

कोल इण्डिया लिमिटेड

महारत्न कम्पनी

(भारत सरकार का उपक्रम)
कॉर्पोरेट पहचान सं. L23109WB1973GOI028844
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Ref : CIL/C-5A(PC)/1186



Coal India Limited

A Maharatna Company

(A Govt. of India Enterprise)

Corporate Identity No.- L23109WB1973GOI028844

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Dated : 08.03.2016

OFFICE MEMORANDUM

Sub: Payment of PRP for the year 2009-10 to 2014-15

CIL Board in its 324th meeting held on 11th Feb, 2016 at Kolkata approved the payment of PRP for the year 2009-10 to 2014-15 to the eligible board level and below board level executives of CIL and all its subsidiaries.

The computation & payment of PRP to the executives will be done in accordance with the methodologies as provided in the **Annexure-I** enclosed.

The CIL Hqrs. & subsidiaries shall adopt the following procedure for PRP billing and payment:

- CIL Hqrs & subsidiaries will prepare segment wise, discipline wise & grade wise Performance Groups corresponding to the PMS Scores for each year as provided in the methodology to determine the percentage of PRP benefit.
- PRP payable to Executives shall be computed by assuming 'R' factor (Ratio of the required amount to the available amount) in the formula as 1 and will communicate the total amount to CIL Finance department within 31st March, 2016.
- Based on the data from CIL and subsidiaries, the CIL Finance Division will determine the "ratio of the required amount to available amount", i.e., 'R' factor and communicate to the subsidiaries.
- The Subsidiaries will, thereafter, revise the bill by taking the value of 'R' factor as communicated by the CIL Finance Division and take further action for PRP disbursement.

The lump sum advance paid earlier for the years 2009-10 & 2010-11 will be adjusted from the payable amount of PRP.

All the concerned are advised to take necessary action as above.


(R. Mohan Das)
Director (P&IR)

Distribution:

- The Chairman, CIL
- The CMDs, ECL/BCCL/CCL/NCL/WCL/SECL/MCL/CMPDIL
- The Director (T)/ Director (M)/ Director (F), CIL, Kolkata
- The CVO, CIL, Kolkata
- The Director (F)/ (P)/ (T), ECL/BCCL/CCL/NCL/WCL/SECL/MCL
- The Director (T/RD&T)/ (T/CRD)/ (T/P&D), CMPDIL, Ranchi
- The GM/ HOD (P/EE), ECL/BCCL/CCL/NCL/WCL/SECL/MCL/CMPDIL
- The ED (IICM), Ranchi
- All HODs, CIL, Kolkata
- The GM (System), CIL - with a request to upload the same on CIL website.

Proposed Methodology for Payment of PRP

I. Methodology for payment of PRP for the period from 2009-10 to 2014-15:

- i. The payment of PRP to the executives of CIL and its subsidiaries will be based on the corpus, as approved by the Cabinet, as communicated by MOC vide its letter dated 26.10.2015.
- ii. 60% of PRP will be given with the ceiling of 3% of the corpus and 40% of PRP will come from 10% of incremental profit (corpus). Incremental profit would mean the increase in profit (corpus) as compared to the previous year's profit (corpus). The total PRP, however, will be limited to 5% of the year's corpus. The corpus available for the period from 2009-10 to 2015-16 will be as determined by the Finance Department of CIL following the relevant guidelines.
- iii. The methodology of calculation of PRP will be as follows:

Amount payable to individual executive will be based on the formula -

$A \times M \times E \times G \times R \times P$, where

A = Annual Basic Pay for the year

M = MOU rating of CIL/concerned subsidiaries as the case may be.

E= Executive Performance ratings.

G= Grade Incentive (% of Basic Pay) of the Executive

R= Ratio of required amount to available amount.

P= Component of PRP (60% from the current profit [corpus] and 40% from incremental profit [corpus])

(Illustration of computation of PRP is provided in **Annexure- IA**)

- iv. The applicable percentage ceiling of PRP to different grades, as prescribed in DPE guidelines, would be as per Table II given below:

Table - II: Table showing grade-wise PRP benefit as a percentage of basic.

Grade	% of Basic Pay
E1 to E3	40%
E4 to E5	50%
E6 to E7	60%
E8 to E9	70%
Director (A&B)	150%
CMD (A&B)	200%

- v. Eligibility level of PRP of an executive on the basis of achievement of CIL/concerned subsidiary, as the case may be, as per MOU rating of CIL/ subsidiary would be as per Table-III.

Table - III: Table showing PRP benefit against MoU rating

MOU Rating	Eligibility Level
Excellent	100%
Very Good	80%
Good	60%
Fair	40%
Poor	NIL

MoU rating of subsidiaries for the period from 2009-10 to 2013-14 is as per Table-IV.

Table - IV: Table showing MoU rating of subsidiaries for the period from 2009-10 to 2013-14

Company	MoU Rating (Audited) from 2009-10 to 2013-14				
	2013-14	2012-13	2011-12	2010-11	2009-10
CIL	Excellent	Excellent	Excellent	Very good	Excellent
BCCL	Excellent	Excellent	Excellent	Excellent	Excellent
CCL	Excellent	Excellent	Excellent	Very good	Very good
CMPDI	Excellent	Excellent	Excellent	Very good	Excellent
ECL	Excellent	Excellent	Very good	Fair	Very good
MCL	Very good	Excellent	Excellent	Very good	Excellent
NCL	Good	Very good	Excellent	Very good	Excellent
SECL	Excellent	Excellent	Excellent	Excellent	Excellent
WCL	Excellent	Very good	Excellent	Very good	Excellent

vi. Performance Groups and PRP Benefit

1. The percentage distribution of executives in different performance groups (PG) and their admissible PRP benefit would be as provided in Table-V.

Table - V: Table showing Performance Groups and PRP Benefit

Performance Group	Percentage of executive in the Performance Group	PRP Benefit
PG 1	First 15%	100%
PG 2	Next 20%	90%
PG 3	Next 40%	80%
PG 4	Next 10%	70%
PG 5	Next 05%	60%
PG 6	Next 05%	15%
PG 7	Last 05%	05%

The above classification of performance groups will apply for the purpose of computation of PRP only. For all other purposes such as promotion etc. the actual PMS score of the executives should be considered.

Minimum score to be obtained in PMS rating for inclusion in different Performance Groups as given in Table-V would be as provided in Table-VI.

Table - VI: Table showing Performance Group and minimum score required under PMS

Performance Group	Minimum score to be secured		
	EER	PRIDE	PAR
PG 1	85%	4	1.50
PG 2	85%	4	1.50
PG 3	60%	3	2.50
PG 4	60%	3	2.50
PG 5	41%	2	3.50
PG 6	41%	2	3.50
PG 7	41%	2	3.50

2. The distribution of executives in different performance group as provided in Table-V will be done in two segments in subsidiaries: **Segment 1: Hqrs, Segment 2: Field.**
 - a. Hqrs segment would include all executives posted in Hqrs and other establishments directly attached to the Hqrs as defined by the subsidiary as its part.
 - b. Field segment would include all the rest of the executives posted in Areas & Units who are not covered under 2(a).

Procedure for Performance Group distribution of Field Segment

A list of all the executives in each grade of a discipline in field segment may be prepared in descending order of the final marks as given by the accepting authority in PMS in the year under consideration and the cut-off as per the percentage of executives in each Performance Group as provided in Table-V may be determined.

Procedure for Performance Group distribution of Hqrs Segment

The executives posted in Hqrs segment are very fewer in numbers in each discipline. Therefore, the descending order list as explained above may be prepared for all executives in each grade, irrespective of their discipline, under a Functional Director and cut-off may be fixed as per Table-V.

3. While deciding the cut-off if tie arises, the tie may be decided by applying the following criteria as per the order:
 - a) ~~Grade~~^{Score} given by the Reporting Authority in case of PAR/EER, higher score being the topper.
OR
Score given by the Reporting Authority in case of PRIDE, higher score being the topper.
 - b) Inter-se seniority of the executive, senior being the topper.
4. PRP Benefit would not be admissible for the following categories of Executives:
 - a) Those who are rated "Poor/ Inadequate/ Fair" in their PMS for the relevant year.
 - b) Executives who failed to submit PMS form (Self Appraisal) for the Financial year.
 - c) Executives terminated from service, absconding/ unauthorized absenting and awarded punishment during the Financial year.
 - d) Executives remained under suspension during the entire Financial year.
 - e) Other Executives who were on authorized leaves including Study leave for more than 3 months during the Financial year (PRP Benefit is limited to pro-rata basis).
5. Similar to subsidiary Hqrs, the executives posted in CIL are very fewer in numbers in each discipline. Therefore, the descending order list may be prepared for all executives in each grade, irrespective of their discipline, under a Functional Director and cut-off may be fixed as per Table-V.
6. Board level executives for each discipline in a subsidiary / CIL are limited in numbers (either one or two). Therefore, it is practically not possible to derive any form of distribution in the case of Board level executives. The rating by the Accepting Authority may be taken as final in the case of CMDs and Functional Directors of CIL and subsidiaries.

II. Methodology for payment of PRP for the year 2015-16

1. The methodology provided under para (I) (i) to (v) for payment of PRP for the period from 2009-10 to 2014-15 will apply for the year 2015-16.
2. The percentage distribution of executives in different Performance Groups for the year 2015-16 & onwards and their PRP benefit would be as provided in Table-VII.



Table - VII: Table showing Performance Groups and Percentage of Executives and PRP Benefit

Performance Group	Percentage of executive in the Performance Group	PRP Benefit	Minimum Score	
			PRIDE	PAR
PG 1	15%	100%	4	1.5
PG 2	First 20%	90%	3	2.5
PG 3	Next 40%	80%	3	2.5
PG 4	Next 10%	70%	3	2.5
PG 5	Next 05%	60%	3	2.5
PG 6	05%	15%	2	3.5
PG 7	Next 05%	05%	2	3.5

3. Since the PMS is now in on-line mode, the percentage distribution shown in Table-VII may be maintained by appropriate programming in the on-line system so that the Reporting, Reviewing and Accepting authorities are not permitted to go beyond the percentage limits. By this method, it shall be ensured that the distribution, as mentioned in Table-VII, is achieved for each grade of a discipline in a subsidiary for Hqrs. and fields separately.
4. "Below Par" for the purpose would mean the executives falling under "Fair" and "Poor" grades of performance under the PMS (PRIDE and PAR) and other executives as mentioned in para (I) (vi) (4) (a) to (e).
5. After completion of the Performance Appraisal by the Final Authority, the system will generate the moderated score for Hqrs segment & Field segment separately as explained at I (vi) (2) to (5) to maintain grade wise discipline wise distribution as provided in Table-VII.

Note:

The lump sum advance paid earlier for the years 2009-10 and 2010-11 as per the OM no. CIL/Pers/ PRP/ 2010-11/73/G dated 15.11.2011 of GM (Pers), CIL, may be adjusted from the payable amount of PRP. However, the executives who could not earn any PRP for the years 2009-10 and 2010-11, the advance paid may be recovered from their salary.


(R Mohan Das)
Director (P&IR)

Annexure – IA

Illustration of methodology for computation of PRP for the year 2009-10

Case 1: Executive posted in Hqrs of a subsidiary falling under the PG3.

i.	MOU rating of the subsidiary	Very Good (80%)
ii.	Share of corpus for the year 2009-10 (3% of Corpus fro 2009-10)	Rs. 400 Cr
iii.	Amount required for current year's PRP (60% component)	To be assessed by CIL
iv.	Share of corpus available from incremental profit	Rs. 800 Cr.
v.	Amount required for incremental PRP (40% component)	To be assessed by CIL

Example

a)	Grade of Executive	E5 (50%)
b)	Basic Pay (Annual)	Rs. 4,80,000
c)	Performance rating	PG3 (80% PRP benefit)

	(1)	(2) (Rs)	(3)	(4)	(5)	(6)	(7) (Rs)
PRP from Current Profit (60% component)	0.60	4,80,000	0.80	0.50	0.80	1.0 (Assumed)	92,160 (provisional PRP) (col. 1 X 2 X 3 X 4 X 5 X 6)
PRP from incremental profit (40% component)	0.40	4,80,000	0.80	0.50	0.80	1.0 (Assumed)	61,440 (provisional PRP) (col. 1 X 2 X 3 X 4 X 5 X 6)
Ratio of required amount to available amount (communicated by CIL) for 60 % component							0.9
Ratio of required amount to available amount (communicated by CIL) for 40 % component							0.8
Actual PRP payable for 60 % component							92,160 X 0.9 = 82,944
Actual PRP payable for 40 % component							61,440 X 0.8 = 49,152
Actual Total PRP payable							82944+49152=1,32,096*

(* Advance paid to be adjusted from the actual payable amount)

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- (1) - Component of PRP
- (2) - Annual Basic
- (3) - MOU rating of the subsidiary
- (4) - Grade incentive
- (5) - Executive Performance rating
- (6) - Ratio of the required amount to available amount
- (7) - Annual PRP amount



Case 2: Executive posted in Area falling under PG1

i.	MOU rating of the subsidiary	Very Good (80%)
ii.	Share of corpus for the year 2009-10 (3% of Corpus fro 2009-10)	Rs. 400 Cr
iii.	Amount required for current year's PRP (60% component)	To be assessed by CIL
iv.	Share of corpus available from incremental profit	Rs. 800 Cr.
v.	Amount required for incremental PRP (40% component)	To be assessed by CIL

Example

a)	Grade of Executive	E6 (60%)
b)	Basic Pay (Annual)	Rs. 6,80,000
c)	Performance rating	PG1 (100% PRP benefit)

	(1)	(2) (Rs)	(3)	(4)	(5)	(6)	(7) (Rs)
PRP from Current Profit (60% component)	0.60	6,80,000	0.80	0.60	1.0	1.0 (Assumed)	1,95,840 (provisional PRP) (col. 1 X 2 X 3 X 4 X 5 X 6)
PRP from incremental profit (40% component)	0.40	6,80,000	0.80	0.60	1.0	1.0 (Assumed)	1,30,560 (provisional PRP) (col. 1 X 2 X 3 X 4 X 5 X 6)
Ratio of required amount to available amount (communicated by CIL) for 60 % component							0.9
Ratio of required amount to available amount (communicated by CIL) for 40 % component							0.8
Actual PRP payable for 60 % component							1,95,840 X 0.9 = 1,76,256
Actual PRP payable for 40 % component							1,30,560 X 0.8 = 1,04,448
Actual Total PRP payable							1,76,256 + 1,04,448 = 2,80,704*

(* Advance paid to be adjusted from the actual payable amount)

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- (1) - Component of PRP
- (2) - Annual Basic
- (3) - MOU rating of the subsidiary
- (4) - Grade incentive
- (5) - Executive Performance rating
- (6) - Ratio of the required amount to available amount
- (7) - Annual PRP amount

