

F.No. 2(1)/2013-DPE (WC)-64-VI/13
Government of India
Ministry of Heavy Industries & Public Enterprises
Department of Public Enterprises

Public Enterprises Bhawan
Block 14, CGO Complex,
Lodi Road, New Delhi-110003
Dated : 24th January, 2013

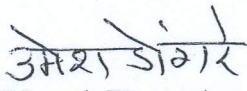
OFFICE MEMORANDUM

Subject:- 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 O.M. No.2(81)/08-DPE(WC) dated 08.07.2009 read with Para '2 (i)' of O.M. No.2(81)/08-DPE(WC) dated 20.07.2011 and Para 'V' of Annex-'IV' of DPE O.M. No.2(70)/08-DPE(WC) dated 26.11.2008 read with Para '2 (ii)' of DPE O.M. 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/Department of Government of India are requested to bring the foregoing to the notice of the CPSEs under their administrative control for action at their end.

Encl. As above


(Umesh Dongre)
Director

To,
All the administrative Ministries/Departments of the Government of India

Copy to:-

1. Chief Executives of Central Public Sector Enterprises.
2. Financial Advisers in the Administrative Ministries/ Departments.
3. Department of Expenditure, E-II Branch, North Block, New Delhi
4. The Comptroller & Auditor General of India, 9, Deen Dayal Upadhayay Marg, New Delhi
5. NIC, DPE with the request to upload this OM on to the DPE website.
(guidelines/chapter IV)/wage policy/(c) allowances and perquisites)

Sl. No	Clarifications sought	Comments of DPE
1	<p>Whether the contribution of 1.5% of PBT to be 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-unionised supervisors under the OM dated 02.04.2009 (post-01.01.2007 retirees) {O.M No.2(70)/08-DPE (WC)}</p>	<p>The benefit for 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 for these two mutually exclusive categories of employees is also different. The scheme therefore, should also be separately framed based on DPE 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 (vide DPE O.Ms. dated 08.07.2009 and 20.07.2011). The ceiling of 30% of basic pay + 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.</p>
2	<p>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 all 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 retirees declines and the number of post - 01.01.2007 retirees increases & due superannuation etc. {O.M No.2(70)/08-DPE (WC)} {O.M No.2(81)/08-DPE (WC)}</p>	<p>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 meant for each category cannot be merged.</p>

3.	<p>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 of retired executives and other employees of CPSEs not covered under Pension Scheme? {O.M No.2(81)/08-DPE (WC)}</p>	<p>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-alia provide for superannuation benefits limited to 30% of Basic Pay + DA is meant for executives and non-unionised 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.</p>
4.	<p>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 CPSEs who are to be paid medical benefits from 1.5% PBT corpus as per DPE OM dated 08.07.2009. {O.M No.2(70)/08-DPE (WC)} {O.M No.2(81)/08-DPE (WC)}</p>	<p>DPE O.Ms. dated 08.07.2009 and 20.07.2011 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)}</p>
5.	<p>Should not such schemes have to be contributory only as per DPE guidelines? Some companies are making their Schemes contributory while HAL has proposed to fully fund the Scheme from Company funds?</p>	<p>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 their post retiral 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)}</p>
6.	<p>Whether this Scheme is covered under the limit of 50% fixed for Perks and Perquisites?</p>	<p>As per DPE O.Ms. 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)}</p>