

Department of Public Enterprises (DPE)

July 10, 2021

In news

The Union government has merged the Department of Public Enterprises (DPE) with the Finance Ministry recently.

Why merger?

DPE has been merged with the Finance Ministry to give it better control over key state-owned firms, review their capital expenditure plans and chalk out measures relating to revival as well as closure of CPSEs.

The move comes ahead of the significant privatisation roadmap being pursued by the government, including strategic sale of Bharat Petroleum Corporation Ltd (BPCL), Shipping Corporation, Container Corporation, Neelachal Ispat Nigam Ltd, Pawan Hans, Air India, which are expected to be completed in 2021-22.

More information

- With this merger, the **finance ministry will now have six departments**, with five other departments being Economic Affairs, Revenue, Expenditure, Investment and Public Asset Management and Financial Services.
- The finance ministry has grown into a mega ministry over the last few years with Dipam (the disinvestment department, in its earlier avatar), while the department of financial services grew from being a division in the ministry to an independent department.
- The Ministry of Heavy Industries and Public Enterprises, the parent ministry of DPE, will now be called the Ministry of Heavy Industries.
- As result of the merger, **key government companies** like

BPCL, ONGC, IOC, HPCL, Power Grid Corporation, Coal India, among others, **will now come under direct control of Finance Ministry.**

About the Department of Public Enterprises

- DPE is the **nodal department for all the Central Public Sector Enterprises (CPSEs)** and formulates policy pertaining to CPSEs.
- 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.

History of DPE

- In their 52nd 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.
- This led to the **setting up of the Bureau of Public Enterprises (BPE) in 1965 in the Ministry of Finance.**
- Subsequently, as a result of the reorganization of the Ministries/Departments of the Union Government in September, 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).

Its role

In fulfilling its role, the Department Coordinates with other Ministries, CPSEs and concerned organizations. **As per the Allocation of Business Rules of the Government, the following subjects have been allocated to the DPE:**

- Residual work relating to the erstwhile Bureau of Public Enterprises including Industrial Management Pool.
- Coordination of matters of general policy affecting all Public Sector Enterprises.
- Evaluation and monitoring the performance of Public Sector Enterprises, including the Memorandum of Understanding mechanism.
- Matters relating to Permanent Machinery of Arbitration for the Public Sector Enterprises.
- Counseling, training and rehabilitation of employees in Central Public Sector Undertakings under Voluntary Retirement Scheme.
- Review of capital projects and expenditure in Central Public Sector Enterprises.
- Measures aimed at improving performance of Central Public Sector Enterprises and other capacity building initiatives of Public Sector Enterprises.
- Rendering advice relating to revival, restructuring or closure of Public Sector Enterprises.
- Matters relating to the Standing Conference of Public Enterprises.
- Matters relating to the International Center for Public Enterprises.
- Categorisation of Central Public Sector Enterprises including conferring 'Ratna' status.