

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 23rd January, 2012

OFFICE MEMORANDUM

Subject: Policy for Acquisition of Raw Material Assets abroad by Central Public Sector Enterprises (CPSEs).

The undersigned is directed to refer to this Department's O.M. of even number dated 24th October, 2011 enclosing a copy of the Policy for Acquisition of Raw Material Assets abroad by Central Public Sector Enterprises (CPSEs).

2. Para 21 of the above policy mentions that 'the Ministry of External Affairs (MEA) would advice suitable guidelines with regard to association of MEA and its missions abroad in this process. MEA would also issue an advisory to the missions abroad to actively participate in the process of acquisition of raw materials by the Indian Companies and also glean through any information on possibilities in this regard and share with the concerned Ministries'.
3. In terms of above provisions, the MEA has issued an advisory to its Diplomatic Missions abroad vide its letter no. 3557/Secy(ER)/2011 dated 30th December, 2011(copy enclosed).
4. In another letter no. 3557/Secy(ER)/2011 dated 30th December, 2011 addressed to Secretary(DPE), the MEA has formulated the following guidelines for CPSEs covered under this Policy.
 - I. CPSEs may bring to the attention of MEA/Mission at the very initial stage i.e. at the stage of preliminary information and due diligence (as outlined in the policy document.)
 - II. At an early stage of the due diligence process, CPSEs may wish to undertake a consultation procedure with MEA/Mission to develop possible value addition to the original proposal. Such value additions may include infrastructure or development in the target country, leveraging existing lines of credit extended to target country, harmonizing other diplomatic/commercial initiatives with that country etc.
 - III. Inform MEA at all stages with respect to Government-to-Government interaction required to expedite the acquisition.


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- IV. Energy Security (ES) Division will be the nodal Division in MEA for this purpose. The nodal Division may be invited to participate in meetings or consultations that deal with decision making or policy or negotiations with foreign governments in specific cases. Contact details of the Division are as below :

Mr. Prabhat Kumar
Joint Secretary (Energy Security),
Ministry of External Affairs,
Room # 3055, Jawaharlal Nehru Bhawan,
23-D, Janpath, New Delhi-110011.
Phone : 4901-5185, Fax : 4901-5186
email : jses@mea.gov.in

5. All the administrative Ministries/Departments are requested to take note of the above guidelines and advisory issued by MEA and bring it to the notice of CPSEs under their respective administrative control for their further necessary action under intimation to DPE.

Encl : As stated above



(Arun Kumar Sinha)
Joint Secretary to the Government of India
Tel : 2436-0204

To Secretaries of all administrative Ministries/Departments (by name) o/c

Copy to (for information) :-

1. Cabinet Secretary, Rashtrapati Bhavan, New Delhi.
2. Principal Secretary to the Prime Minister, PMO, South Block, New Delhi.
3. Member-Secretary, Planning Commission, Yojna Bhavan, New Delhi.
4. Foreign 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 Bhavan, New Delhi.
7. Secretary, Department of Public Enterprises, CGO Complex, New Delhi.

Issued


24.1.2012



No. 3557/Secy (ER)/2011

December 30, 2011

Subject: New Policy of Government of India for acquisition of raw material assets abroad.

Dear HOM,

Ministry of Heavy Industries and Public Enterprises, Department of Public Enterprises (DPE) has circulated a new policy on acquisition of raw material assets abroad by Indian Central Public Sector Enterprises (CPSEs). A copy of DPE's OM no 16(4)/2010-GM dated 24th October 2011 is attached for ready reference. Our Ministry was consulted during the drafting stage and inputs provided by MEA have been incorporated in the policy; I draw your attention to para 21 of the OM, in particular.

2. In summary, it may be noted that under the new policy, CPSEs proposing to acquire raw material assets abroad have been given the flexibility to act on any credible information, undertake the necessary due diligence in an expeditious manner and present the proposal to the Board of the concerned CPSE. While formulating proposals, CPSEs have been given the freedom to explore the feasibility/desirability of setting up JVs or Special Purpose Vehicles should it be required legally or financially. CPSE Boards have been given enhanced delegated financial powers. For proposals beyond the powers of the Board, the concerned administrative Ministries will notify an Empowered Committee of Secretaries (ECS) mechanism. For proposals beyond powers of the Board or requiring a coordinated approach, or GOI budgetary support, there will be a Coordinating Committee of Secretaries (CCOS) mechanism. The CCOS would be serviced by the DPE, whose role would be to ensure that

the CCOS is convened within two weeks of receipt of proposal. A special cell would be created in the DPE for this purpose.

3. In the process of acquisitions being pursued by CPSEs, inputs from our Missions abroad will be critical, and Missions may be called upon to provide timely and accurate information to supplement the information already sourced from elsewhere. Inputs will also be required by the Ministry, which will be represented on the ECS or CCOS, and would be called upon to add value to the proposals. Accordingly, inputs from Missions on competing Indian companies abroad, the possibility of infrastructure development in the target country, coordinating grants of concessional credit, etc. will be relevant.

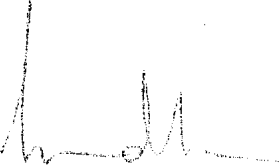
4. Paragraph 21 of the policy clearly states that CPSEs would, right from the beginning of the process keep the Ministry and the concerned Mission associated in the decision making process. We are issuing guidelines for the CPSEs in this regard(copy enclosed).

5. Missions would be entrusted with the following responsibilities with respect to the new policy:

- I. Missions should actively participate in the process of acquisition of raw materials by CPSEs;
- II. Missions should collect information on likely raw materials in which investment by CPSEs is possible and share such intelligence with concerned Ministries;
- III. Missions should look at possibilities of infrastructure development, grant of concessional credit or extending a line of credit or grant or any such initiatives which could facilitate and add value to successful acquisition, and make their considered recommendations in this regard.

- IV. Energy Security division will be the nodal division with respect to raw materials acquisition initiatives, and Missions should keep it in the picture with respect to the process and progress made in the relevant CPSEs' efforts.
- V. Missions should provide relevant inputs for meeting of ECS and CCOS on acquisition of raw materials abroad, whenever called upon to do so.
6. These are important issues, and Missions' active involvement would go a long way in making a success of the initiative.

With warm regards,



(Sudhir Vyas)

Copies for information:

1. Foreign Secretary
2. Secretary (West)
3. Secretary (East)
- ✓ 4. Shri D.R.S. Chaudhary, Secretary, Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises: With reference to his D.O. No. 16(4)/2011-GM dated 27th October, 2011.