



**ASSOCIATION OF SCIENTIFIC & TECHNICAL OFFICERS
OIL AND NATURAL GAS CORPORATION LIMITED**

Registered with the Registrar of Societies, Dehradun Uttarakhand, Registration No. 172 (1967-68)
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Dehradun
August 27, 2014

To,
The Director (HR)
ONGC
Jeevan Bharti
New Delhi.

SUB: ONE-THIRD COMMUTATION UNDER PRBS SCHEME.

Sir,

We once again congratulate you on assuming the charge of Director (HR) of our esteemed organization and would like to thank you for your concern and support on the issue of renovation of ONGC Colony at Dehradun.

We would also like to bring to your notice an important change that has been affected by the ONGC PRBS Trust as a result of the Office Memorandum with reference no. F.No.W-02/0017/2014-DPE-(WC)-GL-XI/14 dated May 21, 2014 issued by Under Secretary, Department of Public Enterprises (copy attached). The ONGC PRBS Trust in view of the clarification issued in the above office memorandum has stopped the commutation of one-third of the pensionable corpus accumulated in the beneficiary's account. We believe that a clarification should have been first sought by the Trust on the meaning of words 'no provision of commutation' used in the Office Memorandum.

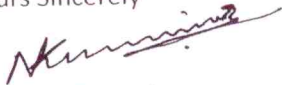
Sir, the one-third commutation provision is an important provision in the pension scheme, which enables the beneficiary to receive a lump sum amount apart from the regular pension later on. The NPS pension scheme introduced by the Central Government also has a provision of commutation of up to 60% of the accumulated corpus. Commutation of the one-third pensionable corpus is also exempt under section 10(10A)(ii)(a) of the Income Tax Act 1960.

The arbitrary stoppage of the commutation provision without making a representation to the DPE and seeking clarification is causing hardship to beneficiaries who are retiring now and had planned for retirement keeping in mind the commutation provision.

Sir, we earnestly believe that ONGC and PRBS trust should make a representation to the DPE and plead for continuation of the one-third commutation provision. We look forward to a favorable response from you and request you to kindly issue necessary instructions.

Thanking you.

Yours Sincerely


(Nishant Kumar)
Secretary – ASTO Dehradun

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.

- vii) An employee should have put in a minimum of 15 years service rendered in continuity in CPSE(s) at the time of superannuation, and benefits would be allowed by a CPSE from where the incumbent has superannuated.
- viii) The services rendered in the Government prior to joining CPSE would not count for the purpose of computation of total service in a CPSE required for availing the benefits of this scheme.
- ix) As regards Board level executives, who are contractual appointees, they too can enjoy the benefits under these schemes provided their total period of service rendered in continuity in CPSE(s) including the period at Board level in a CPSE is not less than 15 years, at the time of superannuation.
- x) In the event of any employee resigning from the services of CPSE and joining another CPSE having broadly similar schemes, the entire amount of employer's and employee's contribution along with interest accrued thereon can be transferred to such CPSE. However, employees who resign from CPSE to join another CPSE, not having similar schemes, or any organization not being a CPSE (irrespective of whether such scheme exists in that organization), shall not be allowed the benefit of transferring their accumulated fund under these schemes. However, the employee's contribution along with accrued interests shall be refundable to the employee.
- xi) Benefits of the schemes should not be extended to employees posted on deputation to CPSE from Central/State Government.
- xii) In case a regular member of the scheme dies/becomes permanently disabled & incapacitated, leading to cessation of his/her service, before putting in 15 years of service in a CPSE prior to superannuation, he/she may be given the benefits as admissible under these schemes.
- xiii) Cases of VRS/VSS for which specific scheme have been framed would be examined in terms of such specific schemes of VRS/VSS of the Government applicable in respect of employees of CPSEs. Benefits under these schemes would not accrue to VRS/VSS optees automatically.
- xiv) At the time of superannuation, an employee may opt for Annuities from any of the designated Annuity Saving Service Providers to provide the pension and/or post retiral medical benefits.
- xv) The admissibility of benefits under these schemes to the employees against whom disciplinary proceedings are pending at the time of superannuation is to be regulated as per the Conduct, Discipline & Appeal Rules of the CPSE.
- xvi) In cases of resignation (excluding resignation covered under 'technical formality clause') and compulsory retirement, removal, dismissal because of disciplinary proceedings, the annuity would be based only on member's contributions, if any, and interest thereon.

