GOVERNMENT OF RAJASTHAN
(STATE ENTERPRISES DEPARTMENT)

No. 7.2(2)BPE/94/ 3998
Jaipur, dt. 27 October, 1995.

The Chief Executives of
All State Public Enterprises.

Sub: Setting up of State Renewal Fund (SRF) and Modalities to be adopted for its operation.

Sir,

I am directed to say that the State Government has set up a State Renewal Fund (SRF) with the objective of providing a safety net for the workers likely to be affected by restructuring of State public sector undertakings. The scheme outlining its objectives, scope, financial resources, management, monitoring, accounts and audit is enclosed.

The SRF will be operated in accordance with the following guidelines:

1. Funding of the Scheme:
The scheme would be funded by the State Government, through contributions from the National Renewal Fund (NRF), State public sector undertakings (except co-operative institutions), financial institutions and insurance companies. It has been decided that the State public sector undertakings would contribute 1% of their equity to the fund. However, for 1995-96 this contribution would be limited to Rs. 5.00 lacs for smaller profit making PSUs and PSUs with average performance. The larger profit making PSUs would contribute Rs. 10.00 lacs. This contribution has to be made to SRF latest by 31st Dec, 1995. BPE will separately circulate a list specifying the contribution to be received from each undertaking on this basis. BPE will separately pursue the issue relating to contributions from NRF, financial institutions and insurance companies.

2. Clearance of Proposals:
(a) After clearance of proposal for closure/revival of the units/enterprises by the Cabinet, pertaining to State PSUs following Mathura Das Mehtur Committee's and NARS's recommendations, Administrative Department will move a comprehensive case explaining the status of the unit, measures proposed and their rational need for compensation under retrenchment, VRS and any other proposals for retraining, redeployment of the staff clearly indicating the exact number of employees to be considered, financial implications, available resources, probable sale value of assets and the money needed.

(b) In cases, where assets are to be disposed off and there is a time lag in the process of liquidation, a case for 'eye and means' advance may be moved till the assets are disposed off and money received to SRF.
(c) The following three types of cases are envisaged:

i) Retrenchment/VRS of employees of a unit of on-going PSUs where unit is to be closed.

In their cases, sale of assets will involve money going to the corpus of the said undertaking. The undertaking will part with the cost of VRS assistance taken by it and deposit it back to SRF.

ii) Cases where the entire undertaking is going to be closed and its assets are to be disposed off.

In such cases, the entire sale value after meeting the necessary lawful liabilities, will have to come to SRF. As the disposal of assets in such cases will take time, assistance would be made available from SRF towards payment of compensation, etc., as a Ways and Means advance as explained above to be recouped when assets are disposed off.

iii) Retrenchment or VRS in an on-going PSU.

In such cases a PSU will be going in for retrenchment/VRS in a unit or as a whole without the closure of its unit and operations. In this situation after the scheme is approved by the Board of Directors, the Administrative Department would move the case. Assistance would be available to PSU from SRF but the assistance will have to be recouped to SRF by PSUs within a span of maximum ten years, for which year-wise contribution would be indicated in cases to be moved by Administrative Department. Thus, it should be very clear that assistance from SRF would be available only after exhausting all available resources and it has to be used for the specified purpose within a time frame. This assistance is meant for revival/closure of the existing undertakings.

(d) Further additions to the fund by way of sale of equity/units/assets of PSUs will have to be made first to the Consolidated Fund and thereafter transferred to SRF.

(e) The cost of retraining/ redeployment will also be funded by SRF. The Administrative Department concerned will have to, however, ensure that these costs are fully justified and the minimum possible.

(f) Assistance or relief for any category of workers may also be considered under the scheme as decided by the State Government from time to time.

(g) After taking all the relevant aspects into consideration the Administrative Department will move an agenda, after securing clearance from the PIB, for onward submission to the High Power Committee for its consideration and decision.

(h) With a view to retraining/ redeploying the employees, who have been rendered unemployed as a result of VRS/retrenchment, possibilities of getting services from training institutions which impart vocational training in relevant trades will be explored by the Administrative Departments. EPF will also lend its assistance for this purpose.
3. **Accounts & Audit:**

For the operation of BPF, an interest bearing P.D. Account with T.O. Secretariat, will be opened. All the contributions from the State Government, MRP, PSUs and other P.D. Account will be operated by the Principal Secretary, maintained in the BPF by an officer to be designated by the Finance Department for the purpose. BPF will maintain separate files, ledgers for each PSU so as to maintain necessary debit and credit entries pertaining to each PSU. The Fund would be open to audit by the Accountant General, Rajasthan.

BPF Scheme and the modalities for its operation as outlined above will come into force with immediate effect.

Please acknowledge the receipt of this letter.

Yours faithfully,

(P.S. Bhattachar)
OSD & Chief Mnn. Officer.

Copy forwarded to:

1. Secretary to Governor/Chief Minister.
2. S.As./P.As. to All Ministers/Ministries of State.
3. P.S. to Chief Secretary.
4. All Secretaries/Spl. Secretaries to Government.
5. Accountant General, Rajasthan, Jaipur.
6. All Financial Advisers/Chief Accounts Officers of All Public Sector Undertakings.
7. Guard File.

OSD & Chief Mnn. Officer.
The State Government has initiated a process of reform productivity and better value for the money invested undertakings or activities may have to be wound up and State Public Enterprises Renewal Fund (SRF) is being to be affected by restructuring in the State Public Enterprises. A separate Renewal Fund for Cooperative Institutions already exists; hence the SRF will not cover Cooperative Institutions.

2. Objectives:

The objectives of the State Public Enterprises Renewal Fund will be as follows:

(a) To provide assistance towards cost for retraining and redeployment of employees, following modernization and restructuring of Public Sector Undertakings;

(b) To provide funds towards cooperation/Voluntary Retirement Schemes affecting the employees as a result of restructuring/winding-up/disengagement/closure of any State Public Enterprises;

(c) To provide assistance towards gainful self-employment to the employees consequent to the restructuring/winding up/closure of such undertakings, under schemes to be approved by the State Government; and

(d) Any other assistance/relief programme for any category of workers to be decided by the State Government from time to time.

3. Scope:

3.1 The State Renewal Fund, to begin with, is of a non-statutory nature and may include contributions from inter alia, the Government of India, the National Renewal Fund, Financial Institutions, Insurance Companies and State Public Enterprises.

3.2 In all the cases, in relation to the State Public Enterprises, the SRF will provide resources only for the rehabilitation of surplus labour resulting from modernization, technology upgradation, restructuring (including revival) or closure of Public Enterprises (excluding Cooperative Enterprises) as a supplement to the funds available from other sources.

4. Financial Resources for the SRF:

Funding for the SRF will be provided for the period of time that it will be in operation. There will be no operation only for a limited period of time.
The JTF will be funded by:

(a) Contributions from the State Government;

(b) Assistance from Government of India and/or from the National Defence Fund;

(c) Contributions from the Public Enterprises on an annual basis at such rates as the State Government may prescribe;

(d) All proceeds/receipts from sale of equity/units from closure/liquidation/disinvestment/disinvestment/lease of Public Sector Enterprises; and

(e) Any other mode/contribution for strengthening this Fund as decided by the State Government time to time.

5. Management of JTF:

The JTF shall be administered by a High Power Committee consisting of:

(1) Chairman, BPD, (Chief Secretary) Chairman.

(2) Secretary, Industries Member.

(3) Secretary, Finance Member.

(4) Secretary, Labour Member.

(5) Administrative Secretary of the concerned enterprises Member.

(6) Secretary, State Enterprises Member Secretary.

The above Committee shall be competent for finalising the terms and conditions of financial assistance to be provided to the concerned Public Enterprises for the purposes mentioned in clause 2. The proposal will be put up for consideration of the Committee by the concerned Administrative Secretary.

6. Monitoring:

The functioning of the JTF will be reviewed every quarter by the Department of State Enterprises. A report on the functioning of the JTF will also be submitted for consideration of the Bureau of Public Enterprises in its meetings.

7. Accounts & Audit:

7.1 Proper accounts of JTF shall be maintained by an officer to be designated by the Finance Department for this purpose. The JTF accounts will be subject to audit by the Accountant General, Rajasthan.

7.2 The responsibility for the proper disbursement of financial assistance to beneficiaries shall rest with the concerned Chief Executive and Administrative Secretaries.
8. **Nodal Department:**

The State Enterprises Department (The Bureau of Public Enterprises) shall be the Nodal Department for the State Public Enterprises Renewal Fund.