

CHAPTER II

PERSONNEL POLICIES

(a) Creation of Posts and Categorisation of PSEs

1.

DPE/Guidelines/II(a)/1

Abolition of Top Posts

Some of the administrative Ministries/Public Sector Undertakings have stated their intention to keep in abeyance the filling up of certain posts covered by Government of India Resolution No. 5(1)/74 BPE(PESB) dated 30.8.74. However, during the period the posts are kept unfilled, they tend to be regarded as vacancies. As the Ministries are aware, the Public Enterprises Selection Board is charged with the responsibility of helping the Government in filling up the vacancies in a planned manner. Keeping the posts vacant is not considered to be healthy situation.

2. This matter was considered by the Public Enterprises Selection Board in its meeting held on 10.4.75 when it took the following decision:

"The Board took the view that if there was no intention to fill a post, it should be abolished. Unless it is abolished, the Board will have to treat the post as vacant and take action to fill it up. If, at a later date, it becomes necessary to operate the post, it could be re-created. It was desired that the Ministries concerned should be advised accordingly."

3. The Ministry of Shipping and Transport etc. are requested to take note of the above views of the Public Enterprises Selection Board and take action accordingly, if any of the sanctioned top posts is not to be filled up.

(No. 5(30)/75-BPE (PESB) dated 27th May, 1975)

CHAPTER II

PERSONNEL POLICIES

(a) Creation of Posts and Categorisation of PSEs

2.

DPE/Guidelines/II(a)/2

Criteria/parameter for initial categorization of Public Sector Enterprises.

One of the important functions assigned to the Department of Public Enterprises is to assist the Government in the formation of new Government companies and thereafter categorizing the Company in the appropriate Schedule and determining its organizational structure at the top level. The PSUs are categorized into 4 schedules, namely, Schedule 'A', Schedule 'B', Schedule 'C' and Schedule 'D'. Categorization of PSUs is done by DPE on the basis of proposals received from the administrative Ministry/Department concerned, and in consultation with the Public Enterprises Selection Board.

2. For the purpose of initial categorization of PSUs, the DPE had developed certain broad criteria/parameters. In view of the liberalization of economy and consequential changes in the functioning of PSUs, the existing criteria/parameters for initial categorization of PSUs have been reviewed. Based on the review, it has now been decided that the parameters mentioned below shall be adopted for processing such cases henceforth.

3. The parameters to be adopted for this purpose are quantitative factors like investment (paid capital + long term loans), capital employed (net block + working capital), net sales, profit, number of employees, number of units, etc. and qualitative factors like national importance, complexities of problems, level of technology, prospects for expansion and diversification of activities and competition from other sectors. In addition, the critical importance of the corporation will also be taken into account. Wherever actual figures of quantitative factors are not available, figures projected in the Cabinet Note relating to the setting up of the Company are to be used.

4. The following particulars/information/documents may be necessary for processing such cases:

(i) Full justification in support of the proposal for categorizing the Corporation in a particular Schedule.

(ii) Copy of the Cabinet Note along with an extract of the decision of the Cabinet.

(iii) Proposed organizational structure/chart.

(iv) Job description of the posts of functional Directors, proposed to be created.

(v) Comparison with other companies in the cognate group and with those under the administrative control of the Ministry/Department concerned, with reference to the parameters mentioned in para. 3 above.

(vi) Copy of Memorandum and Articles of Association of the Company.

5. All the administrative Ministries/Departments are requested to take note of the above guidelines while processing proposals for initial categorization of PSEs. Before the proposals are referred to DPE for processing in consultation with the PESB and obtaining the approval of the competent authority, the concurrence of the Financial Advisor of the Ministry and the approval of the Minister-in-charge may be obtained.

(DPE OM No. 9(15)/99-GM-GL-28 dated the 9th October 2000)

CHAPTER II **PERSONNEL POLICIES**

(a) Creation of Posts and Categorisation of PSEs

3.

DPE/Guidelines/II(a)/3

Criteria/parameters for upgradation (re-categorization) of Public Sector Enterprises and creation/upgradation of Board level posts.

The undersigned is directed to refer to this Department's O.M. No. 9(10)/94-GM(DPE) dated 11.4.1994 wherein guidelines on the subject mentioned above were issued. In view of the liberalization of economy and consequential changes in the functioning of PSUs, the existing criteria/parameters have been reviewed. Based on the review, it has been decided that the parameters mentioned below shall be adopted for processing such cases henceforth.

(i) Upgradation of the schedule of a PSU. The parameters to be adopted for this purpose are **quantitative factors** like investment (paid capital + long term loans), capital employed (net block + working capital), net sales, profit before tax, number of employees and number of units, **qualitative factors** like national importance, complexities of problems, level of technology, prospects for expansion and diversification of activities and competition from other sectors and **other factors** like image of the PSU (in terms of its share price, MOU ratings, classification as Navratna/Miniratna, ISO 9000/IS 14000 certification), productivity of the PSU (in terms of capacity utilization) and value added per employee.

(ii) Upgradation of posts on personal basis: Upgradation of posts on personal basis for grant of higher schedule of pay to the individual concerned is to be allowed in rare and exceptional cases only. The overall performance of the PSU during the tenure of the executive concerned, development of technology through R&D, diversification of activities, and stagnation at the maximum of the existing scale for a long period would be the criteria to be used for this purpose. The overall performance will be assessed with reference to the parameters, which are used for upgradation of the schedule of a PSU.

(iii) Creation of additional posts. The number of full time directors on the Board of a PSU should not exceed 50% of the actual strength of the Board, as laid down in the DPE O.M. No. 18(6)/91-GM dated 16.3.92. If there is a need for creating additional posts(s) of full time functional Directors, within this limit, justifications for the same are to be spelt out in clear terms along with the reasons as to why the function, for which the Board level post is needed, cannot be performed by a below Board level executive.

2. The following particulars/information/documents are necessary for processing the cases referred to above.

(a) Full justification for the proposal supported by financial, physical and qualitative performance figures for the last 5 years as per parameters given at paragraph 1 above. The performance trend during the year of consideration of the proposal also needs to be stated.

(b) Corporate Plan of the company concerned.

(c) Organizational structure/charts (existing as well as proposed) indicating all posts up to the 4th level in the organization and their pay scales.

(d) Comparative analysis vis-à-vis other companies in the cognate group and with those under the administrative control of the Ministry/Department concerned.

(e) Financial implication of the proposal. If the proposal is for creation of additional posts of Directors it may clearly be mentioned whether the post is to be created in lieu of some other existing post at below Board level.

(f) Job description of posts, if the proposal involves creation of posts.

(g) Up-to-date ACR dossier of the executive concerned in respect of proposals for personal upgradation

3. All the administrative Ministries/ Departments are requested to take note of the above guidelines while processing proposals in this regard. Before the proposals are referred to DPE for further processing in consultation with the PESB and obtaining the approval of the competent authority, the concurrence of the Financial Advisor of the Ministry and the approval of the Minister-in-charge may be obtained.

(DPE O.M. No. 9(15)/99-GM-GL-29 dated 9th October, 2000

CHAPTER II

PERSONNEL POLICIES

(a) Creation of Posts and Categorisation of PSEs

4.

DPE/Guidelines/II(a)/4

Operation/revival of Board level posts in CPSEs after deemed abolition.

The undersigned is directed to refer to the erstwhile Bureau of Public Enterprises O.M. No. 5(30)/75-BPE (PESB) dated 27th May, 1975, wherein it was inter-alia stated that if a post is held in abeyance or remains unfilled for a period of one year or more, it would be deemed to be abolished and if the post is required subsequently, the prescribed procedure for creation of new post will have to be followed. It has, however, been observed that these instructions are not being followed strictly and Board level posts are being kept vacant for long durations instead of treating them as abolished.

2. Government has, therefore, considered this matter and decided as under:-

(i) Board level posts which are vacant for one year or more and where PESB selection process is not currently underway shall be deemed to have been abolished.

(ii) If the post is required subsequently, the prescribed procedure for creation of new post will have to be followed. Proposals in this regard should be referred to the Department of Public Enterprises (DPE) for approval of the competent authority as per DPE O.M. No. 9(15)/99-GM-GL-29 dated 9.10.2000.

(iii) However, as some posts were kept in abeyance because of initiation of disinvestment process, a one-time relaxation of period of abeyance for a maximum of 4 years or upto 31.3.2006, whichever is earlier, is permissible for PSEs which were slated for disinvestment.

3. All the administrative Ministries/Departments are requested to take necessary action to implement the above decisions and also to follow them strictly in future. Also a list of posts which stand abolished due to the above decision may be sent to DPE, PESB and DOPT immediately.

(DPEOM No. 18(13)/2005-GM-GL-74 dated, the 21st October, 2005)

No. 9(17)/2011-GM
Government of India
Ministry of Heavy Industries and Public Enterprises
Department of Public Enterprises

Block No.14, CGO Complex,
Lodi Road, New Delhi-110003
Dated the 30th November, 2011

OFFICE MEMORANDUM

Subject: Criteria/parameters for categorization of Central Public Sector Enterprises (CPSEs)

The undersigned is directed to refer to this Department's O.M. No. 9(15)/99-GM-GL-28 dated the 9th October 2000 and O.M. No. 9(15)/99-GM-GL-29 dated 9th October, 2000 laying down the broad guidelines to be followed for categorization (refers to initial categorization as well as re-categorization) of Central Public Sector Enterprises (CPSEs) into appropriate schedules.

2. All CPSEs are required to be categorized into 4 schedules, namely, Schedule 'A', Schedule 'B', Schedule 'C' and Schedule 'D'. The categorization of CPSE has implications, mainly for organizational structure and salary of Board level incumbents of the concerned CPSE.

3. The procedure and parameters being used for the purpose of categorization of CPSEs have been re-examined by the Department of Public Enterprises (DPE) and it has been decided that to continue with the present system of categorization with minor modifications. The procedure and parameters to be used for the purpose of categorization are prescribed as under.

(i) The proposals for categorization of CPSEs would continue to be initiated by the concerned administrative Ministry/Department and submitted to DPE, which would examine such proposals in consultation with the Public Enterprises Selection Board. The proposals for categorization of CPSEs should be furnished to DPE with the concurrence of the Financial Advisor and the approval of the Minister-in-charge of the concerned administrative Ministry/Department.

(ii) The proposal should contain performance of the concerned CPSE for last five years on the following quantitative parameters (definitions as per Public Enterprises Survey).

- Investment
- Capital employed
- Net sales
- Profit before Tax

- Number of employees and units
- Capacity Addition
- Revenue per employee
- Sales/Capital Employed
- Capacity utilization
- Value added per employee

(iii) The proposals for categorization should also contain details on the following qualitative factors related to the concerned CPSE.

- National importance
- Complexities of problems being faced by the company
- Level of technology
- Prospects for expansion and diversification of activities
- Competition from other sectors.

(iv) The information on the following factors, wherever available, should also be included in the proposals for categorization.

- Share price
- MOU ratings
- Maharatna/Navratna/Miniratna status
- ISO certification

(v) In addition to above factors, the critical/strategic importance of the concerned CPSE will continue to be taken into account.

(vi) In case of initial categorization, if the figures of past performance on above quantitative factors are not available, figures projected in the Cabinet Note relating to the setting up of the CPSE may be furnished.

4. The concerned administrative Ministry/Department should furnish self-contained comprehensive proposals for categorization of CPSEs containing the following particulars/information/documents.

- (i) Full justification for proposing categorization of the CPSE in a particular Schedule supported by financial, physical and qualitative performance figures for the last five years in respect of parameters as mentioned at para 3(ii), (iii) and (iv) above.
- (ii) Copy of the Cabinet Note for setting up of CPSE along with an extract of the decision of the Cabinet and copy of Memorandum and Articles of Association of the CPSE (applicable in case of initial categorization).
- (iii) Existing organizational structure indicating all posts up to the 4th level in the CPSE and their pay scales.

- (iv) Comparison with other CPSEs in the same cognate group and with those under the administrative control of the Ministry/Department concerned, with reference to the quantitative parameters mentioned in para 3 (ii) above. The CPSEs incorporated under Section 25 of the Companies Act would also be compared with similar CPSEs for the purpose of categorization.
- (v) Corporate Plan of the concerned CPSE.
- (vi) Financial implication of the proposal.

5. There will be no change in the extant guidelines as prescribed vide DPE O.M. No. 9(15)/99-GM-GL-29 dated 9th October, 2000 in respect of proposals for Upgradation of Board level posts on personal basis and Creation of additional Board level posts.

6. All the administrative Ministries/Departments are requested to take note of the above guidelines while processing proposals for categorization of CPSEs for submission to DPE.

31/10/00

(Arun Kumar Sinha)
Joint Secretary to the Government of India
Tel : 2436-0204

To Secretaries of all administrative Ministries/Departments