

INDIA TRADE PROMOTION ORGANISATION

(Administration Division, E-I Section)

Pragati Bhawan, Pragati Maidan, New Delhi

F.No.5-ITPO (6)/E-I/2020

Dated: 14/09/2021

Office Order No. Admin/562 /2021

The Board of Directors in its 217th Board Meeting held on 27.08.2021 considered the agenda item placed before it relating to review of perks and allowances and sanction of increased dearness allowance (DA).

2. In the agenda item, it was inter alia mentioned that the rate at which the perks and allowances has been implemented in ITPO is applicable to all the officers and employees of ITPO. This has been the case at the time of fixing the level of perks and allowances at 31% and also later at the time of reducing the perks and allowances to 25% in March, 2021.
3. The Board discussed the agenda in detail and the submissions made therein. The Board noted that ITPO's financial results in recent years have been declining primarily due to the ongoing IECC project and were significantly negative in terms of net loss of Rs. 79.79 crore during the last financial year 2020-21. The same situation is likely to persist, if not worsen, even during the current year 2021-22 as hardly any event has so far been held at Pragati Maidan. The revenue income of ITPO would only likely stabilise over the next 3-4 years considering the debt liability and the sharply reduced interest income on account of the IECC project and the continuing effect of the Covid-19 pandemic situation. Further, non-availability of funds in the near future from monetization of land for the hotel at Pragati Maidan in view of the continuing effect of the Covid-19 on the hospitality sector as one of the approved means of funding of the IECC project will result in increased term loan from the bank and thereby impact the financial profile of ITPO for quite some time.
4. It was explained to the Board that ITPO has had a legacy issue in terms of unsustainably high establishment cost which has been in the range of Rs. 103 to 110 crore in recent years. Earlier, such establishment cost was not actually taken into account in view of the built up ITPO's reserves. However, the ongoing IECC project has utilized almost all of such reserves and there has been no accretion to these reserves in the last few years in view of the reduced exhibition area caused by the IECC project and recently due to the continuing effect of the Covid-19 situation on the exhibition industry. Hence, it is considered necessary and critical to increasingly reduce the establishment cost.
5. Taking a hard decision in the short term is inevitable so as to secure longer term interests of ITPO and even of its employees. If such a decision is not taken, there could be a situation where ITPO may not be in a position to even pay basic salary and DA to its employees. Hence, there is an urgent imperative need to further reduce the perks and allowances of ITPO's employees to 15% from the present level of 25%.

However, the perks and allowances could be reviewed in the first quarter of 2022-23 depending upon the financials of ITPO during the current year 2021-22.

6. The Board also noted that the present and the likely financial condition of ITPO over the next couple of years does not permit the sanction of increased DA from 1.07.2021. However, considering that the rate of perquisites is being reduced to 15% from the present level of 25% with effect from September, 2021, it has been proposed that the employees can be sanctioned increased DA so as not to cause undue financial hardship to them.
7. In this background, the Board approved the following :
 - a. The perks and allowances will be reduced to 15% of basic pay from the present level of 25% for all officers and the employees of ITPO, effective from September, 2021.
 - b. The rate of perks and allowances would be reviewed in the first quarter of 2022-23 depending upon ITPO's financials during the current year 2021-22.
 - c. The DA for IDA pattern employees in ITPO will be at 23.2% starting from July 1, 2021 without any arrears for the period from April 2020 to June 2021.



(Col. Pushpam Kumar, SM)
Officer on Special Duty (Admin)

To:

All employees

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For information:

1. PS to CMD