

**GOVERNMENT OF INDIA
HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
LOK SABHA**

UNSTARRED QUESTION NO:2298
ANSWERED ON:06.12.2012
COMMITTEE FOR CPSES
Natarajan Shri P.R.

Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

- (a) whether the Central Government has taken a policy decision to constitute a Committee for review of the present Memorandum of Understanding in Maharatna and Navratna Central Public Sector Enterprises (CPSEs);
- (b) if so, the details of its composition and terms of reference; and
- (c) the time by which the report is likely to be made available?

Answer

THE MINISTER OF HEAVY INDUSTRY AND PUBLIC ENTERPRISES (SHRI PRAFUL PATEL)

(a) The Government of India has introduced the system of Memorandum of Understanding (MoU) in 1986 which is a mutually negotiated agreement between Central Public Sector Enterprises (CPSEs) and its Administrative Ministries/Departments. MoU is prepared by the CPSEs on the basis of MoU Guidelines which is issued by Department of Public Enterprises annually after taking into consideration the suggestions received from by the Task Force and Consultants/ Working Group formulated from time to time. Last Working Group was formulated on 23rd May, 2012 headed by Shri P.G . Mankad, (Chairman, Task Force) to review the MoU System/Guidelines for CPSEs.

(b) The Working Group formulated on 23rd May, 2012 consisted of members having vast exposure/experience and included ex-bureaucrats, ex CMD of CPSEs. finance expert and academician.

i) Composition of Working Group Committee was as per details below:-

NAME		
1. Shri P.G. Mankad	Chairman	
2. Shri Anil Razdan	Member	
3. Shri Ajay Dua	Member	
4. Shri S.D. Kapoor	Member	
5. Shri Brijesh Kumar	Member	
6. Shri R.K. Mishra	Member	
7. Shri Amarjit Chopra	Member	
8. Shri U.D. Choubey,	DG, SCOPE	Member
9. Shri P.R. Khanna	Member	
10. Shri P.P. Vora	Member	
11. Shri Arun Kumar Sinha,	JS(DPE)	Member Secretary

ii) The terms of Reference of the Working Group (Committee) were as under:-

I. Examine the desirability/possibility of different MoU Formats for different sizes and categories of CPSEs including Maharatna/Navratna.

II. Examine the issue of the desirability/need for all CPSEs to be covered by the MoU exercise, especially in its current format and process which is common to all CPSEs.

III. Examine the current system of setting targets on five point scale.

IV. Examine the issues arising out of the Results Framework Document (RFD) System of the Ministry/Department.

V. Look into the aspects of giving more operational flexibility to CPSEs/administrative Ministry and the Task Force on MoU in the matter of target setting and performance evaluation.

VI. Look into organizational and other measures to strengthen the Task Force.

VII. Look into any other matter of relevance that the Working Group and the Department may consider appropriate for the

empowerment and enhancement of CPSEs especially in the context of their role in the economy and to make the MoU exercise more effective.

(c) Working Group has submitted its report on 22.10.2012.