

# Criteria/parameters for initial categorization of Public Sector Enterprises. (DPE OM No. 9(15)/99-GM-GL-28 dated the 9th October 2000)

## **CHAPTER II** **PERSONNEL POLICIES**

### **(e) Creation of Board level post in CPSEs**

#### **35. 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.

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