while making recruitment to the posts identified for being manned by Persons With disabilities (DPE's OM NO. 6/5/99-DPE (SC/ST Cell) dated 21.10.1999 circulating DOPT's OM No. 36035/19/99-Estt. (Res) dated 17.09.1999).

43. Clarification as to whether 3% reservation for persons with disabilities would be with reference to identified posts only or to the total sanctioned strength in the cadre (DPE's OM No. 6/21/95-DPE (SC/ST Cell) dated 04.04.2000 circulating DOPT's OM No. 36035/4/99-Estt. (Res) dated 29-03-2000).

44. Reservation for the Physically handicapped in the posts filled by promotion. (DPE's OM NO. 6/21/95-DPE (SC/ST Cell) dated 11.04.2000 circulating DOPT's OM No. 36035/3/97-Estt. (Res) dated 04.07.1997)'.

45. Non-Implementation of the instructions issued by DoPT relating to reservation for Person with disabilities by PSUs and formulation of Action Plan for filling up of Backlog vacancies. (DPE's OM No. 6/21/95-DPE (SC/ST Cell) dated 11.09.2000 circulating DOPT's OM No. 36035/ 4/2000-Estt. (Res) dated 29.08.2000).

46. Posting of Govt. employees who have children with hearing impairment or multiple disabilities (DOPT's OM No. 43019/28/86-Estt. (D) dated 18.02.2000).

47. Implementation of reservation in Services under Person With Disabilities in PSUs (DPE's OM No. 6/21/95-DPE (SC/ST Cell) dated 23.11.2000).

48. Transport allowance to Blind and Orthopedically handicapped employees of CPSUs (DPE's OM No. 6/7/2002-DPE (SC/ST Cell) dated 05.09.2003).

49. Consolidated Instructions - Reservation for the Persons with Disabilities (DOPT's OM No. 36035/3/ 2004-Estt. (Res) dated 29.12.2005).

50. Benefit of reservation to Person With Disabilities who aquire Disabilities after entering into Govt. Services (DOPT's OM No. 36035/3/2009-Estt. (Res) dated 10.06.2009).

51. Forwarding of Applications of Govt. Servants Suffering from Disabilities for Employment elsewhere (DOPT's OM No. 36035/7/2008-Estt. (Res) dated 30.03.2010).

52. Transport Allowance To Blind or Orthopedically Handicapped Employees of Central Public Sector Enterprises. (DPE OM No.6(7)/2002-DPE(SC/ST Cell) Dated 15-11-2011).

53. Reservation for persons with disabilities-Computation of reservation-implementation of the judgement of Hon'ble supreme court in the matter of Union of India & Anr. Vs. National Federation. (DPE OM No.6(9)/2005-DPE(SC/ST Cell) Dated 16-12-2013 forwarded therewith DoPT's OM No. 36012/24/ 2009-Estt.(Res) dated 03-12-2013).

54. Reservation for persons with disabilities-Computation of reservation-implementation of the judgement of Hon'ble supreme court in the matter of Union of India & Anr. Vs. National Federation. (DPE OM No.6(9)/2013-DPE(SC/ST Cell) Dated 21-02-2014 forwarded therewith DoPT's OM No. 36012/24/ 2009-Estt.(Res) dated 14-02-2014.)

55. Grant of Transport Allowance to Central Government employees Extension of benefit of Transport allowance at double the Normal Rates to Deaf and dumb Employees-Implementation of the Order of the Apex court. (DPE OM No.6(9)/2013-DPE(SC/ST Cell) Dated 06-3-2014 forwarded therewith D/o Expenditure's OM No21(2)/2011-E.II(B) dated 19-02-2014.)

56. Reservation for persons with disabilities-Computation of reservation-implementation of the judgement of Hon'ble supreme court in the matter of Union of India & Anr. Vs. National Federation. (DPE OM No.6(9)/2005-DPE(SC/ST Cell) Dated 26-03-2014 forwarded therewith DoPT's OM No. 36012/24/ 2009-Estt.(Res) dated 20-03-2014.)

57. Reservation for the Persons with Disabilities (OM No. 6(9)/2006-DPE (SC/ST Cell). dated 16-5-2006

58. Reservation for the Persons with Disabilities in Central Public Sector Enterprises (OM No. 6(9)/2005-DPE (SC/ST Cell). dated 24-12-2008)

59. Judgement of the High Court of Delhi W P (C) No. 15828/2006- National Federation of Blind Vs. Union of India & Ors. (OM No. 6(9)/2005-DPE (SC/ST Cell). dated 05-08-2009)

60. Selection of candidates with visual impairment (low vision) during campus placements organized by Central Public Sector Enterprises (CPSEs) at Engineering / Management Institutes (OM No. 6(9)/2005-DPE (SC/ST Cell). dated 09-12-2010).

61. Guidelines for providing certain facilities in respect of persons with disabilities (PWD) who are already employed in Government for efficient performance of their duties. (OM No. 6(9)/2006-DPE (SC/ST Cell). dated 07-04-2014).

62. Complaint of dated 22-10-2012 of Sh. Ravindra Kumar Sood regarding 3% reservation to persons with disabilities in campus placement by the Central Public Sector Undertakings.(OM No. 6(9)/2005-DPE (SC/ST Cell). dated 03-06-2014).

63. Posting of Government employees who have differently abled dependents. (OM No. 6(9)/2014-DPE (SC/ST Cell). dated 27-06-2014).

64. Complaint of dated 22.10.2012 of Sh. Ravindra Kumar Sood Regarding 3% Reservation to persons with disabilities in Campus (OM DPE-GM/0038/2014-GM dated 03-06-2014).

65. Reservation for the Persons with Disabilities-Amended in Para 14 and 159(1) of DoPT OM (F. No. 6(9)/2014(SC/ST Cell) FTS-1955 dated 19.01.2015)

66. Position of Government Employees who have differently abled dependents (F. No. 6(9)/2014(SC/ ST Cell) FTS-1955 dated 19.01.2015)

RESERVATION FOR EX-SERVICEMEN

67. Reservation of posts in Public Enterprises for Ex-servicemen and Dependents of those killed in Action (BPE's OM No 6/55/79- BPE (GM-I) dt. 22 01.1980 enclosing there with DOPT's Notification No. 39016/7/78-Estt. (C) dt. 10.05.1979)

68. Reservation of posts in Public Enterprises for Ex-servicemen and Dependents of those killed in Action (BPE's OM No. 6/55/79. BPE (GM -I) dt, 13.03.1980)

69. Reservation of posts in Public Enetrprises for Ex-servicemen and Dependents of those killed in Action (BPE's OM NO. 6/8/1981-BPE (GM- I) dt. 27.06.1981).

70. Recruitment of Staff against vacancies reserved for Ex-Servicemen through Zila Sainik Board/ Directorate General Resettlement (BPE's OM No. 6/55/79- BPE (GM -I) dt. 17.12.1981 forwarding there with DOPT's OM. No. 14024/3/81 Estt. (D) dt. 04.12.1981).

71. Absorption of ex-servicemen trained under the "On the Job Training Scheme" Relaxation of minimum Educational qualif ication (BPE's OM. No. 6/20/80-BPE (SC/ST) dt. 16.04.1983 enclosing therewith Extracts from DoPAR's OM No. 39016/7/78. Estt. (C) dt. 10/19.05.1979).

72. Liasion Officers for reservation Matters relating to Physically Handicapped/ Ex-Servicemen/OBCs (DoPT's OM No. 36035/8/92- Estt. (SCT) dt. 10.11.1994).

73. Reservation Available for Ex.-Servicemen in Group-D, C & Specified category of Group-B posts/ services under the Central Govt. - Revised Procedure for filling the vacancies (DOPT's OM No. 36012/58/92-Estt (SCT) dt. 01.12.1994).

[DPE OM No. 20(10)/99-DPE-GM-Part-2014-FTS-1517 Dated 25th February, 2015]

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2. Establishing equivalence of posts in Central Public SectorEnterprises (CPSEs) with Posts in Government for establishingCreamy Layer criteria - regarding.

The undersigned is directed to refer to DoPT OM No. 41034/5/2014-Estt. (Res.) Vol. IV-Part dated 6th October, 2017 (copy enclosed), vide which the decision of the Government has been conveyed on the general principles for equivalence of posts in CPSEs with posts in Government for determination of creamy layer criteria in terms of DoPT O.M. No. 36012/22/93-Estt. (SCT) dated 08-09-1993 on the subject of reservation for Other Backward Classes (OBC) in civil posts and services under the Government of India.

2. As the pay pattern, perks and allowances of posts in Central Public Sector Enterprises (CPSEs) are completely different from the posts in Government, determination of exact equivalence of CPSEs posts with Group A, B, C & D levelposts in Government is not feasible. However, in view of the Government decision referred to in DoPT OM dated 06-10-2017, for determination of creamy layer criteria in CPSEs, the general principle would be that all the Executive level posts in CPSEs i.e. Board level Executives and below Board level Executives which are managerial level posts, will be considered as "creamy layer" subject to the proviso that those Executives whose annual income as per criteria given in DoPT OM 08-09-1993 is less than Rs. 8 lakhs (as amended vide DoPT OM No.36033/1/2013-Estt.(Res) dated 13-09-2017), will not fall under creamy layer criteria.

3. All administrative Ministries / Departments concerned with CPSEs are requested to bring the contents of this OM to the notice of CPSEs under their administrative control for compliance and issuing necessary orders in accordance with the principles approved by the Government for determination of Creamy Layer criteria in respect of posts in the CPSEs.

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

[DPE-GM-/0020/2014-GM-FTS-1740 Dated 25th October, 2017.]

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3. Relaxation of terms and conditions of selection while selecting disabled Ex-servicemen and dependents of Armed Forces Personnel killed in action for recruitment in CPSEs - regarding.

The undersigned is directed to refer to D/o Ex-servicemen Welfare OM No. 28(48)/2017/D(Res-I) dated 04-09-2017and 13-10-2017 on above stated subject vide which DPE has been requested to make provisions in the extent guidelines for relaxed standards in respect of disabled ex-serviceman/ dependents of ex-servicemen killed in action for recruitment in Central Public Sector Enterprises (CPSEs).As per extent reservation policy for recruitment of ex-servicemen in CPSEs, there is a reservation to the extent of 14.5% and 24.5 % in non-executive level posts comparable with Group 'C' & 'D' posts respectively in Government setup. This includes 4.5% reservation for disabled ex-servicemen and dependents of service men killed in action.

2. In view of above mentioned OMs No. 28(48)/2017/D(Res-I) dated 04-09-2017and 13-10-2017 of D/o Ex-servicemen Welfare, all Administrative Ministries / Departments concerned with CPSEs are requested to advice CPSEs under their jurisdiction to consider making provisions for relaxed standards in respect of disabled ex-serviceman/dependents of servicemen killed in action, if sufficient number of candidates belonging to these categories are not available on the basis of general standards to fill up all the vacancies reserved for them. The candidates belonging to these categories may be selected under a relaxed standard of selection in terms of DoPT notification no.15012/8/82-Estt.(D) dated 12-02-1986 (copy enclosed) to makeup the deficiency in the reserved quota subject to the condition that such relaxation will not affect the level of performance by such candidates.

3. This issues with the approval of Hon'ble Minister(HI&PE).

[F. No. DPE-GM-12/0001/2016-GM-FTS-5410 Dated 23rd November, 2017]

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CHAPTER III

FINANCIAL POLICIES

(a) Capital Restructuring

1. Guidelines on Capital Restructuring of Central Public Sector Enterprises (CPSEs) - Reg

Consequent to issue of "Guidelines on Capital Restructuring of CPSEs" of Ministry of Finance, Department of Investment & Public Asset Management (DIPAM) issued OM No. 5/2/2016-Policy 27th May, 2016 (copy enclosed), all the guidelines issued by DPE on issued of Bonus Shares, Splitting of Shares, Dividend Payment and other issues relating to investment management of CPSE stand withdrawn and get replaced by the aforementioned DIPAM guidelines.

2. This issue with approval of Minister Heavy Industries & Public Enterprises.

Subject : Guidelines on Capital Restructuring of Central Public Sector Enterprises (CPSEs)—regarding.

The undersigned is directed to refer to the above mentioned subject and to enclose herewith a copy of the ñGuidelines on capital Restructuring of CPSEsò. These guidelines are in line with the focus of the Government on adopting a comprehensive approach for efficient management of its investment in CPSEs, as announced in Budget 2016-17.

2. The Administrative Minitries/Departments are requested to take necessary action for compliance of the above guidelines by CPSEs under their respective administrative control. A copy of the guidelines has also been uploaded on DIPAMôs website i.e. *www.divest.nic.in.*

3. This issues with the approval of the Honôble Finance Minister.

[F.No. 5/2/2016-Policy Dated 27th May, 2016]

Subject : Investment Management of CPSEs- Guidelines on Capital Restructuring of Central Public Sector Enterprises (CPSEs).

BACKGROUND

Department of Public Enterprises (DPE), Department of Expenditure & Department of Economic Affairs in the Ministry of Finance have issued guidelines from time to time on issue of bonus shares, buyback of shares, splitting of shares and dividend. As announced in the Budget 2016-17, the government is adopting a comprehensive approach for efficient management of its investment in CPSEs by addressing inter-related issues, such as capital restructuring, dividend, bonus shares, etc.

2. The resource management issues for a CPSE need to be looked into in the context of the focus of the Government to, inter-alia, spur economic growth through efficient management of GoI's investment in CPSEs. It is, therefore, imperative that Government of India's interests as a majority shareholder investor in a CPSEs are duly represented through the nominee 'official director 'on the Board of the company. The nominee directors should discharge their responsibility to ensure efficient allocation of GoI's investment in CPSEs

for growth and economic development. It may require that an appropriate view is taken by the Department/ Administrative Ministry in such financial matters before the board meetings in line with this approach.

3. In the above background, the guidelines on these subjects need to be rationalized so as to comprehensively capture the various aspects of capital restructuring of CPSEs. Accordingly, in supersession of guidelines issued earlier, the following consolidated guidelines on general principles and mechanism for capital restructuring of CPSEs is issued as below:

4. Applicability:

4.1 These guidelines shall apply to all corporate bodies where Government of India and/or Government controlled one or more body corporate have controlling interest [hereinafter would be referred to as Central Public Sector Enterprises (CPSEs) for these guidelines].

4.1.1 Body corporate shall include body incorporated under the provisions of the Companies Act, 1956 or the Companies Act, 2013, or under any other Act as may be applicable except Limited Liability Partnership.

4.1.2 Controlling interest means control over the composition of the Board of Directors; or exercise or control over more than one-half of the total share capital or able to exercise more than 50 per cent voting rights in the meeting of the members, Board of Directors or any other similar executive structure, e.g., Governing Body, Executive Committee, etc.

4.1.3 A body corporate in which Government of India and/ or CPSEs including their subsidiaries controls the composition of the Board of Directors; or exercises or controls more than one-half of the total share capital shall be deemed to be a body controlled by Government of India.

4.2 These guidelines for payment of dividend, issue of bonus shares and buyback of shares shall not apply to the body corporate which is prohibited from distribution of profits to its members, e.g. companies set up under section 8 of the Companies Act, 2013 or under extant provisions of any other Act or which has accumulated losses.

4.3 The guidelines for payment of dividend shall be applicable from financial year ending on or after 31st March, 2016 and the guidelines for issue of bonus shares, buyback and splitting of shares shall be applicable from financial year starting 1st April, 2016 or thereafter.

4.4 CPSEs shall ensure compliance of these guidelines by taking up this matter as an agenda item along with a compliance note in the Board meeting of the company convened for finalization and approval of its annual account. Requisite approval of shareholders/ members shall be obtained in the AGM/EGM to be held immediately thereafter.

5. Payment of Dividend

5.1 Department of Expenditure vide its O.M. Nos. 7(5)E-Coord/2004 and O.M No. 7(2)E-Coord/2005 dated 27/09/2004 and 23/11/2005 respectively & Department of Economic Affairs vide O.M. 3(3)-B(S)/ 2015 dated 05/01/2016 have issued guidelines on dividend payout by CPSEs. However, it is observed that CPSEs are not restructuring their capital by issue of bonus shares to maintain healthy balance in capital and net-worth. Declaration of dividend at reasonable rate on a regular interval boosts investor's confidence. Although dividend is paid on paid up share capital, dividend payout should be seen with reference to return to shareholders' money, i.e. net-worth. Hence, return on net-worth in the form of dividend is a desirable parameter for increasing the investor's confidence in the company. Moreover, return on net-worth needs to be compared with alternative investment opportunities available to the investors. Hence there is a felt need for a clear dividend policy and CPSEs need to take decisions on dividend within aclearly articulated framework/guidelines of the Government.

5.2 In supersession of earlier guidelines, every CPSE would pay a minimum annual dividend of 30% of PAT or 5% of the net-worth, whichever is higher subject to the maximum dividend permitted under the extant legal provisions.

5.3 Nonetheless, CPSEs are expected to pay the maximum dividend permissible under the Act under which a CPSE has been set up, unless lower dividend proposed to be paid is justified after the analysis of the following aspects on a case to case basis at the level of Administrative Ministry/Department with the approval of Financial Advisers.

(i) Net-worth of the CPSE and its capacity to borrow;

(ii) Long-term borrowings;

(iii) CAPEX/Business Expansion needs;

(iv) Retention of profit for further leveraging in line with the CAPEX needs; and

(v) Cash and bank balance.

5.4 The analysis should confirm that the retention of funds augmenting its net-worth is being optimally leveraged to ensure higher investment by the CPSEs. The report for exemption, if any, in this regard will be submitted by the CPSEs through their Administrative Ministry to Secretary Department of Economic Affairs and Secretary, Department of Investment and Public Asset Management (DIPAM) before the end of second quarter of the financial year.

6. Buyback of shares:

6.1 The DPE had issued guidelines vide O.M. No. DPE/14(24)2011-Fin. Dated 26th March, 2012 regarding buyback of shares. These guidelines only provides that if a CPSE decides to buy back its own shares from the shareholders using surplus cash, Department of Disinvestment (DoD) on behalf of major shareholders may tender/offer equity on behalf of Government of Indian. It further provides that CPSEs will amend their Articles of Association to for buyback of shares, provided such provision does not exist in their Articles of Association.

6.2 It has been observed that CPSEs are not looking into the merit based capital restructuring including the option of buyback of shares if they do not have plan to deploy surplus funds optimally for business purpose, Although CPSEs have been set for specific purpose, some of them are not able to deploy the cash/ bank balances for viable business expansion. In such cases, buyback of shares improves investors' confidence in the company and is likely to help the company to raise capital in future when it requires funds for expansion/ diversification for growth. Thus, it supports their market capitalization, which is in the overall long term interest of the company.

6.3 In supersession of earlier guidelines, every CPSE shall look into and analyse/ deliberate in first Board meeting after the closure of the financial year the following parameters for the purpose of buyback:

(i) Cash and Bank balance;

(ii) Capital Expenditure and business expansion as committed with reference to the CAPEX incurred in the last 3 years;

(iii) Net-worth [Free reserves and paid-up capital, including other reserves (if any)];

(iv) Long term borrowing and further capacity to borrow on the basis of its 'Net worth';

(v) Any other financial commitments in the near future;

(vi) Business/other receivables and contingent liabilities, if any; and

(vii) Market price/book value of share.

6.4 Based on this analysis, it needs to be clearly brought out that surplus cash and bank balance with the CPSE shall be considered for restructuring of capital through buyback. However, every CPSE having net-worth of atleast **Rs. 2000 crore** and cash and bank balance of over **Rs. 1000 crore** shall exercise the option to buy-back their shares.

7. Issue of Bonus Shares

7.1 The Department of Public Enterprises had issued guidelines on issue of bonus shares by Public Sector Undertakings vide O.M. No.DPE/12(6)/95-Fin Dated 10th November 1995 and O.M. No. DPE/ 13(21)-Fin. Dated 25th November, 2011 respectively. These guidelines provide that each Administrative Ministry may direct the CPSEs under their respective control that enterprises having reserves in excess of their paid up capital should immediately consider the scope for issuing bonus shares to Government of India and pro-rata to other existing shareholders if partial disinvestment had occurred so far.

7.2 The Department of Expenditure had issued O.M dated 24th September, 2004 providing for that all profit-making companies must also consider issuing bonus shares to the Government. Subsequently, the Department vide its O.M dated 23rd November, 2005 stipulated that PSEs having large cash/free reserves and sustainable profitability will issue bonus shares. The Department of Economic Affairs vide its O.M. dated 5th January, 2016 provides that CPSEs with large cash/free reserves and sustainable profits may issue bonus shares.

7.3 The Government has from time to time underlined the desirability that CPSEs should capitalize a portion of their large reserves by issuing **bonus shares** to the existing shareholders. The issue of *bonus shares* helps in bringing about a balance between paid up capital & accumulated reserves and elicits good public response to equity issues of the public enterprises and its market capitalization.

7.4 In supersession of all guidelines issued earlier, every CPSE should look into and analyze/ deliberate in their Board meeting/ Finance Committee, the issue of bonus shares when their defined reserves and surplus are equal to or more than **5 times** of its paid up equity share capital. In case, if it is decided not to issue bonus shares, the nominee 'official director' shall ensure that the board analyses the justification for the decision, and reasons for the same be recorded specifically.

7.5 However, every CPSE shall issue bonus shares if their defined reserves and surplus is equal to or more than **10 times** of its paid up equity share capital.

7.6 Defined reserves and surplus would mean free reserves, the share premium account, and the capital redemption reserve account.

8. Splitting of Shares:

8.1 Department of expenditure vide its O.M.No 7(2)/E-Coord/2005 dated 23rd November, 2005 provides that companies with high market price of shares will consider stock splits. However, it does not state when a CPSE need to consider stock splits and simply mentions that CPSEs with high market price of share will consider splitting of shares.

8.2 It has been endeavor of the government to encourage participation of small investors in the capital market so as to increase the depth of the market, liquidity and trading volume of the shares. However, high price of shares sometimes acts as a deterrent for the investors to invest in the company. In view of this, the Board of the CPSEs need to discuss and decide on the desirability of splitting the share.

8.3 However, a CPSE where market price or book value of its shares exceeds **50 times** of its face value will split-off its shares appropriately provided its existing face value of the share is equal to or more than Rs.1.

9. Miscellaneous Provisions:

9.1 Net-worth as referred to in the above guidelines would have the same meaning as defined in the Companies Act, 2013, as amended from time to time.

9.2 The above guidelines on payment of dividend, bonus shares, buyback and splitting of shares would be subject to the provisions of the Act under which a CPSE has been set up, as amended from time to time and any other extant regulations/rules.

9.3 In case, any CPSE is not able to comply with any of the above guidelines, specific exemptions has to be obtained from DIPAM, Ministry of Finance, Government of India through their Administrative Ministry/ Department. The Administrative Ministry will ensure the guidelines of these guidelines and refer proposals for exemption(s) to the DIPAM alongwith their opinion/comments and concurrence of the Financial adviser in the matter.

9.4 The Department of public Enterprises (DPE) which conducts an annual survey may consider an appropriate modification, if required, in their existing format to adequately capture various aspects of the above guidelines for the efficient management of GoI's investment in CPSEs. The findings of the Survey may also be suitable incorporated in its annual publication on "Public Enterprises Survey".

[DPE O.M. No. PP/14/(0005)/2016 Dated 20th June, 2016]

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(b) Investment of Surplus funds

1. Guidelines on Investment of Surplus Funds by the CPSEs-regarding.

The undersigned is directed to enclose herewith a copy of the ñGuidelines on Investment of Surplus Funds by the CPSEsò for taking necessary action to ensure compliance of these guidelines. This is in supersession of all Guidelines on Investment of Surplous Funds by the CPSEs issued by Deparment of Public Enterprises from time to time.

2. This issued with the approval of Minister (HI&PE).

Subject : Guidelines on Investment of Surplus Funds by the CPSEs-regarding.

Guidelines on investment of surplus funds essentially deal with the management of surplus funds with CPSEs to prevent the funds from lying idle, and instead, generate returns.

2. The details of Guidelines on Investment of Surplus Funds by the CPSEs issued by Department of Public Enterprises from time to time are **Annexed.** In supersession of all these Guidelines and other Guidelines, if any, issued by any other Ministries/Departments on investment of surplus funds by CPSEs earlier, the Guidelines on Investment of Surplus Funds by the CPSEs are issued as follows:

Applicability

3. These Guidelines shall be applicable to all CPSEs. The definition of CPSE for the purpose of these guidelines shall be same as defined vide O.M. No. PP/14(0005)/2016 dated 20.06.2016 regarding Capital Restructuring of Central Public Sector Enterprises (CPSEs) as reproduced below:

> "All corporate bodies where Government of India and/or Government controlled one or more body corporate have controlling interest.
>
> i) Body corporate shall include body incorporated under the provisions of the Companies Act, 1956 or the Companies Act, 2013, or under any other Act as may be applicable except Limited Liability Partnership.

ii). Controlling interest means control over the composition of the Board of Directors; or exercise or control over more than one-half of the total share capital or able to exercise more than 50 per cent voting rights in the meeting of the members, Board of Directors or any other similar executive structure, e.g., Governing Body, Executive Committee, etc.

iii) A body corporate in which Government of India and/ or CPSEs including their subsidiaries controls the composition of the Board of Directors; or exercises or controls more than one-half of the total share capital shall be deemed to be a body controlled by Government of India".

3.1 However, these guidelines will not apply to banks and insurance companies.

Scope

4. These guidelines shall apply to surplus funds available with CPSEs after meeting the business requirements including operating expenses, payment of taxes, working capital, debt servicing, capital expenditure, replacement/revamping/renewal of business assets, etc. Cash surplus of temporary nature including those available for a few days or weeks would also come within the purview of these guidelines. However, these guidelines shall not apply to investments by CPSEs in their core business activities or investment in equity under disinvestment programme of the Govt. and investments in subsidiaries/joint ventures by way of equity capital.

5. CPSEs shall also ensure compliance with the guidelines on "Capital Restructuring of CPSEs" issued by Department of Public Enterprises on 20.06.2016 before investing the surplus funds available with them in eligible instruments.

6. These guidelines shall apply to CPSEs subject to the following:

i. If any statutory guidelines have been issued by the sector regulatory authority like RBI, SEBI, IRDA, etc., on investment of surplus funds, these guidelines will be applicable to CPSEs only to the extent these are not contrary to the guidelines laid down by such regulatory authority.

ii. If surplus funds have been earmarked for any purpose under any scheme framed under applicable laws/regulations, or Court directions, these guidelines will be applicable to the extent these are not contrary to the provisions of the scheme made under such laws/regulations or Court directives.

iii. These guidelines will not apply to investment of surplus funds kept outside India by CPSEs or their overseas subsidiaries for normal business purposes in compliance with applicable Foreign Exchange Management Act, 1999 (FEMA) regulations and the local applicable laws.

iv. The CPSEs shall also comply with Section 186 of the Companies Act, 2013.

Principles of investment of surplus funds:

7. CPSEs shall invest their surplus funds as per the following broad principles:

i. Investment shall be made in instruments ensuring the safety of funds.

ii. There shall be no speculation on the yield obtaining from the investment. It shall be known at the time of making the investment except for investment in debt mutual funds. However, in case of investment in marketable debt-instruments, (viz., mutual fund debt instruments, Government securities and T bills) there is a risk that final yield may differ from yield estimated at the time of investment due to movement in prices of the security, if such debt-instruments are sold due to unforeseen circumstances before final maturity date (i.e., they are not held to maturity). Such investment will not be treated as having speculative yield. Similarly, in case of

premature encashment of bank term deposits due to unforeseen exigencies, the difference between fixed yield at the time of investment and actual yield at premature payment will not be speculative yield.

iii. Since investment in debt schemes of mutual funds are subject to market risks, the track-record of the scheme shall be taken into account for taking investment decisions.

iv. There shall be a proper commercial appreciation and due diligence before any investment decision of surplus funds is taken.

v. The forecast of surplus availability may be worked out normally for a period of one year at any point of time so as to deploy available funds on longer term basis at better yields. This forecasting exercise shall ideally be done every month or quarter.

vi. In order to utilize the surplus funds effectively, CPSE may also prepare best estimate of the periods for which surplus funds would be available to facilitate investment decisions for such periods including on a day-to-day basis.

vii. Funds shall normally not be invested by a CPSE at a particular rate of interest for a particular period of time while the CPSE is resorting to borrowing at an equal or higher rate of interest for its requirements for the same period. However, CPSEs may take decisions on all matters relating to short term cash management, as they would be the best judge of asset-liability mismatch in the short run.

viii. CPSEs shall put in place a centralized system of liquidity management for optimum utilization of liquidity for business operation.

Eligible Investments

8. CPSEs shall invest their surplus funds in one or more of the following instruments, subject to principles outlined above:

i. Treasury bills and Government of India securities.

ii. Term deposits with any scheduled commercial bank incorporated in India and with a net worth (i.e. the paid up capital plus free reserves of the bank) of atleast Rs.500 Crore, fulfilling the capital adequacy norms as prescribed by the Reserve Bank of India (RBI) from time to time. Capital adequacy and net worth of Banks may be assessed on the basis of their Annual Accounts (audited) or as available on the website of RBI, whichever is the latest. While investing, CPSEs shall ensure that minimum 60% of funds placed in bank term deposits are placed with public sector banks. Further, CPSEs may obtain competitive quotations from Banks.

iii. Instruments issued by scheduled commercial banks incorporated in India/all India term lending and refinancing institutions including their subsidiaries e. g. certificates of deposits, deposits schemes, commercial paper or similar instruments, which have been rated by any two Credit Rating Agencies, registered with SEBI and have been accorded the highest safety credit rating.

iv. Loans/Deposits with CPSEs (including those under inter-corporate borrowing programme) subject to availability of highest credit rating from any Credit Rating Agency registered with SEBI for borrowing for the corresponding period.

v. Investment in collateralized borrowing and lending obligations (CBLOs) where Clearing Corporation of India Ltd (CCIL) acts as counterparty.

vi. In mutual funds subject to the following conditions:

a) Only Maharatna, Navratna and Miniratna CPSEs are permitted to invest in debt based schemes of SEBI regulated public sector mutual funds.

b) Portfolio Management Schemes of any Asset Management Company/or any other entity will not be mutual funds for this purpose.

c) Investment in mutual funds shall not exceed 30% of the available surplus funds of the concerned CPSE.

d) Public Sector Mutual Fund means the Mutual Funds registered with and regulated by SEBI where the Government of India, its financial institutions and public sector banks holds/hold individually or collectively more than 50% of equity/shares in the Asset Management Company of that Mutual Fund.

e) The mutual fund debt scheme should have been accorded highest mutual fund rating by any two of the Credit Rating Agencies registered with SEBI.

f) The mutual fund debt scheme should have corpus amounting to at least Rs.1000 Crore for the scheme at the time of investment. The corpus may be reckoned from the latest published information at the time of investment.

g) The Board of Directors of the CPSEs should decide the guidelines, procedures and management control systems for investment in such mutual funds and keep the Administrative Ministry informed through the Financial Adviser.

vii. Any other debt instrument (including commercial paper) of public sector entities, subject to highest credit rating from any two rating agencies approved by SEBI.

Maturity Period of Investment

9. The period of maturity, including cases of residual maturity, of any instrument of investment shall not xceed one year from the date of investment. However, in the case of term deposits with banks and GOI securities, it may be up to three years from the date of investment.

Competent Authority for Investment and Reporting

10. Decisions on investment of surplus funds shall be taken by the Board of CPSE. However, Board may delegate powers regarding investment of short-term surplus funds up to one year maturity to a designated group of Director[s], which should invariably include CMD/MD and Director (Finance) of the CPSE concerned upto such financial limits as the Board may decide.

11. In case of Maharatna/Navratana CPSEs, decisions regarding investment of short-term surplus funds up to one year maturity may be delegated to Director (Finance) up to prescribed limits of investment as may be decided by the Board provided that (i) the proposals are examined and put up by an internal investment committee and (ii) guidelines, systems and proper procedures are laid down with the approval of Board. All such investment should be reported to CMD at least on a fortnightly basis.

12. Where such delegation is made, the delegation order should spell out criteria for selection of party, party exposure limits, etc., which should be strictly observed. Further, there should be a proper system of reporting to the Board at least on a quarterly basis.

13. An annual report on surplus funds invested in different instruments and the yield thereon may be placed before the Board.

14. The projected surplus availability for the ensuring year shall be informed to the Administrative Ministry at the beginning of financial year.

General

15. CPSEs shall ensure that all investment decisions are in accordance with the regulations as per the Company Law and Government of India instructions and any other relevant legislation and rules as applicable. Any investment already made, which is not in conformity with these guidelines should not be renewed after maturity/or at the earliest opportunity as may be decided by the Board of CPSE.

16. The Board of every CPSE shall arrange to formulate suitable procedure and management control systems for investment of surplus funds to be followed by the company. Boards of CPSEs may also lay down guidelines, procedures and systems for estimation of surplus funds and investment of these funds keeping in view the above guidelines and giving due consideration to safety of funds, risk on yield, requirement of liquidity and applicable laws.

17. The operating instructions are to be formulated keeping in view their suitability for making financial investments.

18. No agent/broker etc. in any form whatsoever shall be involved on either side. However, for secondary market investment in government securities and treasury bills, invitation of quote/s from a minimum of three primary dealers registered with RBI may be obtained.

This issues in consultation with the Department of Investment and Public Asset Management (DIPAM), Ministry of Finance and has the approval of Ministry of Finance communicated to DPE vide O.M No. 7/ 13/2016-Policy dated 3rd April, 2017.

ANNEXURE

Details of Guidelines on Investment of Surplus Funds by the Central Public Sector Enterprises (CPSEs) issued by Department of Public Enterprises from time to time:

Sl. No.	OM Nos.	Dated
1.	DPE /14(19)/90-Fin.	3rd January 1992
2.	DPE/4/3/92-Fin.	27th June 1994
3.	DPE/4(6)/94-Fin.	14th December 1994
4.	DPE/4(6)/94-Fin.	1st November 1995
5.	DPE/4(6)/94-Fin.	11th March 1996
6.	DPE/4(6)/94-Fin.	2nd July 1996
7.	DPE/4(6)/94-Fin.	14th February 1997
8.	DPE/4(6)/94-Fin. G-XVII	25th November 1999
9.	DPE/4(6)/1994-Fin.	29th September 2005
10.	DPE/11/47/2006-Fin.	31st August 2007
11.	DPE/11/47/2006-Fin.	4th December 2007

Sl. No.	OM Nos.	Dated
12.	DPE/11/47/2006-Fin.	11th April 2008
13.	DPE/11/47/2006-Fin.	15th April 2008
14.	DPE/11/47/2006-Fin.	14th August 2008
15.	DPE/18(1)/08-Fin.	15th December 2008
16.	DPE/11(15)/08-Fin.	12th January 2009
17.	DPE/18(15)/08-Fin.	24th February 2009
18.	DPE/14(24)/2011-Fin.	23rd April, 2012
19.	DPE/18(1)/08-Fin.	13th August 2012

[DPE O.M. No. 18(1)/2012-Fin. Dated 8th May, 2017]

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(c) Revival/Restructuring and Closure

1. Guidelines for "Streamlining the mechanism for revival and restructuring of sick/ incipient sick and weak Central Public Sector Enterprises: General principles and mechanism of restructuring"- regarding

The undersigned is directed to say that the Government has approved thatDepartment of Public Enterprises (DPE) will issue guidelines for streamlining the mechanism for revival and restructuring of sick/ incipient sick and weak Central Public Sector Enterprises (CPSEs) and to make any change therein that may be required in future.

2. Accordingly, guidelinesfor "Streamlining the mechanism for revival and restructuring of sick/ incipient sick and weak Central Public Sector Enterprises: General principles and mechanism of restructuring"have been formulated by DPE. A copy of the guidelines(both in Hindi and English versions)is enclosed.

3. The administrative Ministries /Departments of the CPSEs are requested to take necessary action as per the guidelines in respect of CPSEs under their administrative control.

4. This issues with the approval of the Minister of Heavy Industries & Public Enterprises.

ANNEX

List of Ministries/Departments

Sl. No.	Name of the Ministry/ Department/Organization/Board
1	Department of Expenditure
2	Department of Disinvestment
3	Niti Aayog
4	Department of Heavy Industry

Sl. No.	OM Nos.	Dated
5	Department of Fertilizers	
6	Department of Pharmaceuticals	
7	Department of Chemicals & Petrochemicals	
8	Ministry of Steel	
9	Ministry of Shipping	
10	Ministry of Housing & Urban Poverty Alleviation	
11	Ministry of Textiles	
12	Ministry of Water Resources, River Development and Ganga Rejuvenation	
13	Department of Food & Public Distribution	
14	Ministry of Petroleum &Natural Gas	
15	Ministry of Railways	
16	Ministry of Civil Aviation	
17	Department of Telecommunications	
18	Ministry of Development of North Eastern Region	
19	Ministry of Environment, Forests & Climate Change	
20	Ministry of Tourism	
21	Department of Industrial & Scientific Research	
22	Department of Defence Production	
23	Department of Commerce	
24	Department of Agriculture & Cooperation	
25	Department of Space	
26	Department of Atomic Energy	
27	Ministry of Coal	
28	Department of Economic Affairs	
29	Department of Financial Services	
30	Ministry of Minority Affairs	
31	Department of Health and Family welfare	
32	Ministry of New and Renewable Energy	
33	Ministry of Power	
34	Ministry of Road Transport and Highways	

Sl. No.	OM Nos.	Dated
35	Department of Ayurveda, Yoga & Naturopathy, Unani, Siddha and Homoeopathy	
36	Department of Biotechnology	
37	Ministry of Information &Broadcasting	
38	Ministry of Micro. Small & Medium Enterprises	
39	Ministry of Mines	
40	Department of Electronics & Information Technology	
41	Ministry of Home Affairs	
42	Ministry of Tribal Affairs	
43	Ministry of Urban Development	
44	Department of Higher Education	
45	Department of Disability Affairs	
46	Ministry of Social Justice & Empowerment	

Guidelines for "Streamlining the mechanism for revival and restructuring of sick/ incipient sick and weak Central Public Sector Enterprises: General principles and mechanism of restructuring"

These guidelines are laid down for streamlining the mechanism for restructuring / revival or closure of sick or incipient sick CPSEs and replace the multiple process options available for the same purpose.

2. Multiple mechanisms for restructuring / revival of sick and incipient sick CPSEs exist. Sick industrial companies as defined in Sick Industrial Companies Act 1985 are referred to Board for Industrial Financial Reconstruction (BIFR), which suggest a restructuring plan and seek sacrifices & commitments from promoters and stake holders. Board for Reconstruction of Public Sector Enterprises (BRPSE) has been created to advise the government through the resolution No.16(25)2004-Fin. dated 6th December, 2004 to consider the restructuring or revival plan of CPSEs prepared by a CPSE itself under the guidance of its administrative ministry. The administrative ministry may, in the public interest, prepare a revival or restructuring plan for a CPSE which may involve comprehensive restructuring, disinvestment, closure etc of the sick and incipient sick CPSE and take it directly to the competent authority for appropriate decision.

3. Primary responsibility for supervision of a CPSE for its efficient functioning lies in the administrative ministry and final view for restructuring and revival of sick and incipient sick CPSEs or taking appropriate measures for CPSEs showing early indications of weakness has to be taken by them with approval of the competent authority after inter - ministerial consultation and concurrence of the Ministry of Finance through PIB/ EFC mechanism as may be required. It is in the public interest to make this process, time bound, comprehensive, performance driven and efficient so that such decisions are taken and implemented in a time bound manner to minimise further losses. Hence there is a need to lay down broad principles and guidelines to be followed in such cases.

4. Guidelines:

4.1 The Companies Act, 2013 Chapter XIX refers to Revival and Rehabilitation of Sick Companies and Chapter XX to Winding up of the Companies. The decision whether a company has become a sick company

would be taken by the Tribunal (National Company Law Tribunal). The Administrative Ministries/ Departments have to keep a track of the debts of CPSEs and take advance action to avoid a situation where the CPSEs may be considered fit to be declared sick entity as per provisions of the Companies Act, 2013.

4.2 The administrative ministry shall, at the end of the each financial year, analyse the performance of its CPSEs to classify them by a specific order in the following categorieswithin 6 months of the closure of the financial year or within one month from finalisation of Annual Accounts, whichever is earlier.

4.2.1 Sick CPSEs: A CPSE shall be considered sick if it meets one of the following criteria:

a. If it is declared sick as per the provisions of the Companies Act, 2013.

b. If its net worth is negative.

4.2.2 Incipient sick CPSEs: A CPSE would be considered incipient sick if it meets one of the following criteria:

a. If its net worth is less than 50% of its paid-up capital in any financial year.

b. If it had incurred losses consecutively for three years.

4.2.3 Weak CPSEs: A CPSE would be considered weak or sub optimally performing if it meets one of the following criteria:

a. If its turnover or its operational profit has declined by more than an average of 10% in the last 3 years.

b. If its profit before tax is less than income from the other sources.

c. If its trade receivable and inventories are more than 50% of net worth of the CPSE.

d. If the claims against the company, not acknowledged as debts, are more than its net worth.

e. Any other criteria as may be prescribed to quantify early signs of weakness in the performance of the CPSEs by the government.

4.3 In all the reference to Net worth, it would have the same meaning as defined under Section 2 (57) of the Companies Act, 2013.

4.4 The administrative ministry will take the following action:

(a) The administrative ministry will put weak CPSEs under **"observation and intensive review"** to arrest the early signs of weakness in such CPSEs. It may include nomination of independent expert members on the board, quarterly intensive review or special reviews for takingcorrective business, operational and financial measures at the board level, fixing the responsibility for declining performance or non-performance or any other corrective step as may be appropriate and necessary by the administrative ministry or department.

(b) The administrative ministry shall initiate the process for preparation of restructuring/ revival plan, which may include disinvestment or privatisation or closure options, for sick/ incipient sick CPSEs based on the classification as given abovewithin 6 months from the closure of the financial year or within one month from finalisation of Annual Accounts, whichever is earlier.

(c) Restructuring and revival plan for the sick and incipient sick CPSEs shall be prepared within nine months of the closure of the financial year.

(d) External expert agency which has experience and expertise of the business environment, operational issues, technology option and financial viability of the sector in which such CPSE is functioning may be engaged by the government and shall function under the supervision of the administrative ministry for preparation of the future road map.

4.5 Restructuring and revival plan with the help of the agency and other experts, as may be required, shall be prepared by the administrative ministry/department and shall specifically include:

4.5.1 Perspective of Relevance and Functioning:

a) Background and purpose of the formation of the CPSE.

b) Economic and regulatory environment along with their impact on the growth of the company

c) Liberalisation and its impact on its business operation

d) Ability of the CPSE in adapting new business strategies, technology to regain and sustain its economic viability.

e) Efforts and special interventions made for its revival or avert early sickness and its impact on the health of the CPSE.

4.5.2 Strategic Plan for Restructuring/Revival:

(a) The concerned administrative ministry/department should clearly bring out the national and strategic interest served by the CPSEs in the light of the sectoral business environment, domestic as well as global.

(b) Prevailing market need to be analysed for supply of goods or services through other providers in the private sector, domestic or from other countries, to bring out if there is a specific role of the CPSE in this segment to serve the national strategic or defence interests.

(c) Keeping the business environment other relevant facts in mind, a CPSE may be categorised as a **high priority** or **priority** CPSE to meet the strategic interest of the country. For this purpose, a report of the 14th Finance Commission may also be referred to.

(d) All other sick CPSEs which are not required to serve the strategic national/ defence interests should be categorised as **non priority** CPSEs.

4.5.3 Business Plan for Restructuring/Revival Plan:

A. High Priority or Priority CPSE.

a) For high priority CPSEs, the business plan has to be made keeping in mind the strategic national interest and economically viable business opportunities.

b) For strategic business model, requirement for Government policy convergence should be clearly spelt out to meet the economic viability of such enterprises. Also, viability gap funding, if required for such strategic operations have to be brought out.

c) For high priority sector, the business plan may be drawn seeking specific financial and non financial support from the Government. It may include strategic disinvestments or joint ventures etc.

B. Non-priority CPSE.

a) For CPSEs in the non-priority category, the business plan is to be made on business and economic viability model to attain self sufficiency in short or medium term.

b) Business plan should be based on performance efficiency bench marks, viable scale of economic operation and road map for technology adoption/upgradation to support business strategy for viability and sustainability over period of time.

c) Business reorganisation through merger, demerger or closure of various business activities.

d) It should support desirable market share to be sustainable in the medium and long term.

e) All the presumptions underlying the business plan with respect to their business environment, economic viability and mechanism of funding should be market validated and credibly established.

4.5.4 Operational Restructuring:

a) Keeping in mind the business plan, the required human resource needs are to be assessed and rationalised.

b) It may be seen whethersectoral efficiency benchmarks as are existing globally/ domesticallycan be achieved by the CPSEin short or medium term through implementation of this plan in shortest period of time.

c) Options for adopting requisite technology and up-gradation of the same as per requirement through various management options including JV, disinvestment or privatisation to be factored into the operational restructuring plan.

d) The options of merger or de-merger of various operations in line with the proposed business plan to ensure continuous procurement of new technology and its up-gradation.

4.5.5 Financial Restructuring Plan:

a) For high priority and priority CPSEs, a comprehensive financial restructuring plan should be drawn comprising various methods of financing with minimum and unavoidable viability gap funding in the strategic national/defence interest. Limited private investment through disinvestment within permissible limits may also be considered under financial plan.

b) In case of other (non priority) CPSEs financing plan should be based on economic viability of operations. Various options of leveraging private and/or institutional funding may be explored.

c) Details of projected profitability/cash flow for the next five years. These presumptions should be pragmatic and market validated.

4.6 Mechanism and Methodology to be followed for restructuring/ revival/closing of sick CPSEs

(a) The concerned administrative ministry/ department would classify the CPSE as sick CPSE, incipient sick or with early indications of weakness as per para 4.2 above. The concerned

Administrative Ministry/ Department will also inform DPE about the status of CPSE accordingly.

(b) The concerned administrative ministry/ department will be responsible for formulating revival/ restructuring/ closure road map for sick CPSEs as per the principles outlinedabove. This would be done within three months from the issue of these guidelines in case of existing sick CPSEs and within nine months from the end of the financial year for a CPSE becoming sick subsequently.

(c) Administrative Ministry/ Department may engage credible expert organisation for drawing of business, operational and financial restructuring plans. Such expert entity, if appointed, should function under the direct control of administrative ministry/ department so as to draw a professionally credible, implementable and realistic restructuring plan. Suitable mechanism for market validation should be incorporated during the Request for Proposal (RFP) stage of engagement of expert(s)/expert organisation(s) and the market validation should be cross checked and confirmed by the administrative ministry/department as well.

(d) Implementation plan with specified time line for various stages should be objective, quantifiable and supported with the monitoring mechanism.

[DPE O.M. No. DPE/5(1)/2014 Fin. (Part-IX) Dated 29th October, 2015]

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2. Revised guidelines of the Department of Public Enterprises (DPE) on time bound closure of sick/ loss making Central Public Sector Enterprises (CPSEs) and disposal of movable and immovable assets-regarding

The undersigned is directed to refer to this Office OM of even number dated 07.09.2016 regarding guidelines on time bound closure of sick/ loss making CPSEs and disposal of movable and immovable assets and to say that the Government has approved revised guidelines on the above mentioned subject.

2. These revised guidelines enclosed with this OM will replace the earlier guidelines issued on 07.09.2016 on this matter.

3. All the administrative Ministries/Departments concerned with CPSEs are requested to take note of the revised guidelines and also bring the same to the notice of all CPSEs under their administrative control for strict compliance.

List of Name of the Ministry/ Department

S. No.	Name of the Ministry/ Department
1	Department of Agriculture , Cooperation and Farmers Welfare
2	Department of Agricultural Research and Education
3	Department of Atomic Energy
4	Department of Biotechnology
5	Department of Chemicals & Petrochemicals
6	Department of Commerce

S. No.	Name of the Ministry/ Department
7	Department of Defence Production
8	Department of Economic Affairs
9	Department of Empowerment of Persons with Disabilities
10	Department of Expenditure
11	Department of Fertilizers
12	Department of Financial Services
13	Department of Food & Public Distribution
14	Department of Heavy Industry
15	Department of Higher Education
16	Department of Industrial Policy and Promotion
17	Department of Pharmaceuticals
18	Department of Posts
19	Department of Social Justice & Empowerment
20	Department of Space
21	Department of Scientific & Industrial Research
22	Department of Telecommunications
23	Ministry of Ayush
24	Ministry of Civil Aviation
25	Ministry of Coal
26	Ministry of Development of North Eastern Region
27	Ministry of Electronics & Information Technology
28	Ministry of Environment, Forests & Climate Change
29	Ministry of Health and Family welfare
30	Ministry of Home Affairs
31	Ministry of Housing & Urban Affairs
32	Ministry of Information &Broadcasting
33	Ministry of Micro. Small & Medium Enterprises
34	Ministry of Mines

S. No.	Name of the Ministry/ Department
35	Ministry of Minority Affairs
36	Ministry of New and Renewable Energy
37	Ministry of Petroleum &Natural Gas
38	Ministry of Power
39	Ministry of Railways
40	Ministry of Road Transport and Highways
41	Ministry of Shipping
42	Ministry of Steel
43	Ministry of Textiles
44	Ministry of Tourism
45	Ministry of Tribal Affairs
46	Ministry of Water Resources, River Development and Ganga Rejuvenation

Subject: Guidelines for time bound closure of Sick/ Loss Making Central Public Sector Enterprises (CPSEs) and disposal of Movable and Immovable assets.

To expeditiously complete the procedures for closure of CPSEs and lay down responsibilities of the concerned ministries/ departments/ CPSE, etc., guidelines for time bound closure of Sick/ Loss Making CPSEs and disposal of movable and immovable assets are laid down hereunder:

1 APPLICABILITY:

These guidelines shall apply to all sick/ loss making CPSEs, where -

(i) Approval/ in principle approval for closure has been obtained by administrative Ministry/ Department from the CCEA/ Cabinet; or

(ii) The process for obtaining the approval of the competent authority is underway after the administrative Ministry/ Department has decided for the closure of the CPSE.

Note: These guidelines shall not apply to CPSEs under liquidation where liquidator has been appointed. The Administrative Ministry/ Department of such CPSE(s) may take necessary action relating to closure of the CPSE and disposal of its movable/immovable assets in consultation with NITI Aayog and in accordance with the legal requirements of the liquidation process.

2. DEFINITIONS

(i) **Preparatory Date (P0)** shall be the date on which administrative Ministry takes the decision for closure of the CPSE.

(ii) **Zero Date (T0)** shall be the date of issue of minutes conveying the decision of Cabinet/ CCEA for closure. In respect of those CPSEs where approval for closure has already been obtained, the process of closure shall be fast tracked as per these guidelines.

(iii) **CPSE :** Certain statutory corporations and all Government Companies in which more than 50% equity is held by the Central Government are classified as CPSEs. The Subsidiaries of these Companies in which any CPSE has more than 50% equity are also categorised as CPSEs, if registered in India.

(iv) **Land Management Agency (LMA)** is the CPSE, such as NBCC/ EPIL which has the experience of activities as mentioned in para 5 of the guidelines. It shall be nominated by the administrative Ministry/ Department/ the Board of the CPSE under closure to manage, maintain and assist in disposal of land.If instead of a CPSE, a public agency is to be nominated as the LMA, it shall be done by Ministry of Housing and Urban Affairs (MoHUA).

(v) **Auctioning Agency (AA)** is the CPSE, such as MSTC, which is nominated by the administrative Ministry/ Department/ the Board of the CPSE under closure to dispose of movable and immovable assets through e-auction in a transparent manner.

(vi) **Reserve Price :** Reserve price for disposal of land may be worked out based on the prevalent circle rate in the said location for similar use and the average price at which land assets of similar size in the nearby areas have been sold in the last 3 years, whichever is higher.

(vii) **Single Bid :** In cases of sale of land by auction, while dealing with single bid situations, the guidelines/ provisions ofMinistry of Finance and CVC guidelines in this regard shall apply.

3. ROLE OF CONCERNED ORGANISATIONS/ BODIES

3.1 Role of the Board of Directors of CPSEs for Closure

In respect of CPSEs where decision for closure has been taken or in-principle approval for closure has been given by Cabinet/ CCEA, the Directors of the CPSE should provide all support and material required in formulating the closure proposal and its implementation, failing which the administrative Ministry/ Department shall take a view on removing the Functional Directors including the CMD and give additional charge of the CMD to the Joint Secretary concerned and charge of other functional Directors to other senior officers in the administrative Ministry/ Departmentas per extant guidelines in this regard. This fact of removal of the Functional Directors including the CMD will be communicated to the PESB.

3.2 Role of the administrative Ministry/ Department

3.2.1 Preparatory activities : The Administrative Ministry/ Department of CPSEs in respect of whom in-principle approval for closure has been given and those mentioned in para 1 (ii) of the guidelines shall take advance preparatory action for such CPSEs which shall include the following:

(a) Negotiate with the secured creditors to settle their dues at the minimum value as One Time Settlement (OTS). Administrative Ministry/Department may critically examine the best possible settlement including schedule of payment, waiver of interest and penalties with secured creditors so that it requires minimum budgetary support.

(b) Modalities of the settlement of liabilities covered by the Government guarantees will be settled in consultation with the Ministry of Finance.

(c) **Estimation of other liabilities :** Administrative Ministry/ Department will get the estimates of all other liabilities required to be paid including unsecured creditors.

3.2.2 The CPSEs in respect of whom in-principle approval for closure has been given and those for which the administrative Ministry/ Department has decided for closure as mentioned in para 1 (ii) of the guidelines, the concerned administrative Ministry/ Department will be responsible for formulating the detailed proposal

for closure of the CPSE and placing the same before the Cabinet/ CCEA within a period of three months from the Preparatory date. It shall be ensured by the administrative Ministry/ Department that all relevant details along with their financial implications including details of liabilities, movable and immovable assets to be offered for sale are covered in the approval para of the proposal for closure of the CPSE. After obtaining decision of the competent authority on closure of the CPSE, the administrative Ministry/ Department shall take up request for budgetary support and shall oversee the settlement of liabilities and disposal of assets including negotiations with the State Governments on land related issues as outlined below:

(a) **Request for Budgetary Support :** Request budgetary support from the Department of Expenditure, Ministry of Finance, within 15 days from the Zero date.

(b) **Settlement of Liabilities:**

(i) Instruct the CPSE for payment of statutory dues/ liabilities towards revenues, taxes, cesses and rates due to Central Government or State Government or to the local authorities within two months from the Zero Date;

(ii) Instruct the CPSE to give a general notice to employees and other stakeholders intimating about intended closure and intimate/ apply to the Ministry of Labour and Employment in respect of closure, as may be applicable under Industrial Disputes Act, 1947within 05 days from the Zero Date. Implement VRS package with a timeframe/ final cut-off date and settle wages/salaries of employees and statutory dues within 3 months from the Zero Date or within such extended time required due to the need to seek Parliamentary approval for additional funds.

(iii) Take action for completing the legal formalities for retrenchment of employees not opting for VRS within the four months from the Zero Date by payment of compensation as per law.

(iv) Settlement of secured creditors. The settlement should be completed within 3 months from the Zero Date unless there are financing constraints beyond the control of the administrative Ministry/ Department.

(v) Settlement of other liabilities should be the next priority.

(c) Disposal of Assets

In case the CPSE is a subsidiary of another CPSE and if the assets are required by such holding company, the same may be transferred to the holding company at book value, in consultation with the State Government, wherever so required within 30 days from zero date (T0). Similarly, if assets are required by the administrative Ministry/ Department for its own use, the same may be transferred to it at book value within 30 days from zero date (T0). In respect of remaining assets, guidelines as mentioned in subsequent paras, i.e., 4.2 and 4.3 shall apply.

(d) Negotiations with the State Government

The Secretary of the Department/ Ministry concerned shall lead the interactions with the State Government regarding the utilisation/ alternative utilisation of land, return of land to the State Government and conclude these deliberations within a period of two months from Zero Date.

3.3 Role of NITI Aayog

For all cases of closure, NITI Aayog shall monitor the implementation of the decision along the prescribed timelines. There shall be an Oversight Committee in NITI Aayog to carry out the work of monitoring the implementation of decisions of the Government in this regard. The administrative Ministry/ Department

may approach NITI Aayog for resolution of any problem/dispute arising out of sale of immovable assets of CPSE(s) approved for closure. NITI Aayog will develop a framework in place for resolution of such issues.

3.4 Role of Ministry of Finance

Ministry of Finance may examine, either through professional help or otherwise, the request for budgetary support at the stage of seeking in-principle or final approval of the competent authority for closure of CPSE. Once closure proposal is approved Ministry of Finance would release funds as per the prescribed time-lines. For this, a mechanism for time bound release of funds required to implement all aspects of closure of CPSEs may be put in place by the Department of Expenditure, Ministry of Finance so that funds are released within one month of receiving the request, except where Parliamentary approval for Supplementary Demand for Grants is required.

3.5 Role of Ministry of Housing and Urban Affairs (MoH&UA)

MoH&UA shall nominate LMA, in cases where a public agency with necessary expertise and resources needs to be identified as the LMA as per para 2(iv) of the guidelines. MoH&UA shall inform the LMA about the requirement for land parcels for affordable housing. Such land shall undergo the process of disposal as per the guidelines of MoH&UA in this regard. A mechanism shall be put in place in MoH&UA for enabling proper co-ordination with the CPSE under closure/ the concerned administrative Ministry/ LMA with regard to process of disposal of land for affordable housing.

4. Role/ Activities of CPSEs under closure

4.1 Preparatory Activities: The CPSEs in respect of whom in-principle approval for closure has been given and those for which the administrative Ministry/ Department has decided for closure as mentioned in para 1 (ii) of the guidelines shall take advance preparatory action within three months from the Preparatory Date which shall include the following:

4.1.1 Estimation of Statutory dues: The CPSE will estimate the statutory dues/ liabilities towards revenues, taxes, cesses and rates due to Central Government or State Government or to local authorities under the supervision of its administrative Ministry/ Department.

4.1.2 Estimation of dues of employees:

(i) Preparation of VRS/ VSS package at 2007 notional pay scale, irrespective of the pay scale in which the CPSE is operating for release of the employees. Estimation of financial implications for such a package.

(ii) Estimation of funds required for payment of wages/salaries and statutory dues in respect of the employees till the time the employees are released by way of opting for VRS/ VSS/ retrenched or settled.

(iii) Total Estimated budgetary support for (i) and (ii) above with the phasing of requirement of funds and time lines

4.1.3 Estimation of liabilities towards Secured Creditors etc.

(i) Secured creditors are those in whose favour a charge has been created on the assets of the Company and filed/ registered with the Registrar of Companies.

(ii) Processing of offers from secured creditors and statutory dues for settling them at minimum value and estimation of the total amount so determined to be paid back to the secured creditors.

4.1.4 Estimation of dues payable to the Central Government: The dues payable to the Central Government availed in the form of loans extended from time to time, segregated into the principal outstanding amount and the interest thereon shall be worked out.

4.1.5 Estimation of other liabilities: Make estimate of all other liabilities required to be paid including unsecured creditors.

4.1.6 Estimation of movable assets:

(i) Updating details of movable assets including plant(s) & machineries. The inventory of all moveable assets should be got verified/ certified from an independent third party e.g. a firm of Chartered Accountants;

(ii) Book Value of the movable assets as well as the current estimated market value and estimation of realisable value from their sale by the CPSE/ administrative Ministry/ Department.

(iii) Where movable assets are on lease negotiation with the lessor whether he would take it back at market price or would like it to be auctioned.

(iv) Ascertaining whether movable assets are to be utilised by holding CPSE, if any or by the administrative Ministry/ Department.

(v) Ascertaining whether factory/ office building (superstructure) is required to be disposed of along with movable assets or along with land.

(vi) Ascertaining of market value of brand name, goodwill, trademarks, etc. of the CPSE under closure.

4.1.7 Estimation of receivables including trade receivables, securities, loans and advances, etc.

4.1.8 Estimation of Budgetary Support required for closure

(i) Total Estimated funds required for financing the closure of the Company which would include liabilities at para 4.1.1 to 4.1.5 above, along with time-lines/ phasing of release of funds from the Central Government.

(ii) CPSE's own resources, including amount to be realised from sale of assets, which may be available for settlement of liabilities during the course of closure shall be taken into account for working out the requirement for budgetary support, with phasing of funds and time lines.

4.1.9 Immovable assets including buildings:

(i) Updating of land records with geo-mapping and details such as title deed, lease hold land, freehold land, conditions of lease, remaining period of lease, current land use, FAR and other rights relating to use of land, whether land compensation (partly/fully) has been paid by the CPSEs/ Central Government at the time of acquisition, amount of compensation paid, status of possession of land, encroachments, if any, etc.

(ii) Obtaining the concurrence/ agreement of the State Government in respect of utilisation/ settlement of lease hold land of the CPSE intended to be closed for further use for similar or identical activities as per local laws governing land use by other Central Government/ State Government/ Departments or PSEs/ organisations for public purpose/ expansion of economic activities, etc, if options possible.

(iii) Ascertaining whether immovable assets are to be utilised by holding CPSE, if any or by the administrative Ministry/ Department failing which appointment of Land Management Agency (LMA) and sharing information with it.

4.2 Disposal of Movable Assets

(i) The CPSE shall carry out the processes of disposal of movable assets including plant & machinery in a transparent manner immediately after 'Preparatory Date' under the supervision of Administrative Ministry/ Department.

(ii) The leasehold assets may be transferred to the lessor at his option.

(iii) The CPSE in consultation with the administrative ministry/ department, if necessarily required, may dispose of factory building structure along with disposal of movable assets.

(iv) If there is a need for auction of movable assets including brand name, goodwill, trademarks, etc., Auctioning Agency shall be nominated by the Administrative Ministry/ Department/ CPSE for completing the job within three months from the zero date.

(v) If the CPSE is not able to dispose of movable assets within the stipulated time-frame, it should be brought to notice of the Administrative Ministry/ Department and NITIAayog by the CPSE. Thereafter, the Administrative Ministry/ Department shall redress the matter within 15 days and shall take a decision on settlement of the disposal of movable assets.

4.3. <u>DISPOSAL OF IMMOVABLE ASSETS: LAND & BUILDING</u>

Considering that land of the CPSE may be leasehold or freehold or a conditional Land Grant with restricted rights of occupation and use, the CPSE shall carry out the following activities after examining issues mentioned in para 4.1.9 above, under close supervision and guidance of the administrative Ministry/ Department and in consultation with State Government(s)/ lessor, wherever required.

4.3.1. Disposal of Leasehold Land

(i) **Leasehold land with conditions :** Leasehold land with specific condition that it will be given back to the State in case the CPSE ceases to exist or non-utilisation of land for the purpose for which it had been allotted etc. or where there is no provision of sale in the lease agreement, such land may be returned to the State Government on receipt of financial compensation determined as per the terms and conditions of the Lease or Land Grant Agreement within three months from the Zero Date. In such a case, financial compensation, if any, paid by the CPSE/ Central government at the time of acquisition or the higher amount shall be re-paid/ paid by the State government while taking back the land.

(ii) **Other Leasehold land :** In case the terms and conditions of the Lease do not contain any restrictive conditions regarding the use/ disposal of such land, and/or do not confer any pre-emptive rights in favour of the State/lesser in the event of closure of the CPSE, the subject land may be treated akin to freehold land and dealt with in the same manner as prescribed for the freehold land, subject to any specific terms and conditions of the Lease.

4.3.2. Disposal of Freehold Land: Important steps for disposal of free hold land:

a) Freehold land is generally allotted to the CPSE by the State Government after acquisition or purchased by CPSE directly. There may or may not be conditions of land use attached to such land. In case of freehold land with conditions of land use attached, best possible use of such land may be worked out in the light of the original land-use of the land or the current land-use of the area as per the master plan of the locality, whichever is better.

b) The following process shall be followed for settlement of the freehold land of the CPSEs:

(i) The LMA shall first ascertain from MoH&UA about the requirement of land for Affordable Housing. Such land shall undergo the process of disposal as per the guidelines of MoH&UAin this regard. After identification of land for Affordable Housing, the remaining land shall be disposed of as below.

(ii) CPSE/ administrative Ministry/ Department through the LMA shall invite offers for purchase of land from Central/ State Government Departments/ Agencies. Land shall be allotted to the Government entities, subject to the approval of the Cabinet/ CCEA as required.

(iii) Land shall be allotted to the Central/ State Government Departments at reserve price in the following order of priority:

(a) Central Government Department(s)

(b) State Government Department(s)

(iv) Then land shall be offered for sale to Central or State PSEs/ Bodies/ Authorities. In case of sale of land to such bodies, a limited bidding process may be adopted in a physical format or on e-platform. This process can be conducted with the help of an Auctioning Agency.

(v) In case any of the above government entities is willing to take the entire land (without any division thereof), the same shall be given priority over others. In case, above category of organisations are interested in taking part of the land, it would require preparation of a Development Plan of the area of land, plotting and provision of internal infrastructure works/ facilities, which shall be prepared by LMA and presented to the CPSE/ administrative Ministry/ Department. The administrative Ministry/ Department will consider the land development plan, approve it including the scheme of financing and may entrust LMA or any other suitable agency(ies) to execute it to ensure allotment/ settlement of such divided land parcels as per the priority given in the guidelines.

(vi) Incase, no offer is received in respect of (i) to (v) above, the disposal of immovable assets is to be done in a transparent process through the auctioning agency to any entity with the approval of competent authority. However, before the last date of submission of bid, if any offer is received from Central Government Departments as mentioned at para 4.3.2 b)(iii)(a)above, the same will be given overriding priority. The process mentioned above at (i) to (vi) will be completed within 8 months of Zero Date.The timelines prescribed may apply separately to each tranche if LMA decides to dispose of land in more than one tranche for maximizing value.

(vii) Land would be sold as per the permissible land use and restrictions, if any, FAR and other applicable conditions and subject to the approval of the Cabinet/ CCEA as required.

(viii) In case of non-feasibility of monetisation of land assets by way of the above options, land/ property may be utilised for public purposes like public parks, utilities, etc. as may be permissible in consultation with NITIAayog and approval of the Cabinet/ CCEA, as required within 11 months of Zero Date.

(ix) Wherever the Administrative Ministry/ Department faces any difficulty in disposal of land, it shall consult the NITI Aayog and take action as per the advice tendered in this behalf.

5. <u>FUNCTIONS OF LAND MANAGEMENT AGENCY</u>

The administrative Ministry/Department and the Board of the CPSE under closure may entrust the immovable assets as per para 4.1.9 to the nominated Land Management Agency (LMA), which shall:

(i) Identify, manage, maintain and, if required, engage security agency for the watch and ward of the assets on contract basis for the CPSE against payment. The LMA shall ensure that the land is not encroached, movable assets are not stolen and premises are secured. The LMA may engage a few key employees dealing with assets of the CPSE on contract basis to obtain, manage, maintain and update the records of lands and other immovable assets of the CPSEs on behalf of the CPSE.

(ii) Collect and validate the information regarding the land, e.g. title deed, lease hold or freehold, conditions of lease, remaining period of lease, whether land compensation was paid by the CPSE/ Central Government at the time of acquisition, status of possession of land, encroachment, if any, and its verification on the ground.

(iii) Examine the current land use, FAR and the land use as per the local laws applicable in that area to determine the suitability of the land for industrial, manufacturing or some other purposes.

(iv) Shall ascertain from MoH&UA about requirement of land for Affordable Housing so that such land can be transferred as per the guidelines of MoH&UAin this regard.

(v) Carry out valuation of land on the basis of applicable circle rates and any other information necessary for use / valuation of land / building including limitations arising out of nature of title, master plan and state government restrictions, if any. Further, the LMA shall try to maximize the land value by parcelling the land into marketable units.

(vi) Work out the reserve price of the land as per para 2(vi).

(vii) The Land Management Agency shall compile all such information and publish the same on Land Management Portal website at the earliest, but not later than three months from preparatory date, in the public domain for the information of all parties that may be interested in taking such land.

(viii) If the LMA comes to the conclusion from the EoIs received that disposal of immovable assets as per priorities set out in the Guidelines would require division of land into parcels and development of such land parcels to facilitate their monetisation, it should bring the matter to the notice of the Administrative Ministry/ Department. The LMA shall prepare and place before the Administrative Ministry/ Department a Land Development Plan along with its scheme of financing for consideration and further approval.

(ix) The LMA shall submit monthly report updating the status of disposal of immovable property to the administrative Ministry/ Department as per their approvals, with a copy to the NITI Aayog.

(x) The LMA will be entitled to land management fee which would be 0.5% of the value realized from disposal of land for affordable housing and to Government Departments/ Agencies/ private entities subject to a maximum of Rupees One crore.

(xi) In cases where the LMA is required to support watch and ward of the asset under disposal and engage employees as mentioned at para 5(i) above, such expenditure shall be reimbursed by the administrative Ministry/Department on the basis of actuals every month. LMA would obtain prior approval of the administrative Ministry/Department before incurring any expenditure which require reimbursement.

(xii) LMA may be required to engage the State Government/ Public Sector Enterprises on appropriate terms and conditions for discharge of some of its responsibilities.

6. FUNCTIONS OF AUCTIONING AGENCY

The auctioning agency shall dispose the assets of the Company by e-auction through a transparent process. The Auctioning Agency would be paid 1% of amount realized from auction subject to maximum of Rs. 25.00 lakh per auction.

7. Proceeds from sale of assets after making payment for all liabilities would be deposited in Consolidated Fund of India.

8. APPLICATION TO THE ROC FOR REMOVAL OF THE NAME OF THE COMPANY FROM THE REGISTER OF COMPANIES

Immediately upon settlement and discharge of all the liabilities, the Board of Directors of the CPSE shall take necessary steps to apply to the Registrar of Companies (RoC) for removal of the name of the Company from the Register of Companies under Section 248 of the Companies Act, 2013. The Board of Directors may also pass a resolution at this stage to transfer all the residual assets of the Company to another entity or the Central Government as considered necessary. This step shall be completed within 2 months from the date of disposal/ transfer of all assets, but not later than 13 months from the Zero Date.

9. TIME-LINES

For ease of use, a matrix of timelines of various steps for closure of the CPSE as per these Guidelines is annexed.

In respect of those CPSEs where approval for closure has already been obtained, the process of closure shall be fast tracked as per these guidelines.

ANNEX

Revised Time-lines of activities for closure of CPSEs

Sr. No.	Milestones/ Activities	Time-Lines	Para No. of Guidelines
A.	**Preparatory date :** Preparatory Date (P0) shall be the date on which administrative Ministry takes the decision for closure of the CPSE.		
1.	Estimation of Statutory dues	P_0 + 3 months	4.1.1
	Estimation of dues of employees		4.1.2
	Estimation of liabilities towards Secured Creditors etc.		4.1.3 & 3.2 1(a)
	Estimation of dues payable to Central Government		4.1.4
	Estimation of other liabilities		4.1.5 & 3.2.1 (c)
	Estimation of Movable assets		4.1.6
	Estimation of receivables		4.1.7
	Estimation of Budgetary Support Required		4.1.8

Sr. No.	Milestones/ Activities	Time-Lines	Para No. of Guidelines
	All preparatory actions in respect of immovable assets, e.g. updating of land records with geo-mapping and other formalities, Obtaining State Governments commitments, Valuation etc.		4.1.9
	Detailed Proposal for closure to be placed before the Cabinet/ CCEA		3.2.2
	Placing of information relating to immovable assets/ land on the 'Land Management Portal web site'		5 (vii)
B.	Zero date: Date of issue of minutes of approval for closure of sick/loss-making CPSE by the Cabinet/CCEA. This is shown as T0.		
2.	General notice to employees and other stakeholders intimating about intended closure	T_0 + 5 days	3.2.2 (b) (ii)
	Intimate/ apply to the Ministry of Labour and Employment in respect of closure		
3.	Request for budgetary support from Department of Expenditure.	T_0 + 15 days	3.2.2(a)
4.	Transfer of assets to Holding company/ administrative Ministry/ Department	T_0+ 1 month	3.2.2(c)
5.	Settlement of statutory dues/ liabilities towards revenues, taxes etc.	T_0 + 2 months	3.2.2 (b) (i)
	Negotiation with State Government		3.2.2 (d)
6.	Payment of secured creditors as one time settlement	T_0 + 3 months	3.2.2 (b) (iv)
	Settlement of wages/salaries of employees and statutory dues		3.2.2 (b) (ii)
	Disposal of movable assets		4.2
	Return of leasehold land to State Government with conditions of non-sale		4.3.1(i)
7.	Retrenchment of employees not opting for VRS	T_0+ 4 months	3.2.2(b)(iii)
8.	Identification of land for affordable Housing, Sale/ transfer to Central Government departments, State Government departments, Central Government bodies/ CPSEs and State Government bodies/ PSEs.	T_0 + 8 months	4.3.2 b) (i), (ii), (iii), (iv) & (v)
9.	Auction of land to any entity after exhausting option at Sl. No. 8		4.3.2 b) (vi)
10.	Utilisation of land for public purposes like public parks, utilities, etc.	T_0 + 11 months	4.3.2 b)(viii)
11.	Application to Registrar of Companies for removal of name of CPSE	T_0 + 13 months	8

Note: The above timelines would be suitably modified in individual cases requiring Parliamentary approval.

[DPE/5(1)/2014-Fin(Part) Dated 14th June, 2018]

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(d) Procurement in CPSEs

1. Use of Integrity Pact by Public Sector Undertakings(PSUs)—Implementation of ARC Recommendation - regarding.

The undersigned is directed to refer to the Department of Expenditur óOM No.14(12)/2008-E.II(A) dated 20.07.2011 (copy enclosed) on the above mentioned subject and to state as under

(i) All CPSEs will enter into Integrity Pact in the form enclosed as Annexure in their procurement transactions/contracts with suitable changes specific to the situations in which the pact is to be used.

(ii) CPSEs in consultation with the Financial Advisers of the concerned administrative Ministries shall decide and lay down the nature of procurements/contracts and the threshold value above which the Integrity Pact would be used in respect of procurement transactions/contracts concluded by them. This activity should be completed by 30th Sept, 2011.

(iii) As the title page of the said Pact is in the name of the President of India, CPSEs may change the title page suitably for their use.

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

Use of Integrity Pact by Public Sector Undertakings(PSUs) — Implementation of ARC Recommendation — regarding

The Administrative Reforms Commission in its report titled 'Ethics in Governance had made the following recommendation in relation to Integrity Pacts:

ñThe Commission recommends encouragement of the mechanism of 'Integrity Pacts'. The Ministry of Finance may constitute a Task Force with representative from Ministry of Law and Personnel to identify the type of transactions requiring such Pacts and to provide for a protocol for entering into such a pact. The Task Force may in particular, recommend whether any amendment in the existing legal framework like the Indian Contract Act, and the Prevention of Corruption Act is required to make such agreements enforceableò.

2. Accordingly, a Task Force was constituted in the Ministry of Finance with representatives of Ministries of Law and Defence and Department of Personnel & Training. After examining the recommendations of the Task Force it has been decided that:

(i) All Government Ministries/Departments, including their attached/subordinate offices, may use the generally applicable Integrity Pact as at Annexure in their procurement transactions/ contracts with suitable changes specific to the situation in which the Pact is to be used.

(ii) Ministries/Departments may, in consultation with the respective Financial Adviser and with the approval of the Minister-in-charge, decide on and lay down the nature of procurements/ contacts and the threshold value above which the integrity Pact would be used in respect of procurement transactions/contracts concluded by them or their attached/subordinate offices. This activity should be completed by 31st August, 2011.

(iii) The provision for the Integrity Pact should be included in all Requests for Proposal/Tender Documents issued in future in respect of the procurements/contracts that meet the criteria decided in terms of (ii) above.

(iv) The aforesaid provisions may also be applied to procurements made by autonomous bodies for which also the concerned administrative Ministry/Department may lay down the nature

of procurements/contracts and the threshold value above which the Integrity Pact would be used.

3. Instructions have been issued for use of the Integrity Pact in Government Ministries/Departments (Copy of O.M. of even No. dated 19.7.2011 is enclosed). It is requested that similar instructions may be issued for the use of the generally applicable Integrity Pact by Public Sector Undertakings (PSUs). It may be mentioned that in the context of the use of the Integrity Pact by PSUs, the Task Force has, inter-alia, recommended that "as the title page of the said Pact is in the name of the President of India, PSUs may change the title page suitably

ANNEXURE

PRE CONTRACT INTEGRITY PACT

General

This pre-bid pre-contract Agreement (hereinafter called the Integrity Pact) is made on ---------- day of the month of ---------- 2010, between, on one hand, the President of India acting through Shri ---------- , Designation of the officer, Ministry/Department, Government of India (hereinafter called the "BUYER", which expression shall mean and include, unless the context otherwise requires, his successors in office and assigns) of the First Part and M/s ---------- represented by Shri ---------- , Chief Executive Officer (hereinafter called the "BIDDER/Seller which expression shall mean and include, unless the context otherwise requires, his successors and permitted assigns) of the Second Part.

WHEREAS the BUYER proposes to procure (Name of the Stores/Equipment/Item) and the BIDDER/Seller is willing to offer/has offered the stores and

WHEREAS the BIDDER is a private company/public company/Government undertaking/partnership/ registered export agency, constituted in accordance with the relevant law in the matter and the BUYER is a Ministry/Department of the Government of lndia/PSU performing its functions on behalf of the President of India.

NOW, THEREFORE,

To avoid all forms of corruption by following a system that is fair, transparent and free from any influence/ prejudiced dealings prior to, during and subsequent to the currency of the contract to be entered into with a view to:-

Enabling the BUYER to obtain the desired said stores/equipment at a competitive price in conformity with the defined specifications by avoiding the high cost and the distortionary impact of corruption on public procurement, and

Enabling BIDDERs to abstain from bribing or indulging in any corrupt practice in order to secure the contract by providing assurance to them that their competitors will also abstain from bribing and other corrupt practices and the BUYER will commit to prevent corruption, in any form, by its officials by following transparent procedures.

The parties hereto hereby agree to enter into this Integrity Pact and agree as follows:

Commitments of the BUYER

1.1 The BUYER undertakes that no official of the BUYER, connected directly or indirectly with the contract, will demand, take a promise for or accept, directly or through intermediaries,

any bribe, consideration, gift, reward, favour or any material or immaterial benefit or any other advantage from the BIDDER, either for themselves or for any person, organisation or third party related to the contract in exchange for an advantage in the bidding process, bid evaluation, contracting or implementation process related to the contract.

1.2 The BUYER will, during the pre-contract stage, treat all B1DDERs alike. and will provide to all BIDDERs the same information and will not provide any such information to any particular BIDDER which could afford an advantage to that particular BIDDER in comparison to other BIDDERs.

1.3 All the officials of the BUYER will report to the appropriate Government office any attempted or completed breaches of the above commitments as well as any substantial suspicion of such a breach.

2. In case any such preceding misconduct on the part of such official(s) is reported by the BIDDER to the BUYER with full and verifiable facts and the same is prima facie found to be correct by the BUYER, necessary disciplinary proceedings, or any other action as deemed fit, including criminal proceedings may be initiated by the BUYER and such a person shall be debarred from further dealings related to the contract process. In such a case while an enquiry is being conducted by the BUYER the proceedings under the contract would not be stalled.

Commitments of BIDDERs

3. The BIDDER commits itself to take all measures necessary to prevent corrupt practices, unfair means and illegal activities during any stage of its bid or during any pre-contract or post-contract stage in order to secure the contract or in furtherance to secure it and in particular commit itself to the following:-

3.1 The BIDDER will not offer, directly or through intermediaries, any bribe, gift, consideration, reward, favour, any material or immaterial benefit or other advantage, commission, fees, brokerage or inducement to any official of the BUYER, connected directly or indirectly with the bidding process, or to any person, organisation or third party related to the contract in exchange for any advantage in the bidding, evaluation, contracting and implementation of the contract.

3.2 The BIDDER further undertakes that it has not given, offered or promised to give, directly or indirectly any bribe, gift, consideration, reward, favour, any material or immaterial benefit or other advantage. commission, fees, brokerage or inducement to any official of the BUYER or otherwise in procuring the Contract or forbearing to do or having done any act in relation to the obtaining or execution of the contract or any other contract with the Government for showing or forbearing to show favour or disfavour to any person in relation to the contract or any other contract with the Government.

3.3* BIDDERs shall disclose the name and address of agents and representatives and Indian BIDDERs shall disclose their foreign principals or associates.

3.4* BIDDERs shall disclose the payments to be made by them to agents/brokers or any other intermediary, in connection with this bid/contract.

3.5* The BIDDER further confirms and declares to the BUYER that the BIDDER is the original manufacturer/integrator/authorised government sponsored export entity of the defence stores

and has not engaged any individual or firm or company whether Indian or foreign to intercede, facilitate or in any way to recommend to the BUYER or any of its functionaries, whether officially or unofficially to the award of the contract to the BIDDER, nor has any amount been paid, promised or intended to be paid to any such individual, firm or company in respect of any such intercession, facilitation or recommendation.

3.6 The BIDDER, either while presenting the bid or during pre-contract negotiations before signing the contract, shall disclose any payments he has made, is committed to or intends to make to officials of the BUYER or their family members, agents, brokers or any other intermediaries in connection with the contract and the details of services agreed upon for such payments.

3.7 The BIDDER will not collude with other parties interested in the contract to impair the transparency, fairness and progress of the bidding process, bid evaluation, contracting and implementation of the contract.

3.8 The BIDDER will not accept any advantage in exchange for any corrupt practice, unfair means and illegal activities.

3.9 The BIDDER shall not use improperly, for purposes of competition or personal gain, or pass on to others, any information provided by the BUYER as part of the business relationship, regarding plans, technical proposals and business details, including information contained in any electronic data carrier. The BIDDER also undertakes to exercise due and adequate care lest any such information is divulged.

3.10 The BIDDER commits to refrain from giving any complaint directly or through any other manner without supporting it with full and verifiable facts.

3.11 The BIDDER shall not instigate or cause to instigate any third person to commit any of the actions mentioned above.

3.12 If the BIDDER or any employee of the BIDDER or any person acting on behalf of the BIDDER, either directly or indirectly, is a relative of any of the officers of the BUYER, or alternatively, if any relative of an officer of the BUYER has financial interest/stake in the BIDDER's firm, the same shall be disclosed by the BIDDER at the time of filing of tender. The term 'relative' for this purpose would be as defined in Section 6 of the Companies Act 1956.

3.13 The BIDDER shall not lend to or borrow any money from or enter into any monetary dealings or transactions, directly or indirectly, with any employee of the BUYER.

4. Previous Transgression

4.1 The BIDDER declares that no previous transgression occurred in the last three years immediately before signing of this Integrity Pact, with any other company in any country in respect of any corrupt practices envisaged hereunder or with any Public Sector Enterprise in India or any Government Department in India that could justify BIDDER's exclusion from the tender process.

4.2 The BIDDER agrees that if it makes incorrect statement on this subject, BIDDER can be disqualified from the tender process or the contract, if already awarded, can be terminated for such reason.

5. Earnest Money (Security Deposit)

5.1 While submitting commercial bid, the BIDDER shall deposit an amount ..... (to be specified in RFP) as Earnest Money/Security Deposit, with the BUYER through any of the following instruments:

(i) Bank Draft or a Pay Order in favour of .....

(ii) A confirmed guarantee by an Indian Nationalised Bank, promising payment of the guaranteed sum to the BUYER on demand within three working days without any demur whatsoever and without seeking any reasons whatsoever. The demand for payment by the BUYER shall be treated as conclusive proof of payment.

(iii) Any other mode or through any other instrument (to be specified in the RFP).

5.2 The Earnest Money/Security Deposit shall be valid upto a period of five years or the complete conclusion of the contractual obligations to the complete satisfaction of both the BIDDER and the BUYER, including warranty period, whichever is later.

5.3 In case of the successful BIDDER a clause would also be incorporated in the Article pertaining to Performance Bond in the Purchase Contract that the provisions of Sanctions for Violation shall be applicable for forfeiture of Performance Bond in case of a decision by the BUYER to forfeit the same without assigning any reason for imposing sanction for violation of this Pact.

5.4 No interest shall be payable by the BUYER to the BIDDER on Earnest Money/Security Deposit for the period of its currency.

6. Sanctions for Violations

6.1 Any breach of the aforesaid provisions by the BIDDER or any one employed by it or acting on its behalf (whether with or without the knowledge of the BIDDER) shall entitle the BUYER to take all or any one of the following actions, wherever required:-

(i) To immediately call off the pre contract negotiations without assigning any reason or giving any compensation to the BIDDER. However, the proceedings with the other BIDDER(s) would continue.

(ii) The Earnest Money Deposit (in pre-contract stage) and/or Security Deposit/ Performance Bond (after the contract is signed) shall stand forfeited either fully or partially, as decided by the BUYER and the BUYER shall not be required to assign any reason therefore.

(iii) To immediately cancel the contract, if already signed, without giving any compensation to the BIDDER.

(iv) To recover all sums already paid by the BUYER, and in case of an Indian BIDDER with interest thereon at 2% higher than the prevailing Prime Lending Rate of State Bank of India, while in case of a BIDDER from a country other than India with interest thereon at 2% higher than the LIBOR. If any outstanding payment is due to the BIDDER from the BUYER in connection with any other contract for any other stores, such outstanding payment could also be utilised to recover the aforesaid sum and interest.

(v) To encash the advance bank guarantee and performance bond/warranty bond, if furnished by the BIDDER, in order to recover the payments, already made by the BUYER, along with interest.

(vi) To cancel all or any other Contracts with the BIDDER. The BIDDER shall be liable to pay compensation for any loss or damage to the BUYER resulting from such cancellation/rescission and the BUYER shall be entitled to deduct the amount so payable from the money(s) due to the BIDDER.

(vii) To debar the BIDDER from participating in future bidding processes of the Government of India for a minimum period of five years, which may be further extended at the discretion of the BUYER,

(viii) To recover all sums paid in violation of this Pact by BIDDER(s) to any middleman or agent or broker with a view to securing the contract.

(ix) In cases where irrevocable Letters of Credit have been received in respect of any contract signed by the BUYER with the BIDDER, the same shall not be opened.

(x) Forfeiture of Performance Bond in case of a decision by the BUYER to forfeit the same without assigning any reason for imposing sanction for violation of this Pact.

6,2 The BUYER will be entitled to take all or any of the actions mentioned at para 6.1(i) to (x) of this Pact also on the Commission by the BIDDER or any one employed by it or acting on its behalf (whether with or without the knowledge of the BIDDER), of an offence as defined in Chapter IX of the Indian Penal code, 1860 or Prevention of Corruption Act, 1988 or any other statute enacted for prevention of corruption.

6.3 The decision of the BUYER to the effect that a breach of the provisions of this Pact has been committed by the BIDDER shall be final and conclusive on the BIDDER. However, the BIDDER can approach the Independent Monitor(s) appointed for the purposes of this Pact.

7. Fall Clause

7.1 The BIDDER undertakes that it has not supplied/is not supplying similar product/systems or subsystems at a price lower than that offered in the present bid in respect of any other Ministry/ Department of the Government of India or PSU and if it is found at any stage that similar product/systems or sub systems was supplied by the BIDDER to any other Ministry/ Department of the Government of India or a PSU at a lower price, then that very price, with due allowance for elapsed time, will be applicable to the present case and the difference in the cost would be refunded by the BIDDER to the BUYER, if the contract has already been concluded.

8. Independent Monitors

8.1 The BUYER has appointed Independent Monitors (hereinafter referred to as Monitors) for this Pact in consultation with the Central Vigilance Commission (Names and Addresses of the Monitors to be given).

8.2 The task of the Monitors shall be to review independently and objectively, whether and to what extent the parties comply with the obligations under this Pact.

8.3 The Monitors shall not be subject to instructions by the representatives of the parties and perform their functions neutrally and independently.

8.4 Both the parties accept that the Monitors have the right to access all the documents relating to the project/procurement, including minutes of meetings.

8.5 As soon as the Monitor notices, or has reason to believe, a violation of this Pact, he will so inform the Authority designated by the BUYER.

8.6 The BIDDER(s) accepts that the Monitor has the right to access without restriction to all Project documentation of the BUYER including that provided by the BIDDER, The BIDDER will also grant the Monitor, upon his request and demonstration of a valid interest, unrestricted and unconditional access to his project documentation. The same is applicable to Subcontractors. The Monitor shall be under contractual obligation to treat the information and documents of the BIDDER/Subcontractor(s) with confidentiality.

8.7 The BUYER will provide to the Monitor sufficient information about all meetings among the parties related to the Project provided such meetings could have an impact on the contractual relations between the parties. The parties will offer to the Monitor the option to participate in such meetings.

8.8 The Monitor will submit a written report to the designated Authority of BUYER/ Secretary in the Department/ within 8 to 10 weeks from the date of reference or intimation to him by the BUYER / BIDDER and, should the occasion arise, submit proposals for correcting problematic situations.

9. Facilitation of Investigation

In case of any allegation of violation of any provisions of this Pact or payment of commission, the BUYER or its agencies shall be entitled to examine all the documents including the Books of Accounts of the BIDDER and the BIDDER shall provide necessary information and documents in English and shall extend all possible help for the purpose of such examination.

10. Law and Place of Jurisdiction

This Pact is subject to Indian Law. The place of performance and jurisdiction is the seat of the BUYER.

11. Other Legal Actions

The actions stipulated in this Integrity Pact are without prejudice to any other legal action that may follow in accordance with the provisions of the extant law in force relating to any civil or criminal proceedings.

12. Validity

12.1 The validity of this Integrity Pact shall be from date of its signing and extend upto 5 years or the complete execution of the contract to the satisfaction of both the BUYER and the BIDDER/ Seller, including warranty period, whichever is later. In case BIDDER is unsuccessful, this Integrity Pact shall expire after six months from the date of the signing of the contract.

12.2 Should one or several provisions of this Pact turn out to be invalid; the remainder of this Pact shall remain valid. In this case, the parties will strive to come to an agreement to their original intentions.

13. The parties hereby sign this Integrity Pact at ..... on .....

BUYER	BIDDER
Name of the Officer.	CHIEF EXECUTIVE OFFICER
Designation	
Deptt./MINISTRY/PSU	
Witness	Witness
1. _____	1. _____
2. _____	2. _____

*Provisions of these clauses would need to be amended/deleted in line with the policy of the BUYER in regard to involvement of Indian agents of foreign supplers.

[DPE OM No. DPE/13(12)/11-Fin. Dated 9th September, 2011]

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2. Mandatory publication of Tender Enquiries on the Central Public Procurement Portal.

The undersigned is directed to refer the instructions isued by Department of Expenditure vide its O.M. No. 10/ 1/2011-PPC dated 30.11.2011 on the above (copy enclosed) and to state that these instructions are mandatorily applicable on Central Public Sector Enterprises (CPSEs) mutatis mutandis w.ee.f 1.4.2012.

2. Administrative Ministries/Department are requested to direct CPSEs under their administrative control to take necessary action to ensure that e-publishing of tender details on the Portal is commenced from the date specified above.

Subject: Mandatory publication of Tender Enquiries on the Central Public Procurement Portal

Pursuant to the decisions of the Group of Ministers constituted to consider measures to tackle corruption and improve transparency, on the recommendations of the Committee on Public Procurement set up to look into various issues having an impact on public procurement policy, standards and procedures, it has been decided that:

a. NIC will set up a portal called the Central Public Procurement Portal (hereinafter referred to as CPP Portal) with an e-publishing module (similar to NIC's website www.tenders.gov.in)

and an e-procurement module (similar to NIC's e-procurement sites such as pmgsy tenders. gov. in and epro-nicsi.nic.in). The CPP Portal will be accessible at the URL **eprocure.gov.in** and will provide likes to the non-NIC e-procurement sites being used at present by various Ministries/Departments/ CPSEs and autonomous/statutory bodies.

b. While e-publishing of tender enquiries, corrigenda there to and details of contracts awarded thereon, on the Portal, shall be made mandatory in a phased manner w.e.f 1st January 2012, the comprehensive end-to-end e-Procurement feature would be implemented in a phased manner w.e.f 1st April 2012, for which instructions will be issued separately. In the meantime, Digital Signature, which is essential at the e-procurement phase, may be obtained from any Certaifying Authority or from NIC which is also a Certifying Authority, for the concerned officials.

E-Publishing:

c. **It will be mandatory for all Ministries/Departments of the Central Government, their attached and subordinate offices, Central Public Sector Enterprises (CPSEs) and autonomous/statutory bodies to publish their tender enquiries, corrigenda thereon and details of bid awards onthe CPP Portal using e-publishing module with effect from the following dates:**

c.I. Ministries/Departments and their attached and subordinate offices w.e.f 1st Janjary 2012;

c.II. CPSEs w.e.f 1st February 2012;

c.III. Autonomous/statutory bodies w.e.f 1st April, 2012.

2. In order to facilitate implementation of aforesaid decisions regarding e-publishing of tender details. NIC will provide detailed guidelines for using the e-publishing module of the CPP Portal. These guidelines will also be available in the CPP Portal. **User IDs and Passwords would have to be obtained from NIC for accessing the Portal. Details in this regard will also be available in the CPP Portal.**

3. NIC will also provide the following support.

a. NIC will make arrngments for necessary training to the concerned officials in the use of the CPP Portal for e-publishing. For this purpose Ministries/Departments may contact NIC through email at cppp-nic@nic.in to work out the details.

b. Detailed guidelines for the use of e-Publishing module will be made available in the CPP Portal and this would also be circulated separately to al Ministries/Departments.

c. A demonstration web site, similar to the CPP Portal. would be made available for training and hands-on practice. The site will also contain necessary user manuals is and presentation materials.

4. Ministries/Departments are requested to take necessary action to ensure that e-publishing of tender details on the Portal is commenced in terms of the time lines mentioned in para 2 (c) above. **It is also requested that necessary instructions may be issued in this regard to all attached and subordinate offices as also to CPSEs, authonomous and statutory bodies under their administrative control.**

[D/o Expenditure O.M. No. 10/1/2011 Dated 30th November, 2011]

[DPE OM No. DPE/3(3)/10-Fin. Dated 20th December, 2011].

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3. Consideration of Report of Committee on Public Procurement.

Ref: This Office earlier letter No. DPE/3(3)/10-Fin dated 20.12.2011 regarding mandatory publication of Tender Enquiries on the Central Public Procurement Portal.

In above reference, following corrigendum is issued in respect of line No. 4 of para 1. The para may be read as under:ð

The undersigned is directed to refer the instructions issued by Department of Expenditure vide its O.M. No 10/1/2011-PPC dated 30.11.2011 on the above (copy enclosed) and to state that these insturctions are mandatorily applicable on Central Public Sector Enterprises (CPSEs) mutadis mutandis w.e.f. **01.02.2012.**

[DPE/3(3)/10-Fin. Dated 7th February, 2012]

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4. Effective implementation of Public Procurement Policy for Micro & Small Enterprises (MSEs) Order, 2012.

The undersigned is directed to enclose herewith a copy of the D.O. Letter No. 21(1)/2011-M.A dated April, 2012 of the Ministry of Micro Small & Medium Enterprises, on the above subject. All the administrative Ministries/Departments are advised direct all the CPSEs under their administrative control to take necessary steps for the implementation of the policy referred herein.

In exercise of the powers conferred in section 11 of the Micro, Small and Medium Enterprises Development (MSMED) Act 2006, the Government has notified a new Public Procurement Policy for Micro & Small Enterprises (MSEs) (copy enclosed) effective from 1st April, 2012. The Policy mandates that 20% of procurement of annual requirement of goods and services by all Central Ministries/Public Sector undertakings will be from the micro and small enterprises. Government has also earmarked a sub target of 4% procurement of goods & services, out of the 20%, from MSEs owned by SC/ST Entrepreneurs. The policy has a time frame of three years beginning 2012-13 for implementation after which it will become mandatory. It is expected that the policy will help to promote MSEs by improving their market access and competitiveness through increased participation by MSEs in Government purchases and encouraging linkages between MSEs and large enterprises.

2. In brief the Policy entails:

i) With effect from 2012-13 every Central Ministries/Departments/PSUs shall set an annual goal for procurement from the MSE sector at the beginning of the year, with the objective of achieving an overall procurement goal of minimum 20 per cent of the total annual purchases of the products or services produced or rendered by MSEs from the latter in a period of three years.

ii) Out of 20% target of annual procurement from MSEs, a sub-target of 4% (i.e., 20% out of 20%) will be earmarked for procurement from MSEs owned by SC/ST entrepreneurs. However, in the event of failure of such MSEs to participate in the tender process or meet the tender requirements and the L1 price, the 4% sub-target for procurement earmarked for MSEs owned by SC/ST entrepreneurs will be met from other MSEs.

iii) At the end of 3 years, (i.e. from 2015-16) the overall procurement goal of minimum 20% will be made mandatory. Non-conforming Departments will be required to provide reasons for the same to the Review Committee set up under the Policy.

iv) The participating MSEs in a tender, quoting price within the band of L1+15% may also be

allowed to supply a portion of the requirement by bringing down their price to the L1 price, in a situation where L1 price is from someone other than an MSE. Such MSEs may be allowed to supply up to 20% of the total tendered value. In case of more than one such eligible MSE, the supply will be shared qually.

v) With effect from 2012-13, every Central Government Ministries/Departments/PSUs will report the goals set with respect to procurement to be met from MSEs and the achievement made thereto in their respective Annual Reports.

vi) The Central Ministries/Departments/Public Sector Undertakings will continue to procure 358 items from MSEs, which have been reserved for exclusive purchase from them (Details at Appendix of the Policy).

vii) For enhancing the partipation of SCs/STs in the Government procurement, the Central Government Ministries/Departments/PSUs will take necessary steps including organizing special Vender Development Programmes, Buyer-Seller Meets etc.

viii) To reduce transaction cost of doing business, Micro and Small Enterprises shall be facilitated by providing them tender sets free of cost, exempting Micro and Small Enterprises from payment of earnest money, adopting e-procurement to bring in transparency in tendering process and setting up a Grievance Cell in the Ministry of Micro, Small and Medium Enterprises.

ix) A 'Grievance Cell' would be set up in the Ministry of MSME for redressing the grievances of MSEs in Government procurement. In addition, a Review Committee under my Chairmanship shall periodically review implementation of this policy.

3. I would request you to kindly issue necessary instructions to your departments/statutory bodies/PSUs for taking necessary steps to implement this policy. In particular, following may be considered:

(a) Preparation of an Annual Procurement Plan 2012-13 for purchases and uploading the same an official website, so that Micro and Small Enterprises may get advance information about requirement of procurement agencies.

(b) Appointment of a nodal officer not below the rank of Joint Secretary for implementation of the Policy and for redressing grievances.

4. I look forward to your help and cooperation in effective implementation of the policy.

[MSME DO No. 21(1)/2011-MA Dated 25th April, 2012]

[DPE O.M. No. DPE/7(4)/2007-Fin Dated 6th December, 2012]

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5. Effective implementation of Public Procurement Policy for Micro & Small Enterprises (MSEs) Order, 2012.

The undersigned is directed to refer to DPE O.M. of even number dated 6th December, 2012 on the above subject.

2. In order to ensure effective implementation of the above policy, it has been decided to award appropriate weightage in MOU of CPSEs for the year 2014-15 for implementation of the Public Procurement Policy for Micro & Small Enterprises (MSEs) Order, 2012.

3. It is also decided to publish information regarding implementation of this policy by CPSEs in the Annual Public Enterprises Survey from 2012-13 onwards. Therefore, all CPSEs are required to submit the information for inclusion in the Annual Public Enterprises Survey.

4. Administrative Ministries/Departments are requested to ensure that suitable directions are issued to all CPSEs under their administrative control for effective implementation of this policy and an appropriate monitoring mechanism is set up to review its implementation. A confirmation on the action taken in this regard may also be sent to this Department.

[DPE O.M. No. DPE/7(4)/2007-Fin Dated 16th August, 2013]

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6. Relaxation of Norms for Start-ups Medium Enterprises in Public Procurement Regarding Prior Experience-Prior Turnover criteria - reg.

The undersigned is directed to enclose herewith a copy of the D/o Expenditure OM No.F.20/2/2014. PPD (pt.) dated 20th September, 2016 along with a copy of OM of even number dated 25th July, 2015 (with enclosure) on the above subject issued by Ministry of Finance, Department of Expenditure (Procurement Policy Division). All Ministries/Departments concerned are advised to direct their CPSEs to follow the directions mentioned therein for implementation.

This issues with the approval of Secretary, DPE.

Subject: Relaxation of Norms for Start-ups Medium Enterprises in Public Procurement Regarding Prior Experience-Prior Turnover criteria.

The undersigned is directed to refer to this Department O.M. of even number dated 25th July, 2016, wherein it was clarified that all Central Ministries/Departments *may* relax condition of prior turnover and prior experience in public procurement to all Start-ups [whether Micro & Small Enterprises (MSEs) or otherwise] subject to meeting of quality and technical specifications in accordance with the relevant provisions of GFR, 2005.

2. A doubt has arisen if it makes optional for Central Ministries/Departments to relax condition of prior experience and prior turnover in public procurement to Startups. In this regard, it is again clarified that normally for all public procurement, the Central Ministries/Departments have to ensure that criteria of prior turnover and prior experience for all Startups is relaxed subject to their meeting of quality and technical specification.

3. However, there may be circumstances (like procurement of items related to public safety, health, critical security operations and equipments, etc.) where procuring entities may prefer the vendors to have prior experience rather than giving orders to new entities. For such procurements, wherever adequate justification exists, the procuring entities may not relax the criteria of prior experience/turnover for the Startups.

4. This issues with the approval of Finance Secretary.

[D/o Expenditure No. F. 20/2/2014-PPD(Pt.) Dated 20th September, 2016]

Subject: Relaxation of Norms for Start-ups Medium Enterprises in Public Procurement Regarding Prior Experience-Prior Turnover criteria.

The Government of India has announced 'Startup India' initiative for creating a conducive ecosystem for the growth of Startups in India. The Startups are defined in **Annexure-A** of the "Action Plan for Startups India". The same is available on the website of Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce & Industry.

2. Ministry of Micro, Small & Medium Enterprises (MSMEs) vide Policy Circular No. 1(2)(1)/2016-MA dated 10th March, 2016 has clarified that all Central Ministries/Departments/Central Public Sector Undertakings (CPSUs) may relax condition of prior turnover and prior experience with respect of Micro & Small Enterprises (MSEs) in all public procurements subject to meeting of quality and technical specifications.

3. As per Rule 160(i)(a) of GFR, 2005, there is already a provision that the bidding document should contain criteria for eligibility and qualification to be met by the bidders such as minimum level of experience, past performance, technical capability, manufacturing facilities and financial position etc. In view of above, it is further clarified that all Central Ministries/Departments may relax condition of prior turnover and prior experience in public procurement to all Startups (whether MSEs or otherwise) subject to meeting of quality and technical specifications in accordance with the relevant provisions of GFR, 2005.

[D/o Expenditure No. F/20//2014-PPD(Pt.) Dated 25th July, 2016]

Please find enclosed a Policy Circular of even no dated 10th March, 2016 relating to Relaxation of Norms for Startups and Micro & Small Enterprises in Public Procurement on Prior Experience ð Prior Turnover criteria.

Publication Division is requested to take up the matter with Public Information Bureau to place this Policy Circular on the public domain.

[MSME F. No. 1(2)(1)/2014-MA Part Dated 10th March, 2016]

Subject: Relaxation of Norms for Startups and Micro & Small Enterprises in Public Procurement on Prior Experience - Prior Turnover criteria.

(1) The Government of India has notified Public Procurement Policy for Micro and Small Enterprises (MSEs) Order 2012 with effect from 1st April, 2012 and 20% procurement from Micro & Small Enterprises of the total procurement by Central Ministries/Departments/CPSUs has become mandatory with effect from 1st April, 2015.

(2) The Government of India has announced 'Startup India' initiative for creating a conducive environment for Startups in India.

(3) The Startups are normally Micro and Small Enterprises which may not have a track record. These will have technical capability to deliver the goods and services as per prescribed technical & quality specifications, and may not be able to meet the qualification criterion relating to prior experience-prior turnover.

(4) In exercise of Para 16 of Public Procurement Policy for Micro and Small Enterprises Order 2012, it is clarified that all Central Ministries/Departments/Central Public Sector Undertakings may relax condition of prior turnover and prior experience with respect to Micro and Small Enterprises in all public procurements subject to meeting of quality and technical specifications.

(5) This issues with the approval of Union Minister of Micro, Small and Medium Enterprises.

[MSME F. No. 1(2)(1)/2016-MA Dated 10th March, 2016]

[No. DPE/7(4)/2007-Fin Dated 8th November, 2016]

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7. Registration of CSPEs under D/o Financial Services to facilitate financing of Trade receivables of MSMEs on the Trade Receivables Discounting System (TReDS) platform—reg.

The undersigned is directed to refer to D. O. letter No. 2/10/2017-IF.II dated 13.11.2017 received from Secretary, Department of Financial Services enclosing therewith Cabinet Secretary's. D.O. letter No. 601/1/2/2017-CA.V dated 31st October, 2017 on the above subject. All the administrative Ministries/Departments are requested to issue suitable instructions to CPSEs under their administrative control for strict compliance on the matter.

Consequent to the apporoval of Union Cabinet on 24th October, 2017, a recapitalisation plan for public sector banks (PSBs) worth Rs. 2.11 lakh crore has been announced. One of the key sectors to benefit from this is the Micro, Small and Medium Enterprises (MSME) sector. As per the presentation in this regard made before the Hon'ble Prime Minister, the action plan includes steps to address two key concerns of MSMEs namely enhanced financing access and enhanced market access.

2. Trade Receivable Discounting Systems (TReDS). TReDS is a platform approved by RBI, which enables prompt encashing of receivables and also brings transparency in their business ecosystem. Such a platform set up by SIDBI is already operational.

3. The Cabinet Secretary, vide letter dated 31.10.17 (copy enclosed) has directed that Central Public Sector Enterprises (CPSEs) may be immediately registered under TReDS platform. I would therefore request you to kindly direct all the CPSEs to register on the TReDS platform by 30th November, 2017 and also put in place an institutional mechanism to regularly monitor the cases of delayed payments for their urgent resolution.

[D/o. Financial Services DO No.-2/10/2017-IF-II Dated, 13th November, 2017]

As you are aware, the Micro, Small and Medium Enterprise (MSME) sector is a major contributor to Gross Domestic Product and an important stimulator for economic growth. Despite this sector's vast potential, certain challenges are hampering its rapid growth. One of the challenges faced by MSMEs is the delayed payment from Government buyers leading to shortage of working capital for their regular business operations.

2. While the MSME Development Act,2006 mandates payment to Micro & SMall Enterprises (MSEs) in 45 days, instances have come to the notice of Government where some CPSEs are making delayed payments to them. In this regard, M/o MSME has recently launched 'MSME-SAMADHAAN', an online portal to enable MSEs to register their grievances regarding delayed payments. The portal also provides a facility to view the actual delay in paymentsð Ministry/CPSE wiseð thus offering an 'effective tool for monitoring. I would earnestly request you to use this facility and also put in place an institutional mechanism in your Ministry as well as in CPSEs under your Ministry to regularly monitor the cases of delayed payments for their urgent resolution.

3. Further, in order to facilitiate financing of Trade receivables of MSMEs, D/o Financial Services has established the Trade Receivables Discounting System (TReDS) which enables prompt encashing of receivables and also brings transparency in their business ecosystem. Besides being compliant with the MSME Development Act, 2006, it also enables buyers to negotiate better terms with MSME vendors. You may ensure that the CPSEs under your Ministry get immediately registered on the TReDS platform, under intimation to the Department of Financial Services.

Cabinet Secretariat D.O. No.-601/1/2/2017-CAV Dated 31st October, 2017

[DPE O.M. No. DPE/7(4)/2007-Fin Dated 17th November, 2017]

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(e) Foreign Investment

1. Liability of Government of India in respect of contracts relating to commercial activities abroad of Indian public sector undertakings — Immunity from jurisdiction of foreign courts — insertion of a clause in such contracts regarding.

The undersigned is directed to state that a few cases have come to notice in which Indian Public Sector Undertakings (PSUs) have been sued in courts of USA and other countries where Government of India have been dragged into litigation. The most recent case of this nature is the civil suit filed by M/s Woodstock Energy Inc. Texas against Minerals and Metals Trading Corporation of India Ltd. (MMTC). Government of India has been dragged into the litigation on the ground that the PSUs like MMTC are alter egosô of the Government of India and there exist a principalð Agent relationship.

2. To avoid recurrence of such cases in future, various remedial measures have been considered by the M/o Commerce in consultation with the M/o External Affairs, M/o Law and the Attorneys in USA. As a result of protracted deliberations, it has been suggested that the following clauses should be incorporated by PSUs while entering into contracts with USA/other foreign companies:

> ñIt is expressly understood and agreed by and between (the corporation) and ð ð ð ð ð ð ð ð ð (the Indian PSU) that ð ð ð ð ð ð ð ð ð ð ð ð ð (the Indian PSU) is entering into this agreement solely on its own behalf and not on behalf of any other person or entity. In particular, it is expressly understood and agreed that the Government of India is not a party to this agreement and has no liabilities, obligations or rights hereunder. It is expressly understood and agreed that ð ð ð ð ð ð ð ð ð (the Indian PSU) is an independent legal entity with power and authority to enter into contracts solely in its own behalf under the applicable Laws of India and general principles of Contract Law. The (company) expressly agrees, acknowledges and understands that ð ð ð ð ð ð ð (the Indian PSU) is not an agent, representative or delegate of the Government of India. It is further understood and agreed that the Government of India is not and shall not be liable for any acts, omissions, commissions, breaches or other wrongs arising out of the contract. Accordingly, (corporation) hereby expressly waives, releases and foregoes any and all actions or claims, including cross claims, impleader claims or counter claims against the Government of India arising out of this contract and convenents not to sue the Government of India as to any manner, claim, cause of action or thing whatsoever arising of or under this agreementò.

3. All the administrative Ministries/Departments concerned with Public Sector Undertakings are, therefore, requested to bring the foregoing to the notice of PSUs under their administrative control and advise them to adopt the clause mentioned in para 2 above mutatis-mutandis in entering into contracts with American/foreign companies. It would be relevant to mention here that incorporation of the above clause will not provide an impeachable guarantee against Government of India or any other Public Sector Undertaking than the one contracting with the U.S. Company. However, this clause may enable Government of India or their PSU concerned to at least make out an agreeable case to the effect that US Company had waived its right to sue the Government of India and other PSUs, which are not parties to the contract.

[DPE O.M. No. 16(10)/90-GM Dated 9th November, 1990.]

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2. Raising of limit for investment by FPIs in Central Public Sector Enterprise (CPSEs) from 24% to 49% regarding.

The undersigned is directed to forward herewith a copy of the Department of Economic Affairs, Ministry of Finance O.M No. 10/1/2016-FIU, Dated 21st July, 2016 on the subject mentioned above.

2. All the Administrative Ministries/Departments are requested to issue suitable instructions to CPSEs under their administrative control for strict complince.

Subject: Raising of limit for investment by FPIs in Central Public Sector Enterprises (CPSEs) from 24% to 49% regarding.

The undersigned is directed to refer DPEs O.M. No. DPE/3(12)/2010-Fin dated 10.5.2-16 and to say that DEA had consuled DIPP, DPE, MoCA, and DIPAM on the proposed Istruction to be issued for Implementation of the captioned Budget (2016-17) announcement. Based on the consultation, the following has been finalized.

2. In terms of Schedule 2 or Schedule 2A of FEMA Notification 20/2000-RB dated 3.5.2000 (hereafter referred as FEMA 20), Foreign Institutional Investors (Flls) and Foreign Portfolio Investors (FPIs), respectively may invest in an Indian company uner portifolio investment route upto a limit 24% of paid up equilty capital of the Indian company. Thus 24% was the default limit for FII/FPI investment until issue of FEMA Notification 354 dated October 30,2015. The FEMA Notification 354 dated October 30,2015 which amended FEMA 20 introduced the concept of composite cap l.e. total foreign investment shall include all types of foreign investments, direct and indirect, regardless of wherether the said investments have been made under Schedule 1 (FDI); Schedule 2 (FLL), Schedule 2A (FPI), Schedule 3 (NRI-Portfolio Investment), Schedule 6 (FVCI), Schedule 8 (QFI), Schedule 9 (LLP) and Schedule 10 (IDRs) of FEMA Notification 20. It also provided that protfolio investment up to aggregate foreign investment level of 49% or sectoral/statutory caps whichever is lower will not be subject to either Government approval or compliance of sectoral conditions, as the case may be, if such investment does not result in transfer of ownership and/or control of Indian entities from resident Indian citizens to non-resident entities. Other foreign investments will be subject to condition of Government approval and compliance of sectoral conditions, as laid down in the FDI policy.

3. Thus the extant FDI policy already allows FPI investment up to 49% of aid up equity capital in all actors except defence sector and public sector banks. Post this amendment in FEMA 20, FPI investment can be raised beyond 24% and upto 49% of apid up equity capital or the sectoral cap, as applicable, by the Indian company without the need for Government approval, provided there is no transfer of ownership from Resident to Non-Resident. The Indian Company concerned has to only have a resolution passed by its Board of Dircetors followed by passing of a special resolution to that effect by its General Body.

4. This proviso would have applied to Central Public Sector Enterprises (CPSEs) also, but for the procedural requirement of approval from the administrative Ministries/Departments having CPSEs. Thus, as of now, in case of CPSEs, apart from the approval from its Board of Directors and General Body meeting, subsequent approval is required from line/Administrative Ministry or Department concerned which may include an approval from Department of Public Enterprises.

5. To streamline these approval procedure in light of the above mentioned FEMA Notification, necessary Instructions/administrative guidelines have to be issued to the CPSEs. Accordingly, the following guidelines are issued:

> "*A Central Public Sector Enterprises (CPSE), other than a Public Sector Bank may raise the Foreign Portfolio Investment (FPI) investment limit beyound 24 percent of the paid up equity capital and up to 49% of the paid up equaly capital without the need for an approval from the line or Administrative Ministry concerned of Department of Public Enterprises/Ministry of Finance, provided ther is no transfer of control or management from resident shareholders to non-resident individual and/or non-resident entities. Further, the Investment by FPIs should be in compliance with the extant FDI policy, FEMA Regulations and SEBI regulations. The concerned CPSE will be required to pass a resolution to that effect by its Board of Directors with the concurrence of all the Government nominee Directo(s). This would be followed by passing of a special resolution to that effect by a duly convened General Body meeting."*
>
> 6. DPE vide O.M. dated 19.04.2016 had also suggested that policy guidelines relating to FPI may be framed by DEA with instructions to DPE for circulating them to the concerned Administrative

Ministries/Departments having CPSEs for compliance. Therefore, DPE is requested to circulate the above Instructions to all CPSEs through their Administrative Ministries/Departments.

7. This issue with the approval of Hon'ble Finance Minister.

[D/o Economic Affairs F. No. 10/1/2016-FIU Dated 21st July 2016]

[DPE O.M. No. DPE/13(12)/10-Fin Dated 4th August, 2016]

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(f) Austerity Measures

1. Expenditure Management — Economy Measures and Rationalisation of Expenditure — Reg.

The undersigned is directed to refer to this Department's O.M. of even number dated 15th October 2013 extending the instructions of Department of Expenditure O.M. No.7(2)/E.Coord/13 dated 18th September 2013 mutatis inutandis to the Central Public Sector Enterprises (CPSEs). Attention is also drawn to DPE's O.M. No.11(2)197-Fin. dated 22'd July 1997, O.M. No.22(1)/2009-GM dated 4th February 2010 and O.M. No. 16(11)/2008-GM dated 4th November 2008 (copies enclosed). Representations have been received from CPSEs that economy measures should be reviewed to enable Maharatna and Navratna CPSEs to exercise the enhanced powers delegated to them. The matter has been examined in consultation with Ministry of Finance, Department of Expenditure. It has been decided that:-

(i) Board of Maharatna and Navratna CPSEs may in relaxation of DoE O.M. No.7(2)/E.Coord./ 13 dated 18th September 2013 consider creation of below board level posts in terms of DPE O.M. No.22(1)/2009-GM dated 4th February 2010 and DPE G.M. No.11(2)197-Fin. dated 22'd July 1997 respectively whenever such creation is considered necessary in the interest of industrial growth and business development as envisaged in their business plans on case to case basis.

(ii) Creation of posts by Navratna CPSEs at the level of E7 and above grades may be done after obtaining the approval of the administrative Ministries/Departments as provided in DPE G.M. No.16(I1)/2008-GM dated 4th November 2008.

(iii) All other economy measures stated in DPE O.M. of even number dated 15th October 2013 will remain applicable to all CPSEs till further orders.

2. Concerned administrative Ministries are requested to issue suitable instructions to CPSEs under their administrative control for strict compliance.

3. This issues in pursuance of Department of Expenditure I.D. No.7(1)/E.Coord/2014 dated 14th August 2014 and O.M. No.80460/E.Coord/2014 dated 9th May 2014.

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

Subject: Expenditure Management — Economy Measures and Rationalisation of Expenditure — Reg.

The undersigned is directed to enclose herewith Department of Expenditure OM No 7(2)/E.Coord/13 dated 18th Sep. 2013 on' the above subject and to say that the instructions contained therein are extended inutalis mulandis to the CPSEs. Å

2 CMDs of Schedule 'A CPSEs (profit making with no accumulated losses and no budgetary support

from the Government in the preceding three years and in the current year) will be deemed in Apex Level for the application of these instructions pertaining to domestic and foreign travel Guidelines regarding companion free ticket vide OM. of even number dated 10 05.2013 stands withdrawn

4. Chief Executive Officers of the CPSEs will be responsible for ensuring the compliance of the measures outlined irr this OM.

5 Wherever a relaxation horn the extant instructions is necessary in the interest of Industrial growth, business development and capacity building of the human resources as envisaged in their business plans, the same should be considered on a case - to - case basis with the approval of DPE/ Administrative Ministry.

6. All the administrative Ministries/Departments are requested to issue suitable instructions to CPSEs under their administrative control for strict compliance.

7 This issues in consultation with of IF Wing Ministry of HI & PE vide their Diary No 831/ Fin - 111dated 01 10.20.13

8 These instructions are issued with approval of Minister (HI & PE)

[DPE O.M. No. DPE 3/(4)/08-Fin. Dated 15th October, 2013]

Sub: Expenditure Management - Economy Measures and Rationalization of Expenditure.

Ministry of Finance, Department of Expenditure has been issuing austerity instructions from time to time with a view to containing non- developmental expenditure and releasing additional resources for priority schemes. The last set of instructions was issued on 31 st May 2012, la November 2012 and 14th November 2012. Such measures are intended at promoting fiscal discipline, without restricting the operational efficiency of the Government. In the context of the current fiscal situation, there is a need to continue to rationalize expenditure and optimize available resources. With this objective, the following measures for fiscal prudence and economy will come into immediate effect:-

2.1 Cut in Non-Plan expenditure:

For the year 2013-2014, every Ministry/Department shall effect a mandatory 10% cut in non-Plan expenditure excluding interest payment, repayment of debt, Defence capital, salaries, pension and the Finance Commission grants to the States. No re-appropriation of funds to augment the Non-Plan heads of expenditure on which cuts have been imposed, shall be allowed during the current fiscal year._

2.2 Seminars and Conferences:

(i) Utmost economy shall be observed in organizing conferences/ Seminars/workshops. Only such conferences, workshops, seminars, etc. which are absolutely essential, should be held wherein also a 10% cut on budgetary allocations shall be effected.

(ii) Holding of exhibitions/seminars/conferences abroad is strongly discouraged except in the case of exhibitions for trade promotion.

(iii) There will be a ban on holding of meetings and conferences at five star hotels.

2.3 Purchase of vehicles:

Purchase of vehicles is banned until further orders, except against condemned vehicles.

2.4 Domestic and Foreign Travel:

(i) All officers are to travel in economy class only for domestic travel, except officers in the Apex Scale who may travel in executive class. Officers may travel by entitled class for international travel, however officers in Apex scale may travel only by business class. In all cases of air travel, only the lowest fare air tickets of the entitled class are to be purchased/ procured. No companion free ticket on domestic/international travel is to be availed of. The existing nstructions regarding travel on Leave Travel Concession (LTC) would continue.

(ii) It would be the responsibility of the Secretary of each Ministry/Department to ensure that foreign travel is restricted to most necessary and unavoidable official engagements based on functional necessity, and that extant instructions are strictly followed.

(iii) Where travel is unavoidable, it will be ensured that officers of the appropriate level dealing with the subject are sponsored instead of those at higher levels. The size of the delegation and the duration of visit will be kept to the absolute minimum.

(iv) Proposals for participation in study tours, workshops/ conferences/ seminars/presentation of papers abroad at Government cost will not be entertained except those that are fully funded by sponsoring agencies.

(v) Travel expenditure (including FTE) should be so regulated as to ensure that each Ministry remains within the allocated budget for the same. Re- appropriation proposals on this account would not be approved.

2.5 Creation of Posts:

(i) There will be a total ban on creation of Plan and Non-Plan posts.

(ii) Posts that have remained vacant for more than a year are not to be revived except under very rare and unavoidable circumstances and after seeking clearance of Department of Expenditure.

3. Observance of discipline in fiscal transfers to States, Public Sector Undertakings and Autonomous Bodies at Central/State/Local level:

3.1 Release of Grant-in-aid shall be strictly as per Provisions contained in Glas and in Department of Expenditure's OM No. 7(1)/E.Coord/2012, dated 1 4 .11 .20 12.

3.2 Ministries/Departments shall not transfer funds under any Plan schemes in relaxation of conditions attached to such transfers (such as matching funding).

3.3 The State Governments are required to furnish monthly returns of Plan expenditure ð Central, Centrally Sponsored or State Plan ð to respective Ministries/Departments along with a report on amounts outstanding in their Public Account in respect of Central and Centrally Sponsored Schemes. This requirement may be scrupulously enforced.

3.4 The Chief Controller of Accounts must ensure compliance with the above as part of pre-payment scrutiny.

4. Balanced Pace of Expenditure:

4.1 As per extant instructions, not more than one-third (33%) of the Budget Estimates may be spent in the last quarter of the financial year. Besides, the stipulation that during the month of March the expenditure should be limited to 15% of the Budget Estimates is reiterated. It may

be emphasized here that the restriction of 33% and 15% expenditure ceiling is to be enforced both scheme-wise as well as for the Demands for Grant as a whole, subject to RE ceilings. Ministries/ Departments which are covered by the Monthly Expenditure Plan (MEP) may ensure that the MEP is followed strictly.

4.2 It is also considered desirable that in the last month of the year payments may be made only for the goods and services actually procured and for reimbursement of expenditure already incurred. Hence, no amount should be released in advance (in the last month) with the exception of the following:

(i) Advance payments to contractors under terms of duly executed contracts so that Government would not renege on its legal or contractual obligations.

(ii) Any loans or advances to Government servants etc. or private individuals as a measure of relief and rehabilitation as per service conditions or on compassionate grounds.

(iii) Any other exceptional case with the approval of the Financial Advisor. However, a list of such cases may be sent by the FA to the Department of Expenditure by 30th April of the following year for information.

4.3 Rush of expenditure on procerement should be avoided during the last quarter of the fiscal year and in particular the last month of the year so as to ensure that all procedures are complied with the there is no infructions or wasteful expenditure. FAôs are advised to specially monitor this aspect during their reviews.

5. No fresh financial commitments should be made on items which are not provided for in the budget approved by Parliament.

6. The instructions would also bne applicable to autonomous bodies.

7. **Compliance**

Secretaries of the Ministries/Departments being the Chief Accounting Authorities as per rule 64 of GFR shall be fully charged with the responsibility of ensuring compliance of the measures outlined above. Financial Advisors shall assist the respective Departments in securing compliance with these measures and also submit as overall report to the Minister-in-Charge and to the Ministry of finance on a quarterly basis regarding various sections taken on these measures guidelines.

D/o Expenditure No. 7(2)/E.Coord/2013 Dated 18th September, 2013

[DPE OM No. DPE/3(4)/2008-Fin Dated 12th September, 2014]

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2. Expenditure Management - Economy Measures and Rationalization of Expenditure - regarding

The undersigned is directed to enclose herewith Department of Expenditure OM No. 7(1)/E.Coord/ 14 dated 29th October, 2014 on the above subject and to say that instructions would be effected mutatis mutandis on the expenditure of CPSEs.

2. Utmost economy shall be observed in expenditure on conferences, seminars/ workshops /exhibitions/ fairs/ traveling expenses etc. There will be 10% mandatory cut on such expenditure budgeted in the current year. In case there is no separate budget, for expenditure on these items, cut of 10% may be made on the basis of expenditure actually incurred on such items in previous year (2013-14)

3. Chief Executive Officers of CPSEs shall be responsible for ensuring the compliance of the measures outlined in this O.M.

4. Wherever a relaxation from the extant instructions is necessary in the interest of industrial growth, business development and capacity building of the human resources as envisaged in their business plans, the same should be considered on a case - to -case basis with the approval of Department of Public Enterprises as well as Administrative Ministry.

5. Board of Maharatna & Navratna CPSEs may in relaxation of DoE OM No. 7(1)/E.Coord/14 dated 29th October, 2014 consider creation of below board level posts in terms of DPE O.M.No. 22(1)/2009-GM dated 4th February 2010 and DPE O.M. No.11 (2)/97-Fin. dated 22nd July 1997 respectively whenever such creation in considered necessary in the interest of industrial growth and business development as envisaged in their business plans on case to case basis.

6. Creation of posts by Navratna CPSEs at the level of E7 and above grades may be done after obtaining the approval of the Administrative Ministries/Departments as provided in DPE O.M. No. 16(11)/2008-GM dated 4th November 2008

7. All the Administrative Ministries/Departments are requested to issue suitable instructions to CPSEs under their administrative control for strict compliance.

8. This issues in consultation with integrated finance Wing of Ministry of HI & PE vide their U.O.No.573/ Fin-III, dated. 14.11.2014.

9. These instructions are issued with approval of Minister of Heavy Industries & Public Enterprises.

Subject: Expenditure Management - Economy Measures and Rationalisation of Expenditure.

Ministry of Finance, Department of Expenditure has been '" issuing austerity instructions from time to time with a view to containing non-developmental expenditure and releasing of additional resources for priority schemes. The last set of instructions was issued on is 12th September 2013 after passing of the Union Budget. Such measures are intended at promoting fiscal discipline, without restricting the operational efficiency of the Government. In the context of the current fiscal situation, there is a need to continue to rationalise expenditure and optimize available resources. With this objective, the following measures for fiscal prudence and economy will come into immediate effect:ð

2.1 Cut in Non-Plan expenditure:

For the year 2014-15, every Ministry / Department shall effect a mandatory 10% cut in non-Plan expenditure excluding interest payment, repayment of debt, Defence capital, salaries, pension and Finance Commission grants to the States. No re-appropriation of funds to augment the Non-Plan heads of expenditure on which cuts have been imposed shall be allowed during the current fiscal year.

2.2 Seminars and Conferences:

(i) Utmost economy shall be observed in organizing conferences/ Seminars/workshops. Only such conferences, workshops, seminars, etc. which are absolutely essential, should be held wherein also a 10% cut on budgetary allocations (whether Plan or Non-Plan) shall be effected.

(ii) Holding of exhibitions/fairs/seminars/conferences abroad is strongly discouraged except in the case of exhibitions for trade promotion.

(iii) There will be a ban on holding of meetings and conferences at five star hotels except in case of bilateral/multilateral official engagements to be held at the level of Minister-in-Charge or Administrative Secretary, with foreign Governments or international bodies of which India is a Member. The Administrative Secretaries are advised to exercise utmost discretion in holding such meetings in 5-Star hotels keeping in mind the need to observe utmost economy in expenditure.

2.3 Purchase of vehicles:

Purchase of new vehicles to meet the operational requirement of Defence Forces, Central Paramilitary Forces & security related organizations are permitted. Ban on purchase of other vehicles (including staff cars) will continue except against condemnation.

2.4 Domestic and International Travel:

(i) Travel expenditure {both Domestic Travel Expenses (DTE) and Foreign Travel Expenses(FTE)} should be regulated so as to ensure that each Ministry remains within the allocated budget for the same after taking into account the mandatory 10% cut under DTE/FTE (Plan as well as Non-Plan). Re-appropriation! augmentation proposals on this account would not be approved.

(ii) While officers are entitled to various classes of air travel depending on seniority, utmost economy would need to be observed while exercising the choice keeping the limitations of budget in mind. However, **there would be no bookings in First Class."**

(iii) Facility of Video Conferencing may be used effectively. All extant instructions on foreign travel may be scrupulously followed.

(iv) In all cases of air travel the lowest air fare tickets available for entitled class are to be purchased! procured. No companion free ticket on domestic/ international travel is to be availed of.

2.5 Creation of Posts

(i) There will be a ban on creation of Plan and Non-Plan posts.

(ii) Posts that have remained vacant for more than a year are not to be revived except under very rare and unavoidable circumstances and after seeking clearance of Department of Expenditure.

3. Observance of discipline in fiscal transfers to States, Public Sector Undertakings and Autonomous Bodies at Central/ State/Local level:

3.1 Release of Grant-in-aid shall be strictly as per provisions contained in GFRs and in Department of Expenditure's OM No.7(1)/E.Coord/2012 dated 14.ll.2012.

3.2 Ministries/Departments shall not transfer funds under any Plan schemes in relaxation of conditions attached to such transfers (such as matching funding).

3.3 The State Governments are required to furnish monthly returns of Plan expenditure - Central, Centrally Sponsored or State Plan - to respective Ministries/Departments along with a report on amounts outstanding in their Public Account in respect of Central and Centrally Sponsored Schemes. This requirement may be scrupulously enforced.

3.4 The Chief Controller of Accounts must ensure compliance with the above as part of pre-payment scrutiny.

4. Balanced Pace of Expenditure:

4.1 As per extant instructions, not more than one-third (33%) of the Budget Estimates may be spent in the last quarter of the financial year. Besides, the stipulation that during the month of March the expenditure should be limited to 15% of the Budget Estimates is reiterated. It may be emphasized here that the restriction of 33% and 15% expenditure ceiling is to be enforced both scheme-wise as well as for the Demands for Grant as a whole, subject to RE ceilings. Ministries/ Departments which are covered by the Monthly Expenditure Plan (MEP) may ensure that the MEP is followed strictly.

4.2 It is also considered desirable that in the last month of the year payments may be made- only for the goods and services actually procured and for reimbursement of expenditure already incurred. Hence, no amount should be released in advance (in the last month) with the exception of the following:

(i) Advance payments to contractors under terms of duly executed contracts so that Government would not renege on its legal or contractual obligations.

(ii) Any loans or advances to Government servants etc. or private individuals as a measure of relief and rehabilitation as per service conditions or on compassionate grounds.

(iii) Any other exceptional case with the approval of the Financial Advisor. However, a list of such cases may be sent by the FA to the Department of Expenditure by so" April of the following year for information.

4.3 Rush of expenditure on procurement should be avoided during the last quarter of the fiscal year and in particular the last month of the year so as to ensure that all procedures are complied with and there is no infructuous or wasteful expenditure. FAs are advised to specially monitor this aspect during their reviews.

5. No fresh financial commitments should be made on items which are not provided for in the budget approved by the Parliament.

6. These instructions would also be applicable to autonomous bodies funded by Government of India.

7. Compliance

Secretaries of the Ministries / Departments, being the Chief Accounting Authorities as per Rule 64 of GFR, shall be fully charged with the responsibility of ensuring compliance of the measures outlined above. Financial Advisors shall assist the respective Departments in securing compliance with these measures and also submit an overall report to the Minister-in-Charge and to the Ministry of Finance on a quarterly basis regarding various actions taken on these measures/guidelines.

[D/o Expenditure OM No.-7(1)/E. Coord./2014 Dated 29th October, 2014]

[DPE OM No. DPE/3(4)/08-Fin Dated 26th November, 2014]

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(g) Travel Related

1. Reimbursement of return air/rail fare to candidates called for selection by Public Enterprises Selection Board.

The undersigned is directed to refer to this Department's O.M. No. 16/72/82-GM.II dated 8th March, 1983 on the subject mentioned above, which was cancelled vide this Department's O.M. No. 20(5)/95-DPE(GM) dated

10th December, 1997 and to state that with the cancellation of the above mentioned OM, Public Sector Enterprises have expressed difficulties in regularising reimbursement of travel expenses of candidates called for interview by Public Enterprises Selection Board (PESB) for various top level posts in public enterprises. The position was reviewed and after careful consideration, it has been decided to restore this Department's OM dated 8th March, 1983 with the following modifications:

a) Candidates from Government/Public Enterprises may be treated as on duty/as on tour and could claim TA from their respective Organizations. This could be reimbursed by the public enterprise for which the recruitment has been done on a claim preferred by the candidate's organization.

b) Candidates from private sector could be reimbursed their actual air/rail fare and an amount towards board, lodge and transport expenses admissible to the executives of PSEs of one step below the level of the post for which the interview is being held. The candidates may claim these expenses from the respective PSEs on a certificate to be given by the PESB at the time of interview.

2. All the administrative Ministries are requested to kindly issue necessary instructions to the public sector undertakings under their administrative control.

[DPE O.M. No. 18/19/98-GL-016/DPE(GM) Dated 11th March, 1999]

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2. "Air Travel on Official Account" — both domestic and international where CPSEs bear the cost of Air Passage.

The undersigned is directed to state that in case of air travel by officers/others on official account where domestic or international, where the travel expenses are borne by the CPSE, tickets for the cheapest discounted air fare of the entitled class must be availed.

2. All administrative Ministries/Departments are requested to advise all CPSEs under their administrative control comply with the above instructions strictly.

3. This issues with the concurrence of IF Wing *vide* their O.M. No. 4(13/2012-Fin-III dated 14.09.2012

4. This has been approved of Minister HI &PE.

[DPE OM No. DPE/3(4)/08-Fin Dated 7th January, 2013]

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3. Fees/Travelling Allowance etc. of Govt. Servants - Appointed as Director/Representatives or nominees of the Govt. of India o.n central public sector enterprises etc.

The undersigned is directed to forward herewith Department of Expenditure OM No. 19045\1\E IV\93 dated 12th February, 1993 and 12th January, 1999 on the subject mentioned above for further necessary action and compliance.

Subject : Fees/Travelling Allowance etc. of Govt. servants-appointed as Directors/Representatives or nominees of the Govt. of India on Public Sector Under-taking etc.

The grant of travelling allowance/fees to Govt. Servants apointed as Directors/representatives/nomineen of the Government of India on different Public Sector Undertakings/Institutions are being regulated in accordance

with the terms and conditions laid down in this Departmnt's O.M.No. 5(47) E.IV(B), 53 dt. the 5th July, 1965 as amendad from time to time read with Appendix III of FR SR. part-II.

2. Subsequently, Instructions were also issued vide this Department's O.M.No. 7(28) E. Coord/91 dt. the 6th Jan' 92, in which the Ministries/Departments were requested to ensure that the expenditure on TA/ DA in respect of Officers/staff under-taking tours/visits in India or abroad is met from the Ministries/ Departments' budgets and in no case should the expenditure be passed on to the Public Sector Undertakings/ Autonomous bodies, even if such officers/staff are required to undertake travel in connection with the matters concerning non-Government organisations.

3. Representtetions have been received from some Ministries/Departments that since the officers nominated as Directors/representatives or nominees of the Government of India on such Public Sector Undertaking/Institutions have to travel often to attend the meetings of such Public Sector Under-takings etc. the budget provision in the Departmental budget taking etc. the budget provision in the Departmental budget was found inadauate to meet the requirement of such travels.

4. The matter has been re-examined in the light of the difficulties experianced and **in supersessionof O.M. No. 5(47) E.TV(B)/63dt. 5th July, 1965,** as amended from time to time and in partial supersessionof O.M. No. 7(28)E.Coord/91 dt. the 6th Jan '92, it has nowbeen decided that the grant of travelling allowance and fees etc. to the Government servants appointed in thier official capacity as Directors/representatives or nominees of the Government on various Public Sector Undertakings/Institutions will henceforth be Regulated in the following manner:ð

5.1 Fees & other remuneration

5.1 Fees in respect of Government servants for attending meetings or for doing other work in connection with the affairs of Statutory orgenisations, Corporate bodies, industrial and commercial undertakings are, at present, recoverable only form organisations not wholly owned by the Central Government. The cases of semi-Government/non-GOvernment institutions receving rants from the Central Government were to be considered on merits, in consultatuion with the Financial Adviser. These orders will continue. No fees or other remuneration should be directly accepted by Government servants unless they are specially permitted to receive such frees under FR 46 and SRs 11 and 12.

6. Travelling & Daily Allowance

6.1 The officers before proceeding on tour on behalf of PSUs autonomous bodies etc. should get their tour programme approved by the controlling officers.

6.2 If such journeys are solely or mainly in connection with the affairs of the Undertakings, etc. the shole expenditure on travelling & daily allowance of the Government servants should be directly met by the Public Sector Undertakings/Instiutions concerned without the expenditure entering into the Government accounts. The question of issuing or exchange voucher for air tickets, sanction of tour advances, etc. by the Departments/Ministries will, therefore, not arise.

6.3 In case, however, the journeys and halts are mainly in connection with the affairs of the Government and only partly for the work of the Public Sector Undertaking/Institutions, the entire expenditure should be met by the Ministries/Departments and no amount need be recovered from the Undertakings etc.

6.4 The entitlements of the officers should correspond to the entitlements under the Government rules. In such cases, the claim for daily allowance due to the Government Directors/representatives/nominees etc. for attending the meetings of the Board of Directors of the Public Sector Undertakings will be paid by such Public Sector Undertakings/Institutions directly to these officers, as mentioned above on the rates applicable to Government servants.

7. Foreign travel on behalf of PSUs/ABs

7.1 Office s proceeding on tour on behalf of PSUs/autonomous bodies/Institutions etc. should get their foreign tour programmes approved by following the normal procadure i.e. under the deleqated powers of the Ministry/Department or with the prior approval of the Screening Committee as is applicable in each case. The Public Sector Undertakings/autonomous bodies/Institutions will lear the cost of deputation abroad of the Government official concerned on a scale applicable to there under the Government instructions. It will be ensured that these officers will be given facilities strictly as per their entitlement under the Government rules in respect of cash allowance, accommodation and class of trayel by air etc. The entire expenditure will be borne by the PSUs/Institutions directly without the expenditure entering the Government accounts.

8. Hindi version of this O.M. is enclosed.

(D/o Expenditure OM No. 19045/1/E/IV/93 Dated 12th February, 1993)

Sub:- Fees/Travelling Allowance etc. of Government servents appointed as Directers/Representatives or nominees of the Government India on Public Sector Undertaking etc.

All Ministries/Departments of the Govt. of India were issued instructions vide this Ministry's O.M. of even number dated 12th Feb. 1993 on the above mentioned subject with a view to ensure that the Central Govt. officers, holding additional charge of PSUs, will the given facilities strictly as per their entitlements under the Central Govt. rules in respect of cash allowence, accommodation and class of travel by air, etc.

2. It has been observed that the officers who are holding additional charge of same posts in public sector Undertaking in addition to their substantive posts in the Govt., sometimes draw excess money to meet their functional obligations at rates as are admissible to their counterparts in the concerned PUS,s which is against the apirit of thie Department's above referred O.M.

3. It is once again brought to the notice of all

Ministries/Departtment/PSUs that the Central Govt. officers holding additional charge of PSUs etc. will be entitled to the same facilities like TA/DA/cash allowance etc. as are admissible to them in the Central Govt. and the expenditure on this account will be met from the budget of the concerned Government department/ agency.

[D/o Expenditure OM No. 19045/1/93-E-IV Dated 12th January, 1999]

[DPE O.M. No. DPE/8(3)/14-Fin.(PP) Dated 7th July, 2014]

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(h) Land Related

1. Land acquisition and rehabilitation aspects involved in major projects.

Government have been seriously concerned about the lack of uniformity in approach in regard to acquisition of land for projects and alleviation of the difficulties faced by the dispossessed persons. After careful consideration of the matter in all its implications, Government have decided as follows:

2. Land acquisition:

i. Where land acquisition becomes inevitable, the selection of site should be done by a Committee consisting, among others, also of a representative of the State Government. After deciding the district in which the project is to be located, the Committee should indicate to the district

administration the extent of land required, as also the basic infrastructural requirements, for suggesting various alternative sites in the district. The site suggested by the district administration may be inspected by the Committee before a final selection is made. While selecting the site every effort should be made to avoid acquisition of valuable agricultural land especially wet land, forest land or ecologically fragile land. The acquisition of whole villages should also be avoided as far as possible. The primary aim should be to cause the least amount of disturbance to human habitations and their way of life. With a view to avoiding acquisition of land far in excess of the requirements, the project authorities in the detailed project report should clearly indicate the minimum quantum of land required for setting up the unit along with detailed justification, functional distribution etc. and such requirements should be supported with a map duly authenticated by the State Governments and their willingness to acquire land for the purpose. The requirement of land for expansion in the foreseeable time horizon should be taken into account, but at best such additional requirement could be only 25% of the land required in the initial project. The Public Investment Board, while considering the project, will examine the requirement of land and give its recommendations on the extent of land, which it considers to be justified for the project.

ii. Many of the existing public undertakings have in their possession lands far in excess of their present requirements and also possible expansion in the near future. A survey may be undertaken by the administrative Ministries/Departments/ Undertakings to identify such surplus lands. This survey should be completed by Sept. 30, 1986. After identification, the surplus land could be transferred for the appropriate use by Central Government Departments, or for the establishment of new public sector undertakings, or for location of ancillary units. Such land could even be considered for transfer to the Sate Governments for setting up small industrial units or industrial estates. In appropriate cases, the surplus land could be released for afforestation. Wherever feasible, construction of housing projects for workers would also be considered on surplus land. If small chunks of land are available, these could be utilized for promoting housing cooperatives of the employees of the public sector undertakings. The transfer of surplus land will, in all cases, have to be decided after taking into consideration the terms and conditions in the original deed of acquisition.

iii. Government consider it desirable to set up a joint management agency for the planning and provision of common services and amenities to public sector enterprises contiguously located especially for items like townships, water supply, medical and educational facilities etc.. The feasibility of establishing services and facilities for the projects to be set up in the same area will be considered by the Department of Expenditure in consultation with the concerned ministries/departments and the Ministry of Environment and Forests and placed before the Public Investment Board for a decision.

iv. Before deciding on fresh acquisition of land, the concerned Industrial Infrastructure Development Corporations of the States should be consulted and the availability of acquired land with them ascertained. This will minimise the need for new acquisition with all its consequent problems.

3. Compensation:

The land acquisition authorities should streamline the procedure for payment of compensation in the light of the provisions of the recently amended Land Acquisition Act. It should be ensured that the compensation amount is disbursed to the real beneficiaries within a reasonable time. The Department of Rural Development will separately undertake case studies on the procedure being followed in regard to land acquisition, payment of compensation to affected persons, the time taken to complete the formalities etc. and suggest measures for

further improvement in the system. It will be the responsibility of the concerned State Governments to remove any encroachments noticed on land notified under the Land Acquisition Act.

4. Rehabilitation:

i. Each Land Acquisition Unit will have a small Rehabilitation Cell. This Cell will identify the persons who are to be treated as dispossessed persons following the acquisition of land and forward a list of all such persons to the project authorities. The cost of running this cell will be met by the project authorities, for a limited period (say 2 or 3 years) as may be agreed to between the Project authorities and the State Governments.

ii. Rehabilitation assistance will be limited to those whose land or homesteads are acquired provided they are themselves cultivating those lands or residing in the homesteads. Absentee landlords will not be entitled to any rehabilitation assistance.

iii. Persons whose land holdings have been completely acquired will be given priority in rehabilitation assistance as compared to others whose land has been only partially acquired. Where homesteads have been acquired, alternative house sites should be provided to the displaced persons. These sites should be provided with infrastructural amenities like roads, water supply, sanitation, educational and medical facilities etc. All expenditure thereon will be a charge on the project.

iv. The project authorities should be directed to examine the list of awardee families eligible for rehabilitation assistance received from the Rehabilitation Cell with reference to their educational attainments and arrange for imparting to them suitable education and training to equip them to be considered for employment in the project, subject to availability of vacancies. Such education and training should be imparted through the existing and available training institutions of the State and the Central Governments. The project authorities may meet the cost of training of the persons who are selected from among the evictee families. If suitable disciplines or faculties required for the needs of the public sector undertakings are not available with the existing training institutions, the project authorities should undertake to fund and start such training courses which will equip candidates for employment in the public sector undertakings. Such training given at the cost of public sector undertakings should not be presumed to be a commitment for ultimate employment in the undertaking concerned. The main idea is to enable some members of the evictee families to qualify themselves for employment and compete for the same along with the others.

v. In the context of the urgent necessity of public sector enterprises operating at commercially viable levels and generating adequate internal resources, over-manning has to be guarded against. Any understanding, formal or informal, in regard to offer of employment to one member of every dispossessed family in the project will stand withdrawn. However, with a view to encouraging the dispossessed families taking to useful avocations like poultry farming, animal husbandry etc. the project authorities will assist the concerned State Governments in organizing and financing such activities. The basic responsibility of initiating such schemes will be that of the State Governments.

vi. The progress of rehabilitation of the dispossessed families will be monitored by the Rehabilitation cells in the same manner as monitoring of the implementation of the project.

vii. Where the dispossessed persons are tribals, the Ministry of Welfare and Ministry of Environment and Forests should also be associated with the preparation of their rehabilitation schemes.

viii. The entire cost of rehabilitation covered in the preceding paragraphs should form part of the project cost. The amount which is required exclusively for rehabilitation purposes should form part of project cost and the financial calculations should take into account these costs while working out the economics of the project. If need be, the amount that is required for meeting the rehabilitation cost may be given by the Government either as grant or as equity depending upon the merits of each case.

5. The undersigned is directed to bring the foregoing decisions of Government which apply equally to public sector enterprises, departmental undertakings and directly executed works of the Central Government to the notice of all Ministries/Departments of the Government of India and to request that suitable instructions may be issued to all the offices/enterprises under their control to give effect to these decisions.

[BPE O.M. No. 15/13/84-BPE(C) Dated 3rd February, 1986]

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(i) Holding of Shares in Government Companies

1. Holding of shares in Government Companies in the names of the President of India and the Governor of a State.

The undersigned is directed to refer to this Departmentôs Office Memorandum No.15/32/65-IGC dated the 13th October, 1965 on the above subject and to state that certain Ministries of the Government of India and State Governments have, on receipt of the above communication, raised a query as to whether the President or the Governor of a State will be deemed to be a corporation sole for purposes of holding shares in Government companies. This matter has, therefore, been examined in detail and the clarification as under is given for information and guidance of all concerned.

2. This Department had advised in the above Office Memorandum that shares in a Government company can not be registered in the name of a public office which is not a corporation sole as understood in law. Thus the shares in a Company can not be held in the name of the Collector of Central Excise or a Secretary to the Government of India, etc. This position may be followed in the case of holders of all public offices save as mentioned below.

3. The President or the Governor of a State functioning under the Constitution is not a corporated sole, just as the Administrator-General constituted under the Administrators General Act 1963, is. As provided by Article 77(1) and 166(1)of the Constitution, all executive action of the Government of India or the Government of a State shall be expressed to be taken in the name of the President or the Governor, as the case may be. ñExecutive actionò or ñexecutive powerò has been broadly stated to be ñthe residue of Governmental functions that remain after legislative and judicial functions are taken away.ò Further it appears that the said articles are confined to cases where the executive action is required to be expressed in the shape of a formal order or notification or any other instrument. When an executive decision affects an outsider or is required to be officially notified or communicated, it should be normally expressed in the form mentioned in these Articles, that is, in the name of the President or the Governor, as the case may be.

4. The acquisition or holding of shares in a company by the Government of India or a State Government is ñexecutive actionò as contemplated by Articles 77(1) and 166(1) of the Constitution and can, therefore, be made in the name of the President of India or the Governor of the State, as the case may be.

5. In view of the above, shares in a Government company can be held in the name of the President of India or the Governor of a State.

6. The clarification as above is brought to the notice of all Ministries of the Government of India and State Governments for their information and guidance.

[D/o Company Affairs No.15/32/65-IGC Dated 30th September, 1966]

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2. Nomination of Central Government officials to represent the President of India at Annual General Meeting of Public Enterprises.

The Parliamentary Committee on Public Undertakings (1977-78) (Sixth Lok Sabha) in their 9th Report on Central Inland Water Transport Corporation ï Mismanagement in Organisation Administration and Financial Matters ï has made the following observations with regard to the nomination of Central Government officials to represent the President of India at the Annual General Meetings of Public Enterprises.

199(2)

"Since important business is transacted at the Annual General Meetings of the Public Undertakings, Central Government officials appointed to represent the President of India at such Meetings should be persons of sufficiently higher status, rather than of Under Secretary level as has been done in the case of Central Inland Water Transport Corporation."

2. The above observations of the Parliamentary Committee have been examined. It has been decided that just as the Government representation on the Board of Directors is restricted to dealing Joint Secretaries/ Directors, it would be desirable that the Administrative Ministries depute only such officers, who are eligible for nomination on the Board of Directors to attend the Annual General Meetings of the Public Enterprises to represent the interest of the principal share holder i.e. the President of India.

3. The Ministry of Steel and Mines, etc., are requested to keep the foregoing in view while nominating officers for attending Annual General Meeting of the Public Enterprises on behalf of the President.

[BPE/GL-027/78/MAN/2(52)/78-BPE(GM-I) Dated 26th August, 1978]

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3. Holding Annual General Meeting and filing Annual Accounts with the Registrar of Companies-strict compliance of provisions of the Companies Act, 1956 regarding.

As per the Provisions of Section 166 of the Companies Act, 1956, the Annual General Meeting (AGM) of a Company is required to be held once in every calendar year and not more than 15 months shall elapse between the date of one AGM and that of the next. Further, the Section 210 of the Act stipulates that the audited Annual Accounts for the period ending with the day, which shall not precede the day of the AGM by more than 6 months, have to be placed in the said AGM. Thereafter, the Companies are required to file the Annual Accounts with the Office of the concerned Registrar of Companies within 30 days. However, it is observed that many of the Central Government companies are not fully complying with the above provisions of the Companies Act,1956.

2. The Comptroller & Auditor General of India (C&AG) has impressed the need to ensure necessary legal action under Companies Act, 1956 in cases of such delays. In view of this, the Department of Company Affairs has already issued necessary orders to the Registrar of the Companies to file prosecution against such defaulting State Government undertakings. In one of such cases, filed by the Registrar of Companies against M/s Kerala Ceramics Ltd., the Hon'ble High Court of Kerala has held that the offences were continuing offences, thereby the offences committed day by day by the Managing Directors, who have joined the company subsequent

to the commencement of first offence till the offences were remedied, are also liable foroffences.

3. All the administrative Ministries/Departments are, therefore, requested to bring this to the notice of the Government Companies falling under their administrative control and advise them to strictly comply with the relevant provisions of the Companies Act, 1956 in the spirit of the abovejudgement.

[DPE O.M. No. 13/9/99-Fin.G-VI Dated 21st April, 1999]

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(j) Financial Statements/Reports

1. Laying of Annual Reports and Audited Accounts of Statutory Corporations and of Government Companies under the Companies Act, 1956, on the Table of the House.

Ref:-BPE/GL-020/76/Fin/14(1)/Adv.(F)/76 dated 8.7.76

BPE 14(1)/Adv.(F)/76 dated 30.4.77

BPE/GL-030/77/Fin/14(2)/77 dated 22.9.77

The undersigned is directed to refer to the above noted OMs listing out the procedures to be followed about laying of annual reports and audited accounts of PSUs before the Parliament and it has been decided to issue a consolidated guideline on the subject merging all these three OMs into one.

2. The Central Public Sector operating under a corporate form of management consistsof industrial and commercial undertakings, which are under the control of various administrative Ministries/Departments. Parliamentary Committee on "Papers laid on the Table of the House" have examined the issues relating to papers laid on the Table of the House such as delay in laying of papers, compliance of the statutory provisions for laying papers etc. The following recommendations of the Committee are listed forcompliance:-

2.1 The administrative Ministries who are responsible for laying reports of central PSEs under their control before Parliament are required to exercise greater vigilance and devise suitable procedure to ensure that such reports and accounts are laid before Parliament within the stipulated period of nine months of the close of the accounting year. Annual Report and audited accounts should be presented to Parliament together to enable the House to have a complete picture of the working of that PSU. The meeting of the Board of Directors/Trustees needs to be held in time to ensure the aforesaidcompliance.

2.2 With a view to have uniformity and also to avoid delays in laying of reports and accounts, every CPSU should complete its accounts within a period of three months after the close of the accounting year and make them available for auditing. Replies to audit objections, if any, should be attended to on priority and thereafter translation and printing of report should be completed so that reports and audited accounts are laid before the Parliament within 9 months after the close of the accounting year. If the report and audited accounts cannot be laid within the stipulated period of nine months due to unforeseen circumstances, the concerned Ministry should lay within 30 days of the expiry of the prescribed period or as soon as Parliament meets along withthe statement explaining the reasons of such delay. To comply with above mentioned requirement, every PSU should prepare a time schedule so that proper monitoring could be done and annual reports and audited accounts are laid within the stipulated period.

2.3. It should be ensured that the Hindi version of Reports and Accounts are prepared concurrently with English version thereof so that both the versions are placed before Parliament simultaneously. However, in exceptional cases, where it is not possible to lay both the versions simultaneously, Ministry/Department while laying one version should invariably lay a statement explaining, the reasons for not laying the other version. In such cases

the other version should be laid on the Table either in the same Session or at the most by the end of the next Session.

3. The time limit prescribed in the above said recommendations constitute the outer limit within which the reports should be laid on the Table of the House and where compliance does not take place within the prescribed period, the Ministry is required to lay within 30 days of expiry of the period, a statement explaining the reasons why the report and accounts could not be laid within the stipulatedperiod.

4. While laying the report of a Government company before Parliament, the concerned administrative Ministry also lays along with the Report a Review on the working of the Company. Even in cases where government are in agreement with the information given in the report of company and they have nothing to add, government should lay on the Table along with the report a statement saying that they are in agreement with the Report and hence no review report is beinglaid.

5. The above recommendations of the Committee are also applicable to all the autonomous bodies operating under the administrative control of various Ministries/Departments. In case of autonomous organizations, which lay only their Annual Reports the administrative Ministries/Departments should ensure that the Annual Reports are invariably laid before the Parliament within six months after the close of the accountingyear.

6. All the administrative Ministries/Departments are requested to take note of the above consolidated instructions and advise the CPSUs and other autonomous organizations under their administrative control to comply with theseinstructions.

7. This supersedes the aforesaid three OMs issued by this Department on 8.6.76, 3.4.77 and 29.9.77.

[DPE O.M. No. 3(7)/2002-Fin.-GL-XX Dated 28th August, 2003]

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CHAPTER IV

DELEGATION OF POWERS

(a) General

1. Delegation of Powers to Board of Directors of PSEs to incur capital expenditure.

With a view to giving greater autonomy to Public Sector Enterprises, and in pursuance of this announcement made by the Finance Minister in his Budget Speech for 1997-98, the Government hereby revise the powers delegated to the Boards of Public Enterprises to sanction capital outlay in their enterprises without prior Government approval as shown below. This is in supersession of the earlier instruction vide OM No. BPE/1(64)/Adv(F)/78 dated 20.8.86. The enhanced delegated powers are subject to the condition that the enterprise concerned should be profit making.

2. Further this delegation would be subject to the following:

(a) inclusion of the project in the approved Five Year and Annual Plans and outlays provided for.

(b) the required funds can be found from the internal resources of the company and the expenditure is incurred on schemes included in the capital budget approved by the Government.

Gross Block	Power to Sanction Expenditure without Prior Approval of the Government	
	Existing	Revised
Less than Rs. 100 Crores	Rs. 5 Crores	Rs. 10 Crores
Between Rs. 100 Crores & Rs. 200 Crores	Rs. 10 Crores	Rs. 20 Crores
Between Rs. 200 Crores & Rs. 500 Crores	Rs. 20 Crores	Rs. 40 Crores
Above Rs. 500 Crores	ï	Rs. 100 Crores

3. The term ógross blockô would be treated as fixed assets and capital work in progress as shown in the last published balance sheet.

4. Profit making enterprises, for the purpose of this delegation, would be those which have shown a profit in each of the three preceding accounting years and have a positive net worth.

5. These instructions come into effect from the date of issue.

6. This issues with the approval of Ministry of Finance.

[DPE O.M. No. 16/22/90-Fin.G-I Dated 6th May, 1997]

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2. Delegation of Powers to Board of Directors of PSEs to incur capital expenditure.

Reference is invited to the Department of Public Enterprises O.M. of even number dated 6th May, 97 delegating powers to the Boards of the public enterprises to incur capital expenditure without prior approval of the Govt. A copy of the O.M. is enclosed for ready reference.

The guidelines provided inter-alia that the public sector enterprises can exercise the enhanced financial powers subject to the proviso that the required funds are found from the internal resources of the company. References have been received from different quarters seeking clarification on whether the 'internal resources' of the company would include borrowings from the markets, like debts, bonds, ECB or through any other instrument without any assistance from Govt. On this point it is now clarified that the enhanced delegation may be applicable in respect of projects for which no budgetary support is envisaged, i.e. projects funded 100% from IEBR. The term IEBR (Internal and Extra Budgetary Resources) for this purpose would include extra budgetary resources such as bonds, ECB and other similar mobilization made on their own internal strength by the PSUs but excluding Govt. guaranteed borrowings.

The administrative Ministries/Departments are requested to suitably advise the public enterprises under their administrative control. This is issued in consultation with the Ministry of Finance.

[DPE O.M. No. DPE/16/22/90-Fin.G-I Dated 8th October, 1998]

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3. **Merger and Acquisition decisions by the Central PSUs.**

In pursuance of the policy objective to make the public sector more efficient and competitive, Govt. have announced its decisions to grant autonomy and delegated powers from time to time on various issues for application in the Central PSUs in general and also specific delegated powers to the Navaratna and Mini-ratanas.

2. It is however clarified that the delegated powers would not include the power to decide about merger and acquisition. The Central Government public enterprises must therefore take prior approval of the Government in regard to merger with and/or acquisition of any other business entities or major business activities and should not take decisions at their own. This would be applicable to all the Central PSUs irrespective of their financial status or grant of Navratna/Mini- ratana status etc. Decisions on merger and/or acquisitions should not be interpreted as though such powers are within the autonomy given to the Navaratnas/Mini-ratanas under the guidelines issued by the Govt.

3. Similarly, It is also clarified that the Navratna and Miniratna enterprises must follow the procedures detailed in the Government guidelines for investment of surplus funds as detailed in DPE OMs Nos. DPE/4(6)/ 94-Fin. dated 14.12.94 and 1.11.95. There is no separate dispensation available to any of the public enterprises in this regard (other than the PSEs in financial sector about which separate guidelines were issued, *vide* OM No.DPE/4(6)/94-Fin. dated 2.7.96) and these guidelines on investment of surplus funds are applicable to all the Central PSEs including the Navratna and Miniratna CPSEs.

4. Administrative Ministries may please bring the contents of the Govt. decisions to the notice of the Central PSUs under their administrative control.

[DPE O.M. No. 3(2)/2003-DPE(Fin.)/GL XVI Dated 11th February, 2003]

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4. Empowerment of Central Public Sector Enterprises (CPSEs)-enhancement of delegated powers of other profit making PSEs.

The undersigned is directed to refer to this Department OM No. DPE/16(22)/90-Fin. dated 6th May, 1997 and 8th October, 1998 regarding delegation of powers to Board of Directors of PSEs to incur capital expenditure.

2. Keeping in view the pledge made in the National Common Minimum Programme (NCMP) that full managerial and commercial autonomy will be devolved to successful profit making companies operating in a competitive environment, the Government have reviewed the powers presently delegated to the Board of Directors of other profit making PSEs and have decided to enhance the powers in the manner stated below:

(i) The power to incur capital expenditure without Government approval stands revised to Rs. 150 crore or equal to 50% of the Net worth, whichever is less.

(ii) The Chief Executive of the PSE shall have the power to approve business tours abroad of functional directors up to 5 days' duration (other than study tours, seminars, etc.) in emergency, under intimation to the Secretary of the administrative Ministry. In all other cases including those of Chief Executive, tours abroad would continue to require the prior approval of the Minister of the Administrative Ministry/ Department.

3. The conditions and guidelines laid down in the OMs referred to in para.1 above shall remain unchanged.

4. The administrative Ministries/Departments concerned may bring the contents of this OM to the notice of the enterprises.

[DPE O.M. No. 18(24)/2003-GM- GL.66 Dated 5th August, 2005]

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5. Exercise of delegated power relating the establishing financial joint ventures and wholly owned subsidiaries by the Boards of Maharatna, Navratna and Miniratna Central Public Sector Enterprises (CPSEs)

The undersigned is directed to state that the Government had delegated powers to establish financial joint ventures and wholly owned subsidiaries to the Boards of Maharatna, Navratna and Miniratna Central Public Sector Enterprises (CPSEs).

2. This matter has been examined by the Government in the context of proliferation of such companies under the above empowerment and also the fact that the investments being made by Maharatna, Navratna and Miniratna CPSEs for setting up such joint ventures and subsidiaries is public investment. It is desirable that such deployment of public funds is made after due scrutiny and adequate justification to ensure that the decision for investment to set up such joint ventures or subsidiary entities is in sync with the policy considerations and strategic needs of the Government and in conformity with the norms of fiscal prudence.

3. Hence, it has been decided that henceforth the delegated powers to establish financial joint ventures and subsidiary entities would be exercised by the Boards of Maharatna, Navratna and Miniratna CPSEs in the manner stated below.

(i) The proposals for establishing financial joint ventures and subsidiary entities will be presented to the Board of the concerned CPSE.

(ii) The concerned administrative Ministry/Department will obtain the concurrence of NITI Aayog for such proposals on a case-to-case basis and firm up its views on the proposals as the

stakeholder for the Board's deliberations through its representative on the Board for appropriate decision.

4. The Government Director(s) will ensure that the views of the Government, being the majority shareholder, on such proposals are properly presented before the Board while a decision on such proposals is being taken. The decision for investment to set up financial joint ventures and subsidiary entities should only be taken by the Board when Government Director(s) are present in the Board meeting.

5. All administrative Ministries/Departments are requested to take note of the above decision and bring the same to the notice of Maharatna, Navratna and Miniratna CPSEs under their respective administrative jurisdiction for information and immediate compliance.

6. This has the approval of Minister of Heavy Industries & Public Enterprises.

[DPE O.M. No. 18(6)/2016-MGMT- Dated 10th August, 2016]

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(b) Maharatna/Navratna/Miniratna

1. Turning selected public sector enterprises into global giants—grant of autonomy.

The Common Minimum Programme of the Government states, inter-alia, that Government will identify public sector companies that have comparative advantages and support them in their drive to become global giants. In pursuance of these objectives, the Government have decided to grant the enhanced autonomy and delegation of powers subject to the guidelines mentioned below.

2. The Government has decided the following delegation of decision making authority to the Boards of PSEs:ï

(i) To incur capital expenditure on purchase of new items or for replacement, without any monetary ceiling.

(ii) To enter into technology joint ventures or strategic alliances.

(iii) To obtain by purchase or other arrangements, technology and know-how.

(iv) To effect organizational restructuring including establishment of profit centers, opening of offices in India and aboard, creating new activity centers, etc.

(v) Creation and winding up of all posts including and up to those of non-Board level Directors i.e. Functional Directors who may have the same pay scales as that of Board level Directors, but who would not be members of the Board. All appointments up to this level would also be in the powers of the Boards and would include the power to effect internal transfers and redesignation of posts.

(vi) To structure and implement schemes relating to personnel and human resource management, training, voluntary or compulsory retirement schemes, etc.

(vii) To raise debt from the domestic capital markets and for borrowings from international market, which would be subject to the approval of RBI/Department of Economic Affairs as may be required and should be obtained through the administrative Ministry.

(viii) To establish financial joint ventures and wholly owned subsidiaries in India or abroad with the stipulation that the equity investment of the PSE should be limited to the following:

(1) Rs.200 crores in any one project

(2) 5 per cent of the net worth of the PSE in any one project

(3) 15 per cent of the net worth of the PSE in all joint ventures/subsidiaries put together.

3. While normally the investment would be done directly by the parent PSE, in cases where it proposes to invest through a subsidiary into another joint venture, and also provides the additional capital for this purpose, the stipulations incorporated in points (viii) ï (2) & (3) above would be in the context of the parent company.

4. The existing decision making powers vested in various agencies would stand altered to give effect to the proposed delegation to the PSEs and the necessary changes in the rules, notification, instructions, articles/ memoranda of association, etc. shall be carried out by the concerned Department where required.

5. The above would be subject to the following conditions and guidelines:-

a) The proposals must be presented to the Board of Directors in writing and reasonably well in advance, with an analysis of relevant factors and quantification of the anticipated results and benefits. Risk factors if any must be clearly brought out.

b) The Government Directors, the Financial Directors and the concerned Functional Director (s) must be present when major decisions are taken, especially when they pertain to investments, expenditure or organizational/capital restructuring.

c) The decisions on such proposals should preferably be unanimous.

d) In the event of any decision on important matters not being unanimous, a majority decision may be taken, but at least two thirds of the Directors should be present, including those mentioned above, when such a decision is taken. The objections, dissents, the reasons for over-ruling them and those for taking the decision should be recorded in writing and minuted.

e) No financial support or contingent liability on the part of the Government should be involved.

f) These PSEs will establish transparent and effective systems of internal monitoring, including the establishment of an Audit Committee of the Board with membership of non-official Directors.

g) All the proposals, where they pertain to capital expenditure, investment or other matters involving substantial financial or managerial commitments or where they would have a long term impact on the structure and functioning of the PSE, should be prepared by or with the assistance of professionals and experts and should be appraised, in suitable cases, by financial institutions or reputed professional organizations with expertise in the areas. The financial appraisal should also preferably be backed by an involvement of the appraising institutions through loans or equity participation.

h) The exercise of authority to enter into technology joint ventures and strategic alliances as referred to in para 2 (ii) above shall be in accordance with the Government guidelines as may be issued from, time to time.

i) The Boards of these PSEs should be restructured by inducting non-official Directors as the first step before the exercise of the enhanced delegation of authority, as indicated vide DPEôs OM of even number dated the 22nd July, 1997.

j) These public sector enterprises shall not depend upon budgetary support or Government guarantees. The resources for implementing their programmes should come from their internal resources or through other sources, including the capital markets.

6. This grant of autonomy to the Boards of PSEs, as indicated above, is specific to the 9 enterprises identified by the Govtviz, BHEL, BPCL, HPCL, IOC, IPCL, NTPC, ONGC, SAIL and VSNL.

7. Administrative Ministries may please bring the contents of the Govt decision to the notice of these enterprises.

[DPE O.M. No. DPE/11(2)/97-Fin. Dated 22nd July, 1997]

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2. Turning selected public sector units into global giants—monitoring of performance towards globalization effort.

The Common Minimum Programme of the Government states, inter-alia, that Government will identify public sector companies that have comparative advantages and support them in their drive to become global giants. In pursuance of these objectives, the Government have already issued guidelines for restructuring of the Boards of nine identified public sector enterprises and grant of autonomy on various issues, vide two OMs of even number dated the 22nd July, 1997.

2. With the grant of autonomy and the measures taken for restructuring of the PSE Boards, it is necessary that monitoring of the performance of these PSEs is done with utmost seriousness. In this regard, the Government feel that the monitoring of the performance of the enterprises should be done primarily by their own Boards. The administrative Ministry should also continue to monitor the performance. The performance assessments should be carried out preferably on a quarterly basis, by a team consisting of the Secretary of the administrative Ministry, the Chief Executives of the PSE concern and one more outside expert.

3. At the apex level, however, a Committee of Secretaries headed by the Cabinet Secretary has been set up as a forum for inter-Ministerial discussions and continuous overview of the globalisation effort. This Committee would include Member Secretary, Planning Commission, Finance Secretary or Secretary (Expenditure), Ministry of Finance, the Secretary of the administrative Ministry concern and the Secretary, Department of Public Enterprises. The Secretary, Department of Public Enterprises is the Convener.

4. The formulation of specific vision statements, micro-level strategies and implementation of various measures have to be done by the PSEs. The selected nine enterprises should complete their vision statement and draw up the outline of the strategy and present the proposals to the Department of Public Enterprises for submission to the Committee of Secretaries at the earliest, but not later than 90 days after the date of issue of this OM. This would be a dynamic exercise subject to modifications, but a basic picture and vision must emerge at the earliest. Periodic monitoring, specifically in the context of globalization vision, targets and strategies would be done by the Committee of Secretaries.

5. The above monitoring mechanism may please be brought to the notice of the Navratna enterprises under your administrative control.

[DPE O.M. No.DPE/11(2)/97-Fin. Dated 22nd July, 1997]

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3. Selected PSEs into global giants-Restructuring of the Boards-setting up of a Search Committee for selection of non-official part-time Directors.

The Common Minimum Programme of the government states, inter-alia, that the Government will identify public sector companies that have comparative advantages and support them in their drive to become global giants. As part of the exercise, the Government has given priority for restructuring of the public sector Boards through induction of professionals and experts in relevant field as non-official part-time Directors.

2. In pursuance of the above decision, the Government has set up a Search Committee to recommend to the Administrative Ministry concerned the panel of non-official part-time Directors who could be considered for induction in respective enterprises. The Search Committee comprises the following:ï

(i) Chairman, Public Enterprises Selection Board

(ii) Secretary of the Administrative Ministry concern

(iii) Secretary, Department of Public Enterprises.

3. The final selection based on the recommendations of this Search Committee shall be made by the Administrative Ministry. There shall be no separate requirement for any specific clearances for vigilance for non-official part-time Directors, and the stipulation of the Companies Act regarding qualifications/ disqualifications for Directors as applicable to public limited companies would apply in these cases also.

4. The Search Committee shall mainly be concerned with the selection on the non-official part-time directors of the Navratna Companies, namely, Bharat Heavy Electricals Ltd., Bharat Petroleum Corporation ltd.,, Hindustan Petroleum Corporation Ltd., Indian Oil Corporation Ltd., Indian Petro-Chemicals Corporation Ltd., National thermal Power Corporation Ltd., Oil & Natural Gas Corporation Ltd., Steel Authority of India Ltd., and Videsh Sanchar Nigam Ltd. However, the Search Committee may also consider taking up other important enterprises under its purview for recommending the non-official part-time Directors.

5. The above may please be brought to the notice of the public enterprises under the administrative control of different Ministries/ Departments.

[DPE O.M. No.DPE/11(2)/97-Fin. Dated 22nd July, 1997]

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4. Financial and operational autonomy for profit making public sector enterprises—Mini-Ratnas.

In pursuance of the policy objective to make the public sector more efficient and competitive, Government have decided to grant enhanced autonomy and delegation of powers to the profit making public sector enterprises, subject to the eligibility criteria and guidelines as mentioned below and subsequently in this Memorandum.

2. Eligibility and classification

2.1 **Category-I PSEs:** PSEs should have made profit in the last three years continuously, the pre-tax profit should have been Rs.30 crores or more in at least one of the three years and should have a positive net worth.

2.2 **Category-II PSEs:** These PSEs should have made profit for the last three years continuously and should have a positive net worth.

2.3 These PSEs shall be eligible for the enhanced delegated powers provided they have not defaulted in the repayment of loans/interest payment on any loans due to the Government.

2.4 These public sector enterprises shall not depend upon budgetary support or Government guarantees.

2.5 The Boards of these PSEs should be restructured by inducting at least three non-official Directors as the first step before the exercise of enhanced delegation of authority, as indicated vide DPEôs OM of even number dated the 9th October, 1997.

The administrative Ministry concerned shall decide whether a Public Sector Enterprise fulfilled the requirements of a Category-I/Category-II company before the exercise of enhanced powers.

3. The delegation of decision-making authority available to the Boards of the eligible PSEs would be as follows:

3.1 Capital Expenditure

3.1.1 **For PSEs in Category-I**: To incur capital expenditure on new projects, modernization, purchase of equipment, etc. without Government approval upto Rs.300 crores, or equal to their net worth, whichever is lower.

3.1.2 **For PSEs in Category-II**: To incur capital expenditure on new projects, modernization, purchase of equipment, etc. without Government approval up to Rs.150 crores or up to 50% of their net worth, whichever is lower.

3.2 Joint Ventures, Subsidiaries and Overseas Offices

3.2.1 **For PSEs in Category-I**: To establish joint ventures and subsidiaries in India, with the stipulation that the equity investment of the PSEs should be limited to Rs.100 crores in any one project, should not exceed 5% of the net worth of the PSE in any one project, or 15% of the net worth of the PSE in all joint ventures/ subsidiaries put together. Establishment of subsidiaries and opening of offices abroad may be finalized with the concurrence of the administrative Ministries.

3.2.2 **For PSEs in Category-II**: To establish joint ventures and subsidiaries in India, with the stipulation that the equity investment of the PSEs should be limited to Rs.50 crores in any one project, should not exceed 5% of the net worth of the PSE in any one project, or 15% of the net worth of the PSE in all joint ventures/ subsidiaries put together. Establishment of subsidiaries and opening of offices abroad may be finalized with the concurrence of the administrative Ministries.

3.3 Technology joint ventures and strategic alliances

3.3.1 **For PSEs in both categories:** To enter into technology joint ventures, strategic alliances and to obtain technology and know-how by purchase or other arrangements subject to Government guidelines as may be issued from time to time.

3.4 Schemes for HRD

3.4.1 **For PSEs in both categories:** To structure and implement schemes relating to personnel and human resource management, training, voluntary or compulsory retirement schemes, etc.

[**Note:** If in some exceptional and unanticipated situation, the revised enhanced limits for incurring capital expenditure in paras 3.1.1 and 3.1.2 become lower than the existing limits, then the existing powers based on the gross block calculations will continue to remain valid]

4. The existing decision making powers vested in various agencies would stand altered to give effect to the proposed delegation to the PSEs and the necessary changes in the rules, notifications, instructions, articles/ memoranda of association, etc. shall be carried out by the concerned Department where required.

5. The above delegation on powers would be subject to the following conditions and guidelines:

5.1 The proposals must be presented to the Board of Directors in writing and reasonably well in advance, with an analysis of relevant factors and quantification of the anticipated results and benefits. Risk factors if any must be clearly brought out.

5.2 All the proposals, where they pertain to capital expenditure, investment or other maters involving substantial financial or managerial commitments or where they would have a long terms impact on the structure and functioning of the PSE, should be prepared by or with the assistance of professionals and experts and should be appraised, in suitable cases, by financial institutions or reputed professional organizations with expertise in the areas. The financial appraisal should also preferably be backed by an involvement of the appraising institutions through loans or equity participation.

5.3 No financial support or contingent liability on the part of the government should be involved. These public sector enterprises shall not depend upon budgetary support or Government guarantees.

5.4 Before taking decisions involving long-term or major financial commitments, including and especially for new projects and joint ventures, the internal and extra-budgetary resource position and projections should be assessed realistically.

5.5 The Government Directors, the Finance Director and the concerned Functional Director(s) must be present when major decisions are taken, especially when they pertain to investments, expenditure or organizational/capital restructuring.

5.6 The decisions on such proposals should preferably be unanimous.

5.7 In the event of any decision on important matters not being unanimous, a majority decision may be taken, but at least two-thirds of the Directors should be present, including those mentioned above, when such a decision is taken. The objections, dissents, the reasons for over-ruling them and those for taking the decision should be recorded in writing and minuted.

5.8 These PSEs will establish transparent and effective systems of internal monitoring, including the establishment of an Audit Committee of the Board with membership of non-official Directors.

6. Administrative Ministries may please bring the contents of the Government decision to the notice of these enterprises.

[DPE O.M. No.11/36/97-Fin. Dated 9th October, 1997]

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5. Financial and operational autonomy for profit making enterprises (Mini-Ratnas)—Monitoring of performance.

In pursuance of the policy objective to make the public sector more efficient and competitive, the Government have already issued guidelines for grant of enhanced autonomy on various issues to eligible profit making public enterprises and for restructuring of their Board vide two OMs of even number dated 9.10.97.

2. The monitoring of the performance of these PSEs would be done primarily by their own Boards. The Administrative Ministry should also continue to monitor the performance. This performance assessment should be carried out on a quarterly basis, by a team consisting of the Secretary of the administrative Ministry, the CEO of the PSE and one or more outside experts. In this monitoring, special attention must be paid to the areas technology and to R&D. the PSEs should themselves pay special attention to the assessment of their own technology status, to acquiring and assimilating technologies necessary to make them competitive, and to their

own R&D efforts to maintain a sustained strength in the technological field. They should set up a Board level Committee for this purpose.

3. At the apex level, a group consisting of the Secretary (Public Enterprises), Secretary (Expenditure), Secretary (Planning Commission) and the Administrative Secretary (or their representatives not below the level of Joint Secretary) shall function as the forum for inter-Ministerial discussions and continuous overview of the performance of the PSE. This group will take note of the strategic planning and targets of the PSEs and would review their performance periodically. The objective of this group would also be to provide a pro-active and positive support to PSEs in their performance improvement.

4. These enterprises may continue to enter into Memoranda of Understanding with the Administrative Ministries in which targets relating to various activities and performance parameters would be laid down. It should be ensured that meaningful and challenging performance targets are fixed and this should be done by a team consisting of nominees of the administrative Ministry, DPE and outside expert (s).

5. The above review and monitoring mechanism may please be brought to the notice of the enterprises under your administrative control and made operative with immediate effect.

[DPE O.M. No. DPE/11/36/97-Fin. Dated 9th October, 1997]

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6. Delegation of financial powers to Mini Ratna Enterprises

The detailed guidelines on delegation of financial powers to Mini Ratna Enterprises were issued vide DPE's OM of even number dated the 9th October, 1997. Since the issue of these guidelines, some queries have been raised by the PSUs and the Administrative Ministries seeking clarifications on certain points on delegation of financial powers and restructuring of Boards of Mini Ratna enterprises etc.

These issues raised have been examined in detail. The gist of the points raised by the PSUs/ Administrative Ministries and the clarifications thereto as under:ð

Sl. No.	Issues raised by Administrative Ministries	Response of DPE
1.	Whether any financial assistance or budgetary support can be extended by the Govt. to Mini Ratna PSUs in any form like grants in aids, soft loans etc.	Yes, but once budgetary support is taken, they will no longer remain eligible for the Mini Ratna status.
2.	Whether the restriction of Govt. guarantees applies to issue of fresh Govt. guarantees or applies to extension of existing Govt. guarantees also	This would apply to both.
3.	Whether the company should be declared as Mini Ratnas in the first instance or parallel action could be taken for appointment of non official Directors	It can be declared as Mini Ratnas based on the eligibility criteria, and the action regarding the appointment of non official Directors can be taken separately.
4.	Whether the financial limits of capital expenditure as per DPE guidelines on Mini Ratnas are the limits for one project or for one year.	The financial limits of capital expenditure are project/activity related.

Sl. No.	Issues raised by Administrative Ministries	Response of DPE
5.	As per DPE guidelines the proposal on capital expenditure/ investment should be prepared by or with the assistance of professionals and experts. Whether PSUs are free to select the experts or some panel is maintained or certain guidelines are to be issued by the Govt.	The Public Enterprises are free to select the professionals and other experts, as per their requirements. in this regard.
6.	Whether the existing system of Adhoc Task Force (ATF) for performance evaluation in MOU would continue for monitoring of performance.	Yes
7.	Whether the instructions issued by DPE regarding appointment of non official part time Directors, who are professional experts of repute are mandatory or optional.	The instructions regarding appointment of non official part time Directors are mandatory for Mini Ratna enterprises.
8.	Whether after the PSUs have been identified as Mini ratnas or category one or two and non official Directors have been appointed any formal notification shall be issued by DPE according Mini ratna status to these PSUs.	No
9.	Whether the categorization of the PSU should be vetted by DPE	No, DPE should only be informed.
10.	Whether the Public Enterprises which do not declare dividend in accordance with guidelines issued by Ministry of finance should be categorized as Mini Ratnas, as they also indirectly depend upon government support through withholding dividend etc.	Dividend is not an eligibility criteria for Mini Ratnas

All the Administrative Ministries/Departments of the Government of India are requested to bring the foregoing to the notice of the Public Enterprises under their administrative control for their information and necessary action.

[DPE O.M. No. DPE/11(36)/97-Fin. Dated 17th February, 1998]

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7. Laying down guidelines and parameters for the Board of Directors of Navratna PSUs to enter into technology joint venture and strategic alliances.

This is in continuation of DPE O.M. No. 11(2)/97-Fin. dated 22.7.97 granting financial and operational autonomy to Navratna PSUs, wherein exercise of authority to enter into technology joint venture and strategic alliances were exercised in accordance with the Government guidelines. These guidelines are:-

(i) The selection of the partner for technology joint venture or strategic alliances and its processes etc. should be transparent. All such proposals must be presented to the Board of Directors in writing and should contain evaluation in terms of commercial expediency, techno economic parameters, quantification of the likely benefits and risk factors, if any.

(ii) The proposal should be examined and appraised by the Board of Directors when the Finance Director concerned functional Director(s) and at least two non-official part time Directors are present in the meeting.

(iii) The rationale for approving or rejecting the proposal must be recorded in writing giving full justification.

(iv) In the event of the decision on such proposals, not being unanimous, the objections, dissents, the reasons for over-ruling them and those for taking the decision should be recorded in writing and minuted.

(v) The policy and procedures of authorities like RBI, Foreign Investment Promotion Board (FIPB), Environment, etc., as laid down from time to time to be complied with.

(vi) It must be ensured that the proposal should not be entirely to the benefit of the MNC(s) to enter into the Indian market.

(vii) All the proposals involving investment over and above delegated powers, shall be submitted for approval of CCEA.

(viii) The Board shall ensure that adequate representation is given to the company in the management and operation of its joint venture/strategic alliance. The extent of representation should be in proportion to their contribution.

(ix) Joint ventures may be formed with such companies/MNC(s) where there is synergy between production/business line of the two partners and where both stand to gain, especially the Indian partner.

(x) A comprehensive list of joint ventures formed and status thereof be submitted to DPE on half yearly basis. The yearly status on the progress and performance of the joint ventures formed would be submitted by DPE to the Committee of Secretaries.

[DPE OM No. 11(32)/96-Fin. Dated 17th January, 2000]

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8. Review of the performance of Navratna and Miniratna enterprises-grant/divestment of status thereof.

In pursuance of the recommendations of the Parliamentary Standing Committee on Industry, the issue of performance of Navratna and Miniratna Central Public Sector Undertakings vis-à-vis divestment of their status or the need to grant the Navratna/Miniratna status to the new enterprises, as the case may be, were engaging the attention of the Government.

2. Consequently, the matter has been reviewed by the Government. It has now been decided that henceforth the review of performance of the Navratna and Miniratna enterprises and divestment of their status or grant of Navratna or Miniratna status, as the case may be, would be decided in the following manner.

(i) Apex Committee, headed by the Cabinet Secretary in the case of Navratna enterprises and Inter-Ministerial Committee headed by the Secretary, Department of Public Enterprises in the cas of Miniratna enterprises would regularly review the performance of such companies.

(ii) A comprehensive review would be undertaken every three years by the above mentioned respective committees with regard to maintenance of the Navratna/Miniratna status. The Apex Committee would lay down the format for such a review.

(iii) The Apex committee would also review the operations of Navratna/ Miniratna schemes every three years and would make recommendations in regard to further delegation of autonomy to these enterprises.

(iv) The recommendations of the Apex committee, if any, for divestment of the Navratna status would be put up to the Minister (Heavy Industries and Public Enterprises) for approval through the Minister in-charge of the administrative Ministry concerned. In case of any disagreement, the matter would be put up to the Cabinet.

(v) The recommendations of the divestment of Miniratna status would be dealt with by concerned administrative Ministry only.

(vi) Recommendations for accordance of Navratna status to a CPSU would ordinarily not be placed before the Cabinet. Based on the recommendations of the Apex Committee these would be placed before the Minister for Heavy Industries and Public Enterprises for taking a final decision. But as in (iv) above, in case of disagreement, the matter would be put up to the Cabinet.

3. The administrative Ministries/Departments may please note the content of the above Government decisions and suitably bring this to the notice of the enterprises under their administrative control.

[DPE O.M. NO.DPE/4(8)/2000-Fin.-GL.-XXXXIX Dated 11th June, 2001]

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9. Review of performance of Narvatna and Miniratna enterprises-grant/divestment of status thereof.

The undersigned is directed to refer to this Department's OM No.DPE-4(8)/2000-Fin. Dated the 13th June, 2001 wherein the decision of the Government that the performance and status of the Navratna and Miniratna enterprises will be reviewed from time to time was communicated to all concerned.

2. It was also mentioned therein that the Apex Committee would lay down a format for such a review. A format for reviewing the performance of Navratna/ Miniratna PSUs has since been drawn up and a copy of the same is enclosed (Annexure-I). Annexure-II & III provide necessary procedure and guidelines for grant of Navratna status to the PSUs.

3. All the Administrative Ministries/Departments are requested to advise the Navratna/Miniratna PSUs under their administrative control to complete the format at Annexure I and forward it to DPE through the administrative Ministry/Department latest by 15th April, 2002 so as to enable this Department to fix the performance review meetings.

4. The administrative Ministries/Departments may also indicate the specific cases, if any, of CPSUs under their administrative control, which in their opinion need to be granted enhanced status of Navratna. Such proposal(s) with specific details in the prescribed proforma may kindly be submitted by 31.3.2002 for consideration.

ANNEXURE-I

Format for review of performance of Navratna/Miniratna PSUs

A. 1. Name of Public Sector Undertaking and the administrative Ministry:

B. **Information to be submitted by the PSU.**

2. Mission/vision of PSU:

3. Strategy and Business Plan adopted for realization of goals as stated in the vision statement and objectives set

4. MOU rating for last 3 years.

5. When was the Board restructured after grant of Navratna/ Miniratna status?

6. Present composition of the Board after its restructuring.

7. The number of Board meetings held (year wise, for last three years)

8. Give details (for last 3 years) on the extent of Operational Autonomy availed by the PSU.

Operational Autonomy granted	**Availed by PE**
(i) Monitoring of the performance by the Board	
a) Transparent and effective system of internal monitoring as established in the PSU.	
b) Audit Committees set up. Specify terms of reference, field of operation, number of meetings held so far and important findings.	
c) Other measures adopted for effective monitoring within the PSU, if any.	
(ii) Steps taken for Technology upgradation:	
a) R&D stage	
b) acquiring new technology through JVs or otherwise	
(iii) Steps taken towards diversification of products/ Product Mix	

9. Give details of delegation of decision making authority :

Offered	**Availed by PE**
(i) To incur capital expenditure on new projects, modernization, purchase of equipment etc: - Year wise investment on new projects, modernization, contribution of new products in turnover (ii) To enter into technology JVs or strategic alliance a) No. of JVs formed b) No. of strategic alliances made. c) the share of the PSU in the JV/strategic alliances (SAs) d) expected gains from JV/SAs	

(iii)	Steps taken towards
	a) organsiational restructuring including establishment of cost & profit centers,
	b) New offices opened in India and abroad,
	c) New activity centers established, if any
(iv)	Creation and winding up of posts including and upto those of non-Board level Directors, Functional Directors. Posts created and abolished with their level may kindly be specified
(v)	To structure and implement schemes relating to personnel and human resource management, training, voluntary or compulsory retirement schemes, etc.
(vi)	Wage negotiations effected
(vii)	Debt raised from the domestic capital markets (year wise amount).
(viii)	Borrowings from international markets, ECBs raised etc. (year wise amount).
(ix)	Joint Ventures and wholly owned subsidiaries established in India or abroad. The expected gains and objectives.

10. Financial data/indicators:

(Rs. in crores)

Sl. No.	Particulars	1996-97 (base year)	1997-98	1998-99	1999-00	2000-01
1.	Turnover					
2.	Operating expenses					
3.	PBIT					
3 A.	PBDIT					
4.	Net Profit(NP)					
5.	Capital Employed(CE)					
6.	Networth(NW)					
7.	Internal resources generation					
8.	Foreign Exchange Earnings (FEE)					
9	Mobilisation of funds:					
a.	Domestic sources					
b.	International sources					
10.	Ratios:					
a.	PBDIT to CE					
a1	PBIT to Turnover					
b.	NP to NW					
c.	Turnover to CE					
d.	FEE to turnover					
e.	Debt to equity					
f.	Investment in JV to NW					

11(a). Details of new projects and investment decisions taken by the Board after its restructuring.

11(b). Number of major projects under implementation along with their cost/time overrun, if any.

(12) Capacity utilization as a % of total capacity during last three years (year wise). In case of service sector PUSs the indicator may be suitably modified as Occupancy rate in the case of Hotel sector, disbursement/ recovery rate of loans in case of financial sector, availability of lines in case of Power sector etc.

(13) Foreign Exchange Earning (FEE) as a ratio of Turnover during the previous three years (year wise); or

In respect of the PSUs where there is no scope for FEE, an indicator reflecting the óSocial Burdenô giving following information during last 3 years (year wise),:ð

(i) Project/Services rendered on social rather than economic considerations.

(ii) SC/ST/Other special categories recruitment as a % of total recruitment.

(iii) Total expenditure on development of peripheral/adopted villages and that spent on National calamities/disasters/other social service activities.

C. Response on qualitative factors as perceived by the PSU

1. Do you think that óBoard is professionalised, if no, which areas need to be represented on the Board.
2. Please specify.

(a) To what extent the Government has given fanancial autonomy

Great Extent	Significant Extent	Moderate Extent	Less Extent	Least Extent
☐	☐	☐	☐	☐

(b) To what extent the Government has given operational autonomy

Great Extent	Significant Extent	Moderate Extent	Less Extent	Least Extent
☐	☐	☐	☐	☐

3. How the Board is accountable for their decision making. To what extent the accountability is commensurate with the enhanced autonomy.
4. Please list the impediments or constraints, if any, in the efforts to become global competitive.
5. To make the PSU globally competitive, what suggestions would you like to make.
6. Do you think that current level of autonomy and delegation should be continued, if so, please give the justification for retaining Navratna status and the benefits that had accrued with this status?
7. Do you think that further delegation of powers and autonomy is required? If yes, specify the areas and the justifications.

D. The composite Score for the PSU (as per Annexure II)

***Note*: The terms used here will have the same meaning as used in the Public Enterprises Survey.**

ANNEXURE II

FORMAT FOR GRANT OF NAVRATNA STATUS

ELIGIBILITY

The PSUs which are Miniratna I, Shedule óAô and have obtained óexcellentô orôvery goodô MOU rating in three of the last five years are eligible.

'Composite Score' of performance to be 60 or above

In order to review the performance of the PSU, a composite scre based on its performance for the last three years would be calculated. For Calculation of composite score, 6 performance indicators have been identified based on their general applicability to the PSUs. The performance indicators have been chosen so as to capture the performance of PSUs irrespective of their belonging to manufacturing sector or services sector. The 6 identified performance indicators are:ð

		(Maximum Weight)
		100
1.	Net Profit to Networth	25
2.	Manpower Cost to total Cost of Production or Cost of Services	15
3.	PBDIT to Capital employed	15
4.	PBIT to Turnover	15
5.	Earning Per Share	10
6.	Inter Sectoral Performance	20

In order to assess the performance of the PSU as per the above indicators and provide score on uniform basis, óEvaluation Scaleô for each of these 6 performance indicators have been devised. In respect of these indicators, corresponding to each indicator, categories have been designed so as to provide score in between the maximum score. The provision for grant of negative score have also been made. These categories for each of the performance indicators have been devised after taking into consideration the performance data for the PSUs particularly for the last three years.

For Inter Sectoral performance, it is considered that within sector, performance may be based on the net profit to net worth in % age. The ranking of the PSUs within the sector can be attempted and based on the rank of the PSU, a score can be calculated. Top ranking five PSUs can be given score of 20, 16, 12, 8 and 4 respectively. Zero score would be given to other PSUs having rank below provided where the value of Net Profit to Net worth ratio is positive. However a negative score of ó4ô would be given to those PSUs having negative ratio. The óEvaluation Scaleô fixed is given in the enclosed Evaluation Sheet (**Annexure-III**).

To calculate the composite score for a PSU as per the above indicators and the Evaluation Scale, the performance indicator which is the simple average of the corresponding data of the PSU for the last 3 years would be considered and the score would be provided as per the Evaluation Scale. The sum of the scores for each of the performance indicators would constitute the composite score of the PSU.

The cases where the Composite Score is 60 or above, would be placed before the Apex Committee for their consideration and recommendations. A minimum limit of 60 has been kept after taking into consideration the actual óComposite Scoreô obtained by the PSUs particularly the Navratna PSUs. The limit of 60 is considered as a realistic level.

ANNEXURE III

EVALUATION SHEET

		Score									
Sr. No.	A	25*	20	15	10	5	-5	-10	-15	-20	-25
I	Net Profit toNet Worth (%)	>=20	>=15 and <20	>=10 and <15	>=5 and <10	>=0 and <5	>=-10 and <0	>=-15 and <-5	>=-20 and <-10	>-20 and <-15	>-20
Sl. No.	B	15	12	9	6	3	-3	-6	-9	-12	-15
II	Total Manpower Cost to Total Cost of Produc-tion (%)**	<=5	>5 and >=8	>8 and <=11	>11 and <=14	>14 and <=17	>17 and <=20	>20 and <=23	>23 and <=25	>25 and <=28	>28 and
III	PBDIT to Capital Employed (%)	>=20	>=15 and <20	>=10 and <15	>=5 and <10	>=0 and <5	>=-5 and <0	>=-10 and <-5	>=-15 and <-10	>=-20 and <-15	>-20
IV	PBIT to Turnover Turnover	>=25	>=20 and <25	>=10 and <20	>=5 and <10	>=0 and <5	>=-5 and <0	>=-10 and <-5	>=-20 and <-10	>=-25 and <-20	>-25
Sr.	C	10	8	6	4	2	0	-2			
VI	Earning Per Share (Rs.)	>=30	>=20 and <30	>=10 and <20	>=5 and <10	>=0 and <5	>=-5 and and <0	>=-10 and and <-5			
	D	20	16	12	8	4	0	-4			
VII	Inter Sectoral Performance RankNP to NW based on 1999-00 data	I	II	III	IV	V	VI and onwards but value is +ve	If the value is -ive			

>= Greater than or equal to>Greater than<Less than<=Less than or euqal to

* The Limit to be adjusted (and replaced) in the cases where regulatory authority has fixed on upper limit.

** Cost of services in case of service organization.

[DPE O.M. No. DPE/3(2)/2001 Dated 15th March, 2002]

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10. Empowerment of Central Public Sector Enterprises (CPSEs)-enhancement of delegated powers of Navratna PSEs.

The undersigned is directed to refer to this Department OM No. DPE/11(2)/97-Fin. dated 22nd July, 1997 regarding turning selected public sector enterprises into global giants, wherein various powers were delegated to PSEs that have comparative advantages and capacity to become global giants, presently known as Navratnas.

2. Keeping in view the pledge made in the National Common Minimum Programme (NCMP) that full managerial and commercial autonomy will be devolved to successful profit making companies operating in a competitive environment, the Government have reviewed the powers presently delegated to the Board of Directors of Navratna PSEs and have decided to enhance the powers in the manner stated below:

(i) The ceiling on equity investment to establish financial joint ventures and wholly owned subsidiaries in India or abroad shall be 15% of the networth of the PSE in one project limited to Rs. 1000 crore. The overall ceiling on such investment in all projects put together shall be 30% of the networth of the PSE.

(ii) The Board of Directors of these PSEs shall have the powers for mergers and acquisitions, subject to the conditions that (i) it should be as per the growth plan and in the core area of functioning of the PSE, (ii) conditions/limits would be as in the case of establishing joint ventures/subsidiaries, and (iii) the Cabinet Committee on Economic Affairs (CCEA) would be kept informed in case of investments abroad. This is in partial modification of DPE OM No. 3(2)/2003-DPE(Fin.)GL XVI dated 11.2.2003.

(iii) The Board of Directors of these PSEs shall have the power to further delegate the powers relating to Human Resource Management (appointments, transfer, posting, etc.) of below Board level executives to sub-committees of the Board or to executives of the PSE, as may be decided by the Board of the PSE.

(iv) The Chief Executive of the PSE shall have the power to approve business tours abroad of functional directors up to 5 days' duration (other than study tours, seminars, etc.) in emergency, under intimation to the Secretary of the administrative Ministry. In all other cases including those of Chief Executive, tours abroad would continue to require the prior approval of the Minister of the Administrative Ministry/ Department.

3. The Navratna status is presently subject to the condition that these PSEs shall not depend up on budgetary support or Government guarantees. Wherever Government guarantee is required under the standard stipulations of external donor agencies, the same may be obtained from the Ministry of Finance through the administrative Ministry. Such Government guarantee shall not affect the Navratna status.

4. Other powers delegated under the DPE OM referred to in para. 1 above remain unchanged. The conditions and guidelines laid down in the said OM also remain unchanged and should be adhered to strictly.

5. The administrative Ministries/Departments concerned may bring the contents of this OM to the notice of these enterprises.

[DPE O.M. No. 18(24)/2003-GM- GL.64 Dated 5th August, 2005]

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11. Empowerment of Central Public Sector Enterprises (CPSEs)-enhancement of delegated powers of Miniratna PSEs.

The undersigned is directed to refer to this Department OM No. DPE/11(36)/97-Fin. dated 9th October, 1997 regarding Financial and operational autonomy for profit making public sector enterprises, wherein various powers were delegated to Miniratna PSEs.

2. Keeping in view the pledge made in the National Common Minimum Programme (NCMP) that full managerial and commercial autonomy will be devolved to successful profit making companies operating in a competitive environment, the Government have reviewed the powers presently delegated to the Board of Directors of Miniratna PSEs and have decided to enhance the powers in the manner stated below:

(i) Capital Expenditure

(a) For PSEs in category I: The power to incur capital expenditure on new projects, modernization, purchase of equipment, etc., without Government approval stands revised to Rs. 500 crore or equal to Net worth, whichever is less.

(b) For PSEs in category II: The power to incur capital expenditure on new projects, modernization, purchase of equipment, etc., without Government approval stands revised to Rs. 250 crore or equal to 50% of the Net worth, whichever is less.

(ii) Joint ventures and subsidiaries:

(a) Category I PSEs: The ceiling on equity investment to establish joint ventures and subsidiaries in India shall be 15% of the networth of the PSE in one project limited to Rs. 500 crore. The overall ceiling on such investment in all projects put together shall be 30% of the networth of the PSE.

(b) Category II PSEs: The ceiling on equity investment to establish joint ventures and subsidiaries in India shall be 15% of the networth of the PSE in one project limited to Rs. 250 crore. The overall ceiling on such investment in all projects put together shall be 30% of the networth of the PSE.

(iii) The Board of Directors of these PSEs shall have the powers for mergers and acquisitions, subject to the conditions that (i) it should be as per the growth plan and in the core area of functioning of the PSE, (ii) conditions/limits would be as in the case of establishing joint ventures/subsidiaries, and (iii) the Cabinet Committee on Economic Affairs (CCEA) would be kept informed in case of investments abroad. This is in partial modification of DPE OM No. 3(2)/2003-DPE(Fin.)GL XVI dated 11.2.2003.

(iv) The Board of Directors of these PSEs shall have the power to further delegate the powers relating to Human Resource Management (appointments, transfer, posting, etc.) of below Board level executives to sub-committees of the Board or to executives of the PSE, as may be decided by the Board of the PSE.

(v) The Chief Executive of the PSE shall have the power to approve business tours abroad of functional directors up to 5 days' duration (other than study tours, seminars, etc.) in emergency, under intimation to the Secretary of the administrative Ministry. In all other cases including those of Chief Executive, tours abroad would continue to require the prior approval of the Minister of the Administrative Ministry/ Department.

3. The Miniratna status is presently subject to the condition that these PSEs shall not depend up on budgetary support or Government guarantees. Wherever Government guarantee is required under the standard

stipulations of external donor agencies, the same may be obtained from the Ministry of Finance through the administrative Ministry. Such Government guarantee shall not affect the Miniratna status.

4. Other powers delegated under the DPE OM referred to in para.1 above remain unchanged. The conditions and guidelines laid down in the said OM also remain unchanged and should be adhered to strictly.

5. The administrative Ministries/Departments concerned may bring the contents of this OM to the notice of the enterprises.

[DPE O.M. No. 18(24)/2003-GM-GL. 65 Dated 5th August, 2005]

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12. Review of the performance of Navratna and Miniratna enterprises-grant/ divestment of status thereof.

The undersigned is directed to refer to this Department OM No. DPE/4(8)/2000-Fin. GL-XXXXIX dated 11.6.2001on the subject mentioned above wherein it was inter-alia decided that a comprehensive review would be undertaken by the Apex Committee with regard to maintenance of Navratna status.

2. In order to periodically review and recommend for expeditious conferment/ divestment of Navratna status on/of CPSEs, it has been decided to constitute a committee consisting of Secretary (DPE), Secretary (Planning Commission), Secretary (Expenditure) and Secretary of the administrative Ministry concerned with Secretary (DPE) as its convenor. This committee will assist the Apex Committee in faster decision-making.

[DPE O.M. No. 18(24)/2003-GM- GL.67 Dated 12th August, 2005]

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13. Recommendations of the Ad-hoc Group of Experts on empowerment of Central Public Sector Enterprises (CPSEs) - Creation/Disinvestment of subsidiaries by the Navratna and Miniratna Companies

National Common Minimum Programme (NCMP) of the Government pledges to devolve full managerial and commercial autonomy to successful, profit-making companies operating in a competitive environment. In pursuance of this, the Ministry of Heavy Industries and Public Enterprises, in November 2004, constituted an Ad-hoc Group of Experts (AGE) under the Chairmanship of Dr. Arjun Sengupta to consider issues like grant of autonomy, greater delegation of financial powers, etc. to CPSEs. The recommendations of AGE have been considered by the Government in two stages. In the first stage, the recommendations relating to enhancement of powers of Navratna, Miniratna and other profit making CPSEs were considered by the Government and guidelines were issued on 5.8.2005.

2. After careful consideration of the remaining recommendations of AGE, the Government has decided to empower the holding companies to transfer assets, float fresh equity and divest shareholding in subsidiaries subject to the condition that the delegation will be in respect ofsubsidiaries set up by the holding company under the powers delegated to the Navratna and Miniratna CPSEs and further to the proviso that:

(a) the public sector character of the concerned CPSE (including subsidiary) would not be changed without prior approval of the Government, and

(b) such Navratna and Miniratna CPSEs will be required to seek Government approval before exiting from their subsidiaries.

3. All the administrative Ministries and Departments are requested to take note of the above decision and to advise the CPSEs under their administrative control suitably in the matter.

(DPE OM No. 18(16)/2005-GM-GL-82 Dated 23rd May, 2007)

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14. Recommendations of the Ad-hoc Group of Experts on empowerment of Central Public Sector Enterprises (CPSEs) - Mergers and Acquisitions by the Navratna and Miniratna CPSEs

The undersigned is directed to refer to this Department's Office Memorandum No. 3(2)/2003-DPE(Fin.)/ GL.XVI dated 11.2.2003 wherein it had been clarified that the powers delegated to the Navratna and Miniratna CPSEs do not include the power to decide about merger and acquisition and all CPSEs must take prior approval of the Government in regard to merger with and/or acquisition of any other business entities or major business activities. The Government had thereafter reviewed the powers delegated to Navratna and Miniratna CPSEs and decided that the Boards of Navratna and Miniratna CPSEs shall have the powers for mergers and acquisitions subject to certain conditions laid down in DPE O.M. No. 18(24)/2003-GM-GL-64 dated 5.8.2005 and 18(24)/ 2003-GM-GL-65 dated 5.8.2005 respectively.

2. Issuance of fresh shares under a scheme of amalgamation by such CPSEs may result in further dilution in Government of India share holding and in certain cases, it may result in changing their public sector character. The Government has, therefore, considered this issue and decided that the powers relating to Mergers and Acquisitions delegated to Navratna and Miniratna CPSEs vide Office Memoranda mentioned in Para 1 above should be exercised in such a manner that it should not lead to any change in the public sector character of the concerned CPSEs.

3. All the administrative Ministries/Departments are requested to take note of the above decision and to advise the CPSEs under their administrative control suitably in the matter.

(DPE OM No. 18(16)/2005-GM-GL-83 Dated 28th May, 2007)

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15. Recommendations of the Ad-hoc Group of Experts on empowerment of Central Public Sector Enterprises (CPSEs) - Clarification on Budgetary Support to Navratna and Miniratna CPSEs - Issued.

The undersigned is directed to refer to this Department's Office Memoranda No. DPE/11(2)/97-Fin. dated 22.7.1997 and DPE/11/36/97-Fin. dated 9.10.1997 wherein it had been mentioned that Navratna and Miniratna CPSEs shall not depend on budgetary support.

2. The Government has since reviewed the above position and it has now been decided to clarify that the Budgetary support to implement Government sponsored projects of national interest and Government sponsored Research & Development projects will not disqualify CPSEs from retaining their Navratna and Miniratna status. However, for such projects, investment decisions will be taken by the Government and not by the CPSE concerned.

3. All the administrative Ministries/Departments are requested to take note of the above decision and advise the CPSEs under their administrative control suitably in the matter.

(DPE OM No. 18(16)/2005-GM-GL-84 Dated 28th May, 2007)

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16. Recommendations of the Ad-hoc Group of Experts on empowerment of Central Public Sector Enterprises (CPSEs) - Modification of the composition of Search Committee for selection of non-official part-time Directors on the Boards of Navratna and Miniratna CPSEs - Ordered.

The undersigned is directed to refer to this Department's Office Memoranda No. DPE/11(2)/97-Fin. dated 22.7.1997 and DPE/11/36/97-Fin. dated 9.10.1997 in the subject wherein it had been mentioned that a Search Committee comprising of Chairman, Public Enterprises Selection Board; Secretary, Department of Public Enterprises; Secretary of the concerned Administrative Ministry/Department and eminent person(s) to be nominated by the Industry Minister would select non-official part-time Directors for appointment on the Boards of Navratna and Miniratna CPSEs.

2. The Government has now decided to modify the said O.M. and decided that the Chief Executive of the CPSE concerned will also be a member of the Search Committee for selecting Independent Directors on the Board of Directors of the concerned Navratna and Miniratna CPSE.

3. The above decision of the Government may be brought to the notice of CPSEs concerned.

(DEP OM No. 18(16)/2005-GM-GL-85 Dated the 29th May, 2007)

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17. Introduction of "Maharatna" Scheme for Central Public Sector Enterprises (CPSEs)

The undersigned is directed to state that the Government has decided to introduce ñMaharatnaò Scheme in order to empower mega CPSEs to expand their operations and emerge as global giants.

2. The salient features of the scheme outlining the eligibility and procedure for grant/divestment of ñMaharatnaò status, delegation of powers to ñMaharatnaò CPSEs as well as review of their performance is enclosed.

3. The concerned Administrative Ministries/Departments are requested to take note of the above decision of the Government.

Guidelines on Maharatna Scheme for Central Public Sector Enterprises (CPSEs)

1. Objective

The Objective of the Maharatna Scheme is to delegate enhanced powers to the Boards of identified large sized Navratna CPSEs so as to facilitate expansion of their operations, both in domestic as well as global markets.

2. Eligibility criteria for grant of Maharatna Status

The CPSEs fulfilling the following criteria are eligible to be considered for grant of Maharatna status:-

a) Having Navratna status

b) Listed on Indian stock exchange, with minimum prescribed public shareholding under SEBI regulations

c) An average annual turnover during the last 3 years of more than Rs. 25,000 crore

d) An average annual net worth during the last 3 years of more than Rs. 15,000 crore

e) An average annual net profit after tax during the last 3 years of more than Rs. 5,000 crore

f) Significant global presence or international operations.

3. Procedure for grant of Maharatna status

3.1 The procedure for grant of Maharatna stutus is similar to that for the grant of Navratna status. Accordingly, the proposal(s) for grant of Maharatna status should be initiated by the concerned Administrative Ministries/ Departments (after approval of their Financial Advisers and Ministers-in-charge) to the Department of Public Enterprises (DPE). DPE would process the proposal(s) for consideration of the Inter-Ministerial Committee (IMC). The composition of the IMC is as under:

(i)	Secretary, Department of Public Enterprises	Chairman
(ii)	Secretary, Department of Expenditure	Member
(iii)	Secretary, Planning Commission	Member
(iv)	Secretary of the concerned Administrative Ministry/Department	Member

3.2 After consideration by the IMC, the proposal would be processed for consideration of the Apex Committee headed by the Cabinet Secretary. The composition of the Apex Committee is as under.

(i)	Cabinet Secretary	Chairman
(ii)	Secretary, Department of Public Enterprises	Member-Secretary
(iii)	Secretary, Department of Expenditure	Member
(iv)	Secretary, Planning Commission	Member
(v)	Secretary of the concerned Administrative Ministry/Department	Member

3.3 The recommendations of the Apex Committee for grant of Maharatna status would be placed before the Minister (HI&PE) for a decision.

4. Delegation of powers to Maharatna CPSEs

4.1 The boards of Maharatna CPSEs have been delegated the following powers.

(i) To incur capital expenditure on purchase of new items or for replacement, without any monetary ceiling.

(ii) To enter into technology joint ventures or strategic alliances.

(iii) To obtain by purchase or other arrangements, technology and know-how.

(iv) To effect organization restructuring including establishment of profit centers, opening of offices in India/aboard, creating new activity centers, etc.

(v) To create below board level posts upto E-9 level and to wind up all below board level posts. The Boards of Directors will have powers to make all appointments, effect internal transfers and re-designation of all below board level posts.

(vi) To structure and implement schemes relating to personnel and human resource mangement and training.

(vii) To raise debt from the domestic capital markets and from international market, the latter being subject to the approval of RBI/Department of Economic Affairs, as may be required, and should be obtained through the administrative Ministry.

(viii) To make equity investment to establish financial joint ventures and wholly owned subsidiaries and undertake mergers & acquisitions, in India or abroad, subject to a ceiling of 15% of the net worth of the concerned CPSE, limited to Rs. 5,000 crore in one project. The overall ceiling on such investments in all projects put together will not exceed 30% of the net worth of the concerned CPSE. While normally the investment would be done directly by the parent CPSE, in cases where it proposes to invest through a subsidiary into another joint venture, and also provide the additional capital for this purpose, the above stipulations would be in the context of the parent company.

(ix) The Board of Directors shall have the powers for mergers and acquisitions, subject to the conditions that (a) it should be as per the growth plan and in the core area of functioning of the CPSE and (b) the Cabinent Committee on Economic Affairs (CCEA) would be kept informed in case of investments abroad, Further, the powers relating to Mergers and Acquisitions should be exercised in such a manner that it should not lead to any change in the public sector character of the concerned CPSEs.

(x) CMD is empowered to approve business tours abroad of functional Directors upto 5 days duration (other than study tours, seminars, etc.) in emergency, under intimation to the Secretary of the administrative Ministry.

(xi) Holding companies are empowered to transfer assets, float fresh equity and divest shareholding in subsidiaries subject to the condition that the delegation will only be in respect of subsidiaries set up the holding company under the powers delegated to Navratna/Maharatna CPSEs and further to the proviso that:

a. the public sector character of the concerned CPSE (including subsidiary) would not be changed without prior approval of the Government, and

b. such Maharatna CPSEs will be required to seek Government approval before exiting from their subsidiaries.

4.2 The exercise of Maharatna powers would be subject to the same conditions and guidelines as laid down by the Government in respect of Navratna CPSEs from time to time. These conditions and guidelines as they stand on dated are as under.

(a) The Boards of these CPSEs should be restructured by inducting requisite number of non-official Directors as per SEBI guidelines, subject to a minimum of four.

(b) All the proposals, whether they pertain to capital expenditure, investment or other matters involving substantial financial or managerial commitments or where they are likely to have a long term impact on the structure and functioning of the CPSE, should be prepared by or with the assistance of professional and experts and should be appraised, in suitable cases, by financial institutions or reputed professional organizations with expertise in the area. The financial appraisal should also preferably be backed by an involvement of the appraising institution through loans or equity participation.

(c) The proposals must be presented to the Board of Directors in writing and reasonably well in advance, with an analysis of relevant factors and quantification of the anticipated results and benefits. Risk factors, if any, must be clearly brought out.

(d) All the Government Director(s), the Financial Director and the concerned Functional Director (s) must be present when major decisions are taken especially when they pertain to

investments, expenditure or organization/capital restructuring and exercise of Navratna/ Maharatna powers.

(e) The decisions on proposal listed in para above should preferably be unanimous. In the event of any decision on such matters not being unanimous, a majority decision may be taken, but at least two thirds of the Directors should be present. In addition, all the Government Director(s), the Finacial Director and the concerned Functional Director (s) should invariably be present when such decisions are taken. The objections, dissents, the reasons for over-ruling them and those for taking the decision should be recorded in writing and minuted.

(f) No financial support or contingent liability on the part of the Government should be involved. These CPSEs shall not depend upon budgetary support or Government guarantees. The resources for implementing their programmes should come from their internal resources or through other sources, including capital markets. However, budgetary support to implement Government sponsored projects of national interest and Government sponsored Research & Development projects will not disqualify CPSEs from retaining their Maharatna status and for such projects, investment decisions will be taken by the Government and not by the concerned CPSE. Further, wherever Government guarantee in required under the standard stipulations of external donor agencies, the same may be obtained from the Ministry of Finance through the administative Ministry and such Government guarantee shall not affect Maharatna status.

(g) These CPSEs will establish transparent and effective systems of internal monitoring, including the establishment of an Audit Committee of the Board with membership of non-official Directors.

(h) The exercise of authority to enter into technology joint ventures and strategic alliances shall be in accordance with Government guidelines as may be issued from time to time.

(i) These CPSEs shall follow the highest standards of CorporateGovernance and corporate Social Responsibility applicable to CPSEs.

5. Review of performance of Maharatna CPSEs

The performance of Maharatna CPSEs would be reviewed annually by the Inter-Ministerial Committee, and thereafter by the Apex Committee headed by the Cabinet Secretary which will recommend continuation/divestment of Maharatna status. The review will focus on the eligibility of Maharatna CPSEs *vis-a-vis* the criteria laid down for grant of Maharatna status in para 2 above, and their performance during the previous year(s).

6. Divestment of Maharatna status

In case, the Apex Committee recommends divestment of Maharatna status of a CPSE, such a recommendation would be placed before the Minister (HI & PE) for a decision.

7. The Department of Public Enterprises may issue suitable clarification and make modifications to the Maharatna scheme in order to ensure smooth implementation of the scheme.

[DPE OM No. 22(1)/2009-GM Dated 4th February, 2010]

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18. Policy for acquisition of the Raw Material Assets abroad by Central Public Sector Enterprises (CPSEs)

The undersigned is directed to state that the matter of ensuring availability of adequate quantities of raw materials, which is crucial not only for the growth of the manufacturing sector in particular but also the economy as a whole, has been considered by the Government and it has been decided to issue a clear policy statement with regard to the acquisition of raw materials assets abroad by CPSEs. In the long term interests of the economy, the Government has approved the implementation of a Policy for acquisition of Raw Material Assets abroad by CPSEs, a copy of which is enclosed for information, guidance and further necessary action.

2. The contents of above Office Memorandum may also be brought to the notice of CPSEs under the administrative control of your Ministry/Department for their information, guidance and further necessary action.

Policy for Acquisition of Raw Material Assets Abroad by Central Public Sector Enterprises (CPSEs)
Need to acquire raw material assets abroad

1. Government has projected that our economy needs to grow between 9 to 10% over the next 10 years in order to bring down the present level of poverty in the country. In order to achieve the desired growth rate, it is imperative that the manufacturing sector grows at 12 to 14%. This in turn would exert a lot of pressure on the requirements of raw materials. It has been observed that in the recent past, when the economy grew at 9% for a period of three continuous years, there were severe shortages of raw materials. Some of the raw material assets required for manufacturing, such as coking coal, have not been available locally in adequate quantities. Therefore, arrangements for assured supply of key raw materials over the long term need to be put in place if the country is to achieve double digit growth rate over the next decade. Even in respect of those raw material assets which are available only in a limited amount in the country, alternative arrangements for their assured supply need to be worked out well in time. In view of the severe competition from other countries for acquiring such assets, this matter acquires a sense of urgency. The acquisition of raw material aboard will also help in improving the energy security of the country.

2. Thus, in the long term interests of the economy in general and the growth of the manufacturing sector in particular, and also taking into account strategic aspects, the Government of India is committed to promote and take all necessary measures towards acquisition of raw material assets abroad.

Present system of overseas investment

3. The financial aspects of allowing outward investments are presently guided by the Ministry of Finance and the Reserve Bank of India (RBI) whereas the actual acquisitions are being handled by the CPSEs/ concerned Ministries. The Reserve Bank of India, under the power vested in it under Section 6 of the Foreign Exchange Mangement Act, 1999 has issued **guidelines on Direct Investement by Residents in Joint Venture (JV)/Wholly Owned Subsidiary (WOS) Abroad (Annex.-I).** These guidelines basically prescribe the classes of permissible capital account transaction and limits up to which foreign exchange is admissible for such transactions. Under RBIôs guidelines, overseas investment can be made under two routes, *viz.* Automatic and Approval routes. Under the Automatic route, RBIôs guidelines permit investment in overseas JVs / WOS upto 400 per cent of the net worth of the Indian company or Special Purpose Vehicle (SPV). RBIôs guidelines permit Navratna PSUs, ONGC Videsh Ltd. (OVL) and Oil India Limited (OIL) and other Indian Companies to invest under the Automatic route in unincorporated entities overseas in the **oil sector** subject to their being approved by the competent authority. Listed Indian companies are permitted to invest up to 50 per cent of their net worth in shares issued by listed overseas companies. RBIôs guidelines permit consideration of proposals for investment in JV / WOS overseas in the **energy and natural resources sector (*e.g.* oil, gas, coal and mineral ores)** in excess of the 400 per cent of net worth limit **(Annex.-I).**

4. DPE has issued guidelines from time to time to grant enhanced autonomy and deligation of powers to different categories of CPSEs, subject to certain stipulated conditions and procedures, with a view to enabling them to enhance their global presence. The introduction of Navratna and Miniratna schemes in 1997 and Maharatna scheme in 2010 are the initiatives taken by DPE in this regard. Some aspects of the powers delegated to Boards of Maharatna, Navratna and Miniratna CPSEs are extremely relevant in the context of powers to be exercised by the concerned CPSEs for acquisition of raw material assets abroad. The relevant guidelines issued by DPE, as applicable to these categories of CPSEs, are enclosed at Annex-II.

5. DPE has also issued another set of guidelines exclusively on the issue of acquisition of raw material assets abroad by Indian Companies for ONGC-Videsh Limited *vide* their O.M. dated 17.1.2000 **(Annex-IIIA).** These guidelines were extended by the Ministry of Petroleum & Natural Gas to Indian Oil Corporation, Oil India Limited and other Navratna downstream PSUs (Annex-IIIB). The Ministry of Steel has also set up an Empowered Committee of Secretaries (ECS) mechanism for acquiring coal assets by ôInternational Coal Ventures Private Limitedô **(Annex-IIIC)**, a Special Purpose Vehicle. The Ministry of Coal has thereafter issued instructions to the effect that the efforts of Coal India Limited to acquire coal assets abroad would also be considered under the ECS mechanism set up by Ministry of Steel **(Annex-IIID).**

Shortcomings of the present system of outward investment

6.1 The principal shortcoming in the present system is the lack of an explicit commitment from the Government of its intention to promote acquisition of raw material assets abroad. As a result, the issue does not always get the expediency and seriousness that it deserves, and proposals for acquisition of raw material assets suffer from delays in decision making.

6.2 Secondly, a coordinated, inter-sectoral approach which is often required to aggressively bid for raw material assets abroad, particularly the sovereign ones, is lacking.

6.3 Thirdly, enormous funds are often required for acquiring raw material assets abroad which are not readily available with even our largest CPSEs.

6.4 A number of mechanisms have been evolved by different agencies for acquiring raw materials abroad and it may be worthwhile to harmonize and supplement them.

6.5 The instant policy addresses these shortcomings by clearly specifying the commitment of the Government to acquisition of raw material assets abroad. It seeks to enhance the powers delegated to Boards of CPSEs in making equity investments through Mergers and Acquisitions, in Joint Ventures / Wholly Owned Subsidiaries and for capital expenditure, retains the existing mechanism of Empowered Committee of Secretaries and puts in place provisions for fast track decision making through an integrated, coordination mechanism at the higher levels which can be relied upon by the CPSEs and the Ministries should the need arise.

Proposed procedure for acquisition of raw material assets abroad

7. **Objective:** The objective of the policy is to put in place a fast track and coordinated decision making process in order to facilitate acquisition of raw materials abroad by CPSEs for the requirement of manufacturing sector in the country.

8. **Scope:** In order to accelerate the pace of acquisition of raw material assets abroad, the following procedure, which includes among others, the aspects covered in prevalent guidelines listed at Annex II & III, is prescribed. It is clarified that the purpose of these guidelines is to reduce the time associated with the acquisition process, underscore the significance the Government attaches to the subject, support CPSEs

for strategic acquisitions, and to provide them a forum through which a coordinated, inter-sectoral, consortium based approach could be adopted. Notwithstanding the following arrangement, the CPSEs.will continue to exercise the powers that are currently available to them. This policy would be applicable only to CPSEs in Agriculture, Mining, Manufacturing and Electricity sectors as per Public Enterprises Survey of DPE. The details of the prescribed procedure are as under.

9. **Applicability:** The CPSEs, that is, those Government companies (as defined under Section 617 of the Companies Act, 1956) wherein more than 50% equity is held by the Central Government, subsidiaries of such CPSEs and which have a three year record of making net profits, can benefit from the decision making mechanism prescribed in these guidelines for acquiring raw material abroad.

10. **Definition of Raw Material Assets Abroad:** The term Raw Material Assets Abroad shall include ownership(equal/minority/majority stake holding), lease, rights for exploration, development and production of an on-shore or offshore asset that is yielding, or has proven reserves or the potential to yield natural resource, including mineral resources, whether held publicly or privately or jointly, in an internationally recognized State/Country/territory outside the borders of India. By implication, raw material assets in territories held by non-State actors (such as armed groups), or in States under the sanction of an International body to which India is a signatory and bound, shall not be covered by this policy.

Preliminary Information and Due-Diligence

11.1 **Flexibility to act on any credible information of the availability of Raw Material Asset Abroad for possible acquisition:** The proposals for acquisition of raw materials overseas should be driven by the requirements of the individual companies and linked to the specific needs of the CPSEs. CPSEs may entertain such proposals received directly or through a reputed merchant banker registered in either India or in the country where the target asset is located (having more than 5 years experience in the relevant field) or in response to an expression of interest issued by the concerned CPSE.

11.2 **Expeditious due diligence within the concerned CPSEs:** Each CPSE will take an initial call as to whether it wishes to proceed with the proposal or not. The available opportunities should be evaluated on techno-economic considerations in a transparent manner using either in-house expertise or external consultants/ consultancy firms. In order to form a view. The CPSEs may seek a presentation by the proposer or a visit by its team or take any other appropriate measure to have an initial assessment in order to arrive at a decision as to whether to proceed with the proposal or not.

11.3 If the initial decision is to proceed with the proposal, the CPSEs will undertake due diligence on technical, financial and legal aspects and obtain independent advice of reputed experts /consulting agencies.

11.4 The Boards of all profit making CPSEs will continue to be empowered to decide on appointment of Consultants for such purposes. It may be mentioned that some CPSEs are already exercising such powers. Should a CPSE consider necessary, it may draw up a panel of experts so that they can appoint consultants from the approved panel of consultants at short notice. The ñManual of Policies and Procedure of Employment of Consultantsò issued by the Department of Expenditure, Ministry of Finance may be broadly used as guidance in this regard.

Structure & Ownership of Overseas Investing Entity

12.1 Subject to these guidelines, the Boards of Profit making CPSEs would be competent to pursue overseas opportunities either on stand-alone basis, or in collaboration with other CPSEs/domestic private companies through Joint Ventures (called consortium approach). CPSEs can collaborate with foreign Public or Private sector enterprises also in case such a collaboration is felt essential or in case laws of the country in which

target asset is located require association of a local enterprise in the Joint Venture before they are eligible to bid for raw material assets. If the Board of the CPSE decides to associate partner(s), it would select partner(s) on the basis of clear criteria including past performance, work experience, financial and technical capabilities etc. The modalities of selection would be decided by the Boards of respective CPSEs, depending upon the requirements of the situation. In case the CPSEs acquires part equity stake in an asset, the existing shareholder(s) of the target asset, if any, would automatically become partners of the CPSE. The Boards of profit making CPSEs can also pursue overseas opportunities through mergers and acquisitions, establish Wholly Owned Subsidiaries or incorporate new enterprise(s) abroad; CPSEs can also explore overseas opportunities under various arrangements used in the international industry such as production sharing contracts, concessionary arrangements, service contracts etc. The policy and procedures of authorities like RBI, guidelines of the Department of Expenditure, Ministry of Finance for establishing Joint Venture Companies in Infrastructure Sectors (*vide* No. 24(24)/PF-II/2009 dated 21st July, 2009) and other prevailing rules and regulations of Government of India, as laid down from time to time, would be observed as guidance by the CPSEs while undertaking such ventures. The existing requirement of CPSEs keeping the Cabinet Committee on Economic Affairs informed of any investments abroad shall continue to apply.

12.2 If required, the CPSE(s) may form project specific Special Purpose Vehicles (SPVs) to undertake overseas projects for the acquisition of raw materials abroad. These SPVs should be need based and it would be ensured that there is no proliferation of such SPVs. The concerned CPSE should also ensure that business risks associated with projects abroad are restricted to the extent of their equity participation in the SPV and the parent company is insulated against such business risks.

12.3 The proposal after following the above procedure would be put up to the Board of Directors, including Government and non-official Directors. The proposals must be presented to the Board of Directors in writing and reasonably well in advance, with an analysis of relevant factors and quantification of the anticipated results and benefits. Risk factors, if any, must be clearly brought out. The decision on such a proposal should preferably be unanimous. In the event of any decision on such matters not being unanimous, a majority decision may be taken, but at least two thirds of the Directors should be present. In addition, all the Government Director(s), the Director Finance and the concerned Functional Director(s) should invariably be present when such decisions are taken. The objections, dissents, the reasons for over-ruling them and those for taking the decision should be recorded in writing and minuted. The decision of the Board should be based on quantified techoeconomic parameters and should take into account the considerations of sociopolitical risks, technology transfer, strategic entry into a particular area/country etc. In many countries, the mineral resources happen to be located in relatively insecure and inaccessible areas. The issue of security of assets proposed to be acquired may be suitably factored into at the time of decision making.

12.4 The ownership of raw material assets abroad may lie with the concerned CPSEs/Joint Venture/ Wholly Owned Subsidiary/Special Purpose Vehicle depending upon the source of equity investment in the project. The Board of the concerned CPSE should, however, through documented deliberations ensure that adequate representation is given to the CPSE in the management and operation of its overseas project. The extent of representation should be commensurate with its equity contribution in the project.

Enhanced Delegated Powers to Boards of CPSEs

13.1 The foreign operations especially acquisition of assets abroad require large funds and also there is a need to provide flexibility to CPSEs in undertaking such overseas ventures. Therefore, existing delegation of powers to Boards of Profit making CPSEs have been enhanced as follows:

TABLE-1 : Financial powers delegated to Boards of Profit Making CPSEs for Equity Investment through Mergers and Acquisitions and in Joint Ventures / Wholly Owned Subsidiaries

Class of CPSE	Existing delegated powers		Enhanced delegated powers	
	for Merger & Acquisition, or equity investment in any one joint Venture/ whooly owned subsidiary	Subject to % of net worth of CPSE, for all projects put together	for Merger & Acquisition, or equity investment in any one joint venture/ wholly owned subsidiary	Subject to % of net worth of CPSE, for all projects put together
Maharatna	Rs. 5000 crore subject to a ceiling of 15% of the net worth	30% of net worth	Rs. 5000 crore subject to a ceiling of 25% of the net worth	40% of net worth
Navratna	Rs. 1000 crore subject to a ceiling of 15% of the net worth	30% of net worth	Rs. 3000 crore subject to a ceiling of 25% of the net worth	40% of net worth

The above revised monetary ceilings shall be the equity investment limits up to which Boards of CPSEs can take investment decisions for bidding, and acquisition of raw material assets overseas without any reference to the Government. The cumulative ceiling as a percentage of net worth on equity investments in such projects shall be computed by adding the investments made by the CPSE concerned under the powers delegated to its Board, and exclude investments in projects beyond the delegated powers with government approval.

13.2 The Boards of Mahartana and Navratns CPSEs shall continue to exercise delegated powers for **capital expenditure** for development of overseas assets, which could be used for purchase of new items or for replacement.

13.3 The revised delegated powers would be applicable only for acquisition of raw material assets abroad.

Above Board-Level Approval Mechanisms:

14.1 The mechanism of **Empowered Committee of Secretaries** chaired by Secretaries of Ministries of Petroleum & Natural Gas (for ONGC Videsh Limited at **Annex-IIIA,** and for Oil India Limited and Indian Oil Limited at **Annex-IIIB**), Steel (for International Coal Ventures Limited at **Annex-IIIC,** and for Coal India Limited at **Annex-IIID**) shall continue to function, and consider proposals for acquisition of raw material assets abroad beyond the powers delegated to Boards of concerned CPSEs. Recommendations of Empowered Committee of Secretaries shall be submitted to the Cabinet Committee on Economic Affairs directly for consideration.

14.2 Ministries other than those listed in the preceding para which do not currently have an **Empowered Committee of Secretaries (ECS)** shall stand authorized to notify an appropriate **ECS** mechanism on the lines of ONGC Videsh Limited (Annex-IIIA). Such **Empowered Committees of Secretaries** shall be chaired by the Secretaries of the concerned administrative Ministries/Departments with Secretaries of Finance, MEA, Law and DPE as members. Each **Empowered Committee of Secretaries** shall be authorized to consider proposals for acquisition of raw material assets overseas which are beyond the powers delegated to the Boards of CPSEs under their administrative control. **ECS** shall facilitate inter-Ministrial consultation, before its recommendations are submitted to the Cabinet Committee on Economic Affairs directly for a decision. Notification constituting new Empowered Committee of Secretaries shall be issued by the administrative Ministries/Departments after these are vetted by Finance Ministry and DPE.

14.3 For proposals which are beyond the powers of the Boards of CPSEs and require a coordinated approach, or budgetary support there will be a **Coordinating Committee of Secretaries (CCOS)** headed by the **Cabinet Secretary** with Secretaries of the Ministry of EXternal Affairs, Planning Commission, Department of Legal Affairs, Ministry of Finance, Department of Public Enterprises and the Ministries/Departments

adminstering the concerned CPSE and any other Secretary considered relevant to decision making as members. This Committee would, if required, facilitate a consortium approach in high value or strategically important acquisitions. The following class of proposals for acqusition of assets abroad would be put up before the Coordinating Committee of Secretaries and would not need be routed through the Empowered Committee of Secretaries.

(a) Proposals where the administrative Ministry/CPSE requests for a coordinated view even though acquisition is with CPSE's funds and the investment falls within the delegated powers of the board of the CPSEs;

(b) All acquisition proposals involving Government funds, before these are moved to the CCEA.

14.4 The CCOS shall add value to the proposals for acquisition of raw material assets abroad before they are considered by the Cabinet committee on Economic Affairs on the following counts:

a. Avoiding competition among Indian companies

b. Reconciling interests of the nation *viz-a-viz* those of the CPSE(s) in the event of a conflict

c. Providing a forum for sharing of available experience

d. Facilitating quick, coordinated decision making

e. Exploring the possibility of infrastructure development in the target country

f. Coordinating grant of concessional credit to foreign enterprise/Government, in return for long term commitment for the supply of natural resources.

g. Recommeding government funding, and its nature (Grant, loan or equity), for the oversease investment proposal.

Funding of Acquisition of Overseas Assets:

15.1 Issues regarding requirement of funds for acquiring raw material assets abroad, including for development of infrastructure alongwith the acquisition, will be resolved by the Coordination Committee of Secretaries on case by case basis.

15.2 The Government would, in due course, consider constituting a dedicated, Sovereign Wealth Fund which can serve as the corpus for financing investments in acquisition of raw material assets abroad.

Servicing of Coordinating Committee of Secretaries:

16.1 The CCOS would be **serviced by the Department of Public Enterprises,** which would undertake only coordination related activities in close cooperation with concerned Ministries.

16.2 For this purpose a **cell would be reated in DPE,** DPE shall be authorized to the following additional personnel, accommodation and funds necessary for making this cell operational.

a. Two senior consultants, six consultants, and two young professionals recruited as per Planning Commission guidelines with regard to the qualifications, experience and remuneration;

b. An additional floor space of 2000 Square feet to be hired in the vicinity of CGO complex.

c. An additional, dedicated budgetary outlay of Rs. 1.5 crores per annum to meet the cost of operating this cell as per the following break-up.

Budget Estimate for Assets Abroad Cell in DPE			
Item	Number	Monthly Charge per person (Rs.)	Annual Outlay (Rs.)
Consultant - Young professionals	2	40000	9,60,000
Consultants	6	70000	50,40,000
Senior Consultants	2	100000	24,00,000
Secretarial/Stenographic assistance	5	20000	12,00,000
Equipments (Lump Sum)			15,00,000
Rent for 2000 Square foot space	@ Rs. 100 per sq. foot/ month		24,00,000
Sub-Total			1,35,00,000
Office expenses	10%		13,50,000
GRANT TOTAL (Rs.)			1,48,50,000
			Say Rs. 1.5 crores

16.3 Once a CPSE/Ministry decides to approach the CCOS, it would submit necessary details of the proposal to the DPE. DPE would circulate the details of the said proposal to the members of CCOS on acquisition of raw material assets abroad for their comments. The concerned CPSE/Ministry would nominate a nodal officer with regard to their acquisition proposal, to ensure complete coordination with the cell in DPE/CCOS.

16.4 The DPE would as early as possible but not later than two weeks from the receipt of the details of the proposal, **convene a meeting of the CCOS** on acquisition of raw material assets abroad to take a view, including on whether or not the proposal should be pursued on a standalone basis or whether the proposal should be taken up as an umbrella approach by a consortium of different CPSEs/private sector companies, or negotiated as a package deal. Additionally, the CCOS would decide on the infrastructure that can be developed as a part of the package and other assistance that can be offered including soft loans, educational, scientific, cultural, health and social infrastructure.

16.5 CPSEs involved in acquisition of raw material assets abroad, particularly those in the oil and gas, coal and mineral sectors shall also develop long term financing plans, wherein their internal resources and net worth could be appropriately leveraged.

Miscellaneous:

17. Notwithstanding anything to the contrary in DPE's delegation of powers guidelines, the Ratna (Mini/ Nav/Maha) status of a CPSE shall not be affected solely by virtue of it receiving Government funds for acquiring raw material assets abroad.

18. **Resolution of disputes arising from acquisition of raw material assets abroad:** All raw material assets acquired abroad by CPSEs should incorporate relevant clauses making all disputes subjet to the jurisdiction of Indian/mutually agreed dispute resolution mechanism(s), as far as possible.

19. **Exiting from overseas ventures:** Each holding CPSE will be empowered to transfer shares, float fresh equity and divest shareholding in the overseas subsidiary/Joint Venture/SPV which have been set up by the holding CPSE under powers delegated to its Board, subject to the conditions that public character of the concerned subsidiary/Joint Venture/SPV would not change, and holding CPSE does not exit from its subsidiary/Joint Venture/SPV. If the overseas subsidiary/Joint Venture/SPV has been created with approval of the Government, or with contribution of Government funds, prior approval of the Government would be necessary to transfer shares, float fresh equity and divest shareholding **if and only if it leads to** change in public sector character of the overseas enterprise, or leads to an exit of the CPSE from its subsidiary/Joint Venture/SPV.

20. Raw material assets in most sectors are underground and therefore it is not always possible to correctly predict or forecast the likely availability of raw material from a particular asset. Since the world scenario is changing fast and in order to aggressively acquire asset abroad, companies will have to take time-bound decisions which would involve business risk(s) as such decisions would be based on their assessment at that point of time. There is a likelihood of actual performance of the asset being different from that assessed at the time of taking the initial decision. There is a general tendency to avoid risks for fear of objections from Audit/CVC later. Since commercial risk taking forms part of business, every loss caused to the organization, either in pecuniary or non-pencuniary terms, need not necessarily become the subject matter of vigilance inquiry. Thus, whether a person of common prudence, working within the ambit of the prescribed rules, regulations and instructions, would have taken the decision in the prevailing circumstances in the commercial/ operational interests of the organization is one possible criterion for determining the bona fides of the case. A positive response to this question may indicate the existence of bona fides. A negative reply, on the other hand, might indicate their absence (Refer Central Vigilance Commission Office Order No. 23/04/04 dated 13th April, 2004). Decisions on acquisition of raw material assets abroad as outlined in this policy should, therefore, while following prescribed rules, regulations and instructions elaborately document the prevailing circumstances, commercial interests of the organization and the process of decision making by evaluating alternative scenarios, and using necessary tools like cost-benefit and SWOT analysis, etc. The due-diligence process should be meticulously followed and documented at all stages of the overseas investment not only to avoid causing any loss to the CPSE, but also to establish the bona fides of the decision makers.

21. The Ministry of External Affairs and its Missions abroad will be associated right from the beginning of the process, instead of approaching them at a later stage. MEA would advice suitable guidelines with regard to association of MEA and its mission abroad in this process. MEA would also issue an advisory to the missions abroad to actively participate in the process of acquisition of raw materials by the Indian Companies and also glean through any information on possibilities in this regard and share with the concerned Ministries.

22. **Uranium** is a strategic mineral which is acquired by Department of Atomic Energy with the approval of the Atomic Energy Commission. Hence, it is clarified that the above policy/procedure will not be applicable to the Department of Atomic Energy.

23. The above policy shall **not be applicable** to the acquisition overseas of projects that threaten, or are likely to threaten India's national security, or damage public interest of the society.

24. The Department of Public Enterprises is authorized to issue clarifications to the concerned Administrative Ministries/CPSEs on issues relating to the implementation of this Policy. Any further change/ modification in the policy would require approval of the competent authority.

ANNEXURE-I

Copy of RBI's Master Circular on Direct Investment by Residents in Joint Ventures (JV)/wholly Owned Subsidiaries (WOS) Aborad

Master Circular No. 05/2010-11 dated July 01, 2010

RBI's regulation on Outward FDI seeks to regulate acquisition and transfer of a foreign security by a person resident in India *i.e.* investment by Indian entities in overseas joint ventures and wholly owned subsidiaries as also investment by a person resident in India in shares and securities issued outside India. Overseas Investment can be made under two routes *viz* (i) Automatic Route and (ii) Approval Route.

2. Under automatic route, an Indian party has been permitted to make investment in overseas Joint Venturesx (JB)/Wholly Owned Subsidiaries (WOS), not exceeding 400 per cent of the net worth of the Indian party as on the date of the last audited balance sheet. The ceiling of 400 per cent of net worth will not be applicable where the investment is made out of balances held in Exchange Earners' Foreign Currency account of the Indian party or out of funds raised through ADRs/GDRs. The above ceiling will including contribution to the capital of the overseas JV/WOS, loan granted to the JV/WOS, and 100 per cent of guarantees issued to or on behalf of the JV/WOS. The investments are subject to certain conditions.

3. Investments in unincorproated entities overseas in the oil sector (*i.e.* for exploration and drilling for oil and natural gas, etc.) by Navaratna PSU,s ONCG Videsh Ltd. (OVL) and Oil India Ltd. (OIL) may be permitted by AD Category-I banks, without any limit, provided such investments are approved by the competent authority. Other Indian companies are also permitted under the Automatic Route to invest in unincorporated entities overseas in the oil sector up to 400 per cent of its net worth provided the proposal has been approved by the competent authority and is duly supported by certified copy of the Board resolution approving such investment. Investment in excess of 400 per cent of the net worth of an Indian company shall require prior approval of the Reserve Bank.

4. Prior approval of the Reserve Bank would be required in all other cases of direct investment abroad. Reserve Bank would, *inter alia,* take into account the following factors while considering such applications:

(i) Prima facie viability of the JV/WOS outside India;

(ii) Contribution to external trade and other benefits which will accrue to India through such investment;

(iii) Financial position and business track record of the Indian party and the foreign entity; and

(iv) Expertise and experience of the Indian party in the some or related line of activity of the JV/ WOS outside India.

ANNEXURE-II

Relevant extracts from DPE O.M. No. 22(1)/2009-GM dated 4.2.2010 regarding Introduction of Maharatna scheme for CPSEs

Delegation of powers to Maharatna CPSEsð The boards of Maharatna CPSEs have been delegated the following powers.

(i) To incur capital expenditure on purchase of new items or for replacement, without any monetary ceiling.

(ii) To enter into technology joint ventures or strategic alliances.

(iii) To obtain by purchase of other arrangements, technology and know-how.

(iv) To effect organizational restructuring including establishment of profit centres, opening of offices in India/abroad, creating new activity centres, etc.

(v) To create below board level posts upto E-9 level and to wind up all below board level posts. The Boards of Directors will have powers to make all appointments, effect internal transfers and re-designation of all below board level posts.

(vi) To structure and implement shcemes relating to personnel and human resource management and training.

(vii) To raise debt from the domestic capital markets and from international market, the latter being subject to the approval of RBI/Department of Economic Affairs, as may be required, and should be obtained through the Administrative Ministry.

(viii) To make equity investment to establish financial jint ventures and wholly owned subsidiaries and undertake mergers & acquisitions, in India or abroad, subject to a ceiling of 15% of the net worth of the concerned CPSE limited to Rs. 5,000 crore in one project. The overall ceiling on such investments in all projects put together will not exceed 30% of the net worth of the CPSE. While normally the investment would be done directly by the parent CPSE, in case where it rpoposes to invest through a subsidiary into another joint venture, and also provide the additional capital for this purpose, the above stipulations would be in the context of the parent company.

(ix) The Board of Directors shall have the powers for mergers and acquisitions, subject to the considtions that (a) it should be as per the growth plan and in the crore area of functioning of the CPSE and (b) the Cabinet Committee on Economic Affairs (CCEA) would be kept informed in case of investments abroad. Further, the powers relating to Mergers and Acquisitions should be exercised in such a manner that it should not lead to any change in the public sector character of the concerned CPSEs.

(x) CMD is empowered to approve business tours abroad of functional Directors upto 5 days duration (other than study tours, seminars, etc.) in emergency, under intimation to the Secretary of the Administrative Ministry.

(xi) Holding companies are empowered to transfer assets, float fresh equity and divest shareholding in subsidiaries subject to the condition that the delegation will only be in respect of subsidiaries set up by the holding company under the powers delegated to Naratna/Maharatna CPSEs and further to the proviso that:

(i) the public sector character of the concerned CPSE (including subsidiary) would not be changed without prior approval of the Government, and

(ii) such Maharatna CPSEs will be required to seek Government approval before exiting from their subsidiaries.

Empowerment of Central Public Sector Enterprises (CPSEs)—enhanacement of delegated powers of Navratna PSEs. (DPE O.M. No. 18(24)/2003-GM-GL.64 dated 5th August, 2005)

The undersigned is directed to refer to this Department OM No. DPE/11(2)/97-Fin. dated 22nd July, 1997 regarding turning selected public sector enterprises into global giants, wherein various powers were delegated to PSEs that have comparative advantages and capacity to become global giants, presently known as Navratnas.

2. Keeping in view the pledge made in the National Common Minimum Programme (NCMP) that full managerial and commercial autonomy will be devolved to successful profit making companies operating in a competitive environment, the Government have reviewed the powers presently delegated to the Board of Directors of Navratna PSEs and have decided to enhance the powers in the manner stated below:

(i) The ceiling on equity investment to establish financial joint ventures and wholly owned subsidiaries in India or abroad shall be 15% of the networth of the PSEs in one project limited to Rs. 1000 crore. The overall ceiling on such investment in all projects put together shall be 30% of the networth of the PSE.

(ii) The Board of Directors of these PSEs shall have the powers for mergers and acquisitions, subject to the conditions that (i) it should be as per the growth plan and in the core area of functioning of the PSE, (ii) conditions/limits would be as in the case of establishing joint ventures/subsidiaries, and (iii) the Cabinet Committee on Economic Affairs (CCEA) would be kept informed in case of investments abroad. This is in partial modification of DPE OM No. 3(2)/2003-DPE(Fin.)GL XVI dated 11.2.2003.

(iii) The Board of Directors of these PSEs shall have the power to further delegate the powers relating to Human Resource Management (appointments, transfer, posting, etc.) of below Board level executives to sub-committees of the Board or to executives of the PSE, as may be decided by the Board of the PSE.

(iv) The Chief Executive of the PSE shall have the power to approve business tours abroad of functional directors up to 5 days' duration (other than study tours, seminars, etc.) in emergency, under intimation to the Secretary of the administrative Ministry. In all other cases including those of Chief Executive, tours abroad would continue to require the prior approval of the Minister of the Administrative Ministry/Department.

3. The Navratna status is presently subject to the condition that these PSEs shall not depend up on budgetary support or Government guarantees. Wherever Government guarantee is required under the standard stipulations of external donor agencies, the same may be obtained from the Ministry of Finance through the administrative Ministry. Such Government guarantee shall not affect the Navratna status.

4. Other powers delegated under the DPE OM referred to in para 1 above remain unchanged. The conditions and guidelines laid down in the said OM also remain unchanged and should be adhered to strictly.

5. The administrative Ministries/Departments concerned may bring the contents of this OM to the notice of these enterprises.

Empowerment of Central Public Sector Enterprises (CPSEs)—enhanacement of delegated powers of Miniratna PSEs. (DPE O.M. No. 18(24)/2003-GM-GL.65 dated 5th August, 2005)

The undersigned is directed to refer to this Department OM No. DPE/11(2)/97-Fin. dated 9th October, 1997 regarding Financial and operational autonomy for profit making public sector enterprises, wherein various powers were delegated to Miniratna PSEs.

2. Keeping in view the pledge made in the National Common Minimum Programme (NCMP) that full managerial and commercial autonomy will be devolved to successful profit making companies operating in a competitive environment, the Government have reviewed the powers presently delegated to the Board of Directors of Miniratna PSEs and have decided to enhance the powers in the manner stated below:ð

(i) Capital Expenditure

(a) For PSEs in categoriy I: The power to incur capital expenditure on new projects,

modernization, purchase of equipment, etc., without Government approval stands revised to Rs. 500 crore or equal to Net worth, whichever is less.

(b) For PSEs in categoriy II: The power to incur capital expenditure on new projects, modernization, purchase of equipment, etc., without Government approval stands revised to Rs. 250 crore or equal to 50% of the Net worth, whichever is less.

(ii) Joint ventures and subsidiaries

(a) Category I PSEs: The ceiling on equity investment to establish joint venture and subsidiaries in India shall be 15% of the networth of the PSE in one project limited to Rs. 500 crore. The overall ceiling on such investment in all projects put together shall be 30% of the networth of the PSE.

(b) Category II PSEs: The ceiling on equity investment to establish joint venture and subsidiaries in India shall be 15% of the networth of the PSE in one project limited to Rs. 250 crore. The overall ceiling on such investment in all projects put together shall be 30% of the networth of the PSE.

(iii) The Board of Directors of these PSEs shall have the powers for mergers and acquisitions, subject to the conditions that (i) it should be as per the growth plan and in the core area of functioning of the PSE, (ii) conditions/limits would be as in the case of establishing joint ventures/subsidiaries, and (iii) the Cabinet Committee on Economic Affairs (CCEA) would be kept informed in case of investments abroad. This is in partial modification of DPE OM No. 3(2)/2003-DPE(Fin.)GL XVI dated 11.2.2003.

(iv) The Board of Directors of these PSEs shall have the power to further delegate the powers relating to Human Resource Management (appointments, transfer, posting, etc.) of below Board level executives to sub-committees of the Boad or to executives of the PSE, as may be decided by the Boad of the PSE.

(v) The Chief Executive of the PSE shall have the power to approve business tours abroad of functional directors up to 5 days' duration (other than study tours, seminars, etc.) in emergency, under intimation to the Secretary of the administrative Ministry. In all other cases including those of Chief Executive, tours abroad would continue to require the prior approval of the Minister of the Administrative Ministry/Department.

3. The Miniratna status is presently subject to the condition that these PSEs shall not depend up on budgetary support or Government guarantees. Wherever Government guarantee is required under the standard stipulations of external donor agencies, the same may be obtained from the Ministry of Finance through the administrative Ministry. Such Government guarantee shall not affect the Miniratna status.

4. Other powers delegated under the DPE OM referred to in para 1 above remain unchanged. The conditions and guidelines laid down in the said OM also remain unchanged and should be adhered to strictly.

5. The administrative Ministries/Departments concerned may bring the contents of this OM to the notice of these enterprises.

Empowerment of Central Public Sector Enterprises (CPSEs)—enhanacement of delegated powers of other profit making PSEs. (DPE O.M. No. 18(24)/2003-GM-GL.66 dated 5th August, 2005)

The undersigned is directed to refer to this Department OM No. DPE/16(22)/97-Fin. dated 6th May, 1997 and 8th October, 1998 regarding delegation of powers to Board of Directors of PSEs to incur capital expenditure.

2. Keeping in view the pledge made in the National Common Minimum Programme (NCMP) that full managerial and commercial autonomy will be devolved to successful profit making companies operating in a competitive environment, the Government have reviewed the powers presently delegated to the Board of Directors of other profit making PSEs and have decided to enhance the powers in the manner stated below:

(i) The power to incur capital expenditure without (Government approval stands revised to Rs.150 crore or equal to 50% of the Net worth, whichever is less.

(ii) The Chief Executive of the PSE shall have the power to approve business tours abroad of functional directors up to 5 days' duration (other than study tours, seminars, etc.) in emergency, under intimation to the Secretary of the administrative Ministry. In all other cases including those of Chief Executive, tours abroad would continue to require the prior approval of the Minister of the Administrative Ministry/Department.

3. The conditions and guidelines laid down in the OMs referred to in para 1 above remain unchanged.

4. The administrative Ministries/Departments concerned may bring the contents of this OM to the notice of these enterprises.

ANNEX-IIIA

Copy of DPE O.M. No. DPE.11(32)/96-Fin. Dated 17th January, 2000

Subject: Laying down guidelines and parameters for the Board of Directors of ONGC Videsh Ltd. to enter into technology joint venture and strategy alliances.

In pursuance of Cabinet Direction dated 8.7.97 it was decided the broad guidelines, within the purview of which ONGC Videsh Ltd. would be free to undertake its operations abroad should be laid down. These guidelines are framed to empower ONGC Videsh Ltd. for entering into technology joint ventures or strategic alliances and are:ð

I. ONGC-VL will be looking for opportunities overseas for undertaking projects in Exploration, Development and Production areas. These opportunities would come either from the Governemnt or the national oil companies or private companies or consortia of such companies of the overseas countries. ONGC-VL should evaluate these opportunities on techno-economic considerations in a transparent manner and could use either departmental services for evaluation or appoint consultancy firms for such evaluation/audit.

II. Such a proposal should be put up to the full Board of Directors including part-time professional non-official Directors. The decision of the ONGC-VL Board should be based on techno-economic parameters for international ventures and should take into account the consideration of socio-political risks, technology transfer, strategic entry into a particular area/country etc.

III. ONGC-VL should be free to pursue overseas opportunities either on standalone basis or through joint ventures or through wholly owned subsidiaries. Such opportunities would be exploited under various arrangements used in the International oil industry like production sharing contracts, concessionary arrangements, service contracts, etc. The policy and procedures of authorities like RBI and other rules and regulations of Government of India, as laid down from time to time, shall be observed by ONGC-VL.

IV. It must be ensured that the proposal being agreed to should not result in the opening up of a business opportunity for a MNC to enter into an Indian market through this arrangement.

V. The ONGC-VL Board shall select partner for overseas ventures on the basis of its past performance, work experience, financial and technical capabilities etc.

VI. The ONGC-VL shall be empowered to take decisions on exploration, development and production projects involving investment up to Rs. 200* crores.

VII. An Empowered Committee consisting of Secretaries in the Ministry of Petroleum & Natural Gas, Ministry of External Affairs, Planning Commission, Department of Legal affairs, Ministry of Finance and Department of Public Enterprises should be constituted for considering projects involving financial decisions exceeding Rs. 200* crores. The recommendations of the Empowered Committee would be submitted to CCEA directly for approval.

[*amended as Rs. 300 crores *vide* Ministry of Petroleum & Natural Gas letter No.O-28011/ 11/2003-ONG.II(Vol.II) dated 25th February, 2005]

VIII. There shall not be any budgetary support from the Government or ONGC to ONGC-VL's overseas ventures.

IX. An annual investment cap in respect of the projects to be taken up in any year shall be decided by the administrative Ministry in consultation with the Ministry of Finance on a year to year basis for the overseas projects of ONGC-VL.

X. The Board of ONGC-VL should be competent to reappropriate funds from within the approved list of projects within the annual investment cap.

XI. The Board of ONGC-VL shall ensure that adequate representation is given to the company in the management and operation of its overseas project. The extent of representation should be commensurate of their contribution.

XII. The progress and performance of the overseas projects of ONGC-VL shall be monitored by a Committee headed by Secretary, Ministry of Petroleum & Natural Gas with representatives of Ministry of External Affairs, Planning Commission, Department of Expenditure and Department of Public Enterprises.

XIII. The Ministry of Petroleum & Natural Gas in consultation with Ministry of External affairs should lay down the list of countries, for which ONGC-VL shall have the powers to undertake exploration, production and development projects. Specific approval would be obtained by ONGC-VL for undertaking any exploration in other countries not specific in the list.

Clause included *vide* Ministry of Petroleum & Natural Gas Letter No. O-28011/112003-ONG.II(Vol.II) dated 25th February, 2005 as under:ð

'The criteria for approval of projects, such as transparent and objective criteria for due diligence with regard to factors such as technical, legal and risk analysis and its impact on overall viability of the project be decided by the Empowered Committee of Secretaries for selection of projects'.

ANNEX-IIIB

Copy of Ministry of Petroleum & Natural Gas letter No. O-28011/3/2005-ONG.II dated 29th December, 2005

Subject: Delegation of investiment decision-making powers to Oil India Ltd. (OIL), Indian Oil Corporation Ltd. (IOC) and others for acquiring exploration and production assets abroad.

I am directed to refere to the above subject and to convey the approval of the Government for the following:ð

i. Oil India Ltd. (OIL) may form project specific Special Purpose Vehicles (SPVs) with Indian Oil Corporation Ltd. (IOC) and iun the even IOC in not interested, with any other Navratna down stream oil PSU, to undertake overseas projects for the equisition of E & P Projects overseas;

ii. Proposals for all overseas Exploration & Projection (E&P) projects jointly to be undetaken by OIL and the Navratna downstream oil PSUs would be brought for consideration before an Empowered Committee of Secretaries (ECS). The same mechanism, as available to OVL, would be available so as to enable such SPVs, a mentioned above, to undertake overseas projects for the acquisition of E&P assets overseas. For this purpose, the ECS set up to consider proposals for OVL is also authorized to consider similar proposals of this combine and give its recommendations to the CCEA;

iii. any SPVs floated by the PSUs with OIL for the purpose will be purely need-based and it would be ensured by the ECS that there was no proliferation of such PSVs;

iv. it would be ensured that business risks associated with projects abroad would be restricted to the extent of participation in the SPV and the parent PSUs would be insulated there from; and

v. in order to avoid needless competition between PSUs and rensure that these investments fit within the framework of the overall energy security objectives of the country, ECS, in consultation with MoP&NG, would chalk out the strategy to be adopted and coordinate the efforts of the PSUs.

2. A copy each of Department of Public Enterprises, O.M. No. DPE. 11/96-Fin. Dated 17.1.2000 and the Ministry of Petroleum & Natural Gas letter No. O-28011/11/2003-ONG.II (Vol. II), dated 25.2.2005 relating to delegation of powers to ONGC Videsh Ltd. are encloused for reference and guidance.

3. This issues with the concurrence of IFD, Ministry of Petroleum & Natural Gas.

Annex-IIIC

Copy of Ministry of Steel Order No. 1(2)/99-VSP dated 8th February, 2008

The Indian steel industry is in rapid expansion mode with consumption and production levels now growing at around 13% and 7% annually. In addition to fresh investments, both private steel companies as well as public sector undetatkings like Steel Authority of India Limited (SAIL) and Rashtriya Ispat Nigam Limited (Visakhapatnam Steel Plant) are also undertaking ambitious modernization and expansion projects. The goal of India attaining 110 million tones per annum of steel production by the year 2019-20 which was set in the National Steel Policy, 2005, is likely to be considerably surpassed and the 11th Plan Working Group has estimated a production level of 124 million tones of steel per annum by the year 2012.

2. In the context of this ambitious growth scenario, it is a vital national imperative to ensure the assured supply of strategic raw materials for the production of steel. One of the key requirements for steel-making is an assured supply of metallurgical coal of which as substantial part has to be imported, given the limitations of Indian metallurgical coal both in terms of quntity as well as quality. Likewise, ensuring future access to thermal coal resources would also be a strategic necessity for the country, given its increasing demand for fossil fuel in sectors like steel, power genration, etc.

3. Given these strategic imperatives, the Government have approved the proposal for the formation of a Specdial Purpose Vehicle (SPV), named 'Coal Ventures International' for securing metallurgical coal and thermal coal assets overseas by the PSUs with the following objectives:

(i) To ensure supply of imported met coal, of at least 10% of the 2019-20 requirements of SAIL and RINL *i.e.* say five million tones per annum from assets overseas as medium term target to be achieved by 2011-12; being a step towards security of supply.

(ii) To be an owner of about 500 million tones of met coal reserves by 2019-20 and

(iii) To meet the requirements and to serve the organizational aspirations of other participating companies like CIL, NTPC and NMDC by providing a facility of enhancing and leveraging their domain knowledge and human capital for international mining business development and also for procuring high quality thermal coal for companies like NTPC.

4. This SPV 'Coal Ventures International' has been empowered to exercise the powers of a Navratna company without being formally accorded Navratna status. For a equiring access to assured supplies of coal overseas Coal Ventures International would pursue various strategies like the prospecting route, other innovative methods as well as market operations.

5. Approval has been accorded for setting up of SPV as a company under the Companies Act with an initial authorized capital upto Rs. 10,000 crores and an initial equity of up to Rs. 3,500 crores to be contributed by the members progressively based on investment opportunities, comprising the following equity participants from the public sector - SAIL (Rs. 1000 crores), RINL (Rs. 500 crores), CIL (Rs. 1000 crores), NTPC (Rs. 500 crores) and NMDC (Rs. 500 crores) with eventual provision for inducting private sector partners also, as and when warranted. This SPV would be empowered with the autonomy and freedom currently accorded to Navratna companies, without formal Navratna status.

6. In the case of investment proposals of 'Coal Ventures International' exceeding Rs. 1500 crores in each instance, Government have approved the formation of a Committee of Secretaries to approve overseas investment proposals for acquiring metallurgical and thermal coal assets; with the proviso that the recommendations of this Committee in each case will be brought before the Cabinet directly for approval.

7. The composition of this empowered Committee of Secretaries is as follows:ð

i.	Secretary (Steel)	ð	Chairman
ii.	Secretary (Finance)	ð	Member
iii.	Secretary (MEA)	ð	Member
iv.	Secretary (Power)	ð	Member
v.	Secretary (Coal)	ð	Member
vi.	Secretary (Mines)	ð	Member
vii.	Secretary (Law)	ð	Member
viii.	Secretary (DPE)	ð	Member

8. The Ministry of Steel (VSP Desk) will provide secretarial assistance to this empowered Committee of Secretaries.

This issues with the approval of the competent authority.

ANNEX-IIID

Copy of Ministry of Coal letter No. 13011/7/2007-CA-II dated 9.9.2009

Subject: Formation of an empowered Committee of Secretaries with mandate to consider and recommend proposals of Coal India Limited to invest abroad.

I am direct to refer to CIL's letter No. CIL., CV. 07-08: MoC: 454 dated 31.07.2007 and letter No. CIL., CIL CV. 07.08.MoC: 10:155 dated 04.06.2007 on the above subject and to convey the approval of the Government on the proposal of formation of an Empowered Committee of Secretaries with mandate to consider and recommend of proposals of Coal India Limited to invest abroad in the manner as prescribed in the following paras.

(i) The Empowered Committee of Secretaries constituted earlier for considering proposals to be taken up by the SPV set up jointly by SAIL /RINL/NTPC/NMDC/CIL for acquiring coal properties abroads, will also consider proposals for CIL investments in coal assets abroad, which are beyond the powers of the CIL Board. The recommendations of the Empowered Committee will be placed before the CCEA for approval. A representative of the Planning Commission would be included in the aforesaid Committee.

(ii) The present Empowered Committee of Secretaries consists of Secretaries from Ministry of Steel, Ministry of Power, Ministry of Coal, Ministry of Finance, Ministry of External Affairs and Ministry of Law & Justice.

2. The CIL Board may consider such proposals, for investments abroad subject to the following guidelines:

I. CIL will be looking for opportunities overseas for undertaking projects in Exploration, Development and Production areas. These opportunities would come either from the Government or the national coal companies or private companies or consortia of such companies of the overseas countries. CIL should evaluate these opportunities on techno-economic considerations in a transparent manner and could use either departmental services for evaluation or appoint consultancy firms for such evaluation/audit.

II. Such a proposal should be put up to the full Board of Directors inclouding part-time professional non-official Directors. The decision of the CIL Board should be based on techno-economic parameters for international ventures and should take into account the consideration of socio-political risks, technology transfer, strategic entry into a particular area/country etc.

III. CIL should be free to pursue overseas opportunities either on standalone basis or through joint ventures or through wholly owned subsidiaries. Such opportunities would be exploited under various arrangements used in the Internationhal oil industry like production sharing contracts, concessionary arrangements, service contracts, etc. The policy and procedures of authorities like RBI and other rules and regulations of Government of India, as laid down from time to time, shall be observed by CIL.

IV. The CIL Board shall select partner for overseas ventures on the basis of evaluation of criteria such as its past performance, work experience, financial and technical capabilities.

V. The CIL Board shall be empowered to take decisions on exploration, development and production projects involving investment up to the limits as may be permitted from time to time for investments in projects outside the country.

VI. The Empowered Committee of Secretaries constituted earlier for considering proposals to be taken up by the SPV set up jointly by SAIL/RINL/NTPC/NMDC/CIL for acquiring coal properties abroad, will also consider proposals for CIL investments in coal assets abroad, which are beyond the powers of the CIL Board. Such proposals for investment abroad will be submitted to the Empowered Committee for its recommendations and for placing before the CCEA for approval.

VII. There shall not be any budgetary support from the Government to CIL's overseas ventures.

VIII. Any annual investment cap in respect of the projects to be taken up in any year shall be decided by the administrative Ministry in consultation with the Ministry of Finance on a year to year basis for the overseas projects of CIL.

IX. The Board of CIL should be competent to re-appropriate funds from within the approved list of projects within the annual investment cap.

X. The Board of CIL shall ensure that adequate representation is given to the company in the management and operation of its overseas project. The extent of representation should be commensurate to their contribution.

XI. The progress and perfomance of the overseas projects of CIL shall be monitored by a Committee headed by Secretary, Ministry of Coal with representatives of Ministry of External Affairs, Planning Commission, Department of expenditure and Department of Public Enterprises.

XII. The Ministry of Coal in consultation with Ministry of External Affairs should lay down the list of countries, for which CIL shall have the powers to undertake exploration, production and development projects. Specific approval would be otained by CIL for undertaking any exploration in other countries not specific in the list.

XIII. The Action Taken Report in the matter, if any, may be communicated to this Ministry at the earliest.

[DPE OM No. 16(4)/2010-GM Dated 24th October, 2011]

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19. Constitution of a Coordinating Committee of Secretaries for Policy for acquisition of Raw Material Assets abroad by Central Public Sector Enterprises (CPSEs).

The Government has approved the Policy for acquisition of Raw Material Assets abroad by CPSEs in order to ensure availability of adequate quantities of raw material which is crucial for the growth of manufacturing sector and also for the economy as a whole. This policy would be applicable to CPSEs in Agriculture, Mining, Manufacturing and Electricity Sectors. In order to implement this policy, an integrated mechanism is being put in place which can be relied upon by the concerned CPSEs and the Ministries.

2. Accordingly, it has been decided to set up a Coordinating Committee of Secretaries with the following composition:-

i.	Cabinet Secretary	- Chairman
ii.	Member-Secretary, Planning Commission	- Member
iii.	Finance Secretary	- Member
iv.	Secretary, Ministry of External Affairs	- Member
v.	Secretary, Department of Legal Affairs	- Member
vi.	Secretary, Department of Public Enterprises	- Member
vii.	Secretary of the administrative Ministry/Department of the concerned CPSE whose proposal is being considered	- Member

The above Committee would co-opt any other Secretary(s), considered relevant to decision making as member(s).

3. The mechanism of Empowered Committee of Secretaries set up by M/o Petroleum & Natural Gas and by M/o Steel shall continue to function and consider proposals for acquisition of raw materials abroad beyond the powers delegated to the Boards of concerned CPSEs. Other Ministries are also similarly authorized to notify the ESC mechanism after vetting by Finance Ministry and D/ o Public Enterprises.

Proposals, which are beyond the powers of the Board of CPSEs and require a coordinated approach or budgetary support, would be considered by Coordinating Committee of Secretaries (CCoS). This Committee would, if required, facilitate a consortium approach in high value or strategically important acquisitions.

The following class of proposals for acquisition of raw material assets abroad by CPSEs would be put up before the Coordinating Committee of Secretaries and would not be required to be routed through the Empowered Committee of Secretaries:

(i) Proposals where the administrative Ministry/CPSE requests for a coordinated view even though acquisition is with CPSE's funds and the investment falls within the delegated powers of the Boards of the CPSE giving reasons also for its request.

(ii) All proposals for acquisition of raw material overseas by CPSEs involving Government funds, before such proposals are placed before the CCEA.

4. The above Committee shall add value to the proposals of acquisition of raw material assets abroad by CPSEs before they are considered by the Cabinet Committee on Economic Affairs by considering the following issues:

(i) Avoiding competition among Indian companies

(ii) Reconciling interests of the nation viz-a-viz those of the CPSE(s) in the event of a conflict

(iii) Providing a forum for sharing of available experience

(iv) Facilitating quick, coordinated decision making

(v) Exploring the possibility of infrastructure development in the target country

(vi) Coordinating grant of concessional credit to foreign enterprise/ Government, in return for long term commitment for the supply of natural resources.

(vii) Recommending government funding, and its nature (grant, loan or equity), for the overseas investment proposal.

5. The above Committee will be serviced by a Special Cell, to be set up in the Department of Public Enterprises (DPE) which would undertake only coordination related activities in close cooperation with concerned Ministries.

6. Once a CPSE/ Ministry decides to approach the above Committee, it would submit necessary details of the proposal to the DPE. DPE would circulate the details of the said proposal to the members of the above Committee on acquisition of raw material assets abroad for their comments. The concerned CPSE/ Ministry would nominate a nodal officer with regard to their acquisition proposal, to ensure complete coordination with the cell in DPE/Committee.

7. The DPE would as early as possible but not later than two weeks from the receipt of the details of the proposal, convene a meeting of the above Committee on acquisition of raw material assets abroad to take a view, including on whether or not the proposal should be pursued on a standalone basis or whether the proposal should be taken up as an umbrella approach by a consortium of different CPSEs/ private sector companies, or negotiated as a package deal. The above Committee would also decide on the infrastructure that can be developed as a part of the package and other assistance that can be offered including soft loans, educational, scientific, cultural, health and social infrastructure.

[DPE OM No. 16(4)/2010-GM Dated 29th December, 2011]

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20. Policy for Acquisition of Raw Material Assets abroad by Central Public Sector Enterprises (CPSEs).

The undersigned is directed to refer to this Departmentõs O.M. of even number dated 24th October, 2011 enclosing a copy of the Policy for Acquisition of Raw Material Assets abroad by Central Public Sector Enterprises (CPSEs).

2. Para 21 of the above policy mentions that the Ministry of External Affairs (MEA) would advice suitable guidelines with regard to association of MEA and its missions abroad in this process. MEA would also issue an advisory tons abroad to actively participate in theprocess of acquisition of raw material by the Indian Companies and also glean through any information on possibilities in this ragard and share with the concerned Ministries.

3. In terms of above provisions, the MEA has issued an advisory to its Diplomatic Missions abroad *vide* its letter no. 3557/Secy(ER)/2011 dated 30th December, 2011 (Copy enclosed).

4. In another letter no. 3557/Secy(ER)2011 dated 30th December, 2011 adressed to Secretary (DPE), the MEA has formulated the following guidlines for CPSEs covered under this Policy.

I. CPSEs may bring to the attention of MEA/Mission at the very initial stage i.e. at the stage of preliminary information and due diligence (as outlined in the policy document).

II. At an early stage of the due diligence process, CPSEs may wish to undertake a consultation procedure with MEA/Mission to develop possible value addition to the original proposal. Such value additions may include infrastructure or development in the target country, leveraging existing lines of credit extended to target country, harmonizing other diplomatic/commercial initiatives with that country etc.

III. Inform MEA at all stage with respect to Government-to-Government interaction required to expedite the acquisition.

IV. Energy Secruity (ES) Division will be the nodal Division in MEA for this purpose. The nodal Division may be invited to participate in meetings or consultations that deal with decision making or policy or negotiations with foreign governments in specific cases. Contact details of the Division are as below:

Mr. Prabhat Kumar
Joint Secretary
Ministry of External Affairs,
Room # 3055, Jawaharlal Nehru Bhawan,
23-D, Janpath, New Delhi-110011.
Phone: 490-5185, Fax: 4901-5186
email: jses@mea.gov.in

5. All the administrative Ministries/Departments are requested to take note of the above guidlines and advisory issued by MEA and bring it to the notice of CPSEs under their repective administrative control for their further necssary action under intimation to DPE.

New Policy of Government of India for acquisition of raw material assets abroad.

Dear HOM,

Ministry of Heavy Industries and public Enterprises, Department of Public Enterprises (DPE) has circulated a new policy on acquisition of raw material assets abroad by Indian Central Public Sector Enterprises (CPSEs). A copy of DPEõs Om no 16(4)/2010-GM dated 24th October 2011 is attached for ready reference. Our Ministry was consulted during the drafting stage and inputs provided by MEA have been incorporated in the policy; I darw your attention to para 21 of the OM, in particular.

2. In Summary, it may be noted that under the new policy, CPSEs proposing to acquire raw material assets abroad have been given the flexibility to act on any credible information, undertake the necessary due diligence in an expeditious manner and present the proposal to the Board of the concerned CPSE. While formulating proposal, CPSEs have been given the freedom to explore the feasibility/desirability of setting up JVs or Special Purpose Vehicles should it be required legally or financially. CPSE Boards have been given enhanced delegated financial powers. For proposals beyond the powers of the Board, the concerned administrative Ministries will notify an Empowered Committee of Secretaries (ECS) mechanism. For porposals beyond powers of the Board or requiring a coordinated approach, or GOI budgetary support, there will be a Coordinating Committeef of Secretaries (CCOS) mechanism. The CCOS would be serviced by the

DPE, whose role would be to ensure that the CCOS is convened within two weeks of receipt of proposal. A special cell would be created in the DPE for this purpose.

3. In the process of acquisitions being pursued by CPSEs, inputs for our Missions aborad will be critical, and Missions may be called upon to provide timely and accurate information to supplement the information alreay sourced from elsewhere. Inputs will also be required by the Ministry, which will be represented on the ECS or CCOS, and would be called upon to add value to the proposals. Accordingly, inputs from Missions on competing Indian companies abroad, the possibility of infrastructure development in the target country, coordinating grants of concessional credit, etc. will be relevant.

4. Paragraph 21 of the policy clearly states that CPSEs would, right from the beginning of the process keep the Ministry and the concerned Mission associated in the decision making process. We are issuing guidlines for the CPSEs in this regard (copy enclosed).

5. Missions would be entrusted with the following responsibilities with respect to the new policy:

I. Missions should actively participate in the process of acquisition of raw materials by CPSEs;

II. Missions should collect information on likely raw materials in which investment by CPSEs is possible and share such intelligence with concerned Ministries;

III. Missions should look at possiblities of infrastructure development, grant of concessional credit or extending a line of credit or grant or any such initiatives which could facilitate and add value to successful acquisition, and make their considered recommendations in this regard.

IV. Energy Security division will be the nodal division with respect to raw materials acquisition initiatives, and Missions should keep it in the picture with respect to the process and progress made in the relevant CPSEsô efforts.

V. Missions should provide relevant inputs for meeting of ECS and CCOS on acquisition of raw material abroad, whenever call upon to do so.

6. These are important issues, and Missionsô active involvement would go a long way in making a success of the initiative.

[DPE OM No. 16(4)/2010-GM Dated 23rd January, 2012]

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CHAPTER V

WAGE POLICIES

(a) Pay Revision/HPPC Recommendations

1. New enterprises should be on Industrial DA pattern

As you are aware Government policy is that all Public sector Enterprises of the Central Government should have a pay structure related to the industrial D.A. pattern. Although some Public Sector Enterprises had been permitted earlier to operate on the Central scales of pay and the industrial D.A. pattern, Government had suggested to the management of these enterprises to switch over to the industrial D.A. pattern. Instructions had also been issued by the Bureau vide its O.M. No. 2(2)/80-BPE(WC) dated 21.7.1981 wherein it had been indicated that no newly formed Public Sector Enterprise should be allowed to operate on the Central D.A. pattern, instead the Industrial D.A. pattern alongwith related scales of pay should be adopted *ab initio.* It is, however, regretted that during the last 2-3 years a number of Public Sector Enterprises did not follow the policy instructions laid down by the Government in this regard and have opted for Central Government scales of pay and D.A. pattern. This is not in order. It is, therefore, requested that appropriate necessary steps be taken to ensure that no new enterprise is permitted to adopt Central scales of pay and D.A. pattern.

[BPE D.O. No. 2(145)/72-BPE(WC) Dated 31st July, 1984]

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2. Revision of Scales of Pay of the Executives holding posts below the Board level and non-unionised supervisors w.e.f. 1.1.1992.

The scales of pay of the Executives holding posts below the Board level and non-unionised supervisors following IDA pattern in the Public Enterprises were last revised w.e.f. 1.1.1987 in the terms of the guidelines spelt out in DPE's D.O. letter of even number dated 4.4.1990.

2. Government have now decided that the pay scales of the above two categories would stand revised with effect from 1.1.92.

3. It has further been decided to issue guidelines as per details given in Annexure-I. The PSEs, however, are being given the flexibility to adopt the pay scales at PSEs level depending on their requirements. The fitment method would be as indicated in Annexure-II.

4. The Industrial DA at AICPI-1099 as on 1.1.1992 admissible to the incumbents of the below Board level posts in the revised scale would be as 'nil', as the amount of Rs.787.75 drawn as IDA as on 1.12.1992 has been merged in the revised basic pay. The DA payable from 1.4.1992 to the incumbents of the below Board level posts would be as per new DA scheme. The details of the scheme are indicated in Annexure – III

5. (i) The ceiling for payment of HRA without production of rent receipt and monetary ceiling for leased accommodation set out in sub-paragraphs (ii) and (v) of the paragraph 4 of the OM No.2(8) /91-DPE(WC) dated 3.3.92 would stand revised w.e.f.1.4.1994 as per details given in Annexure-IV. There would be no change in the plinth area ceilings.

(ii) Recovery towards rent for the furnished and unfurnished accommodation provided by the public enterprises would be as per the details given in the Sub-paragraphs (x) and (xii) respectively of paragraph 4 of the OM No.2(8)/91-DPE(WC) dated 3.3.92. Rent recovery on revised pay would be computed w.e.f. 1.4.94.

For the period between 1.1.1992 and 31.3-1994 HRA, leased accommodation & recovery of rent would be computed and paid on the pre-revised basic pay.

6. Non- Practising Allowance (NPA) to the medical executives would stand revised w.e.f. 1.1.92. The details are given in Annexure-I.

7. City Compensatory Allowance would continue to be paid by the PSEs at the existing rates within the overall ceilings given in Annexure-IV.

8. The Payment of Gratuity Act, 1972 has been amended w.e.f. 24.5.1994 and now all employees irrespective of the salary drawn by them are covered under the provisions of the Payment of Gratuity Act. Thus, w.e.f. 24.5.1994 payment of gratuity would be regulated by the PSEs in accordance with the provisions of Payment of Gratuity Act, 1972, is amended from time to time. For the period between 1.1.92 and 24.5.94, gratuity would be regulated by the PSEs in accordance with the instructions issued by the DPE vide OM No.2(29)/75-DPE(WC) dated 23.6.1988 read with subsequent amendments.

9. Employerôs Contribution to PF by all the PSEs would continue to be at the rate of 8.33% or 10% of basic pay plus DA plus PP (where admissible) on the revised pay structure right from 1.1.1992.

10. Other perks like rates of conveyance reimbursement, transport subsidy, canteen subsidy, North-eastern allowance, underground allowance, project allowance, etc., would be frozen as on 1.4.1994 and liberalisations allowed by the PSEs on unilateral basis after 1.4.94 would have to be rolled back.

11. The pay revision of the executives holding posts below the Board level and non-unionised supervisors would be permitted subject to the conditions stipulated in the DPEôs OM No. 1(3)/86-DPE(WC) dated 12.4.93 and 17.1.94. These conditions prescribe that there shall be no increase in labour cost per physical unit of Output. The Government shall not provide any budgetary support to the PSEs for meeting the enhanced liability. The PSEs which are monopolies or near monopolies or having an administered price structure, it must be ensured that increase in salaries/wages do not result in an automatic increase in administered price of their goods and services. Requisite resources for the pay increases, must be found from within own internal generation.

12. Procedure for approval and adoption of new scales of pay and the IDA pattern by PSEs would be as per the details given in Annexure-V. The procedure outlined in Annexure-V must be scrupulously followed.

13. For sick PSEs registered with the BIFR, pay revision and grant of other benefits will be allowed only if it is decided to revive the Unit. The revival package should include the enhanced liability on this account. The benefit of pay revision, etc., shall be extended to IISCO and financial liability thereof shall be met by SAIL.

14. The revised pay scales for non-unionised supervisors and executives would be valid for a period of 5 years w.e.f. 1.1.92.

15. A copy of the advice given to the Public Enterprises may be endorsed to the DPE.

ANNEXURE – I

Guidelines for Revised Scales of Pay for the Executives Holding Posts Below The Board Level w.e.f.1.1.92

	Existing W.E.F. 1.1.1987	Guidelines W.E.F 1.1.1992
E-0	2100-90-2550-100-3450 2100-90-2550-100-3550 2100-100-3600 2100-90-2550-100-3650 2100-100-3700 2150-90-2690-100-3390 2150-100-3850 2200-100-3600 2200-100-3800 2200-90-2650-100-3850 2250-100-4150 2300-90-2750-100-3750 2350-100-4150	3500-150-6200
E-1	2400-110-3940 2400-100-3000-120-3960 2400-100-3000-120-4080 2400-120-4320 2450-120-4370 2500-120-4300 2500-120-4540 2500-125-4625 2650-120-4450-130-5100 2800-120-3450-130-4830	4000-175-7150
E-2	3000-120-3720-140-4560 3000-130-4560 3100-130-3750-140-5150 3200-120-5120 3450-140-4770-150-5470	4800-200-5800-250-8275
E-3	3700-140-4540-150-5480 3700-140-4400-150-5900 3850-140-4550-150-6050 4000-150-5950	5400-225-6300-250-9050
E-4	4150-150-4800-160-6340 4300-150-5050-160-5850 4400-150-5450-155-6225 4400-150-6350 4500-160-5140-175-6365 4600-150-5350-160-6790	6500-250-7500-275-9425
E-5	4900-160-5700-175-6400 5000-160-5800-175-6850 5000-170-6870	

	Existing W.E.F. 1.1.1987	Guidelines W.E.F 1.1.1992
	5100-175-6850 5100-160-5900-175-6950 5200-160-6000-175-6875	7000-275-8100-300-9600
E-6	5500-175-7075 5550-165-6870 5600-175-7175 5650-175-7225 5750-175-7325 5800-175-7200	7500-300-9900
E-7	a.6250-175-7475 b. 6500-175-7725	a. 8250-300-10050 b. 8500-300-10300
E-8	7250-200-8250	9500-400-11500
E-9	8250-200-9250	11500-400-13500

Guidelines for revised scales of pay for the NON- UNIONISED SUPERVISORS W.E.F. 1.1.1992

	Existing W.E.F. 1.1.1987	Guidelines W.E.F 1.1.1992
S - 1	1700-70-2260-80-2580 1700-80-2260-90-3070 1750-60-2170-65-2690 1750-65-2075-75-3125	2800-90-3430-100-4930
S - 2	1875-60-1995-70-2905 1875-70-2365-75-2965 1875-70-2015-80-2975-90-3155 1900-75-2275-85-2870 1950-70-2300-80-2700-90-3420	3000-105-3735-110-5055
S ï 3	2000-80-3280 2000-90-3450 2050-80-2450-90-3170-95-3550 2075-70-2215-80-3255 2075-80-2635-85-3315 2075-80-2235-90-3315-100-3615	3200-110-3970-120-5290
S ï 4	2250-85-2930-90-3740 2300-80-2700-100-3700	3375-120-4335-140-5735

Foot note: For Executives and Non-unionised supervisors pay scales.

E-9 scale can be adopted only by a PSE which is in Schedule ñAò and other posts in the Company at the Board Level are in Schedule ñ Bò. A schedule ñBò company is not authorised to adopt this scale of pay.

E-8 scales can be adopted by PSE which is in Schedule ñAò as well as in Schedule ñBò. If a PSE which is in Schedule ñCò, but does not have any Board Level post it can adopt the scale of pay given at E ï 8 for its Executive Directors / SGMs / CGMs.

There is no bar to the adoption of the revised scales of pay as proposed at E-7 by PSEs belonging to either ñAò, ñBò, ñCò and ñDò schedule.

The scales of pay of the non-unionised supervisors who are on IDA pattern would stand revised w.e.f. 1.1.1992 as above.

In case, a PSE has got only three scales of pay for non-unionised supervisors, it is permissible for them to adopt three replacement scales as indicated in the preceeding table.

These scales of pay can also be adopted by these PSEs in respect of Unionised supervisors provided they are willing to have a understanding with the Management of the PSEs to have separate cadre for them independent of the unionised employees. They then would not be eligible for the benefits admissible to the unionised employees as per the wage settlement signed by the Management with the recognised Unions.

Non-Practicing Allowance (NPA)

Rates of Non-Practicing Allowance to the medical executives would stand revised w.e.f. 1.1.1992 as follows :

Basic Pay range (Existing)	Existing entitlement	Basic Pay Range (Proposed)	Proposed entitlement
Upto Rs. 3500	Rs.600/-	Upto Rs. 5000/-	Rs. 1000/-
Rs. 3501 - 4300	Rs.850/-	Rs. 5001 ï 6500	Rs.1250/-
Rs.4301 - 6500	Rs.950/-	Rs.6501 ï 9500	Rs.1330/-
Rs.6501 and above	Rs.1000/-	Rs.9501 and above	Rs.1500/-

Non-practicing Allowance would count as pay for the purpose of Dearness Allowance. Gratuity and Employerôs contribution to CPF but would not be taken into account for purposes of fixation of pay in the revised scale.

ANNEXURE-II

Fitment Method :

Fitment Method would be as follows:

Basic pay in revised scale would be fixed as under:

a. Basic pay in the existing scale of pay as on 1.1.1992 Plus

b. Actual DA as on 1.1.1992 at AICPI 1099:

c. The fitment amount on account of revision of pay shall be ñupto 20%ò of basic pay in the existing scale pay as on 31.12.1991. (Fitment not to be computed on NPA payable to Medical Executives) Plus

d. Personal Pay/Personal Allowance/Personal DA wherever payable along with existing basic pay.

On the aggregate pay fixed in the revised scale, where the total does not fit in a stage of the revised scale of pay, the pay will be fixed at the next higher stage.

If in some cases the total of the (a) to (d) as above exceeds the maximum of the revised scale of pay, or wherever the basic pay so fixed on the revised scale, does not allow grant of three increments to an Executive/ Non-unionised supervisor as on 1.1.1992, then in such circumstances, the pay of the concerned executive or non-unionised supervisors should be fixed at three stages below the maximum of the scale and the balance amount should be treated as PP. On promotion or appointment in the next higher scale, his pay would be fixed in the normal course, i.e. taking into account only the Basic Pay for the purpose. PP would be allowed to be carried forward in addition and this would be adjusted in the next pay revision. Detailed instructions would be issued by the DPE to the PSEs in this regard.

ANNEXURE - III

PUBLIC SECTOR DEARNESS ALLOWANCE SCHEME

Salient Features

A. All India Consumer Price Index number for industrial workers (general) based on 1960 = 100 (AICPI) is used for grant of compensation to the employees of PSEs for price rise.

B. DA installments would be released 4 times a year w.e.f. 1st January, 1st April, 1st July and 1st October.

C. DA would be paid for the increase in AICPI above quarterly index average of 1099 to which the revised scales of pay are related.

D. The percentage increase in the quarterly average of the AICPI for the period ending February, May, August and November over index 1099 would be taken upto one decimal point.

E. The rate of compensation of the employees of PSUs over the basic pay at index average of 1099 is also in whole numbers with fractions carried forward.

F. The percentage neutralisation to employees in different pay ranges would be as under:

Pay Ranges – Basic Pay	**Neutralisation Percentage**
Upto Rs.3500	100*
Rs.3501 ï 6500	75 Subject to marginal adjustments
Rs.6501 ï 9500	60
Rs.9501 and above	50

*Subject to a minimum of Rs2/- per point shift in AICPI quarterly average beyond 1099 w.e.f. 1.1.1992.

Footnote : I

Quarterly averages would be computed in the following manner :

Quarterly Averages	**Payable from**
September, October and November	1st January
December, January and February	1st April
March, April and May	1st July
June, July and August	1st October

Footnote : II

The quarterly average of AICPI for the months of September, October and November, 1991 worked out to 1099 and the DA under the IDA scheme at the admissible rates payable from 1.1.1992 is being merged in the basic pay. DA admissible under the new formula evolved for the public sector employees would be NIL on 1.1.1992. The first instalment of DA would become due from 1.4.1992.

STATEMENT SHOWING ILLUSTRATION – COMPENSATION TO BE WORKED OUT UNDER PERCENTAGE DA SCHEME

	Basic pay upto Rs.3500/-pm	**Basic pay above Rs.3500/- pm and upto Rs.6500/-pm**	**Basic pay above Rs.6500/- pm and upto Rs.9500/-pm**	**Basic pay above Rs.9500/-pm**
% Neutralisation Qtrly.	100	75	60	50
Arithmetic average to which related	1099	1099	1099	1099
Qtrly Average of AICPI ending Feb. 1992 ï payable from 1.4.92 (1121 points)	2% of pay subject to a minimum of Rs.44/-	1.5% of pay subject to a minimum of Rs.70/-	1.2% of pay subject to a minimum of Rs.98/	1% of pay subject to a minimum of Rs.114/-
Qtrly Average of AICPI ending May 1992 ï payable from 1.7.92 (1141 points)	3.8% of pay subject to a minimum of Rs.84/-	2.8% of pay subject to a minimum of Rs.134/-	2.3% of pay subject to a minimum of Rs.182/	1.9% of pay subject to a minimum of Rs.219/-
Qtrly Average of AICPI ending Aug. 1992 ï payable from 1.10.92 (1183 points)	7.6% of pay subject to a minimum of Rs.168/-	5.7% of pay subject to a minimum of Rs.266/-	4.6% of pay subject to a minimum of Rs.371/-	3.8% of pay subject to a minimum of Rs.437/-
Qtrly Average of AICPI ending Nov. 1992 ï payable from 1.1.93 (1202 points)	9.4% of pay subject to a minimum of Rs.206/-	7% of pay subject to a minimum of Rs.329/-	5.6% of pay subject to a minimum of Rs.455/-	4.7% of pay subject to a minimum of Rs.532/-
Qtrly Average of AICPI ending Feb. 1993 ï payable from 1.4.93 (1193 points)	8.5% of pay subject to a minimum of Rs. 188/-	6.4 % of pay subject to a minimum of Rs. 298/-	5.1% of pay subject to a minimum of Rs. 416/-	4.2% of pay subject to a minimum of Rs. 485/-
Qtrly Average of AICPI ending May 1993 ï payable from 1.7.93 (1207 points)	9.8% of pay subject to a minimum of Rs. 216/-	7.3% of pay subject to a minimum of Rs.343/-	5.9% of pay subject to a minimum of Rs.475/-	4.9% of pay subject to a minimum of Rs. 561
Qtrly Average of AICPI ending Aug. 1993 ï payable from 1.10.93 (1248 points)	13.5% of pay subject to a minimum of Rs. 298/-	10.1% of pay subject to a minimum of Rs. 473/-	8.1% of pay subject to a minimum of Rs. 657/-	6.7% of pay subject to a minimum of Rs. 770/-

Basic pay upto	Basic pay above Rs.3500/-pm	Basic pay above Rs.3500/- pm and upto Rs.6500/-pm	Basic pay above Rs.6500/- pm and upto Rs.9500/-pm	Rs.9500/-pm
Qtrly Average of AICPI ending Nov. 1993 ï payable from 1.1.94 (1292 points)	17.6% of pay subject to a minimum of Rs. 386/-	13.2% of pay subject to a minimum of Rs. 616/-	10.6% of pay subject to a minimum of Rs. 858/-	8.8% of pay subject to a minimum of Rs. 1007/-
Qtrly Average of AICPI ending Feb. 1994 ï payable from 1.4.94 (1302 points)	18.5% of pay subject to a minimum of Rs. 406/-	13.9% of pay subject to a minimum of Rs. 648/-	11.1% of pay subject to a minimum of Rs. 904/-	9.2% of pay subject to a minimum of Rs. 1055/-
Qtrly Average of AICPI ending May 1994 ï payable from 1.7.94 (1328 points)	20.8% of pay subject to a minimum of Rs. 458/-	15.6% of pay subject to a minimum of Rs. 728/-	12.5% of pay subject to a minimum of Rs. 1014/-	10.4% of pay subject to a minimum of Rs. 1188/-
Qtrly Average of AICPI ending Aug. 1994 ï payable from 1.10.94 (1384 points)	25.9% of pay subject to a minimum of Rs. 570/-	19.4% of pay subject to a minimum of Rs. 907/-	15.5% of pay subject to a minimum of Rs. 1261/-	12.9% of pay subject to a minimum of Rs. 1473/-
Qtrly Average of AICPI ending Nov. 1994 ï payable from 1.1.95 (1427 points)	29.8% of pay subject to a minimum of Rs. 656/-	22.3% of pay subject to a minimum of Rs. 1043/-	17.9% of pay subject to a minimum of Rs. 1450/-	14.9% of pay subject to a minimum of Rs. 1701/-
Qtrly Average of AICPI ending Feb. 1995 ï payable from 1.4.95 (1429 points)	30% of pay subject to a minimum of Rs. 660/-	22.5% of pay subject to a minimum of Rs. 1050/-	18% of pay subject to a minimum of Rs. 1463/-	15% of pay subject to a minimum of Rs. 1710/-

ANNEXURE IV

Payment of HRA to the employees of Central PSEs and leasing of residential accommodation for Chief Executives, Functional Directors and key officials and recovery of rent thereof etc.

The Committee of Secretaries at their meeting held on 3.2.1992 approved the DPEôs proposal for continued payment of HRA at the following rates:

Delhi , Bombay 30% of Basic Pay

Other ñAò class cities 25% of Basic Pay

B1, B2 class cities 15% of Basic Pay

ñCò class and other unclassified areas 10% of Basic Pay

Payment of HRA at the above rates would, however, be subject to the proviso that these employees / executives would have to bear 10% of their basic pay towards house rent. Payment would also be subject to their producing

the rent receipt from their landlords / valuation certificate issued by the Municipal Authority in respect of the house occupied by them. The rates indicated above are in the nature of ceilings. If some PSEs have agreed to pay HRA at the rates which are either high or lower than the norms indicated above under the subsisting wage settlement/understanding arrived at with the unionised staff, non-unionised supervisors and the executives, their cases need not to be re-opened during the period of validity of the wage settlement/period of understanding with the unionised and non-unionised staff. However, the ceilings on payment of HRA as spelt out above should be incorporated in all further wage settlements/pay revisions for the executives as per the overall pay/ wage package. The quantum of HRA paid to an executive or an employee in terms of the existing wage settlement/officers pay revision understanding could be protected as personal to the individual employee if the quantum of HRA worked out on the basis of the revised norms results in lower payment to the individual.

HRA without Production of Rent Receipt :

The ceilings for payment of HRA without production of rent receipt for the executives and non-unionised supervisors following IDA pattern would stand revised w.e.f.1.4.1994 as follows :

S.No.	City	IDA Rs. Proposee	PSEs Rs. Existing	CDAPSEs Rs. Existing
1.	Delhi, Bombay	1500	1000	1250
2.	Other ñAò class cities	1500	1000	1000
3.	ñB1ò, ñB2ò class cities	1500	1000	680
4.	ñCò class cities	750	500	340
5.	Unclassified areas	450	300	310

There would be no increase in the ceilings for the payment of HRA without production of rent reciept for employees who continue on CDA pattern.

Ceilings for Leased Accommodation :

The monetary ceilings for leased accommodation set out in para (iv) and (v) of para 4 of the DPEôs OM dated 3.3.92, which had been worked out with relation to the pre-revised scales of pay would stand revised as per details given in the following table :

Revised Ceilings for leased accommodation for key officials holding posts below the Board Level in central PSEs following IDA pattern pay scales :

Pay Scale Range	Plinth Area	Delhi Bombay Calcutta	Ahmedabad, Madras, Bangalore, Hyderabad, & Other "A" Class Cities	B1, B2 "C" Class Cities and other Areas.
Rs.	Sq.Ft.	Rs.	Rs.	Rs.
11500-13500	1500	5400	4700	3400
9500-11500	1200	4600	4100	2900
8500-10300	1200	4100	3600	2600
7500-9900	1200	4000	3500	2500

CCA

Classification of Cities	A Class Cities	B-1 Cities	B-2 Cities
Rates at which CCA is payable	6% of BP subject to max of Rs.100/-	4.5% of BP subject to max of Rs.75/-	3.5% of BP subject to max. of Rs.20/-

ANNEXURE V

PROCEDURE FOR APPROVAL AND ADOPTION OF NEW SCALES OF PAY UNDER THE IDA PATTERN BY PSES

Profit making PSEs, loss making PSEs and PSE before BIFR:

Public Sector Enterprises are considered as ôStateô under the Provisions of Article 12 of the Constitution of India. Both the Supreme Court and the various High Courts have been giving directions in the recent past either for restoration of parity in the scales of pay in one PSE with that of another PSE or removal of anomalies. In order to avoid further litigation, it has, therefore, been proposed that the scales of pay of the incumbents of the top posts, executives holding posts below the Board level and non-unionised supervisors would be similar in all PSEs irrespective of profit or loss made by them. Unlike workers, executives and the Board Members are answerable and accountable to the Government as owners of the PSEs and hence their entitlements require clearance by the Government at least in the case of loss making and BIFR cases etc. and for any deviation. The following procedure would be adopted:

a) PSEs which have been making profit consistently for the last 3 years viz. 1991-92, 1992-93 and 1993-94:ï These PSEs would be allowed to adopt the scales of pay for the executives holding posts below the Board level and non-unionised supervisors as given in Annexure ï I

b) PSEs which did not make profit during the last 3 years:- PSEs which did not make profit during the last 3 years viz, 1991-1992, 1992-93 and 1993-94 or had incurred net loss during any of these financial years would also be allowed to adopt these scales of pay of their executives holding posts below the Board level and non-unionised supervisors with the approval of the Government i.e. the administrative ministry acting in consultation with the DPE, provided they give an estimate as to how resources would be generated by them to meet the extra expenditure.

c) Sick PSEs ï Sick Industrial Companies (Special provisions) Act, 1985 has been amended and the PSEs have been brought within its purview. So far 50 PSEs have been registered with the BIFR. Having regard to the new developments, it is suggested that the PSEs which have been referred to BIFR would not be allowed the benefit of revised scales of pay ï for their Board level executives, executives holding posts below the Board level and non-unionised supervisors ï unless and until the verdict of the BIFR is available. Where BIFR has ordered closure of the PSEs, action would be expedited to pay the compensation as per the provisions of the Act and close down the PSEs. Wherever revival plan for a PSE has been approved by the BIFR, proposals for adopting revised scales of pay for Board level executives holding posts below the Board level and non-unionised supervisors as well as the new DA formula w.e.f. 1.1.1992 would be required to be submitted by these PSEs to the Government for appropriate approval by the administrative ministry acting in consultation with the DPE provided they give an analysis of their wage bill and also spell out measures to mobilise resources to meet the extra burden.

d) PSEs under construction or new PSEs:ï Eight PSEs are under construction. Some PSEs have been created by merger of existing establishments e.g. Power Grid Corporation of India. These PSEs should submit their proposals for adoption of revised scales of pay and DA pattern for their executives holding posts at the Board level, below Board level and non-unionised supervisors to their

administrative ministries for appropriate approval in consultation with the DPE, giving details of their likely date of going on commercial production, etc.

e) Where matters are subjudice:- As per Supreme Courtôs directions dated 3.5.90 and 28.8.91, employees/ executives appointed on or after 1.1.89 in the 69 PSEs which hither to followed CDA pattern have been placed on IDA pattern and related scales of pay to be prescribed by Government in its discretion. The executive associations of some other PSEs which have approached various High Courts/Supreme Court for review of the directions of the Supreme Court and for permission to draw salary as per HPPCôs, scales of pay and DA pattern. The revised scales of pay and the new DA formula which is being notified for all others PSEs could also be opted by them at their own volition. These scales of pay and DA system would not be applicable to DTC as they have secured an Order from the Supreme Court to continue on the Government scale and DA pattern.

f) The conditions prescribed for wage negotiations of unionised workers in BPEôs OMs dated 12.4.93 and 17.1.94 should be fulfilled for the above pay revisions.

g) DPE will issue detailed instructions, wherever necessary, regarding the matters dealt with in the Note.

[DPE O.M. No. 2(50)/86-DPE(WC) Dated 19th July, 1995)]

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3. Board level Posts in Public Enterprises-Revision of scales of pay of schedule Posts w.e.f. 1.1.1992.

The undersigned is directed to say that the scales of pay of the incumbents of the top posts i.e. Executives holding Board level posts were last revised by the Government w.e.f. 1.1.1987. Government have decided that the scale of pay attached to the Schedule Posts i.e. Board level posts would stand revised w.e.f. 1.1.1992 as follows:

		Existing	Revised
1.	Schedule 'A'	9000-250-10000	13000-500-15000
2.	Schedule 'B'	8500-200-9500	12000-400-14000
3.	Schedule 'C'	7500-200-8500	10000-400-12000
4.	Schedule 'D'	6500-175-7550	9000-300-10500

The above scales of pay would be valid for a period of five years i.e, till 31.12.1996.

2. The fitment benefit and fitment method would be as indicated in Annexure- I

3. The Industrial DA at AICPI - 1099 as on 1.1.1992 admissible to the incumbents of the Board level posts in the revised scale would be 'nil' as the amounts of Rs.787.75 drawn as IDA as on 1.1.1992 has been merged in the revised basic pay. The DA payable from 1.4.1992 to the incumbents of the Board level posts would be as per new DA scheme. The details of the scheme are indicated in Annexure -II.

4. All fresh appointments to the Board level posts hereafter would be made in the revised scale of pay and DA scheme as mentioned in paras 1 and 3 above.

5. (i) The ceiling for payment of HRA without production of rent receipt and monetary ceiling for leased accommodation set out in sub-paragraphs (ii) and (iv) of the paragraph 4 of the OM No.2(8)/91-DPE(WC) dated 3.3.92 would stand revised w.e.f. 1.4.94 as per details given in

Annexure-III. There would be no change in the plinth area ceilings. The revised monetary ceilings would also be applicable w.e.f. 1.4.94 to part-time Chairman for whom leased accommodation is to be provided by the PSEs.

(ii) Recovery towards rent for the furnished and unfurnished accommodation provided by the public enterprises would be as per details given in the sub-paragraph (x) and (xii) respectively of paragraph 4 of the OM No. 2(8) / 91 DPE (WC) dated 3.3.92. Rent recovery on revised pay would be computed w.e.f. 1.4.94.

For the period from 1.1.92 to 31.3.94, HRA, leased accommodation and rent recovery would be computed and paid on pre-revised basic pay.

6. The monthly rates of recovery for non-duty journeys performed by the Staff cars provided to these executives would continue as at present as indicated in para 7 of this Deptt.'s OM No. 4(12)/82-BPE (WC) dated 1.4.87. City Compensatory Allowance would be paid as under :-

Classification of Cities	**A Class Cities**	**B-1 Cities**	**B-2 Cities**
Rates at which CCA is payable	6% of *BP subject to maximum of Rs.100/-	4.5% of *BP subject to maximum of Rs.75/-	3.5% of *BP subject to maximum of Rs.20/-

*BP = Basic Pay

7. Wherever Productivity Linked Incentive Scheme have been introduced by the PSEs with the prior approval of the Government, the benefit of incentive payment under the existing Productivity Linked Incentive Scheme would also be extended to the incumbents of the Board level posts.

8. The administrative Ministries are requested to fix the pay of the incumbents of the Board level posts who were in employment in their enterprises as on 1.1.92 in the manner indicated above and forward their files to the DPE for vetting as required under the existing instructions contained in BPE's DO Letter No.1/1/89-BPE (S&A) Cell dated 14.2.89 and DOPT's OM No. 27(14)/EO/89 (ACC) dated 6.12.89, and as per procedure indicated in Annexure-IV.

9. For sick PSEs registered with the BIFR, pay revision and grant of other benefits will be allowed only if it is decided to revive the unit. The revival package should include the enhanced liability on this account. The benefit of pay revision etc. shall be extended to IISCO and financial liability thereof shall be met by SAIL.

10. The basic thrust of the new Wage policy for the fifth round of wage negotiation as contained in OM dated 12.4.1993 read with OM dated 17.1.1994 is that the PSUs should generate their own resources for meeting enhanced liability on account of wage revision and no budgetary support would be extended to them by the Government. In the case of revision of scales of pay of Board level posts in Public Enterprises also, the same thrust as contained in the aforementioned OMs of Department of Public Enterprises would hold good. It is clarified that the procedure detailed in Annexure-IV must be followed scrupulously and there will not be any budgetary support for giving the revised scales of pay. The respective Managements/ administrative Ministries/ Departments will have to find the requisite resources from within their own interna1 generation. There should not also be any automatic increase in administered prices of their goods and services.

11. All the administrative Ministries/Departments are, therefore, requested to issue Presidential Directives as per draft enclosed (Annexure-V) to the concerned PSEs under their administrative control to give effect to the above mentioned revision in scales of pay of Scheduled posts w.e.f. 1.1.1992. A copy of the directive issued may be sent to DPE.

ANNEXURE-I

Fitment Method :

Fitment Method would be as follows:

Basic pay in revised scale would be fixed as under:

(a) Basic pay in the existing scale of pay as on 1.1.1992

Plus

(b) Actual DA as on 1.1.1992 at AICPI 1099:

(c) The fitment amount on account of revision of pay shall be "upto 20 %" of basic pay in the existing scale pay as on 31.12.1991. (Fitment not to be computed on NPA payable to Medical Executives)

Plus (d) Personal Pay/Personal Allowance/Personal DA wherever payable along with existing basic pay.

On the aggregate pay fixed in the revised scale, where the total does not fit in a stage of the revised scale of pay, the pay will be fixed at the next higher stage.

If in some cases the total of the (a) to (d) as above exceeds the maximum of the revised scale of pay, or wherever the basic pay so fixed on the revised scale, does not allow grant of three increments to an Executive/ Non-unionised supervisor as on 1.1.1992, then in such circumstances, the pay of the concerned executive or non-unionised supervisors should be fixed at three stages below the maximum of the scale and the balance amount should be treated as PP. On promotion or appointment in the next higher scale, his pay would be fixed in the normal course, i.e. taking into account only the Basic Pay for the purpose. PP would be allowed to be carried forward in addition and this would be adjusted in the next pay revision. Detailed instructions would be issued by the DPE to the PSEs in this regard.

ANNEXURE-II

Public Sector Dearness Allowance Scheme

Salient Features

A. All India Consumer Price Index number for industrial workers (general) based on 1960 = 100 (AICPI) is used for grant of compensation to the employees of PSEs for price rise.

B. DA instalments would be released 4 times a year w.e.f. 1st January, 1st April, 1st July, and 1st October.

C. DA would be paid for the increase in AICPI above quarterly index average of 1099 to which the revised scales of pay are related.

D. The percentage increase in the quarterly average of the AICPI for the period ending February, May, August and November over index 1099 would be taken up to one decimal point.

E. The rate of compensation of the employees of PSUs over the basic pay at index average of 1099 is also in whole numbers with fractions carried forward.

F. The percentage neutralisation to employees in different pay ranges would be as under:

Pay Ranges - Basic Pay	Neutralisation Percentage	
Upto Rs.3500	100*	
Rs.3501 - 6500	75	Subject to
Rs.6501 - 9500	60	Marginal
Rs.9501 and above	50	adjustment

*Subject to a minimum of Rs2/- per point shift in AICPI quarterly average beyond 1099 w.e.f. 1.1.1992.

Foot Note - I

Quarterly averages would be computed in the following manner:

Quarterly Averages	**Payable from**
September, October and November	1st January
December, January and February	1st April
March, April & May	1st July
June, July and August	1st October

Foot Note: II

The quarterly average of AICPI for the months of September, October and November, 1991 worked out to 1099 and the DA under the IDA scheme at the admissible rates payable from 1.1.1992 is being merged in the basic pay. DA admissible under the new formula evolved for the public sector employees would be NIL on 1.1.1992. The first instalment of DA would become due from 1.4.1992.

STATEMENT SHOWING ILLUSTRATION – COMPENSATION TO BE WORKED OUT UNDER PERCENTAGE DA SCHEME

	Basic pay upto Rs.3500/-pm	**Basic pay above Rs.3500/- pm and upto Rs.6500/-pm**	**Basic pay above Rs.6500/- pm and upto Rs.9500/-pm**	**Basic pay above Rs.9500/-pm**
% Neutralisation	100	75	60	50
Qtrly. Arithmetic average to which related	1099	1099	1099	1099
Qtrly Average of AICPI ending Feb. 1992 ï payable from 1.4.92 (1121 points)	2% of pay subject to a minimum of Rs.44/-	1.5% of pay subject to a minimum of Rs.70/-	1.2% of pay subject to a minimum of Rs.98/	1% of pay subject to a minimum of Rs.114/-
Qtrly Average of AICPI ending May 1992 ï payable from 1.7.92 (1141 points)	3.8% of pay subject to a minimum of Rs.84/-	2.8% of pay subject to a minimum of Rs.134/-	2.3% of pay subject to a minimum of Rs.182/	1.9% of pay subject to a minimum of Rs.219/-

	Basic pay upto Rs.3500/-pm	Basic pay above Rs.3500/- pm and upto Rs.6500/-pm	Basic pay above Rs.6500/- pm and upto Rs.9500/-pm	Basic pay above Rs.9500/-pm
Qtrly Average of AICPI ending Aug. 1992 ï payable from 1.10.92 (1183 points)	7.6% of pay subject to a minimum of Rs.168/-	5.7% of pay subject to a minimum of Rs.266/-	4.6% of pay subject to a minimum of Rs.371/-	3.8% of pay subject to a minimum of Rs.437/-
Qtrly Average of AICPI ending Nov. 1992 ï payable from 1.1.93 (1202 points)	9.4% of pay subject to a minimum of Rs.206/-	7% of pay subject to a minimum of Rs.329/-	5.6% of pay subject to a minimum of Rs.455/-	4.7% of pay subject to a minimum of Rs.532/-
Qtrly Average of AICPI ending Feb. 1993 ï payable from 1.4.93 (1193 points)	8.5% of pay subject to a minimum of Rs. 188/-	6.4 % of pay subject to a minimum of Rs. 298/-	5.1% of pay subject to a minimum of Rs. 416/-	4.2% of pay subject to a minimum of Rs. 485/-
Qtrly Average of AICPI ending May 1993 ï payable from 1.7.93 (1207 points)	9.8% of pay subject to a minimum of Rs. 216/-	7.3% of pay subject to a minimum of Rs.343/-	5.9% of pay subject to a minimum of Rs.475/-	4.9% of pay subject to a minimum of Rs. 561
Qtrly Average of AICPI ending Aug. 1993 ï payable from 1.10.93 (1248 points)	13.5% of pay subject to a minimum of Rs. 298/-	10.1% of pay subject to a minimum of Rs. 473/-	8.1% of pay subject to a minimum of Rs. 657/-	6.7% of pay subject to a minimum of Rs. 770/-
Qtrly Average of AICPI ending Nov. 1993 ï payable from 1.1.94 (1292 points)	17.6% of pay subject to a minimum of Rs. 386/-	13.2% of pay subject to a minimum of Rs. 616/-	10.6% of pay subject to a minimum of Rs. 858/-	8.8% of pay subject to a minimum of Rs. 1007/-
Qtrly Average of AICPI ending Feb. 1994 ï payable from 1.4.94 (1302 points)	18.5% of pay subject to a minimum of Rs. 406/-	13.9% of pay subject to a minimum of Rs. 648/-	11.1% of pay subject to a minimum of Rs. 904/-	9.2% of pay subject to a minimum of Rs. 1055/-
Qtrly Average of AICPI ending May 1994 ï payable from 1.7.94 (1328 points)	20.8% of pay subject to a minimum of Rs. 458/-	15.6% of pay subject to a minimum of Rs. 728/-	12.5% of pay subject to a minimum of Rs. 1014/-	10.4% of pay subject to a minimum of Rs. 1188/-
Qtrly Average of AICPI ending Aug. 1994 ï payable from 1.10.94 (1384 points)	25.9% of pay subject to a minimum of Rs. 570/-	19.4% of pay subject to a minimum of Rs. 907/-	15.5% of pay subject to a minimum of Rs. 1261/-	12.9% of pay subject to a minimum of Rs. 1473/-
Qtrly Average of AICPI ending Nov. 1994 ï payable from 1.1.95 (1427 points)	29.8% of pay subject to a minimum of Rs. 656/-	22.3% of pay subject to a minimum of Rs. 1043/-	17.9% of pay subject to a minimum of Rs. 1450/-	14.9% of pay subject to a minimum of Rs. 1701/-

	Basic pay upto Rs.3500/-pm	Basic pay above Rs.3500/- pm and upto Rs.6500/-pm	Basic pay above Rs.6500/- pm and upto Rs.9500/-pm	Basic pay above Rs.9500/-pm
Qtrly Average of AICPI ending Feb. 1995 ï payable from 1.4.95 (1429 points)	30% of pay subject to a minimum of Rs. 660/-	22.5% of pay subject to a minimum of Rs. 1050/-	18% of pay subject to a minimum of Rs. 1463/-	15% of pay subject to a minimum of Rs. 1710/-

ANNEXURE III

Subject : Payment of HRA to the employees of Central PSEs and leasing of residential accommodation for Chief Executives, Functional Directors and key officials and recovery of rent thereof etc.

The Committee of Secretaries at their meeting held on 3.2.1992 approved the DPE's proposal for continued payment of HRA at the following rates:

Delhi, Bombay ð 30% of Basic Pay

Other "A" class cities ð 25% of Basic Pay

B1, B2 class cities ð 15% of Basic Pay

"C" class and other ð 10% of Basic Pay

unclassified areas

Payment of HRA at the above rates would, however, be subject to the proviso that these employees/executives would have to bear 10% of their basic pay towards house rents. Payment would also be subject to their producing the cash receipt from their landlords/valuation certificate issued by the Municipal Authority in respect of the house occupied by them. The rates indicated above are in the nature of ceilings. If some PSEs have agreed to pay HRA at the rates which are either high or lower than the norms indicated above under the subsisting wage settlement/understanding arrived at with the unionised staff, non-unionised supervisors and the executives their cases need not be re-opened during the period of validity of the wage settlement/period of understanding with the unionised and non-unionised staff. However, the ceilings on payment of HRA as spelt out above should be incorporated in all further wage settlements/pay revisions for the executives as per the overall pay/wage package. The quantum of HRA paid to an executive or an employee in terms of the existing wage settlement/officers pay revision understanding could be protected as personal to the individual employee if the quantum of HRA worked out on the basis of the revised norms results in lower payment to the individual.

HRA without Production of Rent Receipt: The ceilings for payment of HRA without production of rent receipt for the executives and non-unionised supervisors following IDA pattern would stand revised w.e.f.1.4.1994 as follows :

S.No.	City	IDA PSEs (Rs.) Proposed	IDA PSEs (Rs.) Existing	CDA PSEs (Rs.) Existing
1.	Delhi, Bombay	1500	1000	1250
2.	Other "A" class cities	1500	1000	1000
3.	"B1", "B2" class cities	1500	1000	680
4.	"C" class cities	750	500	340
5.	Unclassified areas	450	300	310

There would be no increase in the ceilings for the payment of HRA without production of rent receipt for employees who continue on CDA pattern.

Ceiling for Leased Accommodation: The monetary ceilings for leased accommodation set out in para (iv) and (v) of para 4 of the DPE's OM dated 3.3.92, which had been worked out with relation to the pre-revised scales of pay would stand revised as per details given in the following table:

Revised monetary ceiling for leased accommodation in respect of executives holding posts at the Board Level as well as executives holding posts below the Board Level w.e.f.1.4.1994

Ceiling for leased accommodation for the executives of Board Level

Scale of Pay	Plinth Area	REVISED CEILINGS				
		A Class Cities			B Class Cities	C Class Cities
		Delhi Bombay	Calcutta Madras	Other A Class		
Rs.	Sq.FT	Rs.	Rs.	Rs.	Rs.	Rs.
13000-15000	1900	10500	9750	9000	8250	6750
12000-14000	1900	9800	9100	8400	7700	6300
10000-12000	1700	8400	7800	7200	6600	5400
9000-10500	1700	7400	6900	6300	5800	4800

ANNEXURE IV

PROCEDURE FOR APPROVAL AND ADOPTION OF NEW SCALES OF PAY ON THE IDA PATTERN BY PSEs

Profit making PSEs loss making PSEs and PSEs before BIFR:

Public sector Enterprises are considered as 'State' under the Provisions of article 12 of the Constitution of India. Both the Supreme Court and the various High Courts have been given directions in the recent past either for restoration of parity in the scales of pay in one PSE with that of another PSE or removal of anomalies. In order to avoid further litigation, it has, therefore, been proposed that the scales of pay of the incumbents of the top posts, executives holding posts below the Board level and non-unionised supervisors would be similar in all PSEs irrespective of profit or loss made by them. Unlike, workers, executives and the Board Members are answerable and accountable to the Government as owners of the PSEs and hence their entitlements require clearance by the Government at least in the case of loss making and BIFR cases etc. and for any deviation. The following procedure would be adopted:

a. PSEs which have been making profit consistently for the last 3 years viz. 1991-92, 1992-93 and 1993-94:- These PSEs would be allowed to adopt the scales of pay for the executives holding posts below the Board level and non-unionised supervisors as given in Annexure -I

b. PSEs which did not make profit during the last 3 years:- PSEs which did not make profit during last 3 years viz, 1991-1992, 1992-93 and 1993-94 or had incurred net loss during any of these financial years would also be allowed to adopt these scales of pay of their executives holding posts below the Board level and non-unionised supervisors with the approval of the Government i.e. the administrative ministry acting in consultation with the DPE, provided they give an estimate as to how resources would be generated by them to meet the extra expenditure.

c. Sick PSEs:- Sick Industrial Companies (Special Provisions) Act, 1985 has been amended and the PSEs have been brought within its purview. So far 50 PSEs have been registered with the BIFR. Having regard to the new developments, it is suggested that the PSEs which have been referred to

BIFR would not be allowed the benefit of revised scales of pay - for their Board level executives, executives holding posts below the Board level and non-unionised supervisors - unless and until the verdict of the BIFR is available. Where BIFR has ordered closure of the PSEs, action would be expedited to pay the compensation as per the provisions of the Act and close down the PSEs. Wherever revival plan for a PSE has been approved by the BIFR, proposals for adopting revised scales of pay for Board level executive holding posts at below the Board level and non-unionised supervisors as well as the new DA formula w.e.f.1.1.1992would be required to be submitted by these PSEs to the Government for appropriate approval by the administrative ministry acting in consultation with the DPE provided they, give an analysis of their wage bill and also spell out measures to mobilise resources to meet the extra burden.

d. PSEs under construction or new PSEs: Eight PSEs are under construction. Some PSEs have been created by merger of existing establishment e.g. Power Grid Corporation of India. These PSEs should submit their proposals for adoption of revised scales of pay and DA pattern for their executives holding posts at the Board level, below Board level and non-unionised supervisors to their administrative ministries for appropriate approval in consultation with the DPE, giving details of their likely date of going on commercial production, etc.

e. Where matters are subjudice:- As per Supreme Court's directions dated 3.5.90 and 28.8.91, employees/ executives appointed on or after 1.1.87 in the 69 PSEs which hither to followed CDA pattern have been placed on IDA pattern and related scales of pay to be prescribed by Government in its discretion. The executive associations of some other PSEs which have approached various High Courts/Supreme Court for review of the directions of the Supreme Court and for permission to draw salary as per HPPC's scales of pay and DA pattern. The revised scales of pay and the new DA formula which is being notified for all others PSEs could also be opted by them at their own volition. These scales of pay and DA system would not be applicable to DTC as they have secured an Order from the Supreme Court to continue on the Government scale and DA pattern.

f. The conditions prescribed for wage negotiations of unionised workers in DPE's OMs dated 12.4.93 and 17.1.94 should be fulfilled for the above pay revisions.

g. DPE will issue detailed instructions, wherever necessary, regarding the matters dealt with in the Note.

ANNEXURE-V

Draft Directive to be issued by the administrative Ministries/Departments to the Central Public Sector Enterprises under their administrative control regarding pay revision and other benefits for Board level executives.

The scale of pay of the incumbents of the Board level executives were last revised by the Government w.e.f. 1.1.87. Government have now decided that the pay revision and other benefits for Board level executives w.e.f. 1.1.92 may be implemented through Presidential Directives.

2. In exercise of the powers conferred by Article _____ of Articles* of Association of _____/ *Section _____ of the _____ Act setting up _____ (Name of the PSE), the President is pleased to direct the _____ (name of PSE) that the proposed pay revision and other benefits for Board level executives w.e.f. 1.1.92 may be implemented.

*Delete whichever is not applicable.

[DPE O.M. No.2(50)/86-DPE (WC) Dated 19th July, 1995]

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4. Board level posts and below Board level posts including non-unionised supervisors in Public Enterprises - Revision of scales of pay w.e.f. 1.1.1997.

The last revision of scale of pay of non-unionised supervisors, below Board level executives and executives holding Board level posts in Central Public Sector Undertakings was made effective from 1.1.1992 for a period of five years. As the next pay revision fell due from 1.1.1997, the Government had set up a high level Committee under the Chairmanship of Justice S. Mohan, Retd. Supreme Court Judge, to recommend revision of pay and allowances for these executives following IDA pay scales. Based on the recommendations of the Committee, the Government have decided that the scale of pay attached to these Board level posts and below Board level posts would stand revised w.e.f. 1.1.1997 as indicated in Annexure-I.

2. In enterprises, where the scales of pay are different from those prescribed in the DPE guidelines or where rates of increments higher than those provided had been adopted in the past, it may be necessary for such enterprises to introduce certain intermediary scales or modify the scales to be provided in the guidelines with appropriate adjustments in their span and rate of increments. In doing so, it should be ensured that the minimum and the maximum of the individual scales prescribed herein are not altered. Such enterprises shall introduce these modifications only in consultation with their administrative Ministries and the DPE.

3. The grant of one increment in the revised scale against every three increments drawn in the pre-revised scales. The fitment benefit and fitment method would be as indicated in Annexure-II.

4. There will be a provision for grant of upto a maximum of three stagnation increments for those who reach the maximum of their scales.

5. 100 per cent DA neutralisation may be adopted for all employees covered by the Committee's recommendations who are on IDA scales of pay with effect from 1 January, 1997. The periodicity of adjustment should be once in three months, as per existing practice for these categories.

The Industrial DA at AICPI-1708 as on 1.1.1997 admissible to the incumbents in these posts in the revised scale would be 'nil', as the amount of IDA as on 1.1.1997 has been merged in the revised basic pay. The DA payable from 1.1.1997 to the incumbents of these posts would be as per new DA scheme (Annexure-III).

6. In respect of sick enterprises referred to the BIFR, revision of pay scales would be strictly in accordance with rehabilitation packages approved or to be approved by the BIFR and after providing for the additional expenditure on account of pay revision in these packages.

7. Presidential directives would be issued by all the administrative Ministries/Departments indicating these scales as a ceiling, as the actual payments would depend on the capacity to pay of the enterprises. The resources for meeting the increased obligation for salaries and wages must be internally generated and must come from improved performance in terms of productivity and profitability and not from Government subvention. The Presidential directives would also cover guidelines relating to dearness allowance and ceilings on perquisites. A format of the Presidential directive is suggested in Annexure-IV.

8. The next pay revision would be after 10 years.

9. (i) House Rent Allowance to public sector employees would be at the rates applicable to Central Government employees based on the reclassified list of cities as notified by the Government of India. The HRA rates and classification of cities are given in Annexure-V.

(ii) Rent recovery on revised pay would be computed from the date of Implementation of these guidelines at the percentages in practice before 1.1.1997 or on the basis of standard rent to be fixed by the companies.

9. (iii) HRA leased accommodation and rent recovery would be computed on revised basic pay but the amount to be paid or recovered would be from the date of implementation of these guidelines.

10. In respect of leased accommodation, the boards of public enterprises will have the flexibility to review and provide for an adequate level of leased accommodation for the executives who are entitled to this facility.

11. City Compensatory Allowance to be granted are as under, from the date of implementation of these guidelines:

Basic pay per month	A-1 Population > 50 lakhs	A Population > 20 lakhs and <=50 lakhs	B-1 Population > 10 lakhs and <=20 lakhs	B-2 Population > = 5 lakhs and <= 10 lakhs
Below Rs.4000	90	65	45	25
Rs.4001-Rs.5250	125	95	65	35
Rs.5251-Rs.6499	200	150	100	65
Rs.6500 & above	300	240	180	120

12. Payment of perquisites and allowances may be upto a maximum of 50 per cent of the basic pay. Payments over and above the ceiling of 50 per cent should be entirely in the nature of Performance Related Payments which should not exceed 5 per cent of the distributable profits in an enterprise.

13. The Public Sector Enterprises should look into Mediclaim cover through insurance companies for their retired employees. The said policies could be funded from collateral contributions from both employees and organisations. The rules of the EPS 1995 should be amended so that the decisions to either choose EPS 1995 or to work out their own new contributory pension schemes must be that of, and made by the public sector enterprises themselves.

14. There should be no notional revision of pay for the purpose of determining of VRS in sick enterprises.

15. The administrative Ministries are requested to fix the pay of the incumbents of the Board level posts who were in employment in their enterprises as on 1.1.1997 in the manner indicated above and forward their files to the DPE for vetting as required under the existing instructions contained in BPE's D.O. letter No.1/1/89-BPE(S&A) Cell dated 14.2.1989 and DOPT's OM No.27(14)/EO/89(ACC) dated 6.12.1989, and as per procedure indicated in Annexure-VI.

16. A copy of the direction issued to the Public Enterprises may be endorsed to the Department of Public Enterprises.

ANNEXURE-I

Pay Scales for Public Sector Executives

Schedule	Existing scales effective from 1.1.92 (Rs.)	Proposed scales effective from 1.1.97 (Rs.)
'A'	13000-500-15000	27750-750-31500
'B'	12000-400-14000	25750-650-30950
'C'	10000-400-12000	22500-600-27300
'D'	9000-300-10500	20500-500-25000
Below Board Level		
'E-0'	3500-150-6200	6550-200-11350
'E-1'	4000-175-7150	8600-250-14600
'E-2'	4800-200-5800-225-8275	10750-300-16750
'E-3'	5400-225-6300-250-9050	13000-350-18250
'E-4'	6500-250-7500-275-9425	14500-350-18700
'E-5'	7000-275-8100-300-9600	16000-400-20800
'E-6'	7500-300-9900	17500-400-22300
'E-7a'	8250-300-10500	18500-450-23900
'E-7b'	8500-300-10300	18500-450-23900
'E-8'	9500-400-11500	20500-500-26500
'E-9'	11500-400-13500	23750-600-28550
Non-Unionised Supervisors Scales		
S-1	2800-90-3430-100-4830	5200-140-8000
S-2	3000-105-3735-110-5055	5600-150-8600
S-3	3200-110-3970-120-5290	6000-160-9200
S-4	3375-120-4335-140-5875	6400-180-10000

ANNEXURE-II

FITMENT METHOD

A		B		C		D
Basic pay as on 31.12.96 and* personal pay as on 1.1.92	+	Corresponding Dearness Allownance at AICPI of 1708 (base 1960=100 as on 1.1.97	+	Upto 20% of óAô	+	Aggregate amount#

* Personal Pay resulting as a consequence of the Department of Public Enterprises guidelines dated 19.7.95 on the 1992 Executive salary revision.

\# The new basic pay will be determined by placing the aggregate amount at Column D in the revised scale of pay. Where the aggregate amount in Column D thus arrived, does not fit into a stage in the revised scale of pay. The new basic pay will be determined by fixing the Aggregate Amount at the next higher stage in the revised scale of pay.

ANNEXURE-III

PUBLIC SECTOR DEARNESS ALLOWANCE SCHEME
SALIENT FEATURES:

A) All India Consumer Price Index number for industrial workers (general) based on 1960=100 (AICPI) is used for grant of compensation to the employees of PSEs for price rise.

B) DA installments would be released 4 times a year w.e.f. 1st January, 1st April, 1st July and 1st October.

C) DA would be paid for the increase in AICPI above quarterly index average of 1708 to which the revised scales of pay are related.

D) The percentage increase in the quarterly average of the AICPI for the period ending February, May, August and November over index 1708 would be taken upto one decimal point.

E) The rate of compensation of the employees of PSEs over the basic pay at index average of 1708 is also in whole numbers with fractions carried forward.

F) The percentage neutralisation to employees in different pay ranges would be 100%.

Foot Note-I

Quarterly averages would be computed in the following manner:

Quarterly Averages	Payable from
September, October & November	1st January
December, January & February	1st April
March, April & May	1st July
June, July & August	1st October

Foot Note-II

The quarterly average of AICPI for the months of September, October and November, 1996 worked out to 1708 and the DA under the IDA scheme at the admissible rates payable from 1.1.97 is being merged in the basic pay. DA admissible under the new formula evolved for the public sector employees would be NIL on 1.1.1997. The first installment of DA would become due from 1.4.1997.

ANNEXURE-IV

Draft Directive to be issued by the administrative Ministries/ Departments to the Central Public Sector Enterprises under their administrative control regarding pay revision and other benefits for Board level and below Board level executives.

The scale of pay of the incumbents of the Board level and below Board level executives were last revised by the Government w.e.f.1.1.92. Government have now decided that the pay revision and other benefits for these executives w.e.f. 1.1.97 may be implemented through Presidential Directives.

2. In exercise of the powers conferred by Article é .. of Articles/* of Associations of é é é é é é / *Section é é é é . of the é é é . Act setting up é é é é é é é é . (name of the PSE), the President is pleased to direct the é é é é é é é é (name of the PSE) that the approved pay scales, fitment formula, DA guidelines and ceiling on perquisites for Board level and below Board level executives w.e.f. 1.1.97 may be implemented.

*Delete whichever is not applicable.

ANNEXURE-V

Classification of Cities/Towns	Rates of House Rent Allowance
'A-1'	30% of basic pay
'A', 'B-1' & 'B-2'	15% of basic pay
'C'	7.5% of basic pay
Unclassified	5% of basic pay

A-1	A	B-1	B-2	C
1	2	3	4	5
		ANDHRA PRADESH		
-	Hyderabad	-	Visakha-patnam (U/A), Vijaya-wada (U/A)	Srikakulam, Vizianagram, Anakpalle, Kakinada(UA), Rajahmoundry(UA), Narsapur, Palacole, Tadepalligudem, Tanuku, Eluru, Bhimavaram, Gudivada, Machilipatnam, Bapatla, Chilakaluripet, Narsaraopet, Ponnuru, Tenali, Mangalagiri, Ongole(UA), Chirala (UA), Cudur, Kavali, Nellore, Madanapalle, Srikalahasti, Tirupati(UA), Chittoor, Cuddapah(UA), Proddatur, Dharmavaram, Kadiri, Tadipatri, Anantapur, Guntakal, Hindupur, Yemmiganur, Kurnool (UA), Adoni, Nandyal, Mahbubnagar, Sangareddy, Siddipet, Bodhan, Nizamabad, Adilabad, Bellampalle, Kagaznagar, Mancheriyal, Jagtial, Sircilla, Karimnagar, Ramagundam, Palwancha, Khammam (UA), Suryapet, Miryalaguda, Nalgonda, Kothagudem (UA), Guntur, Warangal (UA)

ANDAMAN & NICOBAR ISLANDS				
-	-	-	-	Port Blair
ASSAM				
			Guwahati City	Dhubri, Tezpur, Jorhat(UA), Nagaon, Dibrugarh(UA), Tinsukia, Silchar, Karimganj
BIHAR				
			Ranchi (UA), Patna (UA)	Mokameh, Bihar, Buxar, Arrah, Dehri, Sasaram, Jehendabad, Nawada, Gaya(UA), Chapra, Bettiah, Bagaha, Motihari(UA), Muzaffarpur, Siwan, Hajipur, Barauni, Begusarai(UA), Darbhanga, Madhubani, Saharsa, Purnia(UA), Katihar, Jamalpur, Lakhisarai, Munger, Bhagalpur (UA), Deoghar(UA), Dhanbad (UA), Giridih, Phusro (UA), Jhumritilaiya, Hazaribagh, Ramgarh (UA), Saunda, Daltonganj, Chaibasa, Adityapur, Kishanganj, Bokaro Steel City (UA), Jamshedpur(UA)
CHANDIGARH				
-	-	-	Chandi-garh(UA)	
DELHI				
Delhi (UA)	-	-	-	-
GOA				
-	-	-	-	Margoa(UA) Marmugoa(UA)
GUJARAT				
Ahmeda-bad (UA)		Surat (UA) Vadodara (UA)	Rajkot (UA)	Jamnagar (UA), Upleta, Gondal (UA), Dhoraji (UA), Jetpur (UA), Morvi (UA), Dhrangadhra, Surendranagar, Botad, Mahuva (UA), Amreli (UA), Veraval, Keshod, Junagadh (UA), Anjar, Porbandar (UA), Gandhidham, Bhuj(UA), Deesa,

		Palanpur (UA), Himatnagar, Unijha, Sidhpur (UA), Visnagar (UA), Kalol (UA), Mahesana(UA), Viramgam, Khambhat (UA), Nadiad(UA), Anand (UA), Dohad(UA), Godhra(UA), Dabhol, Anklesvar (UA), Bharuch (UA), Navsari(UA), Valsad (UA), Gandhinagar, Patan (UA)(under Distt. Mahesana), Petlad, Bhavnagar (UA), Savarkundla (UA)
	HARYANA	
	Farida-bad Complex	Panchkula Urban Estate, Ambala, Ambala(UA), Yamunanagar(UA), Thanesar, Kaithal, Karnal(UA), Panipat, Sonipat, Bahadurgarh (UA), Rohtak, Palwal, Gurgaon(UA), Rewari, Narnaul, Bhiwani, Jind, Hansi, Hissar(UA), Sirsa
	HIMACHAL PRADESH	
		Shimla (UA)
	KARNATAKA	
Bangalore (UA)	Hubli-Dharwad	Channapatna, Dodaballapur, Ramanagaram, Gokak, Nipani, Belgaum (UA), Bellary, Bidar (UA), Bagalkot, Rabkavi, Banhatti, Bijapur(UA), Chikmagalur, Chitradurga (UA), Davangere(UA), Mangalore (UA), Ranibennur, Gadag-Batigeri, Gulbarga (UA), Hassan(UA), Chintamani, Kolar Gold Fields (UA), Kolar, Mandya, Gangawati (UA), Raichur (UA), Bhadravati(UA), Shimoga(UA), Tumkur (UA), Dandeli, Karwar, Hospet (UA), Harihar, Mysore (UA)
	KERALA	
	Thiruva-nantha-puram (UA), Kochi (UA)	Kasargod, Kanhangad (UA), Payyannur, Vadakara (UA), Ponnani, Manjeri, Palakkad(UA), Thrissur (UA), Changanassery, Kottayam (UA), Alappuzha(UA), Thiruvalla, Kollam(UA), Taliparamba, Kannur (UA), Kayamkulam, Kozhikode(UA)

		MADHYA PRADESH	
	Indore (UA), Bhopal	Gwalior (UA), Jabalpur (UA)	Morena, Bhind, Datia, Tikamgarh, Chhatarpur (UA), Sagar (UA), Damoh(UA), Satna (UA) (UA), Guna, Mandsaur, Nagda, Ratlam (UA), Ujjain(UA), Dewas, Dhar, Khandwa, Barhanpur, Vidisha, Sehore(UA), Sarni, Betul(UA), Hoshanga-bad, Itarsi (UA), Murwara (Katni), Chhindwara(UA), Seoni, Balaghat (UA), Ambikapu r(UA), Shivpuri, Dhamtari , Jagdalpur (UA), Mhow (UA), Khargone, Durg, Raigarh (UA), Jaora(UA), Rajanandgaon, Neemuch (UA), Rajhara-jharan Dalli, Raipur(UA)
		MAHARASHTRA	
Brihan Mumbai	Pune (UA) Nagpur (UA)	Nashik (UA), Solapur (UA), Aurangabad (UA)	Virar, Nalasopara, Bhiwandi (UA), Panvel, Ratnagiri Manmad, Malegaon, Nandurbar, Dhule, Chalisgaon, Amalner, Bhusawal (UA), Jalgaon, Shrirampur(UA), Ahmednagar (UA), Satara, Karad, Sangli (UA), Barshi, Pandharpur, Ichalkaranji (UA), Jalna, Hingoli, Parbhani, Parli, Ambejogai, Bid, Nanded (UA), Osmanabad, Udgir, Latur, Buldana, Malkapur, Khamgaon, Akot, Akola, Achalpur, Pusad, Yavatmal (UA), Hinganghat, Wardha, Bhandara, Kamptee (UA), Gondiya, Ballarpur (UA), Chandrapur, Kolhapur (UA), Amravati
		MANIPUR	
			Imphal (UA)
		MEGHALAYA	
			Shillong (UA)
		MIZORAM	
			Aizawl

		NAGALAND	
			Kohima, Dimapur
		ORISSA	
			Bargarh, Brajarajnagar, Jharsuguda, Sambhalpur (UA), Bhadrak, Baleshwar (UA), Balangir, Bhawanipatna, Jeypur, Sunabeda, Brahampur, Puri, Cuttack (UA), Bhubaneshwar
		PUNJAB	
	Ludhiana	Amritsar, Jallandhar	Gurdaspur, Pathankot(UA), Batala(UA), Firozpur Cantt., Fazilka, Abohar, Khanna, Kapurthala, Phagwara (UA), Hoshiarpur, SAS Nagar(Mohali), Rajpura, Nabha, Patiala (UA), Maler Kotla, Sangrur, Firozpur, Barnala, Mansa, Bhatinda, Faridkot (UA), Kotkapura, Muktsar, Malout, Moga (UA)
		PONDICHERRY	
			Pondicherry (UA), Karaikal, Oulgaret, Yanam (UA)
		RAJASTHAN	
	Jaipur (UA)	Jodhpur, Kota	Hanumangarh, Ganga Nagar, Sardar Shahar, Ratangarh, Sujangarh, Bundi, Jhunjhunn, Nawalgarh, Alwar (UA), Bharatpur (UA), Dhaulpur, Hindaun, Gangapur City (UA), Sawai Madhopur (UA), Fatehpur, Sikar, Kishangarh, Beawar (UA), Nagaur, Makrana(UA), Pali, Barmer, Bhilwara, Udaipur, Chittorgarh, Tonk (UA), Baran, Banswara(UA), Churu (UA), Bikaner, Ajmer
		TAMIL NADU	
Chennai (UA)		Coimbatore (UA) Madurai (UA), Salem, Tiruchira-palli (UA)	Chengalpattu, Kanchipuram (UA), Arakkonam, Ambur, Tiruppattur, Gudiyattam (UA), Vanyambadi (UA), Attur, Vellore (UA), Krishnagiri, Dharmapuri, Arani, Tiruvannamalai,

		Tindivanam, Villupuram, Panruti, Vriddhachalam, Chidambaram (UA), Kuddalore, Neyveli (UA), Tiruchengudu, Kumarapalavara, Erode (UA), Udhagamandalam, Mettuppalaiyam, Udumalaippettai Tiruppur (UA), Pollachi (UA), Palani (UA), Dindigul, Karur (UA), Mayiladuthurai, Mannargudi, Pattukkottai, Nagappattinam (UA), Kumkakonam (UA), Thanjavur, Pudukkottai, Bodinayakkanur, Kambam, Teni Allinagaram, Srivilliputtur, Virudunagar, Aruppukkottai, Rajapalaiam, Sivakasi (UA), Paramakkurdi, Ramanathapuram, Kovilpatti, Tuticorin (UA), Puliyangudi, Kadaiyanallur, Tenkasi, Tirunelveli (UA), Nagercoil, Mettur, Valparai
	TRIPURA	
		Agartala
	UTTAR PRADESH	
Lucknow (UA) Kanpur (UA)	Meerut (UA), Barelly (UA) Allahabad (UA) Varanasi (UA), Agra (UA), Gorakhpur	Dehradun (UA), Kashipur, Rudrapur, Haldwani-cum-Kathgodam, Najibabad, Nagina, Chandpur, Bijnore (UA), Chandausi, Sambhal, Noida, Amroha, Rampur, Deoband, Sharanpur, Roorkee (UA), Hardwar (UA), Shamli, Kairana, Muzaffarnagar (UA), Baraut, Mawana, Pilkhua, Hapur, Modinagar (UA), Khurja, Sikandrabad, Bulandshahr, Hatras, Mathura, Shikohabad, Firozabad (UA), Kasganj, Etah, Mainpuri, Sahaswan, Badaun, Pilibhit, Unnao, Shahjahanpur (UA), Lakhimpur, sitapur, Hardoi, Shahabad, Gangaghat (Distt. Unnao), Raibareli, Kannauj, Orai, Furrukhabad-cum-Fatehgarh (UA), Auraiya, Etawah, Jhansi (UA), Lalitpur, Mahoba, Banda, Fatehpur, Bela, Pratapgarh, Behraich, Balrampur, Gonda, Nawabganj, Tanda, Faizabad (UA), Sultanpur, Basti, Deoria, Maunath, Bhanjan,

	Azamgarh, Jaunpur, Ballia, Ghazipur, Bhadohi, Mugalsarai (UA), Mirzapur-cum-Vindhyachal, Moradabad (UA), Ghaziabad (UA), Aligarh.
WEST BENGAL	
Calcutta (UA)	Raiganj(UA), Jalpaigudi, Alipurduar (UA), Darjeeling, Siliguri, Valurghat (UA), Habra (UA), English Bazar (UA), Jangipur, Bharampur (UA), Chakdoha, Krishnanagar, Nabadwip (UA), Santipur, Ranaghat (UA), Bangaon, Basirhat, Rajpur(UA), Contai, Medinipur, Haldia, Kharagpur (UA), Bishnupur, Bankura, Puruliya, Katwa, Asansol(UA), Raniganj (UA), Barddhaman, Suri, Bolpur, Koch-Bihar(UA), Chittaranjan, Debgram, Durgapur

ANNEXURE-VI

PROCEDURE FOR APPROVAL AND ADOPTION OF CALES OF PAY ON IDA PATTERN BY PSEs

(a) PSEs which have been making profit consistently for the last 3 years viz. 1996-97, 1997-98 and 1998-99 would be allowed to adopt the scales of pay for the executives holding posts at and below the Board level and non-unionised supervisors strictly in accordance with these guidelines.

(b) PSEs which did not make profit during the last 3 years viz. 1996-97, 1997-98 and 1998-99 or had incurred net loss during any of these financial years would also be allowed to adopt these scales of pay of their executives holding posts at and below the Board level and non-unionised supervisors with the approval of the Government i.e. the administrative Ministry acting in consultation with the DPE, provided they give an estimate as to how resources would be generated by them to meet the extra expenditure.

(c) In respect of sick enterprises referred to BIFR, revision of pay scales for all employees following IDA pattern would be strictly in accordance with the rehabilitation packages approved or to be approved by the BIFR and after providing for the additional expenditure on account of pay revision in these packages.

(d) PSEs under construction or new PSEs should submit their proposals for adoption of revised scales of pay and DA pattern for their executives holding posts at the Board level, below Board level and non-unionised supervisors, to their administrative Ministries for appropriate approval in consultation with the DPE, giving details of their likely date of going on commercial production, etc.

(e)	The conditions prescribed for Sixth Wage Negotiations of unionised workers in DPE's OM No.2(11)/ 96-DPE(WC) dated 14.1.1999 shall be applicable for the above pay revision.
(f)	DPE will issue detailed instructions, wherever necessary regarding the matters dealt with in the Note.

[DPE OM. No. 2(49)/98-DPE (WC) Dated 25th June, 1999]

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5. Pay revision of CPSEs employees following CDA pattern in 69 Central Public Sector Enterprises.

On the recommendations of High Power Pay Committee (HPPC), and the Supreme Courtôs Judgment dated 03.05.1990 in CMP No. 10864/1989, DPE had issued OM No. 2(43)/90-DPE (WC) dated 12.06.1990, implementing the Central Government pay scales to the employees of Public Sector Enterprises following CDA pattern in 69 CPSEs as indicated in Annexure IV of said OM dated 12.06.90. The DPE, vide OM dated 24.10.1997 further revised the pay and allowances of said 69 CPSEs following CDA pattern. Consequent to the issue of notification dated 29.08.2008 by the Department of Expenditure, Ministry of Finance on the revision of pay scales of the Central Government Employees w.e.f. 01.01.2006, the pay scales in respect of the Public Sector employees following CDA pattern of pay in 69 Public Sector Enterprises would also be revised w.e.f. 01.01.2006 as per the judgment dated 3.5.90 of Supreme Court on recommendations of the HPPC.

2. The pay scales of the employees of said 69 CPSEs following CDA pattern will be revised w.e.f. 01.01.2006 as per Annexure I (copy enclosed). The rates of HRA & CCA will be as perAnnexure-II (copy enclosed). The rates of Dearness Allowance will be as per Annexure- III(copy enclosed). Order in connection with the revision of other allowances will be issued separately.

3. The benefit of pay revision may be allowed only to employees of those CPSEs that are not loss making and are in a position to absorb the additional expenditure on account of pay revision from their own resources without any budgetary support from the Government. The Board of Directors would consider the proposal of pay revision of all the employees in the CPSE, keeping in mind the affordability and capacity of the CPSE to pay and submit a proposal to its Administrative Ministry / Department, which will approve the proposal with the concurrence of its Financial Advisor. In respect of Food Corporation of India, the concurrence of Department of Expenditure would also be required.

4. All Administrative Ministries/Departments of the Government of India are requested to bring the foregoing to the notice of CPSEs under their Administrative control, who are following CDA pattern of scales for their information and necessary action.

[DPE OM. No. 2(54)/2008-DPE (WC) GL- XI/08 Dated 14th October, 2008]

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6. Board level and below Board level executives and Non Unionised Supervisors in Central Public Sector Enterprises (CPSEs)-revision of scales of pay w.e.f. 01.01.2007.

The last revision of the scale of pay of below Board level and Board level executives and non-unionised supervisors, in Central Public Sector Enterprises was made effective from 1.1.1997 for a period of ten years. As the next pay revision fell due from 1.1.2007, the Government had set up a Pay Revision Committee (2nd PRC) under the chairmanship of Justice M. Jagannadha Rao, Retd. Judge of Supreme Court of India, to

recommend revision of pay and allowances for above categories of employees following IDA pattern of pay scales. The Government after due consideration of the recommendations of 2nd Pay Revision Committee, have decided as follows:ð

1. **Revised Pay Scales:-** The revised Pay scales for Board and below Board level executives would be as indicated in Annex-I.

2. **Fitment Benefit:**

(i) A uniform fitment benefit @ 30%, on basic pay plus DA @ 68.8% as on 01.01.2007 would be provided to all executives. The aggregate amount would be rounded off to the next ten rupees and pay fixed in the revised pay scale.

(ii) If any extra ordinary increment (s) and / or increase in the pay in respect of executives/non unionized supervisors have been granted with retrospective effect, which affects the revision of pay as on 1.1.2007, such increment and/or increase in pay will be ignored for the purpose of fitment/pay revision.

(iii) Where executives drawing pay at two or more consecutive stages in an existing scale get bunched, then, for every two stages so bunched, benefit of one increment shall be given.

3. **Affordability for implementation of pay revision:-** The revised pay scales would be adopted, subject to the condition that the additional outgo by such revision for a period of 12 months should not result in more than 20% dip in profit before tax (PBT) for the year 2007-08 of a CPSE in respect of executives as well as non-unionised supervisory staff taken together in a CPSE. CPSEs that cannot afford to pay full package, can implement with either PRP or no PRP. These CPSEs may pay the full package subsequently, provided the dip in the profit (PBT) is fully recouped to the original level.

4. The CPSEs, which are not able to adopt revised pay scales (2007), may give an increase on the basic pay plus DA drawn in the pre-revised scale as on 01.01.2007, with a uniform lower fitment of 10% or 20% depending upon their affordability, with the approval of their Ministry/Department.

5. **Increment:** Annual increment will be at the rate of 3% of the revised basic pay. Stagnation increment and increment for pay fixation on promotion will be as per **Annex.-II(A).**

6. **Dearness Allowance:** 100% DA neutralization will be adopted for all the executives and non-unionised supervisors, who are on IDA pattern of scales of pay, w.e.f. 01.01.2007. Thus, DA as on 01.01.2007 will become zero with link point of All India Consumer Price Index (AICPI) 2001=100, which is 126.33 as on 01.01.2007. The periodicity of adjustment will be once in three months, as per the existing practice for these categories. The quarterly DA payable from 01.01.2007 will be as per new DA scheme as given in **Annex.-II (B).**

7. **House Rent Allowance:** The House Rent Allowance to the employees of CPSEs will be at the following rates.

Cities with population	**Rates of HRA**
50 lakhs and above	30% of Basic Pay
5 to 50 lakh	20% of Basic Pay
Less than 5 lakh	10% of Basic Pay

8. **Leased Accommodation:** The Board of Directors may decide the level of executives, who will be provided company leased accommodation and the size, type and locality of such accommodation. For purposes of CTC, 30% of basic pay may be considered as expenditure on Housing.

9. **City Compensatory Allowance:** The City Compensatory Allowance stands dispensed with.

10. **Other Allowances/Perks:** The Board of Directors will decide on the allowances and perks admissible to the different categories of the executives subject to a maximum ceiling of 50% of the Basic Pay. Instead of having a fixed set of allowances, the CPSEs may follow "Cafeteria Approach" allowing the executives to choose from a set of perks and allowances. In places, where CPSEs have created infrastructure such as hospitals, colleges, schools, clubs, etc., these facilities should be monetized at replacement cost for the purpose of computing the perks and allowances. The following allowances will, however, be outside the purview of ceiling of 50% of the Basic Pay.

i) North-East Allowance limited to 12.5% of Basic Pay.

ii) Allowance for Underground Mines limited to 15% of Basic pay.

iii) Special Allowance upto 10% of Basic Pay for serving in the difficult and far flung areas as approved by concerned Ministries in consultation with the Department of Public Enterprises from time to time.

iv) Non Practicing Allowance limited to 25% of Basic Pay for Medical Officers.

11. The admissibility, quantum and procedure for determination of Variable Pay/Performance Related Pay has been given in Annex.-III.

12. Long Term incentives, introduction of cost to the company (CTC) concept in CPSEs, Pay of Executive on deputation/transfer to CPSEs, Pay of Government officers on deputation to CPSEs and Superannuation benefits will be as per Annex.-IV.

13. **Gratuity.** The ceilling of gratuity of the executives and non-unionised supervisors of the CPSEs would be raised to Rs. 10 lakhs with effect from 1.1.2007.

14. **Company Car.** The company car would be provided to the Directors and CMDs. The Executive Directors/General Managers heading the projects of CPSEs may also be provided with the company car. For purposes of CTC, the expenditure on car provided should be excluded.

15. **Pay Revision in respect of non-unionised supervisory staff:** The revision of scales of pay for non-unionised supervisory staff may be decided by the respective Board of Directors of the CPSEs.

16. **Financial Implications:** The CPSE concerned has to bear the additional financial implications on account of pay revision from their own resources and no budgetary support will be provided.

17. **Issue of Presidential Directive, effective date of implementation and payment of allowances etc.:** The revised pay scales would be implemented by issue of Presidential Directive in respect of each CPSE separately by the concerned Administrative Ministry/Department. The revised pay scales will be effective from 1.1.2007. The payment of HRA, perks and allowances based on the revised scales will, however, be from the date of issue of Presidential Directive. The Board of Directors of each CPSE would be required to consider the proposal of pay revision based on their affordability to pay and submit the same to the Administrative Ministry/Department for approval. The concerned Administrative Ministry with the concurrence of its Financial Advisor will issue the Presidential Directive. A Copy of the Presidential Directive issued to the CPSEs concerned may be endorsed to the Department of Public Enterprises.

18. **Issue of instructions/clarifications and provision of Anomalies Committee:** The Department of Public Enterprises will issue necessary instructions/clarifications wherever required, in implementation of the above decisions. An Anomalies Committee consisting of the Secretaries of Department of Public Enterprises, Department of Expenditure and Department of Personnel & Training has been constituted to look into further specific issues/problems that may arise in implementation of Government's decision on the recommendations of 2nd PRC. Any anomaly should be forwarded will the approval of Board of Directors to the administrative Ministry/Department, who will examine the same and dispose off the issue. However, if it is not possible for the Administrative Ministry to sort out the issue, the matter may be referred to DPE, with their views, for consideration of the Anomalies Committee.

Annex. I
(*Para* 1)

REVISED SCALES OF PAY OF BOARD AND BELOW BOARD LEVEL EXECUTIVES IN CPSEs

Grade	Existing	Revised
E0	6550-200-11350	12600-32500
E1	8600-250-14600	16400-40500
E2	10750-300-16750	20600-46500
E3	13000-350-18250	24900-50500
E4	14500-350-18700	29100-54500
E5	16000-400-20800	32900-58000
E6	17500-400-22300	36600-62000
E7*	18500-450-23900	43200-66000
E8*	20500-500-26500	51300-73000
E9*	23750-600-28550	62000-80000
Grade	**Existing**	**Revised**
Director (D)	18500-450-23900	43200-66000
CMD (D)	20500-500-25000	51300-73000
Director (C)	20500-500-25000	51300-73000
CMD (C)	22500-600-27300	65000-75000
Director (B)	22500-600-27300	65000-75000
CMD (B)	25750-650-30950	75000-90000
Director (A)	25750-650-30950	75000-100000
CMD (A)	27750-750-31500	80000-125000

*E7 only in CPSEs of Schedule A, B & C.
*E8 only in CPSEs of Schedule A & B.
*E9 only in CPSEs of Schedule A.

Annex II(A)
(*Para* 5)

i) **Stagnation Increment :** The rate of stagnation increment will be 3% of the revised basic pay and executives will be allowed to draw maximum three stagnation increments, one after every two years, upon reaching the maximum of the revised pay scale provided the executive gets a performance rating of "Good" or above.

ii) **Pay Fixation on Promotion :** One notional increment equal to the increment being drawn by the executive in the pay scale, before such promotion would be granted and pay fixed in the romoted pay scale and rounded off to the next multiple of Rs. 10.

Annex II(B)
(*Para* 6)

Rates of Dearness Allowance for the employees of CPSEs following IDA pattern

Date of Dearness Allowance	Rate of Dearness Allowance (in percentage)
01.01.2007	0
01.04.2007	0.8
01.07.2007	1.3
01.10.2007	4.2
01.01.2008	5.8
01.04.2008	6.3
01.07.2008	9.2
01.10.2008	12.9

Annex III
(*Para* 11)

i) Variable Pay/Performance Related Pay:

The PRP has been directly linked to the profits to the CPSEs/units and performance to the executives. The percentage ceiling of PRP progressively increasing from junior level to senior level executives, expressed as percentage of pay are indicated below.

Grade	Percentage of Baic Pay
E-0 to E-1	40
E-2 to E-3	40
E-4 to E-5	50
E-6 to E-7	60
E-8 to E-9	70
Director (C & D)	100
Director (A & B)	150
CMD (C & D)	150
CMD (A & B)	200

For Non Unionised Supervisors, PRP as percentage of Basis Pay will be decided by the respective Board of Directors in a CPSE.

The above PRP will, however, be on the following conditions:

a) The PRP would be payable at 100% eligibility levels in case the CPSE achieves the Memorandum of Understanding (MoU) rating as "Excellent". If the CPSE's MoU is rated as "Very Good", the eligbility of PRP would be 80% of the Basic Pay. In respect of "Good" and "Fair" ratings regarding PRP the eligibility levels would be 60% and 40% respectively. However, there will be no PRP irrespective of the profitability of the CPSE, in case it is rated as "Poor".

b) The PRP would be based on physical and financial performance and will come out of profits of the CPSE, 60% of the PRP will be given with the ceiling of 3% of Profit before Tax (PBT) and 40% of PRP will come from 10% of incremental profit. Incremental profit would mean the increase in profit as compared to previous year's profit. The total PRP, however, will be limited to 5% of the year's PBT, which will be for executives as well as non unionized supervisors in a CPSE. The PRP for the year will be calculated latest by December of the following year based on the CPSEs performance as per audited accounts. The proposed PRP scheme will begin from the financial year 2007-08. There will be no incremental profit for the year 2007-08 as it will be the first year of introduction of PRP scheme. The amount available for PRP for above will be 3% of PBT of 2007-08. For the purpose of calculating the incremental profit, the starting year would be 2007-08. The Variable Pay component coming from incremental profit for the first time will be after knowing the result of CPSE's performance for the year 2008-09. Thus, this portion of PRP will be payable w.e.f. 2009-10.

ii) **Memorandum of Understanding (MoU):** Each CPSE would be required to sign the MoU with its parent Ministry/Department/holding company. The MoU rating will form the basis of PRP with all the Key Result Areas identified in the MoU. No PRP will be eligible for the CPSEs that do not enter into MoU.

iii) **Performance Management System (PMS):** Each CPSE would develop a robust and transparent Peformance Management System. CPSEs would adopt "Bell Curve Approach" in grading the officers so that not more than 10% to 15% executives are "Outstanding/Excellent". Similarly, 10% of executives should be graded as "Below Par". Some CPSEs already have a PMS and others will have to frame a robust and transparent PMS to be able to pay PRP. However, CPSEs which do not have a robust and transparent PMS till date may put in place a robust and transparent PMS by 31.03.2009. For the period 01.01.2007 and till a PMS is in place not later than 31.03.2009, the executives will be governed by the existing guidelines of DPE on PRP, which is limited to 5% of distributable profit in an enterprise.

iv) **Remuneration Committee:** Each CPSE would have Professional Boards with Independent Directors. CPSE to constitute a Remuneration Committee headed by an Independent Director. CPSE will not be eligible for PRP unless the Independent Directors are on its Boards. Remuneration Committee will decide the annual bonus/variable pay pool and policy for its distribution across the executives and Non Unionised Supervisors, within the prescribed limits.

Annex IV

(*Para* 12)

(i) **Long Term Incentives:**

All CPSEs would formulate Employees Stock Option Plan (ESOP) and 10% to 25% of the PRP should be paid as ESOPs. In order to see that Enterprises are able to operate ESOPs scheme, the concerned Administrative Ministry/Department should encourage the CPSEs coming under its control to get them listed on the Stock Exchanges.

(ii) **The concept of cost to company (CTC) in CPSEs:**

The concept of cost to Company would be introduced in all the CPSEs. The entire cost of an executive is explicitly made known by the CPSEs adopting the system of CTC for the purpose of reporting executive compensation. Pay, allowances, perquisites and retirement benefits should all be monetized and included while reporting the cost of manpower to the CPSE.

(iii) **Pay etc. of Executives of CPSEs, on deputation/transfer:**

The executives, who are brought into holding companies from subsidiary companies or vice-versa on deputation/transfer, will continue to draw their basic pay as drawn in the original company. They will, however, be entitled to draw the allowances and variable pay/performance related pay as applicable to the borrowing CPSE.

(iv) **Pay etc. of Government officers on deputation to CPSEs:**

The Government officers, who are on deputation to the CPSE, will continue to draw the salary as per their entitlement in the parent Department. Only those, who come on permanent absorption basis, will get the CPSE scales, perks and benefits.

(v) **Superannuation Benefits:**

CPSEs would be allowed 30% of Basic Pay as Superannuation benefits, which may include contributory Provident Fund (CPF), Gratuity, Pension and Post-Superannuation Medical Benefits. The CPSEs should make their own schemes to manage these funds or operate through insurance companies on fixed contribution basis. The amount of Pension, Gratuity and Post-Retirement Benefit will be decided based on the returns from the schemes to be operated. The Pension and Medical benefits can be extended to those executives, who superannuate from the CPSE and have put in a minimum of 15 years of service in the CPSE, prior to superannuation.

[DPE O.M. No. 2(70)/08-DPE(WC)-GL-XVI/08 Dated 26th November, 2008]

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7. Pay revision of CPSEs following CDA pattern in 69 Central Public Sector Enterprises- revised rates of other allowances.

Reference is invited to Department of Public Enterprises O.M. of even No. dated 14.10.2008 vide which government decision on pay revision of 69 Central Public Sector Enterprises following CDA pattern alongwith HRA and DA were communicated. It was mentioned therein that order in connection with the revision of other allowances will be issued separately.

2. Revised rates of below indicated allowances will be as per the annex indicated against each. These allowances may be allowed only to employees of those CPSEs which have been able to implement the revised pay scales as per above mentioned DPE O.M. dated 14.10.2008. These allowances may take effect from 01.09.2008.

i) Transport Allowance as given in Annex.-I.

ii) Leave Travel Concession as given in Annex. II.

iii) Travelling Allowance as given in Annex. III, IV & V.

iv) Family Planning Allowance as given in Annex.-VI.

v) Children Education Assistance and Reimbursement of Tution fee Allowance as given in Annex.-VII.

vi) Special (Duty) Allowance as given in Annex.-VIII.

vii) Bad Climate Allowance as given in Annex.-IX.

viii) Special Compensatory (Hill area) Allowance as given in Annex.-X.

ix) Scheduled / Tribal Area Allowance as given in Annex.-XI.

x) Special Compensation (Remote Locality) allowance as given in Annex.-XII.

xi) Island Special (Duty) Allowance as given in Annex.-XIII.

xii) Hard Area Allowance as given in Annex.-XIV.

xiii) Project Allowance as given in Annex.-XV.

xiv) Cash Handling Allowance as given in Annex.-XVI.

xv) Non Practicing Allowance as given in Annex. -XVII.

xvi) Encashment of Leave as given in Annex.-XVIII & XIX.

3. The benefit of revised rates/ allowances as indicated above may be allowed only to employees of the CPSEs that are not loss making and are in a position to absorb the additional expenditure on account of revised rates of the above mentioned allowances from their own resources without any budgetary support from the Government. The Board of Directors would consider the proposal of revising the rates allowances of all the employees in these CPSEs keeping in mind the affordability and capacity of the CPSE to pay and submit a proposal to its administrative Ministry / Department which will approve the proposal with the concurrence of Financial Advisor. In respect of Food Corporation of India, the concurrence of Department of Expenditure would also be required.

4. All Administrative Ministries/ Departments of the Government of India are requested to bring the foregoing to the notice of CPSEs under their Administrative control, who are following CDA pattern of scales as per DPE's O.M. dated 14.10.2008 for their information and necessary action.

[DPE O.M. No. 2(54)/08-DPE(WC)-GL-1/09 Dated 20th January, 2009]

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8. Revision of pay scales of executives of Central Public Sector Enterprises (CPSEs) w.e.f. 01.01.2007-Peformance Management system (PMS)-linkage of Performance Related Pay (PRP) with MoU rating of CPSE and performance of individual executives-regarding.

The undersigned is directed to refer this Department's O.M. of even No. dated 26.11.2008 regarding pay revision of Board level, below Board level executives and Non-Unionized Supervisiors in CPSEs w.e.f. 01.01.2007. Para (i) of Annex. III to the said O.M. provides that Performance Related Pay (PRP) has been directly linked to the profits of the CPSEs/Units and performance of the executives.

2. Illustration of methodology for implementation of PRP with reference to MoU rating of CPSE and performance rating of individual executives has been given by way of examples in para 6.2.3 (I) (ix) of the report of the 2nd Pay Revision Committee. Report of the Committee is available on the website of this Department *www.dpe.gov.in.*

3. The above methodology be followed by the CPSEs for payment of PRP for individual executives and non-unionized supervisors.

Illustration of methodology for implementation of PRP with reference to MOU Rating

(A) Case-1

(i)	Category of CPSE	A
(ii)	MOU rating	Very Good (80%)
(iii)	Share of PBT from current year's profit available for PRP (3% of PBT for 2007-08)	Rs. 10 Cr.
(iv)	Amount required for current Year PRP	Rs. 12 Cr.
(v)	Share of PBT available from incremental profit*	Rs. 2 Cr.
(vi)	Amount required for incremental PRP*	Rs. 4 Cr.

Example-1

(i)	Grade of executive	E-5 (50%)
(ii)	Basic Pay (Annual)	Rs. 4,80,000
(iii)	Performance rating	Good (60%)

	1	2(Rs)	3	4	5	6	7(Rs)
PRP from current profit	0.60	X 480000	X 0.80	X 0.50	X 0.60	X10/12	57577
PRP from incremental profit	0.40	X 480000	X 0.80	X 0.50	X 0.60	X 1/2	23100
Total PRP							80700

Example-2

(i)	Grade of executive	E-2 (40%)
(ii)	Basic Pay (Annual)	Rs. 4,20,000
(iii)	Performance rating	Outstanding (100%)

	1	2(Rs)	3	4	5	6	7(Rs)
PRP from current profit	0.60	X 420000	X 0.80	X 0.40	X 1.00	X 10/12	67173
PRP from incremental profit	0.40	X 420000	X 0.80	X 0.40	X 1.00	X 0.5	26880
Total PRP							94100

(B) Case 2

i)	Category of CPSE	C
ii)	MOU rating	Outstanding (100%)
iii)	Share of PBT from current year's profit available for PRP (3% of PBT for 2007-08)	Rs. 5 Cr.
iv)	Amount required for PRP	Rs. 3 Cr.
v)	Share of PBT available from ineremental profit*	Rs. 2 Cr.
vi)	Amount required for increlliental PRP*	Rs. 1 Cr.

Example-1

i)	Grade of executive	E-4 (50%)

ii)	Basic Pay (Annual)	Rs. 4,08,000					
iii)	Performance rating	Outstanding (100%)					
		1	2(Rs)	3	4	5	6	7(Rs)
PRP from current profit		0.60	X 408000	X 1.00	X 0.50	X 1.00	X 1.00	122400
PRP from Incremental profit		0.40 0.40	X 408000	X 1.00	X 0.50	X 1.00	X 1.00	81600
Total PRP								204000
Example-2								
i)	Grade of executive	E-6(60%)						
ii)	Basic Pay (Annual)	Rs. 4,80,000						
iii)	Performance rating	Fair (40%)						
		1	2(Rs)	3	4	5	6	7(Rs)
PRP from current profit		0.60	X 480000	X 1.00	X 0.60	X 0.40	X 1.00	69120
PRP from Incremental profit		0.40	X 480000	X 1.00	X 0.60	X 0.40	X 1.00	46100
Total PRP								115200
Example-3								
i)	Grade of executive	CMD (150%)						
ii)	Basic Pay (Annual)	Rs. 7,80,000						
iii)	Performance rating	Outstanding (100%)						
		1	2(Rs)	3	4	5	6	7(Rs)
PRP from current profit		0.60	X 780000	X 1.00	X 1.50	X 1.00	X 1.00	7,02,000
PRP from Incremental profit		0.40	X 780000	X 1.00	X 1.50	X 1.00	X 1.00	4,68,000
Total PRP								1170000

Column-1: Component of PRP (60% from Current Profit and 40% from Incremental Profit)

Column-2: Annual Basic Pay

Column-3: MOU rating (Excellent-100%, Very Good-80%, Good-60%, Fair-40%)

Column-4: Grade Incentive (E0 to E3-40%, E4 to E5-50%, E6 to E7-60%, E8 to E9-70%, E10-110%, Directors-150% for A+, A&B and 100% for C&D, CMD-200% for A+, A&B and 150% for C&D.

Column-5: Executive Performance Rating

Column-6: Ratio of Required amount to available amount

Column-7: Annual PRP Amount IS Product of Col. 1 to 6.

Note:

X: means multiplication

***: The PRP from incremental Profit will be based on the Annual Performance of the Company for 2008-09 and will be payable in 2009-10.**

[DPE O.M. No. 2(70)/08-DPE(WC)-GL IV/09 Dated 9th February, 2009]

9. 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 ôPersonal Allowanceõ until the difference 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 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 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 ceiling 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.

[DPE O.M. No. 2(70)/08-DPE(WC)-GL VII/09 Dated 2nd April, 2009]

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10. Revision of scales of pay w.e.f. 1.1.2007 for Board level and below Board level Executives and Non-Unionised Supervisors in Central Public Sector Enterprises (CPSEs)-Regarding.

The undersigned is directed to refer to this Department's O.M. of even number dated 02.04.2009 on the subject mentioned above. In this regard specific attention is invited to Paras 4 and 5 of the above-mentioned O.M.

2. The Second Pay Revision Committee (2nd PRC), in Para 6.2.3(B) in table 6.7, of their report, for the purpose of fitment method has recommended, "Basic Pay+ Stagnation increments as on 1.1.2007 (Personal Pay/Special Pay not to be included)". The Government has accepted this recommendation. In view of Government's decision, DPE O.Ms. dated 26.11.2008 and 02.04.2009 prescribed that only Basic Pay, Stagnation Increment, Dearness Pay and Dearness Allowance as on 01.01.2007 are to be considered for the purpose of fitment.

3. The Committee of Ministers constituted by the Prime Minister to look into some issues regarding pay revision of executives of CPSEs has observed that, "Justice Mohan Committee (First PRC) had not recommended any 'Protected Pay' with effect from 01.01.1997. It is also noted that for the purpose of fitment, the Second PRC had specifically recommended to include Basic Pay plus Stagnation Increments as on 01.01.2007 and recommended exclusion of the personal pay/special pay. Government has accepted this recommendation." The Committee of Ministers also concluded that, "there is no case for modifying the Government's decision."

Government has accepted the above recommendation of the Committee of Ministers as well, and orders in this regard were issued vide DPE O.M. of even number dated 02.04.2009.

4. DPE O.M. dated 26.11.2008 has, inter alia, stated that, if any extra ordinary increments(s) and/or increase in the pay in respect of executives/non unionized supervisors have been granted with retrospective effect, which affect the revision of pay as on 1.1.2007, such increments and/or increase in pay will be ignored for the purpose of fitment/pay revision."

5. It may also be mentioned that the Committee of Ministers in their report has observed that violations/ aberrations from DPE guidelines cannot be perpetuated. The Committee of Ministers has also recommended that, "If there have been any aberrations, they need to be corrected now".

6. In view of the above, the administrative Ministries/Departments should give proper attention so that the pay of individual executives and non-unionised supervisors in a CPSE as on 01.01.2007, for fitment purpose, should be calculated as per DPE guidelines issued from time to time. Any extra ordinary/unauthorized increments or increase in pay, which do not conform to the prevailing DPE guidelines should be ignored for pay revision of the executives and non-unionised supervisors. CPSEs should be instructed suitably.

[DPE O.M. No. 2(76)/08-DPE(WC) Dated 9th April, 2009]

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11. 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 becuase 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 heneceforth 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 Bard level incumbents in future may be sent to DPE accordingly.

[DPE O.M. No. 2(24)/09-DPE(WC)-GL-XIV/09 Dated 2nd June, 2009]

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12. Standard Terms and Conditions for 2007 IDA pay scales in respect of Board level executives of CPSEs.

The undersigned is directed to state that orders on revised pay scales etc. in respect of executives of CPSEs followind IDA pattern of pay scales, w.e.f. 01.01.2007 have been issued *vide* DPE O.Ms. dated 26.11.2008, 09.02.2009 and 02.04.2009. Based on the Government policy declared in these O.Ms. standard terms and conditions in respect of Board level executives of the CPSEs following IDA pay scales have been finalized by DPE. A copy of the standard terms and conditions is enclosed.

2. All proposals for pay fixation and terms & conditions of Board level executives in 2007 pay scales may be forwarded to DPE for vetting along with draft terms and conditions in the revised format.

3. Cases, where DPE has already approved the pay fixation based on 2007 IDA pay scales in respect of Board level executives of CPSEs, the terms and conditions of such Board level executive may be finalized as per the enclosed standard terms & conditions. A copy of the terms & conditions so finalized may be endorsed to DPE, by quoting the DPE's reference No. given in the pay fixation case of the respective Board level executive.

4. This issues with the approval of Secretary in this Department.

STANDARD TERMS AND CONDITIONS FOR 2007 PAY SCALES IN RESPECT OF BOARD LEVEL EXECUTIVES OF CPSEs

MINISTRY OF_____

DEPARTMENT OF_____

To

Subject:- Appointment of Shri/Smt./Kum._____ as _____, in _____terms and conditions of

Sir/Madam,

1. I am directed to convey the sanction of the President to the appointment of Shri/Smt./Kum._____ as _____in_____ w.e.f. _____ on the following terms and conditions:ð

1.1 Period: His/her appointment will be for a period of five years w.e.f._____ (date of appointment) in the first instance or till the date of superannuation or until further orders, whichever event occurs earlier and in accordance with the provisions of the Companies Act, 1956 as amended. The appointment may, however be terminated even during this period by either side on 3 months notice or on payment of three months salary in lieu thereof.

1.2 After the expiry of the first year, the performance of Shri/Smt./Kum._____ will be reviewed to enable the Government to take a view regarding continuance or otherwise for the balance period of tenure.

1.3 Headquarters: His/her headquarters will be at _____where the registered office/ headquarters of the CPSE is located. He/She will be liable to serve in any part of the country at the discretion of the CPSE.

1.4 Pay: Shri/Smt./Kum. _____will draw a basic pay of Rs._____ per month in the scale of Rs. _____ from the date of assumption of Office (*w.e.f.* date of pay revision in case appointed earlier than that).

1.5 Dearness Allowance: He/She would be paid DA in accordance with the new IDA scheme as spelt out in the DPE's O.M. dated 26.11.2008 & 02.04.2009.

1.6 Annual Increment: He/She will be eligible to draw his/her annual increment @ 3% of basic pay on the anniversary date of his appointment in the scale and further increments on the same date in subsequent years until the maximum of pay scale is reached. After reaching the maximum of the scale, one stagnation increment equal to the rate of last increment drawn will be granted after completion of every two-year period from the date he/she reaches the maximum of his/her pay scale provided he/she gets a performance rating of "Good" or above. He/She will be granted a maximum of three such stagnation increments.

1.7 House Rent Allowance: He/She will be entitled to HRA as per the rates indicated in O.M. dated 26.11.2008.

1.8 Residential accommodation and recovery of rent for the accommodation so provided.

1.8.1 Company's own accommodation: Wherever the CPSE has built residential flats in the industrial township or purchased residential flats in the cities, arrangements would be made by the CPSE to provide a suitable residential accommodation to him/her.

1.8.2 Leased accommodation: If the CPSE either in township or is not able to provide residential accommodation out of the residential flats & purchased by it in the Headquarter, suitable accommodation could be arranged by the CPSE by taking the premises on lease basis at headquarter of the company. The Boards of Directors may decide the size, type and locality of such accommodations as per DPE O.Ms. dated 05.06.2003, 26.11.2008 and 02.04.2009. For purposes of CTC, 30% of basic pay may be considered as expenditure on Housing.

1.8.3 Self-lease: If he/she owns a house at the place of his posting (Headquarter) and is desirous of taking his/her own house on self-lease basis for his/her residential purposes, the CPSE can permit him/her to do so provided he/she executes a lease-deed in favour of the CPSE. The Boards of Directors may decide the size, type and locality of such accommodations.

1.8.4 Repair/maintenance of leased accommodation: The responsibility for repair and maintenance of leased accommodation is that of the lessor. Lease rent will be allowed only for 12 months in a year and no additional amount will be provided towards repair/maintenance of leased accommodation.

1.8.5 Existing lease deeds: The lease agreement signed by the CPSE in respect of the accommodation taken on lease basis for him/her, if any prior to 26.11.2008 would not be re-opened during the pendency of the lease period. The lease money, in other words, should not be hiked till the expiry of lease period. This proviso would be applicable even if he/she had been permitted to take his/her own house on self-lease basis.

1.8.6 Office accommodation: No office accommodation at the expense of the CPSE would be provided or arranged by the CPSE at his/her residence.

1.9 Rent Recovery:

1.9.1 CPSE's township/own flats: Recovery of rent for the accommodation arranged by the company in its own township or from the pool of flats purchased by it in cities and towns and so allotted to him/her would be made at the rate of 10% of basic pay from (date of Joining) _____ or the standard rent fixed by the company whichever is lower. Where the CPSE has prescribed flat rates of recovery in respect of accommodation in its townships depending on each type of accommodation *i.e.* recovery of rent on uniform basis for each type of accommodation, then rent would be paid by him/her as prescribed by the CPSE.

1.9.2 Leased accommodation: In respect of leased accommodation arranged by the CPSE, rent would be recovered from him/her at the rate of 10% of basic pay from (date of Joining) _____ or the actual rent which ever is lower.

1.10 Conveyance: He will be entitled to the facility of staff car for private use as indicated below:

Name of the City	**Ceiling on non-duty journeys**
Delhi, Mumbai, Kolkata, Chennai Bangaluru, Hyderabad	1000KM/PM
All the other cities	750 KM/PM

Monthly rate of recovery for non-duty journeys would be as follows:

Non-air conditioned cars	**Rupees per month**
Below 16 HP	325/-
Above 16 HP	490/-
Air-conditioned cars (The Chief Executive of Schedule 'A' PSE may be allowed air-conditioned cars)	
Below 16 HP	520/-
Above 16 HP	780/-

1.11 Leave: He/She will remain subject to the Leave Rules of the CPSE.

1.12 Other Allowances/Perks: The Board of Directors will decide on the Allowances and Perks subject to a maximum ceiling of 50% of his/her basic pay as indicated in O.M. dated 26.11.2008 and 02.04.2009.

1.13 Performance Related Payment: He/She shall be eligible for approved PRP as per O.Ms. dated 26.11.2008, 09.02.2009 and 02.04.2009

1.14 Superannuation Benefits: He/She shall be eligible for superannuation benefit based on approved schemes as per O.Ms. dated 26.11.2008 & 02.04.2009.

1.15 Conduct, Discipline & Appeal Rules:

1.15.1 The Conduct, Discipline and Appeal Rules framed by the CPSE in respect of their non-workmen category of staff would also mutatis mutandis apply to him/her with the modification that the Disciplinary Authority in his/her case would be the President of India.

1.15.2 The Government also reserves the right not to accept his/her resignation, if the circumstances so warrant *i.e.* the disciplinary proceedings are pending or a decision has been taken by the competent authority

to issue a charge sheet to him/her.

1.16 Restriction on Joining Private Commercial Undertakings after Retirement/Resignation

Shri/Smt./Kum. _____ after retirement/resignation from the service of this CPSE shall not accept any appointment or post, whether advisory or administrative in any firm or company whether Indian or foreign, with which the CPSE has or had business relations, within one year from the date of his retirement/ resignation, without prior approval of the Government.

2. In respect of any other item, concerning him/her which is not covered in preceding paras, he/she will be governed by the relevant Rules/instructions of the CPSE/Government.

3. This issues with the concurrence of the Finance Division *vide* their U.O. No. _____ dated _____ and Ministry of Heavy Industries and Public Enterprises, Department of Public Enterprises (DPE) *vide* their U.O. No._____ dated _____

Yours faithfully

( )

Copy to Department of Public Enterprises, Ministry of Heavy Industries & Public Enterprises, Wage -Cell, Block No. 14, CGO Complex, Lodhi Road, New Delhi, w.r.t. U.O Note No. dated

[DPE O.M. No. 2(30)/09-DPE(WC) Dated 30th December, 2009]

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13. Pay revision of CPSEs employees following CDA pattern in 69 Central Public Sector Enterprises (CPSEs).

The undersigned is directed to refer to this Department O.M. of even No. dated 14.10.2008 and dated 20.01.2009 on the subject noted above and to enclose a copy of the Department of Expenditure O.M. No. 1/1/ 2008-IC dated 13.11.2009 for information and necessary action, for the subject mentioned CPSEs.

2. The conditions as indicated in Department of Expenditure O.M. dated 13.11.2009 and DPE's O.Ms. dated 14.10.2008 and 20.01.2009 would be strictly followed.

3. All administrative Ministries/Departments of the Government of India are requested to bring the foregoing to the notice of the CPSEs (Originally 69 CPSEs mentioned in DPE O.M. dated 12.06.1990) under their administrative control, who ae following CDA pattern of scales, for their information and necessary action.

Grant of the revised pay structre of grade pay of Rs. 4600 in the pay band PB-2 to posts that existed in the pre-revised scale of Rs. 6500-10500 as on 1.1.2006 and which were granted the normal replacement pay structure of grade pay of Rs. 4200 in the pay band PB-2.

Sixth Pay Commission recommended merger of the three pre-revised scales of Rs. 5000-8000, Rs. 5500-9000 and Rs. 6500-10500 and replaced them by the revised pay structure of grade pay of Rs. 4200 in the pay band PB-2. *Vide* para 2.2.21 (v) of its Report, the Commission recommended that on account of the merger of these 3 scales, some posts which constituted feeder and promotion grades would come to lie in an identical grade. The Commission gave specific recommendations in its Report granting higher grade pay of Rs. 4600 to some categories of these posts. As regards the other posts, the Commission recommended that it should first be seen in the posts in these 3 scales can be merged without any functional disturbance and if possible, the same should be done. Further, the Commission recommended that in case it is not possible to merge the posts in these pay scales on functional consideration, the posts in the scale of Rs.

6500-10500 being upgraded to the next higher grade in the pay band PB-2 with grade pay of Rs. 4600 corresponding to the pre-revised scale of Rs. 7450-11500. The post being upgraded from the scale of Rs. 6500-10500 should be merged with the post in the scale of Rs. 7450-11500.

2. The above recommendation of the Sixth Pay Commission were notified *vide* para (ii), Section 1 in Parts B and C of the First Schedule to the CCS (RP) Rules, 2008. While Part B of the First Schedule to the CCS (RP) Rules relates to revised pay scales for common categories of start, Part C notifies revised pay structure for certain posts in Ministries, Departments and Union Territories. The above provisions of the Rules specifically mentioned that upgradations in terms of para (ii) Section 1 may be done in consulation with Department of Expenditure, Ministry of Finance.

3. Consequent upon the Notification of CCS (RP) Rules, 2008, Department of Expenditure has received a large number of references from administrative ministries/departments proposing, upgradation of the posts which were in the pre-revised scale of Rs. 6500-10500 as on 1.1.2006 by granting them grade pay of Rs. 4600 in the pay band PB-2. The matter has been considered and it has not been decided that the posts which were granted the normal replacement pay structure of grade pay of Rs. 4200 in the pay band PB-2, will be granted grade pay of Rs. 4600 in the pay band PB-2 corresponding to the pre-revised scale of Rs. 7450-11500 *w.e.f.* 1.1.2006. Further, in terms of the aforementioned provisions of CCS (RP) Rules, in case a post already existed in the Pre-revised scale of Rs. 7450-11500, the posts being upgraded from the scale of Rs. 6500-10500 should be merged with the post in the scale of Rs. 7450-11500.

4. Accordingly, in terms of Rule 6 of CCS (RP) Rules, 2008, revised pay of Government servants in the pre-revised scale of Rs. 6500-10500 who were earlier granted grade pay of Rs. 4200 and who have already exercised their option for drawal of pay in the revised pay structure in the formal prescribed in the Second Schedule to the Rules, will be fixed again in accordance with illustration 4A annexed to CCS (RP) Rules, 2008.

5. In case of all such Government servants in the pre-revised scale of Rs. 6500-10500 who were earlier granted grade pay of Rs. 4200 and who had opted to have their pay fixed under CCS (RP) Rules, 2008, action as prescribed in this Department O.M. of even number dated 30th August, 2008 will be taken. In case a Government servant desires to revise his earlier option for coming over to the revised pay structure, he may be permitted to do so without making any reference to this Department.

6. On accout of pay fixation in the revised pay structure of grade pay of Rs. 4600 in the pay band PB-2, arrears of pay will be recalcualted and difference of arrears in respect of *the entire amount will be paid immediately.* The manner of drawal of arrears has already been indicated in this Department's O.M. of even number dated 30.8.2008.

7. Hindi version will follow.

[D/o Expenditure O.M. No.1/1/2008-IC Dated 9th September, 2010]

[DPE O.M. No.2(54)/08-DPE (WC)- GL-XVI/2010 Dated 9th September, 2010]

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14. Pay revision of CPSEs employees following CDA patter in 69 Central Public Sector Enterprises (CPSEs).

The undersigned is directed to refer to this Department O.Ms. of even No. dated 14.10.2008 and dated 20.01.2009 on the subject noted above and to enclose a copy of the Department of Personnel & Training O.M. No. 12011/04/2008-Estt. (Allowance) dated 11.09.2008 for information and necessary action, for the subject mentioned CPSEs.

2. The conditions as indicated in Department of Personnel & Training O.Ms. dated 11.09.2008 read with O.M. dated 02.09.2008 and DPE's O.Ms. dated 14.10.2008 and 20.01.2009 would be followed.

3. Further, the procedure and conditions as indicated in para '3' of DPE O.M. dated 20.01.2009 would be strictly ensured, while allowing these benefits/allowances.

4. All administrative Ministries/Departments of the Government of India are reqested to bring the foregoing to the notice of the CPSEs (Originally 69 CPSEs mentioned in DPE O.M. dated 12.06.1990) under their administrative control, who are following CDA pattern of scales, for their information and necessary action.

Subject:-Recommendations of the Sixth Central Pay Commission—Implementations of decisions relating to Special Allowance for child care for women with disabilities and Education Allowance for disabled children of Govt. employees.

Consequent upon the decision taken by the Government on the recommendations made by the Sixth Central Pay Commission for providing extra benefits to women employees with disabilities especially when they have young children and children with disability, the President is pleased to issue the following instructions:ð

(i) Women with disabilities shall be paid Rs. 1000/- per month as Special Allowance for Child care. The allowance shall be payable from the time of the child's birth till the child is two years old.

(ii) It shall be payable for a maximum of two children.

(iii) Disability means a person having a minimum Disability of 40% as elaborated in Ministry of Welfare's Notification No. 16-18/97-NI. I dated 1.6.2001. (Annexure)

(iv) The above limit would be automatically raised by 25% every time the Dearness Allowance on the revised pay structure goes up by 50%.

2. Reimbursement of Education Allowance for disabled children of Government employees shall be payable at double the normal rates prescribed. The annual ceiling fixed for reimbursement of Children Education Allowance for disabled children of Government Employees is Rs. 24000. The rest of the conditions will be the same as stipulated *vide* OM No. 12011/03/2008-Estt. (Allowance) dated 2nd September, 2008 on the subject.

3. Disability means a person having a minimum disability of 40% as elaborated in Ministry of Welfare's Notification No. 16-18/97-NI. I dated 1.6.2001. (Annexure).

4. These orders shall be effective from 1st September, 2008.

5. Insofar, as persons serving in the Indian Audit and Accounts Department are concerned, these orders issue in consultation with the Comptroller, and Audit General of India.

6. Hindi verson will follow. (DoPT O.M. No. 12011/04/2008-Estt.(Allowane) Estd. 14.09.2008)

[DPE O.M. No.2(54)/08-DPE(WC)-GL-XII/2011 Dated 13th June, 2011]

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15. Clarification on some issues regarding Performance Mangement System (PMS), Performance Related Payments (PRP) and Productivity Linked Incentive (PLI).

The undersigned is direted 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. Therefor, 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 of 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.

[DPE O.M. No.(21)/11-DPE(WC) GL-XIII/2011 Dated 6th July, 2011]

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16. Pay revision of CPSEs employees following CDA pattern in 69 Central Public Sector Enterprises (CPSEs).

The undersigned is directed to refer to this Department O.Ms. of even No. dated 14.10.2008, 20.01.2009 and 09.09.2010 on the subject noted above and to enclose a copy of the Department of Expenditure O.M. No. 10/02/2011-E.III/A dated 19.03.2012 for information and necessary action, for the subject mentioned CPSEs.

2. The conditions as indicated in Department of Expenditure O.M. dated 19.03.2012 and DPE's O.Ms. dated 14.10.2008, 20.01.2009 and 09.09.2010 would be strictly followed.

3. All administrative Ministries/Departments of the Government of India are requested to bring the foregoing to the notice of the CPSEs (Originally 69 CPSEs mentioned in DPE O.M. dated 12.06.1990) under their administrative control, who are following CDA pattern of scales, for their information and necessary action.

[DPE O.M. No.(2(54)/08-DPE(WC)-GL IX/12 Dated 8th June, 2012]

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17. Finalization of terms & conditions including pay fixation in respect of Board level executives of CPSEs, revised procedure thereof.

The undersigned is directed to state that at present the terms and conditions, including pay fixation, of Board level executives of CPSEs are finalized after vetting by DPE. In this regard para '15' of DPE O.M. dated 25.06.1999 **(Annex-I)** for 1997 pay revision and para '2' of DPE O.M. dated 30.12.2009 **(Annex-II)** standard terms & conditions for 2007 pay revision may be referred to. As per present procedure, the concerned Ministries/Departments propose the terms & conditions, including pay, to be fixed for the Board level executives of the CPSEs under their administrative control, with the approval of their Integrated Finance Wing (IFW), and refer the proposal to DPE. DPE while vetting the proposal ensures that it is as per the extant policy being followed uniformally in all CPSEs. Although the guidelines of DPE regarding terms & conditions, including pay fixation, have been simplified and are available on DPE website, it is noticed that the entire process takes considerable time in finalization. In order to reduce the time taken in issuing terms & conditions of Board level executives of CPSEs, the present procedure has been reviewed, and after due consideration a need is felt to revise it.

2. In CPSEs 96% (approx.) of the employees are on Industrial Dearness Allowance (IDA) pattern of pay scale and the remaining are on Central Dearness Allowance (CDA) pattern of pay scale. Almost all Board level appointees are on IDA pattern pay scale and they are inducted on a fixed tenure basis.

3. All appointments in CPSEs are on a permanent absorption basis. In rare and exceptional cases employees are appointed on deputation. Only in cases where a person from Government service, including Defence services, joins a CPSE on a permanent absorption basis, there is a need to protect his/her emoluments (Basic Pay + Grade Pay + DA). Pension, if any, drawn on account of service rendered in Government is regulated as per DoPT orders. As per Annexe-IV (iv) referred to in para 12 of DPE O.M. dated 26.11.2008 **(Annex-III),** which relates to 2007 pay revision of IDA employees, all deputationists shall have to draw their parent cadre pay and allowances. All those who join a CPSE on deputation after 26.11.2008 cannot opt for CPSE pay scales, and have to draw their parent cadre pay and allowances, and are governed by the provisions contained in DPE O.M. dated 26.11.2008 and 08.06.2009 **(Annex-IV).** However, an exception has been made in the case of CVOs and other officers on deputation to the Vigilance Department of CPSEs who have been given the option to draw CPSE pay scale, allowances and other benefits vide DPE O.M. dated 03.12.2010 **(Annex-V)**.

The standard terms & conditions for those joining on deputation may be seen at **Annex-VI.** Officers of the level of Joint Secretary and above are not entitled for deputation duty allowance (**Annex-VII).**

4. CPSEs are following different IDA pay scale (*i.e.* as per pay revision in the years 1987, 1992, 1997 and 2007) based on their affordability. Besides, CPSEs are also classified into A, B, C and D Schedules. CPSEs placed in a lower schedule may subsequently get upgraded to a higher schedule. While the scale of pay for each grade for below Board level executives is identical across all CPSEs, the scale of pay in respect of Board level executives vary according to the schedule of the CPSE. Board level executives of a CPSE in a higher schedule enjoy a higher pay scale. The scales of pay of Board level executives in the 1987, 1992, 1997 and 2007 pay scales may be seen at **(Annex-VIII).** The terms & conditions of Board level executives are specific to the pay scales of each CPSE depending on its schedule. The standard terms & conditions in respect of 2007 pay revision are available on DPE website. While the scale of pay of a Board level executive will depend upon the schedule of the CPSE, the pay fixation could vary depending on the following variations.

(A) Appointment from Board level to Board Level

(i) Within same CPSE (Appendix-example 1)

(ii) Between different CPSEs (of the same schedule and with the same pay scales) (Appendix-example 1)

(iii) Between different CPSEs (of different schedules but the same pay scales) (Appendix-example 2)

(iv) Between different CPSEs (of the same schedule but in different pay scales) (Appendix-example 3)

(v) Between different CPSEs (of the different schedules and in different pay scales) (Appendix-example 4)

(B) <u>Appointment from Below Board level to Board Level</u>

(i) Within the same CPSE (Appendix-example 5)

(ii) Between different CPSEs (of the same schedule and with the same pay scales) (Appendix-example 5)

(iii) Between different CPSEs (of different schedules but the same pay scales) (Appendix-example 6)

(iv) Between different CPSEs (of the same schedule but in different pay scales) (Appendix-example 7)

(v) Between different CPSEs (of different schedules and in different pay scales) (Appendix-example 8)

(C) Employees coming from Government Service to CPSE at Board level on permanent absorption, and other cases of dissimilar pay scales.

Dissimilar cases are generally those where an executive moves from a higher pay scale to a lower pay scale. Cases of Government employees joining CPSEs at Board level posts on permanent absorption basis, and cases of fixation of pay on posting in a CPSE with lower (pre-revised) pay scale are examples which fall in this category. DPE OM dated 05.03.2010 **<u>(Annex IX)</u>**, deals with protection of emolments in such cases (Appendix, example 9).

5. While fixing the pay of Board level executives of CPSEs, the following points will have to be taken into consideration:-

(i) The last pay drawn by the incumbent should have been drawn as per DPE guidelines. If any stagnation increments were given to the executive, either in 1997 or in 2007 pay revision, the same should have been granted only after reaching the maximum of the prescribed scale and once in two years, with a maximum of three such stagnation increments only. It may be clarified that there was no such concept of stagnation increment in 1987 and 1992 pay revisions.

(ii) Any Personal Pay, Special Play, additional increment(s), or any increase in pay granted in any pay scales are not to be taken into consideration for pay fixation as they are aberrations from DPE O.Ms. Similarly, no such benefits can be extended after 2007 Pay Revision. No amount can be given as pay which is in contravention of the approved pay scales. However, protection of emoluments as specified in para 4 (C) above is permissible vide DPE O.M. dated 05.03.2010. Flexibility in grant of benefits is restricted to different forms of Perks & Allowances, Superannuation benefits, PRP, within the parameters laid down in DPE O.Ms. dated 26.11.2008, 09.02.2009 and 02.04.2009.

(iii) Increment, if any, due on 01.01.2007 should be granted first in the pre-revised scale (1997 pay revision) and only thereafter should fitment be granted, and pay fixed in the revised scale as on 01.01.2007 (Appendix, example 10).

(iv) Stagnation increment will be permissible only after reaching the maximum of the scale. As there are no fixed stages of increment in 2007 pay scale, the last increment due in a scale before reaching the maximum of the scale, may be less than 3%. Stagnation increment will be provided once after every two years, and there can be a maximum of three stagnation increments in a grade (Appendix, example 11).

(v) On appoint to dissimilar pay scales, for example from 2007 to 1997). There would be no notional increment on pay fixation in such situations, but only protection of emoluments (refer Appendix, examples 3, 4, 7, 8 and 9).

(vi) As per the formula for fixation of pay in 2007 pay scales, the pay is fixed by adding one notional increment equal to the increment being drawn in the pay of the lower scale and pay fixed in the higher scale by rounding off the amount to the next 10 rupees. If the amount so arrived at is less than the minimum of the higher scale then the pay will be fixed at the minimum of the higher scale, and if the amount so arrived at is more than the maximum of the scale then the pay will be fixed at the maximum of the scale. (Appendix, example 12)

(vii) On promotion, the pay fixed should not exceed the maximum of the scale to which the exmployee is promoted.

(viii) Unlike 1997 pay scales, which had fixed increment and defined stages, there are no pre-determined fixed stages of increment in the 2007 pay scales. (Appendix, example-13)

(ix) Benefit of bunching of increment would be provided in terms of para 2 (iii) of DPE O.M. dated 26.11.2008 read with para 3 (i) of DPE O.M. dated 24.09.2010 (Appendix, example 14), while benefit of stepping up of pay would be provided in those cases covered in DPE O.M. dated 27.11.2012 (Appendix, example 15).

(x) All perks and allowances admissible to executives, which have a Cost to the Company (CTC) would be within the ceiling of 50% of basic pay of individual executives. Only four specified allowances (para 10 of O.M. dated 26.11.08 refers) have been kept outside this ceiling. All other perks & allowances are to be kept within the limit of 50% (in this regard DPE O.Ms. dated 02.04.2009, 01.06.2011 and 29.06.2001 also refer, **Annex X, XI, XII).**

6. Some Board level executives in CPSEs are re-employed Government pensioners. They would be allowed to draw pay only in the prescribed pay scale of the post in which they are re-employed. No protection of the pay of the post held by them prior to re-employment would be given. In all such cases of re-employement at Board level posts in CPSEs, the initial pay shall be fixed at the minimum of the pay scales as applicable to the post in the concerned CPSE. The pension admissible to the retired would be substracted from admissible pay. The fixation of pay of re-employed pensioners at Board level in CPSEs will be governed by provisions of DPE O.M.s issued from time to time. In case of any difficulty in fixation of pay of Board level executive in CPSE, who happen to be re-employed Government pensioners pay fixation results in an unviable financial proposition, administrative Ministry/Department may refer such case to DPE for advice.

7. In case a person from a private organization is appointed in a CPSE, his/her pay would be fixed at the minimum of the prescribed pay scale without any pay protection.

8. The following DPE O.Ms. are also annexed for ready reference, which are self-explanatory:ð

S.No.	Date of Issue	Subject	Annex.
i.	14.03.2002	Fixation of Pay of Board Level Executives	XIII
ii.	24.09.2010	Bunching of increments to Board Level-Leave Encashment during service and on superannuation	XIX
iii.	03.06.2011	Fixation of Pay of Board Level-% rate of Notional/Stagnation increment	XV
iv.	27.11.2012	Stepping up the pay of a CMD/MD in a CPSE in special circumstances	XVI

9. 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-uninized supervisors of CPSEs. However, the date of accrual of next increment in respect of Board level executives of CPSEs, who are contractual appointees and appointed on fixed tenure basis, will be the anniversary date of their appointment as already provided in DPE model terms and conditions pertaining to them. The date of annual increment in

respect of below Board level executives of CPSEs would be as per rules and regulations of the respective CPSEs.

10. As required vide DPE O.Ms. dated 15.05.2008 and 08.08.2012 (Annex-XVII & XVIII), the CPSE shall secure a Bond from the incumbent for an appropriate sum of money payable by him/her as damages for any violation of the restrictions imposed on him/her regarding his/her joining private commercial undertakings after retirement. Standard terms & conditions would stand mofidied to include the requirement of this Bond.

11. DPE does not vet/finalize the terms & conditions of CVOs in CPSEs. This practice would continue.

12. It is observed that IFW of concerned administrative Ministry/Department invariably examines and approves the terms & conditions including pay fixation case of a Board level executive, before sending it to DPE for vetting. As stated in para 1 above, there is a need to review the present procedure in order to minimize the time taken in finalization of the terms & conditions, including pay fixation cases of Board level executives of CPSEs. It is, therefore, decided that henceforth, the practice of sending the proposals for pay fixation and terms & conditions of appointment of Board level executives of CPSEs for vetting by DPE will be discontinued. All proposals for framing the terms & conditions, including pay fixation, of Board level executives of all CPSEs, will be finalized by their respective administrative Ministries/Departments with the concurrence of their IFW. Consequently, Para 3 of Standard Terms & Conditions for 2007 Pay Scales in respect of board level executives of CPSEs circulated vide DPE O.M. dated 30.12.2009 (Annex II) and Para 2 of Annex-VI regarding Standard Terms & Conditions for those joining on deputation and similar clauses under 1987, 1992 and 1997 stand modified accordingly.

13. In case of any difficulty, or need for clarification, in the implementation of the above provisions, reference may be made to DPE along with all relevant documents through the administrative Ministry/Department, with the approval of an officer not below in the rank of Joint Secretary and with the concurrence of the IFW.

14. This mechanism of finalization of Terms & Conditions including pay fixation in respect of Board level executives by respective administrative Ministry/Department as provided in para 12 above will be reviewed by DPE after one year.

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

APPENDIX

Examples

1. Appointment from a Board level post to another Board level post (like appointment from Director's post to CMD) with in the same CPSE, or a different CPSE, but within the same schedule and same pay scales of same pay revision. [Para 4 (A) (i), and (ii) refer].

Lower post prior to appointment	Director, Schedule óAô
Lower scale	Rs 75000-100000
Basic Pay in lower scale as per LPC	Rs 90000
Higher Post after appointment	CMD, Schedule óAô
Higher scale of the appointed post	Rs 80000-125000
Pay fixation in the higher scale on selection as CMD	
Pay plus one national increment @ 3%	Rs 2700
Pay to be fixed in the higher scale on	Rs 92700 (90000+2700)
Promotion (Pay + one national increment	

2. **Appointment from a Board level post to a Board level post in a different CPSE in different schedule but same pay scales of same pay revision. [Para 4 (A) (iii) refer]**

Lower post prior to appointment	Director in Schedule óAô*
Lower scale	Rs 75000-100000
Pay in lower scale	Rs 80000
Higher post after appointment	CMD in Schedule óBô CPSE*
Scale of pay in schedule óBô CPSE	Rs 75000-90000
Pay as CMD schedule óBô	Rs. 80000

*It can be vice-versa also i.e. from a CMD in schedule óBô CPSE to a Director in schedule óAô CPSE.

(i) No change in basic pay as the scale of pay of CMD schedule óBô is lower than that of Director schedule óAô.

(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 duriang 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 pay scales of different pay revisions but same schedule. [Para 4 (A) (iv) and (C) refer]**

Lower post prior to appointment	Director in 2007 pay scale, Schedule óAô
Lower scale	Rs 75000-100000
Pay in lower post	Rs 80000/-
Higher Post after appointment	CMD in 1997 pay scale Schedule óAô CPSE
Scale of pay of CMD in 1997 scale	Rs 27750-750-31500
Plus DA (%)	Rs 80000+DA=X
Maximum of the pay scale to which promoted	Rs 31500/-
Emoluments to be protected	Rs 31500+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.

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 in difference schedule. [Para 4 (A) (v) and (C) refer]**

Lower Post prior to appointment	Director in 2007 pay scale, Schedule óBô
Lower scale	Rs 65000-75000
Pay in lower post	Rs 70000/-
Higher Post after appointment	CMD in 1997 pay scale Schedule óAô CPSE
Scale of pay of CMD in 1997 scale	Rs 27750-750-31500
Plus DA (%)	Rs 70000+DA=X
Mixumum of the pay scale to which promoted	Rs 31500/-
Emoluments to be protected	Rs 31500+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 below Board level post to a Board level post within the same CPSE or different CPSE but within the same schedule and same pay scales of same pay revision. [Para 4 (B) (i) and (ii) refer]**	
Lower Post prior to appointment	Executive Director (E-9), Schedule óAô
Lower scale	₹ 62000ð 80000
Pay in the lower scale	₹ 78000
Higher Post after appointment	CMD, Schedule óAô
Higher scale of the appointment post	₹ 80000ð 125000
Pay fixation in the higher scale on selection as CMD Basic Pay in lower scale	₹ 78000
Plus one notional increment @ 3%	₹ 2340
Pay in the higher scale on promotion (Pay+one notional increment)	₹ 80340 (78000 + 2340)
6. **Appointment from a below Board level post to a Board level post in different CPSE in different schedules but same pay scales of same pay revision. [Para 4 (B) (iii) refer]**	
Lower Post prior to appointment	General Manager (E-8) (Sch-A)
Lower scale	₹ 51300ð 73000
Pay in the lower scale	₹ 69000
Higher Post after appointment	CMD in Schedule óCô CPSE
Scale of pay in schedule óCô CPSE	₹ 65000ð 75000
National increment @ 3%	₹ 2070
Pay as CMD schedule óCô (Pay+one notional increment)	₹ 71070 (69000+2070)
7. **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. [Para 4 (B) (iv) and (C) refer]**	
Lower Post	General Manager (E-8), (Schedule óBô) (2007)
Lower scale prior to appointment	₹ 51300ð 73000
Pay in the lower scale	₹ 58000
Higher Post after appointment	Director (Schedule B) (1997)
Higher scale of the appointed post	₹ 22500-600-27300
Pay in the higher scale on selection of Director	
Basic Pay in lower scale	₹ 58000
No notional increment as it is dissimilar, only emoluments will be protected Pay+DA	₹ 58000+DA=X
Maximum of the scale to which promoted	₹ 27300
Emoluments to be protected	₹ 27300+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.

8. **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. [Para 4 (B) (v) and (C) refer]**	
Lower Post prior to appointment	General Manager (E-8), (Schedule óBô) (2007)
Lower scale	₹ 51300ð 73000
Basic pay in the lower scale	₹ 60000
Higher Post after appointment	Director (Schedule A) (1997)
Higher scale of the appointed post	₹ 25750-650-30950
Pay in the higher scale on selection of Director	
No notional increment as it is dissimilar, only emoluments will be protected	Pay+DA ₹ 60000+DA=X
Maximum of the scale to which promoted	₹ 30950
Emoluments to be protected	₹ 30950+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. **Employees coming from Government, for example if a Joint Secretary is appointed as CMD of a schedule 'B' CPSE on permanent absorption. [Para 4 (C) refer]**	
Joint Secretary, GoI	₹ 37400ð 67000
Basic	₹ 67000
Grade Pay	₹ 10000
CMD, Schedule óBô(2007 pay scale)	₹ 75000ð 90000
Pay fixation	₹ 67000+Grade Pay+DA=X ₹ BP in CMD scale of pay+DA=X However, Basic pay would not exceed the maximum of the CPSE pay sale 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.

10. **Pay fixation on 2007 pay revision if increment date is 01.01.2007 [Para 5 (iii) refers]**	
Basic Pay as on 31.12.2006	₹ 16800
Scale	₹ 16000-400-20800
Date of increment	01.01.2007
Effective date of pay revision	01.01.2007
Increment due on 01.01.2007 in pre-revised scale to be granted ₹ 400	
Pay fixation formula=Basic pay in pre-revised scale+one increment+DA (78.2%)+fitment (30%)	
Pay fixation ₹16800+400+DA (78.2%)+fitment (30%) ₹39850	

11. **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 [Para 5 (iv) refers]**

Basic Pay as on 31.12.2008	₹ 57500
Scale	₹ 32900ð 58000
Date of next increment	1st January, 2009
Next increment	3% of ₹ 57500 or (₹ 58000-57500) which is less = ₹ 500
Pay after granting increment	₹ 58000 (Maximum of scale)
Next increment	3% of ₹ 58000
Next increment date	01.01.2011 (as stagnation increment)

12. **Pay fixation if the amount arrived at after providing a notional increment is more than the maximum of the scale. [Para 5 (vi) refers]**

Lower Post prior to appointment	E-8
Lower scale	₹ 51300ð 73000
Higher Post after appointment	Director in schedule óBô
Higher scale of the appointment post	₹ 65000ð 75000
Pay in the lower post	₹ 75190 (after grant of one stagnation increment)
Plus one notional increment @ 3%	₹ 75190+3%=77450 (rounded off)
Pay to be fixed	₹ 75000 i.e. maximum of the scale

13. **In the scale of pay Rs. 12600-32500 (E0 grade-2007 pay scales) there are no stages like Rs. 12980, 13370 etc. Therefore, whle fixing the pay in the 2007 pay scales, the aggregate amount calculated as per Para 2(i) of O.M. dated 26.11.2008 would be rounded off to the next ten rupees and pay fixed in the corresponding revised pay scale. [Para 5 (viii) refers]**

14. **Benefit of bunching of increments on 2007 pay revision on pay fixation for revised 1997 scale to 2007 pay scale:** The benefit of bunching, as per DPE O.M. dated 26.11.2008 read with O.M. dated 24.09.2010, will be admissible only if two executives in the same grade in same CPSE were at different stages in the 1997 pay scales as on 01.01.2007 and on pay fixation in the 2007 pay scales get fixed at the same stage (minimum of scale). In such a case for every two stage difference in 1997 scale, the senior would get one bunching increment [Para 5 (ix) and Annex XIV refer] as under:ð

Pay scale of Director in schedule óAô CPSE in 1997 pay scale	₹ 25750-650-30950
Pay scale of Director in schedule óAô CPSE in 2007 pay scale	₹ 75000-100000
Basic pay of Director óXô in 1997 pay scale as on 01.01.2007 in CPSE Z	₹ 30300
Basic pay of Director óYô in 1997 pay scale as on 01.01.2007 in same CPSE i.e. Z	₹ 26400
Basic pay of Director óXô in 2007 pay scale after pay revision as on 01.01.2007	₹ 75000
Basic pay of Director óYô in 2007 pay scale after pay revision as on 01.01.2007	₹ 75000

Benefit of bunching to Director óXô who is senior to óYô No. of increments drawn more than the junior in 1997 scale	6: (30300-26400/650)
No. of bunching increment provided in 2007 scale to Director óXô	3 @ ₹ 75000 minimum of the revised scale (@ 75000x3%=2250x3)
Pay of Director óXô to be fixed in 2007 pay scales after providing benefit of bunching to Director óXô ₹ 81750/- (₹ 75000+6750)	

15. **No benefit of bunching of increments in case of CMD/MD of a CPSE from 1997 to 2007 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 óXôof óZôCPSE who was junior to a CMD/MD of óZô CPSE, and Director óXô was drawing a lower basic pay in 1997 pay scale (as on 01.01.2007) draws higher basic pay than his CMD/MD on 2007 pay revision as on 01.01.2007, (because of the reasons of getting the benefit of bunching), the pay of a CMD/MD of a óZôCPSE may be stepped up [para 5 (ix) and Annex XVI refer] to the level of that Director óXôas on 01.01.2007 as under:-

Pay scale of Director óXôin óZôCPSE in 1997 pay scale in schedule óAôCPSE	₹ 25750-650-30950
Pay scale of CMD in óZôCPSE in 1997 pay Scale of schedule óAôCPSE	₹ 27750-750-31500
Basic pay of Director óXôin 1997 pay scale as on 01.01.2007	₹ 30300
Basic pay of CMD in 1997 scale as on 01.01.2007	₹ 31500
Pay of Director in 2007 pay scale fixed after allowing the benefit of bunching (as on 01.01.2007) {also see example 14 above}	₹ 81750
Pay of CMD in 2007 pay scale as on 01.01.2007 in normal case	₹ 80000
Pay of CMD with stepped up revised pay in view of Director óXôof óZôCPSE, as on 01.01.2007 Rs. 81750	

[DPE O.M. No. 2(34)/2012-DPE(WC)-GL-XX/12 Dated 14th December, 2012]

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18. Clarifications regarding Introduction of Pension Scheme and Post Superannuation Medical Benefits in CPSEs

The undersigned is directed to refer to this Department OM No. 2(70)/08-DPE (WC) dated 26.11.2008 and 2(70)/08-DPE (WC) dated 2.4.2009 regarding pay revision of executives and non-unionized supervisors of CPSEs w.e.f. 1.1.2007 which inter-alia provides guidelines regarding Superannuation benefits including Pension and Post Superannuation Medical Benefit Scheme of the CPSEs. DPE has been receiving certain queries in this regard. The following clarifications may be kept in mind while finalizing the Pension and Post Superannuation Medical Benefit Scheme of the CPSEs:ð

i) The condition of 30% of Basic Pay + DA for superannuation benefits as prescribed in DPE

O.Ms. dated 26.11.2008 and 02.04.2009 and as amended from time to time, are to be followed strictly.

ii) These schemes (pension and post-superannuation medical benefits) would be subject to the factors like affordability, capacity to pay and sustainability of the CPSE.

iii) Government budgetary support would not be provided to operate these Schemes.

iv) It is to be ensured that by implementing the 2007 pay revision, which would include these two schemes, the dip in Profit Before Tax (PBT) for the year 2007-08 should not exceed 20% in respect of executives & non-unionized supervisors of CPSE.

v) Since the effective date of 2007 pay revision in CPSE is 01.01.2007, the proposed scheme(s) may be introduced w.e.f. 01.01.2007 or a subsequent date for the regular employees who were on the rolls of CPSE as on that date and for the employees recruited thereafter. If a regular employee does not want to contribute to the proposed scheme, he/she should have an option.

vi) Contribution of CPSE to these schemes is limited to such extent that the contribution to the total superannuation benefits which include PF and Gratuity also is limited to 30% of Basic pay plus DA. This may be reviewed every year based on the profitability/affordability of the CPSE. Contribution every year by CPSE should not be guaranteed for these two schemes.

vii) An employee should have put in a minimum of 15 years service rendered in continuity in CPSE(s) at the time of superannuation, and benefits would be allowed by a CPSE from where the incumbent has superannuated.

viii) The services rendered in the Government prior to joining CPSE would not count for the purpose of computation of total service in a CPSE required for availing the benefits of this scheme.

ix) As regards Board level executives, who are contractual appointees, they too can enjoy the benefits under these schemes provided their total period of service rendered in continuity in CPSE(s) including the period at Board level in a CPSE is not less than 15 years, at the time of superannuation.

x) In the event of any employee resigning from the services of CPSE and joining another CPSE having broadly similar schemes, the entire amount of employer's and employee's contribution along with interest accrued thereon can be transferred to such CPSE. However, employees who resign from CPSE to join another CPSE, not having similar schemes, or any organization not being a CPSE (irrespective of whether such scheme exists in that organization), shall not be allowed the benefit of transferring their accumulated fund under these schemes. However, the employee's contribution along with accrued interests shall be refundable to the employee.

xi) Benefits of the schemes should not be extended to employees posted on deputation to CPSE from Central/State Government.

xii) In case a regular member of the scheme dies/becomes permanently disabled & incapacitated, leading to cessation of his/her service, before putting in 15 years of service in a CPSE prior to superannuation, he/she may be given the benefits as admissible under these schemes.

xiii) Cases of VRS/VSS for which specific scheme have been framed would be examined in terms of such specific schemes of VRS/VSS of the Government applicable in respect of employees of CPSEs. Benefits under these schemes would not accrue to VRS/VSS optees automatically.

xiv) At the time of superannuation, an employee may opt for Annuities from any of the designated Annuity Saving Service Providers to provide the pension and/or post retiral medical benefits.

xv) The admissibility of benefits under these schemes to the employees against whom disciplinary proceedings are pending at the time of superannuation is to be regulated as per the Conduct, Discipline & Appeal Rules of the CPSE.

xvi) In cases of resignation (excluding resignation covered under 'technical formality clause') and compulsory retirement, removal, dismiscal because of disciplinary proceedings, the annuity would be based only on member's contributions, if any, and interest thereon.

xvii) DPE OMôs dated 08.07.2009 and 20.07.2011 related to the creation of a Corpus for the CPSE employees who retired before 01.01.2007. There is, thus, no link between pension and post-superannuation medical benefit schemes and the corpus mentioned in O.Ms. dated 08.07.2009 and 20.07.2011.

xviii) These schemes will be under a "defined contribution scheme" and not under a "defined benefit scheme". Subject to the contribution made by the CPSE within the prescribed ceiling, and based on affordability, the benefit to the individual executive would be determined based on the accumulated amount.

xix) There should be no provision of 'commutation', since provision of pension in 2007 pay revision guidelines was introduced so that employees have a social security and would get a substantial monthly pension after superannuation.

[DPE O.M. No. W-02/0017/2014-DPE-(WC)-GL-XI/14 Dated 21st May, 2014]

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19. Clarifications regarding Introduction of Pension Scheme and Post Superannuation Medical Benefits in CPSEs.

The undersigned is directed to refer to this Department OM of even number dated 21.05.2014 on the above subject and to state that para (xix) in the said OM may be read as under:

"In case of Pension Scheme, ideally there should be no provision of 'commutation' since the provision of pension in 2007 pay revision guidelines was introduced so that employees have social security and get substantial monthly pension after superannuation".

2. All other provisions of the said OM remain same.

[DPE O.M. No. W-02/0017/2014-DPE-(WC)-GL-IX/15 Dated 24th June, 2015]

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20. Superannuation Benefits Schemes for employees of CPSEs - clarification regarding Technical Formality

The undersigned is directed to refer to this Department's OM of even number dated 21.05.2014 regarding clarification of Pension and superannuation Medical Benefits Scheme in CPSEs.

2. Para xvi) of the said OM specifies that in cases of resignation (excluding resignation covered under "technical formality clause") and compulsory retirement, removal, dismissal because of disciplinary proceedings,

the annuity would be based only on member's contributions, if any, and interest thereon. However, the meaning of the term 'Technical Formality clause' has not been clarified in the said O.M.

3. Resignations under 'Technical Formality clause' includes resignations in cases where a Central Public Sector Enterprises (CPSE) employee has applied for a post in the same or other CPSE through proper channel and on selection to the said post, is required to resign the previous post for administrative reasons. Resignation submitted for other reasons or if competent authority has not allowed him to forward his application through proper channel is a resignation and benefit of past service will not be admissible.

4. The above clarification is only for the purposes of Superannuation Benefits Schemes implemented in CPSEs in light of DPE's OM dated 26.11.2008 and 21.05.2014 and subsequent DPE guidelines on Superannuation Benefits Schemes.

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

[DPE O.M. No.W-02/0017/2014-DPE (WC)-GL-IV-17 Dated 1st February, 2017]

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21. Pay Revision of Board level and below Board level Executives and Non-Unionised Supervisors of Central Public Sector Enterprises (CPSEs) w.e.f. 01.01.2017.

The last revision of the scale of pay of Board level and below Board level Executives and Non-Unionized Supervisors of Central Public Sector Enterprises (CPSEs) was made effective from 01.01.2007 for a period of 10 years. As the next Pay Revision became due from 01.01.2017, the Government had set up the 3rd Pay Revision Committee (PRC) under the chairmanship of Justice Satish Chandra (Retd.) to recommend revision of pay and allowances for above categories of employees following IDA pattern of pay scales with effect from 01.01.2017. The Government, after due consideration of the recommendations of the 3rd PRC have decided as follows:

2. **Revised Pay Scales: -** The revised Pay scales for Board and below Board level executives would be as indicated in Annexure-I.There will be no change in the number and structure of pay scales and every executive has to be fitted into the corresponding new pay scale. In case of CPSEs which are yet to be categorized, the revised pay scales as applicable to the Schedule 'D' CPSEs would be applicable.

3. **Affordability:**The revised pay scales would be implemented subject to the condition that the additional financial impact in the year of implementing the revised pay-package for Board level executives, Below Board level executives and Non-Unionized Supervisors should not be more than 20% of the average Profit Before Tax (PBT) of the last three financial years preceding the year of implementation.

Fitment Benefit:

(i) In case additional financial impact in the year of implementing the revised pay-package of a CPSE is within 20% of average PBT of last 3 years, a uniform full fitment benefit of 15% would be provided.

(ii) If the additional financial impact in the year of implementing the revised pay-package is more than 20% of the average PBT of last 3 Financial Years (FYs), then the revised pay-package

with recommended fitment benefit of 15% of BP+DA should not be implemented in full but only partly, as per the part-stages recommended below:ð

Part stages	Additional financial impact of the full revised pay package as a % of average PBT of last 3 FYs	Fitment benefit (% of BP+DA)
I	More than 20% but upto 30% of average PBT of last 3 FYs	10%
II	More than 30% but upto 40% of average PBT of last 3 FYs	5%

No fitment or any other benefit of pay revision will be implemented in the CPSEs where the additional financial impact of the revised pay package is more than 40% of the average PBT of last 3 financial years.

(iii) At the time of implementation of pay revision, if the additional financial impact after allowing full / part fitment exceeds 20% of the average PBT of last 3 years, then PRP payout / allowances should be reduced so as to restrict impact of pay revision within 20%.

(iv) Subsequent to implementation of pay revision, the profitability of a CPSE would be reviewed after every 3 years and

a) if there is improvement in the average PBT of the last 3 years, then full pay package/ higher stage of pay package would be implemented while ensuring that total additional impact (sum total of previously implemented part pay package and proposed additional package) stays within 20% of the average of PBT of last 3 years

b) if the profitability of a CPSE falls in such a way that the earlier pay revision now entails impact of more than 20% of average PBT of last 3 year, then PRP/ allowances will have to be reduced to bring down impact

3. **Methodology for pay fixation:** To arrive at the revised Basic Pay as on 1.1.2017 fitment methodology shall be as under:

A		B		C		D [Revised BP as on 1.1.2017]*
Basic Pay + Stagnation increment(s) as on 31.12.2016 (Personal Pay / Special Pay not to be included)	+	Industrial Dearness Allowance (IDA) @ 119.5% as applicable on 1.1.2017 (under the IDA pattern computation methodology linked to All India Consumer Price Index (AICPI) 2001=100 series)	+	15 %/10%/5% of (A +B)	=	Aggregate amount rounded off to the next Rs. 10/-

**In case revised BP as on 1.1.2017 arrived so is less than the minimum of the revised pay scale, pay will be fixed at the minimum of the revised pay scale.*

4. **Pay revision in respect of Non-unionized Supervisors of CPSEs:** The revision of scales of pay for Non-unionized Supervisory staff would be decided by the respective Board of Directors.

5. The applicability of affordability clause in respect of certain types of CPSEs is given at **Annexure II**

6. **Increment:-** A uniform rate of 3% of BP will be applicable for both annual increment as well as promotion increment. The details regarding Stagnation Increment and Bunching of pay are given at Annexure-III (A)

7. **Dearness Allowance:** 100% DA neutralization would be continued for all the executives and non-unionised supervisors, who are on IDA pattern of scales of pay w.e.f. 01.01.2017. Thus, DA as on 01.01.2017 will become zero with link point of All India Consumer Price Index (AICPI) 2001=100, which is 277.33 (Average of AICPI for the months of September, October & November, 2016) as on 01.01.2017. The periodicity of adjustment will be once in three months as per the existing practice. The quarterly DA payable from 01.01.2017 will be as per new DA given at **Annexure-III(B).**

8. **House Rent Allowance (HRA)/Lease Accommodation and House Rent Recovery (HRR):** Separate guidelines would be issued later on these allowances. Till then, the existing allowance at the existing rate may be continued to be paid at pre-revised pay scales.

9 **Perks & Allowances:** The Board of Directors of CPSEs are empowered to decide on the perks and allowance admissible to the different categories of the executives, under the concept of 'Cafeteria Approach', subject to a ceiling of 35% of BP. Under the concept of 'Cafeteria Approach' the executives are allowed to choose from a set of perks and allowances. The recurring cost incurred on running and maintaining of infrastructure facilities like hospitals, colleges, schools etc. would be outside the ceiling of 35% of BP. As regards company owned accommodation provided to executives, CPSEs would be allowed to bear the Income Tax liability on the 'non-monetary perquisite' of which 50% shall be loaded within the ceiling of 35% of BP on perks and allowances.

10. **Certain other perks & Allowances:** Separate guidelines would be issued on location based Compensatory Allowance, Work based Hardship Duty Allowances and Non-Practicing Allowance. Till then the existing allowances at the existing rate would continue to be paid at the pre-revised pay scales.

11. **Performance Related Pay (PRP):-** The admissibility, quantum and procedure for determination of PRP has been given in Annexure- IV. The PRP model will be effective from FY 2017-18 and onwards. For the FY 2017-18, the incremental profit will be based on previous FY 2016-17. The PRP model will be applicable only to those CPSEs which sign Memorandum of Understanding(MOU),and have a Remuneration Committee (headed by an Independent Director) in place to decide on the payment of PRP within the prescribed limits and guidelines.

12. **Superannuation Benefits:** The existing provisions regarding superannuation benefits have been retained as per which CPSEs can contribute upto 30% of BP plus DA towards Provident Fund (PF), Gratuity, Post-Superannuation Medical Benefits (PRMB) and Pension of their employees.

12.1 The ceiling of gratuity of the executives and non-unionised supervisors of the CPSEs would be raised from Rs 10 lakhs to Rs 20 lakhs with effect from 01.01.2017 and the funding for the entire amount of Gratuity would be met from within the ceiling of 30% of BP plus DA.Besides, the ceiling of gratuity shall increase by 25% whenever IDA rises by 50%.

12.2 The existing requirement of superannuation and of minimum of 15 years of service in the CPSE has been dispensed with for the pension.

12.3 The existing Post-Retirement Medical Benefits will continue to be linked to requirement of superannuation and minimum of 15 years of continuous service for other than Board level Executives.The Post-Retirement medical benefits shall be allowed to Board level executives (without any linkage to provision of 15 years of service) upon completion of their tenure or upon attaining the age of retirement, whichever is earlier

13 **Corpus for medical benefits for retirees of CPSEs:** The corpus for post -retirement medical benefits and other emergency needs for the employees of CPSEs who have retired prior to 01.01.2007would be created by contributing the existing ceiling of 1.5% of PBT. The formulation of suitable scheme in this regard by CPSEs has to be ensured by the administrative Ministries/Departments.

14. **Club Membership:** The CPSEs will be allowed to provide Board level executives with the Corporate Club membership (upto maximum of two clubs), co-terminus with their tenure.

15. **Leave regulations/management:** CPSEs would be allowed to frame their own leave management policies and the same can be decided based on CPSEs operational and administrative requirements subject to the principles that:

a. Maximum accumulation of Earned Leave available are not permitted beyond 300 days for an employee of CPSE. The same shall not be permitted for encashment beyond 300 days at the time of retirement.

b. CPSEs should adopt 30 day's month for the purpose of calculating leave encashment.

c. Casual and Restricted Leave will continue to be lapsed at the end of the calendar year.

16. **Periodicity:** The next pay revision would take place in line with the periodicity as decided for Central Government employees but not later than 10 years.

17. **Financial Implications:** Expenditure on account of pay revision is to be entirely borne by the CPSEs out of their earnings and no budgetary support will be provided by the Government.

18. **Issue of Presidential directive, effective Date of implementation and payment of allowances:** The revised pay scales will be effective from 01.01.2017 (*except the allowances mentioned in the* ***paras 8 and 10 above***). The Board of Directors of each CPSE would be required to consider the proposal of pay revision based on their affordability to pay, and submit the same to the administrative Ministry for approval. The administrative Ministry concerned will issue the Presidential Directive with the concurrence of its Financial Adviser in respect of each CPSE separately. Similarly presidential directives would be issued by the administrative Ministry concerned based on the result of review which is to be done after every 3 years subsequent to implementation. A copy of the Presidential Directives, issued by the administrative Ministry/Department concerned may be endorsed to the Department of Public Enterprises.

19. **Issue of instructions/clarification and provision of Anomalies Committee:** The Department of Public Enterprises (DPE) will issue necessary instructions/clarifications wherever required, for implementation of the above decisions. An Anomalies Committee consisting of Secretaries of Department of Public Enterprises (DPE), Department of Expenditure and Department of Personnel & Training is being constituted for a period of two years to look into further specific issues/problems that may arise in implementation of the Government's Decision on 3rd pay revision. Any anomaly should be forwarded with the approval of Board of Directors to the administrative Ministry/Department who will examine the same and dispose of the same. However, if it is not possible for the administrative Ministry/Department to sort out the issue, they may refer the matter to DPE, with their views for consideration of the Anomalies Committee.

ANNEXURE-I
(*Para* 2)

Grade	Existing(Rs)	Revised(Rs)
E0	12600-32500	30000-120000
E1	16400-40500	40000-140000
E2	20600-46500	50000-160000
E3	24900-50500	60000-180000
E4	29100-54500	70000-200000

Grade	Existing (Rs)	Revised (Rs)
E5	32900-58000	80000-220000
E6	36600-62000	90000-240000
E7	43200-66000	100000-260000
E8	51300-73000	120000-280000
E9	62000-80000	150000-300000

Grade	Existing (Rs)	Revised (Rs)
Director (Sch-D)	43200-66000	100000-260000
CMD (D)	51300-73000	120000-280000
Director (Sch-C)	51300-73000	120000-280000
CMD (C)	65000-75000	160000-290000
Director (Sch-B)	65000-75000	160000-290000
CMD (B)	75000-90000	180000-320000
Director (Sch-A)	75000-100000	180000-340000
CMD (A)	80000-125000	200000-370000

***E7 only in CPSEs of Schedule A, B & C**
***E8 only in CPSEs of Schedule A & B**
***E9 only in CPSEs of Schedule A**

ANNEXURE-II
(*Para* 5)

Affordability to certain types of CPSEs:

a) In respect of Sick CPSEs referred to erstwhile Board for Industrial and Financial Reconstruction (BIFR) / Appellate Authority for Industrial and Financial Reconstruction (AAIFR), the revision of pay scales should be in accordance with rehabilitation packages approved by the Government after providing for the additional expenditure on account of pay revision in these packages.

b) The affordability condition shall also be applicable to the CPSEs registered under Section 25 of the Companies Act, 1956, or under Section 8 of the Companies Act, 2013 (which by the very nature of their business are not-for profit companies) for implementation of the revised compensation structure (including Performance Related Pay) as being recommended for other CPSEs.

c) There are also certain CPSEs which have been formed as independent Government companies under a statute to perform a specific agenda / regulatory functions. The revenue stream of such CPSEs are not linked to profits from the open market in a competitive scenario but are governed through the fees & charges, as prescribed and amended from time to time by the Government. There is no budgetary support provided by the Government to such CPSEs. In consideration that the impact of the revised compensation structure (including Performance Related Pay) would supposedly form the part of revenue stream for such CPSEs, the affordability condition shall not be applicable to these CPSEs; however the implementation of same shall be subject to the approval of Administrative Ministry upon agreeing and ensuring to incorporate the impact of the revised compensation structure into the revenue stream.

d) As regards the CPSEs under construction which are yet to start their commercial operations, the implementation of pay-revision would be decided by the Government based on the proposal of concerned Administrative Ministry and after consideration of their financial viability.

e) In case of Coal India Limited (CIL), the holding company and its subsidiaries would be considered as a single unit for the affordability clause as per past precedent.

ANNEXURE-III (A)
(*Para* 6)

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.

Bunching of Pay: - In CPSEs where a lower fitment benefit (i.e. 10% or 5%) is granted due to affordability, there is a possibility of bunching at different grades due to revised Basic Pay falling short of reaching starting point of revised pay-scale. The revised BP due to bunching of pay in these cases would be the higher of the followingsð

Å Adding the difference between the 'pre-revised Basic Pay' and 'the minimum of the pre-revised pay scale' to the starting point of revised pay scale.

Å The revised BP as arrived after applying the fitment benefit (ie 10% or 5% of BP plus DA).
[Example for Basic Pay revision in cases of bunching in a Grade/level]

Sl. No.	Parameters		Pre-revised pay-scale of E-6 level (in Rs.)			
			Minimum/ Starting of Pay-Scale (A)	Minimum + 1 Increment (B)	Minimum + 2 Increment (C)	Minimum + 3 Increment (D)
1.	E-6 level:Pre-revised BP	(31.12.16)	36600	37700	38840	40010
2.	DA (1.1.2017)	Say: 120%	43920	45240	46608	48012
3.	Total	(1) + (2)	80520	82940	85448	88022
4.	Fitment benefit	% of BP+DA	5%	5%	5%	5%
5.	Fitment benefit amount	(4) x (3)	4026.0	4147.0	4272.4	4401.1
6.	Net amount to arrive at revised BP	(3) + (5)	84546.0	87087.0	89720.4	92423.1
7.	Rounded off	Next Rs.10/-	**84550**	**87090**	**89730**	**92430**
8.	Minimum of E-6's revised pay-scale	Starting point	90000	90000	90000	90000
9.	Difference between the 'pre-revised Basic Pay' and the 'minimum of the pre-revised pay scale'	Linked to figure at Column (A) mentioned at Sl. No. 1	(A) - (A) i.e.36600 -36600	(B) - (A) i.e.37700 -36600	(C) - (A) i.e.38840 -36600	(D) - (A) i.e. 40010 -36600
10.	Difference amount	=	0	1100	2240	3410
11.	Net of difference added to starting point of revised pay-scale	(8) + (10)	**90000**	**91100**	**92240**	**93410**
12.	**Revised Pay-scale**	**Higher of (7) or (11)**	**90000**	**91100**	**92240**	**93410**

ANNEXURE-III (B)

(*Para* 7)

Rates of Dearness Allowances for the employees of CPSEs following IDA pattern

Effective Date	Rate of Dearness Allowance(in percentage)
01.01.2017	0
01.04.2017	-1.1
01.07.2017	-0.2

ANNEXURE-IV

(*Para* 11)

Performance Related Pay

(I) Allocable profits:

a. The overall profits for distribution of PRP shall be limited to 5% of the year's profit accruing only from core business activities (without consideration of interest on idle cash / bank balances), which will be exclusively for executives and for non-unionized supervisors of the CPSE. The ratio of break-up of profit accruing from core business activities for payment of PRP between relevant year's profit to Incremental profit shall be 65:35 to arrive at the Allocable profits and the Kitty factor.

(I) PRP differentiator components:

(A) PRP payout is to be distributed based on the addition of following parts / components:-

Part-1 : CPSE's performance component:-

(a) Weightage = 50% of PRP payout

(b) Based on CPSE's MOU rating:

MOU rating	%age eligibility of PRP
Excellent	100%
Very Good	75%
Good	50%
Fair	25%
Poor	Nil

Part-2 : Team's performance component:-*

(a) Weightage = 30% of PRP payout

(b) Based on Team rating (i.e. linked to Plant / Unit's productivity measures and operational / physical performance):

Team rating	%age eligibility of PRP
Excellent	100%
Very Good	80%
Good / Average	60%
Fair	40%
Poor	Nil

* In case of a CPSE not having Plants/Units and if there is a no Team Performance areas/rating, then the PRP for such CPSE will be determined based specifically on MoU rating after merging the weightage of Team performance component to the Company's performance component.

(c) The Team rating shall be linked to individual Plant / Unit's productivity measures and operational / physical performance, as primarily derived from CPSEs' MOU parameters and as identified by CPSE depending on the nature of industry / business under the following suggested performance areas:-

- Å 'Achievement Areas', in which performance has to be maximized (e.g. market shares, sales volume growth, product output / generation, innovations in design or operation, awards and other competitive recognition, etc.); and
- Å 'Control Areas' in which control has to be maximized (e.g. stock / fuel loss, operating cost control, litigation cost, safety, etc.).

(d) For office locations of CPSEs, the Team rating should be linked to the Plant / Unit as attached to the said office; and if there is more than one Plant / Unit attached to an office or in case of Head Office / Corporate Office of the CPSE, the Team rating shall be the weighted average of all such Plants / Units. The weighted average shall be based on the employee manpower strength of the respective Plants / Units.

[Plants/Units shall primarily mean the work place where industry's manufacturing process is carried out and in case of a CPSE not having any manufacturing process, it shall mean the work place where the main business is carried out. The individual department/section within a work place shall not be recognized as a Plant/Unit].

Part-3 : Individual's performance component:-

(a) Weightage = 20% of PRP payout

(b) Based on Individual performance rating(i.e. as per the CPSE's Performance Management System):

Individual performance rating	%age eligibility of PRP
Excellent	100%
Very Good	80%
Good / Average	60%
Fair	40%
Poor	Nil

(c) The forced rating of 10% as below par / Poor performer shall not be made mandatory. Consequently, there shall be discontinuation of Bell-curve. The CPSEs are empowered to decide on the ratings to be given to the executives; however, capping of giving Excellent rating to not more than 15% of the total executive's in the grade (at below Board level) should be adhered to.

(II) Percentage ceiling of PRP (%age of BP):

(a) The grade-wise percentage ceiling for drawal of PRP within the allocable profits has been rationalized as under:-

Grade	Ceiling (% of BP)
E0	40%
E1	40%
E2	40%
E3	40%
E4	50%
E5	50%
E6	60%
E7	70%
E8	80%
E9	90%
Director (C&D)	100%
Director (A&B)	125%
CMD / MD (C&D)	125%
CMD / MD (A&B)	150%

Note:

1. For Non- Unionized supervisors, the PRP as percentage of BP will be decided by the respective Board of Directors of the CPSE.

(III) **Kitty factor:** After considering the relevant year's profit, incremental profit and the full PRP payout requirement (computed for all executives based on Grade-wise ceilings, CPSE's MOU rating, Team rating & Individual performance rating), there will be two cut-off factors worked out based on the PRP distribution of 65:35. The first cut-off shall be in respect of PRP amount required out of year's profit, and the second cut-off shall be in respect of PRP amount required out of incremental profit, which shall be computable based on the break-up of allocable profit (i.e. year's 5% of profit bifurcated into the ratio of 65:35 towards year's profit and incremental profit).

The sum of first cut-off factor applied on 65% of Grade PRP ceiling ***and*** the second cut-off factor applied on 35% of Grade PRP ceiling will result in Kitty factor. The Kitty factor shall not exceed 100%.

(IV) **Based on the PRP components specified above, the PRP pay-out to the executives should be computed upon addition of the following three elements:—**

(a) Factor-X (% of BP):

Weightage of 50% ***Multiplied with*** Part-1 (CPSE's MOU rating) ***Multiplied with*** Kitty factor

(b) Factor-Y (% of BP):
Weightage of 30% ***Multiplied with*** Part-2 (Team's performance) ***Multiplied with*** Kitty factor.

(c) Factor-Z (% of BP):
Weightage of 20% ***Multiplied with*** Part-3 (Individual's performance) ***Multiplied with*** Kitty factor.

(d) Net PRP= Factor X + Factor Y + Factor Z =Net %age of Annual BP

EXAMPLES

Performance Related Pay (PRP): Examples for calculating Kitty factor/Allocable profit

Å **PRP Kitty Distribution: within 5% of profit accruing from core business activities** (hereinafter, for brevity, referred to as Profit).

Å **Ratio of relevant year's profit : incremental profit = 65 : 35**

Example - 1:

Sl. No.	Parameters	Amount (Rs.)/ %age
1	FY 2016-17	Profit = 5000 crore
2	FY 2017-18 [for which PRP is to be distributed]	Profit = 6000 crore
3	Incremental profit	1000 crore
4	5% of the year's profit	300 crore
5	*Allocable profit out of current year's 5% of profit based on distribution in the ratio of 65:35 towards the year's profit and incremental profit:*	
	a. PRP payout from year's profit	195 crore [i.e. 65% out of 300 crore]
	b. PRP payout from incremental profit	105 crore [i.e. 35% out of 300 crore]: [105 crore can be fully utilized as incremental profit is 1000 crore.]
6	Full PRP Payout requirement (computed for all executives based on Grade-wise ceilings, CPSE's MOU rating, Team rating & Individual performance rating) - *but without applying kitty factor related to year's profit or Incremental profit*	500 crore
7	*PRP payout break-up based on 65:35 distribution out of year's profit and incremental profit:*	
	a PRP amount required out of year's profit (i.e. 65% of Sl. No. 6)	65% of 500 crore = 325 crore
	a1 Cut-off factor(1) (in %age) for year's PRP payout with reference to Sl. No. 5(a) & 7(a)	195 crore / 325 crore = 60.00%
	b PRP amount required out of incremental profit (i.e. 35% of Sl. No. 6)	35% of 500 crore = 175 crore
	b1 Cut-off factor(2) (in %age) for incremental PRP payout with reference to Sl. No. 5(b) & 7(b)	105 crore / 175 crore = 60.00%

8	Thus, total Profit amount allocated for PRP distribution	195 crore + 105 crore = 300 crore [i.e. 5% of Core business / operating profit]
9	Kitty factor for respective Grade (in %age)	[65% x Grade PRP ceiling (%) x Cut-off factor(1)] Plus (+) [35% x Grade PRP ceiling x Cut-off factor(2)] = Kitty factor

PRP Payout to Individual Executives
Example - 1 : For Grade E-1

Sl. No.	**Parameter**	**Amount (Rs.)/ %age payout**
A	CPSE's MOU rating [Weightage = 50%]	75% (Very Good)
B	Team's rating [Weightage = 30%]	100% (Excellent)
C	Individual's performance rating [Weightage = 20%]	60% (Good/Average)
D	Grade ceiling (E1) (Max. of 40% of BP)	40% of BP
E	Cut-off factor (1)	60.0%
F	Cut-off factor (2)	60.0%
G	Kitty Factor for Grade E1 i.e. [65% x D (Grade PRP ceiling) x E (Cut-off factor(1))] **Plus** (+) [35% x D (Grade PRP ceiling) x F (Cut-off factor(2))]	[65% x 40% x 60.00%] + [35% x 40% x 60.00%] = 15.60% + 8.40% = 24.00%
E	**Net PRP**	
i	Factor-X [Company's performance component]	Wtg.(50%) x A x G i.e. 50% x 75% x 24.0% = 9.00%
ii	Factor-Y [Team's performance component]	Wtg.(30%) x B x G i.e. 30% x 100% x 24.00% = 7.20%
iii	Factor-Z [Individual's performance component]	Wtg.(20%) x C x G i.e. 20% x 60% x 24.00% = 2.88%
H	**PRP payout distribution**	**Factor X + Factor Y + Factor Z = 19.08% of Basic Pay**

Performance Related Pay (PRP): Examples for calculating Kitty factor/Allocable profit.

- **PRP Kitty Distribution : within 5% of profit accruing from core business activities (hereinafter, for brevity, referred to as Profit).**
- **Ratio of relevant year's profit :** incremental profit = 65 : 35

Example - 2:		
Sl.	**Parameters**	**Amount (Rs.)/ %age**
1	FY 2016-17	PBT - 7000 crore
2	FY 2017-18 [for which PRP is to be distributed]	PBT - 6000 crore
3	Incremental profit	Nil
4	5% of the year's profit	300 crore
5	*Allocable profit out of current year's 5% of profit based on distribution in the ratio of 65:35 towards the year's profit and incremental profit:*	
a.	PRP payout from year's profit	195 crore [i.e. 65% out of 300 crore]
b.	PRP payout from incremental profit	105 crore [i.e. 35% out of 300 crore]: [Nil amount to be allocated as profit is Nil.]
6	Full PRP Payout requirement (computed for all executives based on Grade-wise ceilings, CPSEôs MOU rating. Team rating & Individual performance rating)ð *but without applying kitty factor related to year's profit or Incremental profit.*	500 crore
7	*PRP payout break-up based on 65:35 distribution out of year's profit and incremental profit:*	
a	PRP amount required out of year's profit (i.e. 65% of Sl. No. 6)	65% of 500 crore = 325 crore
a1	Cut-off factor(1) (in %age) for year's PRP payout with reference to Sl. No. 5(a) & 7(a)	195 crore / 325 crore = 60.00%
b	PRP amount required out of incremental profit (i.e. 35% of Sl. No. 6)	35% of 500 crore = 175 crore
b1	Cut-off factor(2) (in %age) for incremental PRP payout with reference to Sl. No. 5(b) & 7(b)	Nil / 175 crore = 0.00%
8	Thus, total Profit amount allocated for PRP distribution	195 crore + 0 crore = 195 crore [i.e. 3.25% of Core business/operating profit]
9	Kitty factor for respective Grade (in %age)	[65% x Grade PRP ceiling (%) x Cut-off factor(1)] ***Plus*** (+) [35% x Grade PRP ceiling x Cut-off factor(2)] = **Kitty factor**

PRP Payout to Individual Executives
Example - 2 : For Grade E-1

Sl. No.	Parameter	Amount (Rs.)/ %age payout
A	CPSE's MOU rating [Weightage = 50%]	75% (Very Good)
B	Team's rating [Weightage = 30%]	100% (Excellent)
C	Individual's performance rating [Weightage = 20%]	60% (Good/Average)
D	Grade ceiling (E1) (Max. of 40% of BP)	40% of BP
E	Cut-off factor (1)	60.0 %
F	Cut-off factor (2)	00.0%
G	Kitty Factor for Grade E1 i.e. [65% x D (Grade PRP ceiling) x E (Cut-off factor(1))] Plus (+) [35% x D (Grade PRP ceiling) x F (Cut-off factor(2))]	[65% x 40% x 60.00%] + [35% x 40% x 0.00%] = 15.60% + 0.00% = 15.60%
E	Net PRP	
i	Factor-X [Company's performance component]	Wtg.(50%) x A x G i.e. 50% x 75% x 15.60% = 5.85%
ii	Factor-Y [Team's performance component]	Wtg.(30%) x B x G i.e. 30% x 100% x 15.60% = 4.68%
iii	Factor-Z [Individual's performance component]	Wtg.(20%) x C x G i.e. 20% x 60% x 15.60% = 1.87%
H	PRP payout distribution	Factor X + Factor Y + Factor Z = 12.40% of Basic Pay

[DPE O.M. No. W-02/0028/2017-DPE (WC)-GL-XIII / 17 Dated 3rd August, 2017]

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22. Pay revision of employees following CDA pattern in Central Public Sector Enterprises (CPSEs) -reg.

On the recommendations of the High Power Pay Committee (HPPC), and the Supreme Court's Judgment dated 03.05.1990 in CMP No. 10864/1989, DPE had issued OM No. 2(43)/90-DPE (WC) dated 12.06.1990 extending the Central Government pay scales to the employees of Public Sector Enterprises following the CDA pattern in 69 CPSEs as indicated in Annexure IV of said OM dated 12.06.1990. The DPE, vide OMs dated 24.10.1997 and 14.10.2008 further revised the pay and allowances of the said 69 CPSEs following the CDA pattern.

2. Consequent to the issue of the Notification dated 25.7.2016 by the Department of Expenditure, Ministry of Finance on the revision of pay scales of the Central Government Employees w.e.f. 01.01.2016, the pay scales in respect of the Public Sector employees following the CDA pattern of pay in 69 Public Sector Enterprises would also be revised w.e.f. 01.01.2016 as per the judgment dated 3.5.1990 of Supreme Court on recommendations of the HPPC.

3. Accordingly, the pay scales of the employees of CPSEs following the CDA pattern will be revised w.e.f. 01.01.2016 as per the Notification dated 25.7.2016 (Annexure I). The rates of Dearness Allowance would be as per the DoE OM dated 04.11.2016 **(Annexure II (a))** and 30.03.2017 **(Annexure II(b)).**

4. (a) The revised rates of allowances indicated below will be as per the annexure indicated against each. These allowances will take effect from 1.7.2017.

i. Transport Allowance as per the DoE OM dated 7.7.2017 **(Annexure III(a))** and 2.8.2017 **(Annexure III (b)).**

ii. Travelling Allowance as per the DoE OM dated 13.7.2017 **(Annexure IV).**

iii. Special Duty Allowance for the North Eastern Region as per the DoE OM dated 18.7.2017 **(Annexure V)**

iv. Island Special Duty Allowance for Andaman & Nicobar Group of Islands and Islands of the Union Territory of Lakshadweep as per the DoE OM dated 18.7.2017 **(Annexure VI).**

v. Special Compensatory Allowance subsumed under the Tough Location Allowance as per the DoE OM dated 19.7.2017 **(Annexure VII).**

vi. Hard Area Allowance as per the DoE OM dated 14.7.2017 **(Annexure VIII).**

vii. Project Allowance as per the DoE OM dated 19.7.2017 **(Annexure IX).**

viii. Non-Practicing Allowance as per the DoE OM dated 7.7.2017 **(Annexure X).**

ix. House Rent Allowance as per the DoE OM dated 7.7.2017 **(Annexure XI).**

x. Dress Allowance as per the DoE OM dated 2.8.2017 **(Annexure XII).**

(b) (i) Abolition of Special Compensatory (Hill Area) Allowance as per the DoE OM dated 13.7.2017 **(Annexure -XIII).**

(ii) Abolition of the existing Caretaking Allowance, Extra Duty Allowance, Flag Station Allowance, Flight Charge Certificate Allowance, Library Allowance, Rajbhasha Allowance and Special Appointment Allowance - Grant of Extra Work Allowance as per the DoE OM dated 20.7.2017 **(Annexure XIV)**

(c) Any subsequent amendments made by the DoE in respect of the above allowances for Central Government Employees would be automatically applicable to these employees also.

5. Separate guidelines would be issued on Leave Travel Concession and Children Education Assistance & Reimbursement of Tuition Fee after the issue of OMs by Department of Personnel & Training in this regard.

6. The benefit of pay revision may be allowed only to employees of those CPSEs that are not loss making and are in a position to absorb the additional expenditure on account of pay revision from their own resources without any budgetary support from the Government. The Board of Directors would consider the proposal of pay revision of all employees in CPSEs, keeping in mind the affordability and capacity of the CPSE to pay. Thereafter, they will submit a proposal to their Administrative Ministry / Departments, which will approve the proposal with the concurrence of its Financial Advisor. In respect of the Food Corporation of India, the concurrence of the Department of Expenditure would also be required.

7. All Administrative Ministries/Departments of the Government of India are requested to bring the above to the notice of CPSEs under their Administrative jurisdiction who are following the CDA pattern of scales for their information and necessary action.

[DPE O.M. No. W-02/0058/2016-DPE (WC)-GL-XV/17 Dated 17th August, 2017]

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23. Pay Revision of Board level and below Board level Executives and Non-Unionised Supervisors of Central Public Sector Enterprises (CPSEs) w.e.f. 01.01.2017-decision on allowances other than the allowances under 'Cafeteria approach'

The undersigned is directed to refer to para 8 and 10of this department's O.M. No.W-02/0028/2017-DPE (WC) dated 3rd August, 2017 regarding the issue of separate guidelines in respect of allowances mentioned therein. After due consideration, the Government has decided as follows:

(1) House Rent Allowance:

(i) The house rent allowance to the employees of CPSEs will be at the following rates.

Classification of cities	Rate of HRA
X-Class (Population of 50 Lakh and above)	24% of Basic Pay
Y-Class (Population of 5 Lakh to 50 Lakh)	16% of Basic Pay
Z-Class (Population below 5 Lakh)	8% of Basic Pay

(ii) The rates of HRA will be revised to 27%, 18% & 9% for X, Y and Z class cities respectively when IDA crosses 25% and further revised to 30%, 20% and 10% when IDA crosses 50%.

(2) Leased accommodation:

(i) The Board of Directors may decide on the grade-wise lease rental ceilings in a standardized manner for the different level of executives. The amount of lease rental ceilings should be decided on its merit keeping in view / linkage to the HRA amount, classification of cities for HRA purpose, pay-scales of the executives, House Rent Recovery (HRR) rate, etc.

(ii) If an executive is staying in his/her own house then normally he or she should be entitled to the HRA amount but if the said house is taken as lease accommodation for self-occupation purpose, the lease rental ceilings (after adjusting the HRR amount) should not exceed the net applicable HRA amount.

(iii) The HRR in respect of leased accommodation should be at the following rate, or the actual rent, whichever is lower:-

Classification of cities	Rates of HRR
X-class	7.5% of BP
Y-class	5% of BP
Z-class	2.5% of BP

(iv) For accommodation arranged by CPSE in its own township, the HRR shall be 7.5% of BP (for X-class cities) / 5% of BP (for Y-class cities) / 2.5% of BP (for Z-class cities), or standard rent fixed by CPSE, whichever is lower.

(3) **Other Allowances/Perks:** The following allowances will be outside the purview of Ceiling of 35% of Basic Pay under 'Cafeteria Approach':

(a) **Work based Hardship Duty Allowances :** The payment of work based hardship duty allowance upto 12% of Basic Pay shall be admissible for the period the executives / non-unionized supervisors has actually performed one of the following hardship duty:-

i) For performing duty in Underground mines, and

ii) For performing duty at Offshore exploration site

(b) Separate guidelines regarding Location based Compensatory Allowance and Non-Practicing Allowance would be issued later.

2. The additional financial impact in the year of implementing the revised pay-package for Board level executives, Below Board level executives and Non-Unionized Supervisors,as mentioned in para 3 of the DPE O.M. No.W-02/0028/2017-DPE(WC) dated 3rd August, 2017, would be calculated taking into account the OM No. W-02/0028/2017-DPE(WC) dated 3rd August, 2017 and OMs issued on payment of allowances.

3. The allowances specified in this O.M. would be effective from the date of issue presidential directive.

[DPE O.M. No. W-02/0028/2017-DPE (WC)-GL-XIV/17 Dated 4th August, 2017]

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24. Pay Revision of Board level and below Board level Executives and Non-Unionised Supervisors of Central Public Sector Enterprises (CPSEs) w.e.f. 01.01.2017-decision on Location based compensatory allowances and Non-Practicing Allowance (NPA)

The undersigned is directed to refer to para 10 of this department's O.M. of even No. dated 3rd August, 2017 and para 3(b) of para 1of OM of even No. dated 4th August, 2017 regarding the issue of separate guidelines in respect of Location based Compensatory Allowances and Non-Practicing Allowance. After due consideration, the Government has decided on Location Based Compensatory Allowance and Non-Practicing Allowance as follows:

Location based Compensatory Allowances

i. **For serving in North-East States and Ladakh Region:**

Assam, Meghalaya, Manipur, Nagaland, Tripura, Arunachal Pradesh, Mizoram and Sikkim	10% of Basic Pay
Ladakh Region	10% of Basic Pay

ii. For serving in Island territories of Andaman and Nicobar (A&N) Islands and Lakshadweep:

Areas around capital towns (Port Blair in A&N Islands, Kavaratti and Agatti in Lakshadweep)	10% of Basic Pay
Difficult Areas (North and Middle Andaman, South Andaman excluding Port Blair, entire Lakshadweep except Kavaratti, Agatti and Minicoy)	16% of Basic Pay
More Difficult Areas (Little Andaman, Nicobar group of Islands, Narcondum Islands, East Islands and Minicoy)	20% of Basic Pay

iii) **Special allowance for serving in the difficult and far flung areas:**

Areas Covered	Percentage of Basic Pay
Part 'A' (Areas covered under Annexure-I of D/o Expenditure O.M. No.3/1/2017-EII(B) dated 19.7.2017	8% of Basic Pay
Part 'B' (Areas covered under Annexure-II of D/o Expenditure O.M. No.3/1/2017-EII(B) dated 19.7.2017	6% of Basic Pay
Part 'C' (Areas covered under Annexure-III of D/o Expenditure O.M. No.3/1/2017-EII(B) dated 19.7.2017	4% of Basic Pay
Part 'D' (Areas covered under Annexure-IV of D/o Expenditure O.M. No.3/1/2017-EII(B) dated 19.7.2017	3% of Basic Pay

iv) In the event of a place falling in more than one category, i.e. (i)/(ii) and (iii) mentioned above, in that case only the higher rate of allowance will be admissible.

Non-practicing Allowance (NPA):

NPA upto 20% of Basic Pay would be paid to Medical Officers. NPA will not be considered as pay for the purpose of calculating other benefits.

2. The allowances specified in this O.M. will be outside the purview of Ceiling of 35% of Basic Pay under the 'Cafeteria Approach' and would be effective from the date of issue of presidential directive.

[DPE O.M. No. W-02/0028/2017-DPE (WC)-GL-XVI/17 Dated 7th September, 2017]

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25. Wage Policy for the 8' round of wage negotiations for workmen in Central Public Sector Enterprises (CPSEs).

The undersigned is directed to convey the decision of the Government that the next round of wage negotiations (which falls due on a general basis from 01 01.2017) with the workers of Central Public Sector Enterprises (CPSEs) may be undertaken by the Managements of the Enterprises with the Trade Unions/ Associations.

2. The wage negotiations and finalization will be subject to the following conditions:

i) Management of the CPSEs would be free to negotiate wage revision for workmen where the periodicity of wage settlement of five years or ten years has expired generally on 31.12.2016 keeping in view the affordability and financial sustainability of such wage revision for the CPSEs concerned.

ii) No budgetary support for any wage increase shall be provided by the Government. The entire financial implication would be borne by the respective CPSEs from their internal resources.

iii) In those CPSEs for which the Government has approved a restructuring/revival plan, the wage revision will be done as per the provisions of the approved restructuring / revival plan only.

iv) The management of the concerned CPSEs have to ensure that negotiated scales of pay do not exceed the existing scales of pay of executives/officers and non- unionized supervisors of respective CPSEs.

v) The Management of CPSEs where the five year periodicity is followed have to ensure that negotiated scales of pay for two successive wages negotiations do not exceed the existing scales of pay of executives /officers and non-unionized supervisors of respective CPSEs for whom ten years periodicity is being followed.

vi) To avoid conflict of pay scales of executives/non-unionised supervisors with that of their workmen, CPSEs may consider adoption of graded DA neutralization and/or graded fitment during the wage negotiations.

vii) CPSEs must ensure that any increase in wages after negotiations does not result in increase in administered prices of their goods and services.

viii) The wage revision shall be subject to the condition that there shall be no increase in labour cost per physical unit of output. In exceptional cases where CPSEs are already working at optimum capacity, the administrative Ministry / Department may consult DPE considering industry norms.

ix) The validity period of wage settlement would be for a minimum period of five years for those who opted for a five year periodicity and for a maximum period of ten years for those who have opted for a ten year periodicity of wage negotiation w.e.f. 01.01.2017.

x) The CPSEs would implement negotiated wages after confirming with their Administrative Ministry/Department that the wage settlement is in conformity with approved parameters.

3. All the administrative Ministries/Departments are requested to issue suitable instructions to the public sector enterprises under their administrative control in the light of the above decision of the Government under intimation to this Department.

[DPE O.M. No. W-02/0015/2016-DPE (WC)-GL-XXIV/17 Dated 24th November, 2018]

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26. Pay Revision of Board & below Board level Executives of Central Public Sector Enterprises (CPSEs) w.e.f. 01.01.2007 — Government decision on the recommendations of the Anomalies Committee- regarding.

The Department of Public Enterprises (DPE) vide O.M. No. 2(70)/2008-DPE(WC)-GLXV1/08 dated 26.11.2008 established an Anomalies Committee consisting of the Secretaries of the Department of Public

Enterprises, Department of Expenditure and Department of Personnel & Training. The Anomalies Committee was constituted to address issues/problems arising while implementing the recommendations of 2nd Pay Revision Committee (PRC) for the CPSEs by the Government.

2. The Anomalies Committee gave its recommendations on various issues referred to it by the administrative Ministries/Departments regarding the 2nd PRC related guidelines for its consideration. Consequently, DPE issued the following guidelines vide its OMs dated 26.10.2010, 08.06.2009, 24.09.2010, 01.06.2011, 03.06.2011 and 29.06.2012 for implementing the anomalies committee's decisions.

3. Now for the sake of convenience of all the stakeholders, all the said DPE OMs have been collated as under:

(i) Deputation of the Government Officers in CPSEs

a) The Government officers already on deputation with the CPSEs as on 26.11.2008 (the date of issue of O.M. by the DPE regarding the revision of scale of pay of the executives and non-unionised supervisors of CPSEs) will continue to avail of the option already available and exercised by them till the end of their deputation tenure. The extension, if any given after 26.11.2008 will not qualify for this dispensation.

b) The Board level executives who have been selected through PESB mechanism in IDA scales, and appointed on deputation basis, by ACC/Competent Authority prior to 26.11.2008 will continue to get the same scales with all its associated benefits till the end of their tenure.

c) It may be emphasized that the pay revision of the executives is a total package and the scales, perks and allowances should not be mixed. Accordingly the executives getting the CDA pay scales will continue to get benefits, perks and allowances applicable to CDA scales and executives who are getting IDA pay scales will get perks and allowances applicable to IDA scales.

d) The above decisions are enabling provisions. All the conditions indicated in DPE O.Ms dated 26.11.2008, 09.02.2009 and 02.04.2009 will be applicable mutatis mutandis to such executives also.

(ii) **Self-Lease**

(a) Every CPSE must have a Rent Assessment Committee (RAC), which would assess the market rent for categories of executives and non-unionised supervisors, entitled for lease/self-lease accommodation and also the maximum ceiling of reimbursement depending upon the company's capacity to pay. The RAC may include Members from Finance, HR, Civil Engineering, Law etc. as deemed appropriate.

(b) The RAC will also decide on rent recovery, for which DPE guidelines as applicable to Board level Executives (10% of Basic Pay) will be kept in view.

(c) For purposes of CTC, 30% of Basic Pay is required to be considered as expenditure on housing as per Para 8 of DPE O.M. dated 26.11.2008. This is not meant to be a ceiling and therefore, this should not be treated as the maximum limit for a leased accommodation.

(d) The Board of Directors of CPSEs must ensure that self-leased accommodation does not become an additional source of income to the employee. The precautions as indicated in DPE O.Ms dated 05.06.2003 and 20.05.2009 will also be kept in view.

(iii) Expenditure on Hospitals, Colleges, Schools, Clubs etc.

The percentage towards expenditure on Hospitals, Colleges, Schools, Clubs etc. should be as close to actual and should be assessed preferably every financial year.

(iv) Encashment of Leave

(a) DPE O.M. dated 05.08.2005 provides for a maximum ceiling of Earned Leave that can be accumulated. CPSEs are not permitted to encash leave beyond 300 days at the time of retirement of an employee of CPSE. The employees are not permitted to accumulate more than 300 days as specified under DPE guidelines.

(b) Casual Leave must not encashed at all and shall lapse at the end of the calendar year.

(c) The component of leave encashment during service i.e. the expenditure on leave encashment, will not be treated as Perks and Allowance. It will not however, be treated as Pay and accordingly not qualify for any other benefit like HRA, etc.

(d) Leave encashment on Superannuation will not be part of 30% ceiling of Basic Pay and DA for superannuation benefits.

(v) **Non-Practicing Allowance (NPA)** NPA will not be considered as pay for the purpose of calculating other benefits.

(vi) **Keeping various allowances/benefits/ perks including project allowance, higher conveyance allowance to persons with disabilities, etc. outside the 50% allowances (i.e. of Basic Pay).**

No other allowance/benefit/perks will be kept outside the prescribed 50% ceiling except the four which have been mentioned in the DPE O.M. dated 26.11.2008.

(vii) Procedure of pay fixation in some past cases of pay of Board Level Executives

a) Since the percentage based increment during the periodicity of 1997 pay revision was granted with the approval of the Competent Authority to specific CPSEs, it would not be proper to consider notional increment and stagnation increment based on fixed elements.

b) Stagnation increment can only be granted after reaching the maximum of scale of pay, once after two years and a maximum of three only.

c) This mechanism was applicable upto 31.12.2006.

(viii) Bunching of Increment : The benefit of bunching of increments be extended to board level executives of CPSEs also, where applicable, as per para 2(iii) of DPE O.M. dated 26.11.2008.

4. Any decision as mentioned above, if result in extra financial burden on the concerned CPSE, it may be requested to keep in mind the provisions relating to affordability, no budgetary support from Government, internal generation of resources, sustainability and capacity to pay by the concerned CPSE.

5. The effective date, if not specifically mentioned above would be dealt as per the DPE OMs dated 26.11.2008, 09.02.2009 and 02.04.2009.

6. All administrative Ministries/Departments are requested to bring these consolidated DPE guidelines to the notice of CPSEs under their administrative control for strict compliance.

[DPE O.M. No. W-02/0030/2018-DPE(WC)-GL-XVIII/18 Dated 10th July 2018]

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27. Payment of Gratuity to the 'employees of CPSEs-Clarification-- regarding.

The undersigned is directed to refer to DPE's OM No W-02/0028/2017- DPE(WC)-GL-XIII/17 dated 03.08.2017 which, inter-alia, stipulates the increase of ceiling of gratuity from Rs. 10 lakhs to Rs 20 lakhs w.e.f. 01.01.2017 for Executives and Non-Unionised Supervisors of CPSEs on IDA pattern of Pay and DPE's OM No W-02/0020/2018-DPE(WC)-GL-XII/18 dated 11.04.2018, informing about the amendment in the Payment of Gratuity Act, 1972, regarding enhancement of ceiling of gratuity from Rs. 10 lakhs to Rs. 20 lakhs and effective date i.e. 29.03.2018.

2. This Department has received various representations from different stakeholders seeking clarification on the effective date of the enhancement of ceiling of Gratuity. Accordingly, the issue has been considered & clarified as follows:

a) The payment of Gratuity under DPE guidelines dated 03.08.2017, is subject to **affordability** of the CPSEs concerned effective for the period from 01.01.2017 till 28.03.2018, in respect of Executives and Non- Unionised Supervisors of CPSEs on IDA pay pattern, where, pay has been revised w.e.f. 01.01.2017

b) Whereas, on and after 29.03.2018, the payment of gratuity of Rs 20 lakhs is **mandatory** for all the CPSEs irrespective of their affordability as it is a **statutory provision** in light of the amendment in the Payment of Gratuity Act, 1972. This provision is applicable to all employees of all CPSEs.

c) Further, the Government decision on the basis of the recommendations of the 7th Central Pay Commission (CPC), regarding raising the Gratuity ceiling from Rs 10 lakhs to Rs 20 lakhs w.e.f. 01.01.2016 is ***not*** applicable to the employees of CPSEs.

3. All administrative Ministries/Departments are requested to bring these clarification to the notice of CPSEs (except Banking & Insurance Sector) under their administrative control for strict compliance.

4. This issues with the approval of the Competent Authority.

[DPE O.M. No. W-02/0036/2018- DPE (WC)-GL-XIX/18 dated 10th July, 2018]

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28. Standard Terms and Conditions for 2017 IDA pay scales in respect of Board level executives of CPSEs-reg.

The undersigned is directed to refer to DPE's OM dated 14.12.2012 and to state that guidelines on revised pay scales etc: in respect of executives of CPSEs following IDA pattern of pay scales w.e.f. 01.01.2017 have been issued vide DPE OMs dated 03.08.2017, 04.08.2017 and 07.09.2017. Based on the Government policy declared in these OMs, standard terms and conditions in respect of Board level executives of the CPSEs following IDA pay scales have been finalized by DPE. A copy of the standard terms and conditions is enclosed.

2. All proposals for pay fixation and terms & conditions of Board level executives in 2017 pay scales may be finalized in the model format enclosed, as per the procedure prescribed in the aforesaid DPE OM dated 14.12.2012.

3. All the cases where the pay fixation based on 2017 IDA pay scales in respect of Board level executives of CPSEs have already been finalized, the terms and conditions of such Board level executives may be re-viewed in light of the enclosed standard terms & conditions.

4. This issues with the approval of the Competent Authority.

STANDARD TERM AND CONDITIONS FOR 2017 PAY SCALES

GOVERNMENT OF INDIA

MINISTRY OF ð ð ð ð ð ð ð ð

DEPARTMENT OF ð ð ð ð ð ð ð

Dated ð ð ð ð ð

To

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Subject : Appointment of Shri/Smt./Kum.ð ð ð ð ð ð asð ð ð ð ð ð inð ð ð ð ð ð terms and conditions thierof.

Sir/Madam,

I am directed to convey the sanction of the President to the appointment of Shri/Smt./ Kum_____ as _____ in _____ w.e.f. _____ on the following terms and conditions:ð

1.1 Period: The period of his/her appointment will be for a period of _____ years _____ w.e.f. _____ (date of appointment) in the first instance or till the date of superannuation or until further orders, whichever event occurs earlier and in accordance with the provisions of the Companies Act, 2013 as amended from time to time. The appointment may, however, be terminated even during this period by either side on 3 months' notice or on payment of three months salary in lieu thereof.

1.2 After the expiry of the first year, the performance of Shri/Smt./Kum _____ will be reviewed to enable the Government to take a view regarding continuance or otherwise for the balance period of his/her tenure.

1.3 Headquarters: His/her headquarters will be at _____where the registered office/corpo-rate office/headquarters of the CPSE is located. He/She will be liable to serve in any part of the country at the discretion of the CPSE.

1.4 Pay: Shri/Smt./Kum. _____ will draw a basic pay of Rs. _____ per month in the scale of Rs. _____(2017 pay scale as per DPE OM dated 03.08.2017) from the date of assumption of Office (w.e.f. date of pay revision in case appointed earlier than that).

1.5 Dearness Allowance : He/She would be paid DA in accordance with the new IDA scheme as spelt out in the DPE's OM dated 03.08.2017.

1.6 Annual Increment **:** He/She will be eligible to draw his/her annual increment @ 3% of basic pay on the anniversary date of his/her appointment in the scale referred to in para 1.4 above and further incerements on the same date in subsequent years until the maximum of pay scale in reached. After reaching the maximum of the scale, one stagnation increment equal to the rate of last increment drawn will be granted after completion of every two year period from the date his/she reaches the maximum of his/her pay scale provided he/she gets a performance retaing of Good or above. He/She will be granted a maximum of three such stagnation increments.

1.7 House Rent Allowance : He/She will be entitled to HRA as per the rates indicated in OMs dated 03.08.2017 & 04.08.2017.

1.8 Residential accommodation and recovery of rent for the accomodation so provided.

1.8.1 Companyôs own accommodation : Wherever the CPSE has built residential flats in the induatrial township or pruchased residential flats in the cities, arrangements would be made by the CPSE to provide a suitable residential accommodation to him/her.

1.8.2 Leased accommodation **:** If the CPSE is not able to provide residential accommodation either in township or out of the residential flats, purchased by it in the Headquarters, suitable accommodation could be arranged by the CPSE by taking the premises on lease basis at their headquartes. The Board of directors may decide the size, type and locality of such accommodations as per DPE OMs dated 05.06.2003, 03.08.2017 and 04.08.2017.

1.8.3 Self-lease**:** If he/she owns a house at the place of his posing (Headquarters) and is desirous of taking his/her own house on self-lease basic for his/her residential purposes, the CPSE may permit him/her to do so provided he/she executes a leasedeed in favour of the CPSE. The Board of Directors may decide the size, type and locality of such accommodations as per DPE OMs dated 05.06.2003, 03.08.2017 and 04.08.2017.

1.8.4 Repair/maintenance of leased accommodation **:** The responsibility for repair and maintenance of leased accommodation is that of the lessor. Lease rent will be allowed only for 12 months in a year and no additional amount will be provided towards repair/maintenance of leased accommodation.

1.8.5 Existing lease deeds : The lease agreement signed by the CPSE in respect of the accommodation taken on lease basis for him/her, if any prior to 03.08.2017 would not be re-opened during the pendency of the lease period. The lease money, in other words should not be hiked till the expiry of lease period. This proviso would be applicable even if he/she had been permitted to take his/her own house on self-lease basis.

1.8.6 Office accommodation**:** No office accommodation at the expense of the CPSE would be provided or arranged by the CPSE at his/her residence.

1.9 Rent Recovery :

1.9.1 CPSE's township/own flats: Recovery of rent for the accommodation arranged by the company in its own township or from the pool of flats purchased by it in cities and towns and so allotted to him/her would be made at the rate spelt out in DPE OM dated 04.08.2017 from (date of joining) _____ or the standard rent fixed by the company, whichever is lower.

1.9.2 Lease accommodation : In respect of leased accommodation arranged by the CPSE, rent would be recovered from him/her at the rate spelt out in DPE OM dated 04.08.2017 from (date of joining) or the actual rent, whichever is lower.

1.10 Conveyance : He will be entitled to the facility of staff car for private use as indicated below, in terms of DPE OMs dated 21.01.2013 & 04.11.2013:

	Name of the City	Ceiling on non-duty journeys
	Delhi, Mumbai, Kolkata, Chennai Bangaluru, Hyderabad	1000KM/PM
	All the other cities	750KM/PM

Monthly recovery amount (AC/Non AC) for private use/non-duty journeys would be Rs 2000/- PM.

1.11 Leave : He/She will remain subject to the Leave Rules of the CPSE.

1.12 Club Membership : He/She will be allowed the Corporate Club Membership (upto maximum of two clubs), co-terminus with his/her tenure.

1.13 Other Allowances/Perks : The Board of Directors will decide on the Allowances and Perks subject to a ceiling of 35% of his/her basic pay as indicated in OMs dated 03.08.2017, 04.08.2017 & 07.09.2017.

1.14 Performance Related Payment(PRP) : He/She shall be eligible for approved PRP as per OM dated 03.08.2017.

1.15 Superannuation Benefits : He/She shall be eligible for superannuation benefits based on approved schemes as per OM dated 03.08.2017.

1.16 Conduct, Discipline & Appeal Rules :

1.16.1. The Conduct, Discipline and Appeal Rules framed by the CPSE in respect of their below Board level Executives would also mutatis mutandis apply to him/her with the modification that the Disciplinary Authority in his/her case would be the President of India.

1.16.2 The Government also reserves the right not to accept his/her resignation, if the circumstances so warrant i.e. the disciplinary proceedings are pending or a decision has been taken by the Competent Authority to issue a charge sheet to him/her.

1.17. Restriction on Joining Private Commercial Undertakings after Retirement/Resignation :

1.17.1 Shri/Smt./Kum. _____after retirement/resignation from the service of this CPSE shall not accept any appointment or post, whether, advisory or administrative, in any firm or company whether Indian or foreign, with which the CPSE has or had business relations, within one year from the date of his retirement/resignation, without prior approval of the Government.

1.17.2 In order to secure compliance of these restrictions, CPSE shall secure a bond from him/her at the time of their employment/retirement/resignation in CPSE for an appropriate sum of money payable by him/her as damages for any violation of these restrictions in terms of DPE OM No.2(22)/99-GM dated 8th August, 2012.

1.18 Lien: In case, he/she was holding a below board level post before his/her appointment to the board level post in a CPSE, he/she will retain lien on their below board level post, if applicable, as per the extant guidelines of DPE/CPSE concerned.

2. In respect of any other item, concerning him/her which is not covered in preceding paras, he/she will be governed by the relevant Rules/instructions of the CPSE concerned/Government.

3. This issues with the concurrence of the Finance Division, Ministry of _____ vide their U.O. No. _____ dated _____.

Yours faithfully

( )

[DPE O.M. No. W-02/0031/2018- DPE (WC) GL-XX/18 Dated 23rd July, 2018]

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(b) Dearness Allowance/Interim Relief

1. Merger of 50% of Dearness Allowance with basic pay to the employees of Central Public Sector Enterprises (CPSEs) following 1997 Industrial Dearness Allowances (IDA) pattern scales of pay.

Consequent upon the recommendation of the 2nd Pay Revision Committee based on large number of the representaions on merger of 50% DA with the basic pay from Executives / CEOs of CPSEs both individually and collectively in writing, the Government have now decided as follows:

i) Portion of IDA equal to 50% of the existing basic pay in respect of employees in CPSEs following IDA pattern of pay scales at 1997 levels for employees of CPSEs may be merged w.e.f. 1.1.2007 with the basic pay of the employees and shown distinctly as Dearness Pay (DP), which would be counted for purposes like payment of allowances, transfer grant, retirement benefits, contribution to Contributory Provident Fund, Licence Fee, various advances etc.

ii) The merger of IDA equal to 50% of the existing basic pay as mentioned at sub-para (i) above may be allowed to employees of CPSEs following IDA pattern of pay scales at 1997 level that are not loss making and are in a position to absorb the additional expenditure on account of merger of 50% of IDA with basic pay from their own resources without any budgetary support from the Government. The budgetary support would not be available for this purpose.

iii) Similar benefits of merger of IDA equal to 50% of the existing basic pay as at sub-para (i) above may also be extended to the employees in the IDA pattern pay scales in the Food Corporation of India.

iv) The entitlements for LTC, TA/DA while on tour and transfer would, however, continue to be governed on the basic pay alone without taking Dearness Pay into account.

v) Portion of Dearness Allowance converted into Dearness Pay would be deducted from the existing rate of Dearness Allowance while computing quantum of Dearness Allowance.

vi) The Board of Directors of each CPSE would consider the proposal for 50% merger of DA with Basic Pay for executives and workmen keeping in mind the capacity of the company to pay and submit a proposal to the Administrative Ministry which will approve the proposal with the concurrence of its Financial Advisor.

2. All the administrative Ministries/Departments of the Government of India are requested to bring to foregoing to the notice of Central Public Sector Enterprises (CPSEs) under their administrative control for their information and necessary action.

[DPE OM No. 2(7)/2005 DPE- (WC) GL-III Dated 26th February, 2008]

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(c) Allowances & Perquisites

1. Pay Revision of Employees following CDA pattern in Central Public Sector Enterprises (CPSEs)- Government decision on allowances etc.- regarding.

In continuation of DPE's OM of even number dated 17.08.2017 regarding Pay Revision of Employees following CDA pattern in CPSEs, it is informed that following allowances applicable to the Central Government employees have been revised by Department of Personnel & Training (DoPT):

i. Travel entitlements for the purpose of LTC as per DoPT's OM No.31011/8/2017-Estt.A-IV dated 19.09.2017 **(Annexure-I)**.

ii. Grant of Children Education Allowance as per DoPT's OM No.A27012/02/2017-Estt.(AL) dated 16.08.2017 **(Annexure-II)**.

iii. Grant of Children Education Allowance for differently abled children of government employees as per DoPT's OM No.A-27012/02/2017-Estt.(AL) dated 31.10.2017 **(Annexure-III)**.

iv. Special Allowance for Child Care for women with disabilities as per DoPT's OM No.A-27012/03/2017-Estt.(AL) dated 16.08.2017 **(Annexure-IV)**.

2. Further, the following allowances have been abolished by Department of Expenditure/DoPT:

i. Department of Expenditure's OM No.12 (4)/2016-EIII.A dated 07.07.2017 regarding discontinuance of Family Planning Allowance for adoption of small family norms-recommendation of the 7th CPC **(Annexure-V)**.

ii. Department of Personnel & Training's OM No.A-27023/01/2017-Estt.(AL) dated 16.08.2017 regarding implementation of Government decision on the recommendations of the 7th CPC-Abolishing Desk Allowance **(Annexure-VI)**.

3. Accordingly, the allowances of the employees of CPSEs following CDA pattern of pay may be revised in terms of OMs mentioned above in para 1 and 2 **w.e.f. 01.07.2017**.

4. Any subsequent amendment(s) made by the DoE/DoPT in respect of above allowances for Central Government employees would be applicable to these employees also.

5. All administrative Ministries/Departments of the Government of India are requested to bring these orders to the notice of CPSEs under their administrative control who are following CDA pattern of pay scales as per DPE's OM dated 17.08.2017.

[DPE O.M. No.W-02/0058/2016-DPE- (WC) GL-XIII/18 Dated 21st May, 2018]

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(d) Others

1. Revised ceilings on accumulation of Earned Leave.

The undersigned is directed to refer to this Department's OM No. 2(27)/85-DPE(WC) dated 24.4.1987 on the above subject, wherein it was decided that the management of Public Enterprises could enhance ceiling on accumulation of Earned Leave to 240 days only in cases where the existing Earned Leave Rules had envisaged accumulation upto 180 days. It was further clarified therein that the enhanced ceilings on accumulation of Earned Leave would also be applicable to the executives appointed on the Board of management of these Public Enterprises. The above enhanced limit was operative w.e.f. 1.7.1986.

2. It has now been decided to enhance with immediate effect the maximum accumulation of Earned Leave to 300 days to employees of CPSEs following Industrial Dearness Allowance pattern of scales subject to the conditions that the additional expenditure to be incurred on this account will be met by the CPSEs from their own internal resources without any budgetary support from the Government.

3. All administrative Ministries/Departments are requested to bring the foregoing to the notice of the Public Enterprises under their administrative control for their own information and necessary action.

[DPE O.M. No.2(53)/90-DPE(WC) Dated 5th August, 2005]

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2. Appointment / promotion of the employees of CPSEs in CDA scales of pay on or after 01.01.1989.

The undersigned is directed to invite attention to Para 3(iii) of this Department's O.M.No.2(43)/90-DPE(WC) dated 12.6.1990 which, **inter alia,** provides that all appointments made on or after 01.01.1989 in respects of all categories of employees by the CPSEs would be deemed to have been governed by the IDA pay scales and IDA. The aforesaid O.M. dated 12.6.1990 is in pursuance of the Supreme Court Judgment dated 03.05.1990 giving directions for implementation of the report of High Powered Pay Committee.

2 Para 3(ii) of the Supreme Court Judgment dated 03.05.1990 provides that the employees appointed on or after January 1, 1989 will be governed by such pay scales and allowances as may be decided by the Government in its discretion. Those appointed earlier with IDA pattern will continue to be governed in accordance with the terms and conditions of their appointment.

3 Earlier references were received from certain Ministries/CPSEs wherein a question had been raised as to whether the word "appointment' as mentioned in para 3(ii) of Supreme Court's Judgment dated 03.05.1990, Annexure-I to the DPE O.M. dated 12.06.1990 on the subject of implementation of High Powered Pay Committee's recommendations, includes 'promotion' also. The matter was considered in consultation with Ministry of Law & Justice, Department of Legal Affairs. It was held that recruitment includes any method provided for inducting a person in public service. Appointment, selection, promotion and deputation are all well-know methods of recruitment. The words 'employment' or 'appointment' have been held to be wide enough to include the matter of promotion including promotion to selection posts.

4 On the issue whether 'appointment' includes 'promotion'. the clarification as per Para 3 above was given on a case by case basis. This issue has been raised again by some Ministries/CPSEs in the context of recent pay revision in the case of employees of both CDA and IDA pay scales in CPSEs. It is again emphasized that there is no change in the position as given in para 3 above.

5 In case there are any Court Cases/Court Orders relating to CDA/IDA pattern of employees in a particular CPSE, the Administrative Ministry/CPSE should take into account the implications of such Court Cases/Court Orders while switching over employees from CDA pattern of pay scales to IDA pattern of pay scales.

[DPE O.M. No.2(41)/09-DPE(WC)-GL-XX/2009 Dated 10th August 2009]

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3. Clarification sought by Audit on encashment of sick leave.

The undersigned is directed to refer to Department of Defence Production O.M. No. 25/1/2012/D(BEL) dated 19th/26th November, 2012 and DPE letter of even no. dated 17.07.2012 on the subject mentioned above and to state that DPE has not issued any guidelines permitting CPSEs for encahsment of sick leave in respect of their employees. Further, the guidelines have been issued for encashment of only Earned Leave (*vide* DPE O.Ms. dated 24.04.1987, 05.08.2005, 10.12.2008 and 26.10.2010). Therefore, encashment of sick leave by some of the CPSEs is not covered by Government guidelines and is void ab initio.

[DPE O.M. No.2(14)/2012-DPE(WC)-GL-XXI/12 Dated 17th December, 2012]

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4. Scales of Pay and Grades of executives at below Board level in CPSEs.

The undersigned is directed to refer to Annex-I of DPE O.M. dated 26.11.2008 which, *inter-alia*, provided different grades and corresponding pay scales in 2007 pay revision. It has come to the notice of this Department that in violation of DPE O.Ms. dated 26.11.2008 and 02.04.2009 some CPSEs have adopted higher or different pay scales than those prescribed under 2007 pay revision, for their executives at below Board level.

2. It is clarified that below board level executives of CPSEs have necessarily to be in the specified grades of E0 to E9 in a CPSE depending upon the schedule of their CPSE. CPSEs are free to recruit executives for each grade as per their functional requirement, and as per the rules framed therefor. However, each CPSE can only adopt and recruit executives to the 10 grades (E0 to E9) provided in the DPE guidelines. For example, in case if it is 'E0 Grade', the corresponding pay scale must be Rs. 12,600-32,500 and in case it is 'E6 Grade', it has to be Rs. 36,600-62,000/-. The grade and corresponding scale of pay cannot be altered by the CPSEs. Appropriate nomenclature for these Grades as per the standard practice of the CPSEs may be followed.

3. Further, no intermediary scales have been permitted under DPE O.Ms. dated 26.11.2008 and 2.4.2009. Generally, promotion has to be from one 'Grade' to next higher 'Grade' with its corresponding scale as per the promotion policy of respective CPSEs. A CPSE cannot have more than one pay scale in a grade (say DGM & GM in E8 pay scale) to promote its executives within the same grade.

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

[DPE O.M. No.2(12)/2009-DPE(WC) Dated 24th December, 2012]

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5. Purchase, use, entitlement & others instructions regarding Staff Car in CPSEs.

The undersigned is directed to refer to this Department's OM of even No. dated 21.01.2013 on the subject noted above and to say that it has been decided to withdraw the provision mentioned in para 1 (G) of DPE OM 2 (23)/11-DPE (WC) dated 21.01.2013 pertaining to the issue of extending staff car facilities for official purpose to Executive Directors and General Managers in-charge of the constituent units, who are not heading any project of the CPSE.

[DPE O.M. No. 2(23)/11-DPE-(WC) GL-XXVI/13 Dated 4th November, 2013]

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6. Encashment of Half Pay Leave (HPL) on superannuation - regarding

The undersigned is directed to refer to the following references received from various quarters seeking clarification/relaxation on the subject noted above.

(a) National Thermal Power Corporation (NTPC)'s letter No. 01:HR: Policy: 7(2)/1106-084 dated 12.7.2013

(b) Ministry of Power's OM No. 3/4/2013 TH. I dated 14.8.2013, 19.9.2013, 18.12.2013 and 27.12.2013

(c) National Mineral Development Corporation (NMDC)'s letter No.1(29)/Rules/2012 dated 19.9.2013

(d) Ministry of Steel's Letter No. 8(1)/2013-RM-I dated 29.10.2013

(e) Department of Food & Public Distribution's OM No. 9-45/2011-SG dated 20.11.2013.

2. The issue has been examined in DPE and it is reiterated that the clarification issued vide the above mentioned DPE OM dated 17.7.2012 (copy enclosed) on encashment of Sick Leave/HPL at the time of retirement shall stand good.

3. With this, all the references made to DPE on this issue by CPSEs including those mentioned above, stand disposed off.

Subject : Clarification sought by Audit on encashment of sick leave.

I am directed to refer to your letter No. Reports/DPE/2011-12/814 dated 7.3.2012 on the subject mentioned above.

2. As per DPE O.M. dated 24.4.1987 ñLeave Rules are framedby individual public enterprises with approval of the Board of Directors, keeping in view the broad parameters of the policy guidelines laid down in this regard by the Governmentò. In this context DPE O.Ms dated 05.08.2005, 10.12.2008 and 26.10.2010 regarding the issue of leave encashment of sick leave, the same can not be enchased. However earned leave and half-pay leave can be considered for encahsment of leave on. retirement subject to over all limit of 300 days. The cash equivalent payable for half-pay leave would be equal to leave salary as admissible for half-pay plus DA, it is however, clarified that to make up the short fall in Earned Leave, no contribution of half-pay leave would be permissible.

DPE Letter No. 2(14)/2012-DPE(WC) Dated17th July, 2012

[DPE O.M. No. 2(14)/12-DPE-(WC) GL-IV/14 Dated 7th February, 2014]

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7. Payment of Performance Related Pay (PRP) to the executives of Central Public Sector Enterprises (CPSEs).

The undersigned is directed to enclose the copy of DPE OM even number dated 31.12.2012 on the subject noted above.

All administrative Ministries/Departments of the Government of India are requested to issue suitable instructions to the CPSEs under their adminstrative control based on DPE OM dated 31.12.2012.

Subject : Payment of Pertofrmance related pay (PRP) to executives of Central Public Sector Enterprises (CPSEs)

The undersigned to durected to refer to Ministry of Housing & Urban Poverty Alleviation O.M. No. 1-14020/1/2011-HR dated 7th September, 2011 and subsequent reminders on the subject memtioned above.

2. There are laid down guidelines providing for timely completion the process of recording of Annual Performance Appraisal Reports (APARs) of executives of CPSEs and therefore all attempts should be made to finalize the APAR ratings of individual executives by following the laid down process as APAR ratngs detemine the payment of PRP in the absence of APAR ratings it would not be possible to pay PRP in terms of extant guidelines.

3. This Department has considered the issues by the Ministry of Housing & Urban Poverty Alleviation regarding (i) procedure to be followed in the matter of payment of PRP to executives of CPSEs, where o APARs were recorded and (ii) payment of PRP to an executive, who severd a CPSE for a period less than three months in a particular financial year and when on APRA has been recorded for that period. This Department is of the view that excephones to the positions brought out in para 2 above could be allowed only in cases where APAR process could not be completed due to the following reasons:-

(a) Demission of office and/or retirement of officer reported upon before the initiation of APAR.

(b) Demission of office and/or retirement of reviewing/accepting authority before writing the APAR of the officers reported upon.

(c) Non-recording/non-availablity of APAR for the concerrned period including the cases where the period of recording APAR is less than 3 months.

However there could be other reasons also for non-availability of APAR and a considered view in such case(s) would be taken by DPE if such situation are brought to the notice of DPE by the concemed admiistrative Ministry/Department.

4. It is clarified that in case APAR rating a Board level executive of a CPSE is not available for the relevant period for the reasons brought in para 3 above APAR rating of the concerned Board level executive may be considered as one grade lower that the MOU rating of the concerned CPSE for the relevant financial year for the purpose of payments of PRF.

5. The payment of PRP to the concerned Board level executives(s) may be formalized as per land down procedure for the consideration and approval by the REmuncration Committee of the concerned CPSE.

6. It is further clarthed that above dispensation would not cover the case where APAR could not be completed becasuse of the delay on the part of the executive being reported upon (in submission of self assessment etc.)

7. This has the approval of Minister of Heavy Industries & Public Enterprises.

[DPE O.M. No. 2(68)/11-DPE-(WC) Dated 31st December, 2012]

[DPE O.M. No. 2(68)/11-DPE-(WC) GL-V/14 Dated 10th February, 2014]

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8. Re-classification/Up-gradation of Cities/Towns on the basis of Census-2011 for the purpose of grant of House Rent Allowance (HRA) for CPSE employees.

The undersigned is directed to refer to para '7' of DPE OM dated 26.11.2008, para '2' (iii) of OM dated 02.04.2009 and DPE OM dated 07/01/2013 on the subject cited above.

2. Department of Expenditure, vide OM No. 2/5/2014-E.II(B) dated 21.07.2015, has re-classified the cities/towns on the basis of Census-2011 as "X", "Y" and "Z" for the purpose of HRA as enumerated in the Annexure to this OM.

3. It has been decided that the re-classification of cities/towns on the basis of census 2011 for the purpose of grant of HRA as contained in the Department of Expenditure OM dated 21.07.2015 would also be implemented in the Central Public Sector Enterprises with effect from **1st April 2015.**

4. These guidelines would be applicable to the employees of CPSEs who are on 2007 IDA pay scale and also to the employees on 6th CPC recommendation based CDA pay scales.

5. All the administrative Ministries/Departments of the Government of India are requested to bring the foregoing to the notice of the public sector enterprises under their administrative control for their information and necessary action.

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

[DPE O.M. No. 2(46)/2012-DPE (WC)-GL-XIII/2015 Dated 7th September, 2015]

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9. Amendment in the Payment of Gratuity Act, 1972- enhancement of ceiling of the payment of Gratuity to the employees of CPSEs thereon -regarding.

In continuation of this Department's OM No 2(25)/10-DPE(WC)-GL-X/2010 dated 02.06.2010 on the subject cited above, the undersigned is directed to state that the Payment of Gratuity Act, 1972 has been amended vide the Payment of Gratuity (Amendment) Act, 2018 (No. 12 of 2018), Notification dated 29.03.2018 published in the Gazette of India. In pursuance of the Amendment, sub-section (3) of Section 4 of the Payment of Gratuity Act, 1972 has been amended to substitute the words "ten lakh rupees" with the words "such amount as may be notified by the Central Government from time to time".

2. Ministry of Labour & Employment (M/oL&E)'s Notification No S.O.1419 (E) dated 29.03.2018 has indicated that Central Government hereby appoints the 29th day of March, 2018 as the date on which the said Act shall come into force. Further, M/o L&E vide Notification No. S.O. 1420 (E) dated 29.03.2018 has notified that Central Government hereby specifies that the amount of gratuity payable to an employee under the Act shall not exceed twenty lakh rupees.

3. The administrative Ministries/Departments are requested to bring the above to the notice of all the CPSEs under their administrative control for information and compliance.

[DPE O.M. No. W-02/0020/2018-DPE (WC)-GL-XII/18 Dated 11th April, 2018]

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10. Consolidated guidelines on creation of corpus based on the 2nd Pay Revision Committee recommendations-reg.

The undersigned is directed to say thafvarious guidelines have been issued by the Government from time to time on the above subject regarding creation of Corpus by contributing 1% to 1.5% of Profit Before Tax (PBT) in order to take care of medical and any other emergency needs of retired executives and also those employees who are not adequately covered by the Pension Scheme. All the guidelines issued till date have been consolidated for easy reference and guidance of all concerned. These consolidated guidelines have been uploaded on this Department's website http://dpe.gov.in in the dynamic form.

2. Administrative Ministries/Departments are requested to bring it to the notice of the all CPSEs under their jurisdiction for information, guidance and necessary action.

3. This issues with the approval of the Competent Authority.

CONSOLIDATED GUIDELINES ON CREATION OF CORPUS

A. Creation of Corpus in order to take of medical and any other emergency needs of retired employees of CPSEs.

The 2nd Pay Revision Committee (2nd PRC) constituted for revision of pay and allowances in respect of Executives and Non-unionized supervisors of CPSEs following IDA pattern of pay scales in its report, inter alia recommended that CPSEs may' create a corpus by contributing 1% to 1.5% of Profit Before Tax (PBT) to create a fund in order to take care of medical and any other emergency needs of retired executives and also those employees who are not adequately covered by the Pension Scheme.

2. In terms of DPI! 0.Ms. dated 26.11.2008 and 02.04.2009, CPSEs are allowed upto 30% of Basic Pay plus DA as superannuation benefits which may include CPF, Gratuity, Pension & Post Superannuation Medical Benefits While, a number of CPSE,s already have scheme for extending post superannuation medical benefits and/or pension to their retired employees, many other CPSEs may not have any such scheme for their retired employees.

3. "Fhis Department had requested Ministries/Departments concerned with the CPSEs for furnishing their considered views about the feasibility and the methodology of operationalising the above referred recommendation of the 2nd PRC. DPI!. however, did not receive appropriate response from concerned Ministries/ Departments to the said recommendation. It is found that it would not be feasible to have a common/unified scheme for all the CPSEs. However, at the same time, a need is felt to have a scheme for the retired employees a CPSE so that they could avail medical and other emergency benefits. In such a situation, it would be better if decision to create or otherwise, a corpus to implement the recommendation, is left to the individual CPSEs.

4. After careful consideration of the recommendation of 2nd PRC, it has now been decided that individual CPSEs may create a corpus by contributing not more than 1.5% of PBT, in order to take care of medical and any other emergency needs to those retired employees, who are not covered by the pension scheme and/or post superannuation medical benefit scheme.

5. Administrative Ministries/Departments may. therefore, issue suitable instructions to the managements of CPSEs, to consider framing of a scheme, with the following guidelines:

(i) The scheme may be set up where there is a need felt for such a scheme for retired employees of a CPSE.

(ii) The scheme should take care of medical and any other emergency needs of those retired employees, who are not covered by the Pension scheme and/or post superannuation medical benefit scheme.

(iii) A Committee of Directors may be constituted by the Board of Directors of each CPSE for disbursement of fund, to the retired employees of the CPSEs, covered under the scheme. The Committee may also identify the areas of medical and any other emergency needs.

(iv) In the introductory year of operation of the scheme. not more than 1.5% of previous year's PBT would be permissible for funding of the scheme. In subsequent years, depending upon the need, contribution to the Corpus, if required, would be made. However, in no case the contribution to the Corpus, in any year will exceed 1.5% of the PBT of previous year.

(v) No budgetary support will be provided by the Government for the scheme.

6. The Board of Directors of each CPSE accordingly, may consider, framing of the scheme, keeping in view the above guidelines, based on their need and affordability, and submit proposal to the Administrative Ministry/Department for approval. The concerned Administrative Ministry/Department may with the concurrence of their Financial Advisor, obtain approval of the competent authority for the scheme.

7. A copy of the approved scheme may be forwarded to the Department of Public Enterprises for record, in due course.

[DPE O.M. No.2 (81)/08-DPE(WC)-GL-XVI/2009 Dated 8th July, 2009]

B. Creation of Corpus for retired employees of CPSEs

The undersigned is directed to refer to G.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 G.M. dated 08.07.2009, a number of representations have been received in this Department, requesting for notification in the Scheme. Government has accordingly reviewed the efficacy of the scheme as conveyed in G.M. of even number of 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 Apartment may be formed by the respective administrative Ministry. Department for implementation of said corpus.

(iv) Scheme based on individual CPSE as conveyed in G.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 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 0.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 sectorial 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).

[DPE O.M. No. 2(81)/08-DPE(WC)-GL-XV/2011 Dated 20th July, 2011]

C. Creation of corpus for retired employees of CPSEs.

The undersigned is directed to refer to DPE O.M. of even number dated 20.07.2011 on the subject mentioned above. The date '08.02.2009 appearing at the end of para 2 (iv) of the DPE O.M. dated "20.07.2011" may be read as "08.07.2009". There is no change in other contents of the said G.M. dated 20.07.2011.

[DPE O.M. No.2 (81)/2008-DPE (WC)-GL-XIV/12 Dated 27th August, 2012]

D. Issue of creation of 'Corpus' for the retired employees of CPSEs and introduction of Superannuation Benefit Scheme for the executives and non-unionized supervisors of CPSEs after 01.01.2007.

The undersigned is directed to refer to Para '4' of DPE G.M. No. 2(81)/08-DPE(WC) dated 08.07.2000 read with para 2(i) of on No. 2(81)/08-DPE (WC) dated 20.7.2011 and Para 'V' of annexure-'1V of DPE O.M. No. 2(70)/08-DPE(WC) dated 26.11.2008 read with Para '2' (ii) 0.M. No. 2(70)/08-DPE(WC) dated 02.04.-2009 on the subject noted above and to state that the benefit for employees who have retired from CPSEs prior to 01.01.2007 is totally different from that of executives and non-unionized supervisors retiring subsequent to 01.01.2007 and the sourcing of funds for these two mutually exclusive categories of employees is also different. One of the Administrative Ministry has requested comments of DPE on both the schemes. After due consideration. a need was felt that a general clarification/comments on both the schemes may be issued so that there may be no confusion in operation of both the schemes. The clarifications sought and the comments/clarification of DPE in this regard are enclosed.

2. All Administrative Ministries/Departments of the Government of India are requested to bring the foregoing to the notice of the CPSF.,s under their administrative control for action at their end.

Enclosure of DPE O.M. No. 2(1)/2013-DPE (WC) DATED 24.01.2013

Sl. No.	Clarifications sought	Comments of DPE
1.	Whether the contribution of 1.5% of PBT to the made by CPSEs for providing medical benefits to retired employees (Pre-01.01.2007) is outside the ceiling of 30% prescribed for granting superannuation benefits to executives/non-unionized supervisors under the OM dated 02.04.2009 (post- 01.01.2007 retirees). [O.M. No. 2(70)/2008-DPE (WC)]	The benefit fir employees who have retired from CPSEs prior to 1.1.2007 is totally different from that of executives and non- unionized supervisors retiring subsequent to 1.1.2007. The sourcing of funds 1-lor these two mutually exclusive categories of employees is also different. The schemes therefore, should also be separately framed based on DPI/ guidelines. The contribution of upto 1.5% of PBT for creation of corpus is for providing medical benefits and any other emergency needs is for employees who have retired prior to 1.1.2007 (chic DPE O.Ms. dated 08.07.2009 and 20.07.2011 .The ceiling of 30% of basic pay 4 + DA is in respect of executives and non-unionized supervisors retiring on or after 1.1.2007 from CPSEs and this is based on the concerned individual's' basic pay from time to time. In view of the above, contribution of 1.5%of PBT has no relationship with 30% ceiling prescribed for grant of superannuation benefits.
2.	Whether the contribution under medical benefit schemes under DPE instructions dated 02.04.2009 in respect of post 01.01.2007 and the contribution under the scheme for creation of corpus under DPE OM dated 08.07.2009 can be clubbed together to obtain one common medical benefit scheme for al the categories of retirees or is it mandatory to have two separate Schemes for Pre-2007 and post-2007 retirees? The above clarification is needed as clubbing of two Schemes may lead to cross- subsidization between the Schemes after some years when the number of pre-01.01.2007 retires declines and the number of post-01.01.2007 retirees increase & clue superannuation etc. [O.M. No. 2(70)108-DPE (WC)] [O.M. No. 2(81)/08-DPF.: (WC)]	No, Corpus created out of 1.5% of PBT cannot be merged with contribution towards superannuation benefits limited to 30% of Basic Pay ± DA. The two categories of employees and the schemes mean for each category cannot be merged.
3.	Whether it is permissible to cover workmen also under the Scheme dated 08.07.2009 which provides for contribution of 1 to 1.5%of the PBT to the corpus to take care of medical needs or retired executives and other employees of CPSEs not covered under Pension Scheme? [O.M. No. 2(8I)/08-DPE (WC)]	Workmen are covered under the settlement arrived at between the Management and the Trade Unions based on the policy guidelines issued by DPE. The corpus created out of 1.5% of PBT as indicated in DPE O.Ms. dated 08.07.2009 and 20.07.2011 is meant for all the retired employees, which may include workmen of a CPSE retired prior to 1.1.2007 DPE O.Ms. dated 26.11.2008 and 02.04.2009, which inter-olia provide for

Sl. No.	Clarifications sought	Comments of DPE
		superannuation benefits limited to 30% of Basic Pay-- DA is meant for executives and non-unionized supervisors. For workmen superannuation benefits would depend upon the settlement arrived at between the Management and the Trade Unions of respective CPSEs provided it does not clash with that of executives and non-unionized supervisors.
4.	While a minimum service requirement of 15 years has been prescribed for grant of pension and medical benefits under DPE OM dated 26th November, 2008, no Minimum service requirement has been imposed in cases of retired employees of CPSFs who are to be paid medical benefits from 1.5% PBT corpus as per DPEOM dated 08.07.2009. [O.M. No.2(70)/08-DPE (WC)] [O.M. No. 2(81)/08-DPE (WC)]	DPE O.Ms. dated 08.07.2009 and 20.07.2()11 do not envisage minimum service requirement for getting benefits out of the corpus upto 1.5% PBT meant for employees retired prior to 1.1.2007. [O.M. No. 2(81)/08-DPE (WC)]
5.	Should not such schemes have to be cotributory only as per DPE guidelines? Some companies are making their Schemes contributory while HAL has proposed to fully fund the Scheme from Company funds?	DPE O.Ms. dated 26.11.2008 and 02.04.2009 do not provide for mandatory contribution on the part of employees. Employees contribution to other post retrial benefits would enhance their social security and therefore, the CPSE can frame scheme as per their requirement [O.M. No. 2(70)/08-DPE (WC)]
6.	Whether this Scheme is covered under the limit of 50% fixed for Perks and Perquisites? [O.M. No. 2(70)/08-DPE (WC)]	As per DPE aMs. dated 26.11.2008 and 02.04.2009, contribution towards superannuation benefits is subject to a ceiling of 30% of Basic Pay + DA. This benefit is in addition to perks and allowances and is therefore outside the 50% ceiling prescribed for perks and allowances. [O.M. No. 2(70)/08-DPE (WC)]
	[DPE O.M. No. 2(1)/2013-DPE (WC)-GL-VI/13 Dated 24th January 2013]	

[DPE O.M. No. W-02/0046/2018-DPE (WC)-GL-XXII/18 Dated 27th September, 2018]

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CHAPTER-VI

MEMORANDUM OF UNDERSTANDING (MoU)

1. Guidelines for MoU for the year 2017-18 and onwards.

The undersigned is directed to enclose herewith MoU guidelines for the year 2017-18 and onwards. These guidelines are issued as amendment to the existing guideline issued *vide* even O.M. dated 12th April, 2017 and 16th December 2016.

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

MoU Guidelines for the Year 2017-18 and onwards

1. **Memorandum of Understanding (MoU):** MoU is a negotiated agreement and contract between the Administrative Ministry/ Department/ Holding CPSE i.e. majority shareholder and the Management of the Central Public Sector Enterprise (CPSE) on selected parameters having targets decided normally before the start of a new financial year and results evaluated after the end of the year to measure the performance. For carrying out this exercise, CPSEs would provide brief in format at Annex-I and trend analysis in Annex-III.

2. **Purpose of MoU:** The purpose of the MoU is to measure the performance of the management of the CPSEs on key selected parameters against the targets agreed upon so as to improve the critical performance indicators of the organisation.

3. **Scope:** All CPSEs (Holding as well as Subsidiaries) are required to sign MoUs. The Apex/Holding companies will sign MoUs with their administrative Ministries/ Departments, while the Subsidiary companies will sign MoUs with their respective Apex/ Holding companies.

4. **Exemption from MoU:**

4.1 High Powered Committee in its meeting held on 8th March, 2017 had confirmed/ approved exemption to following CPSEs from signing of MoU:-

i. India Infrastructure Finance Co. Ltd., and its subsidiaries.

4.2 Following CPSEs may be exempted from MoU system by the Inter-Ministerial Committee (IMC):

i. CPSEs under liquidation where Liquidator has already been appointed. However administrative ministry would provide the list of such CPSEs to DPE along-with brief write-up.

ii. CPSE which is not in operation or having no employees or on any other ground on the recommendation of administrative Ministry.

5. **Parameters:** CPSEs work in various sectors under different conditions. In view of this, the following guidelines are laid down:-

5.1 There would be uniform parameters for measuring financial performances such as revenue from operations, operating profit and return on investment (e.g. ratio of PAT/Net-worth). This would be applicable to all CPSEs, except CPSEs which are dependent on government grant or performing functions of distribution

of grant etc. e.g. Biotechnology Industry Research Assistance Council (BIRAC). Hence, 3 financial parameters have been prescribed for all CPSEs with total weightage of 50% except for CPSEs like BIRAC. The mandatory parameters are at Annex-II (Part-A).

5.2 For the remaining 50% weightage, a menu of parameters has been suggested for selection depending on the sector in which the CPSE is operating. Separate Format has been given for Finance Sector at Annex-II (Part-C) and another Format for the remaining operating CPSEs at Annex-II (Part-B). The parameters most appropriate and relevant for measuring performance shall be suggested by the Pre-Negotiation Committee (PNC) to the Inter-Ministerial Committee (IMC). In all the cases IMC shall take appropriate decision on the suggestions made by PNC.

5.3 Chairman, IMC is authorised to modify the parameters or weightages of parameters in sector specific cases, if justified.

5.4 For CPSEs under closure/ under construction/ under reconstruction, parameters have not been prescribed leaving it to the PNC to suggest the most appropriate parameters and targets for IMC to take decisions. For such CPSEs, the emphasis should be to suggest parameters and fix targets for starting commercial operations as early as possible. For CPSEs under closure, the targets would be for ensuring time bound closure. Format for such CPSEs is at Annex-IV.

5.5 Definition and explanatory notes on the suggested parameters are given in Annex-V.

6. MoU Ranking:

i. With a view to distinguish 'excellent performance' from 'poor performance', five different performance ratings have been fixed in the MoU, i.e., 'Excellent', 'Very Good', ' Good', ' Fair' and 'Poor'.

ii. Apart from rating of CPSEs, MoU performance of all MoU signing CPSEs, there will be category-wise ranking of CPSEs (Maharatna, Navratna, Miniratna, others) and sector-wise ranking of CPSEs (Mining, Power, Petroleum, Finance, consultancy etc.) only for the purposes of acknowledging where they stand in their respective category/ sector.

7. MoU Targets:

i. Targets fixed should be realistic, growth oriented and aspirational. Generally target for Excellent should not be lower than best achieved in last 5 years and Very Good should not be lower than the expected achievement of the current year (year immediately preceding the year for which targets are being fixed) unless there are specific reasons to fix lower targets and are duly supported by the administrative ministry/ department.

ii. Once MoUs are signed, any revision of targets would not be permissible. MoU targets are unconditional and non-provisional.

8. **Pre-negotiation Committee (PNC):** The role of the Pre-negotiation Committee (earlier known as Standing Committee on MoU) would be to assist IMC in determining the most appropriate and relevant parameters for measuring improvement in performance and for fixing targets. Meetings of the Pre-negotiation Committee would be held in each case before the meetings of IMC to look at the trends, discuss, negotiate and recommend MoU parameters and targets. The composition of Pre-negotiation Committee would remain the same of erstwhile Standing Committee.

9. **Inter-Ministerial Committee (IMC):** MoU targets would be decided by the IMC. There is no change in the composition of the Committee. Any change in the composition of the committee would be done with the approval of Cabinet Secretary.

10. **Time-lines for submission of MoU:** The draft MoU with all documents/ Annexures should be submitted to administrative Ministry/ Department in respect of all CPSEs and their subsidiaries by 21st November of each year for the forthcoming year. The draft MoU after the approval of administrative Ministry/ Department should be sent to DPE by 15th December of each year for the forthcoming year with all documents/ Annexures. A copy of draft MoU may also be sent to IMC Members other than DPE. Secretary, DPE is authorized to extend the dates.

11. **Enclosures with Draft MoU:** CPSEs should send the Draft MoU in the relevant format along with all the annexures prescribed and documents mentioned below.

i. MoU as per Annex I, Annex II (Part-A and Part-B or Part-C), and Annex III (Part-A and Part-B) duly filled in for CPSEs in operation and Annex (I & IV) for CPSEs under closure/ under construction/ reconstruction enclosed with these Guidelines.

ii. Copy of latest Annual Report.

iii. Latest quarterly/half-yearly results.

iv. Copy of the latest Annual Plan and Annual Budget.

v. Copy of Corporate Plan.

vi. Minutes of the IMC meeting of previous year.

12. **MoU Signing Process:** MoU based on the parameters, targets and weightage recommended by IMC without any deviation shall be signed between CMD/ MD of CPSE and Secretary of administrative Ministry/ Department in case of holding/ independent CPSEs and between CEO/ MD of subsidiary company and CMD/ MD of holding CPSE in case of subsidiary by 31st March (i.e. before start of financial year in respect of which targets are fixed) or within 21 days from issue of IMC meeting minutes, whichever is later. In case, deviation is detected, IMC minutes would prevail.

13. **MoU Evaluation:** Evaluation of MoU of the CPSE is done after the end of the year on the basis of actual achievements vis-à-vis the MoU targets. CPSEs (Holding as well as Subsidiaries) are required to submit performance evaluation reports on the basis of audited accounts to Department of Public Enterprises after approval of the Board of CPSE and through the administrative Ministries/Departments on or before 30th September (in respect of immediately preceding year) or any other date communicated by DPE. Figures and information in the MoU achievement which are not verifiable from audited accounts would be relied on the basis of certification by way of resolution of the Board given separately for each parameter.

If at the time of evaluation, it is observed that any CPSE may have under-pitch their projected performance for the year concerned to have soft targets fixed. DPE/ IMC may call the CMD of such CPSE to clarify the matter for enabling the IMC to evaluate the performance and assign marks and rating based on justification given by the CMD.

14. **MoU Score and Rating:** MoU score is an aggregate of score on all parameters with respect to performance vis-à-vis the targets.

14.1 The system of rating of CPSEs on the basis of MoU Aggregate Score is as follows:-

Aggregated Score	**Rating**
90<Score<100	Excellent
70<Score<90	Very Good

50<Score<70	Good
33<Score<50	Fair
0<Score<33	Poor

14.2 Score and rating as per para 14.1 would be subject to fulfilling following criteria failing which aggregate MoU score would be reduced by 1 mark for each instance of non-compliance subject to maximum of 5 marks and the rating would be modified accordingly:

i. Compliance of Provisions of The Companies Act, 2013 or the relevant Act under which they have been regulated (To the extent compliances are within the ambit of CPSEs).

ii. In case of listed CPSEs, compliance of provisions of Listing Agreement (To the extent compliances are within the ambit of CPSEs).

iii. Compliance of DPE Guidelines having financial implications.

iv. No adverse observations by CAG on Annual Accounts pointing out misappropriation of funds of any amount or Over statement of profit/ surplus/ assets or understatement of loss/ deficit/ liabilities amounting to 5% of Revenue from Operation.

v. Holding of AGM without seeking extension of time.

vi. Submission of Draft MoU/ MoU evaluation through administrative ministry/ department to DPE by prescribed date.

vii. Signing of MoU as prescribed without deviation from minutes of the IMC meeting.

viii. Compliance of Public Procurement Policy for Micro and Small Enterprises issued by M/o Micro Small and Medium Enterprises.

ix. Compliance of DPE guidelines on allocation of CSR fund by CPSEs for Swachh Bharat activities.

x. Compliance of DPE guidelines on Digital India.

xi. Compliance of DPE guidelines on any policy, issued from time to time, and prescribed specifically in this regard.

14.3 Compliance of each of additional eligibility criteria to be confirmed/ certified by Board of Directors by way of resolution.

15. **CPSEs not signing of MoU or not submitting MoU evaluation:** The CPSEs who do not submit Draft MoU/ MoU evaluation through their administrative Ministries/ Departments within a stipulated time of the prescribed date will be rated as 'poor'. Stipulated time would be decided by Secretary, DPE (presently stipulated time is six months vide OM no M-03/0017/2016-DPE(MoU) dated 14.07.2017). The Prescribed dates are given in para 10 and 13 of the guidelines.

16. **Approval of Score and Rating:** DPE would carry out the evaluation of the performance of CPSE based on the MoU evaluation received through the administrative ministries/ department. The results of MoU score and rating of CPSEs would be submitted to the IMC. IMC may scrutinize the evaluation and wherever it is felt necessary, modify the score and rating. The score and the ratings of the CPSEs would be submitted to chairman of the HPC for approval. Score and rating would be final after it is approved by the Chairman of the HPC.

ANNEX-I

Brief about the CPSE

1.	Name of the CPSE	
2.	Status (Please tick):	Maharatna/ Navratna/Miniratna/others
3.	Schedule of the CPSE (Please tick)	A/B/C/D/ none
4.	Purpose for which CPSE has been setup and the main business now.	
5.	Any capital restructuring during 2016-17, i.e., buy-back of shares, issue of bonus shares, issue of fresh shares, splitting of shares and percentage of PAT given as dividend.	
6.	Whether shares are listed (if yes, name of Stock Exchange and price of the share as on date).	
7.	Any change in Capacity during the year or next year (MoU Year)	
8.	Any business unit hived off or to be hived off or Added or to be added during the year or next year (MoU Year)	
9.	Brief about the Sector in which the CPSE is operating and national and international environment, regulatory environment etc.	May given as an annexure
10.	Details of revival plan if approved	
11.	Any adverse comment by statutory auditors and its impact on Revenue/Profit/Loss/Assets/ Liabilities.	
12.	Whether C&AG Supplemented the comments of Statutory Auditor. If not, give details alongwith impact.	
13.	Number and Name of subsidiary companies along with amount invested and share in its profit during last five years	Separate sheet may be attached, if more than one subsidiary. Information may be separately given in respect of each subsidiary and aggregated (consolidated) also.

Year*	Name of subsidiary	Amount invested (Rs.)	Share in its profit (Rs.)
2011-12			
2012-13			
2013-14			
2014-15			
2015-16			

14. Number and Name of Joint Venture companies along with amount invested and share in its profit during last five years	Separate sheet may be attached, if more than one subsidiary. Information may be separately given in respect of each subsidiary and aggregated (consolidated) also.

Year*	Name of subsidiary	Amount invested (Rs.)	Share in its profit (Rs.)
2011-12			
2012-13			
2013-14			
2014-15			
2015-16			

*Note : For each succeeding year of MoU, one more year may be added after the MoU 2017-18 and the first year deleted so that total data available is for the past five years.

ANNEX -II

Mandatory parameters

PART A

(Applicable to all CPSEs except CPSEs Distributing Government grant)

Sl. No.	Financial Performance Criteria	Unit	Marks	Current Year	Best in 5 Years	MoU Target for the Year ..... Exellent 100%	V.G. 80%	Good 60%	Fair 40%	Poor 20%	% Improvement
1	**Turnover** Revenue from Operations	Rs. Crore	10								
2	**Operating Profit/Loss** CPSEs with operating profit (Profit/ Surplus before Tax excluding other Income, Extraordinary and Exceptional Items):-										
	Operating profit/ surplus as a percentage of Revenue from operations (net).	%	20								
	CPSEs with operating Loss (Loss/ Deficit not taking into account other Incomes, Extraordinary and Exceptional Items):-										
	Reduction in operating Loss/ Deficit (s) over previous year.	%									
3.	**Return on investment:** Profit Earning CPSEs with no accumulated losses: PAT or Surplus / Average Net Worth	%	20								
	Loss making CPSEs or CPSEs having Accumulated losses:										
	Reduction in Total Expenses as a percentage of Total Income as compared to previous year.	%									
	Total (A)		50								

*Improvement would be worked out on very Good Target for MoU year over Current year expected actuals.

Other Parameters

(Part-B)

Applicable to all Operating CPSEs except CPSEs in Finance Sector

Sl. No.	Performance Criteria	Unit	Marks	Current Year	Best in 5 Years	MoU Target for the Year					% Improvement
						Exellent 100%	V.G. 80%	Good 60%	Fair 40%	Poor 20%	
1	Capacity Utilisation/ Production/Generation/ Transmission, etc.		0-10								
2	New orders Received during the year	Rs. crore	0-10								
3	Exports as a percentage of Revenue from operations	%	0-10								
4	Development or Revenue from new products or product with new features		0-10								
5	Any Production Efficiency parameter		0-10								
6	Completion of milestone of clients orders/ agreements without time overrun	%	0-10								
7	R&D, Innovation, Technology up-gradation parameter		0-10								
8	Increase in Market share	%	0-10								
9	CAPEX (Rs. Crore)		0-10								
10	Percentages of value of CAPEX contracts/ projects running/ completed during the year without time/ cost overrun to total value of CAPEX contracts running/ completed during the year	%	0-10								
11	Number of days of inventory of finished goods and work in progress to Revenue from operations (Net)	Days	0-10								
12	Reduction in Inventory of more than one year old to Revenue from operations (Net)	%	0-10								
13	Trade receivables (Net) as number of days of Revenue from Operationcv s (gross)	Days	0-10								

14	Reduction in claims against the Company not acknowledged as debt	%	0-10
15	Return (share of profit/loss) on Investment in JV	%	0-10
16	Milestones with respect to subsidiary CPSEs not signing MoUs separately		0-10
17	Parameters pertaining to milestones of Revival		0-10
18	HR Related Parameter		Up 10
19	Any other sector specific result-oriented measurable parameters		0-10
	Total (B)		50

*Improvement would be worked out on very Good Target for MoU year over Current year expected actuals.

Other Parameters

(Part-C)

Applicable to all Operating CPSEs except CPSEs in Finance Sector

Sl. No.	Performance Criteria	Unit	Marks	Current Year	Best in 5 Years	MoU Target for the Year					% Improvement
						Exellent 100%	V.G. 80%	Good 60%	Fair 40%	Poor 20%	
1	Loans disbursed/ Total Funds Available	%	10-20								
2	Loans disbursed to Micro Finance Beneficiaries as a % Total Disbursement	%	0-10								
3	Overdue loans/ Total loans (Net)	%	10								
4	NPA/ Total loans (Net)	%	10								
5	Cost of raising funds through bonds as compared to similarly rated CPSEs/ entities		0-10								
6	Contingent liabilities: Reduction in claims against the Company not acknowledged as debt	%	0-5								
7	Return on Investment (share of profit/loss) in Joint Ventures- CPSEs having Joint Ventures	%	0-5								
8	Milestones with respect to subsidiary CPSEs not signing MoUs separately		0-5								
9	HR Related parameters		Upto 10								
10	Any other sector specific result-oriented measurable parameters		0-10								
11	Total		50								

*Improvement would be worked out on very Good Target for MoU year over Current year expected actuals.

ANNEX III

PART A

TREND Analysis

Sl. No.	Financial Performance Criteria	Unit	Target v/s Actual	2011-12	2012-13	2013-14	2014-15	2015-16	Current Year	
									Actual upto	Estimated
1	Revenue from Operations - Gross	Rs Crore								
	Revenue from Operations - Net		Actual MoU							
2	a. Profit before Tax	Rs. Crore								
	b. Other Incomes									
	c. Extraordinary & Exceptional items									
	d. Prior Period Items									
	e. Operating Profit/ Loss (a-b+/-c+/-d)		Actual MoU							
3	a. PAT	Rs. Crore								
	b. Net Worth at year end									
	c. Average Net worth									
	d. PAT/ Avg. Net Worth	%	Actual MoU							
	e. Paid-up Share Capital									
	f. GoI share									
	g. Reserves and surplus									
4	Total Expenses	Rs. crore								
5	Total Incomes	Rs. Crore								
6	Total expenses/ Total Incomes	%								
7	Detail of other incomes									
	a. Interest	Rs. Crore								
	b. Dividend									
	c. Other Incomes									
	d. Total									
8	a. Cash and Bank Balance and equivalent									
	b. Investment in mutual funds									
	c. Investment in shares (other than subsidiary/ JVs)									
	d. Total (a+b+c)									
	e. Cash credit/ Over-draft loan/ Short-Term loan									
	f. Balance in Current account									
9	Dividend paid/ declared for the year, excluding Dividend Tax									

Note: Trend would be given for actual figures for preceding five years (audited) and estimates of current year i.e. previous year to the year in respect of which targets are being negotiated.

(Part-B)

TREND Analysis

Sl. No.	Financial Performance Criteria	Unit	Target v/s Actual	2011-12	2012-13	2013-14	2014-15	2015-16	Current Year	
									Actual upto	Estimated
1	Installed Capacity in respect of each product									
2	Capacity Utilisation in respect of each product		Actual MoU							
3	Contribution of each product in sales	%								
4	New orders received during the year	Rs. crore	Actual MoU							
5	Exports as a percentage of Revenue from operations	%	Actual MoU							
6	Development or Revenue from new products or product with new features		Actual MoU							
7	Production efficiency parameters		Actual MoU							
8	Completion of milestone of clients orders/ agreements without time overrun	%	Actual MoU							
9	R&D, Innovation, Technology up-gradation parameter		Actual MoU							
10	Market share	%	Actual MoU							
11	CAPEX		Actual MoU							
12	CAPEX contracts/ projects running/ completed without time/ cost overrun to total value of CAPEX	%	Actual MoU							
13	Inventory of finished goods and work in progress	Rs. Crore								
14	Inventory of finished goods and work in progress to RO(Net)	%	Actual MoU							
15	Inventory of finished goods of more than one year	Rs. crore	Actual							
16	Inventory of finished goods of more than one year as a percentage of RO	%	Actual MoU							

Sl. No.	Financial Performance Criteria	Unit	Target v/s Actual	2011-12	2012-13	2013-14	2014-15	2015-16	Current Year	
									Actual upto	Estimated
17	Trade Receivables (net)	Rs. crore	Actual MoU							
18	Trade receivables (Net) as number of days of RO(gross)	Days	Actual MoU							
19	Claims against the Company not acknowledged as debt raised by: Central Government Departments State Governments/ Local Authorities	Rs. crore								
	CPSEs									
	Others									
	Total		Actual MoU							
20	Loans disbursed/ Total Funds Available		Actual MoU							
21	Overdue loans/ Total loans (Net)		Actual MoU							
22	NPA/ Total loans (Net)		Actual MoU							
23	Cost of raising funds as compared to similarly rated CPSEs/ entities		Actual MoU							
24	Return (share of profit/loss) on Investment in Joint Ventures	%	Actual MoU							
25	Any other result-oriented parameters taken for target setting		Actual MoU							

Note: Trend would be given for actual figures for preceding five years (audited) and estimates of current year i.e. previous year to the year in respect of which targets are being negotiated RO: Revenue from Operations.

ANNEX IV

Applicable to CPSEs under closure, under construction/re-construction, CPSEs dependent on Government support for meeting the gap between income and expenditure

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Sl. No.	Financial Performance Criteria	Unit	Marks	Current Year	Best in 5 Years	MoU Target for the Year ..... Exellent 100%	V.G. 80%	Good 60%	Fair 40%	Poor 20%
1.	Most appropriate parameters and targets would be suggested by PNC for decision by the IMC. For such CPSEs, the emphasis should be to suggest parameters and fix targets for starting commercial operations as early as possible. For CPSEs under closure, the targets would be for ensuring time bound closure.									
2.										
3.										
4.										
	Total		100							

ANNEX V

Definitions and Explanatory notes for Targets

The terms used should be same as defined in Schedule III or elsewhere in The Companies Act, 2013, applicable Ind AS/ Accounting Standards unless otherwise specified. All financial figures are to be taken on the basis of Audited Annual Accounts or Annual Report. For section 8 CPSEs preparing Income & Expenditure statement, profit/loss would mean surplus/ deficit. The raw score for performance below the 'poor' level would be worked out proportionately (the score will be treated as zero in those cases where the achievement in the parameter is zero or below zero).

The terms used in Annex-II are also explained as under:-

A. Annex-II (Part-A):

1. **Revenue from Operations:** This would be taken as given in audited Annual Accounts of the CPSE. Target for turnover may be fixed net of excise duty, service tax, GST, etc., whether shown as reduction from Revenue from Operations or under the head Expenditure. As per schedule III, in respect of a company other than finance company revenue from operations consist of: (a) Sale of products; (b) Sale of services; (c) Other operating revenues. In respect of a finance company, revenue from operations shall include revenue from (a) Interest income; and (b) Other income from financial services.

   If the price of product is regulated by statutory authorities/ international transparent mechanism, adjustment in revenue from operations may be allowed for variation in price, i.e., where target is fixed with the condition that adjustment in variation of price/ input cost (e.g., natural gas as a pass through in case of fertilizer) would be allowed due to regulatory regime, etc., the target would be adjusted according to the variation in price at the time of evaluation. For this purpose, first physical target would be decided and then financial target would be arrived at after applying applicable prices so that there is no ambiguity at the time of evaluation.

2. **Operating Profit/ Surplus or Reduction on Operating Loss/ Deficit:** It would mean Profit before Tax/ Surplus excluding other incomes, and not taking into account Extraordinary and Exceptional Items. Section 8 CPSEs, preparing Income and Expenditure Statement in place of Profit and Loss Account, profit/ loss would mean surplus/ deficit. The purpose of this is to capture profit from operations. This would be worked out from figures given in audited Annual Accounts. Extraordinary and Exceptional Items, prior period items may be excluded, if shown separately in audited Annual Accounts. There would be no adjustment in target due to changes in exchange rate, regulatory prices of raw material or finished goods or due to any other reason since target would be fixed as a ratio of operating profit to revenue from operations. With the change in price, there would be change in denominator alongwith change in numerator, hence ratio becomes price neutral to a large extent.

   In case of loss making CPSEs, reduction in loss should be target since target cannot be fixed for loss. This reduction would be in the year under reference with reference to loss for the previous year. For excellent grade target for reduction in loss should be 100% or target for profit in absolute terms.

3. **PAT / Average Net Worth or Shareholders Fund:** Profit Earning CPSEs with no accumulated losses, ratio would be Profit after Tax (PAT)/ Avg. Net Worth. PAT would be taken from audited Annual Accounts. There would be no adjustment due to changes in exchange rate, regulatory prices of raw material or finished goods. Net-worth would have the same meaning as defined in

Section 2(57) of the Companies Act, 2013, i.e. Aggregate value of the paid up share capital and all reserves created out of profits and securities premium account, after deducting the aggregate value of accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the Audited Balance Sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation. This ratio gives return on Investment or shareholders fund. However, if there is extra- ordinary item of substantial value, the same would be considered at the time of evaluation.

Loss making CPSEs or CPSEs having accumulated losses parameter would be reduction in Total Expenses as a percentage of Total Income as compared to previous year. It may be ensured that target for excellent would be reduction to the extent to bring net loss to at least zero. Similarly for CPSEs with first year of operation, target may be Total Expenses as a percentage of Total Income with excellent target of 100 or less.

B. Annex-II (Part-B):

1. **Capacity Utilisation:** Capacity utilization used to be a part of Notes to Accounts in case of manufacturing companies till recently. Reference may be made to earlier Annual Accounts while introducing target under this parameter. The purpose of this target is to reflect performance of CPSEs in physical/ quantitative terms which lead to quantification of goods and services. Reference to capacity utilization may be with reference to installed capacity or rated capacity, wherever available. The target may be given either as a percentage of installed capacity or rated capacity or production/ generation/ transmission in absolute terms.

2. **New orders received during the year:** This may be a parameter mainly for CPSEs in Consultancy or Construction Sector. Only new orders received during the year would be taken.

3. **Export as a percentage of Revenue from Operations:** This parameter may be taken in respect of CPSEs having potential for export. The target may be to increase export income. Export would include sale of goods and sale of services.

4. **Development or Revenue from new products or product with new features:** This parameter may be taken where CPSE is engaged in innovative work or has the capacity to develop new products. The intention of this parameter is to encourage development of new products/ features and also to encourage their commercialization.

5. **Production Efficiency parameter:** Any sector specific result oriented measurable parameter leading to physical efficiency in production over previous year may be taken, eg., reduction in specific energy consumption, reduction in raw material input per unit of production, etc.

6. **Completion of milestones of client's orders/ agreement without time overrun:** This would be a compulsory parameter for CPSEs manufacturing on the basis of orders received from clients and Consultancy organizations where delay leads to levy of penalty. The target for excellent level would be 100%.

7. **R&D, innovation, technological upgradation:** Commercialisation of R&D achievement, innovation or technological upgradation leading to efficiency in operations, or reduction in cost may be taken under this heading.

8. **Increase in market share:** This parameter may be taken where transparent system of measuring market share is available.

9. **CAPEX:** Capital Expenditure (CAPEX) means any expenditure incurred towards acquisition/ addition of fixed assets i.e. on completion, it would form part of fixed assets. CAPEX may be for expansion, modernization or diversification. This has to be considered on accrual basis and not on cash basis. CAPEX may be decided on the basis of viable projects available for expansion, modernization or diversification, cash and bank balance or parked funds, net-worth, borrowings, etc. CAPEX may be with own funds or by borrowings by leveraging net-worth or may be by way of budgetary support. CAPEX would be compulsory target for CPSEs having adequate funds or borrowing capacity and have viable business opportunities for expansion, modernization or diversification. In case of manufacturing CPSEs not taking CAPEX as one of the parameters, justification need to be given duly supported by the administrative Ministry. There may be some projects for expansion, modernisation, diversification having project completion period of more than one year. In such cases, detail of the project e.g. total cost, year-wise amount to be incurred, schedule completion date, amount to be spent, milestone to be achieved during the year, source of funding (own/ borrowed/ budgetary support) etc. need to be given for each project separately.

10. **Percentages of value of CAPEX contracts/ projects running/ completed during the year without time/ cost overrun to total value of CAPEX contracts running/ completed during the year:** This would be a compulsory target for CPSEs which have taken target for CAPEX. This would be worked out in respect of all ongoing projects for value above Rs.150 crore. Information would be given where there was time and/ or cost over-run. CPSE would submit list of all projects which are in progress and /or 10 top projects at the time of target setting. CPSEs are to ensure that details of all projects of over Rs. 150 crore are entered in OCMS system of MoSPI. It may be ensured that parameter of monitoring time and cost overrun of projects for numerator and denominator would be referring to same set of projects.

11. **Number of days of Inventory of finished goods and Work-in-progress to Sale of Products (wherever applicable):** This parameter is compulsory to all CPSEs having inventory of finished goods and work in progress of more than 15 days except the CPSEs which have been mandated to have minimum stock by the Government of India/ administrative Ministries/ Departments. The figures would be taken from audited Annual Accounts for inventory of finished goods, work in progress and sale of products. It is to be noted that inventory of raw material, stores and spares, loose tools and others (if any) shall be excluded and goods in transit shall be included under the relevant sub head work in progress or finished good as applicable.

12. **Reduction in inventory of more than one year old as a percentage of Revenue from Operations:** This would be a parameter for trading CPSEs. These CPSEs need to liquidate their stock as early as possible.

13. **Trade Receivables as number of days of Revenue from Operations (Gross):**This parameter is compulsory to all CPSEs having trade receivables of more than 15 days. The figures of trade receivable, revenue from operations would be taken from audited Annual Accounts. Trade receivables would include all trade receivables wherever shown in the Balance Sheet except deferred trade receivables.

14. **Reduction in Claims against the Company not acknowledged as debt (Net):** This would be taken on the basis of figures given in Notes to Accounts to the Balance Sheet under the heading 'Contingent Liabilities'. Evaluation would be done for reduction in claims from the opening balance. Efforts should be made to bring claims by the CPSEs to Nil and substantial reduction in respect of claims raised by others. This may be bifurcated into Claims raised by:

    i. Central Government Departments;

ii. State Government Departments or Local Bodies;

iii. CPSEs;

iv. Others

15. **Return (share of profit/ loss) in Joint Ventures:** This would be a compulsory parameter for CPSEs having investment (after written off) in Joint Ventures. Share of profit/ loss would be as per actual profit and loss (PAT) in the Joint Venture Company.

16. **Milestones with respect to subsidiary CPSEs not signing MoU separately:** This would be a compulsory parameter for CPSEs having subsidiaries and not signing MoU. The parameter would depend on the nature of the CPSE.

17. **Parameters pertaining to milestones of Revival:** Where revival/ restructuring of the CPSE has been approved by the competent authority and revival plan is under implementation, in such cases, milestones for revival may be taken as target to ensure timely implementation of revival plan of the CPSE.

18. **HR Related Parameter:** The MoU may have 10 points for HR parameters. Parameters may be drawn out of bouquet of parameters that may be prescribed by DPE for use in the MoUs.

19. **Any other sector specific result-oriented measurable parameter:** Under this head, sector specific result-oriented measurable parameter may be taken. Parameters which are process oriented may not be taken. The minimum weightage of the parameters may be kept as 3 so that it may be given adequate consideration by the CPSE.

C. Annex-II (Part-C):

1. **Loans disbursed/ total funds available (in %):** This would be worked out on the basis of total loans disbursed during the year and total funds available. Total funds available would include cash and bank balance in the beginning of the year, share capital received during the year, loans raised/ repaid during the year, any funds received from any source for this purpose, sale of assets, repayment/ pre-payment received during the year, and reducing therefrom any investment in assets.

2. **Loans disbursed to Micro Finance Beneficiaries as a percentage of total disbursement:** The intention of this target is to increase the percentage of loans disbursed to Micro Finance Beneficiaries as compared to bigger beneficiaries.

3. **Overdue loans/ total loans (net) (in %):** Figures of loan due but not recovered and total loan (net) would be based on audited accounts.

4. **NPA/ Total loans (net) (in %):** The figures of NPA would be Net NPA taken on the basis of regulatory framework under which CPSE perform as on the last date of the year under reference. Loan assets (net) would be based on Audited balance Sheet.

5. **Cost of raising funds through bonds as compared to similarly rated CPSEs/ entities:** This would be a compulsory parameter for CPSEs raising funds from the market. Target for excellence would be for raising funds at cheaper rates as compared to similarly rated CPSEs/ entities.

6. **Reduction in Claims against the Company not acknowledged as debt (Net), Return (share of profit/ loss) in Joint Ventures, Milestones with respect to subsidiary CPSEs not signing**

MoU separately, HR Related Parameter and Any other sector specific result-oriented measurable parameter: As given in Part 'B'.

D Miscellaneous:

In case there is no suitable parameter under Annex II (Part B or C), weightage may be assigned to Return on Investment.

[DPE O.M. No.M-03/0017/2016-DPE (MoU) Dated 12th January, 2018]

*****

2. MoU Guidelines 2017-18 and onwards-Compliance of DPE Guidelines having financial implications for Financial Year 2018-19—regarding.

/The undersigned is directed to refer to subject mentioned above and to state that as per para 14.2 (iii) of MoU Guidelines 2017-18 and onwards, compliance of DPE gui delines having financial implications is mandatory, failing which 1 mark would be reduced from the score of CPSEs. A list of DPE Guidelines having financial implications for the year 2018-19 is enclosed.

ANNEXURE

List of DPE Guidelines having Financial Implication for the year 2018-19

Sl. No.	OM No.	Date of issue
	Policy Planning Division	
1	Guidelines on Capital Restructuring of Central Public Sector Enterprises (CPSEs) PP/14(0005)/2016, circulating DIPAM guidelines on the subject issued vide a DIPAM OM No. 5/2/2016-policy dated 27th May, 2016.	20th June, 2016
2	Guideline on Investment of Surplus Funds by the CPSEs OM No. 18(1)/2012-Fin	8th May, 2017
3	Guidelines for "Streamlining the mechanism for revival & restructuring of sick/incipient sick and weak CPSEs: General principles and mechanism of restructuring." DPE/5(1)/2014-Fin. (PartIX)	29th October, 2015
4	Expenditure Management Economy Measures and Rationalization of Expenditure. DPE OM No. DPE/3(4)/08-Fin	26thNov., 2014
5	Expenditure Management Economy Measures and Rationalization of Expenditure DPE OM No. DPE/3(4)/08-Fin	12th Sept., 2014
6	Relaxation of Norms for Startups Medium Enterprises in Public Procurement Regarding Prior Experience-Prior Turnover Criteria. DPE/5(1)/2014-Fin, circulating Dept of Expenditure OM No. 20/2/2014.PPD(PT.) dated 25th July, 2016.	8th Nov., 2016

Sl. No.	OM No.	Date of issue
	Wage Cell	
7	Revision of scales of pay of the executives holding posts Below the board level and non-unionised supervisors w.e.f. 1.1.1992. O.M. No. 2(50)/86-DPE (WC)	19th July, 1995
8	Board level posts in Public Enterprises-revision of scales of pay of schedule posts w.e.f. 1.1.1992. O.M. No. 2(50)/86-DPE (WC)	19th July, 1995
9	Policy for the sixth round for wage negotiations in Public Sector Enterprises O.M No.2(11)/96-DPE(WC)	14th January, 1999
10	Policy for the sixth round for wage negotiations in Public Sector Enterprises. O.M No.2(11)/96-DPE(WC)	26th July, 2000
11	Board level posts and below board level posts including non-unionised supervisors in Public Enterprises - revision of scales of pay w.e.f. 1.1.1997. O.M No. 2(49)/98-DPE(WC)	25th June, 1999
12	Wage negotiations for workers in Central Public Sector Enterprises in respect of those CPSEs which have opted for five year wage negotiation w.e.f 1.1.97. O.M No. 2/11/96-DPE (WC)-GL-I	11th Feb., 2004
13	Policy for the 7th round of wage negotiations for unionized workers in Central Public Sector Enterprises w.e.f. 1.1.2007. O.M. No. 2(7)/2006-DPE(WC) -GL-XIV	9thNov., 2006
14	Policy for the 7th round of wage negotiations for unionized workmen in Central Public Sector Enterprises (CPSEs) - periodicity of wage settlement. O.M. No. 2(7)/06-DPE (WC) - GL VI	1st May, 2008
15	Pay revision of CPSEs employees following CDA pattern in 69 Central Public Sector Enterprises.O.M. No. 2(54)/2008-DPE (WC)-XI/08	14th October, 2008
16	Board level and below board level executives and Non-Unionised supervisors in Central Public Sector Enterprises (CPSEs) - revision of scale of pay w.e.f. 01.01.2007. O.M. No. 2(70)/08-DPE(WC)	26th Nov., 2008
17	Pay revision of CPSEs employees following CDA pattern in 69 Central Public Sector Enterprises.O.M. No. 2(54)/2008-DPE (WC)-GL-I/09	20th January, 2009
18	Revision of pay scales of executives of Central Public Enterprises (CPSEs) W.E.F 01.01.2007 - Performance Management System (PMS)-linkage of Performance Related Pay (PRP) with MoU rating of CPSEs and performance of individual executives - regarding. O.M. No. 2(70)/08-DPE(WC)-GL IV/09	9th February, 2009
19	Revision of scales of pay w.e.f 01.01.2007 for board level and below board M. No. 2(70)/08-DPE(WC)-GL VII/09	2nd April, 2009
20	Recommendations of 2nd Pay Revision Committee (PRC) in respect to sick CPSEs and CPSEs having level less than Rs. 50 crore. O.M. No.2(74)/08-DPE(WC)-GL-XI/2010	16th June, 2010

Sl. No.	OM No.	Date of issue
21	Policy for the 7th round of wage negotiations for unionized workers in Central Public Sector Enterprises (CPSEs) w.e.f. 01.01.2012. O.M. No. 2(110)/11-DPE (WC) - GL XVI	13thJune, 2013
22	Pay Revision of Board Level and Below Board Level Executives and Non-Unionised Supervisors of CPSEs w.e.f. 01.01.2017. OM No.W-02/0028/2017-DPE-(WC)-GL-XIII/17	3rd August, 2017
23	Pay revision of employees following CDA pattern in Central Public Sector Enterprises. O.M. No. W-02/0058/2016-DPE (WC)-GL-XIV/17	17th August, 2017
24	Pay Revision of Board Level and Below Board Level Executives and Non-Unionised Supervisors of CPSEs w.e.f. 01.01.2017 decision on allowances other than the allowances under 'Cafetaria approach'. OM No.W-02/0028/2017-DPE-(WC)-GL-XIV/17	4thAugust, 2017
25	Pay Revision of Board Level Executives and Non-Unionised Supervisors of CPSEs w.e.f. 01.01.2017-decision on location based compensatory allowances and Non-Practicing Allowances (NPA). OM No.W-02/0028/2017-DPE-(WC)-GL-XVI/17	07th Sept. 2017
26	Wage policy regarding 8th Round of Wage Negotiations for workmen in CPSE. OM No. W-02/0015/2016-DPE-(WC)-GL-XXIV/17.	24thNov., 2017

[DPE OM No.3(0011)/2015-DPE(MoU) Dated 14th March, 2018]

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3. Additional eligibility criteria for MoU for the year 2018-19.

The undersigned is directed to refer to para 14.2 (xi) of MoU Guideline on the above subject and to state that compliance of guideline issued by DPE vide OM No. DPE/GM00050/2014-GM-FTS-1980 dated 17th May, 2018 regarding ôImplementation of the Apprenticeship Act, 1961 in CPSEsô has been prescribed under this clause. Compliance of this Guideline will be evaluated as per para 14.2 (XI) of MoU Guidelines.

Subject : Implementation of the Apprenticeship Act in CPSEs—regarding.

The Government of India has brought in comprehensive reforms and amendments in the Apprentices Act 1961 and Apprenticeship Rules in December, 2014 key amendment are :

(i) Establishments have been allowed to engage apprentices within a band of 2.5% to 10% of the total strength of employess.

(ii) Establishments have been allowed to conduct apprenticeship training in optional trades also in addition to designated trades.

(iii) Scope has been extended also to non-enginnering occupations.

(iv) Restrictiomn on the inspection by officers.

(v) Aggregation of apprenbtices and establishment especially MSMLs thought Third Party Agency.

(vi) The procedural simplification has been provided through the following measures submission of return and other information through online portal

Submission of apprenticeship contract through portal and its time bond approval.

2. Further, Ministry of skill Development & Enterpreneurship has notified an ambitious new scheme titled National Apprenticeship Promotion (NAPS) on 19 August, 2016 to promote apprenticeship, training. the scheme provides for reimbursement of 25% of the stipend payable to apprentices directly to employees the scheme also onvisages sharing of the cost of basic training with Basic Training Providers(BTPS) in respect of apprentices who come directly to endertake apprenticeship training without any format training. The guidelines of NAPS are available at *www.apprenticeship.gov.in.*

3. Asthere is a huge potential in apprenticeship training programe in CPSEs its expected that CPSEs will play in proactive apprenticeship training expected to :

(i) Engage apprentices within a band of 2.5% to 10% of the total strength of employees.

(ii) Apprentices may be engaged either in designated trade or in optional trade

(iii) Avail the benefits of NAPS.

4. In view of above, all the Ministries/Departments concerned with CPSEs are requested to issue suitable instruction to CPSEs under the administration control to comply with the provisions of the said Act and rules tforms in this regards along with specific points emphasized at Para 3 above.

[DPE O.M. No. M-03/0017/2016-DPE (MoU) Dated 24th May, 2018]

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4. Accessible India Campaign (Sugamya Bharat Abhiyan) - Guidelines for CPSE MoU 2018-19 onwards.

The undersigned is directed to refer to Para 6 (ix) of minutes of CoS meeting held on 10.04.2017 on the above subject which inter-alia states that "D/o Public Enterprises (DPE), to consider introducing Accessibility Index in MoUs with CPSEs from year 2018-19 onwards."

2. The Rights of Persons with Disabilities Act (RPwD), 2016 is equally applicable to all CPSEs as per provisions of the RPwD Act 2016 and in terms of rules framed in this regard vide M/o Social Justice & Empowerment, D/o Empowerment of Persons with Disability Gazette notification dated 15th June 2017.

3. In view of above, all the Ministries/ Departments concerned with CPSEs are requested to issue suitable instructions to CPSEs under their administrative control to comply with the provisions of the said Act and rules frames in this regards.

[DPE O.M. No. 6(9) / 2005- DPE (SC/ST Cell)/FTS-1955 Dated 17th April, 2018]

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CHAPTER VII

MISCELLANEOUS

(a) Administrative Mechanism for Resolution of CPSEs Disputes (AMRCD)

1. Settlement of commercial disputes between Central Public Sector Enterprises (CPSEs) inter se and CPSE(s) and Government Department(s)/Organization(s) - Administrative Mechanism for Resolution of CPSEs Disputes (AMRCD).

The undersigned is directed to refer to Department of Public Enterprisesguidelines issued vide OM No. 4(1)/2011-DPE (PMA)-GL dated 12.06.2013, No.4(1)2011-DPE(PMA) dated 24.03.2014,No. 4(1)/2011-DPE (PMA) dated 26.03.2014andNo. 4(1)/2013-DPE(PMA)/FTS-1835 dated 11-04-2017 regarding the resolution ofcommercial disputesbetween Central Public Sector Enterprises (CPSEs) inter se and also between CPSEs and Government Departments/Organizations (excluding disputes concerning Railways, Income Tax, Customs& Excise Departments) through PMA (Permanent Machinery of Arbitration) mechanism.

2. To make the mechanism more effective and binding on the disputing parties, a new mechanism namely Administrative Mechanism for Resolution of CPSEs Disputes (AMRCD) having two level (tier) structure has been evolved in consultation with various stakeholders to replace the existing PMA mechanism which stands wound up from the date of issue of this OM.

3. Applicability

In the event of any dispute or difference relating to the interpretation and application of the provisions of commercial contract(s) between Central Public Sector Enterprises (CPSEs)/ Port Trusts inter se and also between CPSEs and Government Departments/Organizations (excluding disputes concerning Railways, Income Tax, Customs & Excise Departments), such dispute or difference shall be taken up by either party for its resolution through AMRCD.

4. As per the approved new mechanism to resolve the commercial disputes, the following structure and procedure shall be followed by the concerned disputing parties:

A. Structure:

i. At the First level (tier), such commercial disputes shall be referred to a Committee comprising of Secretaries of the Administrative Ministries/Departments to which the disputing CPSEs/Parties belong and Secretary-D/o Legal Affairs. The Financial Advisors (FAs) of the two concerned Administrative Ministries/Departments will represent the issues related to the dispute in question before the above Committee. In case the two disputing parties belong to the same Ministry/Department, the above said Committee will comprise Secretary of the administrative Ministry/Department concerned, Secretary-D/o Legal Affairs and Secretary-Department of Public Enterprises. In such a case, the matter may be represented before the Committee by theFA and one Joint Secretary of that Ministry/Department.

Further, in case of a dispute between CPSE and State Government Department/Organization, the above said Committee will comprise the Secretary of the Ministry/Department of the Union to which the CPSE belongs and Secretary-D/o Legal Affairs and a senior officer nominated by the Chief Secretary of the State concerned. In such a case, the matter will be represented before the Committee by the

FA of the concerned administrative Ministry/Department and the concerned Principal Secretary of the State Government Department/ Organisation.

ii. In case the dispute remains unresolved even after consideration by the above Committee, the same will be referred at the Second level (tier) to the Cabinet Secretary, whose decision will be final and binding on all concerned.

B. Procedure:

i. At the First level(tier), the claiming party(Claimant) will approach the FA of it's administrative Ministry/ Department for representing the dispute before the Secretary of it's administrative Ministry/Department. The Secretary of administrative Ministry/Department of claiming party will intimate the same to the Secretary of administrative Ministry/Department of responding party (Respondent) and Secretary-D/o Legal Affairs and thereafter meetings will take place in the administrative Ministry/Department of the claiming party to examine the facts and resolve the dispute on merit. The FAs of the concerned administrative Ministries/Departments will represent the issues related to the dispute in question before the above Committee. After arriving at a decision by the Committee, the Secretary of the administrative Ministry/Department of the claiming party will write down the decision and it will be signed jointly by both the Secretaries and Secretary- D/o Legal Affairs. A copy of the decision will be communicated by the Secretary of the administrative Ministry/Department of the claiming party to each party to the dispute for implementation.

In case where one party (1st party) to the dispute is a Department/Organization of a State Government, the procedure for admitting the dispute will be same as above, however, all meetings in connection with resolution of the dispute will be held in the administrative Ministry/Department (Union) of other party(2nd Party) irrespective of the position of the 1st Party whether as a Claimant or Respondent. The presentation of the issues before the above Committee in this case will be done by the FA of the concerned Administrative Ministry/Department and concerned Principal Secretary of the State Government Department/Organization.

ii. The Committee of Secretaries at the First level(tier) shall finalise its decision within 3 months after having received the reference/notice in writing regarding the dispute from the concerned aggrieved party.

5. Appeal

Any party aggrieved with the decision of the Committee at the First level (tier) may prefer an appeal before the Cabinet Secretary at the Second level (tier) within 15 days from the date of receipt of decision of the Committee at First level, through it's administrative Ministry/Department, whose decision will be final and binding on all concerned.

6. Arbitration Clause

(i) The CPSEs will ensure inclusion of a clause in all the existing and future commercial contracts between CPSEs, inter-se and CPSEs and Government Departments/Organizations as under:-

"In the event of any dispute or difference relating to the interpretation and application of the provisions of commercial contract(s) between Central Public Sector Enterprises (CPSEs)/ Port Trusts inter se and also between CPSEs and Government Departments/Organizations (excluding disputes concerning Railways, Income Tax, Customs & Excise Departments), such dispute or difference shall be taken up by either party for resolution through AMRCD as mentioned in DPE OM No. 4(1)/2013-DPE(GM)/ FTS-1835 dated 22-05-2018".

(ii) The on-going contracts shall also be suitably amended accordingly.

7. Disposal of pending cases in PMA

All pending cases with Sole Arbitrator-PMA and Appellate Authority shall stand transferred with immediate effect to concerned administrative Ministries/Departments to be dealt with as per above mentioned laid down mechanism of dispute resolution. All cases in which the hearing has been completed by Sole Arbitrator, the award will be made by Sole Arbitrator. Appeal if any, made against such cases will lie with the Cabinet Secretary at Second level(tier).

8. All the administrative Ministries/Departments concerned with Central Public Sector Enterprises/ Port Trusts etc. are requested to bring these guidelines to the notice of all CPSEs under their administrative control for strict compliance.

9. This issues with the approval of the Competent Authority.

Administrative Mechanism for Resolution of CPSEs Disputes (AMRCD).

This is in continuation of DPE OM of even no. dated 22nd May 2018 where-in a new mechanism namely AMRCD having two level (tier) structurehas beenprescribedregarding the resolution of commercial disputes of CPSEs. At the first level, the resolution of dispute is to be done at the level of Secretaries of the Ministries / Departments of the concerned disputing parties and Secretary, Department of Legal Affairs. The appeal for cases remaining unresolved at the first level can be made to the Cabinet Secretary through the concerned administrative Ministry / Departmentin terms of Para-4, 5 and 7 of DPE OM dated 22-05-2018.

2. However, Cabinet Secretariat vide its ID No. 252/2/1/2011-Cab.III dated 25th June 2018 has brought to the notice of this Department that some CPSEs have been approaching Cabinet Secretariat directly on this subject instead of approaching through their Administrative Ministry / Departmentas required, under the extant guidelines.

3. AMRCD provides for resolution of disputes between Government agencies at the Ministry / Department in the first instance before appeal is made toCabinet Secretary.

4. Accordingly no appeals are to be made to Cabinet Secretary in such matters, including those in which Sole Arbitrator has passed order before the date of notification of AMRCD, unless the resolution of the disputeshas been considered at the level of Administrative Ministry / Department as per AMRCD.

5. Further, an appeal to Cabinet Secretary by the Administrative Ministry / Department of the aggrieved Party should be in the form of a concise self-contained Note which should invariably include the comments / views of the Opposite Party (Respondent) through its Administrative Ministry / Department.

6. All the administrative Ministries/Departments concerned with Central Public Sector Enterprises/ Port Trusts etc. are requested to advice CPSEs under their administrative control accordingly.

7. This issue with the approval of the Competent Authority.

[DPE O.M. No. 4(1)/2013-DPE(GM)/FTS-1835 Dated 4th July, 2018]

Administrative Mechanism for Resolution of CPSEs Disputes (AMRCD) - clarification.

This is in continuation of DPE OM of even no. dated 22nd May 2018 and 4th July 2018 on the above mentioned subject.

2. It is further clarified that appeal in reference to resolution of the commercial dispute of Central Public

Sector Enterprises (CPSEs) under proposed new mechanism of AMRCD may be made to Cabinet Secretary only after exhausting the channel of dispute resolution at the level of the Committee of Secretaries of the administrative Ministries/Departments of disputing CPSEsand Secretary D/o Legal Affairs (i.e. first level of dispute resolution under AMRCD).In addition to cases being dealt under newly proposed AMRCD mechanism, this process will also be followed for the cases in which Sole Arbitrator has passed an order and an appeal is being preferred by an aggrieved party.

3. Further, as stated vide OM of even no. dated 04.07.2018, an appeal to Cabinet Secretary by the Administrative Ministry/Department of the aggrieved party should be in the form of a concise self-contained Note which should invariably include the comments/ views of the Opposite Party (Respondent) through its Administrative Ministry/Department.

4. This issues with the approval of the Competent Authority.

[DPE O.M. No. 4(1)/2013-DPE(GM)/FTS-1835 Dated 11th July, 2018]

[DPE O.M. No. 4(1)/2013-DPE(GM)/FTS-1835 Dated 22nd May, 2018]

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(b) Voluntary Retirement Scheme (VRS)

1. Consolidated guidelines on Voluntary Retirement Scheme (VRS)/ Voluntary Separation Scheme (VSS).

The guidelines on Voluntary Retirement Scheme (VRS) I Voluntary Separation Scheme (VSS) issued vide OM No 2(36)/86-BPE(NG) dated 5th October. 1988 was revised vide DPE OM No 2(32)/97-DPE(WC)-GL ð XXII dated 5th May 2000, OM No. 2(32)/97-DPE(WC)-GL/LVI dated 6th November, 2001 and OM No. 3(21)101- DPE(VVC)/GL-XII dated 26th October, 2004 for the employees of Central Public Sector Enterprises (CPSEs) have been consolidated and are as under:

2. CPSEs which are financially sound and can sustain a scheme of VRS on their own surplus resources may devise and implement variants of the existing VRS. However, in no case shall the compensation exceed 60 days salary for each completed year of service or the salary for the number of months of service left, whichever is less. Salary for the purpose of VRS shall consist of basic pay and DA only and no other element. Further, in case of marginally profit/loss making, as well as sick and unviable units, the option of the Gujarat pattern of VRS or Department of Heavy Industry pattern (of VSS) shall be available to the employees, if management of CPSE desires so.

3. Gujarat Pattern

The compensation will consist of salary of 35 days for every completed year of service and 25 days for the balance of service left until superannuation. The compensation will be subject to a minimum of Rs. 25.000/- or 250 days salary whichever is higher However, this compensation shall not exceed the sum of the salary that the employee would draw at the prevailing level for the balance of the period left before superannuation.

4 DHI Pattern

(i) An employee would be entitled to an ex-gratia payment equivalent to 45 days emoluments (pay + DA) for each completed year of service or the monthly emolument at the time of retirement multiplied by the balance months of service left before the normal date of retirement, whichever is less;

(ii) All those who have completed not less than 30 years of service, will be eligible for a maximum of 60 (sixty) months salary/wage as compensation. This will be subject to the amount not exceeding the salary/wage for the balance period of service left (at the rate of monthly salary /wage at the time of voluntary retirement).

5. However, employees would have to opt for VSS within 3 months from the date of offer failing which they would be eligible only for retrenchment compensation.

6. Ex-gratia payment in respect of employees on pay scales at 1.1 1987 and 1.1.1992 levels, computed on their existing pay scales in accordance with the extant scheme, shall be increased by 100% and 50% respectively.

7. Payment of ex-gratia amount under Voluntary Retirement Scheme in respect of employees in CPSEs following Central Dearness Allowance (CDA) pattern of pay scales at 1.1.1986 level computed on their existing pay scales in accordance with the extant scheme of VRS shall be increased by 50%.

8. The revised guidelines of the Department of Public Enterprises issued vide OM No.DPE/5(1)/2014-Fin (Part-I dated 14.6.2018) on time bound closure of sick/loss making CPSEs and disposal of movable/ immovable assets under Para 4.1.2 (Estimation of dues of employees) stipulates that VRSNSS package at 2007 notional pay scale will be prepared irrespective of the pay scale in which CPSE is operating for release of the employees.

9. Other provisions under the VRSNSS Policy are as under:

i. Salary for purpose of VRS will consist of basic pay and DA only.

ii. Arrears of wages due to revision etc. will not be included in computing the eligible amount.

iii. Payments of bonus should conform to the provisions in the Bonus Act; Casual leave may be encashed in proportionate measure upto the date of VRS.

iv. Under the Gujarat pattern, the salary for VRSNSS shall be calculated on the basis of 30 days in a month and not 26 days. Consequently, the method of calculation of ex-gratia for VRS and VSS shall be similar.

v. The compensation under VRSNSS will be in addition to terminal benefits

10. Employees of industrial cooperatives with Government equity participation and who are not members of the cooperative will also be covered under the VRS.

11. Budgetary support will be provided to the marginally profit or loss making enterprises and to the sick enterprises for implementing VRS only in case bank credit is not available. The funds would normally be made available at the beginning of the financial year. However, before seeking budgetary support in cases of unviable/ sick CPSEs other sources of funding should be fully explored such as asset securitization and bank loans against Government guarantee for funding VRSNSS.

12. VRS will be applicable to the permanent employees, badli workers work charged established and temporary workers but not to the casual workers. There will be no recruitment against vacancies arising due to VRS.

13. Once an employee avails himself of voluntary retirement from a CPSE. he shall not be allowed to take up employment in another CPSE. If he desires to do so, he shall have to return the VRS compensation received by him to the CPSE concerned. Where the compensation was paid out of a Government grant. the CPSE concerned shall remit the refunded amount to the Government. In case the CPSE is already closed/merged. the VRS compensation shall be returned directly to the Government.

14 It will be the responsibility of the concerned administrative Ministry to assist those opting for VRS in getting loans from banks for pursuing gainful self-employment.

15. In implementing the VRS scheme, managements shall ensure that it is extended primarily to such employees whose services may be dispensed without detriment to the company. Care will be exercised to ensure that highly skilled and qualified workers and staff are not given the option As there shall be no recruitment against vacancies arising due to VRS. it is important that the organization is not denuded of talent. The managements of the CPSEs shall introduce the VRS with the approval of their Boards and the administrative Ministries.

16. The administrative Ministries/Departments are requested to bring the details of the Voluntary Retirement Scheme and the Voluntary Separation Scheme to the notice of the Public Enterprises under their adminitrative control and to ensure that PSEs implement the schemes strictly in accordance with the provision set out herein.

[DPE O.M. No. 14(11)/2014-DPE/VRS/FTS-7433 Dated 20th July, 2018]

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(c) Corporate Social Responsibility (CSR)

1. Domestic skill enhancement programmes in PSEs - recommendations made in the 168th Report of Department Related Parliamentary Standing Committee on Industry.

Domestic skill enhancement programmes in PSEs - recommendations made in the 168th Report of Department Related Parliamentary Standing Committee on Industry.

The Department Related Parliamentary Standing Committee on Industry in its 168th Report has made the following recommendations:

Recommendation No. 17(3)

The Committee notes with reservation that there was no specific programme for enhancing the skills of shop floor level techniques. The Committee views it to be a stunted approach towards overall human development in PSEs.

Recommendation No. 17(4)

The Committee, therefore, recommends that DPE must organize orientation and skill development programme for shop-floor level technical functionaries as they are the end users of new material management and production techniques. The efficiency at shop-floor level ultimately reflects in the corporate performance of the Company. The Committee recommends that CPEs must adhere to the principles of Total Quality Management.

2. The Department of Public Enterprises normally supplements the efforts of the public sector enterprises in regard to training and skill development in respect of middle and senior level executives by organizing executive development programmes in collaboration with premier management and training institutes in the country. The skill development of shop-floor level technical functionaries is an enterprise-specific activity and necessary steps in this regard needs to be taken by the respective managements. Similar is the position about total quality management.

3. All the administrative Ministries/Departments are requested to bring the above recommendations of the Department Related Parliamentary Standing Committee on Industry to the notice of the public sector enterprises under their administrative control for information and necessary action. It is further requested that action taken in this regard may be intimated to this Department for apprising the Hon'ble Parliamentary Committee about follow up action.

[DPE OM No. 2(29)/2005-GM-GL-69 Dated 26th August, 2005]

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2. Contributions towards Swachh Bharat Kosh, clean Ganga Fund and Prime Miniter's National Relief fund under DPE Guidellnes on Corporate Social Responsibility (CSR) and Substainability.

The undersigned id directed to refer to the DPE Guidelines on Corporate Social Responsibility (CSR) and Sustainability issued vide O.M. dated 21.10.2014 and say that.

(i) Contributions to Swachh Bharat Kosh set up by the Central Government for promotion of sanitation and to Clean Fund set up by the Cental Government for the rejuvenation of River Ganga shall also be considered as expenditure under CSR.

(ii) As far as contributions towards Primve Ministerôs National Relief Fund (PMNRF) are concerned the advisory issued vide DPE OMs No. 15(9)/2013-DPE(GM) dated 19th September, 2013 and dated 19th September, 2014 still holds good. It is releterated that contributions flowing out of budgetary resources, profits or from Balance Sheets of PSEs are not accepted in PMNRF. PMNRF accepts only voluntary contributions by individual and institutions.

2. All administrative Ministries/Departments are requested to bring this to the notice of the Chief Executives of CPSEs under their control for compliance.

[DPE O.M. No. 15(13)/2013-DPE (GM) Dated 20th November, 2014]

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3. Observance of transparency and due diligence in selection and implementation of activities under CSR by CPSEs.

The undersigned is directed to refer to the subject cited above and to state that after coming into force of Corporate Social Responsibility (CSR) provisions under Section 135 of Companies Act, 2013, all CPSEs crossing the threshold under the Act are mandated to allocate 2% of their average net profits (PBT) of the three preceding years for undertaking CSR activities for the year concerned.

2. Keeping in view the above and the recommendations of COPU, all Ministries/ Departments mandated to implement CSR are requested to advise the following to the CPSEs under their administrative jurisdiction:

(i) It should be ensured that CSR activities selected for implementation fall within the list of activities given under Schedule-VII of the Companies Act, 2013.

(ii) It should be ensured that the criteria for selection and engagement with stakeholders are clearly outlined for prioritizing the needs of the people and selection of activities / projects under CSR activities.

(iii) CSR policies of CPSEs should be uploaded in the public domain on their websites as per Section 135 of Companies Act, 2013 and associated CSR Rules indicating the details of CSR activities / projects along with the allocation of funds.

(iv) Observance of transparency and due diligence in the selection and implementation of activities under CSR should be ensured.

(v) An institutionalized mechanism for monitoring, reporting and evaluation should be introduced by CPSEs implementing CSR.

(vi) All efforts should be made by CPSEs to fully utilize the allocated CSR funds for the year.

3. This OM supersedes Guidelines on CSR & Sustainability issued vide DPE's OM No. 15(13)/2013-DPE (GM) dated 21st October, 2014.

[DPE O.M. No. CSR-15/0008/2014-Dir.(CSR) Dated 1st August, 2016]

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4. Allocation of CSR fund by CPSEs for Swachh Bharat activities (CSR).

The undersigned is directed to refer to the subject cited above and to say that an objective has been set by the Government for making 'Swachh Bharat' a mass movement to realize Mahatma Gandhiji's dream of a clean India by his 150th Birth Anniversary in 2019. Given the priority to achieve the goal of an Open Defecation Free (ODF) country by Oct., 2019 and inculcating a culture of cleanliness and good hygiene, it is desirable for CPSEs to contribute substantially to this national goal.

2. Accordingly, a Group of Secretaries which was constituted on 'Swachh Bharat and Ganga Rejuvenation' has recommended for spending 33% of the CSR funds by CPSEs towards achieving this National goal by 2019.

3. As per item No. (i) of Schedule VII of the Companies Act, 2013, CPSEs under their Corporate Social Responsibility (CSR) policy may select a number of activities including sanitation, contribution to 'Swachh Bharat Kosh' set up by the Central Government,

4. All Ministries/ Departments may bring the above to the notice of the CPSEs under their administrative jurisdiction and advise them to contribute / participate accordingly towards Swachh Bharat under CSR till the Swachh Bharat Mission is achieved.

[DPE O.M. No. CSR-01/0003/2016-Dir.(CSR) Dated 1st August, 2016]

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(d) Parliament Matters

1. Admissibility of Questions relating to Public Enterprises in Parliament.

The Government have been considering certain aspects regarding the admissibility of Questions relating to Public Enterprises in Parliament, in the context of the need for promoting the autonomy of the Public Undertakings. It is considered that nothing should be done by way of discussions etc. in Parliament which would encroach on the autonomy or fetter the initiative of the Public Enterprises.

2. At present the principles laid down in the Lok Sabha Secretariat OM dated the 17th March, 1958, continues to hold good on the disallowance of Questions. In this O.M., it is laid down that the following types of Questions should be disallowed:

i) Questions relating to day-to-day administration of Public Enterprises;

ii) Questions which tend to throw work on the Ministries and the Public Enterprises incommensurate with the result to be obtained therefrom;

iii) Questions which seek to obtain information which the Hon'ble Members may obtain directly by addressing the managements of Public Enterprises.

These principles will continue to apply. It has also been agreed by the Lok Sabha and Rajya Sabha Secretariats that identical or same Questions asked in the previous or current sessions should not be admitted and questions seeking statistical information which is normally available in the published documents or annual reports, etc. are also normally to be disallowed.

3. Government have now decided that if the Ministries/Departments of the Government of India feel that a particular Question is not admissible in view of any of these considerations, the Minister in the concerned Ministry/ Department should take up immediately with the Speaker, Lok Sabha/ Chairman, Rajya Sabha, as the case may be, within 48 hours of the receipt of advance information of the question, to have it disallowed. If, in spite of all these efforts, a Question which should have been disallowed is admitted, the Minister while replying to the Question could state that the Question falls within the sphere of the day-to-day administration of Public Enterprises or explain the position regarding the work involved in collection of information vis-à-vis the results to be obtained therefrom or point out that an identical or substantially similar question had already been answered.

4. These decisions of the Government are communicated to all Ministries/Departments for their information and guidance.

[BPE No. 2(35)/68-BPE(GM) Dated 4th June, 1969]

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2. Presentation of gifts to Members of Parliamentary Committees

Recently a case was brought to Governmentôs notice where a member of a Parliamentary Committee on an official visit to a public undertaking was presented with two gifts, which he considered as expensive. The member took exception to the presentation of such gifts, obviously purchased out of public funds, as improper, particularly when the Committee was in the process of examining the working of the undertaking.

2. While the presentation of simple souvenirs of nominal value might be considered on act of courtesy and to some extent a harmless publicity device, expensive gifts, particularly on occasions of visits by Parliamentary Committees to examine the working of public undertakings may lead to justifiable criticism.

3. After consulting the Chairman, Rajya Sabha, and the Speaker, Lok Sabha, Government consider that in order to save possible embarrassment to members of Parliamentary Committees, it would be a salutary principle for public enterprises not to give any expensive gifts when the Committees visit the undertakings or are engaged in examining their affairs.

4. The undersigned is therefore directed to request the Ministry of Petroleum and Chemicals, etc., to advise the public enterprises under their administrative control accordingly.

[BPE O.M. No. 2(76)/73-BPE(GM-I) Dated 7th December, 1973]

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3. Enterprises to State Government for answering Question in the State Legislatures.

Ref: 1. GI No.: BPE OM No. 9(133)/73-BPE(GM-II) dated 10th July, 1974.

2. GI No.: BPE OM No. 16/41/87-GM dated 26th October, 1988.

The undersigned is directed to refer to the above mentioned OMs listing out procedure for furnishing material by Central Govt. Industrial and Commercial Enterprises to State Government for answering questions in the State Legislatures and it has been decided to issue consolidated guidelines on the subject merging these two guidelines into one. The question was raised as to the policy that Central Government Industrial and Commercial Enterprises should follow in responding to requests for information made by State Governments for answering Question raised in the State Legislatures. This matter was examined in consultation with the Department of Parliamentary Affairs and the Ministry of Law during 1973-74.

2. It is considered that, on matters, which come under the State List, the enterprises may furnish information directly to the State Government. However, on all sensitive issues, which may attract the responsibility of Central Government and Parliament, it would be necessary for the enterprises to furnish information to the State Government in consultation with their administrative Ministries at the Center.

3. Reference was also invited to the guidelines issued by this Ministry on the admissibility of Questions relating to public enterprises in Parliament on June 4, 1969. These guidelines have been forwarded to the State Governments with a request that they may evolve similar guidelines in consultation with their Presiding Officers.

4. Further, the policy to be followed in respect of subjects falling in the Concurrent List was also examined in consultation with the Ministry of Law and the Ministry of Parliamentary Affairs during 1987-88. It was decided that the public sector undertakings can supply information on these subjects directly to State Government whenever the information asked for is of simple and factual nature and that the same would not lead to any controversy. In case, the public sector undertakings feel that the information asked for is of sensitive or confidential nature, they should seek the advice/approval of the Central administrative Ministry concerned before supplying the same to the State Government/State Legislature/Committees of State Legislatures.

5. All administrative Ministries/Departments are requested to ensure compliance and to bring the contents of these guidelines to the notice of the PSEs under their administrative control.

[DPE O.M. No. 42011/23/2004-Admn. GL-I Dated 10th February, 2005]

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4. Extending Courtesies towards Members of Parliament-reg.

I am directed to refer OM No. 12/2/2014/CoPV dated 28-11-2014 received from Lok Sabha Secretariat on the above subject and to forward the instructions contained in DoPT OM No. 11013/4/2011-Estt. (A) dated 1-12-2011 (copy enclosed) for strict compliance.

Subject: Official dealings between the Administration and Members of Parliament and State Legislatures – Observance of proper procedure.

The Members of Parliament and State Legislatures as the accredited representatives of the people occupy a very important place in our democratic set-up. In connection with their duties, they often find it necessary to seek information from the Ministries/Department of the Government of India or the State Governments, or make suggestions for their consideration or ask for interviews with the officers. Certain well-recognized principles and conventions to govern the relations between the Members of Parliament/ State Legislatures and Government servants have already been established.

2. Reference is invited to the guidelines concerning the official dealings between Administration and Members of Parliament and State Legislatures which were issued by the Cabinet Secretariat (Department of Personnel and Administrative Reforms, in the O.M. No. 25/19/64-Estt. (A) dated 08.11.1974). The importance of adherence to these guidelines was reiterated in the Department of Personnel and Trainingôs O.M. No. 11013/6/2005-Estt. (A) dated 17.08.2007. The provisions of the Central Secretariat Manual of Office Procedure regarding prompt disposal of communications from MPs have also been reiterated by the Department of Administrative Reforms and Public Grievances. The Minister of State for Personnel, Public Grievances and Pensions has also written to all Ministers in this regard vide D.O. letter dated 5th May, 2011, requesting that al mechanism may be set up to periodically monitor progress in disposal of references received from Members of Parliament.

3. Some instances of non-adherence to the existing guidelines have been brought to Governmentôs attention by Members of Parliament and a need has been felt for again sensitizing all administrative concerned.

4. The Central Secretariat Manual of Office Procedure provides following instructions for prompt disposal of letters from Members of Parliament:-

Correspondence with Members of Parliament ï

(1) Communications received from a Member of Parliament should be attended to promptly.

(2) Where a communication is addressed to Minister or a Secretary to the Government, it should, as practicable, be replied to by the Minister or the Secretary himself as the case may be. Where it is not practicable for the Minister to reply, a reply should normally be issued under the signature of an officer of the rank of Secretary to the Government.

(3) Where a communication is addressed to the head of an attached or subordinate office, Public Sector Undertakings, Financial Institutions (Including nationalized banks) Division/Branch in charge in a Ministry /Department/organization, it should be replied to by the addressee himself. In such cases, care may be taken to ensure that wherever policy issues are involved, approval of the competent authority is obtained before a reply is sent. It should, however, be ensured that the minimum level at which such replies are sent to member of Parliament is that of Under Secretary and that also in a polite letter form only.

(4) Information sought by a member of Parliament should be supplied unless it is of such a nature that it would have been denied to him, if similar information had been sought in Parliament.

(5) While corresponding with Members of Parliament, it should be ensured that the letter is legible. Per-printed or cyclostyled replies should be scrupulously avoided.

(6) In case a reference from an ex-member of Parliament is addressed to a Minister of Secretary, reply to such reference may be sent by the concerned Divisional Head after obtaining approval of the Secretary of Ministry/Department.

In case the reference is addressed to a lower level officer, reply to such reference could be sent by the officer on his own in non-policy cases and after obtaining approval of the higher authorities in policy cases. Here also, it may be ensured that the minimum level at which a reply is sent is that of an Under Secretary and that too in a polite letter form only.

Prompt response to letters received-

(1) Each communication received from the Member of Parliament, a member of the public, a recognized association of a public body will be acknowledged within 15 days, followed by a reply within the next 15 day of acknowledgement sent.

(2) Where a delay is anticipated in sending a final reply, or where the information has to be obtained from another Ministry or another office, an interim reply may be sent within a month (from the date of receipt of the communication) indicating the possible date by which a final reply can be given.

(3) If any such communication is wrongly addressed to a department, is should be transferred promptly (within a week) to the appropriate department under intimation to the party concerned.

5. The aforesaid guidelines also cover Official dealings between Administration and Members of Parliament /State Legislatures. In this context, attention is also invited to Rule 3(2A) of All India Service (Conduct) Rule, 1968 and Rule 3-A of Central Civil Service (Conduct) Rules, 1964 Which provide as follows:-

Every member of the service shall in the discharge of his duties act in a courteous manner and shall not adopt dilatory tactics in his dealings with the public or otherwise.

The existing instructions are hereby appropriately strengthened to emphasize the basic principles to borne in mind by the Government servants while interacting with the Members of Parliament and State Legislatures. These are as follows:ð

(i) Government servants should show courtesy and consideration to Members of Parliament and State Legislatures,

(ii) While the Government servants should consider carefully or listen patiently to what the Members of Parliament and of the State Legislatures may have to say, the Government servant should always act according to his own best judgment and as per the rules,

(iii) Any deviation from an appointment made with a Members of Parliament/State Legislature must be promptly explained to him to avoid any possible inconvenience. Fresh appointment should be fixed in consultation with him,

(iv) An officer should be meticulously correct and courteous and rise to receive and see off a Member of Parliament/State Legislature visiting him. Arrangements may be made to receive the Members of Parliament when, after taking prior appointment, they visit the officer of the Government of India, State Government or local Government. Arrangements may also be made to permit entry to vehicles of the Members to these Offices subject to security requirements/restrictions;

(v) Members of Parliament of the area should invariably be invited to public functions organized by a Government office. Proper and comfortable seating arrangements at public functions and proper order of seating on the dais should be made for Members keeping in view the fact that they appear above officers of the rank of Secretaries to Government of India in the Warrant of Precedence, The invitation cards and media events, if organized for the function held in the constituency, may include the names of the Members of that constituency who have confirmed participation in these functions.

It is clarified that if a constituency of any Member of Parliament is spread over more than one District, the M.P should invariably be invited to all the functions held in any of the Districts which are part of his/her constituency;

(vi) Where any meeting convened by the Government is to be attended by Members of Parliament, special care should be taken to see that notice is given to them in good time regarding the date, time, venue etc. of the meeting. It should also be ensured also be ensured that there is no slip in any matter of detail, however minor it may be. It should especially be ensured that:-

(a) Intimations regarding public meetings/functions are sent through speedier communication devices to the M.Ps, so that they reach them well in time, and

(b) That receipt of intimation by the M.P is confirmed by the officer/official concerned;

(vii) Letters from Members of Parliament and Members of State Legislatures must be promptly

acknowledged, and a reply sent at an appropriate level expeditiously as per the relevant provisions of the Central Secretariat Manual of Office Procedure;

(viii) Information or statistics relating to matters of local importance must be furnished to the MPs and MLAs when asked for. The information so supplied should be specific and answer the points raised. A soft copy of the information should also be sent to the Member via e-mail;

(ix) If the information sought by a Member of Parliament cannot be given and is to be refused, instructions from a higher authority should be taken and the reasons for not furnishing the information should be given in the reply;

(x) Wherever any letter from a Member of Parliament is in English and the reply is required to be given in Hindi in terms of the Official Languages Act, 1963 and the rules framed there under, an English Translation should also be sent along with the reply for the convenience of such Members of Parliament from non-Hindi Speaking areas;

(xi) References from the Committee of Parliament must be attended to promptly;

(xii) The officers should not ignore telephonic messages left for them by the Members of Parliament/ State Legislatures in their absence and should try to contact at the earliest the Member of Parliament/State Legislature concerned. These instructions also include SMS and e-mails received on official mobile telephones which also should be replied to promptly and on priority;

(xiii) All Ministries/Department may ensure that the powers of Members of Parliament/State Legislatures as Chairpersons/Members of committees under various Centrally Sponsored/ Central Sector government schemes are clearly and adequately defined; and

(xiv) A Government servant should not approach MPs/MLAs for sponsoring his individual case as bringing or attempting to bring political or non-official or other outside influence is prohibited under the conduct Rules e.g. Rule 18 of the All India Service (Conduct) Rules, 1968 and Rules 20 of the Central Civil Services (Conduct) Rules.

[DPE OM No. 0081/2014-GM-FTS 2163 Dated 29th December, 2014]

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(e) Security Issues

1. Security Arrangements in Public Enterprises.

Ministries are aware that a force called the Central Industrial Security Force has been constituted under the Ministry of Home Affairs for the security of industrial undertakings of the Central Government.

2. The question of evolving a uniform procedure in regard to the deployment of the Force and in providing security arrangements in the various undertakings has been under consideration of the Government particularly with a view to ensuring better coordination between the I.G., C.I.S.F. and the administrative Ministries / Public Enterprises. It has been decided that the following steps should be taken in this regard.

i. There should be close Association between CISF and a Public Enterprise, right from its inception. In other words, as soon as a new Enterprise is sanctioned about such sanction should be sent automatically to the I.G., CISF so that he can start liaison from the very outset, with the connected officials in the Ministry concerned and the Chief Executive of the project as soon as he is appointed.

ii. No new Enterprise should appoint its own Watch and Ward or security staff, even during construction stage, unless a clearance has been obtained from the I.G., CISF that he is not in a position to take over the security functions of the Enterprise from the very beginning.

iii. Whenever an investment decision is cleared at the level of the Public Investment Board an intimation that such a project has been cleared, should be sent to I.G., C.I.S.F.

3. Ministries etc. are to take necessary action accordingly.

[BPE O.M. No. 2(97)/72-BPE(GM-I) Dated 5th December, 1972]

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2. Appointment of Security Personnel in Central Public Sector Enterprises (CPSEs) from Ex-servicemen Security Agencies sponsored by the Directorate General of Resettlement (DGR).

The undersigned is directed to refer to BPE OM No 6122193- DPE(SC/ST Cell) dated 1v February, 1999 (read with BPE OMs dated 11-111994 and 18 03 1996) and its amendments issued vide OMs dated 27 01 2003, 17 07 2003, 11 02 2005 and 04 10 2005 on the above mentioned subject,

2. It is proposed to merge the provisions of the main guidelines of 1994 and its amendments issued from time to time into one comprehensive guideline as follows :

(i) In order to prevent exploitation of Ex-servicemen (ESM) and to effectively implement their rehabilitation process, the Directorate General of Resettlement (DGR) has evolved a scheme whereby retired services officers and State Ex-servicemen Security Corporations desirous of obtaining contracts from CPSEs to provide manpower for security are empaneled In this system, DGR provides a panel of qualified Ex servicemen Security Agencies and State ESM Security Corporations functioning under the directives of Ministry of Defence

(ii) All administrative Ministries / Departments are requested to issue necessary instructions to the CPSEs under their administrative control requiring manpower for security services, to obtain a panel of qualified Ex-Servicemen Security Service Providers only from the Directorate General of Resettlement (DGR), West Block -IV, R K Puram, New Delhi without going to open tendering process.

(in) However, to ensure that CPSEs get more cost effective and efficient security agencies, DGR will sponsor more than one security agency so that the CPSE concerned would have a choice in choosing a suitable outfit keeping in view their specific requirements

(iv) The service charges chargeable by security agency will be negotiable between the CPSE and the agency concerned subject to guidelines issued vide MoD OM No 28(3)12012-0 (Res-1) dated 09 07 2012 and amendments made therein from time to time,

(v) Ministry of Defence. Department of Ex-Servicemen Welfare is the nodal Ministry / Dept. for issuance of comprehensive guidelines on the subject matter

3 These guidelines supersede all earlier guidelines issued by DPE in this regard. All administrative Ministries / Departments are requested to kindly issue necessary instruction to the CPSEs accordingly.

[DPE O.M. No. GM-12/0001/2016-GM-FTS-5410 Dated 13th September, 2018]

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(f) Women Related Issues

1. Setting up of crèches near work places and in the offices of PSEs to facilitate working women and employees having pre-school or primary school going children.

The President's address to joint session of Parliament mentioned that concerted efforts to increase representation of women in Central Government may be made. Government has since decided to make mandatory provision of crèche facilities near work places, keeping in view the dual responsibilities borne by working women and their increasing practical difficulties in balancing work and family responsibilities.

2. The issue has been considered further and it has been decided to make provision of crèche facilities and its further enhancement in Public Sector Enterprises (PSEs). The setting up of crèche facility is to be made mandatory in the offices of Central Public Sector Enterprises (CPSEs)/near work place where the'employees, male and female, have pre-school or primary school going children.

3. All the administrative Ministries/Departments concerned with CPSEs are requested to issue instructions to the Heads of CPSEs under their administrative control for compliance. Action taken in this regard may kindly be informed to this Department.

[DPE OM No. 15(2)2009-DPE(GM)-GL-97 Dated 17th August , 2009]

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2. Uniformity in facilities available to woman employees of CPSEs like Maternity Leave and Child Care Leave.

The undersigned is directed to say that woman employees of CPSEs have facilities like Maternity Leave and Child Care Leave available to them. However, different CPSEs differ in so far as the maximum number of days for which these facilities are available and also in some extreme cases it is found that a particular section of woman employees is excluded from grant of a certain kind of leave (Central Coalfields Ltd.). In this connection, representations have been received from the Forum of Women in Public Sector (WIPS).

2. At present, woman employees of the Central Government have the following facilities:-

(a) Maternity Leave up to a maximum period of 180 days (O.M. No. 13018/2/2008-Estt.(L) dated 11th September 2008 of DOPT).

(b) Child Care Leave up to a maximum period of 2 years i.e. 730 days (O.M. No. 13018/2/2008-Estt.(L) dated 11th September 2008 and 29th September 2008 of DOPT).

(c) Child Adoption Leave up to a maximum of 180 days (O.M. No. 13018/1/2009-Estt.(L) dated 22nd July 2009 of DOPT).

(d) In addition, for the benefit of the family there is a provision of Paternity Leave up to a period of 15 days (O.M. No. 13018/2/98-Estt.(L) dated 16th July 1999 of DOPT).

and protection as granted vide Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal Act-2013 dated 9th December,2013).

3. The CPSEs formulate their own H.R. rules with the approval of their respective Boards in consultation, if required, with the concerned Ministries / Departments.In the interest of ensuring the welfare of women employees, these HR rules must, incorporate all statutory provisions. Regarding other welfare measures, all the administrative Ministries / Departments are requested to advise the CPSEs under their administrative control

to bring some uniformity in their rules in line with similar facilities available to women employees of the Central Government with approval of the respective Boards. In any case there should be no variation in such measures between different grade of employees within a single CPSE.

[DPE OM No. 6 (1)/2014-DPE (GM) Dated 18th June, 2014]

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3. Sixty-Second (62nd) Report of the "Status of Women Government Employees, Service Conditions, Protection against exploitation, Incentives and other related issues" by the Department related Parliamentary Standing Committee on Personnel, Public Grievances, Law & Justice –reg.

The undersigned is directed to refer to recommendation No. 15 & 17 of Sixty-Second (62nd) Report of the ñStatus of Women Government Employees, Service Conditions, Protection against exploitation, Incentives and other related issuesò by the Department related Parliamentary Standing Committee on Personnel, Public Grievances, Law & Justice, the relevant extracts of which have been forwarded by Department of Personnel &training(DoPT) for compliance by all Ministries/ Departments.

2. The recommendations of the Parliamentary Standing Committee are reproduced below:

Recommendation no.-15: The Committee feels that the WIPS Cell should be constituted in all organizations and that the organizations should nominate their employees for State/Regional level WIPS seminars, meetingsetc.

Recommendation no.-17: The Committee stresses upon the need for adequate avenues to be made available for the women employees, in order to facilitate experience sharing, confidence building etc. The Committee is happy to note that in an organization (State Bank of India), an Aspiration and Social Networking site for Bank employees has been set up wherein they can freely exchange views. The Committee also appreciates the initiatives taken by some organizations for facilitating free exchange of views of employees via intranet and wishes that other organizations may also follow suit.

3. In compliance with the recommendations of the Parliamentary Standing Committee, all the administrative Ministries / Departments are requested to advise the CPSEs under their administrative control to constitute a WIPS cell (Women in Public Sector Cell) and nominate their employees for participation in State/Regional level WIPS seminars/meeting etc.

4. Further, Ministries / Departments are requested to advise the CPSEs to formulate an enabling H.R. policy with the approval of their respective Boards in consultation with the concerned Ministries / Departments, if required, which facilities experience sharing among employees, helps in their confidence building, ensures speedy redressal of their grievances, etc. Mentoring and career counselling are also advised.

5. The action taken in this regard should be sent directly to the DoPT through therespective administrative Ministries / Departments,for onward submission to the Rajya Sabha Secretariat. DPE may also be apprised of the action taken.

This issues with the approval of Secretary, DPE.

[DPE OM No. 6(1)/2014-DPE (GM) Dated 19th August, 2014]

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4. Initiatives towards enhancing women's representation in Central Public Sector Enterprises (CPSEs)

Central Public Sector Enterprises (CPSEs) in India have been sensitive in adopting best human resource management practices to improve the participation of women in their workforce which as a percentage has more than doubled since 1991.

2. Empowerment, skill up-gradation, mentoring and career counselling of the women workforce in central public sector enterprises should be an integral part of Human Resource Policy of the CPSEs and there is a need to strengthen it further for facilitating, experience sharing, confidence building and speedy redressal of grievances for the women employees. Managements of the CPSEs should be sensitive to provide equal opportunities to their women workforce for skill up-gradation and career progression at all levels so as to improve their participation and contribution to the growth of the CPSE. Attention is being drawn to the earlier OM No. 6(1)/ 2014-DPE(GM) dated 18.6.2014, OM No. DPE-GM/0038/2014-GM dated 12.6.2014 and OM No. 6(1)/2014-DPE(GM) dated 19.8.2014 of this department on the subject and other related issues.

3. All Administrative Ministries / Departments concerned with CPSEs are requested to issue suitable instructions to CPSEs under their jurisdiction to deliberate on the subject at the Board level for taking suitable affirmative measures as a part of their human resource management initiatives.

(DPEO.M. No. GM-11/0001/2015/FTS-3664 Dated 14th May, 2015)

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(g) Matters concerning Persons with Disabilities (PwD)

1. Disable friendly examination centres for candidates with disabilities -Order of Court of Chief Commissioner for Persons with Disabilities - reg.

The under signed is directed to forward a copy of order of Court of Chief Commissioner for Persons with Disabilities dated 09-07-2015 in regard to Case No. 4538/1101/2015/PG/R8187 on the above stated subject matter in reference to Section 46. and Section 59 of the Persons with Disabilities Act, 1995.

2. All the administrative Ministries I Departments concerned with Centre Public Sector Enterprises (CPSEs) are requested to instruct CPSEs under their administrative control to take into account content of above stated order specifically of para-5 of order, which is self-explanatory.

Sub: Grievance of Shri Kuldeep Singh Birania, a person with disability regarding providing disable friendly examination centres for candidates with liabilities.

Sir,

Please find enclosed a copy of Grievance of Shri Kuldeep singh Birania lodged on Portal for Public Grievances bearing Registration No. PMOPG/I/2015/0064771 dated 01.05.2015 on the above mentioned subject.

2. It has come to the notice of this court that many candidates with disabilities were allocated the examination centre which were far and non-accessible particularly to wheel chair users, caliper/cruch users.

3. As per Section 46 of the Persons with Disabilities Act, 1995 the appropriate Government and the local authorities shall, within the limits of their economic capacity and development provide for (a) ramps in public buildings; (b) adaptation of toilets for wheel chair users; (c) Braille symbols and auditory signals in elevators or lifts; (d) ramps in hospitals primary health centres and other medical care and rehabilitation institutions.

4. Section 59 of the Persons with Disabilities (Equal Opportunities, Protection of Rights & Full Participation) Act, 1995 mandates the Chief Commissioner for persons with disabilities on his own motion or on application of any aggrieved person or other wise to look into complaints inter-alia, with respect to matters relating to deprivation of rights of persons with disabilities.

5. In view of the above the case is disposed of with an advice that whenever there is any examination for recruitment or admission, the examination centre Incharge may be informed to accommodate persons with disabilities at the examination centre including the seal and their seating arrangement be made on the Ground Flood. In case it is not possible to do so at the time of allotting the seal online, instructions to the centre Incharge should clearly mention that necessary adjustment/re-allocation of candidates with disabilities to an accessible place must be made well before the commencement of the examination so as to avoid the unnecessary harassment/discrimination as it would disturb the candidate with disabilities to concentrate on the examination. A copy of the instructions issued to the concerned authority may be sent to this court and to the complainant by 30.07.2015. Please ensure that candidates persons with disabilities are not deprived of their legitimate rights.

[DPE O.M. No. 6(9)/2014 SC/ST Cell-FTS-1955 Dated 30th July, 2015]

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2. Conduct of accessibility audit of the infrastructure of CPSEs in respect of Persons with Disabilities (PwDs) - reg.

The undersigned is directed to refer to the minutes of meeting of Committee of Secretaries (CoS), held in Cabinet Secretariat on 18-01-2016 regarding review of "Accessible India Campaign"chaired by the Cabinet Secretary on the above subject. One of the recommendations made during the said meeting is that DPE will issue instruction to all CPSEs to take up accessibility audit of their infrastructure and for making the built up environment accessible in Central Public Sector Enterprises (CPSEs).

2. Regarding builtup environment, accessibility is sought to be increased through ramps in common/public buildings, accessible parking, accessible toilets, braille symbols and auditory signals in elevators etc.

3. All the administrative Ministries / Departments concerned with CPSEs are, therefore, requested to advise the CPSEs under their control to conduct the accessibility audit and make the built up environment accessible to PWD.

(DPE O.M. No. 6(9)/2014(SC/ST Cell)/FTS-1955 Dated 23rd February, 2016)

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(h) Others

1. Grant of permission to public sector employees to join Territorial Army-Extension of facilities to public sector employees on the lines of facilities available to Central Govt. employees.

The undersigned is directed to refer to the Department of Personnel and Administrative Reforms O.M. No. 39021/3/84 Estt. (C) dated the 24th January, 1985, addressed to all the Ministries/Departments of the Govt. of India on the subject mentioned above **(copy enclosed for ready reference)**. The Ministries/Departments concerned with PSUs were advised by the Department of Personnel and Administrative Reforms to extend the provisions contained in the said OM to the employees of PSUs also. It has, however, been brought to the notice of this Ministry that many public enterprises are not aware of these instructions.

Ministry of Agriculture etc. are, therefore, requested to bring the contents of the Department of Personnel and Administrative Reforms OM referred to in para-1 above to the notice of the PSUs under their administrative control for information and necessary action under intimation to BPE.

ENCLOSURES

Copy of Department of Personnel & Administrative Reforms O.M. No. 39021/3/84-Estt. (C) dated 24-1-85 regarding permission to Govt. servants to join the Territorial Army.

The undersigned is directed to refer to the Ministry of Home Affairs Office Memorandum No. 25/19/49-Ests dated 7.7.1950 and No. 47/2/61- Estts. (A) dated 7.6.1961 (copies enclosed) on the subject mentioned above, and to say that it has come to the notice of the Govt. that some times permission is not granted to Govt. servants to join the Territorial Army. Since the Territorial Army has to play an important and useful role for the defence of the country in an emergency as also during natural calamities etc., Govt. servants should also be encouraged to join the Territorial Army.

Ministry of Finance etc. are, therefore, requested to grant permission to Govt. servants working under them to join the Territorial Army and also to provide them with necessary facilities for this purpose. However, in the case of those employees who are engaged in operational or maintenance duties the permission will be subject to the exigencies of public services. Such of the Government servants as are holding key posts and who cannot be released during an emergency, need not be permitted to join the Territorial Army. All Government servants who are permitted to join the Territorial Army will however, continue to be governed by the conditions as already mentioned in the Office Memoranda referred to above.

Ministry of Finance etc. are also requested to extend the above instructions, if there be no objection, to the Corporations and Public Undertakings under their control.

Copy of Office Memorandum No. 25/19/49-Ests, dated the 7th July, 1950 from Ministry of Home Affairs to all Ministries of the Government of India/etc. etc.

The undersigned is directed to say that the question whether the Central Government servants should be permitted to join the Territorial Army has been under consideration for some time. In view of the importance of the Territorial Army for the adequate defence of the country it has now been decided that while the personnel holding essential key posts should not be permitted to join the Territorial Army, no impediments should ordinarily be placed in the way of other civil Government servants wishing to join the Territorial Army. Ministries are, therefore, advised that applications for permission to join the Territorial Army from Government servants employed under their administrative control who can be released in an emergency without effecting the minimum essential functions of an office should not be withheld.

2. The occasions on which members of the Territorial Army can be called up for military duty are as follows:

a. For training, to attend a course of instructions or to undergo an attachment.

b. To act in support of the civil power or to provide essential guards.

c. When embodied for supporting or supplementing regular forces.

So far as training is concerned, it may be mentioned that there would be two types of units Urban and Provincial Government servants would be eligible to join the Urban units only. Members of the Urban units have to undergo recruit training for 32 days and thereafter annual training for a period not less than 30 days and not more than 60 days. The recruit as well as annual training can, in the case of Urban units be

carried out on a part time, basis in the morning or in the evening outside normal office hours except when embodied for camps of not less than four consecutive days or two periods of three consecutive days. Government servants joining the Urban units of the Territorial Army will thus not be required to be absent from duty for a period exceeding one week in a year so far as training is concerned.

During the period of training which will mostly be carried out outside office hours, Government servants will receive pay and allowances according to their ranks. Military pay and allowances received by Government Servants will be in addition to their civil emoluments. During the period spent in camp, which will be of very short duration, the absence of Government servants from their civil posts should be treated as special casual leave, and they should be allowed to receive their civil pay and allowances in respect of this period in addition to pay and allowances which they might receive from the Defence Services Estimates.

It may be stated in this connection that the occasions on which members of the Territorial Army might be called up for military duty in aid of civil power would be very rare because ordinarily regular troops would be available for this duty. Similarly occasions when members of the Territorial Army would be embodied for supporting or supplementing the regular forces would be when the country is involved in an actual war. On such occasions, the absence of the Government servants from their offices should be treated as duty for the purpose of civil leave and pension. If a Government servant is on an incremental scale of pay be will count his military service for increments in the time scale of pay applicable to him in his civil post and also towards civil pension, in the same way as if he had put in that period of service in his civil appointment. As regards leave, they will continue to be governed by the civil rules applicable to them before transfer to the military services. Under rule 36 of the Fundamental Rules and article 86 of the Civil service Regulations, acting promotions may be made in place of Government servants who are called up for military duty in the above circumstances.

Government servants whose rates of pay at the time they are called up for military duty are higher than the military pay and allowances to which they would be entitled in respect of military duty would receive pay at the civil rates according to the next below rule and the difference between the civil pay and allowances and the military pay and allowances shall constitute charge against the ordinary head of expenditure to which civil pay of the individual concerned is debitable.

At the time of actual recruitment/commissioning an individual will be required to report for interview on medical examination. The period of absence on this account should be treated as casual leave or to the extent that casual leave is not due as special casual leave.

Copy of Department of Personnel and Administrative Reforms O.M. No. 47/2/61-Estt. (a) dated 7-6-61 regarding Grant of permission to central Government servants to join the provincial units of the Territorial Army.

The undersigned is directed to refer to this Ministryôs O.M. No. 25/19/49-Ests., dated 7th July, 1950 as amended from time to time, on the subject mentioned above and to say that a suggestion has been made that civil Govt. servants who are at present allowed to join only urban units of the Territorial Army, should be allowed to join provincial units of that Army, where training is imparted on a whole time basis in a camp for a continuous period of three months in the first training year of recruitment and for a period of two months in subsequent years during which the civil Government servant concerned will have to be away from his civil post.

2. Since the policy of the Govt. of India is to encourage civil Govt. servants to join the Territorial Army, which is Indiaôs second line of Defence, it has been decided to permit them to join also the Provincial Units of the Territorial Army.

3. The period of absence of civil Govt. servants while on training with the provincial units of the Territorial Army will be treated as on duty and governed under para 4 of this Ministryôs office memorandum referred to above. During such periods of training, they will be entitled to military pay and allowances, if any, which will be charged against the ordinary head of expenditure to which the civil pay of the individuals concerned is debitable.

4. For other occasions/purposes they will be treated in the same manner as civil Govt. servants joining the urban units of the Territorial Army.

Copy of O.M. No.36/15/64-Ests.(b) Dated 15.6.1965 from Ministry of Home Affairs, Govt. of India regarding Treatment of transit period in the case of civil Government servants when called for training in the Territorial Army/Defence Reserves/Auxillary Air Force. (Although there is no reference to this OM, this was enclosed and circulated along with OM dated 8.2.1988)

The undersigned is directed to say that, when civil Govt. servants are called for training in the Territorial Army/Defence Reserves/Auxillary Air Force, the period spent by them in transit from the date of their relief from civil posts to the date on which they report to military authorities and vice-versa should be treated as special casual leave. During such periods, which should be restricted to the minimum required for the purpose, they would be paid pay and allowances at civil rates by their parent department/office. The Ministry of Finance etc. are requested kindly to have similar orders issued in respect of employees of public undertakings, corporations, etc. under their control.

2. In so far as the persons serving in the Audit and Accounts Department are concerned, these orders have been issued after consultation with the Comptroller and Auditor General of India.

[BPE O.M. No. 17(1)/88-GM Dated 8th February, 1988]

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2. Description in Hindi on the commodities manufactured by the Public Enterprises.

The undersigned is directed to refer to the Department of O.L.ôs O.M. No. 14011/1/76-O.L. (A.I.) dated the 27th Feb., 1976 on the subject mentioned above and to state that the description on various types of commodities manufactured by the Central Government Enterprises is given only in English which is contrary to the official language policy.

2. This matter was very recently discussed in the meeting of the Hindi Advisory Committee of the Ministry of Planning and it was recommended that the Public Enterprises should give description on all the commodities/ items manufactured by them in Hindi also along with English.

3. All the Ministries/Departments concerned with the Public Enterprises are therefore, requested to issue necessary orders on the subject referred to above to the Public Enterprises under their administrative control under intimation to this office.

[BPE O.M. No. 16/11/89-GM Dated 9th May, 1989]

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3. Letter dated 3rd December, 2003 from Ministry of Environment and Forests—Hon'ble Supreme Court's Order dated 14.10.2003—W.P./657/1995 (Research Foundation for Science, Technology and Natural Resources Policy Vs. Union of India & Others) on auction of Hazardous Wastes by Public Sector Undertakings through Units Registered with MoEF having ESM facilities and not through open auction.

The undersigned is directed to forward herewith a copy of D.O. letter No. 23-2/96-HSMD Vol. X dated the 3rd December 2003 from Ministry of Environment & Forests on the subject mentioned above with the request that necessary direction may kindly be issued to the PSUs under administrative control of Ministries/ Departments for necessary compliance.

Copy of D.O. letter No. 23-2/96-HSMD-Vol. X dated the 3rd December, 2003 from Joint Secretary, Ministry of Environment and Forests

As you are aware, the Ministry of Environment & Forests (MoEF) has been regulating the recycling/ reprocessing of certain identified hazardous wastes such as used/waste oil, used lead acid batteries and other non-ferrous metal wastes including copper, brass and zinc wastes, under a Registration Scheme, since 1999, with the objective of channelizing; such wastes to only those units which possess Environmentally Sound Management (ESM) facilities.

2.0 The Registration Scheme is now being implemented by Central Pollution Control Board (CPCB) under the provisions of Hazardous Wastes (Management & Handling) Rules 2003, and CPCB regularly updates the list of Registered units in its website http//cpcb.delhi.nic.in. At the time of launching of this scheme, several Public Notices were issued by the CPCB on behalf of MoEF during the year 1999-2000 informing of the requirement of selling/auctioning these identified hazardous wastes only to such units granted registration by MoEF.

3.0 Communications have also been issued by MoEF from time to time to all the Central Ministries in this regard. In spite of the same, it has been noticed that most major generators of these wastes, including Government departments/agencies continue to auction/sell these hazardous wastes to unregistered users through open sale/tender.

4.0 Recently, Honôble Supreme Court in its order dated 14th October, 2003 in the matter of WP 657/1995 (Research Foundation for Science, Technology & Natural Resource Policy Vs. Union of India & Others) on Hazardous Wastes Management has again directed MoEF ñto issue directions to all Public Sector Institutions not to openly auction their hazardous wastes but only to those who are registered units having ESM facilitiesò.

5.0 It is therefore, once again urged that suitable directions may kindly be issued immediately to all the Public Sector Units, Departments, Field Offices, Autonomous bodies etc. under your administrative control to ensure that the order of the Honôble Supreme Court regarding auction of hazardous wastes are complied with strictly.

6.0 I would also request you to kindly furnish an óAction Taken Reportôin this regard to enable us to file the same to the Honôble Supreme Court.

[DPE O.M. No. 16(2)/2004-DPE(GM)/GL-54 Dated 12th January, 2004]

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4. Citizen Charter in CPSEs.

The Parliamentary Standing Committee on Ministry of Personnel, Public Grievances & Pensions and Ministry of Law & Justice Recently reviewed the implementation of Government policy on Citizen Charter by certain PSUs. The Committee noticed that in some cases the Citizen Charter was not available on the web-site of the PSUs. The Committee has desired that PSUs formulate and host the Citizen Charter on their web-site. The Committee also desired that the PSUs should constantly review the ñVision & Missionò in the Citizen Charter.

2. The Central Public Sector Enterprises (CPSEs) sho9uld follow the guidelines for formulation and implementation of the Citizen Charter as prescribed by Ministry of Ministry of Personnel, Public Grievances & Pensions, Department of Administrative Reforms and Public Grievances, from time to time. In this regard the information available at http://goicharters.nic,in/ may be referred to.

3. All Ministries / Departments are requested to suitably advise CPSEs under their respective administrative jurisdiction in this regard.

[DPE OM No. DPE-GM/0001/2015-GM/FTS 3207 Dated 19th January, 2015]

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5. Adopting Electronic Payment Framework and mandatory use of Public Financial Management System (PFMS) for Government funds transfer.

The undersigned is directed to enclose herewith the Department of Expenditure, Ministry of Finance OM No. I-11011/58/2013-DBT dated 13-02-2015 & 26-02-2015 and D. O. Letter No. I-11011/49/2012-DBT(PF) dated 20-07-2015 regarding above mentioned subject and to request that necessary instructions may be issued to all CPSEs to adopt Public Financial Management System (PFMS) for transfer of Government funds/subsidies/ benefits to the concerned beneficiaries in accordance with the enclosed guidelines issued by Department of Expenditure.

[DPE O.M. No. GM/0209/2014-GM/FTS-3113 Dated 13th August, 2015]

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6. Recruitment of meritorious sports persons in CPSEs.

The matter regarding recruitment of meritorious sportspersons in relaxation of the procedure laid down for recruitment in Central Public Sector Enterprises(CPSEs) and incentives to such sportspersons has been considered by Department of Public Enterprises(DPE). In this regard attention of all administrative Ministries/Departments having CPSEs under their jurisdiction is invited to consolidated guidelines of DoPT issued vide OM No. F. No. 14034/01/2013-Estt.(D) dated 3rd October, 2013 on this subject. It is requested that the CPSEs may be advised that while formulating their HR Policies, due consideration may be given to the aforementioned DoPT guidelines dated 03.10.2013 on recruitment and incentives to meritorious sportspersons for adoption of suitable provisions from these guidelines for incorporation into CPSEs HR Policy.

2. In addition to the above, administrative Ministries/Departments are also requested to furnish the details of existing provisions for recruitment and incentives for meritorious sportspersons in HR Policy in respective CPSEs.

3. This issues with the approval of Hon'ble Minister(HI&PE).

[DPE O.M. No. DPE-GM-13/0012/2015-GM-FTS-4288 Dated 29th February, 2016]

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7. Action Plan regarding recommendations contained in the presentation of 8 Groups of Secretaries-regarding.

The undersigned is directed to refer to recommendation number 10 contained in the presentation of 8 Groups of Secretaries which states as follows:

1. Recommendation by Group on Energy Conservation and Efficiency-Existing Government buildings to reduce energy use by 25%.

Action Plan : All the administrative Ministries/Departments concerned with CPSEs are to advise CPSEs under their jurisdiction to undertake energy audit of premises / building of CPSEs so as to initiate steps for reduction of energy consumption by 25%.

2. In view of above all the Administrative Ministries / Departments concerned with CPSEs are requested to advice CPSEs under their jurisdiction to take necessary action in this regard as stated above. A copy of the instruction issued to CPSEs may also be endorsed to this Department for information and record.

[DPEO.M. No. GM-12/0003/2016-GM-FTS-5670 Dated 28th April, 2016]

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8. Policy on Promotion of City Compost-reg.

The Department of Fertilizers, Ministry of Chemicals & Fertilizers vide OM No. 11026/14/2015-M&E dated 10-02-2016(copy enclosed) has issued a Policy on Promotion of City Compost.

2. As per sub para (vi) of the said Policy,it is stipulated that Government Departments and Central Public Sector Enterprises (CPSEs) will use city compost to the extent possible for their horticulture and related use. To monitor and facilitate the availability of adequate quantity of city compost a joint mechanism would be setup by Department of Fertilizers and Department of Agriculture and they will also coordinate to resolve the related issues that may arise in future.

3. All the administrative Ministries / Departments concerned with CPSEs are, therefore, requested to advise the CPSEs under their control for implementationof policy especially the provisions outlined in sub para (vi) for promotion of use of city compost for horticulture & related activities in CPSEs.

[DPE O.M. No. DPE-GM-12/0002/2016-GM/ FTS-5543 Dated 5th May, 2016]

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9. Availability of skill/trade training facilities of CPSEs for training of youth.

The National Policy for Skill Development and Entrepreneurship, 2015 targets to Skill/reskill/upskill 40 crore persons by 2022. There is challenge of huge quantitative expansion of the facilities for skill training. The Policy provides for leveraging existing infrastructure for skill training so as to quickly scale up and take skilling to remotest parts of India. Ministry of Skill Development & Entrepreneurship (MSDE), Government of India is the nodal Ministry for skill development and entrepreneurship promotion in the country. It is also responsible for coordination of all skill development efforts for building the vocational and technical training framework, skill up- gradation and building of new skills not only for existing jobs but also jobs that are to be created across the country.

2. In the meeting held on 15.01.2015 at the level of the Hon'ble Prime Minister to review Skill Development, it was inter alia, minuted that "Infrastructure created or existing in the Government sector (even in private or corporate sector) should be brought to 24X7 usage. Vocational training may be provided in a shift system and utilize the infrastructure optimally".The Group of Secretaries in its presentation on Employment Generation before the Hon'ble Prime Minister has also recommended use of spare infrastructure for skilling so that available skill/trade training facilities could be utilized for training of youth. The Committee of Secretaries (CoS) in its meeting on 26.4.2016 has further advised Ministries / Departments to consider making their spare infrastructure available to Ministry of Skill Development and Entrepreneurship.

3. With massive infrastructure and sectoral presence over the length and breadth of country, Central Public Sector Enterprises (CPSEs) can play an important role in skill development activities. Initiatives by CPSEs are necessary to support large scale skill development reforms and programmes. CPSEs can develop systematic training, design and delivery mechanism in sync with the National Skill Qualification Framework (NSQF) aligned national skill ecosystem being created in Ministry of Skill Development and Entrepreneurship, keeping in view nature of activities being carried by them or sectors they belong to.

4. In this context, CPSEs are advised to optimise use of skill development capacity for skill training and explore the possibility of sharing the training infrastructure with agencies namely, National Skill Development Corporation (NSDC), Sector Skill Councils (SSCs) etc.working under the aegis of MSDE on mutually agreed terms and conditions for skill training of youth.

5. All the Administrative Ministries/Departments are requested to issue necessary advisory to their CPSEs under their jurisdiction.

[DPE O.M. No. CRR-1/11/2002/2015-JS(VRS)/FTS-4407 Dated 26th May, 2016]

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10. Promotion on Digital mode of transfer of money in day-to-day affairs - regarding

In order to encourage cashless transactions through mobile phones, e-wallets etc., the NITI Aayog alongwith representatives of various banks have been imparting training to the employees of various Ministries/ Departments. Besides this, Department of Expenditure, Ministry of Finance has also issued instructions vide O.M. No.25(30)/E.Coord/2016 dated 1st December, 2016 (copy enclosed) for encouraging usage of debit card, etc., for personal transactions.

2. All Ministries/ Departments concerned with CPSEs are requested to issue suitable instructions to CPSEs under their administrative control to take initiative for imparting similar trainings to their employees to promote cashless transactions or usage of debit cards, etc., for personal related transactions. A copy of such instructions issued by the concerned Ministry/ Department may also be forwarded to DPE for information and record.

[DPE O.M. GM-12/0006/2016-JS(Admn.)/FTS-6587 Dated 7th December , 2016]

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11. Provision for PNG supply in residential colonies of CPSE employees - regarding.

The undersigned is directed to refer to Committee of Secretaries (CoS) recommendations made during the meeting to review progress of city Gas Distribution Network held on 06.07.2017 at Cabinet Secretariat and to state that one of the recommendations made during the said meeting is as under:

> "MoUD and DPE may consider issuing advisory to all Ministries and CPSEs to make provision for PNG supply in residential colonies of government and PSE employees."

2. In view of above, all Administrative Ministries / Departments concerned with CPSEs are requested to advice CPSEs under their jurisdiction to consider making provision for PNG supply in residential colonies / townships of employees.

[DPE O.M. No. DPE-GM-12/0003/2017-GM-FTS-7878 Dated 11th August, 2017]

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12. Publicise vacancies & making available publically scores and rankings of candidates in the recruitment examination through National Career Services Portal (NCSP) by CPSEs - reg.

The undersigned is directed to refer to this Department OM No. 16/58/86-GM dated 12thSeptember, 1986 and OM No. 24(11)1 96(GL-010)/GM dated 2nd November, 1998 regarding publication of job vacancy notices in 'Employment News' and recruitment to posts in CPSEs through National Employment Services.

2. In this regard, kind attention is invited to Department of Personnel and Training (DoPT) OM No. 14024/1/2016-Estt.(D) dated 13-06-2016 and DoPT O.M.No. 39020/01/2016-Estt (B) dated 19-07-2017(copies enclosed) for advertisement of vacancies through the National Career Services (NCS) Portal of Ministry of Labour & Employment & making available publically scores and rankings of candidates in the recruitment examination. At NCS portal there is a separate provision for registration for the CPSEs and user manual for registration & posting of vacancies is available at www.ncs.gov.in. In case of any clarification /quarries etc. in respect of uploading of information at NCS Portal the user can also contact the Helpline No. 18004251514.

3. All Administrative Ministries /Departments concerned with CPSEs are requested to advice CPSEs under their jurisdiction to take necessary action in regard toadvertisement of vacancies through NCS Portal and making available publically scores& rankings of candidates in the recruitment examination at NCS Portal.

[DPE O.M. No. DPE-GM-12/0003/2016-GM-FTS-5670 Dated 20th September, 2017]

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13. Implementation of the Apprenticeship Act in CPSEs - regarding.

The Government of India has brought in comprehensive reforms and amendments in the Apprentices Act, 1961 and Apprenticeship Rules in December, 2014. Key amendments are:ð

(i) Establishments have been allowed to engage apprentices within a band of 2 5°/0 to 10% of the total strength of employees.

(ii) Establishments have been allowed to condu apprenticeship training in optional trades also in addition to designated trades.

(iii) Scope has been extended also to non-engineering occupations.

(iv) Restriction on the inspection by officers

(v) Aggregation of apprentices and establishments especially MSMEs through Third Party Agency.

(vi) The procedural simplification has been provided through the following measures

- ð Submission of returns and other information through online portal.
- ð Submission of apprenticeship contract through portal and its time bound approval.

2 Further, Ministry of Skill Development & Entrepreneurship has notified an ambitious new scheme titled "National Apprenticeship Promotion Scheme" (NAPS) on 19th August, 2016 to promote apprenticeship training. The scheme provides for reimbursement of 25% of the stipend payable to apprentices directly to employees. The scheme also envisages sharing of the cost of basic training with 'Basic Training Providers

(BTPS)" in respect of apprentices who come directly to undertake apprenticeship training without any formal training. The guidelines of NAPS are available at www.apprenticeship.gov.in.

3. As there is a huge potential in apprenticeship training program in CPSEs, it is expected that CPSEs will play a proactive role in promoting apprenticeship training and are expected to:

(i) Engage apprentices within a band of 2.5% to 10% of the total strength of employees

(ii) Apprentices may be engaged either in designated trade or in optional trade

(iii) Avail the benefits of NAPS,

4. In view of above, all the Ministries/ Departments concerned with CPSEs are requested to issue suitable instructions to CPSEs under their administrative control to comply with the provisions of the said Act and rules frames in this regards along with specific points emphasized at Para 3 above.

[DPE O.M. No. DPE/GM-0050/2014-GM-FTS-1980 Dated 17th May, 2018]

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(i) Implementation of DPE Guidelines

1. Review of Guidelines

The Committee of Secretaries have reviewed the ñguidelinesò issued from time to time by the Department of Public Enterprises based on the decisions of Government on various issues. The object of review is to ensure that the number of guidelines are reduced to the barest minimum so that the enterprises could function with the required autonomy and Government interface with the public sector enterprises would be only on very important policy issues. Separately an exercise is going on to indicate which of these guidelines should be treated as ñmandatoryò and other guidelines being treated only for ñguidelines onlyò.

Apart from the circulars issued by the DPE communicating the decision of the Government, administrative Ministries and Departments also issue directions and advice to the PSEs under their administrative control. Very often these affect the autonomy and operational freedom of the enterprises. The Committee of Secretaries in its meeting held on 26.12.90 have decided that all guidelines issued or proposed to be issued should invariably be issued through the DPE to ensure common policies and that they do not vitiate the ñarmôs-lengthò relationship with public enterprises.

In view of the decision taken above all Ministries/Departments should, in future, forward whatever instruction/guidelines they wish to pass on the PSEs under their administrative control, to the DPE which will function as nodal point to clear such guidelines before issue in order to ensure common policies.

[DPE O.M. No. 6(6)/88(Coord) Dated 25th January, 1991]

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2. Review of Guidelines

In continuation of this Departmentôs O.M. of even number dated 25.1.91 (copy enclosed) regarding Presidential Directives/Guidelines to be issued to the Public Sector Undertakings, the matter has been further

considered with a view to clarify/consolidate the Government instructions on the subject. It has now been decided that whatever instructions the Government wish to give to the PSUs would broadly fall in following two categories:

(i) **Presidential Directives**ð These are issued by the administrative ministries to the concerned PSUs whenever the situation so warrants and are mandatory in nature. For the purpose of maintaining uniformity, such Directives shall be issued in consultation with the DPE if these relate to single PSU and with the concurrence of the DPE if these are applicable to more than one PSU. Further, the DPE could also ask the administrative Ministries to issue Presidential Directives to one or more PSU on policy issues requiring a uniform approach.

(ii) **Guidelines**ð These could be issued either by the administrative Ministry or the DPE as the case may be and will be advisory in nature. The Board of Directors of the PSUs will have the discretion not to adopt these guidelines for reasons to be recorded in writing. The Board Resolution on the subject giving the reasons therein should be forwarded both to the administrative Ministry concerned as well as to the DPE.

2. All Ministries/Departments are requested that the henceforth they should forward the Presidential Directive(s) proposed to be issued to PSUs in draft form to the DPE.

3. This issues with the approval of the Cabinet Secretary.

[DPE O.M. No. 6(6)/88 (Coord) Dated 8th April, 1991]

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3. Implementation of Policies and Guidelines issued by Department of Public Enterprises.

The undersigned is directed to refer to the DPE correspondence vide OMs of even number regarding submission of Annual Compliance Report (ACR)/consolidated report of ACR on the above subject in respect of CPSEs under the administrative control of various Ministries/ Department.

2. The format for Annual Compliance Report (ACR) has been revised by updating the list of DPE guidelines on specific subjects. Updated format of ACR is enclosed for submitting ACRs

3. It is further stated that instructions issued vide DPE OM No.14(38)110-Fin dated

29 7.2010 for submission of ACRs by CPSEs and consolidated report by Administrative Ministries/Departments are reiterated. As per the guidelines issued by DPE, CPSEs are required to furnish the ACRs within 30 days from the close of the preceding financial year to the concerned Administrative Ministries/Department who in turn are required to furnish the consolidated compliance Report to DPE by 30 June of every year.

4. All the concerned administrative Ministries/Departments/CPSEs who have not submitted ACR are therefore, again requested to strictly comply with DPE guidelines and expedite furnishing the ACR for the year 2016-17 in respect of CPSEs under your administrative control; without any further delay.

\\192.168.4.1\e\Public Enterprises (2018)\4077PE\4077PE (Chapter 7)

COMPLIANCE REPORT OF GUIDELINES ISSUED BY DEPARTMENT OF PUBLIC ENTERPRISES

This is certified thaté é é é é ..é .(Name of CPSE) have complied with all the guidelines issued by DPE from time to time on various subjects during financial year é é é é é é é ..except the following :-

S.No.	Subject	Applicable Guidline DPE OM No. & Date	Reasons for Non-Compliance/Exemption taken
1.			
2.			
3.			
4.			
5.			

Further certificate on compliance of specific DPE guidelines is Annexed.

(Signature of CEO)

To
The Secretary (Concerned Administrative Ministry/Department)

\\192.168.4.1\e\Public Enterprises (2018)\4077PE\4077PE (Chapter 7)

ANNEXURE

Certificate an Compliance of specific DPE guidelines

Name of CPSE ..... Financial Year .....

Sl No	Subject	Applicable Guidelines (DPE OM.No.& Date)	Whether complied or not	If not, reasons for non-compliance/ Exemption taken/ Remarks
Policy & Planning Division				
Capital Restructuring				
1	Guidelines on Capital Restructuring of Central Public Sector Enterprises (CPSEs)	DPE OM No. PP-14/00512016 dated 20 June, 2016 circulating DIPAM guidelines on the subject issued vide a DIPAM OM No. 5/2/2016-policy dated 27th May, 2016.		
Investment of Surplus Funds				
2.	Guidelines on investment of Surplus Funds by the CPSEs.	DPE OM No. 18(1)/2012-Fi1. Dated 8/5/2017.		
Revival/Restructuring and Closure				
3.	Guidelines for Time Bound Closure of sick/ loss making Central Public Sector Enterprises (CPSEs) and disposal of Movable and Immovable assets.	DPE OM No. DPE/5(1)/2014-Fin (Part) dated 07.09.2016		
4.	Guidelines for Streamlining the Mechanism for Revival and Restructurina of sick/ incipient sick and weak Central ! Public Sector Enterprises: General Principles and Mechanism of Restructuring.	DPE/5(1)/2014-Fin.(Part-IX)) dated 29'6ð October, 2015.		

Procurement related (Procurement from Micro, Small and Medium Enterprises).		
5.	Realaxation of Norms for Statups Medium Enterprises in Public Procurement Regarding priop experience-prior turnover Criteria-reg.	DPE OM No. DPE(4)/2007-Fin dated 8th November, 2016 circulating Deptt. of Expenditure Om No. 20/20/2014 PPD (Pt.) dated 25th July, 2016
6.	Effective Implementation of Public procurement Policy for Micro & Small enterprises (MSMEs) order 2012	DPE OM No. DPE(4)/2007-Fin dated 16th August, 2013.
7.	Effective Implementation of Public procurement Policy for Micro & Small enterprises (MSMEs) order 2012	DPE OM No. DPE(4)/2007-Fin dated 6th August, 2013.
8.	Prompt Payment of bills of MSMEs.	No. DPE/13(24)08-Fin dated 11th December, 2008).
9.	Registration of CSPEs under D/o Financial Services to facilitate financing of Trade receivables of MSMEs on the Trade Receivables Discounting System (TReDS) platform.	DPE OM No. 7(4)/2007-Fin dated 17th November, 2017.
Procurement in PSUs.		
10.	Use of DGS&D RCS for procurement in PSU Companies	DPE OM No. PP/9(4)/14-Fin dated 18th March, 2014.
11.	Corrigendum (consideration of report of committee on public Procurement.	DPE/3(3)/10-Fin dated 07.02.2012)
12.	Mandatory Publication of tender enquiries on the Central Public Procurement Portal.	DPE OM No. DPE/3(3)/10-Fin dated 20th December 2011.
13.	Use of Integrity pact by Public Sector undertakings (PSUs) - Implementation of ARC Recommendation Regarding.	DPE OM No. DPE/13(12)/11-Fin dated 9th September, 2011.

Foreign Investment		
14.	Raising of Limit for Investment by FPIs in Central Public Sector Enterprises (CPSEs) From 24% to 49% regarding.	DPE/13(12)/10-Fin dated 4th August, 2016 circulating DEA OM. No. 10/12\/2016-FIU dated 21st July, 2016.
Austerity Measures		
15.	Expenditure Management Economy Measures and Rationalization of Expenditure.	DPE OM No. DPE/3(4)/08-Fin dated 26th November, 2014.
16.	Expenditure Management Economy Measures and Rationalization of Expenditure.	DPE OM No. DPE/3(4)/08-Fin dated 12th Septmber, 2014.
Travel Ralated		
17.	Fees/Travelling Allowance Etc. of Govt. Servants-Appointed as Director/ Representatives or Nominees of the Govt. of India on Central Public Sector Enterprises etc.	No. DPE/8(3)14-Fin dated 7th July, 2014)
18.	Utilization of Mileage Points/Other Incentives Earned by CPSE employees on Tickets Purchased for Official Travel	DPE OM No. DPE/3(4)/08-Fin dated 10th May 2013.
19.	Utilization of Mileage Points/Other Incentives Earned by CPSE employees on Tickets Purchased for Official Travel	DPE OM No. DPE/3(4)/08-Fin dated 20th February, 2013.
20.	ñAir Travel on official Accounò - both Domestic and International where CPSEs bear the cost of air passage.	DPE OM No. DPE/3(4)/08-Fin dated 7th January, 2013.

Impementation of DPE guidelines		
21.	Implementation of Policies and Guidelines issued by Department of Public Enterprises.	DPE OM No. DPE/14(38)/10-Fin dated 15th September, 2014.
Land Related		
22.	Updated position regarding title deeds ro encumbrances of Land buildings owned by Central Public Sector Enterprises (CPSEs).	DPE OM No. DPE/3(3)/2006-Fin dated 30th 2006.
Transportation related		
23.	Compliance of the provisions of the carriage by Road Act, 2007 and rules made hereunder	DPE OM No. DPE/13(22)/13-Fin dated 31st December, 2013 vide which DO letter No. RT-11023/1/2012-T dated 11th December, 2013 was circulated.
Holding of Shares in Government Companies		
24.	Holding of shares in Government companies in the names of the President of India and the Governor of a State.	D/O Company Affairs No. 15/32/65-IGC dated 30th September, 1966).
Financial statement/Reports		
25.	Holding Annual General Meeting and filing Annual Accounts with the registrar of companies-strict compliance of provisions of the companies Act, 1956 regarding.	DPE OM No. 13/9/99-Fin G-VI dated 21st April, 1999
26.	Follow up action on the reports of the Comptroller and Auditor General of India (Commercial).	DPE O.M. No. DPE/4(6)/99-Fin GL-X dated 19th August, 1999

27.	Laying of Annual Reports and Audited accounts of statutory corporations and of Government Companies under the Companies Act, 1956, on the table of the House.	DPE O.M. No. 3(7)/2002-Fin GL-XX dated 28th August, 2003.
Wage cell		
28.	Revision of scales of pay of the executive holding posts below the board level and non-unionised supervisors w.e.f. 1.1.1992.	DPE OM No. 2(50)/86-DPE(WC) dated 19th July, 1995
29.	Board Level Posts in Public Enterprises Revision of Scales of Pay of Schedule Posts W.E.F. 1.1.1992.	DPE OM No. 2(50)/86-DPE(WC) dated 19th July, 1995
30.	Policy for the Sixth Round for Wage Negotiations in Public Sector Enterprises.	DPE OM No. 2(11)/96-DPE(WC) dated 14.1.1999
31.	Policy for the Sixth Round for Wage Negotiations in Public Sector Enterprises.	DPE OM No. 2(11)/96-DPE(WC) dated 26th July, 2000.
32.	Board Level posts and below board level posts Including Non-Unionised supervision in Pubic Enterprises - Revision of Scales of Pay w.e.f. 1.1.1997	DPE OM No. 2(49)/96-DPE(WC) dated 25th June, 1999
33.	Wage negotiations for workers in Central Public Sector Enterprises in respect of those CPSEs which have opted for five year wage negotiation w.e.f. 1.1.97	DPE OM No. 2(11)/96-DPE(WC) -GL-I dated 11th Februrary, 2004
34.	Policy for the 7th round of wage negotiations for unionized workers in Central Public Sector Enterprises w.e.f. 1.1.2007.	DPE OM No. 2(11)/96-DPE(WC)-GL-XIV dated 9th November, 2006

35.	Policy for the 7th round of wage negotiations for unionized workers in Central Public Sector Enterprises-periodicity of wage settlement.	DPE O.M. No. 2(7)/2006-DPE(WC)-GL-VI dated 1st May, 2008
36.	Pay revision of CPSEs employees following CDA pattern in 69 Central Public Sector Enterprises	DPE O.M. No. 2(54)/2008-DPE(WC)-XI/08 dated 14th October, 2008.
37.	Board Level and below level executives and Non-Unionised supervisors in Central Public Sector Enterprises (CPSEs)- revision of scale of pay w.e.f. 01.01.2007	DPE O.M. No. 2(70)/08-DPE(WC) dated 26th November, 2008
38.	Pay revision of CPSEs employees following CDA pattern in 69 Central Public Sector Enterprises-revised rates of other allowances.	DPE O.M. No. 2(54)/2008-DPE(WC)-GL-I/09 dated 20th February, 2009
39.	Revision of pay scales of executives of 01.01.2007 for board level and below board level executives and Non-Unionised supervisors in the Central Public Sector Enterprises (CPSEs)-report of the committe of the committee of ministers thereon.	DPE O.M. No. 2(70)/08-DPE(WC)-GL-VI/09 dated 2nd April, 2009
41.	Recommendations of 2nd pay Revision Committee (PRC) in respect to sick CPEs and CPSEs having level less than Rs. 50 crore.	DPE O.M. No. 2(74)/08-DPE(WC)-GL-XI/2010 dated 16th June, 2010
42.	Policy for the 7th Round (2nd part) of Wage Negotiations for unionized workers in Central Public Sector Enterprises w.e.f. 01.01.2012	DPE O.M. No. 2(110)/11-DPE(WC)-GL-XVI/13 dated 13th June, 2013
43.	Pay revision of Board level and below Board level Executives and Non-Unionized Supervisors of CPSEs W.E.F. 01/01/2017	DPE O.M. No. W-02/0028/2017-DPE(WC)-GL-XIII /17 dated 3rd August, 2017.

44.	Pay revision of emplopees following CDA pattern in Central Public Sector	DPE O.M. No. W-02/0028/2016-DPE-(WC)-GL-XIV/17 dated 17th August, 2017.
45.	Pay revision of Board level and below Board level Executives and Non-Unionised Supervisiors of CPSEs W.E.F. 01/01/2017 decision on allowances other than the allowance underóCafeteria approachô	DPE O.M. No. W-02/0028/2017-DPE(WC)-GL-XIII /17 dated 4th August, 2017.
46.	Pay revision of Board level and below Board level Executives and Non-Unionised Supervisiors of CPSEs w.e.f. 01.01.2017 decision on Location based compensatory allowances and Non-Practicing Allowance (NPA)	DPE O.M. No. W-02/0028/2017-DPE(WC)-GL-XIII/17 dated 4th August, 2017.
47.	Wage Policy regarding 8th Round of Wage Negotiations for workmen in CPSEs.	DPE O.M. No. W-02/0028/2015-DPE(WC)-GL-XXIV/17
General Management Division		
48.	Periodical review for ensuring probity and efficacy among employees of CPSEs	DPEG.M.-01/0001/2015-GM-FTS-4857 dated 14th December, 2015
49.	Discontinuation of interview for recruitment to Non-Executive posts in CSPEs.	DPEG.M.-01/0001/2015-GM-FTS-4857 dated 14th December, 2015
50.	Conduct of accessibility audit of the infrastructure of CPSEs in respect of Persons with Disabilities (PwD).	F.No. 6(9)2014(SC/ST Cell) FTS-1955 dated 23th February, 2016
51.	Deputation of Government Servants to CPSEs	18(6)/2001-GM-GL-77 dated 28.12.2005.

[DPE O.M. No. DPE/14/ (38)/10-Fin Dated 19th January, 2018]

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Annexure-I

List of Merged Guidelines

Sl. No.	Chapter wise Sl. No.	Subject
		CHAPTER - II **PERSONNEL POLICIES**
		(a) Service Matters
1.	1.	Age of retirement of below Board level employees of Central PSEs-raising from 58 to 60 Years DPE OM No. 18(6)/98-GM-GL-002 dated 19th May, 1998
2.	2	Age of retirement of Board level appointees in Central PSEs-Raising from 58 to 60 years. DPE OM No. 18(6)/98-GM-GL-005 dated 30th May, 1998
3.	3	Age of retirement of Board level appointees in Central PSEs-Raising from 58 to 60 years. DPE OM No. 18(6)/98-GM dated 17th August, 1998
4.	4	Age of retirement of below Board level employees of Central PSEs-raising from 58 to 60 Years DPE OM No. 18(9)/98-GM dated 21st August, 1998
5.	5	Age of retirement of employees of Public Sector Enterprises. DPE OM No. 18(10)/99-GM-GL-025 dated 9th May, 2000
6.	6	Age of retirement of employees of Public Sector Enterprises. DPE OM No. 18(10)/99-GM-GL-30 dated 1st January, 2001
7.	7	Age of retirement of employees of Public Sector Enterprises. DPE OM No. 18(10)/99-GM-GL-33 dated 22nd August, 2001
8.	8	Age of retirement of employees of Public Sector Enterprises. DPE OM No. 18(9)/2004-GM-GL-62 dated 1st April, 2005
9.	9	Enhancement of age of retirement of Board and below Board level employees of profit earning Central Public Sector Enterprises (CPSEs). DPE OM No. 18(1)/2007-GM-GL-80 dated 20th April, 2007
10.	10	Enhancement of age of retirement of Board and below Board level employees of profit earning Central Public Sector Enterprises (CPSEs). DPE OM No. 18(1)/2007-GM-GL-87 dated 19th July, 2007

Sl. No.	Chapter wise Sl. No.	Subject
11.	11	Restrictions on top level executives of Central Public Sector Enterprises (CPSEs) joining private commercial undertakings after retirement. DPE OM No. 2(22)/99-GM dated 15th May, 2008
12.	12	Restrictions on top level executives of Central Public Sector Enterprises (CPSEs) joining private commercial undertakings after retirement. DPE OM No. 2(22)/99-GM-GL-91 dated 3rd June, 2009
13.	13	Restrictions on top level executives of Central Public Sector Enterprises (CPSEs) joining private commercial undertakings after retirement. DPE OM No. 2(22)/99-GM dated 8th August 2012
14.	14	Restrictions on top level executives of Central Public Sector Enterprises (CPSEs) joining private commercial undertakings after retirement. DPE OM No. 2(22)/99-GM dated 7th January, 2013
15.	15	Restrictions on top level executives of Central Public Sector Enterprises (CPSEs) joining private commercial undertakings after retirement. DPE OM No. 2(22)/99-GM dated 14th December, 2016
		(b) Conduct, Discipline and Appeal Rules
16.	16.	Report of the Working Group to frame Model Conduct, discipline and Appeal Rules for Public Undertakings BPE No. 2(121)/73-BPE (GM-I) dated 26th April, 1974
17.	17.	Discipline and Appeal Rules BPE No. 15/4/84-BPE(GM) dated 3rd February, 1984
18.	18.	Restriction on political activities of employees of PSUs. BPE D.O. No. 15(7)/83-GM dated 21st July, 1984
19.	19.	Conduct, Discipline and Appeal Rules-regarding DPE OM No. 15(1)/85-BPE(GM) dated 7th February, 1985
20.	20.	Procedure for premature retirement of employees in Public Sector Undertakings-provisions in the CDA Rules-regarding BPE OM No. 15(39)/84-GM dated 4th February, 1988
21.	21.	Restriction on political activities of employees of PSUs. BPE D.O. No. 15(7)/83-GM dated 23rd February, 1988
22.	22.	Extension of circulars issued by DOPT regarding conduct rules of Government Servants to PSUs. DPE OM No. 15(1)/92-GM dated 4th September, 1992

Sl. No.	Chapter wise Sl. No.	Subject
23.	23.	Model Conduct, Discipline and Appeal Rules. DPE O.M.No. 15(7)/99(GL-021)/GM(DPE) dated 16th December, 1999)
24.	24.	Amendment in Model Conduct, Discipline and Appeal (CDA) Rules of Central Public Sector Enterprises (CPSEs) - with regard to dealing in shares of CPSEs DPE OM No. 15(7)/1999-DPE(GM)-GL-95 dated 16th June,2009
25.	25.	Amendment in Model Conduct, Discipline and Appeal (CDA) Rules of Central Public Sector Enterprises (CPSEs) - with regard to dealing in shares of CPSEs DPE OM No. 15(7)/99-DPE(GM)-GL-95 dated 28th July, 2009
26.	26.	Amendment in the Model Conduct, Discipline & Appeal Rules of Central Public Sector Enterprises (CPSEs) to enable imposition of penalty on Public Sector Employees after their retirement. DPE OM No. 15(7)1999-DPE (GM)-GL-98 dated 26th November 2009
		(c) Vigilance Policies
27.	27.	Complaints against Chief Executives of the Public Sector Enterprises and CMDs of the Public Sector Banks and Financial Institutions. DPE OM No. 15(1)/2010-DPE(GM) dated 11th March, 2010
28.	28.	Complaints against Chief Executives of the Public Sector Enterprises and CMDs of the Public Sector Banks and Financial Institutions. DPE OM No. 15(1)/2010-DPE(GM) dated 12th April, 2010
29.	29.	Complaints against Chief Executives of the Public Sector Enterprises and CMDs of the Public Sector Banks and Financial Institutions. DPE OM No. 15(1)/2010-DPE (GM) dated 11th May, 2011
		CHAPTER-V **WAGE POLICIES**
30.	1.	Creation of corpus in order to take care of medical and any other emergency needs of retired employees of CPSEs. DPE OM No.2(81)/08-DPE(WC)-GL-XVI/2009 dated 8th July, 2009
31.	2.	Creation of Corpus for retired employees of CPSEs. DPE OM No. 2(81)/08-DPE(WC)-GL-XV/2011 Dated 20th July, 2011
32.	3.	Creation of Corpus for retired employees of CPSEs DPE OM No. 2(81)/2008-DPE(WC)-GL-XIV/12 dated 27th August, 2012
33.	4.	Issue of creation of 'Corpus' for the retired employees of CPSEs and introduction of Superannuation Benefit Scheme for the executives and non-unionized supervisors of CPSEs after 01.01.2007. DPE OM No. 2(1)/2013-DPE(WC)-GL-VI/13 dated 24th January 2013

Sl. No.	Chapter wise Sl. No.	Subject
		CHAPTER - VII **MISCELLANEOUS**
		(a) Security Issues
34.	1.	Appointment of Security Personnel in PSUs from Ex-servicemen SecurityAgencies sponsored by DGR DPE OM No. 6/22/93-DPE(SC/ST) dated 11th November, 1994
35.	2.	Appointment of Security Personnel in PSUs from Ex-servicemen SecurityAgencies sponsored by DGR DPE OM No. 6/22/93-DPE(SC/ST) dated 18th March, 1996
36.	3.	Appointment of Security Personnel in PSUs from Ex-servicemen SecurityAgencies sponsored by DGR DPE OM No. 6/22/93-DPE(SC/ST) dated 1st February, 1999
37.	4.	Appointment of Security Personnel in PSUs from Ex-servicemen SecurityAgencies sponsored by DGR DPE OM No. 6/22/93-DPE(SC/ST) dated 27th January, 2003
38.	5.	Appointment of Security Personnel in PSUs from Ex-servicemen SecurityAgencies sponsored by DGR DPE OM No. 6/22/93-DPE(SC/ST) dated 17th July, 2003
39.	6.	Appointment of Security Personnel in PSUs from Ex-servicemen SecurityAgencies sponsored by DGR DPE OM No. 6/22/93-DPE(SC/ST) dated 11th February, 2005
40.	7.	Appointment of Security Personnel in Public Sector Undertakings from Ex-servicemen Security Agencies sponsored by Directorate General of Resettlement (DGR). DPE OM No. 6/22/93-DPE(SC/ST) dated 4th October, 2005

Annexure-II

List of Guidelines shifted to Archive

Sl. No.	Subject
	CHAPTER - II **PERSONNEL POLICIES**
	(a) Service Matters
1.	Appointment of non-Indian personnel to posts in Public Enterprises BPE OM No. 9(100)/71-BPE(GM-I) dated 23rd October,1972
2.	Issue of eligibility certificate in respect of non-Indians considered eligible for appointment under Public Sector Enterprises. No. BPE/GL-007/77/MAN/2(3)/77-BPE (GM-I) dated 14th February, 1977)
3.	Verification of character and antecedents of persons belonging to Nepal. BPE OM No. 15/8/83-GM dated 18th February, 1984
4.	Writ petitions by CPSEs against the service matter disputes referred to the Industrial Tribunals - Reference received from Chief Labour Commission (CLC) - regarding. DPE-GM-12/0002/2018-GM-FTS-9188 dated: 25th June 2018
	(b) Conduct, Discipline & Appeal Rules
5.	Timely action to be taken to file an appeal in the High Court/Supreme Court against the decision of the Central Government Industrial Tribunal-cum-Labour Court etc. No. BPE/GL-008/78/MAM/2(31)/78-BPE(GM-I) dated 22nd April, 1978
6.	Sanction for prosecution of a public servant. BPE DO No. 2(3)/79-BPE(GM-I) dated 6th March, 1979
7.	Directive on amendment in the Conduct, Discipline and Appeal Rules and Standard Orders pertaining to the Supreme Court judgement in the case of Vishaka and others Vs. State of Rajasthan and Others. DPE O.M.No. DPE/ 15(4) / 98(GL-004)/GM dated 29th May, 1998
	(c) Vigilance Policies
8.	Difference of opinion between the CVO and the Chief Executive and between the Vigilance Officers and the Head of Office. BPE No. 15(11)/85-BPE(GM) dated 23rd April, 1985
9.	Jurisdiction of Central Vigilance Commission over PSU Executives DPE OM No. 18(13)/84-GM dated 27th October, 1986
10.	Improving Vigilance Administration DPE OM No.15/11/98-GL-012/ DPE (GM) dated 22nd December, 1998

Sl. No.	Subject
11.	Strengthening of Vigilance Machinery in Public Sector Undertakings and grant of incentives to Chief Vigilance Officers. D.O. No.15(3)/2000/GL-024/DPE(GM) dated 22nd May 2000
12.	Chief Vigilance Officers-Status and Perquisites in Public Sector Undertakings. DPE OM No. 16(48)/87-DPE(GM)/GL-56 dated 2nd April, 2004
	(e) Creation of Board level posts in CPSEs
13.	Abolition of Top Posts No. 5(30)/75-BPE (PESB) dated 27th May, 1975
14.	Annual Performance Appraisal Of Top Management Incumbents Of CPSEs DPE letter No. 5(1)/2000-GM dated 5th May 2011
	(f) Categorization of CPSEs
15.	Categorization Of Industrial Development Bank Of India Ltd. DPE OM No. DPE/13(7)/2008-Fin. dated 13th February, 2008
	(g) Composition of Boards of CPSEs
16.	Policy regarding transfers in Top Posts in the Public Sector Enterprises. No.BPE/GL-26/75/MAN/5(37)/75-BPE (PESB) dated 17th September, 1975
17.	Guidelines on Top Posts in Public Enterprises BPE OM No. 5(24)/77-BPE (PESB) dated 8th February, 1978
18.	Guidelines on Top Posts in Public Enterprises BPE OM No. 5(24)/77-BPE(PESB) dated 19th September, 1978
19.	Appointment of part-time Chairmen of Public Enterprises. BPE OM No. 18(3)/82-GM.II dated 26th November, 1982
20.	Responsibilities of Part-time Chairman in PSEs. BPE D.O. No 18(2)/82-GM-II dated 18th December, 1982
21.	Appointment of persons designated as Special Directors, Executive Directors BPE No. 18/5/83-BPE(GM-II) dated 15th November, 1983
22.	EARC Report on Government and Public Enterprises: Top Management and the Boards-recommendation regarding three years term with rotational retirement for part-time non-official Directors. BPE OM No. 18(6)/84-GM dated 3rd January, 1985
23.	EARC Report on Government and Public Enterprises: Top Management and the Boards-recommendations regarding three years term with rotational retirement for part-time non-official Directors. DPE No. 18(6)/84-GM dated 21st May, 1986

Sl. No.	Subject
24.	Composition of Board of Directors of Public Sector Enterprises. DPE OM No. 18(5)/96-GM dated 10th October, 1996
25.	Appointment of non-official part-time Directors in Navratna and Miniratna PSEs-Procedure regarding. DPE OM No. 18(1)/98-DPE(GM)-GL-007 dated 1st July, 1998
26.	Review of performance of board level appointees at the end of the first year. DPE OM No. 18(23)/98-GM dated 28th December, 1998
27.	Appointment of non-official part-time Directors on the Boards of Public Sector Undertakings. DPE OM No.18(4)/99-GM dated 15th February, 1999
28.	Cut-Off Age For Board Level Appointments In Central Public Sector Enterprises. DPE OM No. 18(6)/98-GM-GL-72 dated 20th October, 2005
29.	Criteria for appointment of non-official (Independent) Directors in Central PSEs. DPE OM No. 18(10)/2003-GM-GL-75 dated 10th November, 2005
30.	Restrictions on top level executives of Central Public Sector Enterprises (CPSEs) joining private commercial undertakings after retirement. DPE OM No. 2(22)/99-GM dated 3rd June, 2009
31.	Clarification regarding the resignation of independent Director Of RINL DPE OM No. 9(22)/2005 - GM dated 13th April 2010
32.	Re-Constitution of Search Committee for Selection of non-official Directors on the Boards of CPSEs. DPE OM No. 18(19)/99-GM dated 3rd May 2012
	(h) Matters relating to Board of Directors
33.	Nomination of Central Government Officials to represent the President of India at Annual General Meeting of Public Enterprises. BPE/GL-027/78/MAN/2(52)/78-BPE(GM-I dated 26th August, 1978
34.	Time limit for board level appointees to joining posts in PSUs. DPE OM No. 18(21)/98-GM dated 8th December, 1998
35.	Cut-off age for board level appointments in Central Public Sector Enterprises. DPE OM No. 18/6/98-DPE(GM) dated 3rd February, 1999
36.	Age of retirement of part-time chairmen and criteria for appointment of part-time non-official directors in Central PSUs. DPE OM No. 18(10)/2003-GM-GL-55 dated 11th March, 2004

Sl. No.	Subject
	(k) Deputation/Lien
37.	Deputation of government officers to Central Public Enterprises-Review of policy. No. 5(25)/83-BPE (PESB) dated 6th March, 1985
38.	Appointment of Central Government Servants in the Central Public Enterprises on immediate absorption basis-terms and conditions of. DOPT OM No. 28016/5/85-Estt. (C) dated 31st January, 1986
39.	Deputation of Government Officers to Central Public Enterprises-Review of DPE OM No. 18(4)/98-GM-GL-006 dated 19th June, 1998
40.	Deputation of government officers To Central Public Enterprises-Review of policy. DPE OM No. 18(4)/98-GM-GL-26 dated 26th June, 2000
	(m) Reservation Policies
41.	Absorption of ex-servicemen trained under the "on the job training Scheme " relaxation of minimum educational qualification OM No. 39016/7/78. Estt. (C) dated 10th/19th May, 1979)
42.	Reservation of posts in Public Enterprises for ex-servicemen and dependents of those killed in action. BPE's OM No 6/55/79- BPE (GM-I) dated 22nd January,1980
43.	Reservation of posts in Public Enterprises for Ex-servicemen and dependents of those killed in action. BPE's OM No. 6/55/79. BPE (GM -I) dated 13th March,1980
44.	Reservation of posts in Public Enterprises for ex-servicemen and dependents of those killed in action. BPE's OM NO. 6/8/1981-BPE (GM- I) dated 27th June,1981
45.	Recruitment of staff against vacancies reserved for Ex-Servicemen through ZilaSainik Board / Directorate General Resettlement. BPE's OM No. 6/55/79- BPE (GM -I) dated 17th December, 1981
46.	Reservation for scheduled Cast and Scheduled Tribes in appointments in Public Enterprises issue of revised Presidential Directive. OM No. 6/19/89-BPE (SC/ST Cell) dated 25th April, 1991)
47.	Liaison Officers for reservation Matters relating to Physically Handicapped/ Ex-servicemen/ OBCs DoPT's OM No. 36035/8/92- Estt. (SCT) dated 10th November,1994)
48.	Reservation available for Ex.-servicemen in Group-D, C & specified categories of Group-B posts/ services under the Central Government. - Revised procedure for filling the vacancies DOPT's OM No. 36012/58/92-Estt (SCT) dated 1st December, 1994

Sl. No.	Subject
49.	Regarding Presidential Directive on reservation for OBCs in PSEs. DPEs OM No. 6/45/94-DPE (SC/ST Cell) dated 27th July, 1995
50.	Reservation for the physically handicapped persons in Group 'A' and Group 'B' posts/ services under the Central Government, PSUs etc. DPE's OM No. 6/21/95-DPE (SC/ST Cell) dated 11th March, 1997
51.	Seniority of SC/ST officers promoted earlier vis-a-vis general candidates promoted later. DPE's OM No. 6/13/96-DPE (SC/ST Cell) dated 17th March, 1997
52.	Reservation Roster Post based-implementation of the Supreme Court judgement in the case of R K Sabharwal vs. state of Punjab. DPE's OM No. 6/20/97-DPE (SC/ST Cell) dated 28th July, 1997
53.	Modification of Instructions to provide that the 50 percent limit shall apply to current as well as backlog vacancies and discontinuation of the Special Recruitment Drives. DPE's OM No. 6/20/97 -DPE (SC/ST Cell) dated 5th September,1997
54.	Reservation for SC/ST in promotion. DPE's OM No. 6/4/98-DPE (SC/ST Cell) dated 8th January, 1998
55.	Allowing Scheduled Casts/Scheduled Tribes Employees to write to National Commission for Scheduled Casts/Scheduled Tribes directly. DPE's OM No. 6/21/97-DPE (SC/ST Cell) dated 9th January, 1998
56.	Reservation in promotion-Prescription of lower qualifying marks/lesser standard of evaluation. DPE's OM No. 6/4/98-DPE(SC/ST Cell) dated 12th January,1998
57.	Reservation for the physically handicapped in the posts filled by promotion. DPE's OM No. 6/21/95-DPE (SC/ST Cell) dated 16th March, 1998
58.	Relaxations and concessions for SC/STs-clarification regarding. DPE's OM No. 6/17/98-DPE (SC/ST Cell) dated 23rd September, 1998
59.	Reservation for the Persons with Disabilities in group 'A' and Group 'B' posts/ services under the Central Govt. - Clarification regarding identification of posts . DPE's OM No. 6/21/95-DPE (SC/ST Cell) dated 23rd September,1998
60.	Reservation Policy for the Scheduled Cast- implementation of. DoPT's OM No. 36036/2/97-Estt. (Res.) dated 30th November,1998
61.	Reservation for persons with disabilities in group 'A' , B,C & D identified posts/services- Revised Procedure for filling up of the vacancies. DPE's OM No.6/21/95-DPE (SC/ST Cell) dated 27th July,1999
62.	Furnishing of a Certificate to the Recruiting Agencies while making recruitment to the posts identified as suitable for being manned by Persons with disabilities ensuring that the provisions of the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act. 1995 for 35 reservation are being complied. DPE's OM No. 6/5/99-DPE (SC/ST Cell) dated 21st October,1999

Sl. No.	Subject
63.	Posting of Govt. employees who have children with hearing impairment or multiple disabilities DOPT's OM No. 43019/28/86-Estt. (D) dated 18th February, 2000)
64.	Clarification as to whether 3% reservation for persons with disabilities would be with referenceto identified posts only or to the total sanctioned strength in the cadre. DPE's OM No. 6/21/95-DPE (SC/ST Cell) dated 4th April, 2000
65.	Reservation for the Physically handicapped in the posts filled by promotion. DPE's OM NO. 6/21/95-DPE (SC/ST Cell) dated 11th April, 2000
66.	Treatment of Backlog vacancies reserverd for SCs & STs as a distincit group & non-applicability of 50 percent ceiling thereon. DPE's OM No. 6/20/97-DPE (SC/ST Cell) dated 27th July, 2000
67.	Non-Implementation of the instructions issued by DoPT relating to reservation for Person with disabilities by Public Sector Undertaking Banks etc. and formulation of Action Plan for filling up of Backlog vacancies. DPE's OM No. 6/21/95-DPE (SC/ST Cell) dated 11th September, 2000
68.	Reservation in Promotion-Prescription of lower qualifying marks/lesser standard of evaluation . DPE's OM No. 6/4/98-DPE (SC/ST Cell) dated 11th October, 2000
69.	Implementation of reservation in Services under Person With Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act. 1995 in PSUs DPE's OM No. 6/21/95-DPE (SC/ST Cell) dated 23rd November,2000
70.	Seniority of SC/ST Government Servants on promotion by virtue rule of reservation/roster. DPE's OM No. 6/13/96-DPE (SC/ST) dated 26th February, 2002
71.	Action against Govt servants who get appointment on the basis of false SC/ST/OBC certificates. DOPTs OM. No. 42011/22/2006-Estt. (Res) dated 29th March, 2002
72.	Treatment of SCs/STs candidates promoted on their own merit, in the reservation Rosters. DOPT's OM No. 36028/17/2001 Estt. (Res.) dated 11th July, 2002
73.	Validity period of OBC certificates and verification to community and non-creamy layer status of OBC candidates. DPE's OM No. 6/15/2003-DPE(SC/ST Cell) dated 14th August, 2003
74.	Transport allowance to Blind and Orthopedically handicapped employees of CPSUs DPE's OM No. 6/7/2002-DPE (SC/ST Cell) dated 5th September, 2003
75.	Non-permissibility of Exchange of Reservation between SCs and STs. DOPT's OM No. 36012/17/2002 -Estt. (Res.) dated 6th November, 2003
76.	Annual Report regarding representation of SCs,STs and OBCs in Central Govt. Services. DOPTs OM No. 43011/10/2002- Estt. (Res.) dated 19th December, 2003

Sl. No.	Subject
77.	Regarding Clarification on Creamy layer amongst OBCs. OM No. 36033/5/2004-Estt. (Res.) dated 14th October, 2004
78.	Reservation for Scheduled Cast and Scheduled Tribes for appointment in Public Enterprises-concession to SCs/STs in posts filled by promotion by Selection-posts within Group 'A' (Class-I)- Amendment to Presidential Directive . DPE' OM No. 6/11/2004-DPE (SC/ST Cell) dated 8th November, 2004
79.	Reservation in promotion -Treatment of SC/ST Candidates Promoted on their own merit. DOPT's OM No. 36028/17/2004 -Estt.(Res.) dated 31st January, 2005
80.	Reservation of quantum of reservation for Scheduled Castes, Scheduled Tribes and Other Backward Classes in case of direct recruitment to Group 'C' and 'D' posts normally attracting candidates from a locality or a region. DOPT's OM No. 36017/1/2004-Estt. (Res.) dated 5th July, 2005
81.	Reservation for the Persons with Disabilities DOPT's OM No. 36035/3/2004-Estt. (Res) dated 29th December, 2005
82.	DPC guidelines- Review of Size of Zone of Consideration. DOPTs OM. No. 22011/2/2002 Estt. (D) dated 6th January, 2006
83.	Collection of information about Backlog reserved vacancies of OBCs. DOPTs OM No. 36033/2/2006-Estt. (Res) dated 25th April, 2006
84.	Special efforts to fill up the Reserved Vacancies of SCs, STs and OBCs. DOPTs OM No. 36033/2/2006- Estt. (Res.) dated 12th October, 2007
85.	Treatment of backlog reserved vacancies of SCs,STs& OBCs as a distinct group and non-applicability of 50 percent ceiling thereon. DOPTs OM No. 36033/1/2008- Estt. (Res) dated 15th July, 2008
86.	Reservation for SCs/STs in posts filled by Promotion DOPT's OM No. 36028/21/2008- Estt. (Res.) dated 29th July, 2008
87.	Revision of Income criteria to exclude socially advance persons/ sections (Creamy Layer) from the purview of reservation for OBCs. DOPTs OM No. 36033/3/2004- Estt. (Res.) dated 14th October, 2008
88.	Benefit of reservation to Person With Disabilities who acquire Disabilities after entering into Govt. Services DOPT's OM No. 36035/3/2009-Estt. (Res) dated 10th June, 2009
89.	Forwarding of Applications of Govt. Servants Suffering from Disabilities for Employment elsewhere DOPT's OM No. 36035/7/2008-Estt. (Res) dated 30th March, 2010

Sl. No.	Subject
90.	Transport Allowance To Blind or Orthopedically Handicapped Employees of Central Public Sector Enterprises. DPE OM No.6(7)/2002-DPE(SC/ST Cell) dated 15th November,2011
91.	Reservation For Other Backward Classes In Civil Posts And Services Under The Central Public Sector Enterprises-Sub-Quota For Minority Community DPE OM No.6/6/2011-DPE(SC/ST Cell) dated 2nd January, 2012
92.	Reservation for persons with disabilities-Computation of reservation-implementation of the judgement of Hon'ble supreme court in the matter of Union of India &Anr. Vs. National Federation of Blind and Ors-reg. DPE OM No.6(9)/2005-DPE(SC/ST Cell) dated 16th December, 2013
93.	Reservation for SCs/STs for appointment in Public Enterprises -Concessions to SCs & STs in posts filled by Promotion by selection-reg. OM No. 6/11/2004-DPE(SC/ST Cell) dated 31st January, 2014
94.	Reservation for persons with disabilities-Computation of reservation-implementation of the judgement of Hon'ble supreme court in the matter of Union of India &Anr. Vs. National Federation of Blind and Ors-reg. DPE OM No.6(9)/2013-DPE(SC/ST Cell) dated 21st February , 2014
95.	Grant of Transport Allowance to Central Government employees Extension of benefit of Transport allowance at double the Normal Rates to Deaf and dumb Employees-Implementation of the Order of the Apex court-reg. DPE OM No.6(9)/2013-DPE(SC/ST Cell) dated 6th March , 2014
96.	Reservation for persons with disabilities-Computation of reservation-implementation of the judgement of Hon'ble supreme court in the matter of Union of India &Anr. Vs. National Federation of Blind and Ors-reg. DPE OM No.6(9)/2005-DPE(SC/ST Cell) dated 26th March , 2014
	CHAPTER - III **FINANCIAL POLICIES**
	(b) Investment of Surplus Funds
97.	Investment of surplus funds, procedures of investments, banking transactions, responsibilities of Board of Directors, etc.-Recommendations of the Joint Parliamentary Committee. DPE OM No.DPE/4/3/92-Fin. dated 27th June, 1994
98.	Guidelines for Investment of surplus funds By Public Sector Enterprises. DPE OM No.4/6/94-Fin. dated 14th December, 1994
99.	Guidelines for Investment of surplus funds by Public Sector Enterprises. DPE OM No. DPE 4(6)/94-Fin dated 1st November, 1995

Sl. No.	Subject
100.	Guidelines on investment of Surplus Funds by PSUs. DPE No. DPE/4(6)/94-Fin. dated 11th March, 1996
101.	Investment Of Surplus Fund By PSUs. DPE OM No. 4/6/94-Fin dated 2nd July, 1996
102.	Investment Of Surplus Funds By The Public Sector Enterprises. DPE OM No. 4/6/94-Fin dated 14th February, 1997
103.	Guidelines For Investment Of Surplus Fund By Public Sector Enterprises DPE OM No.DPE/4(6)/94-Fin.G-XVII dated 25th November, 1999
104.	Guidelines On Investment Of Surplus Funds By Central Public Sector Enterprises DPE OM No. DPE/4(6)/1994-Fin. dated 29th September, 2005
105.	Investment Of Surplus Funds By Central Public Sector Enterprises DPE OM No. DPE/11/47/2006-Fin dated 31st August, 2007
106.	Investment Of Surplus Funds By Central Public Sector Enterprises (CPSEs). DPE OM No. DPE/11(47)/2006-Fin dated 4th December, 2007
107.	Investment Of Surplus Funds Of Central Public Sector Enterprises (CPSEs). DPE O.M . No. DPE/11(47)/2006-Fin dated 11th April, 2008
108.	Investment Of Surplus Funds By CPSEs. DPE O.M No. DPE/11/47/2006-Fin dated 15th April, 2008
109.	Investment Of Surplus Funds Of Central Public Sector Enterprises DPE O.M No. DPE/11(47)/2006-Fin dated 14th August, 2008
110.	Placing of surplus fund under the control of Ministries/Departments/other agencies/entities etc. in Public Sector Banks (PSBs) to the extent of 60% or more and prohibition on inviting competitive bids for bulk deposits. DPE No. DPE/18(1)/08-Fin. dated 15th December, 2008
111.	Investment of surplus fund by Central Public Sector Enterprises (CPSEs) in mutual funds (MFs). DPE OM No. DPE/11(15)/08-Fin. dated 12th January, 2009
112.	Investment Of Surplus Funds By Central Public Sector Enterprises (CPSEs). DPE OM No. DPE/18(1)/08-Fin dated 13th August, 2012
	(c) Revival/Restructuring and Closure
113.	Guidelines on time bound closure of Sick/Loss Making Central Public Sector Enterprises (CPSEs) and disposal of Movable and Immovable assets-regarding DPE/5(1)/2014-Fin (Part) dated 7th September, 2016

Sl. No.	Subject
	(d) Procurement in CPSEs
114.	Prompt Payment Of Bills Of MSMEs. DPE No. DPE/13(24)/08-Fin. dated 11th December, 2008
115.	Expenditure Management - Economy Measures And Rationalization of Expenditure in CPSEs DPE OM No. DPE/3(4)/08-Fin dated 15th October, 2013
116.	Effective Implementation Of Public Procurement Policy For Micro & Small Enterprises (MSEs) Order 2012 DPE OM No. DPE/7(4)/2007-Fin dated 28th January 2014
117.	Use of DGS&D RCS for procurement in PSU Companies. DPE OM No.PP/9(4)/2014-Fin. dated 18th March, 2014
	(e) Foreign Investment
118.	Foreign companies entering into joint ventures in India and operate in India-to obey the law of the land. DPE OM No. DPE/4(9)/97-Fin. dated 15th July, 1997
	(f) Austerity Measures
119.	Budget/Expenditure management economy measures, rationalization of expenditure, and measures for augmentation of revenues. DPE OM No.DPE/15(10)/2004-DPE(GM) dated 17th March, 2006
120.	Expenditure Management - Economy measures and rationalization of expenditure. DPE No. DPE/3(4)/2008-Fin. dated 26th March 2010
121.	Expenditure Management - Economy measures and rationalization of expenditure DPE OM No. 3(4)/2008-Fin dated 26th August, 2010
122.	Expenditure Management - Economy measures and rationalization of expenditure DPE O.M No. DPE/3(4)/2008-Fin. dated 12th August, 2011
123.	Expenditure Management - Economy Measures And Rationalisation Of Expenditure DPE OM No. DPE/3(4)/2008-Fin. dated 13th June 2012
	(g) Travel Related
124.	Utilisation of mileage points / other incentives earned by CPSE employees on tickets purchased for official Travel DPE OM No. DPE/3(4)/08-Fin dated 20th February, 2013
125.	Utilisation of mileage points / other incentives earned by CPSE employees on tickets purchased for official Travel DPE OM No. DPE/3(4)/08-Fin dated 10th May, 2013

Sl. No.	Subject
126.	Compliance of the provisions of the carriage by Road Act, 2007 and rules made hereunder. DPE OM No. DPE/13(22)/13-Fin. dated 31st December, 2013
	(h) Land related
127.	Issue of Bank Guarantee in respect of advances paid by the Central Government Departments to The State level enterprises-Clarifications DPE No. BPE/19(2)/Adv.(F)/83 dated 2nd July, 1984
128.	Banking arrangements of Central Government Public Enterprises. DPE OM No.DPE/14(19)/ 90-Fin dated 3rd January, 1992
129.	Updated position regarding title deeds or encumbrances of land buildings owned by Central Public Sector Enterprises (CPSEs) DPE O.M No. DPE/3(3)/2006-Fin. dated 30th June 2006
	(i) Holding of Shares in Government Companies
130.	Renunciation of Right Issues of PSUs. DPE OM No. DPE/12(19)/93-Fin. dated 15th March, 1994
131.	Issue of Bonus Shares by Public Sector Undertakings simplifying the Procedures. DPE OM No. DPE/12(6)/95-Fin. dated 10th November, 1995
132.	Purchase of equity by CPSEs in another CPSE from the Government utilizing their surplus cash DPE No. DPE/14(24)/2011-Fin dated 23rd April 2012
	(j) Financial Statements/Reports
133.	Follow up action on the Reports of the Comptroller and Auditor General of India (Commercial) DPE OM No.4(6)/99-Fin.-GL-X dated 19th August, 1999
	CHAPTER- IV **DELEGATION OF POWERS**
	(a) General
134.	Constitution of coordinating Committee Of Secretaries For Policy For Acquisition Of Raw Material Assets Abroad By Central Public Sector Enterprises(CPSEs). DPE OM No.16(4)/2010-GM dated 29th December, 2011
135.	Policy for acquisition of Raw Material Assets abroad by Central Public Sector Enterprises (CPSEs) DPEOM No. 16(4)/2010-GM Dated 24th October, 2011
	(b) Maharatna/Navratna/Miniratna
136.	Amendment in the Articles of Association of Mini-Ratna companies-Approval of DPE. DPE OM No.DPE/13(26)/98-Fin.G.II dated 27th November, 1998

Sl. No.	Subject
137.	Empowerment of Central Public Sector Enterprises (CPSEs)-enhancement of delegated powers of other profit making PSEs. DPE OM No. 18(24)/2003-GM-GL. 66 dated 5th August, 2005
	CHAPTER - V **WAGE POLICIES**
	(a) Pay Revision/HPPC Recommendations
138.	High Power Pay Committee-Implementation of its recommendations. DPE OM No. 2(43 DPE)/90- (WC) dated 12th June, 1990
139.	Adoption of IDA pattern and related scales of pay w.e.f. 1.1.1989 by the PSEs which were on CDA Pattern. DPE OM No.2(48)/90-DPE (WC) dated 22nd April , 1991
140.	Wage Policy for the 5th round of wage negotiations in Public Sector Enterprises. DPE OM No. 1(3)/86-DPE(WC) dated 12th April, 1993
141.	HPPC-Implementation of its recommendations-Stagnation Increments - employees on CDA pattern. DPE OM No. 2(43)/93 - DPE (WC) dated 15th March, 1994
142.	Pay revision of the Central Public Sector employees following CDA pattern in 69 Public Sector Enterprises-Revision of allowances like HRA, Transport allowance, etc. DPE OM No. 2(42)/97-DPE(WC) dated 4th March, 1998
143.	Pay Revision of the Central Public Sector employees following CDA pattern in 69 PSEs-Revision of rates of Non-Practising Allowances, etc. DPE OM No. 2(42)/97-DPE(WC) dated 23rd September, 1998
144.	Pay Revision of the Central Public Sector employees following CDA pattern in 69 PSEs-Revision of rates of Non-Practising Allowances, etc. DPE OM No. 2(42)/97-DPE(WC) dated 23rd September, 1998
145.	Policy for the Sixth Round for Wage Negotiations in Public Sector Enterprises. DPE O.M No.2(11)/96-DPE(WC) dated 14th January, 1999
146.	Pay Revision of the Central Public Sector employees following CDA pattern in 69 PSEs-Revision of rates of Island Special Allowance etc. DPE O.M No. 2(42)/97-DPE(WC) dated 2nd February, 1999
147.	Pay Revision of the Central Public Sector employees following CDA pattern in 69 PSEs - Clarification on revised pay scales contained in Part 'B' of the First Schedule of the CCS (RP) Rules, 1997 as notified vide Notification dated 30th September, 1997 of Ministry of Finance. DPE O.M No. 2(42)/97-DPE(WC) dated 12th March, 1999

Sl. No.	Subject
148.	Pay Revision of the Central Public Sector employees following CDA pattern in 69 PSEs - Revision of rates of Island Special Allowance etc. DPE OM No. 2(42)/97-DPE(WC)-G.XII dated 13th August, 1999
149.	Incentive for promoting Small Family norms among public sector employees following CDA pattern in 69 PSEs. DPE OM No. 2(42)/97-DPE(WC)-G-XIII dated 20th September 1999
150.	Wage negotiations for workers in Central Public Sector Enterprises in respect of those CPSEs, which have opted for five year wage negotiation w.e.f 1.1.97. DPE O.M No. 2/11/96-DPE (WC)-GL-I dated 11th February, 2004
151.	Policy for the 7th Round of Wage Negotiations for unionized workers in Central Public Sector Enterprises w.e.f. 1.1.2007. DPE OM No. 2(7)/2006-DPE(WC) -GL-XIV dated 9th November, 2006
152.	Policy for the 7th Round of Wage Negotiations for Unionized Workmen in Central Public Sector Enterprises (CPSEs) - periodicity of Wage Settlement. DPE OM No. 2(7)/06-DPE (WC) - GL VI dated 1st May 2008
153.	Representation from Committee of Public Sector Trade Union (CPSTU) with regard to wage negotiations and other related issues pertaining to workmen of CPSEs. DPE OM No. 2(7)/05-DPE (WC)-Part-GL-VII dated 1st May 2008
154.	Grant of increment(s) or pay revision of executives with retrospective effect by CPSEs. DPE OM NO. 2(56)/08-DPE(WC)-GL -X/08 dated 16th September,2008
155.	Pay revision of Executives of CPSEs -Role of Financial Advisors in respect of Pay revision proposals of CPSEs DPE OM No. 2(76)/08-DPE(WC)-GL VIII/09 dated 2nd April 2009
156.	Reimbursement of Repair & Maintenance Charges related to Leased/Self-Leased Accommodation. DPE OM No. 2(27)/05-DPE(WC)-GL-XIII/09 dated 20th May 2009
157.	Revision of scales of pay of Executives of CPSEs W.E.F. 01.01.2007, pay etc. of Government Officers on deputation CPSEs DPE OM No. 10(2)/09-DPE(WC)-GL-XV/09 dated 8th June,2009
158.	Fixation of pay in the cases, based on emoluments, of the Board Level incumbents in CPSEs. DPE.OM No. 2(24)/09-DPE(WC)-GL-IV/2010 dated 5th March, 2010
159.	Recommendations of 2nd Pay Revision Committee (PRC) in respect to sick CPSEs and CPSEs having level less than Rs. 50 crore. DPE OM No.2(74)/08-DPE(WC)-GL-XI/2010 dated 16th June,2010
160.	Clarifications based on recommendations of the Anomalies Committee; pay related issues (2007 pay revision) of Executives & Non-unionized Supervisors of CPSEs. DPE OM No.2(32)/10-DPE(WC)-GL-XXIII/2010 dated 26th October, 2010

Sl. No.	Subject
161.	Allowing vigilance functionaries on deputation to CPSEs the option to draw pay either in the scale of pay of the CPSE concerned or pay in the parent cadre plus deputation(duty) allowance thereon plus personal pay, if any- Cabinet decision - reg. DPE OM No. 2(27)/10-DPE(WC)-GL-XXIV/2010 dated 3rd December, 2010
162.	Pay Revision of Executives and Non-Unionised Supervisors of CPSEs W.E.F. 1.1.07. DPE OM No. 2(51)/2010-DPE(WC) GL-X/2011 dated 1st June, 2011
163.	Procedure of pay fixation in some past cases of pay of Board Level Executives DPE OM No.2(51)/10-DPE(WC)-GL-XI/2011 dated 3rd June, 2011
164.	Additional remuneration for handling additional charge and higher PRP for discharging additional responsibilities of a higher post. DPE OM No. J-72/05-DPE(WC) dated 31st May, 2012
165.	Keeping certain allowances outside the 50% ceiling for Perks & Allowances. DPE OM No. 2(20)/2012-DPE(WC) dated 29th June, 2012
166.	Revision of wage/pay based on profitability of Central Public Sector Enterprises (CPSEs) as a whole and not based on unit-wise performance. DPE OM No. 2(10)/2013-DPE(WC)-GL-XIII/13 dated 30th April, 2013
167.	Policy for the 7th Round (2nd part) of Wage Negotiations for unionized workers in Central Public Sector Enterprises w.e.f. 01.01.2012 DPE OM No. 2(110)/11-DPE(WC)-GL-XVI/13 dated 13th June, 2013
168.	Deduction of interest on idle cash/ bank balances for the purpose of calculating Profit Before Tax (PBT) and distribution of Performance Related Pay (PRP) in Central Public Sector Enterprises (CPSEs). DPE OM No.2(8)/12-DPE(WC)-GL-XX/13 dated 18th September, 2013
169.	Deduction of interest on idle cash/ bank balances for the purpose of calculating Profit Before Tax (PBT) and distribution of Performance Related Pay (PRP) in Central Public Sector Enterprises (CPSEs). DPE OM No-2(8)/12/DPE-(WC)-GL-XV/14 dated 2nd September, 2014
170.	Constitution of 3rd Pay Revision Committee for the pay revision of Executives and Non-unionized Supervisors of CPSEs. DPE OM-W-08/0005/2016-DPE (WC) dated 13th June, 2016
171.	Pay Revision of Board level and below Board level Executives and Non-Unionised Supervisors of CPSEs W.E.F 01/01/2017 -Constitution of Anomalies Committee DPE OM-W-02/0028/2017/DPE(WC) dated 3rd August, 2017
	(b) Dearness Allowance / Interim Relief
172.	Payment of Interim Relief to the employees of the Public Enterprises who are still following Central D.A. Pattern DPE OM No. 2(10)/83-BPE(WC) dated 7th March, 1986

Sl. No.	Subject
173.	Recommendations made by the High Power Pay Committee on payment of interim relief to employees working in Public Enterprises following Central DA pattern BPE OM No. 2(5)/87-BPE(WC) 5th April, 1988
174.	New DA Formula-Applicability to unionised staff/workers in PSUs. DPE OM No. 2(50)/86-DPE (WC) 26th July, 1995
175.	Treatment of Personal Pay for Fixation of Pay and DA. DPE OM No. 2(50)/86-DPE(WC) dated 6th February, 1996
176.	Grant of Interim Relief to the employees of the Central PSEs following IDA pattern. DPE OM No. 2/44/97-DPE(WC) dated 19th August, 1998
177.	Board level posts and below Board level posts including non-unionised supervisors in Public Enterprises-Revision of scales of pay w.e.f. 1.1.1997-Payment of DA at revised rates regarding. DPE OM No. 2(9)/2000-DPE(WC)-GL XIV dated 21st January, 2003
178.	Payment of DA under percentage DA Scheme to Board level executives in Public Enterprises. DPE OM No. 2(50)/86-DPE(WC)-GL-XIII dated 21st January 2003
179.	Payment of DA to the employees of PSEs governed by HPPC-Government decision thereon. DPE OM. No. 2(42)/97-DPE(WC)-GL-XVI dated 9th April, 2003
180.	Payment of DA under percentage DA Scheme to Board level executives in Public Enterprises. DPE OM No. 2(50)/86-DPE(WC)-GL-XVII 25th April, 2003
181.	Board level posts and below Board level posts including non-unionised supervisors in Public Enterprises-Revision of scales of pay w.e.f. 1.1.1997-Payment of DA at revised rates regarding. DPE OM No. 2(9)/2000-DPE(WC)-GL-XVIII 2nd May, 2003
182.	Payment of DA under percentage DA Scheme to Board level/below Board level executives and non-unionized supervisors in Public Enterprises on 1987 and 1992 basis. DPE OM No. 2(50)/86-DPE (WC) dated 24th February, 2004
183.	Payment of DA under percentage DA Scheme to Board level/below Board level executives and non-unionized supervisors in Public Enterprises on 1987 and 1992 basis. DPE OM No. 2(50)/86-DPE (WC) dated 25th February, 2004
184.	Board level posts and below Board level posts including non-unionised supervisors in Public Enterprises Revision of scales of pay w.e.f. 1.1.1997 - Payment of DA at revised rates regarding. DPE OM No. 2(9)/2000-DPE(WC) dated 25th February, 2004
185.	Payment of DA under percentage DA Scheme to Board level/below Board level executives and non-unionized supervisors in Public Enterprises on 1987 and 1992 basis. DPE OM No. 2(50)/86-DPE (WC) dated 15th April, 2004
186.	Board level posts and below Board level posts including non-unionised supervisors in Public Enterprises - Revision of scales of pay w.e.f. 1.1.1997 - Payment of DA at revised rates regarding. DPE OM No. 2(9)/2000-DPE(WC) dated 15th April, 2004

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187.	Payment of DA to the CDA pattern employees of PSEs governed by HPPC - Government decision thereon. DPE OM No. 2(42)/97-DPE (WC)-GL-VII dated 7th May, 2004
188.	Payment of DA to the CDA pattern employees of PSEs governed by HPPC - Government decision thereon. DPE OM No. 2(43)/90-DPE (WC) dated 10th June, 2004
189.	Payment of DA under percentage DA Scheme to Board level/below Board level executives and non-unionized supervisors following IDA scales of pay in Public Sector Enterprises on 1987 and 1992 basis. DPE OM No. 2(50)/86-DPE (WC) dated 16th July, 2004
190.	Board level posts and below Board level posts including non-unionised supervisors in Public Enterprises - Revision of scales of pay w.e.f. 1.1.1997 - Payment of DA at revised rates regarding. DPE OM No. 2(9)/2000-DPE(WC) dated 16th July, 2004
191.	Payment of DA to the CDA pattern employees of PSEs governed by HPPC - Government decision thereon. DPE OM No. 2(42)/97-DPE (WC) dated 7th October, 2004
192.	Payment of DA under percentage DA Scheme to Board level/below Board level executives and non-unionized supervisors following IDA scales of pay in Public Sector Enterprises on 1987 and 1992 basis. DPE OM No. 2(50)/86-DPE (WC)-GL XIVdated 27th October, 2004
193.	Board level posts and below Board level posts including non-unionised supervisors in Public Enterprises - Revision of scales of pay w.e.f. 1.1.1997 - Payment of DA at revised rates regarding. DPE OM No. 2(9)/2000-DPE(WC)-GL XIII dated 27th October, 2004
194.	Payment of DA to the CDA pattern employees of PSEs continue to draw their pay in the pre-revised scales of pay effective from 1.7.2004 governed by HPPC - Government decision thereon. DPE OM No. 2(43)/90-DPE (WC) dated 2nd December, 2004
195.	Payment of DA under percentage DA Scheme to Board level/ below Board level executives and non-unionized supervisors following IDA scales of pay in Public Sector Enterprises on 1987 and 1992 basis. DPE OM No. 2(50)/86-DPE (WC) dated 27th January, 2005
196.	Board level posts and below Board level posts including non-unionised supervisors in Public Enterprises - Revision of scales of pay w.e.f. 1.1.1997 - Payment of DA at revised rates regarding. DPE OM No. 2(9)/2000-DPE(WC)-GL dated 27th January, 2005
197.	Payment of DA to the CDA pattern employees of PSEs governed by HPPC - Government decision thereon. DPE OM No. 2(42)/97-DPE(WC)-GL dated 7th April, 2005

Sl. No.	Subject
198.	Board level posts and below Board level posts including non-unionised Supervisors in Public Enterprises - Revision of scales of Pay W.E.F. 1.1.1997 - Payment of DA at revised rates regarding. DPE OM No. 2(9)/2000-DPE(WC)-GL V dated 25th April, 2005
199.	Payment of DA under percentage DA Scheme to Board level/ below Board level executives and non-unionized supervisors following IDA scales of pay in Public Sector Enterprises on 1987 and 1992 basis. DPE OM No. 2(50)/86-DPE (WC)- GL-IV dated 25th April, 2005
200.	Merger of 50% of Dearness Allowance with basic pay to the employees of Central Public Sector Enterprises (CPSEs) following CDA pattern pay scales covered under High Power Pay Committee (HPPC) recommendations. DPE OM No. 2(6)/2004-DPE(WC)-GL-VI dated 24th May, 2005
201.	Payment of DA to the CDA pattern employees of PSEs continue to draw their pay in the pre-revised scales of pay effective from 1.1.2005 governed by HPPC - Government decision thereon. DPE OM .No2(43)/90-DPE (WC) dated 21st June, 2005
202.	Board level posts and below Board level posts including non-unionised supervisors in Public Enterprises - Revision of scales of pay w.e.f. 1.1.1997 - Payment of DA at revised rates regarding. DPE OM .No. 2(9)/2000-DPE(WC) -GL-IX dated 12th July, 2005
203.	Payment Of DA Under Percentage DA Scheme To Board Level/ Below Board Level Executives And Non-Unionized Supervisors Following IDA Scales Of Pay In Public Sector Enterprises On 1987 And 1992 Basis. DPE OM No. 2(50)/86-DPE (WC)-GL-VIII dated 12th July, 2005
204.	Payment Of DA Under Percentage DA Scheme to Board Level/ Below Board Level Executives And Non-Unionized Supervisors Following IDA Scales Of Pay In Public Sector Enterprises On 1987 And 1992 Basis DPE OM No. 2(50)/86-DPE (WC)-GL-XI dated 18th October, 2005
205.	Board Level Posts and Below Board Level Posts Including Non-Unionised Supervisors in Public Enterprises - Revision of Scales of Pay W.E.F. 1.1.1997 - Payment of DA at Revised Rates Regarding. DPE OM No. 2(9)/2000-DPE(WC) - GL XII dated 18th October, 2005
206.	Payment of DA to the CDA Pattern Employees of PSEs Governed by HPPC - Government Decision Thereon DPE OM No. 2(42)/97-DPE (WC)-GL-XIII dated 19th October, 2005
207.	Payment Of DA To The CDA Pattern Employees Of PSEs Who Continue To Draw Their Pay In The Pre-Revised Scales Of Pay Effective From 1.7.2005 Governed By HPPC Recommendations - Government Decision Thereon. DPE OM No. 2(43)/90-DPE (WC)-GL XIV dated 6th December, 2005

Sl. No.	Subject
208.	Board Level Posts And Below Board Level Posts Including Non-Unionised Supervisors In Public Enterprises - Revision Of Scales Of Pay W.E.F. 1.1.1997 - Payment Of DA At Revised Rates Regarding DPE OM No. 2(9)/2000-DPE(WC) - GL-XII dated 17th January, 2006
209.	Payment Of DA Under Percentage DA Scheme To Board Level/ Below Board Level Executives And Non-Unionized Supervisors Following IDA Scales Of Pay In Public Sector Enterprises On 1987 And 1992 Basis. DPE OM No. 2(50)/86-DPE (WC)-GL-I dated 17th January, 2006
210.	Payment of DA to the CDA pattern employees of PSEs governed by HPPC - Government decision thereon. DPE OM No. 2(42)/97-DPE (WC)-GL-III dated 12th April, 2006
211.	Payment of DA under percentage DA Scheme to Board level/ below Board level executives and non-unionized supervisors following IDA scales of pay in Public Sector Enterprises on 1987 and 1992 basis. DPE OM No. 2(50)/86-DPE (WC)-GL-V dated 19th April, 2006
212.	Board level posts and below Board level posts including non-unionised supervisors in Public Enterprises - Revision of scales of pay w.e.f. 1.1.1997 - Payment of DA at revised rates regarding. DPE OM No. 2(9)/2000-DPE(WC)- GL-IV dated 20th April, 2006
213.	Payment of DA to the CDA pattern employees of PSEs who continue to draw their pay in the pre-revised scales of pay effective from 1.7.2005 governed by HPPC recommendations - Government decision thereon. DPE OM No. 2(43)/90-DPE (WC) dated 8th May, 2006
214.	Payment of DA under percentage DA Scheme to Board level/ below Board level executives and non-unionized supervisors following IDA scales of pay in Public Sector Enterprises on 1987 and 1992 basis DPE OM No. 2(50)/86-DPE (WC) dated 17th July, 2006
215.	Board level posts and below Board level posts including non-unionised supervisors in Public Enterprises - Revision of scales of pay w.e.f. 1.1.1997 - Payment of DA at revised rates regarding. DPE OM No.2(9)/2000-DPE(WC) dated 17th July, 2006
216.	Payment of DA to the CDA pattern employees of PSEs governed by HPPC - Government decision thereon. DPE OM No. 2(42)/97-DPE (WC)-GL dated 22nd Sept., 2006
217.	Board level posts and below Board level posts including non-unionised supervisors in Central Public Sector Enterprises - Revision of scales of pay w.e.f. 1.1.1997 - Payment of IDA at revised rates regarding. DPE OM No. 2(9)/2000-DPE(WC) dated 11th October, 2006

Sl. No.	Subject
218.	Payment of DA to Board level/ below Board level executives and non-unionized supervisors following IDA scales of pay in Public Sector Enterprises on 1987 and 1992 basis. DPE OM No. 2(50)/86-DPE (WC) dated 11th October, 2006
219.	Payment of DA to the CDA pattern employees of CPSEs who continue to draw their pay in the pre-revised (4th Central Pay Commission)-scales of pay effective from 1.7.2006 governed by HPPC recommendations - Government decision thereon. DPE OM No. 2(43)/90-DPE (WC) dated 17th October, 2006
220.	2nd Pay Revision Committee. DPE OM No. 2(10)/06-DPE (WC) dated 8th December, 2006
221.	Board level posts and below Board level posts including non-unionised supervisors in Central Public Sector Enterprises - Revision of scales of pay w.e.f. 1.1.1997 - Payment of IDA at revised rates regarding. DPE OM No. 2(9)/2000-DPE(WC) GL-I dated 9th January 2007
222.	Payment of DA to Board level/ below Board level executives and non-unionized supervisors following IDA scales of pay in Public Sector Enterprises on 1987 and 1992 basis. DPE OM No. 2(50)/86-DPE (WC)-GL-II dated 9th January 2007
223.	Payment of DA to Board level/ below Board level executives and non-unionized supervisors following IDA scales of pay in Public Sector Enterprises on 1987 and 1992 basis. DPE OM No. 2(50)/86-DPE (WC)-GL-II dated 9th January 2007
224.	Board level posts and below Board level posts including non-unionised supervisors in Central Public Sector Enterprises - Revision of scales of pay w.e.f. 1.1.1997 - Payment of IDA at revised rates regarding. DPE OM No. 2(9)/2000-DPE(WC) GL-I dated 9th January 2007
225.	Payment of DA to Board level/below Board level executives and non-unionized supervisors following IDA scales of pay in Public Sector Enterprises on 1987 and 1992 basis. DPE OM No. 2(50)/86-DPE (WC)-GL-IV/07 dated 16th April, 2007
226.	Board level posts and below Board level posts including non-unionised supervisors in Central Public Sector Enterprises - Revision of scales of pay w.e.f. 1.1.1997 - Payment of IDA at revised rates regarding. DPE OM No. 2(9)/2000-DPE(WC)GL-III/07 dated 16th April, 2007
227.	Payment of DA to the CDA pattern employees of CPSEs governed by HPPC recommendations. DPE OM No. 2(42)/97-DPE (WC) dated 25th June 2007
228.	Payment of DA to the CDA pattern employees of PSEs who continue to draw their pay in the pre-revised scales of pay effective from 1.1.2007 governed by HPPC recommendations - Government decision thereon. DPE OM No. 2(43)/90-DPE (WC) dated 28th June 2007

Sl. No.	Subject
229.	Board level posts and below Board level posts including non-unionised supervisors in Central Public Sector Enterprises- Revision of scales of pay w.e.f. 01.01.1997 - Payment of IDA at revised rates regarding. DPE OM No. 2(9)/2000-DPE (WC) dated 17th July 2007
230.	Payment of DA to Board level/below Board level executives and non-unionized supervisors following IDA scales of pay in Public Sector Enterprises on 1987 and 1992 basis. DPE OM No. 2(50)/86-DPE (WC) dated 17th July 2007
231.	Board level posts and below Board level posts including non-unionised supervisors in Central Public Sector Enterprises- Revision of scales of pay w.e.f. 01.01.1997 - Payment of IDA at revised rates regarding. DPE OM No. 2(9)/2000-DPE (WC)-GL-XI dated 9th October, 2007
232.	Payment of DA to Board level/below Board level executives and non-unionized supervisors following IDA scales of pay in Public Sector Enterprises on 1987 and 1992 basis. DPE OM No. 2(50)/86-DPE (WC) - GL-XII dated 9th October, 2007
233.	Board level posts and below Board level posts including non-unionised supervisors in Central Public Sector Enterprises- Revision of scales of pay w.e.f. 01.01.1997 - Payment of IDA at revised rates regarding. DPE OM No.. 2(9)/2000-DPE (WC) dated 21st January 2008
234.	Payment of DA to Board level/below Board level executives and non-unionized supervisors following IDA scales of pay in Public Sector Enterprises on 1987 and 1992 basis. DPE OM No. 2(50)/86-DPE (WC) dated 21st January 2008
235.	Board level posts and below Board level posts including non-unionised supervisors in Central Public Sector Enterprises- Revision of scales of pay w.e.f. 01.01.1997 - Payment of IDA at revised rates regarding. DPE OM No.2(9)/2000-DPE (WC) -GL III/08 dated 23rd April, 2008
236.	Payment of DA to Board level/below Board level executives and non-unionized supervisors following IDA scales of pay in Public Sector Enterprises on 1987 and 1992 basis. DPE OM No. 2(50)/86-DPE (WC)-GL-V/08 dated 28th April, 2008
237.	Payment of DA to the CDA pattern employees of CPSEs governed by HPPC recommendations. DPE OM No. 2 (42)/97-DPE (WC) -GL-IV/08 dated 28th April, 2008
238.	Payment of DA to the CDA pattern employees of PSEs who continue to draw their pay in the pre-revised scales of pay effective from 01.01.2008 governed By HPPC recommendations-Government decision thereon. DPE OM No. 2(43)/90-DPE(WC)-GL-VIII/08 dated 12th May, 2008
239.	Board level posts and below Board level posts including non-unionised supervisors in Central Public Sector Enterprises- Revision of scales of pay w.e.f. 01.01.1997 - Payment of IDA at revised rates regarding. DPE OM No. 2(9)/2000-DPE (WC) -GL IX/08 dated 14th July, 2008

Sl. No.	Subject
240.	Payment of DA to Board level/below Board level executives and non-unionized supervisors following IDA scales of pay in Public Sector Enterprises on 1987 and 1992 basis. DPE OM No. 2(50)/86-DPE (WC) -GL-VIII/08 dated 14th July, 2008
241.	Board level posts and below Board level posts including non-unionised supervisors in Central Public Sector Enterprises- revision of scales of pay W.E.F. 01.01.1997 - payment of IDA at revised rates regarding DPE OM No. 2(9)/2000-DPE (WC) -GL XII/08 dated 22nd Oct, 2008
242.	Payment of DA to the CDA pattern employees of CPSEs governed by HPPC recommendations. DPE OM No. 2(42)/97-DPE(WC)-GL-XIII dated 23rd Oct, 2008
243.	Payment of DA to Board level/below Board level executives and non-unionized supervisors following IDA scales of pay in Public Sector Enterprises on 1987 and 1992 basis. DPE OM No. 2(50)/86-DPE (WC) -GL-XIV/08 dated 24th Oct, 2008
244.	Board level and below Board level posts including non-unionised supervisors in Central Public Sector Enterprises- revision of scales of pay W.E.F. 01.01.2007 - payment of IDA at revised rates regarding DPE OM No. 2(70)/2008-DPE(WC)-GL-II/09 dated 30th January, 2009
245.	Payment of DA to Board level/below Board level executives and non-unionized supervisors following IDA scales of pay in Public Sector Enterprises on 1987 and 1992 basis. DPE OM No. 2(50)/86-DPE(WC)-GL-III/09 dated 30th January, 2009
246.	Board level and below Board level posts including non-unionised supervisors in central Public Sector Enterprises- revision of scales of pay W.E.F. 01.01.1997 - payment of IDA at revised rates regarding DPE OM No. 2(9)/2000-DPE(WC)-GL-V/09 dated 2nd March 2009
247.	Payment of DA to the CDA pattern employees of 69 CPSEs governed by HPPC recommendations. DPE OM No. 2(54)/2008-DPE(WC)-GL-VI/09 dated 26th March, 2009
248.	Payment of DA to the CDA pattern employees of CPSEs governed by HPPC recommendations DPE OM No. 2(42)/97-DPE(EC)-GL-IX/09 dated 22nd April 2009
249.	Board level and below Board level posts including non-unionised supervisors in Central Public Sector Enterprises- revision of scales of pay W.E.F. 01.01.2007 payment of IDA at revised rates regarding DPE OM No. 2(70)/2008-DPE(WC)-GL-X/09 dated 28th April, 2009
250.	Payment of DA to Board level/below Board level executives and non-unionized supervisors following IDA scales of pay in Public Sector Enterprises on 1987 and 1992 basis. DPE OM No. 2(50)/86-DPE(WC)-GL-XI/09 dated 28th April, 2009
251.	Board level and below Board level posts including non-unionised supervisors in Central Public Sector Enterprises- revision of scales of pay w.e.f. 01.01.1997 - payment of IDA at revised rates regarding DPE OM No. 2(9)/2000-DPE(WC)-GL-XII/09 dated 28th April, 2009

Sl. No.	Subject
252.	Payment of DA to Board level/below Board level executives and non-unionized supervisors following IDA scales of pay in Public Sector Enterprises on 1987 and 1992 basis. DPE OM No. 2(50)/86-DPE(WC)-GL-XVII/2009 dated 15th July, 2009
253.	Board level and below Board level posts including non-unionised supervisors in Central Public Sector Enterprises- revision of scales of pay w.e.f. 01.01.1997 - payment of IDA at revised rates regarding DPE OM No. 2(29)/2000-DPE(WC)-GL-XIII/2009 dated 15th July, 2009
254.	Board level and below Board level posts including non-unionised supervisors in Central Public Sector Enterprises- revision of scales of pay w.e.f. 01.01.1997 - payment of IDA at revised rates regarding DPE OM No. 2(70)/2008-DPE(WC)-GL-XIX/2009 dated 15th July, 2009
255.	Payment of DA to the CDA pattern employees of 69 CPSEs governed by HPPC recommendations DPE OM No. 2(54)/2008-DPE(WC)-GL-XXI/2009 dated 8th October, 2009
256.	Payment of DA to Board level/below Board level executives and non-unionized supervisors following IDA scales of pay in Public Sector Enterprises on 1987 and 1992 basis. DPE OM No. 2(50)/86-DPE(WC)-XXII/2009 dated 21st October, 2009
257.	Board level posts and below Board level posts including non-unionised supervisors in Central Public Sector Enterprises- Revision of scales of pay w.e.f. 01.01.1997 - Payment of IDA at revised rates regarding DPE OM No. 2(9)/2009-DPE(WC)-GL-XXIII/2009 dated 21st October, 2009
258.	Board level and below Board level posts including non-unionised supervisors in Central Public Sector Enterprises- Revision of scales of pay w.e.f. 01.01.2007 - Payment of IDA at revised rates - regarding. DPE OM No. 2(70)/2008-DPE(WC)-GL-XXIV/2009 dated 21st October, 2009
259.	Payment of DA to the CDA pattern employees of CPSEs Governed by HPPC recommendation. DPE OM No. 2(42)/97-DPE(WC)-GL-XXIV/2009 dated 10th November, 2009
260.	Board level and below Board level posts including non-unionised supervisors in Central Public Sector Enterprises- revision of scales of pay w.e.f. 01.01.2007 - Payment of IDA at revised rates - regarding. DPE OM No. 2(70)/2008-DPE(WC)-GL-I/2010 dated 15th January, 2010
261.	Board level and below Board level posts including non-unionised supervisors in Central Public Sector Enterprises- revision of scales of pay w.e.f. 01.01.2007 - Payment of IDA at revised rates - regarding. DPE OM No. 2(9)/2000-DPE(WC)-GL-II/2010 dated 28th January, 2010
262.	Payment of DA to Board level/below Board level executives and non-unionized supervisors following IDA scales of pay in Public Sector Enterprises on 1987 and 1992 basis. DPE OM No. 2(50)/86-DPE(WC)-GL-III/2010 dated 28th January, 2010

Sl. No.	Subject
263.	Board level posts and below Board level posts including non-unionised supervisors in Central Public Sector Enterprises- Revision of scales of pay w.e.f. 01.01.1997 - Payment of IDA at revised rates regarding DPE OM No. 2(9)/2000-DPE(WC)-GL-VI/2010 dated 21st April, 2010
264.	Payment of DA to Board level/below Board level executives and non-unionized supervisors following IDA scales of pay in Public Sector Enterprises on 1987 and 1992 basis. DPE OM No. 2(50)/86-DPE(WC)-GL-V/2010 dated 21st April, 2010
265.	Board level and below Board level posts including non-unionised supervisors in Central Public Sector Enterprises- revision of scales of pay w.e.f. 01.01.2007 - Payment of IDA at revised rates - regarding. DPE OM No. 2(70)/2008-DPE(WC)-GL-VII/2010 dated 21st April, 2010
266.	Payment of DA to CDA pattern employees of 69 CPSEs governed by HPPC recommendations. DPE OM No.2(54)/2008-DPE(WC)-GL-VIII/2010 dated 23rd April, 2010
267.	Payment of DA to the CDA pattern employees of CPSEs governed by HPPC recommendations. DPE OM No. 2(42)/97-DPE(WC)-GL-IX/2010 dated 17th May, 2010
268.	Board level posts and below Board level posts including non-unionised supervisors in Central Public Sector Enterprises- Revision of scales of pay w.e.f. 01.01.1997 - Payment of IDA at revised rates regarding DPE OM No. 2(9)/2000-DPE(WC)-GL-XIV/2010 dated 2nd August, 2010
269.	Board level and below Board level posts including non-unionised supervisors in Central Public Sector Enterprises- Revision of scales of pay w.e.f. 01.01.2007 - Payment of IDA at revised rates - regarding. DPE OM No. 2(70)/2008-DPE(WC)-GL-XIII/2010 dated 2nd August, 2010
270.	Payment of DA to Board level/below Board level executives and non-unionized supervisors following IDA scales of pay in Public Sector Enterprises on 1987 and 1992 basis. DPE OM No. 2(50)/86-DPE(WC)-GL-XV/2010 dated 2nd August, 2010
271.	Board level posts and below Board level posts including non-unionised supervisors in Central Public Sector Enterprises- Revision of scales of pay w.e.f. 01.01.1997 - Payment of IDA at revised rates regarding DPE OM No. 2(9)/2000-DPE(WC) -GL-XIV/2010 dated 5th August, 2010
272.	Payment of DA to the CDA pattern employees of 69 CPSEs governed by HPPC recommendations DPE OM No. 2(54)/2008-DPE(WC)-GL-XVIII/2010 dated 7th October, 2010
273.	Board level and below Board level posts including non-unionised supervisors In Central Public Sector Enterprises (CPSEs) - Revision of scales of pay w.e.f . 01.01.2007 - Payment of IDA at revised rates - regarding. DPE OM No. 2(70)/2008-DPE(WC)-GL-XVIV dated 18th October, 2010

Sl. No.	Subject
274.	Board level posts and below Board level posts including non-unionised supervisors in Central Public Sector Enterprises(CPSEs)- Revision of scales of pay w.e.f. 01.01.1997 - Payment of IDA at revised rates regarding DPE OM No. 2(9)/2000-DPE(WC)-GL-XX/2010 dated 18th October, 2010
275.	Payment of DA to Board level/below Board level executives and non-unionized supervisors following IDA scales of pay In Central Public Sector Enterprises(CPSEs) on 1987 and 1992 basis. DPE OM No.2(50)/86-DPE(WC)-GL-XXI/2010 dated 18th October, 2010
276.	Payment of DA to the CDA pattern employees of CPSEs governed by HPPC recommendations. DPE OM No. 2(42)/97-DPE(WC)-GL-XXII/2010 dated 28th October, 2010
277.	Board level and below Board level posts including non-unionised supervisors in Central Public Sector Enterprises(CPSEs) - Revision of scales of pay w.e.f. 01.01.2007 - Payment of IDA at revised rates - regarding. DPE OM No. 2(70)/2008-DPE(WC)-GL-I/11 dated 17th January, 2011
278.	Board level posts and below Board level posts including non-unionised supervisors in Central Public Sector Enterprises(CPSEs)- Revision of scales of pay w.e.f. 01.01.1997 - Payment of IDA at revised rates regarding DPE OM No.2(9)/2000-DPE (WC)-GL-II/11 dated 17th January, 2011
279.	Payment of DA To Board level/below Board level executives and non-unionized supervisors following IDA scales of pay in Public Sector Enterprises on 1987 and 1992 basis. DPE OM No. 2(50)/86-DPE(WC)-GL-III/11 dated 17th January, 2011
280.	Payment of DA to the CDA pattern employees of CPSEs governed by HPPC recommendations. DPE OM No. 2(54)/2008-DPE(WC)-GL-IV/2011 dated 30th March, 2011
281.	Board level and below Board level posts including non-unionised supervisors in Central Public Sector Enterprises(CPSEs) - Revision of scales of pay w.e.f. 01.01.2007 - Payment of IDA at revised rates - regarding. DPE OM No. 2(70)/2008-DPE(WC)-GL-VII/2011 dated 13th April, 2011
282.	Board level posts and below Board level posts including non-unionised supervisors in Central Public Sector Enterprises(CPSEs)- Revision of scales of pay w.e.f. 01.01.1997 - Payment of IDA at revised rates regarding DPE OM No. 2(9)/2000-DPE (WC)-GL-VI/2011 dated 13th April, 2011
283.	Payment of DA to Board level/below Board level executives and non-unionized supervisors following IDA scales of pay in Public Sector Enterprises on 1987 and 1992 basis. DPE OM No. 2(50)/86-DPE(WC)-GL-V/2011 dated 13th April, 2011
284.	Payment of DA to CDA pattern employees of CPSEs governed by HPPC recommendations. DPE OM No. 2(42)/97-DPE(WC)-GL-VIII/2011 dated 20th April, 2011

Sl. No.	Subject
285.	Board level and below Board level posts including non-unionised supervisors in Central Public Sector Enterprises (CPSEs) at 1987, 1992,1997 and 2007 levels - Payment of IDA at revised rates - regarding DPE OM No. 2(50)/86-DPE(WC)-GL-XIV/2011 dated 19th July, 2011
286.	Board level and below Board level posts including non-unionised supervisors in Central Public Sector Enterprises(CPSEs) - Revision of scales of pay w.e.f. 01.01.2007 - Payment of IDA at revised rates - Regarding DPE OM No. 2(70)/2008-DPE(WC)-GL-XVII/2011 dated 21st October, 2011
287.	Payment of DA to the CDA pattern employees of 69 CPSEs governed by HPPC recommendations. DPE OM No. 2(54)/2008-DPE(WC)-GL-XVIII/2011 dated 21st October, 2011
288.	Payment of DA to Board level/below Board level executives and non-unionized supervisors following IDA scales of pay in CPSEs on 1987 and 1992 basis. DPE OM No. 2(50)/86-DPE(WC)-GLXX/2011 dated 24th October, 2011
289.	Payment of DA to the CDA pattern employees of CPSEs governed by HPPC recommendations. DPE OM No. 2(42)/97-DPE(WC)-GL.XXI/2011 dated 24th October, 2011
290.	Board level posts/below Board posts including Non-unionized supervisors in Central Public Sector Enterprises CPSEs-Revision of scales of pay w.e.f. 01.01.1997-Payment of IDA at revised rates regarding. DPE OM No. 2(9)/2000-DPE(WC)GL-XIX/2011 dated 24th October, 2011
291.	Board level /below Board posts including non-unionized supervisors in CPSEs-Revision of scales of pay w.e.f. 01.01.2007-Payment of IDA at revised rates-regarding. DPE OM No. 2(70)/2008-DPE(WC)-GL-I/2012 dated 16th January,2012
292.	Board level posts and below Board level posts including Non-unionized supervisors in Central Public Sector Enterprises CPSEs-Revision of scales of pay w.e.f. 01.01.1997-Payment of IDA at revised rates-regarding. DPE OM No. 2(9)/2000-DPE(WC)-GL-II/2012 dated 18th January,2012
293.	Payment of DA to Board level/below Board level executives and non-unionized supervisors following IDA scales of pay in CPSEs on 1987 and 1992 basis. DPE OM No. 2(50)/86-DPE(WC)-GL-III/2012 dated 18th January,2012
294.	Board level and below Board level posts including non-unionised supervisors in Central Public Sector Enterprises (CPSEs) at 1987, 1992, 1997 and 2007 levels- Payment of IDA at revised rates - regarding DPE OM No. 2(50)/86-DPE(WC)-GL-V/2012 dated 10th April 2012
295.	Payment of DA to the CDA pattern employees Of 69 CPSEs governed by HPPC recommendations DPE OM No. 2(54)/2008-DPE(WC)-GL-VI/2012 dated 10th April 2012
296.	Payment of DA to the CDA pattern employees of CPSEs governed by HPPC recommendations DPE OM No. 2(42)/97-DPE(WC)-GL-VIII/2011 dated 24th May 2012

Sl. No.	Subject
297.	Transport Allowance at the double rate to disabled executives of BHEL (ShriLaximikantVijayvargia Vs. Ministry of Heavy Industries & Public Entperprises and Others). DPE OM No. 2(42)/10-DPE(WC) dated 24th May, . 2012
298.	Pay revision of CPSEs employees following CDA pattern in 69 Central Public Sector Enterprises (CPSEs) DPE OM No. 2(54)/08-DPE(WC) dated 8th June 2012
299.	Payment of DA to the Board level/below Board level executives and non-unionized supervisors following IDA scales of pay in CPSEs on 1987 and 1992 basis. DPE OM No. 2(50)/86-DPE(WC)- GL-XIII/12 dated 9th July 2012
300.	Board level posts and below Board level posts including non-unionized supervisors in CPSEs-Revision of scales of pay w.e.f 01.01.2007-Payment of IDA at revised rates-regarding. DPE OM No. 2(70)/2008-DPE(WC)-GL-XII/12 dated 9th July 2012
301.	Board level posts and below Board level posts including Non-unionized supervisors in CPSEs-Revision of scales of pay w.e.f 01.01.1997-Payment of IDA at revised rates-regarding. DPE OM No.2(9)/2000-DPE(WC)-GL-XI/12 dated 9th July 2012
302.	Payment of DA to Board level/below Board level executives and non-unionized supervisors following IDA scales of pay in Central Public Sector Enterprises (CPSEs) on 1987 and 1992 basis. DPE OM No. 2(50)/86-DPE(WC)-GL-XV/12 dated 5th October 2012
303.	Payment of DA to the CDA pattern employees of 69 CPSEs governed by HPPC recommendations. DPE OM No. 2(54)/2000-DPE(WC)-GL-XVI/12 dated 5th October 2012
304.	Board level posts and below Board level posts including non-unionized supervisors in Central Public Sector Enterprises (CPSEs)-Revision of scales of pay w.e.f. 01.01.2007-Payment of IDA at revised rates-regarding. DPE OM No. 2(70)/2008-DPE(WC)-GL-XII/12 dated 5th October 2012
305.	Board level posts and below Board level posts including Non-unionized supervisors in Central Public Sector Enterprises (CPSEs)-Revision of scales of pay w.e.f 01.01.1997-Payment of IDA at revised rates-regarding. DPE OM No. 2(9)/2000-DPE(WC)-GL-XVIII/12 dated 5th October 2012
306.	Payment of DA to the CDA pattern employees of CPSEs governed by HPPC recommendations. DPE OM No. 2(42)/97-DPE(WC)-GL-XIX/12 dated 25th October 2012
307.	Payment of DA to Board level/below Board level executives and non-unionized supervisors following IDA scales of pay in Central Public Sector Enterprises (CPSEs) on 1987 and 1992 basis DPE OM No. 2(50)/86-DPE(WC)-GL-III/2013 dated 8th January, 2013

Sl. No.	Subject
308.	Board level and below Board level executives including Non-unionised supervisors in Central Public Sector Enterprises(CPSEs) - Revision of scale of pay w.e.f. 01.01.2007- Payment of IDA at revised rates-regarding DPE OM No. 2(9)/2000-DPE(WC)-GL-IV/2013 dated 8th January, 2013
309.	Board level and below Board level executives including non-unionised supervisors in Central Public Sector Enterprises(CPSEs) - Revision of scale of pay w.e.f. 01.01.2007- Payment of IDA at revised rates-regarding DPE OM No. 2(70)/2008-DPE(WC)-GL-II/2013 dated 08th January, 2013
310.	Board level and below Board level executives including non-unionised supervisors in Central Public Sector Enterprises(CPSEs) - Revision of scale of pay w.e.f. 01.01.2007- Payment of IDA at revised rates-regarding DPE OM No. 2(70)/2008-DPE(WC)-GL-IX/13 dated 8th April, 2013
311.	Payment of DA to Board level/below Board level executives and non-unionized supervisors following IDA scales of pay in Central Public Sector Enterprises (CPSEs) on 1987 and 1992 basis DPE OM No. 2(50)/86-DPE(WC)-GL-X/13 dated 8th April, 2013
312.	Board level and below Board level posts including Non-unionised supervisors in Central Public Sector Enterprises(CPSEs) - Revision of scale of pay w.e.f. 01.01.1997- Payment of IDA at revised rates-regarding DPE OM No. 2(9)/2000-DPE(WC)-GL-XI/13 dated 8th April, 2013
313.	Payment of DA to the CDA pattern employees of 69 CPSEs governed by HPPC recommendations. DPE OM No. 2(54)/08-DPE(WC)-GL-XII/13 dated 29th April, 2013
314.	Payment of DA to the CDA pattern employees of 69 CPSEs governed by HPPC recommendations. DPE OM No. 2(42)/97-DPE(WC)-GL-XIV/2013 dated 08th May, 2013
315.	Board level and below Board level executives including non-unionised supervisors in Central Public Sector Enterprises(CPSEs) - Revision of scale of pay w.e.f. 01.01.2007- Payment of IDA at revised rates-regarding. DPE OM No. 2(70)/2008-DPE(WC) dated 04th July, 2013
316.	Board level and below Board level post Including Non-unionised supervisors in Central Public Sector Enterprises(CPSEs) - Revision of scale of pay w.e.f. 01.01.1997- Payment of IDA at revised rates-regarding DPE OM No. 2(9)/2000-DPE(WC)-GL-XXVII/13 dated 4th July, 2013
317.	Payment of DA to Board level/below Board level executives and non-unionized supervisors following IDA scales of pay in Central Public Sector Enterprises (CPSEs) on 1987 and 1992 basis DPE OM No. 2(50)/86-DPE(WC)-GL-XIX/13 dated 4th July, 2013
318.	Payment of DA to the CDA pattern employees of 69 CPSEs governed by HPPC recommendations. DPE OM No. 2(54)/08-DPE(WC)-XXI/13 dated 26th September, 2013

Sl. No.	Subject
319.	Payment of DA to Board level/below Board level executives and non-unionized supervisors following IDA scales of pay in Central Public Sector Enterprises (CPSEs) on 1987 and 1992 basis. DPE OM No. 2(50)/86-DPE(WC)-GL-XXII/13 dated 4th October, 2013
320.	Board level and below Board level posts including Non-unionised supervisors in Central Public Sector Enterprises(CPSEs) - Revision of scale of pay w.e.f. 01.01.1997- Payment of IDA at revised rates-regarding DPE OM No. 2(9)/2000-DPE(WC)-GL-XXIII/13 dated 4th October, 2013
321.	Board level and below Board level posts including non-unionised supervisors in Central Public Sector Enterprises(CPSEs) - Revision of scale of pay w.e.f. 01.01.2007- Payment of IDA at revised rates-regarding DPE OM No. 2(70)/2008-DPE(WC)-GL-XXIV/13 dated 4th October, 2013
322.	Payment of DA to the CDA pattern employees of 69 CPSEs governed by HPPC recommendations. DPE OM No. 2(42)/97-DPE(WC)-GL-XXV/13 dated 29th October, 2013
323.	Board level and below Board level posts including non-unionised supervisors in Central Public Sector Enterprises(CPSEs) - Revision of scale of pay w.e.f. 01.01.2007- Payment of IDA at revised rates-regarding DPE OM No. 02/0002/2014-DPE(WC)-GL-I/14 dated 7th January, 2014
324.	Payment of DA to Board level/below Board level executives and non-unionized supervisors following IDA scales of pay in Central Public Sector (CPSEs) on 1987 and 1992 basis. DPE OM No. 02/0003/2014-DPE(WC)-GL-II/14 dated 7th January, 2014
325.	Board level and below Board level posts including Non-unionised supervisors in Central Public Sector Enterprises(CPSEs) - Revision of scale of pay w.e.f. 01.01.1997- Payment of IDA at revised rates-regarding. DPE OM No. 02/0004/2014-DPE(WC)-GL-III/14 dated 7th January, 2014
326.	Payment of DA to the CDA pattern employees of 69 CPSEs governed by HPPC recommendations DPE OM No. 2(54)/08-DPE (WC)-GL-VI/14 dated 31st March, 2014
	(c) Allowances & Perquisites
327.	High Power Pay Committee-Implementation of its recommendations-payment of House Rent Allowance to the employees posted at Shillong (Meghalaya). DPE O.M.No.2(43)/90-DPE(WC) dated 2nd January, 1995
328.	Payment of HRA to the employees of Central PSEs. DPE O.M.No.M-13/93-DPE(WC) dated 1st October, 1996
329.	Pay revision of the Central Public Sector employees following CDA pattern in 69 PSEs-Classification of Calcutta and Chennai cities 'A-I' Class for the purpose of grant of HRA and grant of Leased Accommodation regarding. DPE O.M.No.2(42)/97-DPE(WC) dated 20th July, 1998

Sl. No.	Subject
330.	LTC suspension in central PSEs. DPE OM No. 2(3)/2001-DPE(WC) dated 28th February, 2002
331.	Suspension of Leave Travel Concession in Central Public Enterprises-Relaxation to employees posted in North Eastern Region. DPE O.M.No.2(3)/2001-DPE(WC) GL-VIII dated 12th June, 2002
332.	Leasing of Houses for officers in the Central Public Enterprises. DPE OM No. 2(38)/03-DPE(WC) GL-XXIV dated 29th October, 2003
333.	Reclassification of cities/town on the basis of 2001-census - grant of House Rent Allowance (HRA) and Compensatory (City) Allowance (CCA) to Central Government employees. DPE OM No.2(49)/98-DPE (WC) dated 30th December, 2004
334.	Economy measures in Central Public Sector Enterprises (CPSEs) that are dependent on budgetary support for salary and allowances-Air travel entitlement of employees regarding DPE OM No. 2(16)/95-DPE(WC)-GL -IX/06 dated 5th September, 2006
335.	Upgradation of Greater Hyderabad Municipal Corporation and Bangalore as A-1 class city for the purpose of House Rent Allowance / Compensatory (city) Allowance - regarding. DPE OM No. 2 (49)/98-DPE (WC)-GL-X dated 11th October 2007
336.	Special Allowance to CPSE employees for serving in the difficult and far flung areas. DPE OM No.2(77)/09-DPE(WC)-GL-XII/2010 dated 22nd June 2010
337.	Recovery of rent for the leased accommodation from employees of CPSEs. DPE OM No. 2(68)/08-DPE(WC)-GL IV/12 dated 20th March, .2012
338.	Issue of HRA in respect of employees of Central Public Sector Enterprises (CPSEs) under 2007 pay scales. DPE O.M.No.2(46)/2012-DPE(WC)-GL-I/2013 dated 07th January 2013
339.	Foreign tours of Executives and Functional Directors of CPSEs. DPE OM No.2(23)/2007-DPE(WC)-GL-VIII/13 dated 07th March 2013
340.	Keeping certain allowances outside the 50% ceiling for Perks and Allowances. DPE OM No. 2(17)/2010-DPE(WC)-GL-XV/13 dated 11th June 2013
	(d) Others
341.	Payment of sitting fee to non-official members of the Board of Directors of the Public Enterprises. DPE O.M.No.2(31)/87-DPE/(WC) dated 20th August, 1997
342.	Ex-gratia payment in Central Public Sector Enterprises and Establishment to which Payment of Bonus Act, 1965 as amended does not apply in respect of the Financial Year 1996-97. DPE O.M.No.2(22)/97-DPE(WC) dated 20th November, 1997
343.	Death-cum-Retirement Gratuity for the employees of PSEs. DPE O.M.No. 2(9)/95-DPE(WC) dated 27th July, 1998

Sl. No.	Subject
344.	Exclusive use of staff car by board level executives-consolidation of instructions. DPE OM No.2(53)/90-DPE(WC)-GIV dated 26th March, 1999
345.	Tours abroad by incumbents of top posts and all Board level executives in Public Enterprises DPE OM No.2(41)/93-DPE(WC) G-XI dated 13th August, 1999
346.	Clarification on 5% of the distributable profit. DPE OM No.2(49)-98- DPE(WC)GL-XXIX dated 12th September 2000
347.	Fixation of Pay of re-employed pensioners-General Policy thereof-Raising limit of exemption of pension. DPE OM No.K-114/97-DPE(WC)GL dated 26th February, 2002
348.	Perquisites to part-time Directors and Government Directors in Central PSEs. DPE OM No.2(20)/03-DPE (WC) dated 21st July, 2003
349.	Recommendations of Ad-hoc Group of Experts on empowerment of Central Public Sector Enterprises (CPSEs) - guidelines regarding foreign tours of Chief Executives and Functional Directors of CPSEs. DPE OM No.2(23)/07-DPE (WC) GL-IX dated 24th August, 2007)
350.	Receipt of monetary benefits in the form of sitting fees, bonus, share in profits, stock options etc., by the employees of CPSEs (including chief Executive and Functional Directors) and Government nominated as a part time Director on the Boards of CPSEs, subsidiary /Joint Venture of CPSE and any other companies. 2(15)/06-DPE(WC) -GL -XV/08 dated 17th November, 2008
351.	Method of calculation of encashment of Earned Leave in CPSEs. DPE OM No. 2(2)/85-DPE(WC)-GL -XVII/08 dated 11th December, 2008
352.	Recommendations of 2nd Pay Revision Committee (PRC) On compensation package in Sick CPSEs and CPSEs in category 'D' having income levels of less than Rs 50 Crores; examination thereof. DPE OM No.2(74)/08-DPE-(WC) dated 14th January, 2009
353.	New Pension System introduced by Pension Fund Regulatory and Development Authority(PFRDA) DPE OM No. 2(131)/09-DPE(WC) dated 16th February, 2010
354.	Payment of Gratuity to the employees of CPSEs DPE OM No.2(25)/10-DPE(WC)-GL-X/2010 dated 2nd June, 2010
355.	Bunching of increments and leave encashment on pay revision w.e.f. 1.1.2007 of executives and Non-unionised Supervisors of CPSEs following IDA pattern of pay scales. DPE OM No.2(41)/2010-DPE(WC)-GL-VVII/2010 dated 24th September, 2010
356.	Representation/Communications being received by DPE directly from various CPSEs/employees of CPSEs/their employees' Associations/Trade unions etc. DPE OM No. 2(22)/11-DPE (WC) GL-IX/2011 dated 30th May, 2011

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357.	Foreign tours of Executives and Functional Directors of CPSEs. DPE OM No.2(23)/07-DPE(WC) GL-XVI/2011 dated 20th July, 2011
358.	Clarification sought by Audit on encashment of sick leave DPE O.M.No.2(14)/2012-DPE(WC) dated 17th July, 2012
359.	Performance Related Pay (PRP) clarification regarding ESOP DPE OM No.2(94)/2011-DPE(WC) dated 30th July, 2012
360.	Issue of consideration of Stagnation Increment for the purpose of national increment at the time of promotion. DPE OM No.2(36)/2012/DPE(WC) dated 26th December, 2012
361.	Payment of Performance- related pay (PRP) to executives of Central Public Sector Enterprises (CPSEs). DPE OM No. 2(68)/11-DPE(WC) dated 31st December, 2012
362.	Purchase, use, entitlement and other instructions regarding Staff Car in (CPSEs)-Reg. DPE OM No. 2(23)/11-DPE(WC)-GL-V/13 dated 21st January, 2013
363.	Payment of wages under the Minimum Wages Act to contract/casual workers in CPSEs. DPE OM No. 2(4)/2013-DPE-(WC) GL-VII/13 dated 21st February, 2013
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364.	Delegation of Powers to Public Sector Undertakings Signing Memoranda of Understanding with the Government DPE OM No.BPE1(18)/88-Fin.(PPU) dated 19th October, 1988
365.	Delegation of enhanced powers to Board of Directors of MOU signing Public Sector Enterprises to incur capital expenditure. DPE OM No.1(18)/86-DPE(MoU) dated 29th August, 1990
366.	Delegation of powers to public sector undertakings signing MOU with the Government. DPE OM No. 18(13)/93-GM dated 10th January,1994
367.	Delegation of powers to Public Sector Undertakings signing Memorandum of Understanding with the Government DPE OM No. 2(36)/86-DPE(WC) dated 4th March, 1994
368.	Delegation of Powers to the MOU Signing PSEs. DPE OM No. No.9(8)/96-DPE(MoU) dated 18th April,1996
369.	Guidelines for MoU for the year 2005-06 DPE OM. No. 3(4)/2004-DPE(MoU) dated 7th January, 2005
370.	Guidelines for drafting of MOUs for the year 2006-07. DPE OM No.3(8)/2005-DPE(MoU) dated 25th October,2005

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371.	Guidelines for drafting of Memorandum of Understandings(MoU) between CPSE and Government Department /Ministry for the year 2007-08. DPE OM No.3(8)/2005-DPE(MoU) dated 25th October, 2006
372.	Evaluation procedure of MoU performance for the year 2006-07 onwards - MoU Excellence Awards to CPSEs on the basis of Shri N.K. Sinha Committee Report. DPE OM No. 3(13)/2006-DPE(MOU) dated 20th August, 2007
373.	Guidelines for signing Memorandum of Understanding (MoU) between CPSE and Government Department /Ministry, for the year 2008-09. DPE OM No.3(30)/2007-DPE(MoU) dated 2nd November, 2007
374.	MoU Excellence Awards to CPSEs including listed CPSEs and turnaround sick/ loss making CPSEs. DPE OM No.3(29)/2007-DPE(MOU) dated 7th January, 2008
375.	Guidelines for signing Memorandum of Understanding (MoU) between CPSEs and Government Department /Ministry; and between Subsidiary CPSEs and Holding Companies for the year 2009-10. DPE OM No.3(10)/2008-DPE(MoU) dated 26th December,2008
376.	Guidelines for Memorandum of Understanding (MoU) between CPSE and Government Department /Ministry for the year 2010-11. DPE OM No.3(30)/2007-DPE(MoU) dated 10th December, 2009
377.	Guidelines for Memorandum of Understanding (MoU) between CPSE and Government Department /Ministry for the year 2011-12. DPE OM No.3(9)/2010-DPE(MoU) dated 30th November, 2010
378.	Guidelines for Memorandum of Understanding (MoU) between CPSE and Government Department/Ministry for the year 2012-13. DPE OM No.3(11)/2011-DPE(MoU) dated 31st October, 2011
379.	Guidelines on Sustainable Development for the year 2012-13. DPE OM No.3(7)/2011-DPE(MoU) dated 24th February, 2012
380.	Guidelines for Memorandum of Understanding (MoU) between CPSE and Government Department /Ministry for the year 2013-14. DPE OM No.3(12)/2012-DPE(MoU) dated 12th November, 2012
381.	Additional information for MoU 2013-14 DPE OM No.3(12)/2012-DPE(MoU) dated 10th January, 2013
382.	Guidelines for Memorandum of Understanding MoU for the year 2014-15 DPE OM No.3(19)/2013-DPE(MoU) dated 11th November, 2013
383.	Guideline for Memorandum of Understanding (MoU) for the year 2015-16. DPE OM NO.3(0012)/2014-DPE(MoU) dated 7th November, 2014

Sl. No.	Subject
384.	MoU Guidelines for the year 2015-16. DPE OM NO.3(0012)/2014-DPE(MoU) dated 16th December, 2014
385.	Revised MoU Guidelines 2016-17. DPE OM No.3(0011)/2015-DPE(MoU) dated 9th August, 2016
386.	G Guidelines for MoU for the year 2017-18 and onwards DPE OM No.3(0017)/2016-DPE(MoU dated 12th April, 2017
387.	Guidelines for MoU for the year 2016-17. DPE OM No.3(0009)/2015-DPE(MoU) dated 18th April, 2017
388.	MoU Guidelines 2017-18 onwards- compliance of DPE guidelines having financial implications regarding. DPE OM No.M-03/0011/2015-DPE(Mou) dated 26th July, 2017
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	(a) Administrative Mechanism for Resolution of CPSEs Disputes (AMRCD)
389.	Permanent Machinery of Arbitration-regarding DPE D.O. No. 15(9)/86-BPE(Fin) dated 29th March, 1989
390.	Settlement of disputes between one Government Department and another and one Govt. Department and a Public Enterprise and Public Enterprises and another. DPE OM No. 3/3/91-PMA dated 5th May, 1993
391.	Settlement of commercial disputes between Public Sector Enterprises inter se and Public Sector Enterprise(s) and Government Department(s) through Permanent Machinery of Arbitrators (PMA) in the Department of Public Enterprises. DPE OM No. DPE/4(10)/2001-PMA-GL I dated 22nd January, 2004
392.	Settlement of commercial disputes between Public Sector Enterprises inter se and Public Sector Enterprise(s) and Government Department(s) through Permanent Machinery of Arbitrators (PMA) in the Department of Public Enterprises. DPE OM No. DPE/4(1)/2011-DPE (PMA)-GL dated 12th June, 2013
393.	Settlement of commercial disputes between Public Sector Enterprises inter se and Public Sector Enterprise(s) and Government Department(s) through Permanent Machinery of Arbitration (PMA) in the Department of Public Enterprises. DPE OM No. DPE/4(1)/2011-DPE dated 24th March, 2014
394.	Arbitration cases between CPSEs and other organizations. DPE OM No. 4(1)/2011-DPE(PMA)-GL dated 26th March, 2014
395.	Settlement of commercial disputes between Public Sector Enterprises Inter se and Public Sector Enterprises (s) and Government Department (s) through Permanent Machinery of Arbitration (PMA) in the Department of Public Enterprises. DPE OM No. DPE/7(3)/2014-DPE dated 14th July, 2014

Sl. No.	Subject
396.	Settlement of commercial disputes between Public Sector Enterprises inter se and Public Sector Enterprise(s) and Government Department(s) through Permanent Machinery of Arbitrators (PMA) in the Department of Public Enterprises. DPE OM No. 4(1)/2013-DPE(PMA)/FTS-1835 dated 11th April, 2017
	(b) Voluntary Retirement Scheme (VRS)
397.	Introduction of a revised Voluntary Retirement Scheme (VRS). DPE OM No. 2(32)/97-DPE(WC)/GL-XXII dated 5th May, 2000
398.	Voluntary Retirement Scheme/Voluntary Separation Scheme for the employees of Public Enterprises. DPE OM No. 2(32)/97-DPE(WC)GL-XXXV dated 8th December, 2000
399.	Further modification in the revised Voluntary Retirement Scheme. (DPE OM No.2(32)/97-DPE(WC)/GL-LVI dated 6th November, 2001
400.	Voluntary Retirement Scheme/Voluntary Separation Scheme for the employees of Public Enterprises. DPE OM No. 2(32)/97-DPE(WC) dated 28th February, 2002
401.	Further modification in the revised Voluntary Retirement Scheme (VRS). DPE OM No. 3(21)/01-DPE(WC)/GL-XII dated 26th October, 2004
402.	Further clarifications on DPE's OM on Voluntary Retirement on Voluntary Retirement Scheme (VRS). Voluntary Separation Scheme (VRS). DPE O.M-19(5)/2013-DPE(CRR) dated. 31st March, 2014
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404.	Guidelines on Corporate Social Responsibility for Central Public Sector Enterprises. DPE OM No. 15(3)/2007-DPE (GM)-GL-101 dated 21st June, 2011
405.	Guidelines on "Corporate Social Responsibility for Central Public Sector Enterprises" issued by Department of Public Enterprises in April, 2010. DPE OM No. 15(3)/2007-DPE (GM)-GL-101 dated 1st November, 2011
406.	New 'Guidelines on Corporate Social Responsibility and Sustainability for Central Public Sector Enterprises' DPE OM No. 15(7)/2012-DPE (GM)-GL-104 dated the 12th April, 2013
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Sl. No.	Subject
408.	Relief and Rehabilitation activities in the flood affected area of Uttrakhand under new CSR and sustainability Guidelines DPE OM No. 15(9)/2013-DPE (GM) dated 19th September, 2013
409.	Relief and Rehabilitation activities in the Cyclone affected area of Andhra Pradesh, Odisha and Bihar under new CSR and sustainability Guidelines DPE OM No. 15(9)/2013-DPE (GM) dated 28th October, 2013
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411.	Contribution towards Prime Minister's National Relief Fund - reg DPE OM No. 15(9)/2013- DPE (GM) dated 19th September, 2014
412.	Guidelines on Corporate Social Responsibility and Sustainability for Central Public Sector Enterprises. DPE OM No.15(3)/2013-DPE(GM) dated 21th October, 2014
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415.	Land acquisition and rehabilitation aspects involved in Major Projects. BPE OM No. 15/13/84-BPE(C) dated 3rd February, 1986
416.	Reconstitution of PESB and its Role and Responsibilities. No. 27(21)-EO/86 (ACC) dated 3rd March, 1987
417.	Preponing / postponing of Weekly off in Public Sector Undertakings due to the "BUNDH" calls given by fundamentalist or communal organisations BPE OM No.16/53/87-GM dated 18th August, 1987
418.	Liability of Government of India in respect of contracts relating to commercial activities abroad of Indian public sector undertakings - Immunity from jurisdiction of foreign courts - insertion of a clause in such contracts regarding. DPE OM No. 16(10)/90-GM dated 9th November, 1990
419.	Statements made by Officials of certain PSUs to the Media. DPE OM No.DPE/6(6)/2003-Fin. dated 26th September, 2003

Sl. No.	Subject
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421.	Self-certification DPE OM No. DPE/13(11)/13-Fin dated 13th June, 2013
422.	Short-comings in Bid documents. DPE OM No.GM/0045/2014-GM dated 20th June, 2014
423.	Enrolment of CPSEs employees / contract workers etc. under AADHAR enabled system. DPE OM No. DPE-GM/0209/2014-GM/FTS 3113 dated 27th January, 2015
424.	Procedures for Payments to Sellers/Suppliers in Government e-Marketplace (GeM)- reg. DPE OM No. GM-1210003/2016-GM-FTS-5670 dated 15th November, 2016
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427.	Issue of deletion of turnaround Central Public Sector Enterprises(CPSEs) from the list of sick CPSEs of be are PSE DPE O.M No./13(15)/10-Fin dated 20th January, 2011
428.	Implementation of policies and guidelines issued by Department of Public Enterprises. DPE O.M No. DPE/14/(38)/10-Fin. dated 28th June, 2011
429.	Procedure for reference of proposals of Central Public Sector Enterprises (CPSEs) to Board for Reconstruction of Public Sector Enterprises(BRPSE) and seeking approval of Cabinet/CCEA on recommendations of BRPSE DPE O.M No. DPE/1(122)/2010-Fin. dated 30th September, 2011
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Annexure-III

List of Deleted Guidelines

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3.	Treatment of absence of employees on account of Bundh etc. BPE/GL-023/76/MAN/2(111)/75-BPE(GM-I) dated 26th June, 1976.
4.	Forwarding of application to the Union Public Service Commission from candidates serving under Government. No. BPE/GL-034/76/MAN/2 (51)/76-BPE (GM-I) dated 31st August, 1976
5.	Acceptance of resignation tendered by officers against whom disciplinary cases are pending or contemplated. BPE DO No. 2(21)/82-BPE(GM-I) dated 19th January, 1983
6.	Receipt of honoraria by the employees of Public Enterprises for their services requisitioned by the UPSC. BPE No. 16(36)/84-GM dated 13th July, 1984
7.	Publication of job vacancy notices in 'Employment News'. DPE OM No. 16/58/86-GM dated 12th September, 1986.
8.	Posting of husband and wife at the same station. BPE OM No. 15/1/89-GM dated 15th January, 1989
9.	Optimization of direct recruitment to posts in PSUs. DPE OM No. 24(1)/2002(GL-037)/GM dated 21st March, 2002
10.	Improvement in the Productivity of Labour. DPE OM No. 12 (2)/2002-GM-GL-41 Dated 24th September, 2002
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Sl. No.	Subject
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13.	The Lokpal and Lokayuktas Act 2013 submission of declaration of assets and liabilities by the Public Servants- extending the time limit and revised format regarding. DPE OM No. A-42011/10/2011-Admn dated 2nd January, 2015
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	CHAPTER-VII **MISCELLANEOUS**
16.	Flying of the National Flag at the office building of Departmental / Public Sector Undertaking. BPE OM No. 16(38)/87-GM dated 22nd May, 1987
17.	Grant of price preference to indian manufacturers of capital goods supplied to fertilizers, power and petroleum projects under deemed export status. DPE OM No. DPE/5(5)/97-Fin. dated 12th August, 1997
18.	Purchase preference for products & services of Public Enterprises. DPE OM NO. DPE/13(19)/91-Fin. dated 31st October, 1997
19.	Employees' Stock Option Scheme (ESOS) - (DPE/Guidelines/XI/1 DPE OM No. 11(55)/97-Fin. dated 28th January, 1998
20.	Purchase preference for products and services of Central Public Sector Enterprises. DPE OM No. DPE/13(19)/91-Fin. dated 10th February, 1998
21.	Purchase preference for products and services of Central Public Sector Enterprises. DPE OM No. DPE/13(3)/2000-Fin.-GL-30 dated 14th September, 2000
22.	Purchase preference policy for products and services of Central Public Sector Enterprises. DPE OM No. DPE/13(3)/2000-Fin. dated 30th October, 2000
23.	Purchase preference policy for products and services of Central Public Sector Enterprises - (DPE/ Guidelines/VI/7 DPE OM No. DPE/13(3)/2000-Fin. dated 8th November 2000

Sl. No.	Subject
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26.	Review of DPE Guidelines. DPE OM No. 20(10)/99-GM-GL-42 dated 27th September, 2002
27.	Extension of purchase preference for products and services of Central Public Sector Enterprises Beyond 31.3.2004. DPE OM No. DPE/13(12)/2003-Fin. dated 26th October, 2004
28.	Extension of Purchase Preference Policy (PPP) for products and services of Central Public Sector Enterprises(CPSEs) beyond 31.3.2005. DPE OM No. DPE.13(12)/2003-Fin. Vol. II dated 18th July, 2005
29.	Price/purchase preference for production and servicing of public enterprises. DPE OM No. DPE/13(19)/91-Fin. dated 13th January, 1992
30.	Declaration of additional holidays for Central Public Sector Undertakings. DPE Letter No. 17(1)/90-GM dated 5th January 1994

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