

Laying down guidelines and parameters for the Board of Directors of Navratna PSUs to enter into technology joint venture and strategic alliances.

This is in continuation of DPE O.M. No. 11(2)/97-Fin. dated 22.7.97 granting financial and operational autonomy to Navratna PSUs, wherein exercise of authority to enter into technology joint venture and strategic alliances were exercised in accordance with the Government guidelines. These guidelines are:-

(i) The selection of the partner for technology joint venture or strategic alliances and its processes etc. should be transparent. All such proposals must be presented to the Board of Directors in writing and should contain evaluation in terms of commercial expediency, techno economic parameters, quantification of the likely benefits and risk factors, if any.

(ii) The proposal should be examined and appraised by the Board of Directors when the Finance Director concerned functional Director(s) and at least two non-official part time Directors are present in the meeting.

(iii) The rationale for approving or rejecting the proposal must be recorded in writing giving full justification.

(iv) In the event of the decision on such proposals, not being unanimous, the objections, dissents, the reasons for over-ruling them and those for taking the decision should be recorded in writing and minuted.

(v) The policy and procedures of authorities like RBI, Foreign Investment Promotion Board (FIPB), Environment, etc., as laid down from time to time to be complied with.

(vi) It must be ensured that the proposal should not be entirely to the benefit of the MNC(s) to enter into the Indian market.

(vii) All the proposals involving investment over and above delegated powers, shall be submitted for approval of CCEA.

(viii) The Board shall ensure that adequate representation is given to the company in the management and operation of its joint venture/strategic alliance. The extent of representation should be in proportion to their contribution.

(ix) Joint ventures may be formed with such companies/MNC(s) where there is synergy between production/business line of the two partners and where both stand to gain, especially the Indian partner.

(x) A comprehensive list of joint ventures formed and status thereof be submitted to DPE on half yearly basis. The yearly status on the progress and performance of the joint ventures formed would be submitted by DPE to the Committee of Secretaries.

(DPE OM No. 11(32)/96-Fin. dated 17th January, 2000)