

MGMT-18/0006/2016-MGMT FTS 5969
भारत सरकार/Government of India
वित्त मंत्रालय/Ministry of Finance
लोक उद्यम विभाग/Department of Public Enterprises

सार्वजनिक उद्यम भवन/Public Enterprises Bhawan,
ब्लॉक नं.14/ Block No.14,
सी.जी.ओ. कॉम्प्लेक्स C.G.O. Complex,
लोधी रोड/ Lodhi Road,

दिनांक: 17th September, 2024

OFFICE MEMORANDUM

Subject: Exercise of delegated powers relating to establishing financial JVs and Wholly Owned Subsidiaries (WoS) by the Board of Maharatna, Navratna and Miniratna CPSEs – amendment to DPE OM 18(6)/2016—MGMT dated 10th August, 2016.

The undersigned is directed to refer to this Department OM NO. 18(6)/2016—MGMT dated 10th August, 2016 on the above subject(copy enclosed). The OM prescribes in detail the procedure for setting up of JVs/wholly owned subsidiaries in exercise of the delegated powers by the Boards of Maharatna, Navratna and Mini-ratna CPSEs . The above OM in para 3(ii) also prescribed that the concerned Administrative Ministry/Department would obtain the concurrence of NITI Aayog for such proposals for establishing JVs/WoS on a case-to-case basis.

2. Separately, proposals of establishing JVs/WoS are also referred to DIPAM in terms of relevant provisions of Allocation of Business Rules, 1961 where all matters pertaining to 'Capital Restructuring' and Capital management' comes under the mandate of DIPAM. DIPAM has issued circulars in this regard from time to time. The last such circular was issued vide DIPAM circular No 7/13/2018-Policy dated 23.8.2023.

3 Thus at present all proposals for investments being proposed by Maharatna, Navratna and Miniratna CPSEs for investments in setting up JVs/ WoS etc require clearance both from NITI Aayog and DIPAM before exercising their delegated powers.

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4 A need has been felt to rationalize and simplify the process for establishing JVs/WoS with a view to make the process easy and less time consuming. It has accordingly been decided to amend the DPE OM dt 10th August, 2016 to the extent that concurrence of NITI Aayog in terms of para 3(ii) of the above OM is not required for establishing JVs and subsidiaries. **However, other provisions of the above OM would continue to apply.**

5. All the administrative Ministries/Departments are requested to take note of the above modifications in the guidelines for categorization of CPSEs.

6. This issues with the approval of Finance Secretary & Secretary, DPE.

Encl: DPE OM NO.18(6)/2016—MGMT dt 10.8.16



पवनेश कुमार शर्मा/P.K. Sharma
निदेशक/Director
Email: pksharma.ship@nic.in

Secretaries of all administrative Ministries/ Departments of CPSEs

Copy to:

- (i) NITI Aayog, (Shri B.V.R.Subramanyam, CEO) NITI Bhawan, New Delhi.
- (ii) Prime Minister's Office (Sh Saurabh Shukla, Director), South Block, New Delhi.
- (iii) Cabinet Secretariat (Sh Ayyaj Tamboli, Diector), Rashtrapati Bhavan.
- (iv) Finance Secretary & Secretary, Department of Investment & Public Asset Management, Block No 14, CGO Complex, Lodi Road, New Delhi.
- (v) Secretary (Expenditure), Department of Expenditure, North Block, New Delhi.
- (vi) PS to Minister of Finance
- (vii) PS to MoS (Finance)

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 10th 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.

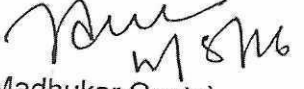
Sd/-
(Madhukar Gupta)
Additional Secretary
Tel: 2436-0204

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, 4th 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 4th 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 28th July, 2016


(Madhukar Gupta)
Additional Secretary
Tel: 2436-0204