



Department of Public Enterprises

Why in News

Recently, the government **reallocated the Department of Public Enterprises (DPE)** to the **finance ministry** from **the ministry of heavy industries**.

- The **Finance Ministry will now have six departments** while DPE's parent ministry, the **Ministry of Heavy Industries and Public Enterprises will now be called the Ministry of Heavy Industries**.

Key Points

▪ About:

- It is the **nodal department for all the Central Public Sector Enterprises (CPSEs)** and formulates policy pertaining to CPSEs.
 - **CPSEs** are those companies in which the direct **holding of the Central Government or other CPSEs is 51% or more**.
- It lays down, in particular, **policy guidelines on performance improvement and evaluation, autonomy and financial delegation and personnel management in CPSEs**.
- It furthermore **collects and maintains information in the form of a Public Enterprises Survey on several areas in respect of CPSEs**.
 - It will now be the **sixth department in the finance ministry** besides economic affairs, revenue, expenditure, financial services and **Department of Investment and Public Asset Management (DIPAM)**.
- The shift of DPE to the Finance Ministry will **help in efficient monitoring of the capital expenditure, asset monetisation and financial health of the CPSEs**.

▪ Background:

- In their report, the **Estimates Committee** of 3rd Lok Sabha (1962-67) stressed the **need for setting up a centralized coordinating unit, which could also make continuous appraisal of the performance of public enterprises**.
- Which led to the setting up of the **Bureau of Public Enterprises (BPE) in 1965** in the Ministry of Finance.
- In **1985, BPE was made part of the Ministry of Industry**. In **May, 1990, BPE was made a full-fledged Department** known as the **Department of Public Enterprises (DPE)**.

▪ Major Functions:

- Coordination of **matters of general policy affecting all Public Sector Enterprises (PSEs)**.
- **Restructuring or closure of PSEs** including the mechanisms.
- Rendering advice relating to **revival**.
- **Counselling, training and rehabilitation of employees** in CPSEs under Voluntary

Retirement Scheme.

- **Categorisation** of CPSEs **including conferring 'Ratna' status**, among others.

- CPSEs are classified into 3 categories- **Maharatna, Navratna and Miniratna**. Presently, there are 10 Maharatna, 14 Navratna and 74 Miniratna CPSEs.

Classification of CPSEs			
Category	Launch	Criteria	Examples
Maharatna	<ul style="list-style-type: none"> ◦ Maharatna Scheme was introduced for CPSEs in May, 2010, in order to empower mega CPSEs to expand their operations and emerge as global giants. 	<ul style="list-style-type: none"> ◦ Having Navratna status. ◦ Listed on Indian stock exchange with minimum prescribed public shareholding under Securities and Exchange Board of India (SEBI) regulations. ◦ An average annual turnover of more than Rs. 25,000 crore during the last 3 years. ◦ An average annual net worth of more than Rs. 15,000 crore during the last 3 years. ◦ An average annual net profit after tax of more than Rs. 5,000 crore during the last 3 years. ◦ Should have significant global presence/international operations. 	<ul style="list-style-type: none"> ◦ Bharat Heavy Electricals Limited, Bharat Petroleum Corporation Limited, Coal India Limited, GAIL (India) Limited, etc.
Navratna	<ul style="list-style-type: none"> ◦ Navratna Scheme was introduced in 1997 in order to identify CPSEs that enjoy comparative advantages in their respective sectors and to support them in their drive to become global players. 	<ul style="list-style-type: none"> ◦ The Miniratna Category – I and Schedule ‘A’ CPSEs, which have obtained ‘excellent’ or ‘very good’ rating under the Memorandum of Understanding system in three of the last five years, and have composite score of 60 or above in the six selected performance parameters, namely, <ul style="list-style-type: none"> ◦ Net profit to net worth. ◦ Manpower cost to total cost of production/services. ◦ Profit before depreciation, interest and taxes to capital employed. ◦ Profit before interest and taxes to turnover. ◦ Earning per share. ◦ Inter-sectoral performance. 	<ul style="list-style-type: none"> ◦ Bharat Electronics Limited, Hindustan Aeronautics Limited, etc.
Miniratna	<ul style="list-style-type: none"> ◦ Miniratna scheme was introduced in 1997 in pursuance of the policy objective to make the public sector more efficient and competitive and to grant enhanced autonomy and delegation of powers to the profit-making public sector enterprises. 	<ul style="list-style-type: none"> ◦ Miniratna Category-I: The CPSEs which have made profit in the last three years continuously, pre-tax profit is Rs.30 crores or more in at least one of the three years and have a positive net worth are eligible to be considered for grant of Miniratna-I status. ◦ Miniratna Category-II: The CPSEs which have made profit for the last three years continuously and have a positive net worth are eligible to be considered for grant of Miniratna-II status. ◦ Miniratna CPSEs should have not defaulted in the repayment of loans/interest payment on any loans due to the Government. ◦ Miniratna CPSEs shall not depend upon budgetary support or Government guarantees. 	<ul style="list-style-type: none"> ◦ Category-I: Airports Authority of India, Antrix Corporation Limited, etc. ◦ Category-II: Artificial Limbs Manufacturing Corporation of India, Bharat Pumps & Compressors Limited, etc.

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Estimates Committee

- **About:**

- It was first established during British Era in the 1920s but **Independent India's first Estimates Committee was established in 1950.**
- This committee **examines the estimates included in the budget and suggests 'economies'** in public expenditure.
- **Other Financial Committees of Parliament** include - Public Accounts Committee and Committee on Public Undertakings.

▪ **Members:**

- It has **30 members** and all these members are from **Lok Sabha.**
- The members are elected by Lok Sabha members from amongst themselves **every year by principles of proportional representation by means of a single transferable vote**, so that all parties get due presentation in it.
- **A minister cannot be elected as member/Chairman of estimates committee.**
- The **chairman is appointed by the Speaker** and the chairman is **always from the ruling party** or coalition.

▪ **Functions:**

- This committee tries **to report the economy and efficiency in expenditures.**
- It **suggests what changes in policy or administrative framework** can be done and what alternative policies can be considered to bring economy and efficiency.
 - The works of this committee continue **throughout the year and it keeps reporting to the house as examination proceeds.**
 - Due to this reason, this committee is also called '**continuous economy committee**'.

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