F. No. PD-18/0001/2026-PD
Government of India
Ministry of Finance
Department of Public Enterprises
(Policy Division)

Public Enterprises Bhawan,
Block No.14, C.G.O Complex
Lodhi Road, New Delhi-110003
Dated: 16th June, 2026

OFFICE MEMORANDUM

Subject: - Consolidated guidelines on 'Delegation of Power to Navratna PSEs'-reg.

The undersigned is directed to refer to the Guidelines issued by Policy Division from time to time on 'Delegation of Power to Navratna PSEs' and to inform that these guidelines have been consolidated and enclosed for ease of reference.

2. This issues with the approval of Secretary, DPE.

Encl. as above

(Neeraj Verma)
Deputy Director
Tel. 011-24364192

To,

Administrative Ministries/Departments
of all the CPSEs

No. PD-18/0001/2026-PD
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Block No. 14, CGO Complex
Lodhi Road, New Delhi-110003
Date: 16th June, 2026

OFFICE MEMORANDUM

Subject: Consolidated guidelines on Delegation of Power to Navratna PSEs.

Reference:

1. **(DPE O.M. No. DPE/11(2)/97-Fin. dated 22nd July, 1997)**
2. **(DPE OM No. 11(32)/96-Fin. dated 17th January, 2000)**
3. **(DPE O.M. No. 18(24)/2003-GM-GL.64 dated 5th August, 2005)**

The Department of Public Enterprises had earlier issued three above referred guidelines on Delegation of Power to Navratna PSEs**.** These guidelines have now been consolidated as under for ease of reference:

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

Subject: Turning selected public sector enterprises into global grants-grant of autonomy.

The Common Minimum Programme of the Government states, inter-alla, 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.

(ii) To obtain by purchase or other arrangements, technology and know-how.

(v) To effect organizational restructuring including establishment of profit centers, opening of offices in India and aboard, creating new activity centers, etc.

(v) Creation and winding up of all posts including and up to those of non-Board level Directors Le. 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.

(vii) 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 22nd 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Subject: 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 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, () 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 5th August, 2005)

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