

**SATLUJ JAL VIDYUT NIGAM LTD.**  
**NEW SHIMLA**

SJVN/CC/CS/31/2008-1878-94

Date : 28/05/2008

**CIRCULAR**

**Sub: Delegation of Powers applicable to Miniratna - Category - I Companies**

Pursuant to grant of "**Miniratna: Category - I**" status to Satluj Jal Vidyut Nigam Ltd. vide Ministry of Power, Government of India letter no.13/21/2007-H-II dated 12<sup>th</sup> May, 2008, the company is eligible for enhanced delegation of powers as indicated in the various Office Memorandums of DPE issued from time to time subject to conditions contained therein.

The contents of various OMs issued by the DPE till date have been summarised as per annexure for information of all concerned. While exercising any of the powers, it is advised to refer to the contents of the relevant OM. Full text of all the referred OMs are being circulated via email and is also available on DPE & SJVNL websites.

This is for information of all concerned please.

(P.S.R. Murthy)  
Company Secretary

**Distribution:**

1. All HOD's - Shimla, Delhi
2. ED (RHEP), GM (NJHPS), GM (LHEP), GM (CD-I) - Uttaranchal Projects, GM (CD-II) - Uttaranchal Projects, DGM (KHEP)
3. AGM (BD&L) - Dehradun, DGM (DHEP), DGM (JS&NM)

} To please also bring  
the contents to the  
notice of officers  
working in their  
offices/ Projects.

**Copy for information to:**

1. CMD.
2. Director (Civil), Director (Personnel), Director (Finance), Director (Electrical).
3. CVO

**Sub: Financial and operational autonomy for profit making public sector enterprises- Mini-Ratnas-Category-I**

- a) To incur capital expenditure on new projects, modernization, purchase of equipment etc., without government approval up to Rs.500 crores or equal to their net worth, whichever is lower.

(Ref:DPE OM No.65, dated 05.08.2005)

- b) The ceiling on equity investment to establish joint ventures and subsidiaries in India shall be 15% of the net worth in one project limited to Rs.500 crores. The overall ceiling on such investment in all projects put together shall be 30% of the net worth of the PSE.

(Ref:DPE OM No.65, dated 05.08.2005)

- c) To enter in to technology joint ventures, strategic alliances and to obtain technology and know-how by purchase or other arrangements subject to Government guidelines

(Ref:DPE OM No.11/36/97-Fin. Dated 09.10.1997)

- d) Holding companies can transfer assets, float fresh equity and divest shareholding in subsidiaries subject to the condition that the delegation will be in respect of subsidiaries set up by the holding company under the powers delegated. This power is further subject to that the public sector character (including subsidiary) would not be changed without prior approval of the Government and shall seek government approval before exiting from subsidiaries.

(Ref: DPE OM No.82 and 83, dated 23 & 28.05.2007)

- e) Shall have powers for mergers and acquisitions subject to the condition that (i) it should be as per the growth plan and in the core area of functioning (ii) conditions/limits would be as in the case of establishing joint ventures/subsidiaries and (iii) the Cabinet Committee on Economic Affairs would be kept informed in case of investments abroad.

(Ref:DPE OM No.65, dated 05.08.2005)

- f) To structure and implement schemes relating to personnel and human resource management, training, voluntary or compulsory retirement schemes etc.

(Ref: DPE OM No.11/36/97-Fin. Dated 09.10.1997)

- g) The Board shall have powers 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 as may be decided by the Board.

(Ref:DPE OM No.65, dated 05.08.2005)

- h) The Chief Executive shall have 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.

(Ref:DPE OM No.65, dated 05.08.2005)

- i) Amendments in Memorandum and Articles of Association are to be carried out in consultation with the Administrative Ministry and no reference to DPE is required.

(Ref: DPE OM No.13(26)/98.Fin.G.II, dated 27.11.1998)

- j) The Chief Executive of the Company will also be a member of the Search Committee for selecting Independent Directors on the Board of Directors of the Company.

(Ref: DPE OM No.84, dated 29.05.2007)

**The above powers are subject to following conditions and guidelines:**

1. That there is no default in the repayment of loans/interest payment on any loans due to the government.

(Ref:DPE OM No.11/36/97-Fin. Dated 09.10.1997)

2. PSE shall not depend upon budgetary support. Budgetary Support to implement Government sponsored projects of National interest and Government sponsored Research & Development Projects will not dis-qualify from retaining the Mini-Ratna Status. However for such projects, investment decisions will be taken by the Government only.

(Ref:DPE OM No.11/36/97-Fin. Dated 09.10.1997)

3. PSE shall not depend upon 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 Mini-Ratna Status.

(Ref: DPE OM No.GL.64, dated 05.08.2005)

4. The board of the PSE is restructured by inducting at least 3 non-official directors.

(Ref:DPE OM No.11/36/97-Fin. Dated 09.10.1997)

5. 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.

(Ref:DPE OM No.11/36/97-Fin. Dated 09.10.1997)

6. All the proposals where they pertain to capital expenditure, investment or other matters involving substantial financial or managerial commitments should be prepared with the assistance of professionals and experts.

(Ref:DPE OM No.11/36/97-Fin. Dated 09.10.1997)

7. Before taking decisions involving long-term or major financial commitments, including and especially for new projects and joint ventures, the internal and extra budgetary resource position and projections should be assessed realistically.

(Ref:DPE OM No.11/36/97-Fin. Dated 09.10.1997)

8. The Government Directors, the Finance Director and the concerned functional Director must be present when major decisions are taken especially when they pertain to investments expenditure.

(Ref:DPE OM No.11/36/97-Fin. Dated 09.10.1997)

9. The decisions on such proposals should preferably be unanimous.

(Ref:DPE OM No.11/36/97-Fin. Dated 09.10.1997)

10. In the event of any decision on important matters not being unanimous a majority decision may be taken but at least two-thirds of the Directors should be present including those mentioned above, when such a decision is taken. The objections, dissents the reasons for overruling them and those for taking the decision should be recorded in writing and minuted.

(Ref:DPE OM No.11/36/97-Fin. Dated 09.10.1997)

11. Establish transparent and effective systems of internal monitoring, including the establishment of an Audit Committee of the Board with membership of non-official Directors

(Ref:DPE OM No.11/36/97-Fin. Dated 09.10.1997)

**Review of Performance:**

12. Inter-Ministerial Committee headed by Secretary, DPE would regularly review the performance of the Company.
13. A comprehensive review would be undertaken every three years by the above committee with regard to maintenance of the Mini-ratna status.

(Ref: DPE OM No.DPE/3(2)/2001/Fin. Dated 15.03.2002)

**CHAPTER IX  
NAVRATNA/MINIRATNA STATUS OF PSUs**

**1. DPE/Guidelines/IX/1**

**Turning selected public sector enterprises into global giants—grant of autonomy.**

The Common Minimum Programme of the Government states, inter-alia, that Government will identify public sector companies that have comparative advantages and support them in their drive to become global giants. In pursuance of these objectives, the Government have decided to grant the enhanced autonomy and delegation of powers subject to the guidelines mentioned below.

2. The Government has decided the following delegation of decision making authority to the Boards of PSEs:-

- (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 and abroad, creating new activity centers, etc.
- (v) Creation and winding up of all posts including and up to those of non-Board level Directors i.e. Functional Directors who may have the same pay scales as that of Board level Directors, but who would not be members of the Board. All appointments up to this level would also be in the powers of the Boards and would include the power to effect internal transfers and redesignation of posts.
- (vi) To structure and implement schemes relating to personnel and human resource management, training, voluntary or compulsory retirement schemes, etc.
- (vii) To raise debt from the domestic capital markets and for borrowings from international market, which would be subject to the approval of RBI/Department of Economic Affairs as may be required and should be obtained through the administrative Ministry.
- (viii) To establish financial joint ventures and wholly owned subsidiaries in India or abroad with the stipulation that the equity investment of the PSE should be limited to the following:
  - (1) Rs.200 crores in any one project
  - (2) 5 per cent of the net worth of the PSE in any one project
  - (3) 15 per cent of the net worth of the PSE in all joint ventures/subsidiaries put together.

3. While normally the investment would be done directly by the parent PSE, in cases where it proposes to invest through a subsidiary into another joint venture, and also provides the additional capital for this purpose, the stipulations incorporated in points (viii) – (2) & (3) above would be in the context of the parent company.

4. The existing decision making powers vested in various agencies would stand altered to give effect to the proposed delegation to the PSEs and the necessary changes in the rules, notification, instructions, articles/memoranda of association, etc. shall be carried out by the concerned Department where required.

5. The above would be subject to the following conditions and guidelines:-

- a) 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.
- b) The Government Directors, the Financial Directors and the concerned Functional Director (s) must be present when major decisions are taken, especially when they pertain to investments, expenditure or organizational/capital restructuring.
- c) The decisions on such proposals should preferably be unanimous.
- d) In the event of any decision on important matters not being unanimous, a majority decision may be taken, but at least two thirds of the Directors should be present, including those mentioned above, when such a decision is taken. The objections, dissents, the reasons for over-ruling them and those for taking the decision should be recorded in writing and minuted.
- e) No financial support or contingent liability on the part of the Government should be involved.
- f) These PSEs will establish transparent and effective systems of internal monitoring, including the establishment of an Audit Committee of the Board with membership of non-official Directors.
- g) All the proposals, where they pertain to capital expenditure, investment or other matters involving substantial financial or managerial commitments or where they would have a long term impact on the

structure and functioning of the PSE, should be prepared by or with the assistance of professionals and experts and should be appraised, in suitable cases, by financial institutions or reputed professional organizations with expertise in the areas. The financial appraisal should also preferably be backed by an involvement of the appraising institutions through loans or equity participation.

- h) The exercise of authority to enter into technology joint ventures and strategic alliances as referred to in para 2 (ii) above shall be in accordance with the Government guidelines as may be issued from, time to time.
- i) The Boards of these PSEs should be restructured by inducting non-official Directors as the first step before the exercise of the enhanced delegation of authority, as indicated vide DPE's OM of even number dated the 22<sup>nd</sup> July, 1997.
- j) These public sector enterprises shall not depend upon budgetary support or Government guarantees. The resources for implementing their programmes should come from their internal resources or through other sources, including the capital markets.

6. This grant of autonomy to the Boards of PSEs, as indicated above, is specific to the 9 enterprises identified by the Govt viz, BHEL, BPCL, HPCL, IOC, IPCL, NTPC, ONGC, SAIL and VSNL.

7. Administrative Ministries may please bring the contents of the Govt decision to the notice of these enterprises.

(DPE O.M. No. DPE/11(2)/97-Fin. dated 22<sup>nd</sup> July, 1997)

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## CHAPTER IX NAVRATNA/MINIRATNA STATUS OF PSUs

### 2. DPE/Guidelines/IX/2

#### **Turing selected public sector units into global giants—monitoring of performance towards globalization effort.**

The Common Minimum Programme of the Government states, inter-alia, that Government will identify public sector companies that have comparative advantages and support them in their drive to become global giants. In pursuance of these objectives, the Government have already issued guidelines for restructuring of the Boards of nine identified public sector enterprises and grant of autonomy on various issues, vide two OMs of even number dated the 22<sup>nd</sup> July, 1997.

2. With the grant of autonomy and the measures taken for restructuring of the PSE Boards, it is necessary that monitoring of the performance of these PSEs is done with utmost seriousness. In this regard, the Government feel that the monitoring of the performance of the enterprises should be done primarily by their own Boards. The administrative Ministry should also continue to monitor the performance. The performance assessments should be carried out preferably on a quarterly basis, by a team consisting of the Secretary of the administrative Ministry, the Chief Executives of the PSE concern and one more outside expert.

3. At the apex level, however, a Committee of Secretaries headed by the Cabinet Secretary has been set up as a forum for inter-Ministerial discussions and continuous overview of the globalisation effort. This Committee would include Member Secretary, Planning Commission, Finance Secretary or Secretary (Expenditure), Ministry of Finance, the Secretary of the administrative Ministry concern and the Secretary, Department of Public Enterprises. The Secretary, Department of Public Enterprises is the Convener.

4. The formulation of specific vision statements, micro-level strategies and implementation of various measures have to be done by the PSEs. The selected nine enterprises should complete their vision statement and draw up the outline of the strategy and present the proposals to the Department of Public Enterprises for submission to the Committee of Secretaries at the earliest, but not later than 90 days after the date of issue of this OM. This would be a dynamic exercise subject to modifications, but a basic picture and vision must emerge at the earliest. Periodic monitoring, specifically in the context of globalization vision, targets and strategies would be done by the Committee of Secretaries.

5. The above monitoring mechanism may please be brought to the notice of the Navratna enterprises under your administrative control.

(DPE O.M. No. DPE/11(2)/97-Fin. dated 22<sup>nd</sup> July, 1997)

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**CHAPTER IX  
NAVRATNA/MINIRATNA STATUS OF PSUs**

**3. DPE/Guidelines/IX/3**

**Turning selected PSEs into global giants—Restructuring of the Boards—setting up of a Search Committee for selection of non-official part-time Directors.**

The Common Minimum Programme of the government states, inter-alia, that the Government will identify public sector companies that have comparative advantages and support them in their drive to become global giants. As part of the exercise, the Government has given priority for restructuring of the public sector Boards through induction of professionals and experts in relevant field as non-official part-time Directors.

2. In pursuance of the above decision, the Government has set up a Search Committee to recommend to the Administrative Ministry concerned the panel of non-official part-time Directors who could be considered for induction in respective enterprises. The Search Committee comprises the following:-

- (i) Chairman, Public Enterprises Selection Board
- (ii) Secretary of the Administrative Ministry concern
- (iii) Secretary, Department of Public Enterprises.

3. The final selection based on the recommendations of this Search Committee shall be made by the Administrative Ministry. There shall be no separate requirement for any specific clearances for vigilance for non-official part-time Directors, and the stipulation of the Companies Act regarding qualifications/disqualifications for Directors as applicable to public limited companies would apply in these cases also.

4. The Search Committee shall mainly be concerned with the selection on the non-official part-time directors of the Navratna Companies, namely, Bharat Heavy Electricals Ltd., Bharat Petroleum Corporation Ltd., Hindustan Petroleum Corporation Ltd., Indian Oil Corporation Ltd., Indian Petro-Chemicals Corporation Ltd., National thermal Power Corporation Ltd., Oil & Natural Gas Corporation Ltd., Steel Authority of India Ltd., and Videsh Sanchar Nigam Ltd. However, the Search Committee may also consider taking up other important enterprises under its purview for recommending the non-official part-time Directors.

5. The above may please be brought to the notice of the public enterprises under the administrative control of different Ministries/ Departments.

(DPE O.M. No.DPE/11(2)/97-Fin. dated 22<sup>nd</sup> July, 1997)

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**CHAPTER IX  
NAVRATNA/MINIRATNA STATUS OF PSUs**

**4. DPE/Guidelines/IX/4**

**Turning selected Public Sector Enterprises into global giants—Navratnas**

The Government has, vide DPE OM No.DPE/11(2)/97-Fin. Dated the 22<sup>nd</sup> July, 1997, granted enhanced autonomy and delegation of powers to selected public sector enterprises (Navratnas), which include, inter-alia, the decision making authority to incur expenditure on purchase of new items 'or for replacement, without any monetary ceiling.

2. A confirmation has been sought by some Navratnas that in view of this delegation of authority, they are no longer required to obtain Government approval, including that from the PIB for setting up new projects or for expansion and that they can do so and incur the necessary capital expenditure within the enhanced delegation of powers.

3. This is to clarify that the above mentioned powers in para 2 (i) regarding incurring of capital, expenditure gives full authority to the Boards of the Navratnas, subject to the guidelines mentioned in the OM under reference, and that it is not necessary for them to obtain Government approval, including PIB approval for the above purpose including for setting up of new projects or expansion. This, however, does not cover environmental or similar other clearances, required statutorily or under specific instructions.

4. The OM No.DPE/16/22/90-Fin. Dated 6.5.97 of this Department on the subject also stands modified accordingly.

(DPE O.M. No. DPE/11(2)/97-Fin. dated 26<sup>th</sup> September, 1997)

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**CHAPTER IX  
NAVRATNA/MINIRATNA STATUS OF PSUs**

**5. DPE/Guidelines/IX/5  
Financial and operational autonomy for profit making public sector enterprises—Mini-Ratnas.**

In pursuance of the policy objective to make the public sector more efficient and competitive, Government have decided to grant enhanced autonomy and delegation of powers to the profit making public sector enterprises, subject to the eligibility criteria and guidelines as mentioned below and subsequently in this Memorandum.

**2. Eligibility and classification**

- 2.1 **Category-I PSEs:** PSEs should have made profit in the last three years continuously, the pre-tax profit should have been Rs.30 crores or more in at least one of the three years and should have a positive net worth.
- 2.2 **Category-II PSEs:** These PSEs should have made profit for the last three years continuously and should have a positive net worth.
- 2.3 These PSEs shall be eligible for the enhanced delegated powers provided they have not defaulted in the repayment of loans/interest payment on any loans due to the Government.
- 2.4 These public sector enterprises shall not depend upon budgetary support or Government guarantees.
- 2.5 The Boards of these PSEs should be restructured by inducting at least three non-official Directors as the first step before the exercise of enhanced delegation of authority, as indicated vide DPE's OM of even number dated the 9<sup>th</sup> October, 1997.

The administrative Ministry concerned shall decide whether a Public Sector Enterprise fulfilled the requirements of a Category-I/Category-II company before the exercise of enhanced powers.

3. The delegation of decision-making authority available to the Boards of the eligible PSEs would be as follows:

**3.1 Capital Expenditure**

- 3.1.1 **For PSEs in Category-I:** To incur capital expenditure on new projects, modernization, purchase of equipment, etc. without Government approval upto Rs.300 crores, or equal to their net worth, whichever is lower.
- 3.1.2 **For PSEs in Category-II:** To incur capital expenditure on new projects, modernization, purchase of equipment, etc. without Government approval up to Rs.150 crores or up to 50% of their net worth, whichever is lower.

**3.2 Joint Ventures, Subsidiaries and Overseas Offices**

- 3.2.1 **For PSEs in Category-I:** To establish joint ventures and subsidiaries in India, with the stipulation that the equity investment of the PSEs should be limited to Rs.100 crores in any one project, should not exceed 5% of the net worth of the PSE in any one project, or 15% of the net worth of the PSE in all joint ventures/subsidiaries put together. Establishment of subsidiaries and opening of offices abroad may be finalized with the concurrence of the administrative Ministries.
- 3.2.2 **For PSEs in Category-II:** To establish joint ventures and subsidiaries in India, with the stipulation that the equity investment of the PSEs should be limited to Rs.50 crores in any one project, should not exceed 5% of the net worth of the PSE in any one project, or 15% of the net worth of the PSE in all joint ventures/subsidiaries put together. Establishment of subsidiaries and opening of offices abroad may be finalized with the concurrence of the administrative Ministries.

**3.3 Technology joint ventures and strategic alliances**

- 3.3.1 **For PSEs in both categories:** To enter into technology joint ventures, strategic alliances and to obtain technology and know-how by purchase or other arrangements subject to Government guidelines as may be issued from time to time.

**3.4 Schemes for HRD**

- 3.4.1 **For PSEs in both categories:** To structure and implement schemes relating to personnel and human resource management, training, voluntary or compulsory retirement schemes, etc.

[**Note:** If in some exceptional and unanticipated situation, the revised enhanced limits for incurring capital expenditure in paras 3.1.1 and 3.1.2 become lower than the existing limits, then the existing powers based on the gross block calculations will continue to remain valid]



3. At the apex level, a group consisting of the Secretary (Public Enterprises), Secretary (Expenditure), Secretary (Planning Commission) and the Administrative Secretary (or their representatives not below the level of Joint Secretary) shall function as the forum for inter-Ministerial discussions and continuous overview of the performance of the PSE. This group will take note of the strategic planning and targets of the PSEs and would review their performance periodically. The objective of this group would also be to provide a pro-active and positive support to PSEs in their performance improvement.

4. These enterprises may continue to enter into Memoranda of Understanding with the Administrative Ministries in which targets relating to various activities and performance parameters would be laid down. It should be ensured that meaningful and challenging performance targets are fixed and this should be done by a team consisting of nominees of the administrative Ministry, DPE and outside expert (s).

5. The above review and monitoring mechanism may please be brought to the notice of the enterprises under your administrative control and made operative with immediate effect.

(DPE O.M. No. DPE/11/36/97-Fin. dated 9<sup>th</sup> October, 1997)

**CHAPTER IX  
NAVRATNA/MINIRATNA STATUS OF PSUs**

**7. DPE/Guidelines/IX/7  
Inclusion of MTNL and GAIL in the list of Navratnas**

The Government of India had granted enhanced financial and operational autonomy to 9 selected PSEs to help them become global giants. Guidelines to this effect were issued vide DPE OMs of even number dated 22.7.97 (4 separate guidelines copies enclosed). Another clarification regarding requirement of PIB approvals etc. by these Navratna enterprises was issued vide DPE OM No.DPE/11(2)/97-Fin. Dated 26.9.97 (copy enclosed)

2. Government have now decided to accord Navratna status to Mahanagar Telephone Nigam Limited (MTNL) and Gas Authority of India Limited (GAIL) also. Accordingly, both these PSEs would be eligible for the enhanced financial and operational autonomy, mentioned in the guidelines referred to above, subject to the stipulated conditions and procedures, including for monitoring and appointment of non-official Directors.

3. The above decision of the Government may please be brought to the notice of both MTNL and GAIL.

(DPE O.M. No. DPE/11(2)/97-Fin. dated 11<sup>th</sup> November, 1997)

**CHAPTER IX  
NAVRATNA/MINIRATNA STATUS OF PSUs**

**8. DPE/Guidelines/IX/8  
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 9<sup>th</sup> 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	It can be declared as Mini Ratnas based on the eligibility criteria, and the action

	instance or parallel action could be taken for appointment of non-official Directors	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. in this regard.	The Public Enterprises are free to select the professionals and other experts, as per their requirements.
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 17<sup>th</sup> February, 1998)

**CHAPTER IX**  
**NAVRATNA/MINIRATNA STATUS OF PSUs**

**9. DPE/Guidelines/IX/9**  
**Amendment in the Articles of Association of Mini-Ratna companies—Approval of DPE.**

Reference is invited to the Department of Public Enterprises' OM No.11/36/97-Fin. Dated 9.10.97 giving financial and operational autonomy for profit making public sector enterprises categorized as Mini-Ratna.

2. Para 4 of the said OM mentioned "The existing decision making powers vested in various agencies would stand altered to give effect to the proposed delegation to the PSEs and the necessary changes in the rules, notifications, instructions, articles/memoranda of association, etc. shall be carried out by the concerned Department where required." This Department has been receiving proposal for amendment of Articles of Association/Memorandum of Association etc. for its vetting/approval. It is clarified once again that such amendments are to be carried out by the PSUs in consultation with the administrative Ministry, without referring it to the Department of Public Enterprises, and after complying with the provisions of the Companies Act.

(DPE O.M. No. DPE/13(26)/98-Fin.G.II dated 27<sup>th</sup> November, 1998)

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**CHAPTER IX**  
**NAVRATNA/MINIRATNA STATUS OF PSUs**

**10. DPE/Guidelines/IX/10**  
**Financial and operational autonomy for profit making enterprises (Mini-Ratnas)—Monitoring of performance.**

The undersigned is directed to refer to this Department Office Memorandum of even number dated 9<sup>th</sup> October, 1997 on the above mentioned subject and to state that vide para 3 of the said OM, it was informed to the administrative Ministries/departments about the Govt. decision to constitute a Group consisting of the Secretary, Public Enterprises; Secretary, Expenditure; Secretary, Planning Commission and Administrative Secretary (or their representatives not below the level of Joint Secretary) to function as a forum for Inter-Ministerial discussion and continuous overview of the performance of the PSEs categories as Mini-Ratnas. This Group would take note of the strategic planning and targets of the PSEs and would review their performance periodically.

In pursuance of the above decision, it is requested that as soon as the Boards of the Mini-Ratnas Enterprises under the administrative charge of the Ministries/ Departments are restructured and non-official part time professional Directors are appointed, the Department of Public Enterprises may be informed of the same so that the Group of Secretaries or their representatives at Joint Secretary level as mentioned above, may be constituted for monitoring the performance of such enterprises.

(DPE O.M. No. DPE/11/36/97-Fin. (Mini) G.III dated 2<sup>nd</sup> December, 1998)

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**CHAPTER IX**  
**NAVRATNA/MINIRATNA STATUS OF PSUs**

**11. DPE/Guidelines/IX/11**  
**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 overruling 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 17<sup>th</sup> January, 2000)

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## CHAPTER IX NAVRATNA/MINIRATNA STATUS OF PSUs

### 12. DPE/Guidelines/IX/12 Review of the performance of Navratna and Miniratna enterprises—grant/divestment of status thereof.

In pursuance of the recommendations of the Parliamentary Standing Committee on Industry, the issue of performance of Navratna and Miniratna Central Public Sector Undertakings vis-à-vis divestment of their status or the need to grant the Navratna/Miniratna status to the new enterprises, as the case may be, were engaging the attention of the Government.

2. Consequently, the matter has been reviewed by the Government. It has now been decided that henceforth the review of performance of the Navratna and Miniratna enterprises and divestment of their status or grant of Navratna or Miniratna status, as the case may be, would be decided in the following manner.

- (i) Apex Committee, headed by the Cabinet Secretary in the case of Navratna enterprises and Inter-Ministerial Committee headed by the Secretary, Department of Public Enterprises in the case of Miniratna enterprises would regularly review the performance of such companies.
- (ii) A comprehensive review would be undertaken every three years by the above mentioned respective committees with regard to maintenance of the Navratna/Miniratna status. The Apex Committee would lay down the format for such a review.
- (iii) The Apex committee would also review the operations of Navratna/ Miniratna schemes every three years and would make recommendations in regard to further delegation of autonomy to these enterprises.
- (iv) The recommendations of the Apex committee, if any, for divestment of the Navratna status would be put up to the Minister (Heavy Industries and Public Enterprises) for approval through the Minister in-charge of the administrative Ministry concerned. In case of any disagreement, the matter would be put up to the Cabinet.
- (v) The recommendations of the divestment of Miniratna status would be dealt with by concerned administrative Ministry only.
- (vi) Recommendations for accordant of Navratna status to a CPSU would ordinarily not be placed before the Cabinet. Based on the recommendations of the Apex Committee these would be placed before the Minister for Heavy Industries and Public Enterprises for taking a final decision. But as in (iv) above, in case of disagreement, the matter would be put up to the Cabinet.

3. The administrative Ministries/Departments may please note the content of the above Government decisions and suitably bring this to the notice of the enterprises under their administrative control.

(DPE OM No. DPE/4(8)/2000-Fin.GL-XXXXIX dated 11<sup>th</sup> June, 2001)

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**CHAPTER IX  
NAVRATNA/MINIRATNA STATUS OF PSUs**

**13. DPE/Guidelines/IX/13  
Review of performance of Navratna and Miniratna enterprises—grant/divestment of status thereof.**

The undersigned is directed to refer to this Department's OM No.DPE-4(8)/2000-Fin. Dated the 13<sup>th</sup> June, 2001 wherein the decision of the Government that the performance and status of the Navratna and Miniratna enterprises will be reviewed from time to time was communicated to all concerned.

2. It was also mentioned therein that the Apex Committee would lay down a format for such a review. A format for reviewing the performance of Navratna/ Miniratna PSUs has since been drawn up and a copy of the same is enclosed (Annexure-I). Annexure-II & III provide necessary procedure and guidelines for grant of Navratna status to the PSUs.

3. All the Administrative Ministries/Departments are requested to advise the Navratna/Miniratna PSUs under their administrative control to complete the format at Annexure I and forward it to DPE through the administrative Ministry/Department latest by 15<sup>th</sup> April, 2002 so as to enable this Department to fix the performance review meetings.

4. The administrative Ministries/Departments may also indicate the specific cases, if any, of CPSUs under their administrative control, which in their opinion need to be granted enhanced status of Navratna. Such proposal(s) with specific details in the prescribed proforma may kindly be submitted by 31.3.2002 for consideration.

**(DPE O.M. NO.DPE/3(2)/2001-Fin. dated 15<sup>th</sup> March, 2002)**

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**ANNEXURE-I**

**Format for review of performance of  
Navratna/Miniratna PSUs**

**A.** 1. Name of Public Sector Undertaking and  
the administrative Ministry:

**B Information to be submitted by the PSU.**

2. Mission/vision of PSU:
3. Strategy and Business Plan adopted for realization of goals as stated in the vision statement and objectives set
4. MOU rating for last 3 years.
5. When was the Board restructured after grant of Navratna/ Miniratna status?
6. Present composition of the Board after its restructuring.
7. The number of Board meetings held (year wise, for last three years)
8. Give details (for last 3 years) on the extent of **Operational Autonomy** availed by the PSU.

Operational Autonomy granted	Availed by PE
<b>1. Monitoring of the performance by the Board</b> a) Transparent and effective system of internal monitoring as established in the PSU. b) Audit Committees set up. Specify terms of reference, field of operation, number of meetings held so far and important findings.. c) Other measures adopted for effective monitoring within the PSU, if any.	
<b>2. Steps taken for Technology upgradation:</b> a) R&D stage acquiring new technology through JVs or otherwise	
<b>3. Steps taken towards diversification of products/ Product Mix</b>	

9. Give details of delegation of decision making authority :

Offered	Availed by PE
1. To incur capital expenditure on new projects, modernization, purchase of equipment etc: - Year wise investment on new projects, modernization, contribution of new products in turnover	
2. To enter into technology JVs or strategic alliance a) No. of JVs formed b) No. of strategic alliances made. c) the share of the PSU in the JV/strategic alliances (SAs) d) expected gains from JV/SAs	
3. Steps taken towards a) organsitional restructuring including establishment of cost & profit centers, b) New offices opened in India and abroad, c) New activity centers established, if any	
4. Creation and winding up of posts including and upto those of non-Board level Directors, Functional Directors. Posts created and abolished with their level may kindly be specified	
5. To structure and implement schemes relating to personnel and human resource management, training, voluntary or compulsory retirement schemes, etc.	
6. Wage negotiations effected	
7. Debt raised from the domestic capital markets (year wise amount).	
8 Borrowings from international markets, ECBs raised etc. (year wise amount).	
9. Joint Ventures and wholly owned subsidiaries established in India or abroad. The expected gains and objectives.	

10. Financial data/indicators:

(Rs. in crores)

Sl. No.	Particulars					
		1996-97 (base year)	1997-98	1998-99	1999-00	2000-01
1.	Turnover					
2.	Operating expenses					
3.	PBIT					
3 A.	PBDIT					
4.	Net Profit(NP)					
5.	Capital Employed(CE)					
6.	Networth(NW)					
7.	Internal resources generation					
8.	Foreign Exchange Earnings (FEE)					
9.	Mobilisation of funds:					
a.	Domestic sources					
b.	International sources					
10.	Ratios:					

a. a1	PBDIT to CE PBIT to Turnover					
b.	NP to NW					
c.	Turnover to CE					
d.	FEE to turnover					
e.	Debt to equity					
f.	Investment in JV to NW					

11(a). Details of new projects and investment decisions taken by the Board after its restructuring.

11(b). Number of major projects under implementation along with their cost/time overrun, if any.

(12) Capacity utilization as a % of total capacity during last three years (year wise). In case of service sector PSUs the indicator may be suitably modified as Occupancy rate in the case of Hotel sector, disbursement/recovery rate of loans in case of financial sector, availability of lines in case of Power sector etc.

(13) Foreign Exchange Earnings (FEE) as a ratio of Turnover during the previous three years (year wise);

or

In respect of the PSUs where there is no scope for FEE, an indicator reflecting the 'Social Burden' giving following information, during last 3 years (year wise):-

- i) Projects/Services rendered on social rather than economic considerations.
- ii) SC/ST/other special categories recruitment as a % of total recruitment.
- iii) Total expenditure on development of peripheral/adopted villages and that spent on National calamities/disasters/other social service activities.

**C. Response on qualitative factors as perceived by the PSU**

1. Do you think that Board is professionalised, if no, which areas need to be represented on the Board.

2. Please specify

(a) To what extent the Govt has given financial autonomy

Great Extent	Significant Extent	Moderate Extent	Less Extent	Least extent
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(b) To what extent the Govt has given operational autonomy

Great Extent	Significant Extent	Moderate Extent	Less Extent	Least extent
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

3. How the Board is accountable for their decision making. To what extent the accountability is commensurate with the enhanced autonomy

4. Please list the impediments or constraints, if any, in the efforts to become global competitive.

5. To make the PSU globally competitive, what suggestions would you like to make.

6. Do you think that current level of autonomy and delegation should be continued, if so, please give the justification for retaining Navratna status and the benefits that had accrued with this status?

7. Do you think that further delegation of powers and autonomy is required? If yes, specify the areas and the justifications

**D. The Composite Score for the PSU (as per Annexure II)**

**Note : The terms used here will have the same meaning as used in the Public Enterprises Survey.**

**ANNEXURE II**

**FORMAT FOR GRANT OF NAVRATNA STATUS**

**Eligibility**

The PSUs, which are Miniratna I, Schedule 'A' and have obtained 'excellent' or 'very good' MOU rating in three of the last five years are eligible.

'Composite Score' of performance to be 60 or above

In order to review the performance of the PSU, a composite score based on its performance for the last three years would be calculated. For calculation of composite score, 6 performance indicators have been identified based on their general applicability to the PSUs. The performance indicators have been chosen so as to capture the performance of PSUs irrespective of their belonging to manufacturing sector or services sector. The 6 identified performance indicators are:-

(Maximum Weight)

		100
1.	Net Profit to Networth	25
2.	Manpower Cost to total Cost of Production or	15
	<b>Cost of Services</b>	
3.	PBDIT to Capital employed	15
4.	PBIT to Turnover	15
5.	Earning Per Share	10
6.	Inter Sectoral Performance	20

In order to assess the performance of the PSU as per the above indicators and provide score on uniform basis, 'Evaluation Scale' for each of these 6 performance indicators have been devised. In respect of these indicators, corresponding to each indicator, categories have been designed so as to provide score in between the maximum score. The provision for grant of negative score have also been made. These categories for each of the performance indicators have been devised after taking into consideration the performance data for the PSUs particularly for the last three years.

For Inter Sectoral performance, it is considered that within sector, performance may be based on the net profit to net worth in % age. The ranking of the PSUs within the sector can be attempted and based on the rank of the PSU, a score can be calculated. Top ranking five PSUs can be given score of 20, 16, 12, 8, and 4 respectively. Zero score would be given to other PSUs having rank below provided where the value of Net Profit to Net worth ratio is positive. However a negative score of '-4' would be given to those PSUs having negative ratio. The 'Evaluation Scale' fixed is given in the enclosed Evaluation Sheet (**Annexure-III**).

To calculate the composite score for a PSU as per the above indicators and the Evaluation Scale, the performance indicator which is the simple average of the corresponding data of the PSU for the last 3 years would be considered and the score would be provided as per the Evaluation Scale. The sum of the scores for each of the performance indicators would constitute the composite score of the PSU.

The cases where the Composite Score is 60 or above, would be placed before the Apex Committee for their consideration and recommendations. A minimum limit of 60 has been kept after taking into consideration the actual 'Composite Score' obtained by the PSUs particularly the Navratna PSUs. The limit of 60 is considered as a realistic level.

## EVALUATION SHEET

Sr. No	A	Scores									
		25 *	20	15	10	5	-5	-10	-15	-20	-25
I	Net Profit To Net Worth (%)	>=20	>=15 and <20	>=10 and <15	>=5 and <10	>=0 and <5	>=-5 and <0	>=-10 and <-5	>=-15 and <-10	>=-20 and <-15	>-20

Sr.No	B	15	12	9	6	3	-3	-6	-9	-12	-15
II	Total Manpower Cost to Total Cost of Production (%) **	<=5	>5 and <=8	>8 and <=11	>11 and <=14	>14 and <=17	>17 and <=20	>20 and <=23	>23 and <=25	>25 and <=28	>28
III	PBDIT to Capital Employed (%)	>=20	>=15 and <20	>=10 and <15	>=5 and <10	>=0 and <5	>=-5 and <0	>=-10 and <-5	>=-15 and <-10	>=-20 and <-15	>-20
IV	PBIT to Turnover (%)	>=25	>=20 and <25	>=10 and <20	>=5 and <10	>=0 and <5	>=-5 and <0	>=-10 and <-5	>=-20 and <-10	>=-25 and <-20	>-25

>= Greater than or equal to > Greater than < Less than <= Less than or equal to

\* The limit to be adjusted (and replaced) in the cases where regulatory authority has fixed an upper limit.

\*\* Cost of services in case of service organization.

Sr. No	C	Scores									
		10	8	6	4	2	0	-2			
VI	Earning Per Share (Rs.)	>=30	>=20 and <30	>=10 and <20	>=5 and <10	>=0 and <5	>=-5 and <0	>=-10 and <-5			
VII	Inter Sectoral Performance Rank NP to NW based on 1999-00 data ----->	I	II	III	IV	V	VI and onward s but value is +ve.	If the value is -ve			

>= Greater than or equal to > Greater than < Less than <= Less than or equal to

**CHAPTER IX  
NAVRATNA/MINIRATNA STATUS OF PSUs**

**14. DPE/Guidelines/IX/14  
Merger and Acquisition decision by the Central PSUs.**

In pursuance of the policy objective to make the public sector more efficient and competitive, Government have announced its decisions to grant autonomy and delegated powers from time to time on various issues for application in the Central PSUs in general and also specific delegated powers to the Navratna and Mini-Ratnas.

2. It is however, clarified that the delegated powers would not include the power to decide about merger and acquisition. The Central Government public enterprises must therefore take prior approval of the Government in regard to merger with and/or acquisition of any other business entities or major business activities and should not take decision at their own. This would be applicable to all the Central PSUs irrespective of their financial status or grant of Navratna/Miniratna status etc. Decisions on merger and/or acquisitions should not be interpreted as though such powers are within the autonomy given to the Navratnas/Miniratnas under the guidelines issued by the Govt.

3. Similarly, it is also clarified that the Navratna and Miniratna enterprises must follow the procedures detailed in the Government guidelines for investment of surplus funds as detailed in DPE OMs Nos.DPE/4(6)/94-Fin. dated 14.12.94 and 1.11.95. There is no separate dispensation available to any of the public enterprises in this regard (other than the PSEs in financial sector about which separate guidelines were issued, vide OM No. DPE/4(6)/94-Fin. dated 2.7.96) and these guidelines on investment of surplus funds are applicable to all the Central PSEs including the Navratna and Miniratna CPSEs.

4. Administrative Ministries may please bring the contents of the Govt. decisions to the notice of the Central PSUs under their administrative control.

(DPE OM No. 3(2)/2003-DPE(Fin.)/GL.XVI dated 11<sup>th</sup> February, 2003)

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**CHAPTER IX  
NAVRATNA/MINIRATNA STATUS OF PSUs**

**15. DPE/Guidelines/IX/15**

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

The undersigned is directed to refer to this Department OM No. DPE/11(2)/97-Fin. dated 22<sup>nd</sup> 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.

(DPE O.M. No. 18(24)/2003-GM- GL.64 dated 5<sup>th</sup> August, 2005)

**CHAPTER IX**  
**NAVRATNA/MINIRATNA STATUS OF PSUs**

**16. DPE/Guidelines/IX/16**

**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 9<sup>th</sup> 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.

(DPE O.M. No. 18(24)/2003-GM-GL. 65 dated 5<sup>th</sup> August, 2005)

CHAPTER IX  
NAVRATNA/MINIRATNA STATUS OF PSUs

17. DPE/Guidelines/IX/17

**Empowerment of Central Public Sector Enterprises (CPSEs)- enhancement of delegated powers of other profit making PSEs.**

The undersigned is directed to refer to this Department OM No. DPE/16(22)/90-Fin. dated 6<sup>th</sup> May, 1997 and 8<sup>th</sup> 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.

(DPE OM No. 18(24)/2003-GM - GL.66 dated, the 5<sup>th</sup> August, 2005)

CHAPTER IX  
NAVRATNA/MINIRATNA STATUS OF PSUs

18. DPE/Guidelines/IX/18

**Review of the performance of Navratna and Miniratna enterprises—grant/ divestment of status thereof.**

The undersigned is directed to refer to this Department OM No. DPE/4(8)/2000-Fin. GL-XXXXIX dated 11.6.2001 on the subject mentioned above wherein it was inter-alia decided that a comprehensive review would be undertaken by the Apex Committee with regard to maintenance of Navratna status.

2. In order to periodically review and recommend for expeditious conferment/ divestment of Navratna status on/of CPSEs, it has been decided to constitute a committee consisting of Secretary (DPE), Secretary (Planning Commission), Secretary (Expenditure) and Secretary of the administrative Ministry concerned with Secretary (DPE) as its convenor. This committee will assist the Apex Committee in faster decision-making.

(DPE O.M. No. 18(24)/2003-GM- GL.67 dated 12<sup>th</sup> August, 2005)

CHAPTER IX  
NAVRATNA/MINIRATNA STATUS OF PSUs

19. DPE/Guidelines/IX/19

**Recommendations of the Ad-hoc Group of Experts on empowerment of Central Public Sector Enterprises (CPSEs) – Creation/Disinvestment of subsidiaries by the Navratna and Miniratna Companies**

National Common Minimum Programme (NCMP) of the Government pledges to devolve full managerial and commercial autonomy to successful, profit-making companies operating in a competitive environment. In pursuance of this, the Ministry of Heavy Industries and Public Enterprises, in November 2004, constituted an Ad-hoc Group of Experts (AGE) under the Chairmanship of Dr. Arjun Sengupta to consider issues like grant of autonomy, greater delegation of financial powers, etc. to CPSEs. The recommendations of AGE have been considered by the Government in two stages. In the first stage, the recommendations relating to enhancement of powers of Navratna, Miniratna and other profit making CPSEs were considered by the Government and guidelines were issued on 5.8.2005.

2. After careful consideration of the remaining recommendations of AGE, the Government has decided to empower the holding companies to transfer assets, float fresh equity and divest shareholding in subsidiaries subject to the condition that the delegation will be in respect of **subsidiaries set up by the holding company under the powers delegated** to the Navratna and Miniratna CPSEs and further to the proviso that:

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

3. All the administrative Ministries and Departments are requested to take note of the above decision and to advise the CPSEs under their administrative control suitably in the matter.

(DPE OM No. 18(16)/2005-GM-GL-82 dated 23<sup>rd</sup> May, 2007)

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**CHAPTER IX  
NAVRATNA/MINIRATNA STATUS OF PSUs**

20. DPE/Guidelines/IX/20

**Recommendations of the Ad-hoc Group of Experts on empowerment of Central Public Sector Enterprises (CPSEs) – Mergers and Acquisitions by the Navratna and Miniratna CPSEs**

The undersigned is directed to refer to this Department's Office Memorandum No. 3(2)/2003-DPE(Fin.)/GL.XVI dated 11.2.2003 wherein it had been clarified that the powers delegated to the Navratna and Miniratna CPSEs do not include the power to decide about merger and acquisition and all CPSEs must take prior approval of the Government in regard to merger with and/or acquisition of any other business entities or major business activities. The Government had thereafter reviewed the powers delegated to Navratna and Miniratna CPSEs and decided that the Boards of Navratna and Miniratna CPSEs shall have the powers for mergers and acquisitions subject to certain conditions laid down in DPE O.M. No. 18(24)/2003-GM-GL-64 dated 5.8.2005 and 18(24)/2003-GM-GL-65 dated 5.8.2005 respectively.

2. Issuance of fresh shares under a scheme of amalgamation by such CPSEs may result in further dilution in Government of India share holding and in certain cases, it may result in changing their public sector character. The Government has, therefore, considered this issue and decided that the powers relating to Mergers and Acquisitions delegated to Navratna and Miniratna CPSEs vide Office Memoranda mentioned in Para 1 above should be exercised in such a manner that it should not lead to any change in the public sector character of the concerned CPSEs.

3. All the administrative Ministries/Departments are requested to take note of the above decision and to advise the CPSEs under their administrative control suitably in the matter.

(DPE OM No. 18(16)/2005-GM-GL-83 Dated the 28<sup>th</sup> May, 2007)

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CHAPTER IX  
NAVRATNA/MINIRATNA STATUS OF PSUs

21. DPE/Guidelines/IX/21

**Recommendations of the Ad-hoc Group of Experts on empowerment of Central Public Sector Enterprises (CPSEs) – Modification of the composition of Search Committee for selection of non-official part-time Directors on the Boards of Navratna and Miniratna CPSEs – Ordered.**

The undersigned is directed to refer to this Department's Office Memoranda No. DPE/11(2)/97-Fin. dated 22.7.1997 and DPE/11/36/97-Fin. dated 9.10.1997 in the subject wherein it had been mentioned that a Search Committee comprising of Chairman, Public Enterprises Selection Board; Secretary, Department of Public Enterprises; Secretary of the concerned Administrative Ministry/Department and eminent person(s) to be nominated by the Industry Minister would select non-official part-time Directors for appointment on the Boards of Navratna and Miniratna CPSEs.

2. The Government has now decided to modify the said O.M. and decided that the Chief Executive of the CPSE concerned will also be a member of the Search Committee for selecting Independent Directors on the Board of Directors of the concerned Navratna and Miniratna CPSE.

3. The above decision of the Government may be brought to the notice of CPSEs concerned.

(DEP OM No. 18(16)/2005-GM-GL-85 Dated the 29<sup>th</sup> May, 2007)

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CHAPTER IX  
NAVRATNA/MINIRATNA STATUS OF PSUs

22. DPE/Guidelines/IX/22

**Recommendations of the Ad-hoc Group of Experts on empowerment of Central Public Sector Enterprises (CPSEs) – Clarification on Budgetary Support to Navratna and Miniratna CPSEs – Issued.**

The undersigned is directed to refer to this Department's Office Memoranda No. DPE/11(2)/97-Fin. dated 22.7.1997 and DPE/11/36/97-Fin. dated 9.10.1997 wherein it had been mentioned that Navratna and Miniratna CPSEs shall not depend on budgetary support.

2. The Government has since reviewed the above position and it has now been decided to clarify that the Budgetary support to implement Government sponsored projects of national interest and Government sponsored Research & Development projects will not disqualify CPSEs from retaining their Navratna and Miniratna status. However, for such projects, investment decisions will be taken by the Government and not by the CPSE concerned.

3. All the administrative Ministries/Departments are requested to take note of the above decision and advise the CPSEs under their administrative control suitably in the matter.

(DPE OM No. 18(16)/2005-GM-GL-84 Dated the 28<sup>th</sup> May, 2007)

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