

सं० F. No. W-02/0016/2025-DPE (WC)- FTS-14312  
भारत सरकार Government of India  
वित्त मंत्रालय Ministry of Finance  
लोक उद्यम विभाग Department of Public Enterprises

Public Enterprises Bhawan, Block No. 14,  
C.G.O Complex, Lodhi Road, New Delhi-110003  
Dated 8<sup>th</sup> December, 2025

**Office Memorandum**

**Subject:** Consolidated and Revised guidelines on Determination of Core Business Activities for Calculation of Profit Before Tax (PBT) and Distribution of Performance Related Pay (PRP) in CPSEs.

**Reference:**

1. DPE's O.M. No. 2(60)/10-DPE (WC), dated 02.11.2010
2. DPE's O.M. No. 2(8)/12- DPE (WC), dated 18.09.2013
3. DPE's O.M. No. 2(8)/12- DPE (WC), dated 02.09.2014

Whereas the Department of Public Enterprises (DPE), vide its O.M.s No. 2(8)/12-DPE (WC) dated 18.09.2013 and 02.09.2014, addressed the above-cited subject, and whereas a need has been felt to define "core business activities" for the purpose of calculating Profit Before Tax (PBT) and distributing Performance Related Pay (PRP), the consolidated and revised guidelines are issued as follows:

2. Extraordinary items, including but not limited to valuation of stock, grants or waivers by Government, sale of land, and interest earned on idle cash/bank balances<sup>1</sup>, shall be deducted from PBT. PRP shall be distributed only on the basis of profits arising from core business activities of the CPSE<sup>2 3</sup>. Extraordinary items shall include any non-recurring or non-operational income not arising directly from regular commercial operations.

3. CPSEs have been established to pursue specified objectives and to conduct business on a sustainable basis. Profits are expected to arise primarily from these objectives and through core business activities. CPSEs, in consultation with their respective Administrative Ministries/Departments, being best placed to assess sector-specific issues, shall identify and distinguish core business activities from non-core activities. Only those activities forming part of the Main Objects clause in the MoA shall be considered 'core business activities' for PRP calculation.

4. The deduction of non-core items from Profit Before Tax (PBT) for PRP calculation shall continue to apply with effect from FY 2012-13, while the revised definition of core business activities shall be applied prospectively from FY 2025-26

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1 DPE's O.M. No. 2(60)/10-DPE (WC), dated 02.11.2010  
2 DPE's O.M. No. 2(8)/12- DPE (WC), dated 18.09.2013  
3 DPE's O.M. No. 2(8)/12- DPE (WC), dated 02.09.2014

for PRP calculation. Revisions to the definition shall not entail any retrospective recalculation or revision of PRP for prior years.

5. Any ambiguity or dispute in the identification of core versus non-core activities shall be referred to the concerned Administrative Ministry/Department for resolution, in consultation with DPE if required.

6. All Administrative Ministries/Departments of the Government of India are requested to bring the above decision to the notice of CPSEs under their administrative control for strict compliance. Administrative Ministries/Departments may ensure that such classification is reviewed by the statutory auditors and certified in the annual PRP eligibility report.

7. This issues with the approval of the Secretary, Department of Public Enterprises.

(Dr. Sumantra Pal)  
Economic Adviser

To

All administrative Ministries/Departments of the Government of India.

**Copy to:**

1. The Chief Executives of Central Public Sector Enterprises.
2. Financial Advisers in the Administrative Ministries/Departments.
3. Department of Expenditure, E-II Branch, North Block, New Delhi.
4. The Comptroller & Auditor General of India, 9 Deen Dayal Upadhayay Marg, New Delhi.
5. NIC, DPE with the request to upload this OM on the DPE website.

(Dr. Sumantra Pal)  
Economic Adviser