

Memorandum of Understanding



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Department of Public Enterprises
Ministry of Heavy Industries & Public Enterprises
Government of India

Outline of Presentation

- MoU Guidelines
- MoU Performance Evaluation 2017-18

Memorandum of Understanding (MoU)

MoU is a negotiated agreement and contract between the Administrative Ministry/ Department/ Holding CPSE i.e. majority shareholder and the Management of the Central Public Sector Enterprise (CPSE) on selected parameters having targets decided normally before the start of a new financial year and results evaluated after the end of the year to measure the performance. For carrying out this exercise, CPSEs would provide brief in format at **Annex-I** and trend analysis in **Annex-III**.

Purpose and Scope of MoU

Purpose:

The purpose of the MoU is to measure the performance of the management of the CPSEs on key selected parameters against the targets set so as to increase the improvements of the critical financial indicators of the organisation.

Scope:

All CPSEs (Holding as well as Subsidiaries) are required to sign MoUs. The Apex/Holding companies will sign MoUs with their administrative Ministries/ Departments, while the Subsidiary companies will sign MoUs with their respective Apex/ Holding companies.

Exemption from MoU

Following CPSEs may be exempted from MoU system by the Inter-Ministerial Committee (IMC):

- CPSEs under liquidation where Liquidator has already been appointed. However administrative ministry would provide the list of such CPSEs to DPE along-with brief write-up.
- CPSE which is not in operation or having no employees or on any other ground on the recommendation of administrative Ministry.

Parameters

CPSEs work in various sectors under different conditions and therefore uniform parameters cannot be prescribed. In view of this, the following guidelines are laid down:

- There would be uniform parameters for measuring financial performances such as revenue from operations, operating profit and return on investment (e.g. ratio of PAT/Net-worth). This would be applicable to all CPSEs, except CPSEs which are dependent on government grant or performing functions of distribution of grant etc. e.g. Biotechnology Industry Research Assistance Council (BIRAC). Hence, 3 financial parameters have been prescribed for all CPSEs with total weightage of 50% except for CPSEs like BIRAC.

The mandatory parameters are at **Annex-II (Part-A)**.

Parameters..... contd.

- For the remaining 50% weightage, a list of parameters have been suggested for selection depending on the sector in which the CPSE is operating. The parameters most appropriate and relevant for measuring performance shall be suggested by the Pre-Negotiation Committee (PNC) to the Inter-Ministerial Committee (IMC). However there are some CPSEs which have specific role to play or are covered under specific regulatory authority e.g. ECGC which is covered under IRDA or are performing regulatory functions e.g. POSCO. In all the cases IMC shall take appropriate decision on the suggestions made by PNC.

Parameters..... contd.

- For CPSEs under closure/ under construction/ under reconstruction, parameters have not been prescribed leaving it to the PNC to suggest the most appropriate parameters and targets for IMC to take decisions. For such CPSEs, the emphasis should be to suggest parameters and fix targets for starting commercial operations as early as possible. For CPSEs under closure, the targets would be for ensuring time bound closure. Format for such CPSEs is at **Annex-IV**.
- Definition and explanatory notes on the suggested the parameters are given in **Annex-V**.

Pre-negotiation Committee (PNC)

The role of the Pre-negotiation Committee (earlier known as Standing Committee on MoU) would be to assist IMC in determining the most appropriate and relevant parameters for measuring improvement in performance and for fixing targets. Meetings of the Pre-negotiation Committee would be held in each case before the meetings of IMC to look at the trends, discuss, negotiate and recommend MoU parameters and targets. The composition of Pre-negotiation Committee would remain the same of erstwhile Standing Committee.

Inter-Ministerial Committee (IMC)

MoU targets would be decided by the IMC.

Time-Lines for MoU

Documents	Prescribed Date
Submission of draft MoU with all documents/ Annexures in respect of all CPSEs and their subsidiaries	
to administrative Ministry/ Department	21st November of each year for the forthcoming year
to DPE after the approval of administrative Ministry/ Department	15th December of each year for the forthcoming year with all documents/ Annexures
<p>Date extended to 19th Feb, 2016 for 2016-17.</p> <p>Date extended to 17th Feb, 2017 for 2017-18.</p>	

Time-Lines for MoU.... Contd.

Documents	Prescribed Date
Signing of MoU as per Minutes of IMC meeting	31st March (i.e. before start of financial year in respect of which targets are fixed) or 21 days from issue of minutes whichever is <u>later</u> .
Performance evaluation reports to DPE after approval of the Board and through the administrative Ministries/ Departments	On or before 30th September (in respect of immediately preceding year) or any other date communicated by DPE

Enclosures with Draft MoU

- MoU with prescribed Annexures.
- Copy of latest Annual Report.
- Latest quarterly/ half-yearly results.
- Copy of the latest Annual Plan and Annual Budget.
- Copy of Corporate Plan.
- Minutes of the IMC meeting of previous year.

Documents for MoU Evaluation

The documents required for MoU Evaluation;

- Minutes of the MoU Negotiation Meeting;
- Signed MoU along with Annexure;
- Self Evaluation Sheet submitted by CPSE through Administrative ministry
- Following documents are required along with the self evaluation sheet;
 - Annual Report & Financial statements ;
 - Where achievements are not verifiable from annual report, resolution of Board of Directors certifying/ confirming achievement.

MoU Signing Process

MoU based on the parameters, targets and weightage recommended by IMC without any deviation shall be signed between CMD/ MD of CPSE and Secretary of administrative Ministry/ Department in case of holding/ independent CPSEs

and

between CEO/ MD of subsidiary company and CMD/ MD of holding CPSE in case of subsidiary. In case, deviation is detected, IMC minutes would prevail and performance of the CPSE will be evaluated as per para14.2 of MoU guidelines.

Soft Targets

If at the time of evaluation, it is observed that any CPSE may have under-pitch their projected performance for the year concerned to have soft targets fixed. DPE/IMC may call the CMD of such CPSE to clarify the matter for enabling the IMC to evaluate the performance **and assign marks and rating based on justification given by the CMD.**

Approval of Score and Rating

- DPE would carry out the evaluation of the performance based on the MoU received through the administrative ministries/ department.
- The results of MoU score and rating of CPSEs would be submitted to the IMC.
- IMC may scrutinize the evaluation and wherever it is felt necessary, modify the score and rating.
- The score and the ratings of the CPSEs would be submitted to chairman of the HPC for approval.
- Score and rating would be final after it is approved by the Chairman of the HPC.

MoU Score and Rating

Aggregated Score	Rating
$90 \leq \text{Score} < 100$	Excellent
$70 \leq \text{Score} < 90$	Very Good
$50 \leq \text{Score} < 70$	Good
$33 \leq \text{Score} < 50$	Fair
$0 \leq \text{Score} < 33$	Poor

Additional eligibility criteria

CPSEs have to essentially comply with the following conditions, failing which MoU score would be reduced by 1 mark for each instance of non-compliance, subject to maximum of 5 marks and the rating would be modified accordingly

- i. Compliance of Provisions of The Companies Act, 2013 or the relevant Act under which they have been regulated (To the extent compliances are within the ambit of CPSEs).
- ii. In case of listed CPSEs, compliance of provisions of Listing Agreement (To the extent compliances are within the ambit of CPSEs).

Additional eligibility criteriacontd.

- iii. Compliance of DPE Guidelines having financial implications.
- iv. No adverse observations by CAG on Annual Accounts pointing out misappropriation of funds of any amount or Over/ under statement of profit/ loss (surplus/ deficit)/ assets/ liabilities amounting to **5% of Revenue from Operation.**
- v. Holding of AGM without seeking extension of time.
- vi. Submission of Draft MoU/ MoU evaluation through administrative ministry/ department to DPE by prescribed date.
- vii. Signing of MoU as prescribed without deviation from minutes of the IMC meeting.

Additional eligibility criteria (2)

- Viii Compliance of Public Procurement Policy for Micro and Small Enterprises issued by M/o Micro Small and Medium Enterprises.
- ix. Compliance of DPE guidelines on allocation of CSR fund by CPSEs for Swachh Bharat activities.
- x. Compliance of DPE guidelines on Digital India.
- xi. Compliance of DPE guidelines on Accessible India Campaign (Sugamya Bharat Abhiyan)
- xii. Compliance of DPE guidelines on Implementation of The Apprenticeship Act 1961 in CPSEs
- xiii. Compliance of DPE guidelines on any policy (other than mentioned in ii and iii above), issued from time to time, and prescribed specifically in this regard.

Faith on the Board

- Compliance of each of additional eligibility criteria to be confirmed/ certified by Board of Directors by way of resolution.
- Figures and information in the MoU achievement which are not verifiable from audited accounts/ annual report would be relied on the basis of certification by way of resolution of the Board given separately for each parameter.

MoU Evaluation

Evaluation of MoU of the CPSE is done after the end of the year on the basis of actual achievements vis-à-vis the MoU targets. CPSEs (Holding as well as Subsidiaries) are required to submit performance evaluation reports on the basis of audited accounts to Department of Public Enterprises after **approval of the Board** of CPSE and through the administrative Ministries/Departments.

Model Board Resolution (1)

Resolved that it is Confirmed (or Certified) _____
Ltd (Name of cpse) has complied with the following for
the year_____.

1. Provisions of The Companies Act, 2013 (or the relevant Act under which they have been regulated).
2. Provisions of Listing Agreement (In case of listed CPSEs).
3. DPE Guidelines having financial implications.
4. Public Procurement Policy for Micro and Small Enterprises issued by M/o Micro Small and Medium Enterprises.

Model Board Resolution (1)

Resolved that it is Certified _____ Ltd (Name of cpse) has achieved the following for the year_____.

1. New orders during the year Rs. _____crore.
2. Completion of the project on _____.
3. Reduction in energy consumption as compared to previous year _____ %.

MoU parameters

Brief about the CPSE

1.	Name of the CPSE	
2.	Status (Please tick)	Maharatna/ Navratna/ Miniratna/ Others
3.	Schedule of the CPSE (Please tick)	A/B/C/D/ none
4.	Purpose for which CPSE has been setup and the main business now.	
5.	Any Capital restructuring during 2016-17, i.e., by back of shares, issue of bonus shares, issue of fresh shares, splitting of shares and percentage of PAT given as dividend.	
6.	whether shares are listed (if yes,name of stock Exchange and price of the share as on date).	


Brief about the CPSE...Contd.

7.	Any change in Capacity during the year or next year (MoU Year)	
8.	Any Business unit hived off or to be hived off or added or to be added during the year or next year (MoU Year)	
9.	Brief about the sector in which the CPSE is operating in national and international environment, regulatory environment etc.	May given as an annexure
10.	Details of revival plan if approved	
11.	Any adverse comment by statutory auditors and its impact on Revenue/ Profit/ Loss/ Assets/ Liabilities.	
12.	Whether C&AG Supplemented the comments of Statutory Auditor. If not, give details along with impact.	

Brief about the CPSE...Contd.

13	Number and Name of subsidiary companies along with amount invested and share in its profit during last five years		Separate sheet may be attached, if more than one subsidiary. Information may be separately given in respect of each subsidiary and aggregated (consolidated) also.	
	Year*	Name of subsidiary	Amount invested (Rs.)	Share in its profit (Rs.)
	2013-14			
	2014-15			
	2015-16			
	2016-17			
	2017-18			
14	Number and Name of Joint Venture companies along with amount invested and share in its profit during last five years		Separate sheet may be attached, if more than one Joint Venture. Information may be separately given in respect of each Joint Venture and aggregated (consolidated) also.	
	Year*	Name of Joint Venture	Amount invested (Rs.)	Share in its profit (Rs.)
	2013-14			
	2014-15			
	2015-16			
	2016-17			
	2017-18			
15.	Details of revival plan approved earlier			

Mandatory Parameters

Sl.	Financial Performance Criteria	Unit	Wt
i	Turnover <u>Revenue from Operations (Net)</u>	Rs. crore	10
ii	Operating Profit/Loss (Profit/ Surplus before Tax excluding other Income, Extraordinary and Exceptional Items):		
	<u>CPSEs with operating profit</u> :- Operating profit/ surplus as a percentage of Revenue from operations (net).	%	20
	<u>CPSEs with operating Loss</u> :- Reduction in operating Loss over previous year.		
iii	Return on investment:		
	<u>Profit Earning CPSEs</u> : PAT or Surplus / Average Net Worth	%	20
	<u>Loss making CPSEs or having Accumulated losses</u> : Reduction in Total Expenses as a percentage of Total Income as compared to previous year. 		

Turnover (Revenue from Operations)

- Target for turnover may be fixed net of excise duty, service tax, GST, etc., whether shown as reduction from Revenue from Operations or under the head Expenditure. As per schedule III, in respect of a company other than finance company revenue from operations consist of: (a) Sale of products; (b) Sale of services; (c) Other operating revenues. In respect of a finance company, revenue from operations shall include revenue from (a) Interest income; and (b) Other income from financial services.

Turnover (Revenue from Operations).....Contd.

- If the price of product is regulated by statutory authorities/ international transparent mechanism, adjustment in revenue from operations may be allowed for variation in price, i.e., where target is fixed with the condition that adjustment in variation of price/ input cost (e.g., natural gas as a pass through in case of fertilizer) would be allowed due to regulatory regime, etc., the target would be adjusted according to the variation in price at the time of evaluation. For this purpose, first physical target would be decided and then financial target would be arrived at after applying applicable prices so that there is no ambiguity at the time of evaluation.



Operating Profit/ Surplus or Reduction on Operating Loss/ Deficit

It would mean Profit before Tax/ Surplus excluding other incomes, and not taking into account Extraordinary and Exceptional Items. Section 8 CPSEs, preparing Income and Expenditure Statement in place of Profit and Loss Account, profit/ loss would mean surplus/ deficit. Extraordinary and Exceptional Items, prior period items may be excluded, if shown separately in audited Annual Accounts. There would be no adjustment in target due to changes in exchange rate, regulatory prices of raw material or finished goods or due to any other reason since target would be fixed as a ratio of operating profit to revenue from operations. With the change in price, there would be change in denominator alongwith change in numerator, hence ratio becomes price neutral to a large extent.



Operating Profit/ Surplus or Reduction on Operating Loss/ Deficit.....contd.

In case of loss making CPSEs, reduction in loss should be target since target cannot be fixed for loss. This reduction would be in the year under reference with reference to loss for the previous year. For excellent grade target for reduction in loss should be 100% or target for profit in absolute terms.



PAT / Net Worth or Shareholders Fund

Profit Earning CPSEs with no accumulated losses, ratio would be Profit after Tax (PAT)/ Net Worth. There would be no adjustment due to changes in exchange rate, regulatory prices of raw material or finished goods.

Net-worth would have the same meaning as defined in Section 2(57) of the Companies Act, 2013, i.e. Aggregate value of the paid up share capital and all reserves created out of profits and securities premium account, after deducting the aggregate value of accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the Audited Balance Sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

However, if there is extra- ordinary item of substantial value, the same would be considered at the time of evaluation.

PAT / Net Worth or Shareholders Fund.... Contd.

Loss making CPSEs or CPSEs having accumulated losses parameter would be reduction in Total Expenses as a percentage of Total Income as compared to previous year. It may be ensured that target for excellent would be reduction to the extent to bring net loss to at least zero.

Similarly for CPSEs with first year of operation, target may be Total Expenses as a percentage of Total Income with excellent target of 100 or less.



Other Parameters.....contd.

Sl. No.	Performance Criteria	Unit	Marks
1	<u>Capacity Utilisation</u> / Production/ Generation/ Transmission, etc.		0-10
2	<u>New orders Received during the year</u>	Rs. crore	0-10
3	<u>Exports as a percentage</u> of Revenue from operations	%	0-10
4	Development or <u>Revenue from new products</u> or product with new features		0-10
5	Any <u>Production Efficiency</u> parameter		0-10
6	<u>Completion of milestone</u> of clients orders/ agreements without time overrun	%	0-10

Other Parameters.....contd.

Sl.	Performance Criteria	Unit	Wt
7	<u>R&D</u> , Innovation, Technology up-gradation parameter		0-10
8	<u>Increase in Market share</u>	%	0-10
9	<u>CAPEX</u> (Rs. Crore)		0-10
10	<u>Percentages of value of CAPEX</u> contracts/ projects running/ completed during the year without time/ cost overrun to total value of CAPEX contracts running/ completed during the year	%	0-10
11	<u>Inventory of finished</u> goods and work in progress to Revenue from operations (Net)	Days	0-10
12	<u>Reduction in Inventory</u> of more than one year old to Revenue from operations (Net)	%	0-10

Other Parameters.....contd.

Sl.	Performance Criteria	Unit	Wt
13	<u>Trade receivables</u> (Net) as number of days of Revenue from Operations (gross)	Days	0-10
14	<u>Reduction in claims</u> against the Company not acknowledged as debt	%	0-10
15	<u>Return</u> (share of profit/loss) on Investment in JV	%	0-10
16	<u>Milestones</u> with respect to subsidiary CPSEs not signing MoUs separately		0-10
17	Parameters pertaining to milestones of <u>Revival</u>		0-10
18	<u>HR related Parameter</u>		0-10
19	Any other sector specific <u>result-oriented measurable parameters</u>		0-10

***Improvement would be worked out on very Good Target for MoU year over Current year expected actuals.**

Other Parameters (Finance CPSEs)

Sl	Performance Criteria	Unit	Wt
1	Loans disbursed/ <u>Total Funds Available</u>	%	10-20
2	Loans disbursed to Micro Finance Beneficiaries as a % <u>Total Disbursement</u>	%	0-10
3	Overdue loans/ <u>Total loans</u> (Net)	%	10
4	<u>NPA/ Total loans</u> (Net)	%	10
5	<u>Cost of raising funds</u> through bonds as compared to similarly rated CPSEs/ entities		0-10
6	Contingent liabilities: Reduction in claims against the Company not acknowledged as debt	%	0-5
7	Return on Investment (share of profit/loss) in Joint Ventures- CPSEs having Joint Ventures	%	0-5
8	Milestones with respect to subsidiary CPSEs not signing MoUs separately		0-5
9	Any other sector specific result-oriented measurable parameters		0-10

***Improvement would be worked out on very Good Target for MoU year over Current year expected actuals.**

Miscellaneous

In case there is no suitable parameter under Annex II (Part B or C), weightage may be assigned to Return on Investment.






Definitions and Explanatory notes



Capacity Utilisation: Capacity utilization used to be a part of Notes to Accounts in case of manufacturing companies till recently. Reference may be made to earlier Annual Accounts while introducing target under this parameter. The purpose of this target is to reflect performance of CPSEs in physical/quantitative terms which lead to quantification of goods and services. Reference to capacity utilization may be with reference to installed capacity or rated capacity, wherever available. The target may be given either as a percentage of installed capacity or rated capacity or production/ generation/ transmission in absolute terms.



Definitions and Explanatory notes...contd.

- **New orders received during the year:** This may be a parameter mainly for CPSEs in Consultancy or Construction Sector. Only new orders received during the year would be taken. 
- **Export as a percentage of Revenue from Operations:** This parameter may be taken in respect of CPSEs having potential for export. The target may be to increase export income. Export would include sale of goods and sale of services. 
- **Development or Revenue from new products or product with new features:** This parameter may be taken where CPSE is engaged in innovative work or has the capacity to develop new products. The intention of this parameter is to encourage development of new products/ features and also to encourage their commercialization. 

Definitions and Explanatory notes...contd.

- **Production Efficiency parameter:** Any sector specific result oriented measurable parameter leading to physical efficiency in production over previous year may be taken, eg., reduction in specific energy consumption, reduction in raw material input per unit of production, etc. 
- **Completion of milestones of client's orders/ agreement without time overrun:** This would be a compulsory parameter for CPSEs manufacturing on the basis of orders received from clients and Consultancy organizations where delay leads to levy of penalty. The target for excellent level would be 100%. 

Definitions and Explanatory notes...contd.

- **R&D, innovation, technological upgradation:** Commercialisation of R&D achievement, innovation or technological upgradation leading to efficiency in operations, or reduction in cost may be taken under this heading.



- **Increase in market share:** This parameter may be taken where transparent system of measuring market share is available.



CAPEX

Capital Expenditure (CAPEX) means any expenditure incurred towards acquisition/addition of fixed assets i.e. on completion, it would form part of fixed assets. CAPEX may be for expansion, modernization or diversification. This has to be considered on accrual basis and not on cash basis. CAPEX may be decided on the basis of viable projects available for expansion, modernization or diversification, cash and bank balance or parked funds, net-worth, borrowings, etc. CAPEX may be with own funds or by borrowings by leveraging net-worth or may be by way of budgetary support. CAPEX would be compulsory target for CPSEs having adequate funds or borrowing capacity and have viable business opportunities for expansion, modernization or diversification.

CAPEX

In case of manufacturing CPSEs not taking CAPEX as one of the parameters, justification need to be given duly supported by the administrative Ministry. There may be some projects for expansion, modernisation, diversification having project completion period of more than one year. In such cases, detail of the project e.g. total cost, year-wise amount to be incurred, schedule completion date, amount to be spent, milestone to be achieved during the year, source of funding (own/ borrowed/ budgetary support) etc. need to be given for each project separately.



Definitions and Explanatory notes...contd.

Percentages of value of CAPEX contracts/ projects running/ completed during the year without time/ cost overrun to total value of CAPEX contracts running/ completed during the year:

This would be a compulsory target for CPSEs which have taken target for CAPEX. This would be worked out in respect of all ongoing projects for value above Rs.150 crore. Information would be given where there was time and/ or cost over-run. CPSE would submit list of all projects which are in progress and or 10 top projects at the time of target setting. CPSEs are to ensure that details of all projects of over Rs. 150 crore are entered in OCMS system of MoSPI and/or has to submit details of 10 top projects. It may be ensured that parameter of monitoring time and cost overrun of projects for numerator and denominator would be referring to same set of projects.



Definitions and Explanatory notes...contd.

- **Number of days of Inventory of finished goods and Work-in-progress to Sale of Products (wherever applicable).** This parameter is compulsory to all CPSEs having inventory of finished goods and work in progress of more than 15 days except the CPSEs which have been mandated to have minimum stock by the Government of India/ administrative Ministries/ Departments. The figures would be taken from audited Annual Accounts for inventory of finished goods, work in progress and sale of products. It is to be noted that inventory of raw material, stores and spares, loose tools and others (if any) shall be excluded and goods in transit shall be included under the relevant sub head work in progress or finished good as applicable.



Definitions and Explanatory notes...contd.

- **Reduction in inventory of more than one year old as a percentage of Revenue from Operations:** This would be a parameter for trading CPSEs. These CPSEs need to liquidate their stock as early as possible.



- **Trade Receivables as number of days of Revenue from Operations (Gross):** This parameter is compulsory to all CPSEs having trade receivables of more than 15 days. The figures of trade receivable, revenue from operations would be taken from audited Annual Accounts. Trade receivables would include all trade receivables wherever shown in the Balance Sheet except deferred trade receivables.






Definitions and Explanatory notes...contd.

Reduction in Claims against the Company not acknowledged as debt: This would be taken on the basis of figures given in Notes to Accounts to the Balance Sheet under the heading ‘Contingent Liabilities’. Evaluation would be done for reduction in claims from the opening balance (closing balance of previous year). **Efforts should be made to bring claims by the CPSEs to Nil and substantial reduction in respect of claims raised by others.** This may be bifurcated into Claims raised by:

- Central Government Departments;
- State Government Departments or Local Bodies;
- CPSEs;
- Others



Definitions and Explanatory notes...contd.

- **Return (share of profit/ loss) in Joint Ventures:** This would be a compulsory parameter for CPSEs having investment (after written off) in Joint Ventures. Share of profit/ loss would be as per actual profit and loss (PAT) in the Joint Venture Company. 
- **Milestones with respect to subsidiary CPSEs not signing MoU separately:** This would be a compulsory parameter for CPSEs having subsidiaries and not signing MoU. The parameter would depend on the nature of the CPSE. 
- **Parameters pertaining to milestones of Revival:** Where revival/ restructuring of the CPSE has been approved by the competent authority and revival plan is under implementation, in such cases, milestones for revival may be taken as target to ensure timely implementation of revival plan of the CPSE. 

Definitions and Explanatory notes...contd.

- HR related Parameters – 2017-18

Sl.	Particulars	Marks	MoU Target				
			Ex	V.G.	Good	Fair	Poor
Compulsory Parameters:							
1.	On-line submission of ACR/APAR in respect of all executives (E0 and above) along with compliance of prescribed timelines w.r.t writing of ACR/APAR (% of number of executives)						
2.	Online Quarterly vigilance clearance updation for Senior Executives (E5 and above) (% of number of senior executives)						
3.	Preparation of succession plan and its approval by Board of Directors (Date)						
Optional Parameters:							
4.	Holding of DPC without delay for executive (E0 and above level) (%)						
5.	Talent management and carrier progression by imparting at least one week training in Centre of Excellence within India e.g. IITs, IIMs, NITs, ICAI etc. (% of executives)						
6.	Rationalization of Manpower						
7.	HR Audit and Decision of Board of Directors decision on the findings of HR audit (Date)						



Definitions and Explanatory notes...contd.

- **HR related Parameters – 2018-19**

Performance Criteria	Marks	MoU Target				
		Ex.	VG	Good	Fair	Poor
Assessment of level in line with People Capability Maturity Model (PCMM) or its equivalent in the CPSE & placing the matter before the Board for taking a decision whether to go for up-gradation in level and, if yes, getting the approval for the timelines from the Board and if no, justifiable reason to be recorded in the Board Resolution (Date)						
Online Human Resource Management System (HRMS) Implementation (consisting of online employee data administration, employee self-service, exit procedure, talent management, etc.) and its integration with finance (Date)						



Definitions and Explanatory notes...contd.

Any other sector specific result-oriented measurable parameter:

Under this head, sector specific result-oriented measurable parameter may be taken. Parameters which are process oriented e.g. parameters related to training, HR etc. may not be taken. The minimum weightage of the parameters may be kept as 3 so that it may be given adequate consideration by the CPSE.






Definitions and Explanatory notes (Finance CPSE)

- **Loans disbursed/ total funds available (in %):** This would be worked out on the basis of total loans disbursed during the year and total funds available. Total funds available would include cash and bank balance in the beginning of the year, share capital received during the year, loans raised/ repaid during the year, any funds received from any source for this purpose, sale of assets, repayment/ pre-payment received during the year, and reducing therefrom any investment in assets.
- **Loans disbursed to Micro Finance Beneficiaries as a percentage of total disbursement:** The intention of this target is to increase the percentage of loans disbursed to Micro Finance Beneficiaries as compared to bigger beneficiaries.



Definitions and Explanatory notes (Finance CPSE)

- **Overdue loans/ total loans (net) (in %):** Figures of loan due but not recovered and total loan (net) would be based on audited accounts. 
- **NPA/ Total loans (net) (in %):** The figures of NPA would be Net NPA taken on the basis of regulatory framework under which CPSE perform as on the last date of the year under reference. Loan assets (net) would be based on Audited balance Sheet. 
- **Cost of raising funds through bonds as compared to similarly rated CPSEs/ entities:** This would be a compulsory parameter for CPSEs raising funds from the market. Target for excellence would be for raising funds at cheaper rates as compared to similarly rated CPSEs/ entities. 

MoU Negotiation 2018-19

MoU Negotiation 2018-19 - Status

Particulars	No of CPSEs
No. of CPSEs	407
Pre-negotiation meetings held	168
MoU negotiation (IMC) meetings held	168
Targets given	168
CPSEs exempted	29
MoU not submitted by CPSE	2

Thank You