

F. No. M-03/0012/2021-DPE(MoU)
Government of India
Ministry of Finance
Department of Public Enterprises

Block No. 14, C.G.O. Complex
Lodhi Road, New Delhi – 110 003
Dated 15th July, 2022

OFFICE MEMORANDUM

Subject: Clarification on Consolidated MoU guidelines for the year 2021-22 and onwards – reg.

The undersigned is directed to inform that in supersession to the DPE OM of even no. dated 20.06.2022, regarding clarification on Consolidated MoU guidelines of 10.03.2022, following is issued:

| Issue raised | Reference to consolidated guidelines | Further clarification |
|--|---|---|
| Whether MoU needs to be signed between holding and subsidiary companies, if the holding company has to submit the consolidated data for MoU 2022-23. | Para 2, Scope. All CPSEs (Holding as well as Subsidiaries) are required to sign MoUs. The Holding Companies will sign MoUs with their Administrative Ministries/ Departments, while the Subsidiary Companies will sign MoUs with their respective Holding Companies. | |
| Whether there is a need to take separate exemption for signing of MoU between subsidiary companies. | | Holding company is free to take a decision in this regard for its Subsidiary/ JV companies. |
| Mechanism of target setting for MoU of JVs/ Subsidiaries | Para 3.3.2... The IMC will finalize the sectoral template/ CPSE wise MoU parameters... relevant to the core business activities in that sector and or CPSE. IMC will also set the requisite levels of performance against each of the parameters, so decided, as benchmarked targets. | MoU target setting & its evaluation in respect of the JVs/ Subsidiaries of the CPSE may be done by the holding company on the same principles as being followed for the holding company by DPE. |
| Procedure for evaluation of MoU of JV/ Subsidiaries. | Para 3.5 MoU Evaluation: Once the CPSEs enters data from their audited balance sheet and P&L Statement on the dashboard, the score would be automatically calculated against the benchmarked targets... The CPSEs will be allotted marks proportionately for achievement from 50% to 100% of target figure for each parameter... | For subsidiary CPSEs having Maharatna/ Navratna status, DPE will finalise MoU. MoU in respect of the holding CPSE will be on consolidated basis only (i.e., including all subsidiaries & JVs). |


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| Issue raised | Reference to consolidated guidelines | Further clarification |
|---|--|---|
| MoU rating and implication on PRP for subsidiaries/ JVs | Para 4.3, Applicability of PRP: The MoU rating will form the basis of PRP with all the key result area identified in the MoU. No PRP will be eligible for the CPSEs that do not enter into MoU. (OM No 2(70)/08 DPE(WC) dated 26.11.2008 and OM No W-02/0028/2017-DPE (WC) dated 03.08.2017) | The same principle is applicable to the Subsidiaries/ JVs |

2. This is issued with the approval of the Secretary(PE).


 (Amit Rastogi)
 Director (MoU)
 Tel: 011-24360736

To:

1. Secretaries to the Government of India (as per list).
2. Chief Executives of CPSEs (as per list).

Copy to:

1. Staff officer to Cabinet Secretary, Cabinet Secretariat.
2. CEO, NITI Aayog.
3. Chairman, PESB, Public Enterprises Bhawan.
4. Finance Secretary, Department of Revenue.
5. Secretary, Department of Expenditure.
6. Secretary, Ministry of Statistics & Programme Implementation.
7. Chief Economic Adviser, Department of Economic Affairs.