

No. 3(9)/2010-DPE (MoU)
Government of India
Ministry of Heavy Industries & Public Enterprises
Department of Public Enterprises

Public Enterprises Bhawan
Block No. 14, CGO Complex
Lodhi Road, New Delhi

Dated: 29th September, 2011

OFFICE MEMORANDUM

Sub: Guidelines on Human Resources Management for Central Public Sector Enterprises (CPSEs)

The undersigned is directed to enclose Guidelines on Human Resources Management for Central Public Sector Enterprises (CPSEs). These Guidelines issue with the approval of Minister, Heavy Industries & Public Enterprises.


2. These Guidelines are available on DPE website:

[http://dpemou.nic.in/MOU files/HRM Guidelines.pdf](http://dpemou.nic.in/MOU_files/HRM_Guidelines.pdf)

3. CPSEs are requested to implement these Guidelines with immediate effect. However, for the purpose of Performance Evaluation under the MoU system, these Guidelines will take effect from the year 2012-13.

4. All the administrative Ministries/Departments are requested to take note of the above Guidelines and bring these Guidelines to the notice of CPSEs under their control for necessary action.

Encl: as above


29.09.2011
(J.R. Panigrahi)
Director (MoU)
Tel.24360841

To:

1. Secretaries of all administrative Ministries/Departments
2. Chief Executives of all CPSEs

GUIDELINES

ON

HUMAN RESOURCE MANAGEMENT

FOR CPSEs

Department of Public Enterprises
Ministry of Heavy Industries &
Public Enterprises

INDEX

S.No.	Topic	Page Number
1	Concept	3 - 4
2	Approach	5 - 7
3	HR Strategy, Systems, Practices	8 – 12
4	Implementation	13
5	Monitoring & Review	14
6	Evaluation	15 - 16
7	Template for Performance evaluation of HR parameters	17 - 18

1. CONCEPT

- 1.1 The most unique challenge for organizations is with respect to management of human resources. The competitive advantage of an organization is defined by how well it manages its human resources, or how well it incorporates human resource management into its business strategy. With the increasing realization of the potential of human resources in providing competitive advantage, organizations have begun to consider employees as 'valuable assets' or 'investments'. This view has become more significant in today's knowledge economy that depends on skill and knowledge of employees. From being a routine, administrative and reactive function, the HR function today has evolved to being proactive and strategic.
- 1.2 Human Resources Management (HRM) is a holistic approach towards the management of people resources present in an organization which contribute to the achievement of organizational objectives. Successful human resources management is largely dependent upon formulation and implementation of a well defined 'HR Strategy'. The 'HR Strategies' should lead to evolving of HR systems and practices that should be aligned with the business plans of the organization and with each other and that HR approaches should be adapted to the specific business strategies followed by the organization.
- 1.3 It is apparent from the above discussion that employees are an important resource of the organization. Human resource systems and practices need to be strategically integrated and HR strategy requires to be flexible enough and reflective of changes corresponding to business dynamics. The HR systems should facilitate enabling environment leading to



enhanced levels of employee engagement, cost competitiveness, higher retention as also enhanced organizational effectiveness and profitability.

- 1.4 Effective utilization of Human Resources has special significance in the management of public sector enterprises. CPSEs employ a large workforce in different disciplines and the successful operation of these organizations very much depends on efficient management and utilization of the skills and capabilities of the workforce.

- 1.5 No doubt CPSEs are having a vast pool of tacit knowledge available with them. But with increasing competition, CPSEs are facing new challenges in the area of talent retention, performance management , optimal utilization of manpower, employee motivation, skill development and up gradation to name a few. Therefore, sustainable development of HRM is a compelling need for CPSEs today. The guidelines on HRM will enable bringing in uniformity to the process by specifying the mandate and scope of activities for development of Human Resource Management strategies, systems and practices within the CPSEs.

