

**GOVERNMENT OF INDIA
HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
LOK SABHA**

UNSTARRED QUESTION NO:4459
ANSWERED ON:03.05.2012
JOINT VENTURE AGREEMENTS
Pal Shri Jagdambika

Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

- (a) whether the Government has formulated any guidelines for the Public Sector Undertakings entering into Joint Venture (JV) agreements with the private enterprises;
- (b) if so, the details thereof;
- (c) whether these guidelines vary for Mini-Ratna and Maharatna companies;
- (d) if so, the details thereof; and
- (e) the details regarding cases wherein the approval of the Cabinet is necessary for such JV between PSU and a private party?

Answer

THE MINISTER OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES (SHRI PRAFUL PATEL)

- (a) and (b): The Department of Public Enterprises, Government of India has issued guidelines delegating powers to the Boards of Maharatna, Navratna and Miniratna Central Public Sector Enterprises (CPSEs) for making equity investments to establish joint ventures (JVs) within the laid down limits and subject to certain conditions.
- (c) and (d): The Boards of Maharatna, Navratna, Miniratna Category i and Miniratna Category II CPSEs have been empowered to make equity investments to establish financial joint ventures (JVs) subject to the ceiling of 15% of net worth of the concerned CPSE in one project limited to a ceiling of Rs.5,000 crore, Rs. 1,000 crore, Rs. 500 crore and Rs. 250 crore for Maharatna, Navratna, Miniratna Category i and Miniratna Category II CPSEs respectively. The overall ceiling on such investments in all projects put together is 30% of the net worth in all these cases.
- (e) : Joint venture proposals of Maharatna, Navratna and Miniratna CPSEs beyond their respective delegated powers require the approval of the Cabinet.