

Recommendations of the Ad-hoc Group of Experts on empowerment of Central Public Sector Enterprises (CPSEs) – Mergers and Acquisitions by the Navratna and Miniratna CPSEs

The undersigned is directed to refer to this Department's Office Memorandum No. 3(2)/2003-DPE(Fin.)/GL.XVI dated 11.2.2003 wherein it had been clarified that the powers delegated to the Navratna and Miniratna CPSEs do not include the power to decide about merger and acquisition and all CPSEs must take prior approval of the Government in regard to merger with and/or acquisition of any other business entities or major business activities. The Government had thereafter reviewed the powers delegated to Navratna and Miniratna CPSEs and decided that the Boards of Navratna and Miniratna CPSEs shall have the powers for mergers and acquisitions subject to certain conditions laid down in DPE O.M. No. 18(24)/2003-GM-GL-64 dated 5.8.2005 and 18(24)/2003-GM-GL-65 dated 5.8.2005 respectively.

2. Issuance of fresh shares under a scheme of amalgamation by such CPSEs may result in further dilution in Government of India share holding and in certain cases, it may result in changing their public sector character. The Government has, therefore, considered this issue and decided that the powers relating to Mergers and Acquisitions delegated to Navratna and Miniratna CPSEs vide Office Memoranda mentioned in Para 1 above should be exercised in such a manner that it should not lead to any change in the public sector character of the concerned CPSEs.

3. All the administrative Ministries/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-83 Dated the 28th May, 2007)