

Recommendations of the Ad-hoc Group of Experts on empowerment of Central Public Sector Enterprises (CPSEs) – Creation/Disinvestment of subsidiaries by the Navratna and Miniratna Companies

National Common Minimum Programme (NCMP) of the Government pledges to devolve full managerial and commercial autonomy to successful, profit-making companies operating in a competitive environment. In pursuance of this, the Ministry of Heavy Industries and Public Enterprises, in November 2004, constituted an Ad-hoc Group of Experts (AGE) under the Chairmanship of Dr. Arjun Sengupta to consider issues like grant of autonomy, greater delegation of financial powers, etc. to CPSEs. The recommendations of AGE have been considered by the Government in two stages. In the first stage, the recommendations relating to enhancement of powers of Navratna, Miniratna and other profit making CPSEs were considered by the Government and guidelines were issued on 5.8.2005.

2. After careful consideration of the remaining recommendations of AGE, the Government has decided to empower the holding companies to transfer assets, float fresh equity and divest shareholding in subsidiaries subject to the condition that the delegation will be in respect of **subsidiaries set up by the holding company under the powers delegated** to the Navratna and Miniratna CPSEs and further to the proviso that:

(a) the **public sector character of the concerned CPSE (including subsidiary) would not be changed** without prior approval of the Government, and

(b) such Navratna and Miniratna CPSEs will be required to **seek Government approval before exiting** from their subsidiaries.

3. All the administrative Ministries and Departments are requested to take note of the above decision and to advise the CPSEs under their administrative control suitably in the matter.

(DPE OM No. 18(16)/2005-GM-GL-82 dated 23rd May, 2007)