

NATIONAL SEEDS CORPORATION LIMITED
(A Government of India Undertaking)



PERFORMANCE RELATED PAY (PRP)
(W.E.F. 01ST APRIL 2013)

**NATIONAL SEEDS CORPORATION LIMITED, NEW DELHI
(A Government of India Enterprise)**

SCHEME FOR PERFORMANCE RELATED PAY (PRP)

1.0 Title

The Scheme shall be called "Performance Related Pay (PRP) Scheme" and it comes into operation w.e.f. 01.04.2013.

2.0 Objectives

- To improve overall efficiency and productivity of the NSC Employees.
- To promote motivation & team spirit among the employees for achieving the goals of the organisation.
- To encourage high level performance by employees linking their performance to the payment under the Scheme.
- To encourage and motivate employees to achieve the targets set in the Annual MoU signed between NSC and Ministry of Agriculture and to achieve the targets / KPAs set for each employee by their Reporting Officers under the Performance Management System.
- To encourage inter unit competition for better results of individual profit centre.

3.0 Coverage

- All executives (E-0 and above including Functional Directors & CMD), governed by the IDA pay structure, who were on the regular rolls of the Corporation as on 01.04.2013 and those who subsequently joined the Corporation or switched over to the IDA pay structure after the above date with effect from the date of joining for new employees and the date of switching over in case of existing employees.
- All Supervisors (S-0 to S-8) governed by the IDA Pay Structure, who were on the regular rolls of the Corporation as on 01.04.2013 and those who subsequently joined the Corporation or switched over to the IDA pay structure after the above date with effect from the date of joining for new employees and the date of switching over in case of existing employees.
- Management Trainees (to be grouped in the Pay Scale in which they are to be absorbed after satisfactory completion of Training).
- All such employees who are working in NSC on deputation or join on deputation in future, if they opted for IDA Pay Scale and other Perks & Allowances as applicable to NSC employees.

- All such employees who have subsequently resigned, superannuated, voluntarily retired / separated from the Corporation or expired after the date of implementation of this Scheme, for the relevant period of service served by them from the date of implementation of the scheme till the date of cessation of their service on pro-rata basis subject to all other conditions of the Scheme.

4.0 **Exclusions**

The Scheme shall not be applicable to the following category of persons working in the Corporation:

- Those employees who have been rated as Poor / Below Average / Below Par in the APAR of the relevant year for which PRP is being paid.
- The employees who have been punished with a major penalty or dismissed / removed / terminated from the services of the Corporation as a measure of disciplinary action will not be eligible for PRP for the financial year in which the penalty is imposed.
- The regular employees of NSC who are governed by CDA pattern of wage structure. However, such employees will become eligible for the benefit under the scheme w.e.f. the date they have been allowed to switch over to the IDA pattern.
- Apprentices / Trainees (other than MTs).
- Employees placed under suspension, pending final decision of the Disciplinary Authority. However, in the event of revocation of suspension, the PRP payment for the period of suspension will be regulated in terms of the specific decision of the concerned Disciplinary Authority in this regard. In case any specified penalty higher than warning is imposed, then PRP will not be admissible for the period of suspension. Cases where no charge sheet is issued, PRP will be payable as per normal entitlement for the period of suspension also.
- Persons working on contract / casual /daily basis (including DPWs) whether engaged directly or through outsourcing agency / contractor and whether getting remuneration on monthly or daily basis.
- Consultants / Advisors / Coordinators and those re-employed after superannuation etc. whether on part time, full time or adhoc basis.
- The NSC employees who are working with other Govt. / autonomous organisations on deputation basis.
- Such of the deputationists working in NSC who had opted to be governed by the non-IDA Pay Structure and / or Allowances of their parent organisations.

- During the period of HPL, PRP will be regulated on the reduced basic pay for the period of HPL. During the period of EOL, unauthorised absence, desertion of service, no PRP payment shall be admissible.
- Any other employee or group of employees, who may, by special or general order, be excluded by Management from the purview of the Scheme for the reasons to be specified.

5.0 **Factors for PRP Calculations**

(A) **Annual Basic Pay**

Annual Basic Pay of the concerned individual i.e. the sum total of actual basic pay drew for the 12 months or actual period whichever is lower during the respective financial year. No other allowance or special pay, NPA, DA etc. shall be counted as part of basic pay.

(B) **Percentage Ceiling of PRP**

The percentage ceiling of PRP (Performance Related Pay) in respect of executives and non-executives as percentage of their annual basic pay shall be as under:

Grade	Designation	Pay Scale	*PRP as percentage of annual basic pay
S-0 to S-8 Discipline	Only Asst. Admin. Officer and equivalent of Group 'B', all Group 'C' & 'D' employee	Rs.7600-19600 to Rs.10900-31500	20%
E-0 to E-2	Admin. Officer & Equivalent to Manager and equivalent	Rs.12600-32500 to Rs.20600-46500	30%
E-3 to E-5	Asstt. GM to Addl. General Manager	Rs.24900-50500 to Rs.32900-58000	40%
E-6 to E-7	GM to Sr. GM (Below Board Level)	Rs.36600-62000 to Rs.43200-66000	45%
Schedule 'B'	Functional Director	Rs.65000-75000	150% (or as per terms of appointment)
Schedule 'B'	CMD	Rs. 75000-90000	200% (or as per terms of appointment)

**Note :1. The above entitlements of percentages of PRP for various categories of employees can be reviewed by the Competent Authority depending upon the financial position of the Corporation subject to the maximum ceilings Permissible under the DPE guidelines.*

(C) **MoU Rating** :

PRP is to be linked to the Memorandum of Understanding (MoU) rating achieved by the Corporation in the respective financial year and the eligibility percentage for PRP shall be based on the rating so achieved by the Corporation in MoU signed between the Corporation and Department of Agriculture & Cooperation, Ministry of Agriculture, as per the following criterion:

MoU Rating	Eligibility % for PRP
Excellent	100%
Very Good	80%
Good	60%
Fair	40%
Poor	Nil

(D) **Individual Performance (IP):**

The eligibility percentage for PRP of an employee shall be based on individual performance under Performance Management System of the Corporation in vogue in the respective year. The eligibility percentage for individual's PRP shall be as under:

Overall Rating	Eligibility for individual's PRP
Outstanding / Excellent	100%
Very Good	80%
Good	60%
Average / Fair / Satisfactory	40%
Poor / Below Satisfactory	Nil

5.1 **Methodology for payment of PRP:**

In alignment with the above factors / considerations detailed methodology for calculation of PRP in NSC is proposed as under:

(a) PRP to eligible employees could be paid as per the following formula :

$\text{PRP} = \text{PRP (Current Profit)} + \text{PRP (incremental profit)}$ $\text{PRP (current profit)} = (60\% \times A \times B \times C \times D \times E_c)$ $\text{PRP (incremental profit)} = (40\% \times A \times B \times C \times D \times E_i)$ <p>Ec: is the ratio of amount available for PRP (current year's profit) to the amount required not exceeding 1.</p> <p>Ei: is the ratio of amount available for PRP (Incremental profit) to amount required not exceeding 1.</p>

(i) PRP for the incremental profit will not be payable to the employees of the ROs / AOs which have incurred financial loss during the concerned PRP Year except for such employees whose overall rating in the APAR is "very good" or "Outstanding", with specific approval of CMD. However, in case of such ROs / AOs who have made incremental profit or have reduced the overall loss in the PRP year, as compared to the previous year (although not made any incremental profit) will be

entitled to PRP for the incremental profit as applicable to the Corporation as a whole. For Head Office employees PRP for incremental profit will be regulated on the incremental profit / loss made by the Corporation as a whole.

- (ii) However, based on the recommendations of the Remuneration Committee, the Board may decide about release of PRP for incremental profit of any particular RO / AO where the performance was sub-optimal due to the reasons beyond the control of employees, resulting in loss. The Board may also decide to regulate PRP for incremental profit on the basis of overall incremental profit of the Corporation of any particular RO / AO who have suffered financial loss due to vagaries of nature without any fault of the employees of that particular Unit.

(b) **PRP available amount:**

The distributable PRP shall be worked out based on financial performance of the corporation on the following basis:

- (i) 60% of the PRP will be given within the ceiling of 3% of PBT (for current financial year) as per the audited accounts.
- (ii) 40% of the PRP will come out from 10% of the incremental profit. Incremental profit would mean the increase in profit as compared to the previous year's profit.
- (iii) The total PRP shall be limited to 5% of the year's PBT.

(c) **Computation of Ec & Ei factors :**

These factors require calculation of the amounts available for PRP payments which is 3% of PBT and 10% of incremental profit (with a limit of 2% of PBT) based on the audited accounts as published in the Annual Report of NSC. The amounts required for PRP will be worked out by F&A Department and to be approved by the Board on the recommendation of the Remuneration Committee of the Board. However, if in the opinion of the Remuneration Committee sufficient funds are available for implementation of PRP, the elements Ec & Ei will be taken as 1.

(d) **Calculation of PRP required amount**

The required amount for PRP is calculated by considering 'Annual Basic Pay', percentage ceiling of PRP based on Employee's Grade, Eligibility percentage for PRP considering MoU Score of the Corporation as Excellent (100%), Individual Performance rating as Outstanding (100%).

Total PRP required amount shall be summation of individuals PRP required amount of all Executives & Non-Executives of the Corporation.

6.0. Calculation of PRP of individual Employee

Example of how the PRP is to be calculated for individual employee keeping in view the following assumptions is given below:-

Assumptions:

If the Corporation records Rs.100 Crores PBT in a year, the amount available for PRP will be Rs. 3 Crore. Further, if the PBT signifies an increase of Rs. 70 Crores over PBT of the previous year (i.e. previous year's profit was only Rs. 30 Crores) there will be an additional amount of Rs.7 Crores (10% of Rs. 70 Crores) available for PRP making a total of Rs.10 Crores. However, in view of the cap of 5% of the PBT, amount available for PRP to the employees will be restricted to only Rs. 5 Crores i.e. 3 Crores from current year's PBT and 2 Crores from incremental profit instead of 10 Crores. In other words, the total will not exceed 5% of PBT. The assumption is further amplified as under:

(i)	Category of CPSE	“B”
(ii)	MoU Rating for the concerned financial year	“Outstanding (100%)”
(iii)	Concerned year's PBT	Rs. 100 Crores
(iv)	Incremental PBT over the previous financial year	Rs. 70 Crores
(v)	Share of PBT from relevant year's profit available for PRP (3% of PBT for 2013-14)	3Crores
(vi)	Share of PBT available from incremental profit (10% of Incremental Profit)	Rs. 7Crores
(vii)	Share of PRP from incremental profit (2% of PBT for 2013-14)	Rs. 2Crores
(viii)	Maximum PRP payable	Rs. 5 Crores
(ix)	Grade of Executive	(E-5) 40%
(x)	Basic Pay (Annual)	Rs.4,08,000/-
(xi)	Performance Rating of the Executive	Outstanding (100%)

Example :

	Component Factor	ABP	MoU rating	Gd. of employee	% of individual's rating	Ratio of reqd. amt. to available amt.	Annual PRP amount
	1	2 (Rs.)	3	4	5	6	7 (Rs.)
PRP from current year's profit	0.60	X 408000	X 1.00	X 0.40	X 1.0	X 1.0	97920
PRP from increment	0.40	X 408000	X 1.00	X 0.40	X 1.0	X 1.0	65280

al profit							
Total PRP							163200

Note : 1

Column -1 : Component of PRP (60% from Current Profit and 40% from Incremental Profit)

Column -2 : Annual Basic Pay (Para 5.0-A)

Column-3: MOU Rating (Excellent-100%, Very Good–80%, Good-60%, Fair/Average-40%) (Para5.0-C)

Column -4: Grade Incentive (Para 5.0-B)

Column -5: Individual’s Performance Rating (Para 5.0-D)

Column -6: Ratio of Required amount to available amount (Ec for current years PBT and Ei for Incremental PBT) (Para 5.1-c)

Column -7: Annual PRP Amount is Product of Column 1 to 6

Note : 2

X : Means sign of multiplication

The PRP from incremental profit will be based on the Annual Performance of the Corporation for 2013-14 and will be payable in 2014-15 and so on.

7.0. **Importance of Annual Performance Appraisal Reports and the provision of ‘Bell Curve Approach’.**

As per Govt. guidelines PRP to individuals and groups will be based on performance against key Performance areas and therefore CPSEs should develop a robust and transparent PMS system and adopt ‘Bell Curve Approach’ in grouping the officers so that not more than 10% to 15% executives are outstanding / excellent and similarly 10% of executives should be graded as below par / Poor.

In NSC, the existing APAR system is based on earlier government guidelines where there was no column of overall rating and without any system of awarding marks for various competencies expected of the executives. Therefore the existing system is not fully aligned to the proposed robust PMS having ‘Bell Curve Approach’. The Corporation has now framed a new PMS Manual meeting all the requisite guidelines on the subject and also provision for ‘Bell Curve Approach’. For the purpose of ‘Bell Curve Approach’ it is proposed to adopt the grouping of employees as applicable in Promotion Policy. Within the overall strength of Officers Category (E-0 & above) for the Corporation as a whole and in respect of Supervisors Category (S-0 to S-8) depending upon the strength of the concerned Farm in case of Farm workers and in case of the Supervisors of ROs and Head Office, their strength will be clubbed together.

8.0 **Payment of PRP for 2013-14**

It is proposed that for the financial years 2013-14, ‘Bell Curve Approach’ may not be fully insisted upon and the PRP may be released on the basis of the final rating awarded by the Reviewing Authority / Accepting Authority. In

cases of executives where the Reviewing Authority or Accepting Authority have not mentioned the overall rating of the Officer, such reports may be submitted to CMD for moderation and to indicate the final rating based on the nature of the remarks given by the Reporting / Reviewing Authorities. However, in case of non-executive category, since the number of non-executives is quite high, this exercise may not be feasible. Therefore, it is proposed that the reports which do not indicate the 'overall evaluation' by any of the authorities, the PRP may be made as applicable to 'Good' category. However, the cases where the lowest grading has been given in the Report or the cases where any adverse remarks have been communicated on the Report of the respective year, or where any of the major penalties has been imposed on the employee, during the concerned financial year, the same may be treated as 'Poor' rating for which no PRP is payable. For finalising the above exercise, a Committee of concerned Divisional Head, GM (HR) and GM (F&A) is proposed who will put up the proposal to CMD for deciding the overall rating of the concerned individuals for the purpose of PRP.

Further, in respect of those employees in respect of whom the Annual Performance report could not be written for want of minimum period of assessment, PRP will be paid on the basis of 'Good' rating. In case of the employees whose Annual Performance Appraisal Report for the respective financial year is not available in record having been lost/misplaced, provisional PRP could also be released corresponding to 'Good' rating subject to enquiry as required under PMS policy. In case of MTs, the PRP may be paid as applicable to "Good" rating, except in cases where the performance during the training period has been adversely commended upon / communicated by GM (HR), on the basis of feedback from the concerned Head of Department.

9.0 **Modalities for Operating the Scheme**

- (a) The Scheme shall be administered jointly by HR Department & F&A Department of Head Office.
- (b) All necessary calculations shall be done by F&A Department at Head Office on the basis of information supplied by HR Deptt. for all offices & categories.
- (c) MoU rating of the Corporation of the respective year shall be obtained from DPE by F&A department at Head Office.
- (d) Profit Before Tax (PBT) of the respective financial year and incremental profit of previous year shall be provided by Head Office Finance Deptt. toROs / Head Office HR Department.
- (e) Individual Performance rating of all employees shall be provided by HR Department of Head Office to F&A Department.
- (f) The PRP available amount PRP required amount as per procedure shall be worked out by F&A department at Head Office.

- (g) F&A Department shall calculate the actual PRP amount payable to each employee after receipt of requisite information from ROs & HR Department.
- (h) F&A Department at Head Office shall consolidate the gross actual PRP amount payable for Head Office, Regional Offices & AOs. The same shall be communicated along with all necessary factors used in the calculation to HR department of Head Office for obtaining necessary approval of duly constituted Remuneration Committee. After the approval, HR department shall send a communication to F&A department of Head Office, ROs and AOs for disbursement of PRP. Provision of PRP in the financial year for payment in next year shall be made by Finance Department.

10.0 **General** :

- (i) PRP under this Scheme will be paid on Yearly basis after the Corporation's accounts are finalised and approved in Board, the Annual General Meeting, and receipt of final MoU rating from DPE.
- (ii) No other incentive on account of Performance / Profit / Productivity would be admissible to employees after the implementation of PRP Scheme, except payments under the Payments of Bonus Act wherever applicable.
- (iii) Employees leaving the Corporation due to any reason (e.g. Superannuation / Retirement, Resignation) during the year will be paid PRP on pro-rata basis along with all other employees at the time of release of PRP for that year as per the provisions of the Scheme. The individual performance rating of the previous year would be taken into account for such employees whose APAR for the relevant period is not filled (being less than 3 months service). However, if service period is more than 3 months, APAR will be got filled for that period by the concerned HR Department. Similarly employees joining the Corporation during the year shall be paid PRP on pro-rata basis and assuming their APAR rating as 'Good' in case their Performance Appraisal Report for the relevant period is not filled in being less than 3 months service.
- (iv) In case of employees under suspension, PRP amount shall be withheld till conclusion of disciplinary proceedings if initiated and payment of PRP shall be made as per the decision of the Disciplinary Authority upon conclusion of disciplinary proceedings. In case any penalty higher than warning is imposed in such cases, then PRP will not be admissible for the period of suspension. Cases where no disciplinary proceedings are initiated or the person has been exonerated, PRP will be payable as per normal entitlement for the period of suspension also.
- (v) The amount of PRP shall neither be termed as Pay or Allowances, nor Wages. Accordingly, this amount shall not count for any service benefits i.e. computation of HRA, Bonus, Overtime Allowance, Perks, Leave Encashment, Pay Fixation, PF or Gratuity etc. However, the

same shall be subject to income tax as per Income Tax Act or any other statute.

- (vi) The PRP payable under this scheme will be subject to such ceilings / guidelines as may be fixed by the Govt. from time to time.
- (vii) The amount of PRP calculated on the basis of data maintained by Management shall be final and binding.
- (viii) The scheme may be reviewed if required, and the Management reserves the right to revise the formula of eligibility criteria, payment criteria, methodology etc. appearing in the Scheme, as appropriate.
- (ix) In case of any dispute / ambiguity in defining and explaining the provisions of the scheme or applicability of the scheme, the matter shall be referred to CMD whose decision shall be final.
- (x) The Management reserves the right to withhold / withdraw / modify the Scheme anytime at its discretion which shall be final and binding
