

Restricted Circulation

F. No. 7/13/2018-Policy
Government of India
Ministry of Finance
Department of Investment & Public Asset Management

Block-14, CGO Complex,
Lodhi Road, New Delhi
Dated: 11th November, 2019

CIRCULAR

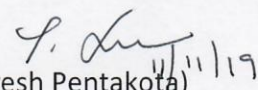
Subject: Mandate of DIPAM as per the Government of India (Allocation of Business) Rules, 1961 - reg.

Reference: DIPAM's Circular No. 7/13/2018-Policy dated 26.12.2018

The undersigned is directed to refer to the aforementioned circular under reference and to state that after the issue of the aforesaid circular, references were received from various CPSEs/ Administrative Ministries stating that these guidelines have a bearing on the autonomy of CPSEs in matters such as setting up of joint ventures, funding of subsidiaries, etc. and cause delay in executing decision making of the Board of CPSEs.

2. The matter has been reconsidered. In modification of the earliest circular issued on 26.12.2018 on the above subject, it is hereby clarified that all proposals involving minor changes in the capital restructuring of the CPSEs shall be considered by the Administrative Ministries/ Departments in the light of DIPAM's mandate and the above referred circular dated 26.12.2018. In addition of such proposals, Administrative Ministries/ Departments shall take into account the bearing of the proposal on the market cap of the CPSEs (listed) and their net-worth from the perspective of protecting shareholder's value.

3. However, in case of major changes effecting the capital restructuring of the CPSEs, the proposal may be forwarded to DIPAM by the Administrative Ministry/ Department with their comments. For this purpose, major changes shall mean capital restructuring in the nature of sale/cancellation/transfer of GoI equity, infusion of GoI equity, buyback of shares, raising of fresh equity (IPO/FPO), issue of bonus shares/bonus debentures.


(Suresh Pentakota)
Director

To,

1. Secretary to Government of India (as per list enclosed)
2. Financial Advisers of Administrative Ministries/ Departments
(As per list)
3. Sr. PPS to Secretary, DIPAM