

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

UNSTARRED QUESTION NO:2544
ANSWERED ON:09.12.2014
EVALUATION OF CPSES
De(Nag) Dr. (Smt.) Ratna

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

- (a) whether the Ministry has evaluated the performance of the Central Public Sector Enterprises (CPSEs) during the last three years;
- (b) if so, the details and outcome thereof along with the target achieved by the CPSEs, CPSE-wise; and (
- (c) the action taken by the Ministry on those CPSEs, which have not attained or reached the set targets?

Answer

THE MINISTER OF STATE OF HEAVY INDUSTRY AND PUBLIC ENTERPRISES
(SHRI G.M. SIDDESHWARA)

(a)&(b): The Memorandum of Understanding (MoU) system is a tool of performance evaluation of Central Public Sector Enterprises (CPSEs). It is a mutually negotiated agreement between the management of the CPSE and its Administrative Ministry/Department wherein annual targets are fixed for different financial and non-financial parameters. Evaluation of the performance of the CPSE against these targets is done at the end of the financial year. The details of evaluation of the achievements of CPSEs *via-a-vis* targets fixed in the MoU for the years 2010-11, 2011-12 & 2012-13 is enclosed at Annex.

(c): The CPSEs are rated into five categories on the basis of their level of achievement against the targets set in the MoU i.e. Excellent, Very Good, Good, Fair and Poor. MoU rating forms the basis of Performance Related Pay (PRP) for employees of CPSEs. The MoU rating is also given weightage in Performance Appraisal report of top management incumbents of CPSEs.