

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

UNSTARRED QUESTION NO:594

ANSWERED ON:03.03.2005

PERFORMANCE OF CPSUs

Rao Shri Sambasiva Rayapati; Saradgi Shri Iqbal Ahmed

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

- (a) whether the Government proposes to incorporate a set of fresh parameters in the Memorandum of Understanding (MOU) with Central Public Sector Enterprises;
- (b) if so, the details thereof;
- (c) whether the adhoc Group of Experts has made recommendations to improve overall performance in Central Public Sector Enterprises;
- (d) if so, the details thereof; and
- (e) the action taken/proposed to be taken by the Government for implementation of recommendations?

Answer

THE MINISTER OF STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
(SHRI SONTOSH MOHAN DEV)

(a) & (b): The MOU Guidelines for the year 2005-06 have already been modified. Common parameters have been set in the MOU guidelines for all PSEs other than Social, Financial, Trading and Consultancy PSEs. In order to address the specific nature of these PSEs, special provisions have been incorporated in the MOU guidelines for the year 2005-06. 'Added Value' has also been redefined to capture productivity improvement in real terms, which may be computed as gross margin minus returns on capital, which in turn may be computed as capital recovery factor @4% of the capital employed for social sector PSEs and @ 10% for all other PSEs.

(c),(d) & (e): The adhoc Group of Experts has not yet made any recommendations.