

Government of Pakistan
FINANCE DIVISION
(Regulations Wing)
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No.2(1)R-4-2022-P-001

Islamabad, the 13th June , 2025

OFFICE MEMORANDUM

Subject: **POLICY FOR GRANT OF HONORARIUM**

The undersigned is directed to refer to the above subject and to convey the policy for grant of honorarium to Government servants approved by the ECC of the Cabinet in case No. 93/13/2025 dated 02-06-2025 and ratified by the Cabinet in Case No.362/Rule-19/2025/531 dated 10.06.2025 as enclosed at Annex-I .

2. Ministries/Divisions/Departments are requested to strictly comply with the above decisions while recommending cases for grant of honoraria to Government servants.

3. The existing instructions issued vide Finance Division's O.M No. 2(2)R-4/95-409 dated 25-04-1995 stand withdrawn.


(Hafsa Majeed)
Section Officer (Reg-IV)
Tel-051-9245872

ALL MINISTRIES/DIVISIONS/DEPARTMENTS

CC: Web Master, Finance Division, Islamabad.

F.No.2(1)R-4/2022
Government of Pakistan
FINANCE DIVISION

POLICY ON THE AWARD OF HONORARIUM TO THE
EMPLOYEES OF THE FEDERAL SECRETARIAT

Introduction

This policy provides for a simple and streamlined system for grant of honoraria (initially introduced through ECC decision in case No. ECC-83/7/95 dated 17-04-1995) for employees of the federal secretariat in order to recognize and reward their high performance during the course of a financial year. It is expected that this policy will promote responsiveness and best practices at the federal secretariat by instituting a reward/ honorarium regime for the employees and will benefit both the Ministry/Division concerned as well as the employees.

Types of honoraria

There shall be following types of honoraria:

- i. Ordinary honorarium
- ii. Performance honorarium
- iii. Budget honorarium

Ordinary honorarium

- a. The Principal Accounting Officers (PAOs) will be empowered to grant the year-end ordinary honorarium equal to one basic pay to all employees in BPS 1-22, except themselves.

Performance honorarium

- a. Performance honorarium will be granted based on overall appreciable performance during the course of a financial year.
- b. The Principal Accounting Officer (PAO) of a Ministry / Division will be authorized to grant performance honorarium to be called outstanding performance honorarium, of up to one month's basic pay during a financial year on "outstanding" performance to not more than 25% of the total number of employees posted in the Ministry/Division in BPS 1-22, except himself.
- c. Besides the 25% of the total number of employees posted in the Ministry/Division, who will be eligible for "Performance Honorarium" of up to one month's basic pay in a financial year, the PAO of a Ministry/Division will be

authorized to grant honoraria to an additional 10% of the employees under the category of "Performance Honorarium" of up to two month's basic pay.

- d. The employees attached with the Ministries/Divisions from other departments to perform services may be granted both "Ordinary Honorarium and "Performance Honorarium" by the PAO in addition to the 35% of the employees of the Ministries/Divisions mentioned at (c) above.
- e. The PAOs honorarium, if any, shall be subject to the approval of the Minister in-charge of the Ministry/Division.

Budget honorarium

- a. Budget honorarium will be granted to Divisions/ Offices involved in budget making exercise of the Federal Government.
- b. Employees posted in Finance Division, Revenue Division, Federal Board of Revenue, Planning, Development and Special Initiatives Division, National Assembly Secretariat, Senate Secretariat and Prime Minister's Office only shall be eligible for grant of budget honorarium.
- c. The quantum of budget honorarium for each financial year and for each of the above Ministries/Divisions/Offices shall be decided by the Finance Minister.

General provisions

- a. No honorarium shall be paid in cash and all honorarium payments have to be reflected in payroll statements.
- b. Taxation of honorarium will be on the lines of taxation of monetization allowance.
- c. Performance honorarium shall not be granted by a Ministry/Division if the employee has not served in such Ministry/Division for less than six month.
- d. No honorarium, except for outstanding performance honorarium, shall be granted before 1st May in any financial year.
- e. Employees who have received or a likely to receive budget honorarium shall not be eligible for grant of ordinary and performance honorarium.
- f. If ordinary and performance honorarium has already been granted to an employee who is being granted budget honorarium, the amount of budget honorarium shall be adjusted against the already drawn performance honorarium.
- g. No employee will receive honorarium from more than one organization.
- h. Except for the honoraria specified in this policy, no other honoraria shall be granted, including those associate with religious festivals such as Eid and Christmas.
- i. In case of any ambiguity in the implementation of the policy, Finance Division shall provide necessary clarification.