



No:- CP&M-I/1-54/MoU(2026-27)/2025/

TIME BOUND/ MOST URGENT
Dated: 13/11/2025

Sub: Seeking inputs for review of MoU guidelines for the year 2026-27-regarding

- Ref: i) DPE letter regarding Inputs on above cited subject vide No. M-03/0002/2025-DPE(PD) dt 07th November, 2025
ii) MOU framework for CPSEs' performance evaluation for the year 2025-26 onwards dt 28th March 2025 from Director (MoU division)

Government being the majority shareholders of Central Public Sector Enterprises (CPSEs), undertake regular performance evaluation of CPSEs, to assess their efficacy towards fulfilment of core objectives for which these have been constituted. This evaluation is conducted through a Memorandum of Understanding (MoU) framework which incorporates long-term, progressive, quantifiable and verifiable parameters to promote objectivity and minimize subjectivity in performance evaluation.

2. MOU framework for CPSEs' performance evaluation for the year 2025-26 onwards dt 28th March 2025 are enclosed for ready reference available on the DPE website [https://www.dpe.gov.in/->Documents->Guidelines->Memorandum of Understanding (MoU)].
3. The deliberation on the MoU for the FY 2026-27 to be signed between DoT and BSNL is soon going to start, Accordingly DPE has initiated revision in MoU guidelines for the year 2026-27, aiming to make them more focused and better equipped to accurately reflect performance.

The CPSEs, Administrative Ministries and other stakeholders are requested to provide their inputs on existing parameters and their respective weights in the framework, as well as suggestions with rationale and ensure they enhance objectivity in performance evaluation on leading/key indicators /new parameters related to performance of the CPSE keeping in mind the broader priorities of the Government.

4. While open to all suggestions specific feedback on the points enclosed as Enclosure are also desired. The inputs should focus on holistic and applicable to all CPSEs, rather than specific to individual CPSE.
5. Hence all vertical MoU Nodal officers noted below,

S.No	Business Verticals	Name of the officer/Nodal	Designation
1.	CFA	Sh. N.K Agrawal	GM(NWO-CFA)
2.	CM	Sh. Sunil Kumar Singhal	GM (NWO-CM-I)
3.	EB	Sh. Amit Saxena	PGM(CNO)
4.	Finance	Sh. Rajeev Singh	PGM(CA&ERP-FICC)
5.	HR	Sh Rajeev Kumar Kaushik	PGM (Restg)

are requested to kindly provide best /leading indicators (of their respective vertical by 14.11.2025 of the performance of BSNL

For existing parameters and their weights, copy of MoU 2025-26, signed between DoT and BSNL available on BSNL intranet portal.

GM (CP&M)

Encl: 1. DPE letter regarding Inputs on above cited subject vide No. M-03/0002/2025-DPE(PD) dt 07th Nov, 2025

To

PGM /Sr.GM/GM-

(NWO-CFA/NWO-CM-I/CNO / CA&ERP-Fico /Restg. BSNL C.O: (MoU Nodal Officers of Verticals))

Copy for kind information to:

[1-5] Director [CFA / CM /EB /Fin / HR] for necessary direction to all verticals nodal for necessary action please

Enclosure

Specific points for consideration:

- i. Pro-rata marking from 100% to 50% achievement can dilute the consequences of significant underperformance on some parameters, such as productivity for which underperformance after certain level is not acceptable. To address this, **introducing a threshold / cutoff for parameter-specific** would ensure accountability and prevent unacceptable underperformance.
- ii. CPSEs often raise concern that the targets (level of 100%) are unrealistic. However, the IMC asserts that CPSE achieving 90% of the targets qualifies for an 'Excellent' rating. So, to promote growth and keep the targets realistic with the sectoral / ministry's vision, the rating system needs recalibration so that the CPSE gets **'Excellent' rating on achieving the assigned targets**, not with the portion (currently 90%) of the target. While a CPSE should also be able to secure score for a **'Very Good' rating only if there is no decline in performance** at least on growth indicators, such as revenue, physical production etc.
- iii. A new parameter needs to be introduced for **projects execution** to incentivize the projects completion without time and cost overrun. An appropriate methodology for target setting and evaluation need to be devised.
- iv. A new parameter needs to be introduced for incentivizing **dividend payout** by sparing some weightages from the Total Return to Shareholders and Earning per Share parameters, for encouraging return to the investment.
- v. For accurate target setting, the base year's performance are necessary to be available. Accordingly, considering the obvious time required for convening the IMC meetings and activities thereafter, the MoUs are getting finalized are getting finalized by the second quarter. To ensure timely MoUs finalization on financial year's commencement, target-setting can be done in two stages:
 - a. in-principal provisional targets would be fixed by April for the financial year based on the projections / estimates, and
 - b. the final targets would be revised sue-moto once the audited data is available and any deviation with projection / estimate exists.
