



No.CWC/I-PMS/Rectt./2018-19/ 821-E

Dated:- 18.03.2019

CIRCULAR

In continuation to CO circular No. CWC/I-PMS/Rectt./2012-13/990A dated 31.01.2013, wherein, with the approval of Board, it was decided to introduce the PRP Scheme in the Corporation w.e.f. **2012-13**. The PRP Scheme is applicable to all the Executives / non-unionized supervisors (Group A&B) including those retired/retiring during the financial year. The officials retired/retiring during the financial year **2012-13** were paid PRP on pro-rata basis.

Now, DPE vide office memorandum No. W-02/0028/2017-DPE(WC)-GL-XIII/17 dated 03.08.17, while conveying the decision for revision in pay scale of Board level and below Board level Executives and Non-Unionized supervisors of CPSEs following IDA pattern of pay scale w.e.f. **01.01.17**, have also recommended for the revision of Pay and allowances and revision of certain parameters for payment of PRP. As such, new revised PRP Scheme was prepared and placed for approval by the Board held on **08.02.19**. With the approval of Board, it has now been decided to introduce the revised PRP Scheme in the corporation w.e.f. **2018-19**. A copy of the revised PRP scheme is enclosed.

In this connection, it is informed to all concerned that the performance of all Group A&B Officials, for the year 2018-19 may be evaluated by their controlling officers accordingly. In case of any outstanding job, the same may be justified as per the rules, since PRP is linked with the Annual Performance. The forced rating of Below Par of 10% Poor performers shall not be made mandatory. Consequently, there shall be **discontinuation of Bell-Curve**, as per DPE guidelines.

The HODs / RMs are requested to go through the revised PRP Scheme and finalise the APAR for their subordinate officers for the year **2018-19**.

Encl:- As above.

Arvind Chaudhri
18-03-19

(Arvind Chaudhri)

Group General Manager (Pers.)(Authority: Agenda item No. 342.4th, meeting of BOD held on 08.02.19)**Distribution :-**

1. All HoDs, CWC, CO, New Delhi:-with the request to bring the content of the letter to the notice of all concerned.
2. GM (MIS), CWC, CO, New Delhi – for uploading the circular on CWC website.
3. PS to Chairman / Sr.PA to MD / SAM to Dir. (Fin.), PS to Dir.(MCP), PA to CVO, CO, New Delhi.
4. Guard file.

Sub: Implementation of revised Performance Related Pay (PRP) Scheme in CWC as per the recommendations of 3rd PRC office Memorandum No. W-02/0028/2017-DPE(WC)-GL-XIII/17 dated 03.08.17

The DPE vide Memorandum No. W-02/0028/2017-DPE(WC)-GL-XIII/17 dated 03.08.17, has revised the pay of Board level and below Board level executives and Non-Unionized Supervisors of Central Public Sector Enterprises (CPSEs) w.e.f. 01.01.17. The DPE has also revised the **Performance Related Pay (PRP)** guidelines as per Annexure-IV (O.M. dated 03.08.17).

Accordingly, the PRP Scheme after incorporating the changes as per new DPE guidelines was prepared and placed before the 341th meeting of the Board of Directors vide agenda item no. 20 for approval held on 27.11.18.

The Board perused the agenda and advised that the revised Performance Related Scheme may be examined by the Remuneration Committee and thereafter its recommendation may be placed before the Board for approval.

In view of the above, as directed by Board, the revised PRP Scheme after incorporating the changes as per new DPE guidelines was placed before the remuneration committee in its meeting held on 08.02.19. The remuneration Committee has resolved as under:-

“The proposal for implementation of the Revised PRP Scheme as per DPE guidelines for the payment of PRP for the Executives and non-unionized Supervisors of the Corporation, from the year 2018-19 onwards, as contained in the agenda, be and is hereby recommended to the Board for approval”.

In view of the above, the PRP Scheme after incorporating the changes as per new DPE guidelines is proposed as under:-

1. ALLOCABLE PROFITS:

The overall profits for distribution of PRP shall be limited to 5% of 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-unionised supervisors of the CPSEs. The ratio of break-up of profit accruing from core business activities for payment of PRP between relevant year's profits to incremental profit shall be 65:35 to arrive at the allocable profits & the kitty factor.

2. PRP DIFFERENTIATOR COMPONENTS:

(A) PRP payout is to be distributed based on the addition of following parts/components:-

2.1 CPSE's Performance Component:-

- (a) Weightage= 50% of PRP Payout**
(b) Based on CPSEs MOU rating:

MoU rating	% age eligibility of PRP
Excellent	100%
Very Good	75%
Good	50%
Fair	25%
Poor	Nil

2.2 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

(c) 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].

CWC is operating in the organizational hierarchy consisting of Corporate Office, Regional Offices and Warehouses. It would be difficult to evaluate the team performance at the level of warehouses as different warehouse has different nature of work such as food grains warehouses, industrial goods warehouses, CFS/ICD/ICPs etc. The number of warehouses and the manpower posted at warehouses keeps on changing on hire/de-hiring of the warehouses/CFS etc. **Therefore, it is proposed that the team performance may be rated at the level of RO and CO only.** As per DPE's guidelines in case of CO of the CPSE, the team rating shall be the weighted average of such units based on the employee manpower strength of respective plant/unit. Since annual budget is being prepared by the Corporation on the basis of which the MOU targets are fixed by DPE, we may take the region wise budget as the targets of evaluation of team performance of the regions. Any MOU target which has not been included in the budget would be distributed to the Regional Office separately by concerned divisions. The MoU parameters, which cannot be distributed to the Regional Office, would be kept at CO and the evaluation for the same would be made at CO level. In order to evaluate weighted average rating of CO, the weighted score of targets evaluated at CO level would be taken into account. All other small units & Centres directly reporting to corporate office shall be treated as a part of Corporate Office and their team rating shall be assessed based on weightage average score of all the Regional Offices.

(d) It is also recommended that, achievement of more than 50% of target would qualify for team incentive, which shall be payable on proportionate basis as follows: -

Targets	Team Rating	%age eligibility of PRP
(i) Achievement of target 90% & above	Excellent	100%
(ii) Achievement of target 70% & above, below 90%	Very Good	80%
(iii) Achievement of target 60% & above, below 70%	Good / Average	60%
(iv) Achievement of target 50% & above & below 60%	Fair	40%
(v) Achievement of target below 50%	Poor	Nil

2.3 Individual's Performance Component:-

(a) Weightage = 20% of PRP Payout

(b) Based on Individual Performance Rating (i.e. as per the CPSEs 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. In view of dispensed of Bell curve following rating may be implemented:

Category	%age of Executive	% age eligibility of PRP (Performance Factor)
Excellent	15%	1.00
Very Good	40%	0.80
Good / Average	25%	0.60
Fair	15-20%	0.40
Poor		Nil

(Coverage against Very Good has been increased from existing 30% to 40% as performance factor has been brought down to 0.80 instead of 0.90 as earlier. This will help in accommodating maximum executives (Appx. 55%) under Excellent & Very Good category. Also, as per DPE guidelines; almost all executives will become eligible for grant of PRP until the executive has obtained a poor rating)

3. PERCENTAGE CEILING OF PRP (%AGE OF BASIC PAY)

(a) The grade wise percentage ceiling for drawl of PRP within the allocable profits has been rationalised as under:-

Grade	Ceiling (%age Basic Pay)
E0 to E3	40%
E4 to E5	50%
E6	60%
E7	70%
E8 E9	90%
Director (C & D)	100%
Director (A & B)	125%
CMD/MD (C&D)	125%
CMD/MD (A &B)	150%

For non-unionised supervisors, the PRP as percentage of BP will be decided by the respective board of Directors of the CPSE's.

4. KITTY FACTOR:

After considering the relevant year's profit, incremental profit and the full PRP pay out requirement (computed for all executives based on grade wise ceiling, CPSEs MoU rating, Team rating & individual [performance rating]), there will be two cut offs 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 breakup of allocable profit (i.e. year's 5% 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%.

Kitty Factor:

65% X Grade PRP Ceiling % X Cut off Factor (1). Plus 35% X Grade PRP Ceiling % X Cut-off factor (2).

5. COMPONENTS FOR CALCULATION OF NEW PRP:

Based on the PRP component specified above, the PRP pay out to the executives should be computed upon addition of the following three elements:

a) **Factor-X (%age of Basic Pay)**

Weightage of 50% **Multiplied with** (CPSE's MOU Rating) **Multiplied with** Kitty Factor

b) Factor-Y (%age of Basic Pay)

Weightage of 30% **Multiplied with** (Team`s Performance) **Multiplied with** Kitty Factor

c) Factor-Z (%age of Basic Pay)

Weightage of 20% **Multiplied with**(Individual`s Performance) X **Multiplied with** Kitty Factor

Net PRP = Factor X + Factor Y + Factor Z = Net % age of Annual Basic Pay

6. GENERAL TERMS & CONDITIONS FOR PAYMENT OF PRP:

The following conditions will be applicable for the payment of PRP to the executives' upto Board level appointees and non-unionised supervisors:

a) The PRP is payable for full attendance during the year. The days of Leave without Pay (LWP)/Absence without Leave (AWL) shall result in proportionate reduction in the PRP. Period of Maternity Leave /Paternity Leave/ Child Care Leave/Study Leave etc. shall not be counted for the calculation of PRP.

b) Executives/Employees who may retire on superannuation/Voluntary Retirement/dies while in service will be eligible for payment of PRP under the Scheme. Pro-rate payment of PRP will be made to the Executives/Employees who have put in service for part of the year subject to minimum service of three months.

c) In respect of Executives/Employees promoted during the course of the year, the PRP would be proportionate to the service in each grade.

d) The payment of PRP to the Executives/Employees suspended pending enquiry will be withheld till conclusion of the enquiry. The period of suspension will not be counted for calculation of PRP unless the official is exonerated after conclusion of Disciplinary Proceedings.

e) Officials awarded major penalties during the financial year will not be entitled for PRP for the penalty period.

f) Officials resigning from the service of the Corporation will not be entitled for payment of PRP for that year.

7. 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/KPA identified in the MOU. No PRP will be eligible for the CPSEs that do not enter into MOU.

8. 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-unionized Supervisors, within the prescribed limits.

9. The PRP Scheme will cover Board level and Below Board level executives and non-unionized supervisors and who are on the regular rolls of the corporation and are not covered under the purview of Payment of Bonus Act. Trainees & Executive on contractual appointment will not be entitled for PRP.
