Minutes of the meeting of the High Power Committee on Memorandum of Understanding held at 4.00 P.M. on 18.8.1989 under the Chairmanship of Cabinet Secretary.

A meeting of the High Power Committee on MOUs was held under the Chairmanship of Cabinet Secretary at 4.00 P.M. on 18.8.89 to evaluate the performance of MOU signing public sector undertakings during the year 1989-90. A list of officials attended the meeting is enclosed.

Initiating the discussions the Additional Secretary, BPE explained the methodology adopted for evaluating the performance during 1988-89 with reference to the targets set in the MOUs as well as with reference to the criteria and weightage attached to various indicators in the MOUs for the year 1989-90. He elaborated the method of evaluation with reference to the MOU signed by Maruti Udyog. The following points emerged during the discussion:

(i) The evaluation system would be so devised as to assess as realistically and objectively as possible the performance of both the PSUs and the administrative Ministries with reference to their responsibilities and targets under the MOUs.

(ii) At the time of evaluation the development that took place subsequent to signing of MOUs in the duty structure, Government policy etc. should be kept in view so that the undertaking should not get credit for any windfall profits or be judged harshly for losses beyond their control.
(iii) MOU targets and annual Plan targets should be the same and that they should not be changed during the course of the year. It may be necessary to include some more indicators in future MOUs.

A point was raised, whether, for over-performance, extra credit should be given to the PSU and for very poor performance negative scores should be assigned. It was also questioned whether rating and ranking which will emerge out of the system would be fair or not, since indicators are not common. It was, however, felt that inter-se ranking would be automatic when a system of incentive related to level of performance, which is an integral part of the system, is instituted.

The consensus during discussion was that the evaluation system evolved is a move in the right direction and this would lead to an objective assessment of the performance of the PSUs. While it was decided not to either uphold or reject the 1988-89 evaluation methodology, it was decided that in the next meeting of the HPC, to be convened in about 30 - 40 days time, BiE should bring up a more detailed Paper explaining the methodology adopted for the MOUs so that the Committee could give appropriate guidelines for the MOUs to be signed for the year 1990-91 while avoiding any impression that the already signed MOUs for 1989-90 could be changed. It was also decided that the Chief Executives of 5 or 6 MOU signing companies and the Secretaries dealing with these companies would be invited to the next meeting.

Detailed discussion in respect of Indian Airlines, Air India, STC/MMTC was deferred.
LIST OF THE OFFICERS WHO ATTENDED THE MEETING OF THE HIGH POWER COMMITTEE ON MOUs ON 18TH AUGUST, 1989 UNDER THE CHAIRMANSHP OF CABINET SECRETARY.

1. Sh. T.N. Seshan, Cabinet Secretary
2. Dr. P.K. Basu, Secretary, M/o Programme Implementation
3. Sh. K.P. Geethakrishnan, Secretary, D/o Expenditure
4. Sh. Ramaswamy R. Iyer, Member, PESB
5. Dr. Vijay L. Kelkar, Chairman, BICP
6. Sh. S.K. Mishra, Secretary, Civil Aviation
7. Sh. M.M.S. Srivastava, Spl. Secretary, Planning Commission
8. Sh. Surendra Singh, Spl. Secretary, M/o Commerce
9. Sh. Suresh Kumar, Addl. Secretary, BPE
10. Sh. S. Kanungo, Addl. Secretary, D/o Economic Affairs.
11. Sh. T.N. Rao, Addl. Secretary, Cabinet Sectt.
12. Sh. K.V. Ramakrishnan, Consultant (F), BPE
13. Sh. P.C. Sen, Jt. Secretary, Deptt. of Civil Aviation
14. Sh. B.K. Das, Jt. Secretary, Cabinet Sectt.
15. Smt. Omita Paul, Director, BPE
16. Sh. Vivek Rae, Dy. Secretary, PM Office
17. Sh. H.K. Dubey, Dy. Director, BPE.