Delegation of Powers to Board of Directors of PSEs to incur capital expenditure.

With a view to giving greater autonomy to Public Sector Enterprises, and in pursuance of this announcement made by the Finance Minister in his Budget Speech for 1997-98, the Government hereby revise the powers delegated to the Boards of Public Enterprises to sanction capital outlay in their enterprises without prior Government approval as shown below. This is in supersession of the earlier instruction vide OM No. BPE/1(64)/Adv(F)/78 dated 20.8.86. The enhanced delegated powers are subject to the condition that the enterprise concerned should be profit making.

2. Further this delegation would be subject to the following:

(a) inclusion of the project in the approved Five Year and Annual Plans and outlays provided for.

(b) 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 Government.

Gross Block	Power to Sanction Expenditure without Prior Approval of the Government	
	Existing	Revised
Less than Rs. 100 Crores	Rs. 5 Crores	Rs. 10 Crores
Between Rs. 100 Crores & Rs. 200 Crores	Rs. 10 Crores	Rs. 20 Crores
Between Rs. 200 Crores & Rs. 500 Crores	Rs. 20 Crores	Rs. 40 Crores
Above Rs. 500 Crores	–	Rs. 100 Crores

3. The term ‘Gross Block’ would be treated as fixed assets and capital work in progress as shown in the last published balance sheet.

4. Profit making enterprises, for the purpose of this delegation, would be those which have shown a profit in each of the three preceding accounting years and have a positive net worth.

5. These instructions come into effect from the date of issue.

6. This issues with the approval of Ministry of Finance.

(DPE O.M. No. DPE/16/22/90-Fin.G-I dated 6th May, 1997)

***