

No. 16(4)/2010-GM
Government of India
Ministry of Heavy Industries and Public Enterprises
Department of Public Enterprises

Block No. 14, CGO Complex,
Lodi Road, New Delhi - 110003
Dated the 29th December, 2011

OFFICE MEMORANDUM

Subject: Constitution of a Coordinating Committee of Secretaries for Policy for acquisition of Raw Material Assets abroad by Central Public Sector Enterprises (CPSEs).

The Government has approved the Policy for acquisition of Raw Material Assets abroad by CPSEs in order to ensure availability of adequate quantities of raw material which is crucial for the growth of manufacturing sector and also for the economy as a whole. This policy would be applicable to CPSEs in Agriculture, Mining, Manufacturing and Electricity Sectors. In order to implement this policy, an integrated mechanism is being put in place which can be relied upon by the concerned CPSEs and the Ministries.

2. Accordingly, it has been decided to set up a Coordinating Committee of Secretaries with the following composition:-

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|--|---|----------|
| i. Cabinet Secretary | - | Chairman |
| ii. Member-Secretary, Planning Commission | - | Member |
| iii. Finance Secretary | - | Member |
| iv. Secretary, Ministry of External Affairs | - | Member |
| v. Secretary, Department of Legal Affairs | - | Member |
| vi. Secretary, Department of Public Enterprises | - | Member |
| vii. Secretary of the administrative Ministry/Department
of the concerned CPSE whose proposal is being considered | - | Member |

The above Committee would co-opt any other Secretary(s), considered relevant to decision making as member(s).

3. The mechanism of Empowered Committee of Secretaries set up by M/o Petroleum & Natural Gas and by M/o Steel shall continue to function and consider proposals for acquisition of raw materials abroad beyond the powers delegated to the Boards of concerned CPSEs. Other Ministries are also similarly authorized to notify the ESC mechanism after vetting by Finance Ministry and D/o Public Enterprises.

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Proposals, which are beyond the powers of the Board of CPSEs and require a coordinated approach or budgetary support, would be considered by Coordinating Committee of Secretaries (CCoS). This Committee would, if required, facilitate a consortium approach in high value or strategically important acquisitions.

The following class of proposals for acquisition of raw material assets abroad by CPSEs would be put up before the Coordinating Committee of Secretaries and would not be required to be routed through the Empowered Committee of Secretaries:

- (i) Proposals where the administrative Ministry/CPSE requests for a coordinated view even though acquisition is with CPSE's funds and the investment falls within the delegated powers of the Boards of the CPSE giving reasons also for its request.
- (ii) All proposals for acquisition of raw material overseas by CPSEs involving Government funds, before such proposals are placed before the CCEA.

4. The above Committee shall add value to the proposals of acquisition of raw material assets abroad by CPSEs before they are considered by the Cabinet Committee on Economic Affairs by considering the following issues:

- (i) Avoiding competition among Indian companies
- (ii) Reconciling interests of the nation viz-a-viz those of the CPSE(s) in the event of a conflict
- (iii) Providing a forum for sharing of available experience
- (iv) Facilitating quick, coordinated decision making
- (v) Exploring the possibility of infrastructure development in the target country
- (vi) Coordinating grant of concessional credit to foreign enterprise/ Government, in return for long term commitment for the supply of natural resources.
- (vii) Recommending government funding, and its nature (grant, loan or equity), for the overseas investment proposal.

5. The above Committee will be serviced by a Special Cell, to be set up in the Department of Public Enterprises (DPE) which would undertake only coordination related activities in close cooperation with concerned Ministries.

6. Once a CPSE/Ministry decides to approach the above Committee, it would submit necessary details of the proposal to the DPE. DPE would circulate the details of the said proposal to the members of the above Committee on acquisition of raw material assets abroad for their comments. The concerned CPSE/Ministry would nominate a nodal officer with regard to their acquisition proposal, to ensure complete coordination with the cell in DPE/Committee.

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7. The DPE would as early as possible but not later than two weeks from the receipt of the details of the proposal, convene a meeting of the above Committee on acquisition of raw material assets abroad to take a view, including on whether or not the proposal should be pursued on a standalone basis or whether the proposal should be taken up as an umbrella approach by a consortium of different CPSEs/private sector companies, or negotiated as a package deal. The above Committee would also decide on the infrastructure that can be developed as a part of the package and other assistance that can be offered including soft loans, educational, scientific, cultural, health and social infrastructure.

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(Arun Kumar Sinha)

Joint Secretary to the Government of India

Tel : 2436-0204

To

o/c

1. Cabinet Secretary, Rashtrapati Bhavan, New Delhi
2. Principal Secretary to the Prime Minister, PMO, South Block, New Delhi
3. Member-Secretary, Planning Commission, New Delhi
4. Secretary, Ministry of External Affairs, South Block, New Delhi
5. Finance Secretary, Ministry of Finance, North Block, New Delhi
6. Secretary, Department of Legal Affairs, Shastri Bhawan, New Delhi
7. Secretary, Department of Public Enterprises, CGO Complex, Lodhi Road, New Delhi
8. Secretaries of all administrative Ministries/Departments

(As per attached list)

Issued

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