

**Press Information Bureau
Government of India
Ministry of Heavy Industries & Public Enterprises**

19-January-2012 14:14 IST

Criteria for Categorization of CPSEs

The Department of Public Enterprises(DPE) has laid down criteria for initial as well as re-categorization of Central Public Sector Enterprises(CPSEs) into appropriate schedules. All CPSEs are required to be categorised into four 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. Some modifications have been made to the previously existing system of categorization. The procedure and parameters to be used for the purpose of categorization are as below:

- (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.

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 (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. 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.

MC/Is