

NATIONAL SEEDS CORPORATION LIMITED
BEEJ BHAWAN, PUSA COMPLEX,
NEW DELHI - 110012

No. 130 (1)/13-HR/NSC

Date: 04.09.2021

CIRCULAR

Sub: Modification of Performance Related Pay (PRP) scheme as per the 3rd PRC Office Memorandum No. W-02/0028/2017-DPE(WC)-GL-XIII/17 dated 03-08-2017 & OM No. W-02/004/2018-DPE(WC)-GL-X/20 dated 01.07.2020 effective from FY 2017-18.

The Board of Directors in its 295th meeting held on 18.6.2021 has approved the modified Performance Related Pay scheme applicable from the FY 2017-18 for the employees of Corporation.

The approved Performance Related Pay Scheme for employees of the Corporation has been placed on the website of NSC for reference.

In the view of the above, all Heads of Department/ Regional Managers/ Heads of Farm may bring the above scheme to the notice of employees working under them.


(Sheelendra Kumar)

Addl. General Manager (HR)

Encl.: as stated above

Distribution:

1. Director (Finance) / Director (Commercial)
2. All Head of Department, Corporate Office, New Delhi
3. All Regional Manager/ Head of Farms, NSC
4. IT Cell, Corporate Office, New Delhi for uploading the same on NSC Website.
5. APS to CMD
6. Guard File.

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Revised Performance Related Pay (PRP) Scheme in National Seeds Corporation Limited (NSC Ltd.) in accordance to 3rd PRC Office Memorandum No. W-02/0028/2017-DPE(WC)-GL-XIII/17 dated 03.08.2017 and Office Memorandum No. W-02/004/2018-DPE(WC)-GL-X/20 dated 01.07.2020 issued by DPE

The main features of revised Performance Related Pay (PRP) Scheme are 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 of the Corporation (without consideration of interest on idle cash / Bank balances), which will be exclusively for Executives, Non-Unionized Supervisors and Workmen of the CPSE's. The ratio of break-up of profit accruing from the 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 and the Kitty Factor.

2. PRP DIFFERENTIATOR COMPONENTS: PRP payout is to be distributed based on the addition of following parts/ components –

2.1 Part-I: CPSE's performance component (MoU Rating) – Weightage 50%

MoU Rating	%age eligibility of PRP
Excellent	100%
Very Good	75%
Good	50%
Fair/ Average	25%
Poor	NIL

2.2 Part-II Corporate Office/ Regional Office/ Farm Performance component – Weightage 30%

Regional Office / Farm / Corporate Office Rating	%age of eligibility of PRP
Excellent	100%
Very Good	80%
Good	60%
Fair/ Average	40%
Poor	NIL

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National Seeds Corporation Limited is operating in the organizational hierarchy consisting of Corporate Office, Regional Offices, Farms (includes Blocks & Chaks etc), Area Offices [which includes Production Centre(s)/Marketing Centre(s)], Vegetable Packing Centre(s), QCL(s) etc. It would be difficult to evaluate the team performance at Area Office level, as different Area Offices has different nature of work i.e. either Production or Marketing of seeds. The Profit Centre in NSC is worked out at Regional Office Level; all the targets are collectively achieved by different area offices working under Regional Office. Similarly, at Farms the profit is collectively calculated at Farm and not at Block / Chak level working under respective Farm. Therefore, the Unit performance will be rated at the level of Regional Office and Farm only instead of calculating it on Area Office/ Block/ Chak level.

As per DPE guideline in case of Corporate Office of the CPSE, the Unit rating shall be the weighted average of all such ROs/ Farms based on the employees manpower strength of respective ROs/ Farms. 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/ Farm wise budget as the targets of evaluation of performance of respective Region / Farm. Any MOU target which has not been included in the budget would be distributed to the Regional Office/ Farm separately by concerned divisions. The MoU parameters, which cannot be distributed to the Regional Office/ Farm, would be kept at Corporate Office and the evaluation for the same be made at Corporate Office level. In order to evaluate weighted average rating of Corporate Office, the weighted score of targets evaluated at Corporate Office level would be taken into account. All other small Units & Centers which are directly reporting to Corporate Office shall be treated as a part of Corporate Office and their team rating shall be assessed based on weighted average score of Corporate Office.

2.3 Part-III: Individual's Performance Component – Weightage 20%

Individual Performance Rating	%age of eligibility of PRP
Excellent	100%
Very Good	80%
Good	60%
Fair	40%
Poor	NIL

The forced rating of 10% as Below PAR/ POOR performer shall NOT BE MANDATORY. Consequently there shall be discontinuation of Bell Curve. As per the OM of DPE dated 03.08.2017, the CPSEs are empowered to decide on the ratings to be given to Employees; however, capping of giving "Excellent" rating to not more than 15% of the total Employees



(below Board Level & at any grade) in each Department in case of Departments at Corporate Office and at each profit centre in case of Regional Office & Farm should be adhered to.

3. Percentage Ceiling of Basic Pay for Payment of PRP:

The grade wise percentage ceiling for drawal of PRP within the allocable profits has been rationalized as under –

S. No.	Grade	Designation	Pay Scale	PRP as percentage of annual basic pay
1	NS-0 to S-4	All Non- Executives & Non-Unionized Supervisors (The above grade includes employees in selection grade)	15500-50000 to 26500-92000	30%
2	E-0 to E-3	Pvt. Secretary, Officer, Asstt. Manager, Manager, Asstt. General Manager of all discipline	30000-120000 to 60000-180000	40%
3	E-4 to -E-5	Dy. General Manager & Addl. General Manager of all discipline	70000-200000 to 80000 -220000	50%
4	E-6	General Manager of all discipline	90000-240000	60%
5	E-7	Sr. General Manager of all discipline	100000-260000	70%
6	E-8	Chief General Manager of all discipline	120000-280000	80%
7	Schedule B	Functional Director	160000-290000	125%
8	Schedule B	Chairman-cum-Managing Director	180000-320000	150%

Note:

- The percentage of PRP is related to the post/designation held by the Officer/ Employee in a particular scale of pay and not to ACP/ MACPs/ personal scale of pay granted to an Officer/ Employee.

4. Kitty Factor: After considering the relevant year's profit, incremental profit and the full PRP payout requirement (computed for all Employees based on Grade-wise ceilings, CPSE's MOU rating, Profit Centre & Individual performance rating), there will be two cut-off 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 the break-up of allocable profit (i.e. year's 5% of profit bifurcated into the ratio of 65:35 towards year's profit and incremental profit).

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The sum of first cut-off factor applied on 65% of Grade wise % PRP ceiling and the second cut-off factor applied on 35% of Grade wise % PRP ceiling will result in Kitty factor. The Kitty factor shall not exceed 100%.

Kitty Factor:

$[65\% \times \text{Grade PRP Ceiling} \times \text{Cut off Factor(1)}] + [35\% \times \text{Grade PRP Ceiling} \times \text{Cut-off Factor (2)}]$

Cut-Off Factor (1): Amount allocated for payment of PRP in a particular Financial Year

Cut-Off Factor (2): Incremental Profit of the Corporation

5. COMPONENTS FOR CALCULATION OF NEW PRP:

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

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

Weightage of 50% **Multiplied with** (CPSEs MoU Rating) **Multiplied with** Kitty Factor

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

Weightage of 30% **Multiplied with** (Corporate Office/ Regional Office/Farm Performance) **Multiplied with** Kitty Factor

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

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

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

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Performance Related Pay (PRP): Example for calculating Kitty Factor/ Allocable Profit

- **PRP Kitty distribution:** within 5% of Profit accruing from core business activities.
(hereinafter, for brevity, referred to as Profit)
- **Ratio of relevant year's profit:** Increment Profit = 65:35

Example – 1

S. No.	Parameters	Amount (Rs.)/ %age
1.	FY 2016-17	Profit = 5000 Crore
2.	FY 2017-18 (for which PRP is to be distributed)	Profit = 6000 Crore
3.	Incremental Profit	1000 Crore
4.	5% of Current year's Profit	300 Crore
5.	Allocable Profit out of current year's 5% of profit based on distribution in the ratio of 65:35 towards the year's profit and incremental profit:	
5. (a)	PRP payout from year's profit	195 Crore (i.e. 65% out of 300 Crore)
5. (b)	PRP payout from incremental profit	105 Crore (i.e. 35% out of 300 Crore) (105 Crore can be fully utilized as incremental profit is 1000 Crore)
6.	Full PRP Payout requirement (computed for all Employees based on Grade wise ceiling, CPSE's MoU rating, Team rating & Individual Performance rating) - but without applying kitty factor related to year's profit or incremental profit.	300 Crore
7.	PRP payout break-up based on 65:35 distribution out of years' profit and incremental profit:	
a	PRP amount required out of year's profit (i.e. 65% of S.No. 6)	65% of 300 Crore = 195 Crore
a1	Cut-Off Factor (1) (in %age) for year's PRP payout with reference to S. No. 5(a) & 7(a)	195 Crore/195 Crore = 100%
b	PRP amount required out of incremental profit i.e. 35% of S. No. 6	35% of 300 Crore = 105 Crore
b1	Cut-Off Factor (2) (in %age) for incremental PRP payout with reference to S. No. 5(b) & 7(b)	105 Crore/105 Crore = 100%
8.	Thus, Total Profit amount allocated for PRP distribution.	195 Crore + 105 Crore = 300 Crore (i.e. 5% of Core business / operating profit)
9.	Kitty Factor for respective Grade (in %)	$[65\% \times \text{Grade PRP Ceiling}(\%) \times \text{Cut-Off Factor (1)}] \text{ Plus (+) } [35\% \times \text{Grade PRP ceiling} \times \text{Cut-Off Factor (2)}] = \text{Kitty Factor}$

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PRP Payout to CMD Schedule A, CPSE, 2017 Pay Scale

S. No.	Parameters	Amount (Rs.) / %age
A	CPSEs MoU rating (Weightage = 50%)	100% (Excellent)
B	Corporate Office/Regional Office / Farm rating (Weightage = 30%)	100% (Excellent)
C	Individual's Performance Rating (Weightage = 20%)	100% (Excellent)
D	Grade Ceiling (CMD) (Max. of 150% of Basic Pay)	150%
E	Cut-Off Factor (1)	100%
F	Cut-Off Factor (2)	100%
G	Kitty Factor for CMD i.e. [65% x D Grade PRP Ceiling(%) x E Cut-Off Factor (K1)] + (Plus) [35% x D Grade PRP Ceiling(%) x F Cut-Off Factor (K2)]	[65% x 150% x 100%] + [35% x 150% x 100%] = 97.50% + 52.50% = 150% But as per guidelines, Kitty factor is restricted to 100%
H	NET PRP	
(i)	Factor-X (Company's Performance component)	Weightage (50%) x A x G = 50% x 100% x 100% = 50 %
(ii)	Factor-Y (Corporate Office/ Regional Office/ Farm Performance component)	Weightage (30%) x B x G = 30% x 100% x 100% = 30 %
(iii)	Factor-Z (Individual's Performance component)	Weightage (20%) x C x G = 20% x 100% x 100% = 20 %
I	PRP payout distribution	H(i) + H(ii) + H(iii) = Factor X + Factor Y + Factor Z = 50% + 30% + 20% = 100 % of Basic Pay
J	Total PRP payment (Minimum Annual Basic Pay for CMD of Schedule A CPSE)	100% of Rs. 24,00,000/- = Rs. 24,00,000/-

