CHAPTER V
MEMORANDUM OF UNDERSTANDING

2. DPE/Guidelines/V/2
Delegation of enhanced powers to Board of Directors of MOU signing Public Sector Enterprises to incur capital expenditure.

The powers delegated to the Board of Directors of Public Enterprises signing Memorandum of Understanding with the Government to sanction capital expenditure were spelt out in the Bureau’s O.M. No. 1(18)/86-Fin (PPU) dated 7.11.88. The question of enhancement of these powers has been considered further. It has been decided that in respect of companies signing MOU and having gross block of over Rs. 200 crs., the power to incur expenditure on additions, modifications and new investments will be raised from the existing limit of Rs. 20 crs- to Rs.50 crs. without the prior approval of the Government and the power to incur expenditure on replacement, renewal of assets from the present limit of Rs. 50 crs. to Rs.100 crs. provided:-

a. the required funds can be found from the internal resources of the company and the expenditure is incurred on schemes included in the capital budget approved by the Govt.;

b. new items should have been identified and discussed at the annual plan discussions and outlays provided for; and

c. for repairs and maintenance, the delegated powers being exercised should be within the framework of a lump sum provision agreed to and provided for at the annual plan discussion.

The term gross block should be treated as fixed assets and capital work in progress as shown in the last published balance sheet.

(DPE O.M. No. 1(18)/86-DPE(MOU) dated 29th August, 1990)