

D.P Bagchi
Convenor

Syndicate Group of 'CPSEs registered
under Sec 25 of the Companies Act, 1956'
C/o Department of Public Enterprises,
Block-14, CGO Complex,
Lodhi Road, New Delhi.110003
November, 2010

Dear Shri Chatterjee,

Please refer to your letter No. 5(14)/2008-DPE(MoU) dated 20th August 2010 regarding my nomination as the Convenor of the newly created syndicate group for "CPSEs registered under Sec 25 of the Companies Act, 1956" to review the existing MoU format, parameters, inter-se-weightage etc.


The Syndicate Group held a few meetings and deliberated on these issues in detail. The group also had the benefit of guidance and advice from the Chairman, Task Force on MoUs .

I have pleasure in enclosing the Report of the Syndicate Group for further action by the Department of Public Enterprises.

The Syndicate Group would like to place on record its appreciation of the excellent assistance given by S/Sh. J.R. Panigrahi, Director, DPE ; Sh. K.B. Kapoor and Shri Lakhan Singh, Resource Persons.

With best wishes,

Yours sincerely,



(D.P. Bagchi)

Shri Bhaskar Chatterjee, IAS,
Secretary,
Department of Public Enterprises,
Block No.14, CGO Complex,
Lodhi Road,
New Delhi.110003

Report of the Syndicate Group of 'CPSEs registered under Sec 25 of the Companies Act, 1956' regarding MoU format, parameters, inter-se weightage etc.

The MoU Full Task Force in its meeting held on 22nd February, 2010 recommended revisions of the criteria and MoU format for CPSEs registered under Sec 25 of the Companies Act to accommodate their unique nature which prohibits the distribution of dividend to its members and apply the profit back for the purpose for which they were formed. In his letter dated 20th August, 2010, Secretary, Department of Public Enterprises requested the newly created Syndicate Group of 'CPSEs registered under Sec 25 of the Companies Act 1956' to deliberate on the aforesaid issues and suggest the MoU format, parameters, inter-se weightage etc. for such CPSEs.

2. The Syndicate Group convened its meetings on 17th September 2010, 30th September 2010 and 21st October 2010 to deliberate on these issues. The Group also had the benefit of guidance and advice from Chairman, Task Force on MoUs. The Group met CMD, Indian Trade Promotion Organisation and CMD, Artificial Limb Manufacturing Corporation Ltd. to know their views on these issues and had detailed discussions with them. The MoU format, parameters etc in respect of these 2 CPSEs and NRDC which are also registered under Sec 25 of the Companies Act and fall in this Syndicate group, will be decided during MoU negotiation meetings 2011-12 on the basis of experience of previous year's MoUs and feedback received.

3. The following observations were made in respect of CPSEs which are the companies for not making profit under Sec 25 of the Companies Act and provide concessional financial assistance to the eligible members for their needs and economic upliftment:

- Though profit is not the basic objectives of these CPSEs but Sec 25 of the Companies Act does not bear such CPSEs from earning profit. Sec 25 provides profit earned should be ploughed back for the purpose of which they are formed and debars the companies not from distributing the dividends. Hence profit may continue to be one of the criteria for MoU of these CPSEs.

