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 Financial and operational autonomy to Miniratna CPSEs.' -reg.

The undersigned is directed to refer to the Guidelines issued by Policy Division from time to time on 'Delegation of Financial and operational autonomy to Miniratna CPSEs' 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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Department of Public Enterprises
(Policy Division)

Public Enterprises Bhawan
Block No. 14, CGO Complex
Lodhi Road, New Delhi-110003
Date: 16th June, 2026

OFFICE MEMORANDUM

Subject: Consolidated Guidelines on Delegation of Financial and operational autonomy to Miniratna CPSEs.

Reference:

1. **DPE O.M. No.11/36/97-Fin. dated 9th October, 1997**
2. **DPE O.M. No. DPE/11(36)/97-Fin. dated 17th February, 1998**
3. **DPE O.M. No. 18(24)/2003-GM-GL. 65 dated 5th August, 2005**

The Department of Public Enterprises had earlier issued three above referred guidelines on delegation of Financial and operational autonomy to Miniratna CPSEs. These guidelines have now been consolidated as under for ease of reference:

1. DPE O.M. No.11/36/97-Fin. dated 9th October, 1997

Subject: 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 9th October, 1997.

The administrative Ministry concerned shall decide whether a Public Sector Enterprise fulfilled the requirements of a Category-1/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]

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, notifications, Instructions, articles/memoranda of association, etc. shall be carried out by the concerned Department where required.

5. The above delegation on powers would be subject to the following conditions and guidelines:

5.1 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.

5.2 All the proposals, where they pertain to capital expenditure, investment or other maters involving substantial financial or managerial commitments or where they would have a long terms 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.

5.3 No financial support or contingent liability on the part of the government should be involved. These public sector enterprises shall not depend upon budgetary support or Government guarantees.

5.4 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.

5.5 The Government Directors, the Finance Director 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.

5.6 The decisions on such proposals should preferably be unanimous.

5.7 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.

5.8 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.

6. Administrative Ministries may please bring the contents of the Government decision to the notice of these enterprises.

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

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2. DPE O.M. No. DPE/11(36)/97-Fin. dated 17th February, 1998

Subject: 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 9th 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 instance or parallel action could be taken for appointment of non-official Directors	It can be declared as Mini Ratnas based on the eligibility criteria, and the action 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	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

(DPE O.M. No. DPE/11(36)/97-Fin. dated 17th February, 1998)

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

Subject: Empowerment the Central Public Sector Enterprises (CPSEs)- enhancement of delegated powers of Miniratna PSEs

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

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

(1) 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 (1) 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 5th August, 2005)

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