

Empowerment of Central Public Sector Enterprises (CPSEs)—enhancement of delegated powers of Navratna PSEs.

The undersigned is directed to refer to this Department OM No. DPE/11(2)/97-Fin. dated 22nd July, 1997 regarding turning selected public sector enterprises into global giants, wherein various powers were delegated to PSEs that have comparative advantages and capacity to become global giants, presently known as Navratnas.

2. Keeping in view the pledge made in the National Common Minimum Programme (NCMP) that full managerial and commercial autonomy will be devolved to successful profit making companies operating in a competitive environment, the Government have reviewed the powers presently delegated to the Board of Directors of Navratna PSEs and have decided to enhance the powers in the manner stated below:

(i) The ceiling on equity investment to establish financial joint ventures and wholly owned subsidiaries in India or abroad shall be 15% of the networth of the PSE in one project limited to Rs. 1000 crore. The overall ceiling on such investment in all projects put together shall be 30% of the networth of the PSE.

(ii) The Board of Directors of these PSEs shall have the powers for mergers and acquisitions, subject to the conditions that (i) it should be as per the growth plan and in the core area of functioning of the PSE, (ii) conditions/limits would be as in the case of establishing joint ventures/subsidiaries, and (iii) the Cabinet Committee on Economic Affairs (CCEA) would be kept informed in case of investments abroad. This is in partial modification of DPE OM No. 3(2)/2003-DPE(Fin.)GL XVI dated 11.2.2003.

(iii) The Board of Directors of these PSEs shall have the power to further delegate the powers relating to Human Resource Management (appointments, transfer, posting, etc.) of below Board level executives to sub-committees of the Board or to executives of the PSE, as may be decided by the Board of the PSE.

(iv) The Chief Executive of the PSE shall have the power to approve business tours abroad of functional directors up to 5 days' duration (other than study tours, seminars, etc.) in emergency, under intimation to the Secretary of the administrative Ministry. In all other cases including those of Chief Executive, tours abroad would continue to require the prior approval of the Minister of the Administrative Ministry/ Department.

3. The Navratna status is presently subject to the condition that these PSEs shall not depend up on budgetary support or Government guarantees. Wherever Government guarantee is required under the standard stipulations of external donor agencies, the same may be obtained from the Ministry of Finance through the administrative Ministry. Such Government guarantee shall not affect the Navratna status.

4. Other powers delegated under the DPE OM referred to in para. 1 above remain unchanged. The conditions and guidelines laid down in the said OM also remain unchanged and should be adhered to strictly.

5. The administrative Ministries/Departments concerned may bring the contents of this OM to the notice of these enterprises.

(DPE O.M. No. 18(24)/2003-GM- GL.64 dated 5th August, 2005)