

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 30<sup>th</sup> 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 9<sup>th</sup> October 2000 and O.M. No. 9(15)/99-GM-GL-29 dated 9<sup>th</sup> 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 4<sup>th</sup> 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 9<sup>th</sup> 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.

*3/10/00*

(Arun Kumar Sinha)

Joint Secretary to the Government of India

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To Secretaries of all administrative Ministries/Departments