

Delegation of financial powers to Mini Ratna Enterprises

The detailed guidelines on delegation of financial powers to Mini Ratna Enterprises were issued vide DPE's OM of even number dated the 9th October, 1997. Since the issue of these guidelines, some queries have been raised by the PSUs and the Administrative Ministries seeking clarifications on certain points on delegation of financial powers and restructuring of Boards of Mini Ratna enterprises etc.

These issues raised have been examined in detail. The gist of the points raised by the PSUs/Administrative Ministries and the clarifications thereto as under: -

Sl. No.	Issues raised by Administrative Ministries	Response of DPE
1.	Whether any financial assistance or budgetary support can be extended by the Govt. to Mini Ratna PSUs in any form like grants-in-aids, soft loans etc.	Yes, but once budgetary support is taken, they will no longer remain eligible for the Mini-Ratna status.
2.	Whether the restriction of Govt. guarantees applies to issue of fresh Govt. guarantees or applies to extension of existing Govt. guarantees also	This would apply to both.
3.	Whether the company should be declared as Mini Ratnas in the first instance or parallel action could be taken for appointment of non-official Directors	It can be declared as Mini Ratnas based on the eligibility criteria, and the action regarding the appointment of non-official Directors can be taken separately.
4.	Whether the financial limits of capital expenditure as per DPE guidelines on Mini Ratnas are the limits for one project or for one year.	The financial limits of capital expenditure are project/activity related.
5.	As per DPE guidelines the proposal on capital expenditure/investment should be prepared by or with the assistance of professionals and experts. Whether PSUs are free to select the experts or some panel is maintained or certain guidelines are to be issued by the Govt.	The Public Enterprises are free to select the professionals and other experts, as per their requirements.

	in this regard.	
6.	Whether the existing system of ad-hoc Task Force (ATF) for performance evaluation in MOU would continue for monitoring of performance.	Yes
7.	Whether the instructions issued by DPE regarding appointment of non-official part time Directors, who are professional experts of repute are mandatory or optional.	The instructions regarding appointment of non-official part time Directors are mandatory for Mini Ratna enterprises.
8.	Whether after the PSUs have been identified as Mini ratnas or category one or two and non-official Directors have been appointed any formal notification shall be issued by DPE according Mini ratna status to these PSUs.	No
9.	Whether the categorization of the PSU should be vetted by DPE	No, DPE should only be informed.
10.	Whether the Public Enterprises which do not declare dividend in accordance with guidelines issued by Ministry of finance should be categorized as Mini Ratnas, as they also indirectly depend upon government support through withholding dividend etc.	Dividend is not an eligibility criteria for Mini Ratnas

All the Administrative Ministries/Departments of the Government of India are requested to bring the foregoing to the notice of the Public Enterprises under their administrative control for their information and necessary action.

(DPE O.M. No. DPE/11(36)/97-Fin. dated 17th February, 1998)