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Cabinet

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The Union Cabinet chaired by Prime Minister Shri Narendra Modi has approved the closure of Burn Standard Company Ltd (BSCL) - a Central Public Sector Enterprise (CPSE) under Ministry of Railways. This decision has been taken in view of the continuous poor physical and financial performance of the company for more than 10 years despite financial assistance and other support provided by government, and low probability of its revival in the future. This measure will save public funds, which are currently being used for loss making BSCL, and can be used for other developmental work.

Government will provide one-time grant of Rs. 417.10 crore towards severance package and for clearing the current liabilities of the company. In addition, outstanding loan of Rs. 35 crore given to the company by Government of India (Ministry of Railways) shall be written off. 508 employees of BSCL will benefit from Voluntary Retirement Scheme (VRS).

Background:

Burn Standard Company Limited was incorporated in 1976 following nationalization and amalgamation of Burn and Company and Indian Standard Wagon Company Limited in 1987 under Department of Heavy Industries (DHI). The Company was referred to Board of Industrial and Financial Reconstruction (BIFR) in 1994 and was declared sick in the year 1995. The company continues to be a sick company since then. The administrative control of the company was transferred from DHI to Ministry of Railways on 15/09/2010, as approved by the Cabinet Committee on Economic Affairs. The company is engaged in the manufacturing and repair of wagons and production of steel.

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