

Wages & Allowances Manual



*Madhya Pradesh Madhya Kshetra
Vidyut Vitaran Company Ltd., Bhopal*

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REVISION HISTORY

Version No.	Date of Release	Summary of Changes
Version 1.0	18 th April, 2011	Approved by the BoD
Version 1.1	27 th September, 2011	Approved by GoMP, Energy Department
Version 1.2	1 st November,, 2011	Manual for Circulation

Review	Approval
Reviewed By:	Approved By:
Signature	Signature
Designation	Designation
Date	Date

CHAPTER 1 INTRODUCTION

The Government of Madhya Pradesh vide order dated 1st July, 02 has incorporated Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Limited (MPMKVVCL) (hereinafter referred as the “Company”) as a wholly owned Government of Madhya Pradesh Corporation under the Companies Act, 1956 to undertake activities of distribution and retail supply for and on behalf of the erstwhile Madhya Pradesh State Electricity Board (MPSEB) in the areas covered by the Commissionaires of Central MP i.e. Gwalior, Chambal, Bhopal and Narmadapuram (Hoshangabad).

The Company recognizes the importance of its Human Resources as an asset and as strategic partner. To achieve its business objectives, the Company has recently revised its Human Capital policies and procedures focusing on a performance driven culture. In line with the same and in its endeavor to reward good performance, the Company has also redesigned its wage structure and allowances.

While the Human Capital policies and procedures form a separate manual, the purpose of this manual is to lay down the new wage structure and the allowances.

1. Short Title and Commencement

This document shall be called the “MPMKVVCL Wages & Allowances Manual”.

2. Layout of this document

This Manual has been presented under the following Chapters:

- (1) **Wage Structure:** The wage structure describes the basic pay and the other pay components which shall form the pay package of a particular employee in the Company. The wage structure and other benefits are commensurate with the grade at which a job is placed.
- (2) **Travel Policy:** The travel policy describes the travel and hotel entitlements for the employees in the Company.
- (3) **Miscellaneous Allowance:** This describes the various allowances which shall be admissible to the employees of the Company in addition to the pay package of a particular employee.

3. Applicability

These Rules shall be applicable to all Regular Employees (Refer Section 5 Classification of Employees) of the Company on Company Cadre except any Employee(s) excluded by the management.

Note: This Manual shall not be applicable for MPSEB employees transferred to the Company.

4. Terms & Definitions

For the purpose of this document, the expressions mentioned hereunder shall have the meaning respectively assigned against them unless there is anything repugnant in the subject or context:

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INTRODUCTION

Version: 1.2

Effective Date: 1st April 2012

SI No	Terms	Definition
(1)	Company	shall mean Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Limited.
(2)	Company Cadre	shall mean a person who is employed by the Company post its conception.
(3)	Competent Authority	shall mean with reference to the exercise of any powers under the Rules the Executive or Authority to whom such powers are delegated by the management either in general or in particular.
(4)	Month	shall mean calendar month.
(5)	MPSEB Employees	shall refer the employees that have been recruited by MPSEB and are transferred or deputed to the Company
(6)	Pay	shall mean the wage package that is corresponding with the job and its complexity assigned to an Employee.
(7)	Seniority	shall mean the precedence achieved by an Employee through period of service.
(8)	State Government	shall refer to the Government of Madhya Pradesh (herein after also referred as “GoMP”)
(9)	Wages & Allowances Manual	shall refer to this document which is a compilation of the wage structure, travel policy and miscellaneous allowances.

5. Classification of Employees

The Employees of the Company shall be classified as:

- (1) **Regular Employee** shall mean an Employee who carries out and occupies a continuing function in the Company.
- (2) **Probationer** shall mean an Employee on probation. During the period of probation, continuous evaluation of the Employee is done by his/ her supervisor.
- (3) **Trainee** shall mean a learner who is paid a stipend during the period of his/ her apprenticeship/training excluding apprentices taken under Apprentices Act, 1961.
- (4) **Note** : *The terms and conditions of employment and the period of training of all trainees shall be governed by the contract of employment and service bond and shall be subject to the rules or orders framed by the management from time to time.*

6. Jurisdiction

All matters relating to the wages and allowances of the Employees of the Company shall be adjudicated by the courts situated at the headquarters of the Company only.

7. Interpretation

In the event of any doubts arising with respect to the provisions of the rules and inadequacy in the scope of its coverage, the final authority of interpretation shall vest with the CMD whose decision shall be final.

8. Cases not covered by these rules

All cases not covered in this Manual shall be decided by the Company.

9. Revision Control

Any changes made to this document shall be approved by the Board of Directors (BoD). All amendments and changes to this document will be recorded in the revision history and the same will be communicated as and when required.

CHAPTER 2 WAGE STRUCTURE

10. Guiding Principles

- (1) The objective of designing a performance linked wage structure is:
 - (i) To be able to differentiate between good, average and bad performers.
 - (ii) Ensure that good performance is rewarded
 - (iii) To create healthy competition at work place
- (2) Driving principles of the proposed wage structure is to encourage excellence in performance and spirit of healthy competitiveness in the organization.
- (3) The financial year which shall be considered for the calculation and the disbursement of the increments shall be from the date of 1st July each year to 30th of June next year. The increments in a particular year shall be based on the performance of the past financial year.
- (4) All Regular Employees (excluding trainees) shall be eligible for getting increments only if s/he has served the company at least for a duration of 6 months in the previous financial year.
- (5) The proposed wage structure broadly comprises of **two** components:
 - (i) **Fixed Components:** These components are independent of an individual's or Company's performance. These components are:
 - (a) Basic
 - (b) Fixed Allowance
 - (c) Conveyance Allowance
 - (d) House Rent Allowance
 - (e) Pension contribution as per the New Pension Scheme
 - (ii) **Variable Components:** These components are dependent on Individual's and Company's performance. These components are:
 - (a) Employee Variable
 - (b) Company Variable

11. Components of Wage Structure

- (1) **Basic Pay:** Employee shall be eligible for a defined basic pay which shall be constant for a year. An employee's basic is dependent on their designation, Grade, Years of Experience and Performance Ratings.

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Table 1: Basic Pay

Grade	Amount
S1	Rs. 5,200
S2	Rs. 5,700
S3	Rs. 6,500
S4	Rs. 7,000
S5	Rs. 7,800
S6	Rs. 9,860
E1A	Rs. 9,860
E2A	Rs. 15,600
E3A	Rs. 19,500
E4	Rs. 25,000
E5	Rs. 28,000
E6	Rs. 31,000
E7	Rs. 34,000

Note: These are required for hiring new talent in the Company i.e. fresh candidates. This band should be not considered for fitment of employees on promotion.

- (2) **Fixed Allowance:** This is a fixed component i.e. it is constant for a year and is defined at a fixed percentage for basic. Its % share is dependent on the grade of the employee however it is independent of the performance of the employee.

Table 2: Fixed Allowance

Grade	% of Basic
S1 – S5	30%
S6	35%
E1A – E3B	35%
E4 and above	45%

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- (3) **House Rent Allowance:** This is calculated as a percentage of the Basic Pay and shall be dependent of the type of city. This component is independent of the designation, grade or performance of the employee. Cities are divided in to three categories based on their population and cost of living index.

Refer to Annexure I for the categorization of cities

Table 3: HRA

Cities	Percentages
Category A	11% of Basic
Category B	7.5% of Basic
Category C	5% of Basic

- (4) **Conveyance:** Conveyance allowance shall be fixed for the employees at the following rates:

Table 4: Conveyance Allowance

Grade	Conveyance Allowance
S1- S6	150
E1A, E1B	250
E2A, E2B	400
E3A and above	800

- (5) **Pension Contribution as per National Pension Scheme:** The Company has adopted National Pension Scheme for pension liability of the Company Cadre employees. As per the mandate the organization will be contributing every month 10% of the current months basic towards NPS to the designated Trustee Bank.

Note: In addition to the Company contribution, employee has to make its own contribution. The percentage of the same is to be defined by the employee in the prescribed format. It is to be noted here that the percentage defined by the employee shall not have any effect on the percentage of Company's contribution.

- (6) **Variable Component:** Variable is another essential and major component of the wage structure.
- (i) It is dependent on employee's grade and performance. This component shall be governed primarily by the employee's performance.

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- (ii) Variable share of total basic shall be dependent on the employee’s grade and shall start from 23% of total salary for JE and goes to as high as 46% for Executive Directors.
- (iii) It can be clearly observed that the variable component varies within a range of 24% (of basic) for the staff cadres and as high as 100% (of basic) in the executive cadres. This variability has been inbuilt in to the wage structure keeping in view the degree of responsibility of that specific grade toward the overall Company’s performance.
- (iv) The rates for average variable calculation are mentioned below:

Grade	Variable Component (at B)
S1- S5	24% of Basic
S6	35% of Basic
E1A , E1B	35% of Basic
E2A, E2B	40% of Basic
E3A, E3B	70% of Basic
E4, E5	85% of Basic
E6, E7	100% of Basic

Note: The average variable is calculated at B rating.

- (v) The above mentioned rate of variable is dependent on the Performance Rating of the individual. Illustrative value for the variable share is mentioned below. These values are to be decided by the Company each year.

Table 5: Standard Deviation for determination of Variable Pay vis-a-vis performance rating

Increase/ Decrease in Variable	
Performance Rating	Deviation from average variable share*
A+	20%
A	10%
B	0

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C	-10%
D	-15%

*Indicative values

(vi) *Example:* A Junior Engineer/ Assistant Manager attain a rating of A+ in 2012 and his/her rating in 2011 was B. Hence s/he shall get a variable of = $35\% * (1 + 20\%) = 42\%$.

(vii) The Variable component shall be divided in to two parts

(a) **Employee Variable Component:** This component shall vary on employee’s performance.

(b) **Company Variable Component:** This component shall vary on the Company’s previous year’s performance. Based on the Company’s performance the component can be distributed 75% - 125% of its value monthly

(viii) Distribution of Individual and Company Performance share in the structure is as below:

Table 6: Share of Employee and Company Variable

Grade	Individual Performance	Company’s Performance
S1- S5	100% of the Variable	
S6	100% of the Variable	
E1A , E1B	80% of the Variable	20% of the Variable
E2A, E2B	70% of the Variable	30% of the Variable
E3A, E3B	60% of the Variable	40% of the Variable
E4-E7	50% of the Variable	50% of the Variable

Example: If the Company’s performance has been average then the Company variable shall be distributed at 100%. However in case the Company does above average then the Company variable shall be distributed at 125% i.e. $Rs. 600 * 1.25 = Rs. 750$.

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For example a starting basic is Rs. 9,860 and the shares of various components are:

Grade	Designation	Starting Basic	Fixed Allowance	HRA	Conveyance	Variable at basic
E1a	Assistant Manager	9,860	35%	11%	250	35%

Employee Variable	80%
Company Variable	20%

Performance Rating	B
Grade	XYZ
Basic Increment	4%
Cost to Company (Monthly)	
Basic	9,860
Fixed Allowance	3,451
Employee Variable Allowance	2,760
HRA	1,084
Conveyance	250
NPS (Company Contribution)	986
Medical Allowance	150
Monthly Salary	18,541
Company Variable Allowance	690
Annual Salary	230,772

(7) Medical Benefits:

- (i) Every Employee shall be required to declare his/ her / her dependents (as per the group health insurance policy) at the time of joining for claiming medical benefits. The dependents list shall be updated by submitting a request to the HR department which shall be subject to verification and approval. The details of the policy shall be notified by the Company.
- (ii) Medical allowance at the rate of Rs.150 per month shall be disbursed to all the Employees for their OPD coverage.
- (iii) Group Life / Accident Insurance: All Employees shall be covered under a Group Life / Accident Insurance Scheme which shall cover compensation to the Employees on account of death, partial disablement and permanent disablement. Details of the same shall be notified by the Company.

12. Annual Increment

Each year the Basic shall be increased by a set percentage. This increase in basic is also dependent on the employee's Individual performance.

Table 7: Increment Calculation

Increment Calculation on Basic					
Grade	A+	A	B	C	D
All	9%	6%	4%	3%	0%

13. Increment on Promotion:

On promotion each employee shall be entitled with an additional increment which shall be given over and above their annual increment. This increment is proposed at 3% over basic however the same can be modified by the Company from time to time.

Example: Employee XY gets a promotion in 2012 and has a rating on 'A' for FY11-12. Hence his/ her increments shall be:

Annual Increment – 6% increase in Basic

Promotion Increment – 3% increase in Basic post annual increment

14. Pay Revisions:

Basic at each grade shall need revision at frequent intervals as based on the industry standards. This shall require benchmarking with respect to the following parameters

- (i) Consumer price index/ whole sale price index
- (ii) Company's performance
- (iii) Pay Commission salary bands and Central Government PSUs

CHAPTER 3 TRAVEL POLICY

15. Travel Policy

- (1) The defined travel policy is for all permanent Employees of the Company. This section covers the mode of travel and travel entitlement for an Employee on business travel.

Table 8: Grade wise travel entitlements

Grade (equivalent as per annexure II)	Local Travel on tour / Journey by road	Train	Flight ~	Hotel	Food	Per Diem*
E7	Hired Taxi	1ST Class AC or below	Economy	Metros (D,M,B,K,C,H)** – 200% of rent of AC single room at MP Tourism hotel (Palash – Bhopal)	Actuals subject to a maximum of Rs. 340 per day	Rs. 340 per day
E6	Hired Taxi	1ST Class AC or below	Economy	Non Metros (N,K,P, A, B)*** 150% of rent of AC single room at MP Tourism hotel (Palash – Bhopal)	Actuals subject to a maximum of Rs. 340 per day	Rs. 340 per day
E4 & E5	Hired Taxi	1ST Class AC or below	Economy	Remaining Cities Within and outside MP - Limited to rent of AC single room at MP Tourism hotel	Actuals subject to a maximum of Rs. 240 per day	Rs. 240 per day
E3a & E3b	Hired Taxi	2nd Class AC or below	Economy	Remaining Cities Within and outside MP - Limited to rent of AC single room at MP Tourism hotel	Actuals subject to a maximum of Rs. 240 per day	Rs. 240 per day
E2a & E2b	Hired Taxi	2nd Class AC or below	-	Limited to rent of Non - AC single room at MP Tourism hotel	Actuals subject to a maximum of Rs. 160 per day	Rs. 160 per day
E1a & E1B	Hired Taxi	3rd Class AC or below	-	Limited to rent of Non - AC single room at MP Tourism hotel	Actuals subject to a maximum of Rs. 160 per day	Rs. 160 per day
S1-S6	Local Conveyance	Sleeper Class or below	-	40% of above	Actuals subject to maximum of Rs. 100 per day	Rs. 100 per day

*Applicable for business travel of over 6 hrs in a day (excluding journey time)

~Flights option is applicable for out of state travel only

** Delhi, Mumbai, Bangalore, Kolkatta, Chennai, Hyderabad

*** Nagpur, Kanpur, Ahmedabad. Pune, Baroda

- (2) **Note:** Any business travel needs a prior approval from the Competent Authority and the same needs to be shown to the respective personal for attendance regularization. Also it is to be noted that post travel all bills and tickets shall have to be submitted to the respective Regional Accounts Office's for clearance

CHAPTER 4 MISCELLANEOUS ALLOWANCE

1. Relocation assistance

(1) Relocation of household articles, vehicle etc shall be reimbursable to all Employees at the rates as below:

Table 9: Class wise relocation assistance entitlements

Cadres	Amount
Class I and II Employees	Rs. 18 /Km
Class III and IV Employees	Rs. 9 /Km

*The km (distance) considered between any two particular destinations shall be the shortest distance between the two.

ANNEXURES

Annexure I Classification of Cities

Table 10: Classification of cities for calculation of House Rent Allowance

S.No	Categories	Cities
1	A	<ul style="list-style-type: none">• Bhopal• Indore• Jabalpur• Gwalior
2	B	<ul style="list-style-type: none">• Rewa• Sagar• Ujjain,• Dewas• Morena• Hoshangabad and• Other commissioner head quarters
3	C	<ul style="list-style-type: none">• Rest all cities

Annexure II Grades and Designations

As per the Company's Organization Structure, all proposed cadres have been divided in to Executive and Staff and their corresponding grades are introduced so that cadres shall be mapped accordingly to their respective basic.

Table 11: Technical Cadres

	GRADES	CIVIL	T & D	IT
Class I	E7	Executive Director	Executive Director	Executive Director
	E6	Chief Engineer	Chief Engineer	Chief Engineer
	E5	Additional Chief Engineer	Additional Chief Engineer	Additional Chief Engineer
	E4	Superintending Engineer	Superintending Engineer	Superintending Engineer
	E3B	Sr. Executive Engineer	Sr. Executive Engineer	Sr. Executive Engineer
	E3A	Executive Engineer	Executive Engineer	Executive Engineer
Class II	E2B	Sr. Assistant Engineer	Sr. Assistant Engineer	Sr. Assistant Engineer
	E2A	Assistant Engineer*	Assistant Engineer*	Assistant Engineer*
Class III	E1B	Jr. Assistant Engineer	Jr. Assistant Engineer	Jr. Assistant Engineer
	E1A	Junior Engineer*	Junior Engineer*	Junior Engineer*
Class III	S6	Technical Officer	Technical Officer	Technical Officer
	S5	Civil Supervisor	Line Supervisor / Testing Supervisor	Line Supervisor / Testing Supervisor
	S4	Sr. Civil Assistant	Sr. Line Assistant / Sr. Testing Assistant	Sr. Line Assistant / Sr. Testing Assistant
	S3	Civil Assistant	Line Assistant	Line Assistant
	S2	Sr. Civil Attendant	Sr. Line Attendant	Sr. Line Attendant
Class IV	S1	Civil Attendant*	Line Attendant*	Line Attendant*
* Feeder/ Entry Cadres are highlighted				

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ANNEXURES

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Table 12: Non Technical Cadres

	GRADES	LAW/ LEGAL	ADMIN	REVENUE	FINANCE/ HR	SECRETARIAL	SECURITY
Class I	E7				Executive Director		
	E6				Chief General Manager		
	E5				Sr. General Manager		
	E4				General Manager		
	E3B				Sr. Dy. General Manager		
	E3A	Senior Law Officer			Dy. General Manager		Sr. Security Officer
	E2B	Law Officer II			Sr. Manager		Security Officer II
Class II	E2A	Law Officer I*			Manager*	Private Secretary	Security Officer*
	E1B	S. Legal Advisor					
	E1A	Legal Advisor*					
Class III	S6		Section Officer	Sr. Revenue Officer		Personal Assistant	
	S5		Section Officer	Sr. Revenue Officer			
	S4		OA Grade I	Revenue Officer		Senior Steno	Security Inspector
	S3		OA Grade II	Addl. Revenue Officer		Junior Steno	Security Sub Inspector *
	S2		OA Grade III*	Assistant Revenue Officer*		Steno typist*	

*** Feeder/ Entry Cadres are highlighted**

Table 13 Static Cadres

		STATIC CADRES	
		Category I / Technical	Category II / Non Technical
Class II	GRADES		
	E2A		Company Secretary
Class III			PRO
	S2	Motor Driver	
Class IV			
	S1		Peon