

IndiaCode

The Public Sector Iron and Steel Companies (Restructuring) and Miscellaneous Provisions Act, 1978

(ACT NO. 16 OF 1978)

[*As on the* 08*th September*, 2026]

LIST OF ABBREVIATIONS USED

G.S.R.	*for*	General Statutory Rules.
S.O.	„	Statutory Order.
Notifn.	„	Notification.

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THE PUBLIC SECTOR IRON AND STEEL COMPANIES (RESTRUCTURING) AND MISCELLANEOUS PROVISIONS ACT, 1978

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THE PUBLIC SECTOR IRON AND STEEL COMPANIES (RESTRUCTURING) AND MISCELLANEOUS PROVISIONS ACT, 1978

ACT NO.16 OF 1978

[30*th April*, 1978.]

An Act to provide for restructuring of the iron and steel companies in the public sector so as to secure better management and greater efficiency in their working and for matters connected therewith or incidental thereto.

BE it enacted by Parliament in the Twenty-ninth Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

1. Short title and commencement.—(*1*) This Act may be called the Public Sector Iron and Steel Companies (Restructuring) and Miscellaneous Provisions Act, 1978.

(*2*) It shall come into force on such date[1] as the Central Government may, by notification in the Official Gazette, appoint.

2. Definitions.—(*1*) In this Act, unless the context otherwise requires,—

(*a*) "appointed day" means the date on which this Act comes into force;

(*b*) "Companies Act" means the Companies Act, 1956 (1 of 1956);

(*c*) "corresponding unit", in relation to—

(*i*) the Integral Company, means that unit of the Integral Company which corresponds to the unit of the dissolved company or the transferred company in which the concerned officer or other employee was holding office before the transfer of the said unit;

(*ii*) a transferee company, means that unit of a transferee company which corresponds to the unit of the dissolved company in which the concerned officer or other employee was holding office before the transfer of the said unit;

(*d*) "dissolved company" means a company specified in the First Schedule;

(*e*) "Integral Company" means the Steel Authority of India Limited, a company formed and registered under the Companies Act having its registered office at New Delhi;

(*f*) "transferee company" means the company to which the undertakings of a dissolved company or of a transferred unit, as the case may be, stand transferred by virtue of the provisions of this Act;

(*g*) "transferred company" means,—

(*i*) Metallurgical and Engineering Consultants (India) Limited, a company formed and registered under the Companies Act having its registered office at Ranchi in the State of Bihar;

(*ii*) National Mineral Development Corporation Limited, a company formed and registered under the Companies Act having its registered office at Hyderabad in the State of Andhra Pradesh;

(*iii*) Hindustan Steelworks Construction Limited, a company formed and registered under the Companies Act having its registered office at Calcutta in the State of West Bengal;

(*iv*) Bharat Refractories Limited, a company formed and registered under the Companies Act having its registered office at Bokaro Steel City in the State of Bihar; or

(*v*) India Firebricks and Insulation Company Limited, a company formed and registered under the Companies Act having its registered office at Bombay in the State of Maharashtra;

1. 1st May, 1978, *vide* notification No. S.O. 291(E), dated 30th April, 1978, *see* Gazette of India, Extraordinary, Part II, sec. 3(*ii*).

(*h*) "transferred unit" means,—

(*i*) Kiriburu Iron Ore Mines, a unit of the National Mineral Development Corporation Limited; or

(*ii*) Meghahatuburu Iron Ore Project, a unit of the National Mineral Development Corporation Limited;

(*iii*) Ramgarh Refractory Plant, a unit of the Hindustan Steel Limited (situated near Ramgarh in the State of Bihar);

(*iv*) Refractory Project, a unit of the Hindustan Steel Limited (situated at Bhilai in the State of Madhya Pradesh); or

(*v*) Sillimanite Mines, a unit of the Hindustan Steel Limited (situated in the State of Meghalaya).

(*2*) Words and expressions used herein and not defined but defined in the Companies Act have the meaning respectively assigned to them in that Act.

3. "Undertaking"— meaning of.—For the purposes of this Act, the undertaking of a dissolved company or of a transferred unit shall be deemed to include all assets, rights, leaseholds (including mining leases, if any), industrial or other licences, powers, authorities and privileges and all property, movable and immovable, including lands, buildings, works, mines, workshops, projects, smelters, stores, instruments, machinery, automobiles and other vehicles, cash or bank balances, cash in hand, investments, and book debts and all other rights and interests in, or arising out of, such property as were immediately before the appointed day in the ownership, possession, power or control of the dissolved company or the transferred unit, as the case may be (whether within or without India), and all books of account, registers maps, drawings, records of survey and all other documents of whatever nature relating thereto, and shall also be deemed to include all borrowings, liabilities and obligations of whatever kind of the dissolved company or the transferred unit.

Explanation.—Reference in this section to an undertaking of a transferred unit shall be deemed to be a reference to so much of the undertaking of the company of which that forms a unit as is relatable to it as if it were a separate company.

CHAPTER II

DISSOLUTION, TRANSFER AND VESTING OF UNDERTAKINGS OF CERTAIN COMPANIES

4. Dissolution, transfer and vesting of undertakings of certain companies in Integral Company.—On the appointed day, the companies specified in the First Schedule shall stand dissolved and, subject to the provisions of sections 6 and 7, all the undertakings of such companies shall stand transferred to, and vest in the Integral Company.

5. Transfer and vesting of Kiriburu Iron Ore Mines, etc., in Integral Company.—On the appointed day, the undertakings of the following transferred units shall stand transferred to, and vest in, the Integral Company, namely:—

(*a*) Kiriburu Iron Ore Mines, a unit of the National Mineral Development Corporation Limited, and

(*b*) Meghahatuburu Iron Ore Project, a unit of the National Mineral Development Corporation Limited.

6. Transfer and vesting of Refractory Plant, etc., in the Bharat Refractories Limited.—(*1*) On the appointed day, the undertakings of the following transferred units shall stand transferred to, and vest in, the Bharat Refractories Limited, namely:—

(*a*) Ramgarh Refractory Plant of the Hindustan Steel Limited (situated near Ramgarh in the State of Bihar),

(*b*) Sillimanite Mines of the Hindustan Steel Limited (situated in the State of Meghalaya), and

(a) Refractory Project of the Hindustan Steel Limited (situated at Bhilai in the State of Madhya Pradesh).

(*2*) Notwithstanding anything contained in the Companies Act, as from the appointed day, the registered office of the Bharat Refractories Limited may remain at Bokaro Steel City or be transferred to Ranchi.

7. Transfer of immovable properties of Hindustan Steel Limited to Metallurgical and Engineering Consultants (India) Limited.—On the appointed day, the right, title and interest of the Hindustan Steel Limited in the immovable properties owned by it in Ranchi District of the State of Bihar, together with liabilities and obligations in relation thereto, shall stand transferred to, and vest in, the Metallurgical and Engineering Consultants (India) Limited.

CHAPTER III

TRANSFER OF SHARES

8. Transfer of shares held by Bokaro Steel Limited to Central Government.—On the appointed day, all the shares held by the Bokaro Steel Limited in the share capital of the Bharat Refractories Limited shall stand transferred to, and vest in, the Central Government.

9. Transfer of shares held by Integral Company to Central Government.—On the appointed day, all the shares held by the Integral Company in the share capital of each of the companies specified in the Second Schedule shall stand transferred to, and vest in, the Central Government.

10. Transfer of shares held by Integral Company to Bharat Refractories Limited.—On the appointed day, all the shares held by the Integral Company in the share capital of the India Firebricks and Insulation Company Limited (a company formed and registered under the Companies Act having its registered office at Bombay in the State of Maharashtra) shall stand transferred to, and vest in, the Bharat Refractories Limited.

11. Transfer of shares held by Central Government to Integral Company.—On the appointed day, all the shares held by the Central Government in the share capital of the Indian Iron and Steel Company Limited (a company under the Companies Act having its registered office at Calcutta in the State of West Bengal) shall stand transferred to, and vest in, the Integral Company.

12. Central Government, etc., deemed to be registered in the register of members of companies.—The Central Government, the Bharat Refractories Limited or the Integral Company, as the case may be, shall be deemed, as from the appointed day, to have been registered in the register of members of the companies concerned as the holder of each share which stands transferred to, and vested in, each of them by virtue of the provisions of section 8, 9, 10 or 11, as the case may be.

13. Power of Central Government to modify amount of paid-up share capital of Integral Company, etc., and issue of shares.—(*1*) The Central Government may, from time to time, by order published in the Official Gazette, specify the amount by which the paid-up share capital of the Integral Company, the Bharat Refractories Limited, the Metallurgical and Engineering Consultants (India) Limited, and the National Mineral Development Corporation Limited shall stand reduced or increased as a result of transfer of shares, undertakings or immovable properties, as the case may be, under the provisions of this Act.

(2) In specifying the amount under sub-section (*1*), the Central Government shall have regard to the following factors, namely:—

(*i*) the book value of shares referred to in section 8, 9, 10 or 11, as the case may be, of the concerned company, on the appointed day,

(*ii*) the net value of the undertakings of the dissolved company and transferred unit, as on the appointed day, and

(*iii*) the book value of the immovable properties owned by the Hindustan Steel Limited referred to in section 7, as on the appointed day,

as are transferred to or from the companies referred to in sub-section (*1*).

(*3*) Every order made under sub-section (*1*) shall be made within a period of one year from the appointed day and any such order may take effect prospectively or retrospectively, but not with effect from a date earlier than the appointed day.

(*4*) Any order made by the Central Government under this section may include a direction for the issue or cancellation of appropriate number of shares so as to give effect to the provisions of this Act.

CHAPTER IV

PROVISIONS RELATING TO OFFICERS AND EMPLOYEES

14. Provisions relating to officers and other employees of dissolved companies.—(*1*) Every officer (not being a director) or other employee holding office immediately before the appointed day in a dissolved company in relation to any undertaking of such company, other than an officer or other employee holding such office in relation to transferred units referred to in section 6, shall, as from the appointed day, continue to hold office as such in the corresponding unit of the Integral Company by the same tenure and upon the same terms and conditions of service and with the same rights and privileges as to retirement benefits as would have been admissible to him if the company in which he was holding office had not been dissolved and shall continue to do so unless and until such tenure and terms and conditions are duly altered by the Integral Company.

(*2*) Notwithstanding anything contained in sub-section (*1*), rules relating to the conditions of service and Standing Orders applicable to the officers or other employees referred to in sub-section (*1*), as immediately before the appointed day, shall continue to apply unless and until they are duly altered by the Integral Company or other authority, as the case may be.

15. Provisions relating to officers and employees of transferred units.—(*1*) Every officer or other employee holding office immediately before the appointed day in the transferred unit shall, as from the appointed day, continue to be an officer or other employee of the corresponding unit of the transferee company by the same tenure and upon the same terms and conditions of service and with the same rights and privileges as to retirement benefits as would have been admissible to him if the transferred unit in which he was holding office had not been transferred and shall continue to do so unless and until such tenure and terms and conditions are duly altered by the transferee company.

(*2*) Notwithstanding anything contained in sub-section (*1*), rules relating to the conditions of service and Standing Orders applicable to the officers or other employees referred to in sub-section (*1*), as immediately before the appointed day, shall continue to apply unless and until they are duly altered by the transferee company or other authority, as the case may be.

16. Provisions relating to directors.—(*1*) Every person holding office as a director of a dissolved company immediately before the appointed day shall, on that day, cease to hold office as such director.

(*2*) Every person, being a director in whole-time employment of a dissolved company, immediately before the appointed day, shall continue to be an employee of the corresponding unit of the Integral Company with such designation and on such terms and conditions as may be determined by the Integral Company.

17. Provision relating to auditors.—Every person appointed under section 619 of the Companies Act as an auditor of a dissolved company or of a transferred unit, holding office immediately before the appointed day, may continue to hold office as such auditor in the corresponding unit of the Integral Company or of any other transferee company, as the case may be, for the duration for which he was so appointed, on the same terms and conditions as were applicable to him immediately before the appointed day.

18. Compensation for transfer not payable.—Notwithstanding anything contained in the Industrial Disputes Act, 1947 (14 of 1947), or in any other law for the time being in force, the transfer of services of any officer or other employee shall not entitle such officer or other employee to any compensation under that Act or under any other law for the time being in force and no claim for such compensation shall be entertained by any court, tribunal or other authority.

19. Provident Fund.—Where a provident fund has been established by a dissolved company or any other company in respect of a transferred unit for the benefit of the employees and the same stands vested in a trust, the moneys and other assets standing to the credit of each provident fund shall continue to be held in trust with the same objects as were applicable before the appointed day and the trustees of such trusts immediately before the appointed day shall, subject to the provisions of the trust deeds and the rules relating to such trusts, continue to function as trustees in respect of such provident fund of the corresponding unit of the Integral Company or of other transferee company, as the case may be, as if this Act had not been passed:

Provided that the right to nominate trustees and other rights relating to the trusts vested in the dissolved company or other company in respect of the transferred unit, as the case may be, shall vest in the Integral Company or other transferee company, as the case may be.

20. Gratuity, welfare and other funds.—Where any gratuity, welfare or other fund has been established by a dissolved company or any other company in respect of a transferred unit for the benefit of its employees and is in existence immediately before the appointed day, all moneys and other assets standing to the credit of or relatable to such gratuity, welfare or other fund shall vest in the corresponding unit of the Integral Company or other transferee company, as the case may be.

CHAPTER V

FINANCIAL PROVISIONS

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21. Provisions with respect to income-tax and surtax.—(*1*) The Integral Company shall be liable to pay any sum under the provisions of the Income-tax Act or the Companies (Profits) Surtax Act which any dissolved company would have been liable to pay if the dissolution had not taken place, in the like manner and to the same extent as the dissolved company.

(*2*) For the purpose of making an assessment of the income or, as the case may be, the chargeable profits of any dissolved company any for the purpose of levying any sum in accordance with the provisions of sub-section (*1*),—

(*a*) any proceeding taken against any dissolved company before the appointed day shall be deemed to have been taken against the Integral Company and may be continued against the Integral Company from the stage at which it stood immediately before the appointed day;

(*b*) any proceeding which could have been taken against any dissolved company if the dissolution had not taken place, may be taken against the Integral Company; and

(*c*) all the provisions of the Income-tax Act or, as the case may be, the Companies (Profits) Surtax Act shall apply accordingly.

(*3*) The assessment of the income or, as the case may be, the chargeable profits of the previous year of any dissolved company in which the dissolution took place up to the appointed day shall be made as if such dissolution had not taken place, and all the provisions of the Income-tax Act and the Companies (Profits) Surtax Act shall, so far as may be, apply accordingly.

(*4*) The transfer to, and vesting in, of the undertaking of any dissolved company in the Integral Company under the provisions of this Act shall be deemed to be an amalgamation in relation to such companies and the provisions of the Income-tax Act shall, so far as may be, apply accordingly as if references in the said Act to the amalgamating company and the amalgamated company were references to the dissolved company and the Integral Company respectively.

(*5*) Where any capital asset forming part of any undertaking belonging to the transferred unit or, as the case may be, the Hindustan Steel Limited is, in pursuance of section 5 or section 6 or section 7, transferred to, and vests in, the Integral Company or the Bharat Refractories Limited or, as the case may be, the Metallurgical and Engineering Consultants (India) Limited, such capital asset shall be deemed to have been transferred in a scheme of amalgamation and the provisions of the Income-tax Act shall, so far as may be, apply accordingly as if references in the said Act to the amalgamating company were references to the transferred unit or, as the case may be, the Hindustan Steel Limited and the references to the amalgamated company, being an Indian company, were references to the Integral Company or the Bharat Refractories Limited or, as the case may be, the Metallurgical and Engineering Consultants (India) Limited.

(*6*) The accumulated loss and the unabsorbed depreciation, if any, of any dissolved company shall be deemed to be the loss or, as the case may be, allowance for depreciation of the Integral Company for the previous year in which the undertaking of the dissolved company vested in the Integral Company, and the provisions of the Income-tax Act relating to set off and carry forward of loss and allowance for depreciation shall apply accordingly.

(*7*) The provisions of sub-sections (*1*) to (*6*) shall have effect notwithstanding anything to the contrary contained in the Income-tax Act or the Companies (Profits) Surtax Act.

Explanation.—For the purposes of this section,—

(*a*) "Income-tax Act" means the Income-tax Act, 1961 (43 of 1961);

(*b*) "Companies (Profits) Surtax Act" means the Companies (Profits) Surtax Act, 1964 (7 of 1964);

(*c*) words and expressions used in this section and not defined in this Act but defined in the Income-tax Act or the Companies (Profits) Surtax Act shall have the meanings respectively assigned to them in the said Acts.

22. Taxes, fees and other charges not payable.—For the removal of doubts, it is hereby declared that no taxes, duties, fees or other charges of whatever nature (including registration charges), shall be payable in respect of any transfer of shares or transfer of any undertakings or transfer of any immovable property under the provisions of this Act.

CHAPTER VI

MISCELLANEOUS

23. Saving of contracts, etc.—(*1*) All contracts, deeds, bonds, agreements and other instruments of whatever nature to which the dissolved company is a party subsisting or having effect immediately before the appointed day, shall, as from that day, be of full force and effect against, or in favour of the Integral Company or other transferee company, as the case may be, and may be enforced as fully and effectually as if, instead of the dissolved company, the Integral Company or other transferee company had been a party thereto.

(*2*) All contracts, deeds, bonds, agreements and others instruments of whatever nature to which the company in respect of a transferred unit is a party if and in so far as it relates to matters pertaining to the undertakings of the transferred unit, subsisting or having effect immediately before the appointed day, shall, as from that day, be of full force and effect against, or in favour of the Integral Company or other transferee company, as the case may be, and may be enforced as fully and effectually as if, instead of such company, the Integral Company or other transferee company had been a party thereto.

24. Saving of legal proceedings.—If, on the appointed day, there is pending any suit, arbitration, appeal or other legal proceeding of whatever nature by or against a dissolved company, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer under the provisions of this Act to the Integral Company or any other transferee company, as the case may be, of the undertakings of the dissolved company or of anything contained in this Act, but the suit, arbitration, appeal or other proceeding may be continued, prosecuted and enforced by or against the Integral Company or other transferee company, as the case may be, in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the dissolved company if this Act had not been passed.

25. Power to remove difficulties.—If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by order, published in the Official Gazette, make such provisions, not inconsistent with the provisions of this Act, as appears to it to be necessary, for the removal of the difficulty:

Provided that no such order shall be made after the expiry of a period of three years from the appointed day.

26. Act to override the provisions of other laws.—The provisions of this Act or of any order made thereunder shall have effect notwithstanding anything contained in the Companies Act or in any other law for the time being in force or in any contract, express or implied, or in any rules or regulations having effect by virtue of any law other than this Act.

27. Power to amend memorandum and articles of association.—(*1*) For the purpose of giving effect to the provisions of this Act, the Central Government may, by notification in the Official Gazette, make amendments in the memorandum or articles of association, or both, of the Integral Company or other transferee company.

(*2*) Any amendments in the memorandum or articles of association of the Integral Company or other transferee company made in pursuance of sub-section (*1*) shall have effect notwithstanding anything contained in the Companies Act.

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THE FIRST SCHEDULE

[*See* sections 2(*l*) (*d*) and 4]

1. Bhilai Ispat Limited, a company formed and registered under the Companies Act having its registered office at Bhilai in the State of Madhya Pradesh.

2. Bokaro Steel Limited, a company formed and registered under the Companies Act having its registered office at Bokaro Steel City in the State of Bihar.

3. Durgapur Mishra Ispat Limited, a company formed and registered under the Companies Act having its registered office at Durgapur in the State of West Bengal.

4. Hindustan Steel Limited, a company formed and registered under the Companies Act having its registered office at Ranchi in the State of Bihar.

5. Rourkela Ispat Limited, a company formed and registered under the Companies Act having its registered office at Rourkela in the State of Orissa.

6. SAIL International Limited, a company formed and registered under the Companies Act having its registered office at Calcutta in the State of West Bengal.

7. Salem Steel Limited, a company formed and registered under the Companies Act having its registered office at Salem in the State of Tamil Nadu.

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THE SECOND SCHEDULE

[*See* section 9]

1. Metallurgical and Engineering Consultants (India) Limited, a company formed and registered under the Companies Act having its registered office at Ranchi in the State of Bihar.

2. Hindustan Steelworks Construction Limited, a company formed and registered under the Companies Act having its registered office at Calcutta in the State of West Bengal.

3. National Mineral Development Corporation Limited, a company formed and registered under the Companies Act having its registered office at Hyderabad in the State of Andhra Pradesh.

4. Manganese Ore (India) Limited, a company formed and registered under the Companies Act having its registered office at Nagpur in the State of Maharashtra.

5. Mandovi Pellets Limited, a company formed and registered under the Companies Act having its registered office at Mormugao Harbour in the Union territory of Goa, Daman and Diu.

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STATEMENT OF OBJECTS AND REASONS

There are at present six integrated steel plants in the country with a total installed capacity of 10.6 million tonnes of ingot steel. Of these five steel plants with an aggregate capacity of 8.6 million tonnes are in the public sector. The plants at Bhilai, Durgapur and Rourkela are owned and managed by Hindustan Steel Limited and the plant at Bokaro by Bokaro Steel Limited, both the companies being wholly-owned subsidiaries of Steel Authority of India Limited. The fifth plant at Burnpur is under the Indian Iron and Steel Company Limited whose majority shares were acquired by Government in July, 1976. Bhilai and Bokaro Steel Plants are being expanded and this will raise the total steel production capacity in the public sector to 12.4 million tonnes. Steel Authority of India Limited also has a number of other subsidiaries corerned with activities allied to steel production such as provision of consultancy, design and engineering services for ferrous and non-ferrous enterprises, heavy construction/erection work connected with steel and other sectors, development and operation of major mechanised iron ore mines to meet the demands for export and from steel plants, etc.

2. It is essential for proper development of the steel industry that public sector steel plants achieve maximum production and are managed the greatest efficiency. For this purpose, it would be advisable these plants under the overall control of an Integral Company should function, to the maximum extent possible, as an integrated steel complex and all activities which are not directly related to steel production are kept outside its purview. Having regard to the present nature of these activities and potentialities for the future, it would also be greatly advantageous if the units/companies concerned therewith function directly under Government. Accordingly the present set-up is being reorganised broadly as under:—

(*i*) Hindustan Steel Limited, Bokaro Steel Limited, Salem steel Limited, SAIL International Limited, Bhilai Ispat Limited, Rourkela ispat Limited and Durgapur Mishra Ispat Limited, wholly-owned subsidiaries of Steel Authority of India Limited (SAIL), will be merged in SAIL and will function as units of SAIL.

(*ii*) shares presently held by Government in Indian Iron and Steel Company Limited will be transferred to SAIL and become a subsidiary of SAIL.

(*iii*) metallurgical and Engineering Consultants (India) Limited. Hindustan Steelworks construction Limited and National Mineral Development Corporation Limited. Wholly-owned subsidiaries of SAIL, will become independent companies under the direct administrative control of Department of steel. Kiriburu and Meghahatuburu Iron Ores Mines of National Mineral Development Corporation Limited will be transferred to serve as captive units of Bokaro Steel Plant.

(*iv*) Bharat Refractories Limited, a wholly-owned subsidiary of Bokaro Steel Limited will become an independent company directly under the Department of Steel and other refractory units will also come under it.

3. Restructuring as aforesaid is undertaken to secure better management of, and greater efficiency in, the working of public sector steel plants. The terms and conditions applicable to the employees would remain unaltered.

4. The Bill seeks to achieve the above objects.

NEW DELHI; BIJU PATNAIK.

The 14*th December,* 1977.