Empowerment of Central Public Sector Enterprises (CPSEs)—enhancement of delegated powers of Miniratna PSEs.

The undersigned is directed to refer to this Department OM No. DPE/11(36)/97-Fin. dated 9th October, 1997 regarding Financial and operational autonomy for profit making public sector enterprises, wherein various powers were delegated to Miniratna PSEs.

2. Keeping in view the pledge made in the National Common Minimum Programme (NCMP) that full managerial and commercial autonomy will be devolved to successful profit making companies operating in a competitive environment, the Government have reviewed the powers presently delegated to the Board of Directors of Miniratna PSEs and have decided to enhance the powers in the manner stated below:

(i) Capital Expenditure

(a) For PSEs in category I: The power to incur capital expenditure on new projects, modernization, purchase of equipment, etc., without Government approval stands revised to Rs. 500 crore or equal to Net worth, whichever is less.

(b) For PSEs in category II: The power to incur capital expenditure on new projects, modernization, purchase of equipment, etc., without Government approval stands revised to Rs. 250 crore or equal to 50% of the Net worth, whichever is less.

(ii) Joint ventures and subsidiaries:

(a) Category I PSEs: The ceiling on equity investment to establish joint ventures and subsidiaries in India shall be 15% of the networth of the PSE in one project limited to Rs. 500 crore. The overall ceiling on such investment in all projects put together shall be 30% of the networth of the PSE.

(b) Category II PSEs: The ceiling on equity investment to establish joint ventures and subsidiaries in India shall be 15% of the networth of the PSE in one project limited to Rs. 250 crore. The overall ceiling on such investment in all projects put together shall be 30% of the networth of the PSE.

(iii) The Board of Directors of these PSEs shall have the powers for mergers and acquisitions, subject to the conditions that (i) it should be as per the growth plan and in the core area of functioning of the PSE, (ii) conditions/limits would be as in the case of establishing joint ventures/subsidiaries, and (iii) the Cabinet Committee on Economic Affairs (CCEA) would be kept informed in case of investments abroad. This is in partial modification of DPE OM No. 3(2)/2003-DPE(Fin.)GL XVI dated 11.2.2003.

(iv) The Board of Directors of these PSEs shall have the power to further delegate the powers relating to Human Resource Management (appointments, transfer, posting, etc.) of below Board level executives to sub-committees of the Board or to executives of the PSE, as may be decided by the Board of the PSE.

(v) The Chief Executive of the PSE shall have the power to approve business tours abroad of functional directors up to 5 days’ duration (other than study tours, seminars, etc.) in emergency, under intimation to the Secretary of the administrative Ministry. In all other cases including those of Chief Executive, tours abroad would continue to require the prior approval of the Minister of the Administrative Ministry/Department.

3. The Miniratna status is presently subject to the condition that these PSEs shall not depend up on budgetary support or Government guarantees. Wherever Government guarantee is required under the standard stipulations of external donor agencies, the same may be obtained from the Ministry of Finance through the administrative Ministry. Such Government guarantee shall not affect the Miniratna status.

4. Other powers delegated under the DPE OM referred to in para.1 above remain unchanged. The conditions and guidelines laid down in the said OM also remain unchanged and should be adhered to strictly.

5. The administrative Ministries/Departments concerned may bring the contents of this OM to the notice of the enterprises.