

No. 16(4)/2010-GM
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 24th October, 2011

OFFICE MEMORANDUM

Subject: Policy for acquisition of Raw Material Assets abroad by Central Public Sector Enterprises (CPSEs)

The undersigned is directed to state that the matter of ensuring availability of adequate quantities of raw materials, which is crucial not only for the growth of the manufacturing sector in particular but also the economy as a whole, has been considered by the Government and it has been decided to issue a clear policy statement with regard to the acquisition of raw material assets abroad by CPSEs. In the long term interests of the economy, the Government has approved the implementation of a Policy for acquisition of Raw Material Assets abroad by CPSEs, a copy of which is enclosed for information, guidance and further necessary action.

2. The contents of above Office Memorandum may also be brought to the notice of CPSEs under the administrative control of your Ministry/Department for their information, guidance and further necessary action.



(Ashok K. Pavadia)
Joint Secretary to the Government of India
Tel : 2436-3411

Encl : As stated

To Secretaries of all Ministries/Departments (by name)

Copy to :- (i) Cabinet Secretariat, (Shri K.L. Sharma, Director - Cabinet), Rashtrapati Bhavan, New Delhi – w.r.t. Cabinet Secretariat communication No. 36/CM/2011(i) dated 18.10.2011.

(ii) Secretary, Ministry of External Affairs, South Block, New Delhi – with a request to take further necessary action as per para 21 of the enclosed Policy

Copy also to :-

(i) PS to Minister (HI&PE)

(ii) PS to Secretary (PE)

(iii) PS to AS&FA (HI&PE)

✓ (iv) NIC Cell, DPE – with a request to upload this O.M. on DPE website

Policy for Acquisition of Raw Material Assets Abroad by Central Public Sector Enterprises (CPSEs)

Need to acquire raw material assets abroad

1. Government has projected that our economy needs to grow between 9 to 10% over the next 10 years in order to bring down the present level of poverty in the country. In order to achieve the desired growth rate, it is imperative that the manufacturing sector grows at 12 to 14%. This in turn would exert a lot of pressure on the requirements of raw materials. It has been observed that in the recent past, when the economy grew at 9% for a period of three continuous years, there were severe shortages of raw materials. Some of the raw material assets required for manufacturing, such as coking coal, have not been available locally in adequate quantities. Therefore, arrangements for assured supply of key raw materials over the long term need to be put in place if the country is to achieve double digit growth rate over the next decade. Even in respect of those raw material assets which are available only in a limited amount in the country, alternative arrangements for their assured supply need to be worked out well in time. In view of the severe competition from other countries for acquiring such assets, this matter acquires a sense of urgency. The acquisition of raw material abroad will also help in improving the energy security of the country.

2. Thus, in the long term interests of the economy in general and the growth of the manufacturing sector in particular, and also taking into account strategic aspects, the Government of India is committed to promote and take all necessary measures towards acquisition of raw material assets abroad.

Present system of overseas investment

3. The financial aspects of allowing outward investments are presently guided by the Ministry of Finance and the Reserve Bank of India (RBI) whereas the actual acquisitions are being handled by the CPSEs / concerned Ministries. The Reserve Bank of India, under the powers vested in it under Section 6 of the Foreign Exchange Management Act, 1999 has issued **guidelines on Direct Investment by Residents in Joint Venture (JV) / Wholly Owned Subsidiary (WOS) Abroad (Annex-I)**. These guidelines basically prescribe the classes of permissible capital account transaction and limits up to which foreign exchange is admissible for such transactions. Under RBI's guidelines, overseas investment can be made under two routes, viz Automatic and Approval routes. Under the Automatic route, RBI's guidelines permit investment in overseas JVs / WOS upto 400 per cent of the net worth of the Indian company or Special Purpose Vehicle (SPV). RBI's guidelines permit Navratna PSUs, ONGC Videsh Ltd (OVL) and Oil India Limited (OIL) and other Indian Companies to invest under the Automatic route in unincorporated entities overseas in the **oil sector** subject to their being approved by the competent authority. Listed Indian companies are permitted to invest up to 50 per cent of their net worth in shares issued by listed overseas companies. RBI's guidelines permit consideration of proposals for investment in JV / WOS overseas in the **energy and natural resources sectors (e.g. oil, gas, coal and mineral ores)** in excess of the 400 per cent of net worth limit (**Annex-I**).

4. DPE has issued guidelines from time to time to grant enhanced autonomy and delegation of powers to different categories of CPSEs, subject to certain stipulated

conditions and procedures, with a view to enabling them to enhance their global presence. The introduction of Navratna and Miniratna schemes in 1997 and Maharatna scheme in 2010 are the initiatives taken by DPE in this regard. Some aspects of the powers delegated to Boards of Maharatna, Navratna and Miniratna CPSEs are extremely relevant in the context of powers to be exercised by the concerned CPSEs for acquisition of raw material assets abroad. The relevant guidelines issued by DPE, as applicable to these categories of CPSEs, are enclosed at **Annex-II**.

5. DPE has also issued another set of guidelines exclusively on the issue of acquisition of raw material assets abroad by Indian Companies for ONGC-Videsh Limited vide their O.M dated 17.1.2000 (**Annex-IIIA**). These guidelines were extended by the Ministry of Petroleum & Natural Gas to Indian Oil Corporation, Oil India Limited and other Navratna downstream PSUs (**Annex-IIIB**). The Ministry of Steel has also set up an Empowered Committee of Secretaries (ECS) mechanism for acquiring coal assets by 'International Coal Ventures Private Limited' (**Annex-IIIC**), a Special Purpose Vehicle. The Ministry of Coal has thereafter issued instructions to the effect that the efforts of Coal India Limited to acquire coal assets abroad would also be considered under the ECS mechanism set up by Ministry of Steel (**Annex-IIID**).

Shortcomings of the present system of outward investment

6.1 The principal shortcoming in the present system is the lack of an explicit commitment from the Government of its intention to promote acquisition of raw material assets abroad. As a result, the issue does not always get the expediency and seriousness that it deserves, and proposals for acquisition of raw material assets suffer from **delays in decision making**.

6.2 Secondly, a **coordinated, inter-sectoral approach** which is often required to aggressively bid for raw material assets abroad, particularly the sovereign ones, is lacking.

6.3 Thirdly, **enormous funds** are often required for acquiring raw material assets abroad which are not readily available with even our largest CPSEs.

6.4 A number of mechanisms have been evolved by different agencies for acquiring raw materials abroad and it may be worthwhile to harmonize and supplement them.

6.5 The instant policy addresses these shortcomings by clearly specifying the commitment of the Government to acquisition of raw material assets abroad. It seeks to enhance the powers delegated to Boards of CPSEs in making equity investments through Mergers and Acquisitions, in Joint Ventures / Wholly Owned Subsidiaries and for capital expenditure, retains the existing mechanism of Empowered Committee of Secretaries and puts in place provisions for fast track decision making through an integrated, coordination mechanism at the higher levels which can be relied upon by the CPSEs and the Ministries should the need arise.

Proposed procedure for acquisition of raw material assets abroad

7. **Objective:** The objective of the policy is to put in place a fast track and coordinated decision making process in order to facilitate acquisition of raw

materials abroad by CPSEs for the requirement of manufacturing sector in the country.

8. **Scope:** In order to accelerate the pace of acquisition of raw material assets abroad, the following procedure, which includes among others, the aspects covered in prevalent guidelines listed at Annex II & III, is prescribed. It is clarified that the purpose of these guidelines is to reduce the time associated with the acquisition process, underscore the significance the Government attaches to the subject, support CPSEs for strategic acquisitions, and to provide them a forum through which a coordinated, inter-sectoral, consortium based approach could be adopted. Notwithstanding the following arrangement, the CPSEs will continue to exercise the powers that are currently available to them. This policy would be applicable only to CPSEs in Agriculture, Mining, Manufacturing and Electricity sectors as per Public Enterprises Survey of DPE. The details of the prescribed procedure are as under.

9. **Applicability:** The CPSEs, that is, those Government companies (as defined under Section 617 of the Companies Act, 1956) wherein more than 50% equity is held by the Central Government, subsidiaries of such CPSEs and which have a three year record of making net profits, can benefit from the decision making mechanism prescribed in these guidelines for acquiring raw material abroad.

10. **Definition of Raw Material Assets Abroad:** The term Raw Material Assets Abroad shall include ownership(equal/minority/majority stake holding), lease, rights for exploration, development and production of an on-shore or offshore asset that is yielding, or has proven reserves or the potential to yield **natural resource, including mineral resources**, whether held publicly or privately or jointly, in an internationally recognized State/Country/territory outside the borders of India. By implication, raw material assets in territories held by non-State actors (such as armed groups), or in States under the sanction of an International body to which India is a signatory and bound, shall not be covered by this policy.

Preliminary Information and Due-Diligence:

11.1 **Flexibility to act on any credible information of the availability of Raw Material Asset Abroad for possible acquisition.** The proposals for acquisition of raw materials overseas should be driven by the requirements of the individual companies and linked to the specific needs of the CPSEs. CPSEs may entertain such proposals received directly or through a reputed merchant banker registered in either India or in the country where the target asset is located (having more than 5 years experience in the relevant field) or in response to an expression of interest issued by the concerned CPSE.

11.2 **Expeditious due diligence within the concerned CPSEs:** Each CPSE will take an initial call as to whether it wishes to proceed with the proposal or not. The available opportunities should be evaluated on techno-economic considerations in a transparent manner using either in-house expertise or external consultants/consultancy firms. In order to form a view, the CPSEs may seek a presentation by the proposer or a visit by its team or take any other appropriate measure to have an initial assessment in order to arrive at a decision as to whether to proceed with the proposal or not.

11.3 If the initial decision is to proceed with the proposal, the CPSEs will undertake due diligence on technical, financial and legal aspects and obtain independent advice of reputed experts /consulting agencies

11.4 The Boards of all profit making CPSEs will continue to be empowered to decide on appointment of Consultants for such purposes. It may be mentioned that some CPSEs are already exercising such powers. Should a CPSE consider necessary, it may draw up a panel of experts so that they can appoint consultants from the approved panel of consultants at short notice. The “Manual of Policies and Procedure of Employment of Consultants” issued by the Department of Expenditure, Ministry of Finance may be broadly used as guidance in this regard.

Structure & Ownership of Overseas Investing Entity:

12.1 Subject to these guidelines, the Boards of Profit making CPSEs would be competent to pursue overseas opportunities either on stand-alone basis, or in collaboration with other CPSEs/domestic private companies through Joint Ventures (called consortium approach). **CPSEs can collaborate with foreign Public or Private sector enterprises also in case such a collaboration is felt essential or in case laws of the country in which target asset is located require association of a local enterprise in the Joint Venture before they are eligible to bid for raw material assets.** If the Board of the CPSE decides to associate partner(s), it would select partner(s) on the basis of clear criteria including past performance, work experience, financial and technical capabilities etc. The modalities of selection would be decided by the Boards of respective CPSEs, depending upon the requirements of the situation. In case the CPSEs acquires part equity stake in an asset, the existing shareholder(s) of the target asset, if any, would automatically become partners of the CPSE. The Boards of profit making CPSEs can also pursue overseas opportunities through mergers and acquisitions, establish Wholly Owned Subsidiaries or incorporate new enterprise(s) abroad; CPSEs can also explore overseas opportunities under various arrangements used in the international industry such as production sharing contracts, concessionary arrangements, service contracts etc. The policy and procedures of authorities like RBI, guidelines of the Department of Expenditure, Ministry of Finance for establishing Joint Venture Companies in Infrastructure Sectors (vide No. 24(24)/PF-II/2009 dated 21st July, 2009) and other prevailing rules and regulations of Government of India, as laid down from time to time, would be observed as guidance by the CPSEs while undertaking such ventures. The existing requirement of CPSEs keeping the Cabinet Committee on Economic Affairs informed of **any investments abroad** shall continue to apply.

12.2 If required, the CPSE(s) may form project specific **Special Purpose Vehicles (SPVs)** to undertake overseas projects for the acquisition of raw materials abroad. These SPVs should be need based and it would be ensured that there is no proliferation of such SPVs. The concerned CPSE should also ensure that business risks associated with projects abroad are restricted to the extent of their equity participation in the SPV and the parent company is insulated against such business risks.

12.3 The proposal after following the above procedure would be put up to the **Board of Directors**, including Government and non-official Directors. The proposals must be presented to the Board of Directors in writing and reasonably well in advance, with an analysis of relevant factors and quantification of the anticipated

results and benefits. Risk factors, if any, must be clearly brought out. The decision on such a proposal should preferably be unanimous. In the event of any decision on such matters not being unanimous, a majority decision may be taken, but at least two thirds of the Directors should be present. In addition, all the Government Director(s), the Director Finance and the concerned Functional Director(s) should invariably be present when such decisions are taken. The objections, dissents, the reasons for over-ruling them and those for taking the decision should be recorded in writing and minuted. The decision of the Board should be based on quantified techno-economic parameters and should take into account the considerations of socio-political risks, technology transfer, strategic entry into a particular area/country etc. In many countries, the mineral resources happen to be located in relatively insecure and inaccessible areas. The issue of security of assets proposed to be acquired may be suitably factored into at the time of decision making.

12.4 The **ownership of raw material assets abroad** may lie with the concerned CPSEs/Joint Venture/Wholly Owned Subsidiary/Special Purpose Vehicle depending upon the source of equity investment in the project. The Board of the concerned CPSE should, however, through documented deliberations ensure that **adequate representation is given to the CPSE in the management and operation** of its overseas project. The extent of representation should be commensurate with its equity contribution in the project.

Enhanced Delegated Powers to Boards of CPSEs:

13.1 The foreign operations especially acquisition of assets abroad require large funds and also there is a need to provide flexibility to CPSEs in undertaking such overseas ventures. Therefore, existing **delegation of powers** to Boards of Profit making CPSEs have been enhanced as follows:

TABLE-1 : Financial powers delegated to Boards of Profit Making CPSEs for Equity Investment through Mergers and Acquisitions and in Joint Ventures / Wholly Owned Subsidiaries

Class of CPSE	Existing delegated powers		Enhanced delegated powers	
	for Merger & Acquisition, or equity investment in <u>any one</u> joint venture / wholly owned subsidiary	Subject to % of net worth of CPSE, for all projects put together	for Merger & Acquisition, or equity investment in <u>any one</u> joint venture / wholly owned subsidiary	Subject to % of net worth of CPSE, for all projects put together
Maharatna	Rs. 5000 crore subject to a ceiling of 15% of the net worth	30% of net worth	<u>Rs. 5000 crore</u> subject to a ceiling of <u>25% of the net worth</u>	<u>40%</u> of net worth
Navratna	Rs. 1000 crore subject to a ceiling of 15% of the net worth	30% of net worth	<u>Rs. 3000 crore</u> subject to a ceiling of <u>25% of the net worth</u>	<u>40%</u> of net worth

The above revised monetary ceilings shall be the equity investment limits up to which Boards of CPSEs can take investment decisions for bidding, and acquisition of raw material assets overseas without any reference to the Government. The cumulative ceiling as a percentage of net worth on equity investments in such projects shall be computed by adding the investments made by the CPSE concerned under the powers delegated to its Board, and exclude investments in projects beyond the delegated powers with government approval. .

13.2 The Boards of Mahartana and Navratna CPSEs shall continue to exercise delegated powers for **capital expenditure** for development of overseas assets, which could be used for purchase of new items or for replacement.

13.3 The revised delegated powers would be applicable only for acquisition of raw material assets abroad.

Above Board-Level Approval Mechanisms:

14.1 The mechanism of **Empowered Committee of Secretaries** chaired by Secretaries of Ministries of Petroleum & Natural Gas (for ONGC Videsh Limited at **Annex-III A**, and for Oil India Limited and Indian Oil Limited at **Annex-III B**), Steel (for International Coal Ventures Limited at **Annex-III C**, and for Coal India Limited at **Annex-III D**) shall continue to function, and consider proposals for acquisition of raw material assets abroad beyond the powers delegated to Boards of concerned CPSEs. Recommendations of Empowered Committee of Secretaries shall be submitted to the Cabinet Committee on Economic Affairs directly for consideration.

14.2 Ministries other than those listed in the preceding para which do not currently have an **Empowered Committee of Secretaries (ECS)** shall stand authorized to notify an appropriate **ECS** mechanism on the lines of ONGC Videsh Limited (Annex-III A). Such **Empowered Committees of Secretaries** shall be chaired by the Secretaries of the concerned administrative Ministries / Departments with Secretaries of Finance, MEA, Law and DPE as members. Each **Empowered Committee of Secretaries** shall be authorized to consider proposals for acquisition of raw material assets overseas which are beyond the powers delegated to the Boards of CPSEs under their administrative control. **ECS** shall facilitate inter-Ministerial consultations, before its recommendations are submitted to the Cabinet Committee on Economic Affairs directly for a decision. Notifications constituting new Empowered Committee of Secretaries shall be issued by the administrative Ministries / Departments after these are vetted by Finance Ministry and DPE.

14.3 For proposals which are beyond the powers of the Boards of CPSEs and require a coordinated approach, or budgetary support there will be a **Coordinating Committee of Secretaries (CCOS)** headed by the **Cabinet Secretary** with Secretaries of the Ministry of External Affairs, Planning Commission, Department of Legal Affairs, Ministry of Finance, Department of Public Enterprises and the Ministries / Departments administering the concerned CPSE and any other Secretary considered relevant to decision making as members. This Committee would, if required, facilitate a consortium approach in high value or strategically important acquisitions. The following class of proposals for acquisition of assets abroad would be put up before the Coordinating Committee of Secretaries and would not need be routed through the Empowered Committee of Secretaries.

- (a) Proposals where the administrative Ministry/CPSE requests for a coordinated view even though acquisition is with CPSE's funds and the investment falls within the delegated powers of the board of the CPSEs;
- (b) All acquisition proposals involving Government funds, before these are moved to the CCEA.

14.4 The CCOS shall add value to the proposals for acquisition of raw material assets abroad before they are considered by the Cabinet committee on Economic Affairs on the following counts:

- a. Avoiding competition among Indian companies
- b. Reconciling interests of the nation viz-a-viz those of the CPSE(s) in the event of a conflict
- c. Providing a forum for sharing of available experience
- d. Facilitating quick, coordinated decision making
- e. Exploring the possibility of infrastructure development in the target country
- f. Coordinating grant of concessional credit to foreign enterprise/ Government, in return for long term commitment for the supply of natural resources.
- g. Recommending government funding, and its nature (Grant, loan or equity), for the overseas investment proposal.

Funding of Acquisition of Overseas Assets:

15.1 Issues regarding requirement of funds for acquiring raw material assets abroad, including for development of infrastructure alongwith the acquisition, will be resolved by the Coordination Committee of Secretaries on case by case basis.

15.2 The Government would, in due course, consider constituting a dedicated, Sovereign Wealth Fund which can serve as the corpus for financing investments in acquisition of raw material assets abroad.

Servicing of Coordinating Committee of Secretaries:

16.1 The CCOS would be **served by the Department of Public Enterprises**, which would undertake only coordination related activities in close cooperation with concerned Ministries.

16.2 For this purpose a **cell would be created in DPE**. DPE shall be authorized to the following additional personnel, accommodation and funds necessary for making this cell operational.

- a. Two senior consultants, six consultants, and two young professionals recruited as per Planning Commission guidelines with regard to the qualifications, experience and remuneration;
- b. An additional floor space of 2000 Square feet to be hired in the vicinity of CGO complex.

- c. An additional, dedicated budgetary outlay of Rs. 1.5 crores per annum to meet the cost of operating this cell as per the following break-up.

Budget Estimate for Assets Abroad Cell in DPE			
Item	Number	Monthly Charge per person(Rs.)	Annual Outlay (Rs.)
Consultant – Young professionals	2	40000	9,60,000
Consultants	6	70000	50,40,000
Senior Consultants	2	100000	24,00,000
Secretarial/Stenographic assistance	5	20000	12,00,000
Equipments (Lump Sum)			15,00,000
Rent for 2000 Square foot space	@ Rs.100 per sq. foot/ month		24,00,000
Sub-Total			1,35,00,000
Office expenses	10%		13,50,000
GRANT TOTAL (Rs.)			1,48,50,000
			Say Rs. 1.5 crores

16.3 Once a CPSE/Ministry decides to approach the CCOS, it would submit necessary details of the proposal to the DPE. DPE would circulate the details of the said proposal to the members of CCOS on acquisition of raw material assets abroad for their comments. The concerned CPSE/Ministry would nominate a nodal officer with regard to their acquisition proposal, to ensure complete coordination with the cell in DPE/CCOS.

16.4 The DPE would as early as possible but not later than two weeks from the receipt of the details of the proposal, **convene a meeting of the CCOS** on acquisition of raw material assets abroad to take a view, including on whether or not the proposal should be pursued on a standalone basis or whether the proposal should be taken up as an umbrella approach by a consortium of different CPSEs / private sector companies, or negotiated as a package deal. Additionally, the CCOS would decide on the infrastructure that can be developed as a part of the package and other assistance that can be offered including soft loans, educational, scientific, cultural, health and social infrastructure.

16.5 CPSEs involved in acquisition of raw material assets abroad, particularly those in the oil and gas, coal and mineral sectors shall also develop long term financing plans, wherein their internal resources and net worth could be appropriately leveraged.

Miscellaneous:

17. Notwithstanding anything to the contrary in DPE's delegation of powers guidelines, the Ratna (Mini/Nav/Maha) status of a CPSE shall not be affected solely by virtue of it receiving Government funds for acquiring raw material assets abroad.

18. **Resolution of disputes arising from acquisition of raw material assets abroad:** All raw material assets acquired abroad by CPSEs should

incorporate relevant clauses making all disputes subject to the jurisdiction of Indian/mutually agreed dispute resolution mechanism(s), as far as possible.

19. **Exiting from overseas ventures:** Each holding CPSE will be empowered to transfer shares, float fresh equity and divest shareholding in the overseas subsidiary/Joint Venture/SPV which have been set up by the holding CPSE under powers delegated to its Board, subject to the conditions that public character of the concerned subsidiary/Joint Venture/SPV would not change, and holding CPSE does not exit from its subsidiary/Joint Venture/SPV. If the overseas subsidiary / Joint Venture / SPV has been created with approval of the Government, or with contribution of Government funds, prior approval of the Government would be necessary to transfer shares, float fresh equity and divest shareholding **if and only if it leads to** change in public sector character of the overseas enterprise, or leads to an exit of the CPSE from its subsidiary/Joint Venture/SPV.

20. Raw material assets in most sectors are underground and therefore it is not always possible to correctly predict or forecast the likely availability of raw material from a particular asset. Since the world scenario is changing fast and in order to aggressively acquire assets abroad, companies will have to take time-bound decisions which would involve business risk(s) as such decisions would be based on their assessment at that point of time. There is a likelihood of actual performance of the asset being different from that assessed at the time of taking the initial decision. There is a general tendency to avoid risks for fear of objections from Audit/CVC later. Since commercial risk taking forms part of business, every loss caused to the organization, either in pecuniary or non-pecuniary terms, need not necessarily become the subject matter of vigilance inquiry. Thus, whether a person of common prudence, working within the ambit of the prescribed rules, regulations and instructions, would have taken the decision in the prevailing circumstances in the commercial/operational interests of the organization is one possible criterion for determining the bona fides of the case. A positive response to this question may indicate the existence of bona fides. A negative reply, on the other hand, might indicate their absence (Refer Central Vigilance Commission Office Order No. 23/04/04 dated 13th April, 2004). Decisions on acquisition of raw material assets abroad as outlined in this policy should, therefore, while following prescribed rules, regulations and instructions elaborately document the prevailing circumstances, commercial interests of the organization and the process of decision making by evaluating alternative scenarios, and using necessary tools like cost-benefit and SWOT analysis, etc. The due-diligence process should be meticulously followed and documented at all stages of the overseas investment not only to avoid causing any loss to the CPSE, but also to establish the bona fides of the decision makers.

21. The Ministry of External Affairs and its Missions abroad will be associated right from the beginning of the process, instead of approaching them at a later stage. MEA would advice suitable guidelines with regard to association of MEA and its missions abroad in this process. MEA would also issue an advisory to the missions abroad to actively participate in the process of acquisition of raw materials by the Indian Companies and also glean through any information on possibilities in this regard and share with the concerned Ministries.

22. **Uranium** is a strategic mineral which is acquired by Department of Atomic Energy with the approval of the Atomic Energy Commission. Hence, it is clarified that the above policy/procedure will not be applicable to the Department of Atomic Energy.

23. The above policy shall **not be applicable** to the acquisition overseas of projects that threaten, or are likely to threaten India's national security, or damage public interest of the society.

24. The Department of Public Enterprises is authorized to issue clarifications to the concerned Administrative Ministries/CPSEs on issues relating to the implementation of this Policy. Any further change/modification in the policy would require approval of the competent authority.

Copy of RBI's Master Circular on Direct Investment by Residents in Joint Ventures (JV) / Wholly Owned Subsidiaries (WOS) Abroad

Master Circular No.05/2010-11 dated July 01, 2010

RBI's regulation on Outward FDI seeks to regulate acquisition and transfer of a foreign security by a person resident in India i.e. investment by Indian entities in overseas joint ventures and wholly owned subsidiaries as also investment by a person resident in India in shares and securities issued outside India. Overseas Investment can be made under two routes viz. (i) Automatic Route and (ii) Approval Route.

2. Under automatic route, an Indian party has been permitted to make investment in overseas Joint Ventures (JV)/Wholly Owned Subsidiaries (WOS), not exceeding 400 per cent of the net worth of the Indian party as on the date of the last audited balance sheet. The ceiling of 400 per cent of net worth will not be applicable where the investment is made out of balances held in Exchange Earners' Foreign Currency account of the Indian party or out of funds raised through ADRs/GDRs. The above ceiling will include contribution to the capital of the overseas JV / WOS, loan granted to the JV/WOS, and 100 per cent of guarantees issued to or on behalf of the JV/WOS. The investments are subject to certain conditions.

3. Investments in unincorporated entities overseas in the oil sector (i.e. for exploration and drilling for oil and natural gas, etc.) by Navaratna PSUs, ONGC Videsh Ltd. (OVL) and Oil India Ltd. (OIL) may be permitted by AD Category – I banks, without any limit, provided such investments are approved by the competent authority. Other Indian companies are also permitted under the Automatic Route to invest in unincorporated entities overseas in the oil sector up to 400 per cent of its net worth provided the proposal has been approved by the competent authority and is duly supported by certified copy of the Board resolution approving such investment. Investment in excess of 400 per cent of the net worth of an Indian company shall require prior approval of the Reserve Bank.

4. Prior approval of the Reserve Bank would be required in all other cases of direct investment abroad. Reserve Bank would, inter alia, take into account the following factors while considering such applications:

- i. Prima facie viability of the JV / WOS outside India;
- ii. Contribution to external trade and other benefits which will accrue to India through such investment;
- iii. Financial position and business track record of the Indian party and the foreign entity; and
- iv. Expertise and experience of the Indian party in the same or related line of activity of the JV / WOS outside India.

**Relevant extracts from DPE O.M. No. 22(1)/2009-GM dated 4.2.2010
regarding Introduction of Maharatna scheme for CPSEs**

Delegation of powers to Maharatna CPSEs - The boards of Maharatna CPSEs have been delegated the following powers.

- (i) To incur capital expenditure on purchase of new items or for replacement, without any monetary ceiling.
- (ii) To enter into technology joint ventures or strategic alliances.
- (iii) To obtain by purchase or other arrangements, technology and know-how.
- (iv) To effect organizational restructuring including establishment of profit centers, opening of offices in India/abroad, creating new activity centers, etc.
- (v) To create below board level posts upto E-9 level and to wind up all below board level posts. The Boards of Directors will have powers to make all appointments, effect internal transfers and re-designation of all below board level posts.
- (vi) To structure and implement schemes relating to personnel and human resource management and training.
- (vii) To raise debt from the domestic capital markets and from international market, the latter being subject to the approval of RBI/Department of Economic Affairs, as may be required, and should be obtained through the administrative Ministry.
- (viii) To make equity investment to establish financial joint ventures and wholly owned subsidiaries and undertake mergers & acquisitions, in India or abroad, subject to a ceiling of 15% of the net worth of the concerned CPSE, limited to Rs.5,000 crore in one project. The overall ceiling on such investments in all projects put together will not exceed 30% of the net worth of the concerned CPSE. While normally the investment would be done directly by the parent CPSE, in cases where it proposes to invest through a subsidiary into another joint venture, and also provide the additional capital for this purpose, the above stipulations would be in the context of the parent company.
- (ix) The Board of Directors shall have the powers for mergers and acquisitions, subject to the conditions that (a) it should be as per the growth plan and in the core area of functioning of the CPSE and (b) the Cabinet Committee on Economic Affairs (CCEA) would be kept informed in case of investments abroad. Further, the powers relating to Mergers and Acquisitions should be exercised in such a manner that it should not lead to any change in the public sector character of the concerned CPSEs.
- (x) CMD is empowered to approve business tours abroad of functional Directors upto 5 days duration (other than study tours, seminars, etc.) in emergency, under intimation to the Secretary of the administrative Ministry.
- (xi) Holding companies are empowered to transfer assets, float fresh equity and divest shareholding in subsidiaries subject to the condition that the delegation will only be in respect of subsidiaries set up by the holding company under the powers delegated to Navratna/Maharatna CPSEs and further to the proviso that:

- i. the public sector character of the concerned CPSE (including subsidiary) would not be changed without prior approval of the Government, and
- ii. such Maharatna CPSEs will be required to seek Government approval before exiting from their subsidiaries.

Empowerment of Central Public Sector Enterprises (CPSEs)—enhancement of delegated powers of Navratna PSEs. (DPE O.M. No. 18(24)/2003-GM- GL.64 dated 5th August, 2005)

The undersigned is directed to refer to this Department OM No. DPE/11(2)/97-Fin. dated 22nd July, 1997 regarding turning selected public sector enterprises into global giants, wherein various powers were delegated to PSEs that have comparative advantages and capacity to become global giants, presently known as Navratnas.

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 Navratna PSEs and have decided to enhance the powers in the manner stated below:

- (i) The ceiling on equity investment to establish financial joint ventures and wholly owned subsidiaries in India or abroad shall be 15% of the networth of the PSE in one project limited to Rs. 1000 crore. The overall ceiling on such investment in all projects put together shall be 30% of the networth of the PSE.
- (ii) 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.
- (iii) 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.
- (iv) 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 Navratna 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 Navratna 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 these enterprises.

Empowerment of Central Public Sector Enterprises (CPSEs)—enhancement of delegated powers of Miniratna PSEs. (DPE O.M. No. 18(24)/2003-GM-GL. 65 dated 5th August, 2005)

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.

Empowerment of Central Public Sector Enterprises (CPSEs)-enhancement of delegated powers of other profit making PSEs(DPE OM No. 18(24)/2003-GM - GL.66 dated, the 5th August, 2005)

The undersigned is directed to refer to this Department OM No. DPE/16(22)/90-Fin. dated 6th May, 1997 and 8th October, 1998 regarding delegation of powers to Board of Directors of PSEs to incur capital expenditure.

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 other profit making PSEs and have decided to enhance the powers in the manner stated below:

(i) The power to incur capital expenditure without Government approval stands revised to Rs. 150 crore or equal to 50% of the Net worth, whichever is less.

(ii) 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 conditions and guidelines laid down in the OMs referred to in para.1 above shall remain unchanged.

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

Copy of DPE O.M. No.DPE.11(32)/96-Fin. dated 17th January, 2000

Subject: Laying down guidelines and parameters for the Board of Directors of ONGC Videsh Ltd. to enter into technology joint venture and strategy alliances.

In pursuance of Cabinet Directions dated 8.7.97 it was decided the broad guidelines, within the purview of which ONGC Videsh Ltd. would be free to undertake its operations abroad should be laid down. These guidelines are framed to empower ONGC Videsh Ltd. for entering into technology joint ventures or strategic alliances and are:-

- I. ONGC-VL will be looking for opportunities overseas for undertaking projects in Exploration, Development and Production areas. These opportunities would come either from the Government or the national oil companies or private companies or consortia of such companies of the overseas countries. ONGC-VL should evaluate these opportunities on techno-economic considerations in a transparent manner and could use either departmental services for evaluation or appoint consultancy firms for such evaluation/audit.
- II. Such a proposal should be put up to the full Board of Directors including part-time professional non-official Directors. The decision of the ONGC-VL Board should be based on techno-economic parameters for international ventures and should take into account the consideration of socio-political risks, technology transfer, strategic entry into a particular area/country etc.
- III. ONGC-VL should be free to pursue overseas opportunities either on standalone basis or through joint ventures or through wholly owned subsidiaries. Such opportunities would be exploited under various arrangements used in the International oil industry like production sharing contracts, concessionary arrangements, service contracts, etc. The policy and procedures of authorities like RBI and other rules and regulations of Government of India, as laid down from time to time, shall be observed by ONGC-VL.
- IV. It must be ensured that the proposal being agreed to should not result in the opening up of a business opportunity for a MNC to enter into an Indian market through this arrangement.
- V. The ONGC-VL Board shall select partner for overseas ventures on the basis of its past performance, work experience, financial and technical capabilities etc.
- VI. The ONGC-VL shall be empowered to take decisions on exploration, development and production projects involving investment up to Rs.200* crores.
- VII. An Empowered Committee consisting of Secretaries in the Ministry of Petroleum & Natural Gas, Ministry of External Affairs, Planning Commission, Department of Legal Affairs, Ministry of Finance and Department of Public Enterprises should be constituted for considering projects involving financial decisions exceeding Rs.200* crores. The

recommendations of the Empowered Committee would be submitted to CCEA directly for approval.

[* amended as Rs.300 crores vide Ministry of Petroleum & Natural Gas letter No.O-28011/11/2003-ONG.II(Vol.II) dated 25th February, 2005]

- VIII. There shall not be any budgetary support from the Government or ONGC to ONGC-VL's overseas ventures.
- IX. An annual investment cap in respect of the projects to be taken up in any year shall be decided by the administrative Ministry in consultation with the Ministry of Finance on a year to year basis for the overseas projects of ONGC-VL.
- X. The Board of ONGC-VL should be competent to reappropriate funds from within the approved list of projects within the annual investment cap.
- XI. The Board of ONGC-VL shall ensure that adequate representation is given to the company in the management and operation of its overseas project. The extent of representation should be commensurate to their contribution.
- XII. The progress and performance of the overseas projects of ONGC-VL shall be monitored by a Committee headed by Secretary, Ministry of Petroleum & Natural Gas with representatives of Ministry of External Affairs, Planning Commission, Department of Expenditure and Department of Public Enterprises.
- XIII. The Ministry of Petroleum & Natural Gas in consultation with Ministry of External Affairs should lay down the list of countries, for which ONGC-VL shall have the powers to undertake exploration, production and development projects. Specific approval would be obtained by ONGC-VL for undertaking any exploration in other countries not specific in the list.

Clause included vide Ministry of Petroleum & Natural Gas letter No.O-28011/11/2003-ONG.II(Vol.II) dated 25th February, 2005 as under:-

'The criteria for approval of projects, such as transparent and objective criteria for due diligence with regard to factors such as technical, legal and risk analysis and its impact on overall viability of the project be decided by the Empowered Committee of Secretaries for selection of projects.'

**Copy of Ministry of Petroleum & Natural Gas letter No.O-
28011/3/2005-ONG.II dated 29th December, 2005**

Subject: Delegation of investment decision-making powers to Oil India Ltd. (OIL), Indian Oil Corporation Ltd. (IOC) and others for acquiring exploration and production assets abroad.

I am directed to refer to the above subject and to convey the approval of the Government for the following:-

- i. Oil India Ltd. (OIL) may form project specific Special Purpose Vehicles (SPVs) with Indian Oil Corporation Ltd. (IOC) and in the even IOC is not interested, with any other Navratna downstream oil PSU, to undertake overseas projects for the acquisition of E&P projects overseas;
 - ii. Proposals for all overseas Exploration & Projection (E&P) projects jointly to be undertaken by OIL and the Navratna downstream oil PSUs would be brought for consideration before an Empowered Committee of Secretaries (ECS). The same mechanism, as available to OVL, would be available so as to enable such SPVs, as mentioned above, to undertake overseas projects for the acquisition of E&P assets overseas. For this purpose, the ECS set up to consider proposals for OVL is also authorized to consider similar proposals of this combine and give its recommendations to the CCEA;
 - iii. any SPVs floated by the PSUs with OIL for the purpose will be purely need-based and it would be ensured by the ECS that there was no proliferation of such SPVs;
 - iv. it would be ensured that business risks associated with projects abroad would be restricted to the extent of participation in the SPV and the parent PSUs would be insulated there from; and
 - v. in order to avoid needless competition between PSUs and ensure that these investments fit within the framework of the overall energy security objectives of the country, ECS, in consultation with MoP&NG, would chalk out the strategy to be adopted and coordinate the efforts of the PSUs.
2. A copy each of Department of Public Enterprises, O.M. No.DPE.11/96-Fin. Dated 17.1.2000 and the Ministry of Petroleum & Natural Gas letter No.O-28011/11/2003-ONG.II (Vol.II), dated 25.2.2005 relating to delegation of powers to ONGC Videsh Ltd. are enclosed for reference and guidance.
 3. This issues with the concurrence of IFD, Ministry of Petroleum & Natural Gas.

**Copy of Ministry of Steel Order No.1(2)/99-VSP dated 8th
February, 2008**

The Indian steel industry is in rapid expansion mode with consumption and production levels now growing at around 13% and 7% annually. In addition to fresh investments, both private steel companies as well as public sector undertakings like Steel Authority of India Limited (SAIL) and Rashtriya Ispat Nigam Limited (Visakhapatnam Steel Plant) are also undertaking ambitious modernization and expansion projects. The goal of India attaining 110 million tones per annum of steel production by the year 2019-20 which was set in the National Steel Policy, 2005, is likely to be considerably surpassed and the 11th Plan Working Group has estimated a production level of 124 million tones of steel per annum by the year 2012.

2. In the context of this ambitious growth scenario, it is a vital national imperative to ensure the assured supply of strategic raw materials for the production of steel. One of the key requirements for steel-making is an assured supply of metallurgical coal of which a substantial part has to be imported, given the limitations of Indian metallurgical coal both in terms of quantity as well as quality. Likewise, ensuring future access to thermal coal resources would also be a strategic necessity for the country, given its increasing demand for fossil fuel in sectors like steel, power generation, etc.

3. Given these strategic imperatives, the Government have approved the proposal for the formation of a Special Purpose Vehicle (SPV), named 'Coal Ventures International' for securing metallurgical coal and thermal coal assets overseas by the PSUs with the following objectives:

- (i) To ensure supply of imported met coal, of at least 10% of the 2019-20 requirements of SAIL and RINL i.e. say five million tones per annum from assets overseas as medium term target to be achieved by 2011-12; being a step towards security of supply.
- (ii) To be an owner of about 500 million tones of met coal reserves by 2019-20 and
- (iii) To meet the requirements and to serve the organizational aspirations of other participating companies like CIL, NTPC and NMDC by providing a facility for enhancing and leveraging their domain knowledge and human capital for international mining business development and also for procuring high quality thermal coal for companies like NTPC.

4. This SPV 'Coal Ventures International' has been empowered to exercise the powers of a Navratna company without being formally accorded Navratna status. For acquiring access to assured supplies of coal overseas Coal Ventures International would pursue various strategies like the prospecting route, other innovative methods as well as market operations.

5. Approval has been accorded for setting up of SPV as a company under the Companies Act with an initial authorized capital upto Rs.10,000 crores and an

initial equity capital of up to Rs.3,500 crores to be contributed by the members progressively based on investment opportunities, comprising the following equity participants from the public sector – SAIL (Rs.1000 crores), RINL (Rs.500 crores), CIL (Rs.1000 crores), NTPC (Rs.500 crores) and NMDC (Rs.500 crores) with eventual provision for inducting private sector partners also, as and when warranted. This SPV would be empowered with the autonomy and freedom currently accorded to Navratna companies, without formal Navratna status.

6. In the case of investment proposals of 'Coal Ventures International' exceeding Rs.1500 crores in each instance, Government have approved the formation of a Committee of Secretaries to approve overseas investment proposals for acquiring metallurgical and thermal coal assets; with the proviso that the recommendations of this Committee in each case will be brought before the Cabinet directly for approval.

7. The composition of this empowered Committee of Secretaries is as follows:-

i. Secretary (Steel)	-	Chairman
ii. Secretary (Finance)	-	Member
iii. Secretary (MEA)	-	Member
iv. Secretary (Power)	-	Member
v. Secretary (Coal)	-	Member
vi. Secretary (Mines)	-	Member
vii. Secretary (Law)	-	Member
viii. Secretary (DPE)	-	Member

8. The Ministry of Steel (VSP Desk) will provide secretarial assistance to this empowered Committee of Secretaries.

This issues with the approval of the competent authority.

Copy of Ministry of Coal letter No.13011/7/2007-CA-II dated 9.9.2009

Subject: Formation of an empowered Committee of Secretaries with mandate to consider and recommend proposals of Coal India Limited to invest abroad.

I am direct to refer to CIL's letter No.CIL.CV.07-08:MOC:454 dated 31.07.2007 and letter No.CIL.CV.07-08:MOC:10:155 dated 04.06.2007 on the above subject and to convey the approval of the Government on the proposal of formation of an Empowered Committee of Secretaries with mandate to consider and recommend proposals of Coal India Limited to invest abroad in the manner as prescribed in the following paras.

i) The Empowered Committee of Secretaries constituted earlier for considering proposals to be taken up by the SPV set up jointly by SAIL/RINL/NTPC/NMDC/CIL for acquiring coal properties abroad, will also consider proposals for CIL investments in coal assets abroad, which are beyond the powers of the CIL Board. The recommendations of the Empowered Committee will be placed before the CCEA for approval. A representative of the Planning Commission would be included in the aforesaid Committee.

ii) The present Empowered Committee of Secretaries consists of Secretaries from Ministry of Steel, Ministry of Power, Ministry of Coal, Ministry of Finance, Ministry of External Affairs and Ministry of Law & Justice.

2. The CIL Board may consider such proposals, for investments abroad subject to the following guidelines:

- I. CIL will be looking for opportunities overseas for undertaking projects in Exploration, Development and Production areas. These opportunities would come either from the Government or the national coal companies or private companies or consortia of such companies of the overseas countries. CIL should evaluate these opportunities on techno-economic considerations in a transparent manner and could use either departmental services for evaluation or appoint consultancy firms for such evaluation/audit.
- II. Such a proposal should be put up to the full Board of Directors including part-time professional non-official Directors. The decision of the CIL Board should be based on techno-economic parameters for international ventures and should take into account the consideration of socio-political risks, technology transfer, strategic entry into a particular area/country etc.
- III. CIL should be free to pursue overseas opportunities either on standalone basis or through joint ventures or through wholly owned subsidiaries. Such opportunities would be exploited under various arrangements used in the International oil industry like production sharing contracts, concessionary arrangements, service contracts, etc. The policy and procedures of

authorities like RBI and other rules and regulations of Government of India, as laid down from time to time, shall be observed by CIL.

- IV. The CIL Board shall select partner for overseas ventures on the basis of evaluation of criteria such as its past performance, work experience, financial and technical capabilities.
- V. The CIL Board shall be empowered to take decisions on exploration, development and production projects involving investment up to the limits as may be permitted from time to time for investments in projects outside the country.
- VI. The Empowered Committee of Secretaries constituted earlier for considering proposals to be taken up by the SPV set up jointly by SAIL/RINL/NTPC/NMDC/CIL for acquiring coal properties abroad, will also consider proposals for CIL investments in coal assets abroad, which are beyond the powers of the CIL Board. Such proposals for investment abroad will be submitted to the Empowered Committee for its recommendations and for placing before the CCEA for approval.
- VII. There shall not be any budgetary support from the Government to CIL's overseas ventures.
- VIII. An annual investment cap in respect of the projects to be taken up in any year shall be decided by the administrative Ministry in consultation with the Ministry of Finance on a year to year basis for the overseas projects of CIL.
- IX. The Board of CIL should be competent to re-appropriate funds from within the approved list of projects within the annual investment cap.
- X. The Board of CIL shall ensure that adequate representation is given to the company in the management and operation of its overseas project. The extent of representation should be commensurate to their contribution.
- XI. The progress and performance of the overseas projects of CIL shall be monitored by a Committee headed by Secretary, Ministry of Coal with representatives of Ministry of External Affairs, Planning Commission, Department of Expenditure and Department of Public Enterprises.
- XII. The Ministry of Coal in consultation with Ministry of External Affairs should lay down the list of countries, for which CIL shall have the powers to undertake exploration, production and development projects. Specific approval would be obtained by CIL for undertaking any exploration in other countries not specific in the list.
- XIII. The Action Taken Report in the matter, if any, may be communicated to this Ministry at the earliest.
