

F. No. 18(6)/2016-MGMT  
Government of India  
Ministry of Heavy Industries and Public Enterprises  
Department of Public Enterprises

Block No.14, CGO Complex,  
Lodi Road, New Delhi-110003  
Dated the 10<sup>th</sup> August, 2016

OFFICE MEMORANDUM

Subject: Exercise of delegated power relating the establishing financial joint ventures and wholly owned subsidiaries by the Boards of Maharatna, Navratna and Miniratna Central Public Sector Enterprises (CPSEs)

The undersigned is directed to state that the Government had delegated powers to establish financial joint ventures and wholly owned subsidiaries to the Boards of Maharatna, Navratna and Miniratna Central Public Sector Enterprises (CPSEs).

2. This matter has been examined by the Government in the context of proliferation of such companies under the above empowerment and also the fact that the investments being made by Maharatna, Navratna and Miniratna CPSEs for setting up such joint ventures and subsidiaries is public investment. It is desirable that such deployment of public funds is made after due scrutiny and adequate justification to ensure that the decision for investment to set up such joint ventures or subsidiary entities is in sync with the policy considerations and strategic needs of the Government and in conformity with the norms of fiscal prudence.

3. Hence, it has been decided that henceforth the delegated powers to establish financial joint ventures and subsidiary entities would be exercised by the Boards of Maharatna, Navratna and Miniratna CPSEs in the manner stated below.

- (i) The proposals for establishing financial joint ventures and subsidiary entities will be presented to the Board of the concerned CPSE.
- (ii) The concerned administrative Ministry/Department will obtain the concurrence of NITI Aayog for such proposals on a case-to-case basis and firm up its views on the proposals as the stakeholder for the Board's deliberations through its representative on the Board for appropriate decision.

4. The Government Director(s) will ensure that the views of the Government, being the majority shareholder, on such proposals are properly presented before the Board while a decision on such proposals is being taken. The decision for investment to set up financial joint ventures and subsidiary entities should only be taken by the Board when Government Director(s) are present in the Board meeting.

5. All administrative Ministries/Departments are requested to take note of the above decision and bring the same to the notice of Maharatna, Navratna and Miniratna CPSEs under their respective administrative jurisdiction for information and immediate compliance.

6. This has the approval of Minister of Heavy Industries & Public Enterprises.

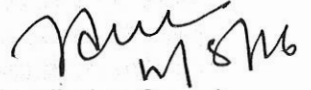
Sd/-  
(Madhukar Gupta)  
Additional Secretary  
Tel: 2436-0204

To Secretaries of all administrative Ministries/Departments

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Copy to :-

- (i) NITI Aayog (Shri Amitabh Kant, Chief Executive Officer), Sansad Marg, New Delhi.
- (ii) Prime Minister's Office (Shri Tarun Bajaj, Joint Secretary), South Block, New Delhi.
- (iii) Cabinet Secretariat (Shri Tuhin Kanta Pandey, Joint Secretary), Rashtrapati Bhavan, New Delhi.
- (iv) Secretary, Department of Expenditure, North Block, New Delhi (for information and with a request to circulate this OM for information of Financial Advisors of all Ministries/Departments)
- (v) Secretary, Department of Investment & Public Asset Management, 4<sup>th</sup> Floor, Block No. 14, CGO Complex, Lodi Road, New Delhi.
- (vi) PS to Minister (HI & PE)
- (vii) PS to Minister of State (HI & PE)
- (viii) PS to AS & FA (HI & PE)
- (ix) Prime Minister's Office (Shri Brijesh Pande, Deputy Secretary), South Block, New Delhi w.r.t. PMO ID No. 340/31/C/13/2016-ES.I dated 4<sup>th</sup> July, 2016
- (x) NITI Aayog (Shri Dhiraj Nayyar, Office on Special Duty), Sansad Marg, New Delhi w.r.t. O.M. No. 13(39)/2016-I&M(I) dated 28<sup>th</sup> July, 2016



(Madhukar Gupta)  
Additional Secretary  
Tel: 2436-0204