

{To be published in the Gazette of India Extraordinary Part I – Section 1}

**No.16(25)2004-Fin.**  
**Government of India**  
**Ministry of Heavy Industries & Public Enterprises**  
**Department of Public Enterprises**  
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New Delhi, dated the 6<sup>th</sup> December 2004

**RESOLUTION**

Whereas the Government of India have committed themselves to having a strong and effective public sector;

Whereas they have mandated to undertake strengthening, modernizing, reviving, and restructuring of public sector enterprises; and

Whereas Government have decided to establish a Board for Reconstruction of Public Sector Enterprises (BRPSE) to address the above mentioned tasks and advise the Government on strategies, measures and schemes related to them.

2. Now, therefore, the following is resolved:

That there shall be constituted a Board for Reconstruction of Public Sector Enterprises.

2.1 **Locus of the Board:**

The Board will be located in the Department of Public Enterprises (DPE), the nodal Department of Central Public Sector Enterprises. DPE will provide necessary secretarial assistance to the Board. The establishment cost will be met through appropriate provision in the budget of DPE.

2.2 **Composition of the Board:**

The Board shall comprise the following:

Dr. Prahlad K. Basu, former Secretary, Ministry of  
Statistics and Programme Implementation  
Shri T.S. Vijayaraghavan, former Secretary,  
Ministries of Petroleum and Natural Gas and Heavy  
Industries and Public Enterprises

Chairman

Member

Shri Arvind Pande, former Chairman, Steel Authority of India Limited	Member
Shri Sushil Khanna, Prof. Of Economics and Strategic Management, IIM Calcutta	Member
Secretary to the Government, Department of Expenditure, Ministry of Finance	Member
Secretary to the Government, Department of Disinvestment, Ministry of Finance	Member
Secretary to the Government, Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises	Member-Secretary

The Chairman and the Members shall hold office till further orders.

### 2.3 **Permanent Invitee:**

Chairman, Public Enterprises Selection Board shall be a permanent invitee to the meetings of the BRPSE.

### 2.4 **Special Invitee:**

Secretary to the Government in the Administrative Ministry/Department concerned with the PSE being taken up for consideration shall be specially invited to participate in the deliberations.

2.5 The Chairman, the members, and the Permanent and Special Invitees shall work on the Board on part-time basis.

### 3. **Terms of reference:**

Following shall be the terms of reference to the Board:

- (a) To advise the Government on ways and means for strengthening public sector enterprises in general and making them more autonomous and professional;
- (b) To consider restructuring - financial, organizational and business (including diversification, joint ventures, seeking strategic partners, merger and acquisition) - of CPSEs and suggest ways and means for funding such schemes;
- (c) To examine the proposals of the administrative Ministries for revival/restructuring of sick/loss making CPSEs for their turn around and to make suitable recommendations related thereto;
- (d) To advise the Government on disinvestment/closure/sale, in full or part, in respect of chronically sick/loss making companies, which cannot be revived.

In respect of such unviable companies the Board would also advise the Government about sources of fund including sale of surplus assets of the enterprise for the payment of all legitimate dues and compensation to workers and other costs of closure;

- (e) To monitor incipient sickness (incurring loss for two consecutive years) in CPSEs; and
- (f) To make recommendations and advise the Government on such other matters as may be assigned to it from time to time.

4. **Operational Modalities:**

In the context of the Board's functioning and in making recommendations on revival matters, the Board and the Ministries concerned shall observe the following modalities:

- (a) All sick CPSEs will be referred to the Board for revival/ restructuring. For the purposes of the Board's consideration, company will be considered 'sick' if it has accumulated losses in any financial year equal to 50% or more of its average net worth during 4 years immediately preceding such financial year and/or a company which is a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA).
- (b) Other loss making CPSEs may be considered by the Board either *suo moto* or upon reference by the administrative Ministry, if it is of the opinion that revival/restructuring is necessary for checking the incipient sickness (incurring loss for two consecutive years) and making the CPSE profitable, keeping the industry specific business environment in view.
- (c) The administrative Ministry/Department would be responsible for preparing a comprehensive package for revival/rehabilitation or closure of loss making CPSEs after due consultations with all the stake holders including the concerned Ministries and the CPSE in a prescribed time frame. The package would necessarily indicate the statutory dues and the suggested manner to liquidate them. The cost of revival/rehabilitation vis-à-vis the closure of a CPSE would also be indicated in the package.
- (d) The proposal will be referred to the Board through the Department of Public Enterprises. The Department of Public Enterprises, working as secretariat to the Board, will examine the presentability of the proposal and call for further information, as may be necessary and present the case to the Board.
- (e) The Board may also take the advice of experts in the relevant field, if considered necessary.
- (f) The Board may accept, modify or reject the proposal or remand it to the concerned administrative Ministry for re-examination and re-submission.

- (g) The Board may, after consultation with all relevant authorities including Ministries of Finance, and Labour, Banking and other Financial Institutions and State Government(s), as may be necessary, in each case, recommend concessions like waiver of interest, penalties, taxes, loans and other reliefs in statutory dues, etc. as considered appropriate for revival/restructuring of the CPSE through a package which should preferably, with required reliefs and concessions, pass the muster of being 'bankable'. The Board would also be expected to indicate the source of funds for the revival/restructuring package.
- (h) The Board would be expected to make recommendations within two months from the date of receipt of the complete proposal from the administrative Ministry/Department and will also fix reasonable time limit for implementation of the recommended package.
- (i) The recommendations of the Board shall be advisory in nature.
- (j) The recommendations of the Board will be communicated by DPE to the concerned administrative Ministry who will process it for obtaining the approval of the Competent Authority.
- (k) Cases related to re-structuring will be processed by the concerned Administrative Ministry. The Department of Public Enterprises in consultation with the Department of Disinvestment and Administrative Ministry concerned will decide the agency which will be responsible for processing the recommendations for sale/disinvestment in each case.
- (l) The implementation of the recommendations of the Board will essentially be the responsibility of the concerned administrative Ministry/Department, which shall, in consultation with DPE, monitor their timely implementation.

5. The Board shall start operating with immediate effect.

**(ADARSH KISHORE)**  
**Secretary to the Government of India**

**ORDER**

Ordered that the Resolution be published in the Gazette of India Extraordinary, Part I – Section 1.

Ordered also that a copy of the Resolution be communicated to all Ministries/Departments of the Government of India, Central Public Sector Enterprises and all other concerned organizations/persons.

**(ADARSH KISHORE)**  
**Secretary to the Government of India**

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**Ministry of Heavy Industries & Public Enterprises**  
**Department of Public Enterprises**  
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New Delhi, dated the 6<sup>th</sup> April, 2005

**AMENDMENT**

In partial modification of the Government of India, Ministry of Heavy Industries & Public Enterprises, Department of Public Enterprises Resolution No.16(25)2004-Fin. dated 6<sup>th</sup> December 2004, the existing para 2.3 of the resolution shall be replaced by:

**“2.3 Permanent Invitee:**

The following persons shall be Permanent Invitees to the meetings of the BRPSE:

- (i) Chairman, Public Enterprises Selection Board (PESB)
- (ii) Chairman, Standing Conference of Public Enterprises (SCOPE)
- (iii) Chairman, Oil and Natural Gas Corporation Ltd. (ONGC)”

This shall come into force with immediate effect.

(K.D. Tripathi)  
Joint Secretary to the Government of India

**ORDER**

Ordered that the Resolution be published in the Gazette of India Extraordinary, Part I – Section 1.

Ordered also that a copy of the Resolution be communicated to all Ministries/Departments of the Government of India, Central Public Sector Enterprises and all other concerned organizations/persons.

(K.D. Tripathi)  
Joint Secretary to the Government of India

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**No.16(25)2004-Fin.**  
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**Ministry of Heavy Industries & Public Enterprises**  
**Department of Public Enterprises**  
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New Delhi, dated the 20<sup>th</sup> April, 2006

**AMENDMENT - II**

In partial modification of the Government of India, Ministry of Heavy Industries & Public Enterprises, Department of Public Enterprises Resolution No.16 (25) 2004-Fin. dated 6<sup>th</sup> December 2004, Para 2.2 and 2.5 of the Resolution shall be amended to read as under:

**2.2 Composition of the Board:**

Secretary to the Government, Department of Public Enterprises, Ministry of Heavy Industries & Public Enterprises shall be a 'Member' of the Board instead of being its 'Member Secretary'.

2.5 The following sentence shall be added at the end of para 2.5.  
"There shall be a Secretary exclusively for the Board at the level of Additional Secretary to the Government of India."

2. This shall come into force with effect from 1<sup>st</sup> April 2006.

(K.D. Tripathi)  
Joint Secretary to the Government of India

ORDER

Ordered that the Resolution be published in the Gazette of India Extraordinary, Part I – Section 1.

Ordered also that a copy of the Resolution be communicated to all Ministries/Departments of the Government of India, Central Public Sector Enterprises and all other concerned organizations/persons.

(K.D. Tripathi)  
Joint Secretary to the Government of India

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Government of India  
Ministry of Heavy Industries & Public Enterprises  
Department of Public Enterprises  
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**New Delhi, dated the 23<sup>rd</sup> November 2007**

**AMENDMENT - III**

In partial modification of the Para 2.2 of the Resolution No.16 (25) 2004-Fin. dated 6<sup>th</sup> December 2004 of Government of India, Ministry of Heavy Industries and Public Enterprises, Department of Public Enterprises regarding Composition of the Board, the said Para shall be amended to read as under:

“Dr. Nitish Sengupta, former Secretary to Government of India shall be the Chairman of the Board for Reconstruction of Public Sector Enterprises (BRPSE) in place of Dr. Prahlad K.Basu.

All other Members on the Board shall continue.”

2. This shall come into force with immediate effect.

(K.D. Tripathi)  
Joint Secretary to the Government of India

**ORDER**

Ordered that the Resolution be published in the Gazette of India Extraordinary, Part I – Section 1.

Ordered also that a copy of the Resolution be communicated to all Ministries/Departments of the Government of India, Central Public Sector Enterprises and all other concerned organizations/persons.

(K.D. Tripathi)  
Joint Secretary to the Government of India

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