



Cabinet Committee on Economic Affairs (CCEA)

# Cabinet approves Closure of loss making Bharat Wagon and Engineering Company

Posted On: 23 AUG 2017 3:47PM by PIB Delhi

The Cabinet Committee on Economic Affairs, chaired by the Prime Minister Shri Narendra Modi, has approved the proposal of Ministry of Railways to close the Bharat Wagon and Engineering Company Limited (BWEL) - a Central Public Sector Enterprise (CPSE) under Ministry of Railways.

626 employees of BWEL will be benefitted from the voluntary retirement scheme to be offered at 2007 pay scale. The Government will have to provide one time grant off 151.18 crore towards severance package and for clearing the current liabilities of the company.

This measure will stop flow of financial support from public funds for carrying on the operations of sick/loss making BWEL resulting in savings for the Government.

The implementation will be done as per the timelines prescribed in the guidelines issued by Department of Public Enterprises (DPE) on time bound closure of sick/loss making CPSEs.

In view of the continues poor physical and financial performance of the company for more than 10 years, in spite of financial assistance and other support provided by Ministry of Railways combined with low probability of its revival in future, Bharat Wagon and Engineering Co. Ltd. is being wound up.

## Background:

BWEL was incorporated on 4th Dec' 1978 as a CPSE after taking over two sick private sector companies - Arthur Butler & Company, Muzaffarpur and Britannia Engineering Company, Mokama. The Company was referred to BIFR (Board for Industrial and Financial Reconstruction) in December, 2000 and was declared sick in the year 2002. The Company continues to be a sick Company since then. The administrative control of the company was transferred from Department of Heavy Industry (DHI) to the MoR in August, 2008, as approved by the Cabinet Committee on Economic Affairs. The company is engaged in the manufacture and repair of wagons, and is having two manufacturing units, at Mokama and Muzaffarpur in Bihar.

\*\*\*\*\*

AKT/VBA/SH

(Release ID: 1500430) Visitor Counter : 187

