

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
