

Public Enterprises Bhawan
Block No.14, CGO Complex, Lodi Road
New Delhi, the 21st May, 2014

OFFICE MEMORANDUM

Subject:- 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:-

- 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.

