

No. 3/3/2020-DIPAM-II-B (E)
Government of India
Ministry of Finance
Department of Investment and Public Asset Management

Dated: 4th February, 2021

OFFICE MEMORANDUM

Subject: New Public Sector Enterprise (“PSE”) Policy for Atmanirbhar Bharat-regarding

The undersigned is directed to state that the Cabinet, on 27th January, 2021 considered and approved the New Public Sector Enterprise (“PSE”) Policy for Atmanirbhar Bharat. Policy as approved by the Cabinet is given below:

1. Scope of the policy

1.1 The scope of this Policy is limited to the existing Central Public Sector Enterprises, Public Sector Banks and Public Sector Insurance Companies. The policy, however, does not apply to certain classes of public sector entities such as Not-for-profit companies, or CPSEs providing support to vulnerable groups, or having developmental/ promotional roles, etc. (**Annexure**).

2. Key features of the policy

2.1 The public sector commercial enterprises are being classified as Strategic and Non-Strategic sectors, as under:

(A) **Strategic sectors-**

The Strategic Sectors have been delineated based on the criteria of national security, energy security, critical infrastructure, provision of financial services and availability of important minerals. Based on this, following Sectors are classified as Strategic Sectors:

- i. Atomic Energy, Space and Defence;
- ii. Transport and Telecommunication;
- iii. Power, Petroleum, Coal and other minerals;
- iv. Banking, Insurance and Financial Services.

In Strategic sectors, bare minimum presence of the existing public sector commercial enterprises at Holding Company level will be retained under Government control. The remaining enterprises in a strategic sector will be considered for privatisation or merger or subsidiarization with another PSE or for closure.

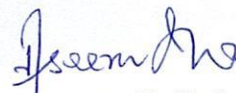
(B) **Non-Strategic Sectors:** PSEs in non-strategic sectors shall be considered for privatisation, where feasible, otherwise such enterprises shall be considered for closure.

2.2 NITI Aayog, in terms of the extant procedure, will make recommendations with regard to the CPSEs under Strategic Sectors, that are to be retained under the Government Control or to be considered for privatisation or merger or subsidiarization with another PSE or for closure. Their recommendations will be considered by the Core Group of Secretaries on Disinvestment (CGD). The Alternative Mechanism (AM) for strategic disinvestment, as approved by CCEA on 16.08.2017, comprising of the Finance Minister, Ministers of the Administrative Ministries concerned and the Minister of Road Transport and Highways shall consider the recommendations of CGD and approve the CPSEs to be retained under Government control or to be considered for privatisation or merger or subsidiarization with another PSE or for closure.

2.3 DIPAM shall move proposal for obtaining 'In-principle' approval from the CCEA for strategic disinvestment of a specific PSE from time to time, on a case-to-case basis. The timing for specific transactions will however, be contingent, inter alia, on the considerations of appropriate sequencing, sectoral trends, administrative feasibility, investors' interest, etc.

2.4. The ongoing transactions for strategic disinvestment of CPSEs will not be affected by this policy and shall continue to be undertaken as per the extant procedure.

3. This issues with the approval of Secretary, DIPAM.


(Aseem K. Jha)

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To

All ministries/departments of GoI as per standard mailing list.

Classes of public sector entities out of the scope of new PSE Policy for Atmanirbhar Bharat

- (i) Public sector entities in the nature of Development and Regulatory Authorities/ bodies, Autonomous organizations, Trusts, Development financing/ refinancing institutions, some of which have been created through the Acts of Parliament.
- (ii) Major Port Trusts and Airport Authority of India under the Acts of Parliament.
- (iii) Not-for-profit companies for various promotional purposes created under Section 8 of the Companies Act, 2013 (or Section 25 of Companies Act, 1956) or under the Societies Registration Act, 1860 or the Indian Trust Act, 1882.
- (iv) CPSEs concerned with the following purposes—
 - (a) providing support to vulnerable groups through financing of SCs, STs, Minorities, Backward Classes, and Safai Karamcharis, etc, or, manufacturing aids and appliances for Divyang.
 - (b) assisting farmers in mainly getting access to seeds; promoting innovation in agriculture; or, procurement and distribution of food for Public Distribution System.
 - (c) Security Printing and Minting.
 - (d) maintaining critical data having bearing on the national security.
- (v) Departments of the Government such as Railways and Posts that undertake commercial operations with a development mandate.