

# **DELEGATION OF POWER OF THE BOARD OF DIRECTORS AND C.M.D, CCL**



**CENTRAL COALFIELDS LIMITED  
DABHANGA HOUSE: RANCHI.**

## **GENERAL PRINCIPLES GOVERNING THE DELEGATION OF POWERS**

- Delegation of powers is an effective instrument for expeditious decision making and efficient management.
- The delegation is made keeping in view the objectives of the Company and its accountability to the Government.
- Certain guidelines are issued by the Government from time to time and they are applicable to all public sector undertakings and have the same force as if incorporated in the Articles of Association. All delegated powers and circumscribed by these guidelines. In particular, the guidelines issued by the Government are binding in matters like wage and salary structure, perquisites gratuity, dearness allowance, ex-gratia payments, encashment of leave, etc. which have major financial implications. Any departure from these guidelines or introduction of new schemes have necessarily to be got approved by the Government as they might have repercussions in other companies.
- The delegated powers, shall be exercised in conjunction with Company Rules/Guidelines and well established practices like Tender Committees, Purchase Committees, selection Committees, Departmental promotion Committees, etc. where the decisions are taken by a group rather than by an individual and with due regard to budget provisions, financial concurrence. service rules etc. as the case may be.

## **GENERAL PRINCIPLES GOVERNING THE DELEGATION OF POWERS (CONTD...)**

- It is an accepted principle in the administration of public funds that in all decisions involving financial implications or which entail departure from an agreed norm, the concurrence of the accredited Financial Advisor shall be obtained. This practice is to be followed in all public undertakings. Financial concurrence can be at different levels, at the colliery, in the area, in the company or at the Apex, as the case may be.
- The Boards of Directors and CMD shall exercise all powers within the provisions of the Company Act, 1956, the Memorandum, Articles of Association of CCL and powers delegated by Govt./CIL from time to time. In emergent situations between the Board Meeting, CMD may exercise the power of the Board and the same will be put up to the Board in the ensuing meeting for ratification.
- The Board may approve the delegation of powers to Board level executives as they may deem fit.
- The powers in regard to amendment of Articles of Association, change in share capital, floating of shares and debentures and other company matters are reserved for Government.

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<b>A. COMPANY MATTERS</b>				
<b>Sl.No.</b>	<b>ITEM</b>	<b>CCL Board</b>	<b>CMD, CCL</b>	<b>Remarks</b>
A-1	Borrowing for working Capital	Full powers subject to guidelines issued by CIL.	Full powers subject to guidelines issued by CIL/Subsidiary Board.	
A-2	Starting ancillary industries.	Full powers subject to Plan and budget provision.	NIL	
<b>B. BUDGET</b>				
B-1	Re-allocation of capital Funds	Full powers within the budget approved by CIL Board except that funds earmarked for a new project shall not be diverted without the approval of CIL Board	Full powers within budget approved by the Board including re-appropriation within two groups of projects but not from a new project to any other project (Group as indicated in the approved annual plan).	
B-2	Revenue Budget	Full powers but prior approval of CIL Board to be taken if budgetary support is required.	NIL	

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<b>C. CAPITAL WORKS</b>				
<b>Sl.No.</b>	<b>ITEM</b>	<b>CCL Board</b>	<b>CMD, CCL</b>	<b>Remarks</b>
C-1	New projects/ Scheme included in the approved plan outlay and Budget	Rs.500 Crore or equal to net worth whichever is less or such amount as may be specified by the Government of India guidelines on the subject from time to time.	Up to Rs.10 Crore	
C-2	Capital expenditure in excess of sanctioned estimates of cost	Up to 10% of the cost in each case subject to limit of sanctioning power to approve project.	Up to 10% of sanctioned cost in each case subject to limit of sanctioning power to approve project	
C3	Capital expenditure in anticipation of inclusion in the budget.	Full Powers	Up to 50% of the approved capital budget of previous year taking all activities together	
C4	Mergers & Acquisition in and abroad (As per Cl.3.5)	The Board of Directors shall have the powers for mergers and acquisition, 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 of Economic Affairs (CCEA) would be kept informed in case of investments abroad.	Nil	

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<b>C. CAPITAL WORKS (CONTD...)</b>				
<b>Sl.No.</b>	<b>ITEM</b>	<b>CCL Board</b>	<b>CMD, CCL</b>	<b>Remarks</b>
C-5	Joint Ventures, subsidiaries and overseas offices (As per Cl.3.2)	The ceiling on equity investment to establish joint ventures and subsidiaries in India shall be 15% of the net worth 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 net worth of the PSE. The establishment of Subsidiaries and opening of offices abroad may be finalized with the concurrence of the Administrative Ministries.	Nil	
C-6	Technology joint ventures and strategic alliances (As per Cl.3.2)	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.	Nil	
C-7	Scheme for HRD (As per Cl.3.3)	To structure and implement schemes relating to personnel and human resource management, training ,voluntary or compulsory retirement schemes, etc.  The Board of Directors shall have the power to further delegate the powers relating to Human Resource Management (appointment, 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.	Nil	

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<b>D. PURCHASE AND CONTRACTS</b>				
<b>Sl.No.</b>	<b>ITEM</b>	<b>CCL Board</b>	<b>CMD, CCL</b>	<b>Remarks</b>
D-1	Purchase orders/ contracts	Full powers.	<u>On Open Tender</u> a) Lowest Tender Rs.10.00 Cr. b) Single Tender Rs.2.00 Cr.  <u>On Limited Tender</u> a) Lowest Tender Rs.5.00 Cr. b) Single Tender Rs 50.00 lakh  <u>Without Calling for Tender</u> a) Purchase of Proprietary items from O.E.M. Rs. 4.00 Crore b) Without Tender through negotiation Rs.30.00 lakh (Reasons to be recorded in writing) c) Approval for repair contract value (Spares plus Services etc.) upto Rs.100.00 lakh in respect of repairs on single enquiry basis through OEMs/their authorized service agencies.  <u>Repeat Order:</u> Upto 25% of the original ordered value	.

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<b>D. PURCHASE AND CONTRACTS (CONTD....)</b>				
<b>Sl.No.</b>	<b>ITEM</b>	<b>CCL Board</b>	<b>CMD, CCL</b>	<b>Remarks</b>
D-2	Changes in the rates of approved contracts.	Full powers.	Full powers, provided contract value does not exceed Rs. 2 crore.	
D-3	Settlement of disputes with suppliers/contractors	Full powers.	Rs.1 Crore of disputed amount in each case subject to a maximum of Rs.5 crore per annum.	
D-4	Sanction local purchase	Full powers.	Rs.2 crore per annum subject to provisions of approved Material/Stores budget but after exhaustion of the powers of Dir.(Tech.) in this respect.	
D-5	Survey off	Full Powers – all cases	Full powers, if machine/vehicle has completed its rated life subject to guidelines issued by CIL.	
D-6	Write-off/ Demolition of civil construction on account of mining/safety consideration	Full power	Full power subject to the condition that written down value does not exceed 10% of the original cost.	
D-7	Deviation/ Revised Estimates	Full power	Deviation up to 10% of the original estimates approved by CMD and the Board. Full power in case original estimates are approved by the lower authorities. Total amount including the deviation shall not exceed the amount of DoP.	

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<b>E. OTHER FINANCIAL MATTERS</b>				
<b>Sl.No.</b>	<b>ITEM</b>	<b>CCL Board</b>	<b>CMD, CCL</b>	<b>Remarks</b>
E-1	Investment of Company's Funds.	Full powers subject to guidelines issued by CIL/Govt. from time to time..	Full powers in emergencies	
E-2	Loans/advances to other than employees.	Full powers	In emergencies to suppliers/ contractors subject to ratification by Board.	
E-3	To open Company accounts with banks and draw money	Full powers	Full powers	
E-4	<i>Ex-gratia</i> payment other than in accordance with the Scheme.	Full powers subject to policy guidelines issued by CIL.	Within limits laid down by the Board.	
E-5	Grants and donations to Charitable, Research and Educational Institutions.	Full Power	Up to Rs. One lakh in each case subject to the limit of Rs.25 lakh p.a.	
E-6	Procurement of Staff Car	Full Power	Full powers subject to CIL/Govt. guidelines.	

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<b>F. SALES</b>				
<b>Sl.No.</b>	<b>ITEM</b>	<b>CCL Board</b>	<b>CMD, CCL</b>	<b>Remarks</b>
F-1.	Sale of coal and other products at negotiated prices/other than notified prices including e-auction	Full powers as per policy laid down by CIL Board / Government	Full powers subject to the laid down policy and also guidelines issued by the Board	
F-2	Sale of movable property.	Full powers subject to policy guidelines issued by CIL Board	Full power, subject to maximum of Rs.50 lakh in each case within limit of Rs.15 Crore per annum.	
F-3	Sale of surplus/obsolete immovable property other than acquired area/land.	Full powers, subject to policy guidelines issued by CIL Board	NIL	

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<b>G. OTHER EXPENDITURE</b>				
<b>Sl.No.</b>	<b>ITEM</b>	<b>CCL Board</b>	<b>CMD, CCL</b>	<b>Remarks</b>
G-1	Hiring of land and Buildings	Full powers.	Rs.5 lakh per annum in each case and total of Rs.60 lakh per annum.	
G-2A	Hiring of consultants. i) Firms & Institutions	Rs.50 lakh in each case and Rs.5 crore p.a. in all. (In the case of foreign consultancy commitment may be made only after obtaining CIL Board approval)	i)Rs.5 lakh in each case ii) Rs.20 Lakh in each case of Public Institution like CIMFR/ISM/BHU/ IIT/TERI etc. subject to a total of Rs.25 lakh p.a. in all excepting foreign consultancy	
	ii) Individual experts/ advisor	As per CIL Guidelines	NIL	
G-2 B	Engagement of firms of CAs and CWAs for internal audit	Full Powers	Full powers subject to guidelines laid down by the Board	
G-3	Hiring of vehicles on long term basis.	Full Powers	Full powers	
G-4	Publicity and advertisement	Full powers	Full Powers, subject to budget provision	
G-5	Entertainment	Full powers	Full Powers, subject to budget provision	
G-6	Other items.	Full powers	Full Powers, subject to budget provision	

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<b>H. WRITE OFF LOSS</b>				
<b>Sl.No.</b>	<b>ITEM</b>	<b>CCL Board</b>	<b>CMD, CCL</b>	<b>Remarks</b>
H-1	Write-off of loss in coal stocks periodically due to deterioration.	Full powers up to the limit prescribed by CIL Board.	Within limits prescribed by CIL Board.	
H-2	Rate of write-off of stocks.	Full powers up to the limit prescribed by CIL Board	Within limits prescribed by CIL Board.	
H-3	Write-off of losses otherwise than due to deterioration.	Full powers up to the limit prescribed by the CIL Board.	Within limits prescribed by the CIL Board.	
H-4	Waiving of compensation from contractors/suppliers.	Full powers.	Within limits prescribed by the CIL Board.	
H-5	Write-off of loss of cash.	Full powers.	Within limits prescribed by the CIL Board.	
H-6	Disposal of scraps like unserviceable/obsolete spares, tyres and surveyed off equipment.	Full powers.	Up to a financial limit of Rs.3.0 Crore in each case subject to a maximum of Rs.15.00 Crore/Annum.	

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<b>I. PERSONNEL MATTERS</b>				
<b>Sl.No.</b>	<b>ITEM</b>	<b>CCL Board</b>	<b>CMD, CCL</b>	<b>Remarks</b>
I-1	Framing of Recruitment, Services, Conduct and other rules.	Full power for Framing of Recruitment, Services, Conduct and other rules in case of Non-executives.	NIL	
I-2	Formation of Cadres	NIL	NIL	
I-3	Pay Scales, Revisions, Grant of Allowances, Perquisites etc.	NIL	NIL	
I-4	Creation of posts.	Full powers up to Grade E-8 and non-executives. Full powers for posts included in the sanctioned project reports/advance action reports.	Full powers for non-executive posts and up to E-4 for Executive posts provided the posts are in the Manpower budget approved by the Board.	
I-5	Appointments.	Full powers	All executive posts up to the grade E-4 in the subsidiary company. Director (Personnel) will have powers for appointment of all non- executives.	
I-6	Advance increments.	Full powers as laid down in Cadre Scheme.	Full Power as per rules.	
I-7	Grant of Honorarium.	Full powers.	Full Power as per rules.	
I-8	Deputation Abroad	Full powers up to and including Directors.	Full powers (except for executives) in emergency subject to ratification.	
I-9	Opening of DAV/ Central Schools etc.	Full powers	Full powers to approve such proposals subject to subsequent information to the Board.	

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<b>J. MISC. ADMINISTRATIVE MATTERS</b>				
<b>Sl. No.</b>	<b>ITEM</b>	<b>CCL Board</b>	<b>CMD, CCL</b>	<b>Remarks</b>
J-1	Filing/defending legal suits.	Full powers	Full powers to institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers, or otherwise concerning the affairs of the Company and also to compound and allow time for payment or satisfaction of any claims or demands by or against the Company	
J-2	Misc. administrative matters.	Full powers	To make and give receipts, release and other discharges for moneys payable to the Company, and for the claims and demands of the Company	
J-3	Entitlement to sign on the Company's behalf.	NIL	Full powers to determine who shall be entitled to sign on the Company's behalf ,bills, notes, receipts, acceptances, endorsements, cheques, releases contracts and documents	
J-4	Payment of land compensation	Full Powers	The Board authorized the CMD to decide the modalities of payment of compensation subject to acquisition of land at the first instance & ensuring shifting of the houses	
J-5	Payment of compensation in respect of civil structure standing on the land notified for acquisition.	Full Powers	The Board authorized the CMD to approve such proposals	
J-6	Sub –delegation of power	Full powers	Subject to Section 292 of the Act, to sub-delegate all or any of the powers, authorities and discretions for the time being vested in the Board of Directors, subject however to the ultimate control and authority being retained by them	
J-7	To approve CSR Schemes/ Projects	Full power	Full power subject to budget provision of 5% of retained profit	

**N.B.** The Delegation of Powers is also subject to the following :

- a) All projects and contracts should be concluded only on the recommendations of the Committee. In all cases of acceptance of tenders other than lowest and changes in approve rates, detailed reasons should be recorded in writing under the signature of the Chairman of the Committee.
- ii) All appointments are to be made through duly constituted selection committee and all promotions through Departmental Promotion Committees.
- iii) In respect of sale of moveable property, the prescribed procedures for survey-off reporting, condemnation of the article and sale through public auction etc.
- iv) The Company should ensure that there is adequate management information system to monitor the activities of the Department / Areas etc.