

## **CHAPTER II**

### **PERSONNEL POLICIES**

#### **(b) Composition of Board of Directors**

#### **13. DPE/Guidelines/II(b)/13**

##### **Reconstitution of PESB and its Role and Responsibilities**

Public Sector Enterprises (PSEs) under the control of the Central Government play a vital role in the development of the national economy. In order to evolve a sound managerial personnel policy for the Public Sector Enterprises and, in particular, to advise government on appointments to the top management posts, the Government of India constituted a Public Enterprises Selection Board (PESB) by a Resolution dated 30th August, 1974. Consequent upon the shift of the secretariat of the PESB from the Department of Public Enterprises to the Department of Personnel & Training from 9th July, 1986, a comprehensive review of the PESB has been made and it has been decided to revise the policy relating to the functions, membership, methodology for selection and infra-structure of the Board, as set out below.

2. Objectives and Functions: The PESB shall, henceforth, function as a professional body with a large measure of autonomy. Its functions shall be:

- (i) to be responsible for the selection and placement of personnel in the posts of Chairman, Managing Director or Chairman-cum-Managing Director (Level-I), and Functional Director (Level-II) in PSEs, as well as in posts at any other level as may be specified by the Government.
- (ii) to advise the Government on matters relating to appointment, confirmation or extension of tenure and termination of the services of personnel of the above mentioned levels;
- (iii) to advise the Government on the desired structure at the Board level, and for senior management personnel, for each PSE or group of PSEs;
- (iv) to advise the Government on a suitable performance appraisal system for both the PSEs and the managerial personnel in such enterprises;
- (v) to build a data bank containing data relating to the performance of PSEs and its officers;
- (vi) to advise the Government on formulation and enforcement of a Code of Conduct and Ethics for managerial personnel in PSEs;
- (vii) to advise the Government on evolving suitable training and development programmes for management personnel in PSEs.

3. Constitution of the Board: The PESB shall consist of one part-time or full-time Chairperson and three full-time Members. The Chair-person and Members shall be persons who have had a long and distinguished career in management of public or private corporations or public administration and have a proven record of achievements, preferably, in the field of personnel, finance, production or marketing. The three full time Members of the PESB shall:

- (a) A distinguished former Chief Executive of a PSE,
- (b) A distinguished behavioural scientist with experience in selection of top management personnel;
- (c) A distinguished former civil servant with experience in management of PSEs or in areas of finance, industry or economic affairs.

4.1 Selection: A committee comprising the following will recommend a panel of names in order of preference for appointments to the posts of Chairperson and Members—

- (a) Cabinet Secretary
- (b) Secretary (Personnel)
- (c) Secretary (Finance)
- (d) Secretary (Public Enterprises)

4.2. The recommendations of the Committee will be submitted to the Appointments Committee of the Cabinet (ACC).

5. Tenure and Age Limit: The Chairperson/Member of the PESB shall hold office for a term of three years from the date on which he assumes charge or until he attains the age of 65 years, whichever is earlier. He shall be eligible for consideration for reappointment for a second term subject to the age-limit of 65 years.

6. Pay and Allowance: Terms and conditions of appointment :-

- (i) The appointment shall be made by the Appointments Committee of the Cabinet (ACC).
- (ii) The pay of the Chairperson and the Members shall be the same and equal to that of Secretary to the Government of India in the revised pay scale.
- (iii) Dearness Allowance and other reliefs on account of increase in the cost of living shall also be admissible at the rates determined from time to time by the Government.

(iv) The other conditions of service including allowances and benefits shall be as determined by the Government from time to time.

7.1 Selection Policy: The PESB shall not be a mere Interview Board. It shall also constitute itself into a Search Committee to look out for and identify suitable persons who can be appointed to Level-I and Level-II posts in Public Sector Enterprises.

7.2 The policy of the Government is to appoint through a fair and objective selection procedure outstanding professional managers to Level-I and Level-II posts and posts at any other level as may be decided by the Government from time to time. Government have also recognized the need to develop a cadre of professional managers within the public sector. Hence unless markedly better candidates are available from outside, internal candidates, employed in the public sector enterprises, will be preferred for appointment to Board level posts. If internal candidates are not available, preference will be given to candidates working in other public sector enterprises, either in the same area of business or in other areas. Mobility of managerial personnel among public sector enterprises within the same sector or group, failing which mobility within the public sector as a whole will be encouraged, subject to certain limitations. In special cases, recruitment may be made from the organized services under the Central Government. Such cases would be where, because of special circumstances, it is necessary to place a member of an organized service in a public sector enterprise or where because of the nature of the enterprises or its poor health, it would be difficult to attract good professional managers on a tenure basis.

8. This Resolution supersedes the Ministry of Finance (Bureau of Public Enterprises) Resolution No. 5(1)/74/BPE(PESB) dated 30th August, 1974 and subsequent amendments thereto except things done or committed to be done before such supersession.

## **ORDER**

Ordered that the Resolution be published in the Gazette of India Extraordinary, Part-I, Section-I. Ordered also that a copy of the Resolution be communicated to all Ministries/Departments of the Government of India Public Sector Undertakings, State Governments/Administration of Union Territories and all other concerned.

**(DOPT Resolution No. 27(21)-EO/86 (ACC) dated 3rd March, 1987)**

**(Below are two amendments to the above Resolution setting up the PESB.)**

**DOPT Amendment No.6(9)-EO/89(ACC), dated 6th September, 1989.**

The following proviso of the Resolution No. 27(21)EO/86(ACC), dated the 3rd March, 1987, relating to the comprehensive review of the Public Enterprises Selection board published in Part-

I Section I of the Extraordinary Gazette dated 3rd March, 1987 shall be added to paragraph 5 of the Resolution to be effective from 3rd March, 1987:

Provided that in exceptional circumstances, the Chairperson/ Member may be continued beyond the age of 65 years for such period not exceeding one year, as may be specified by the government.

**DOPT Amendment No. F. 27(8)EO/93(ACC), dated the 2nd September, 1993.**

In partial modification of the Government of India, Ministry of Personnel, Public Grievances & Pension (Department of Personnel & Training) Resolution No. 27(21)EO/86(ACC) dated 3rd March, 1987, the existing words in sub-clause (b) of Para 3 of this Resolution, shall be replaced by:

A distinguished person with experience in selection of top management personnel.

**DOPT Amendment No. F. 27(18)EO/99(ACC), dated the 19th April, 2000.**

In partial modification of the Government of India, Ministry of Personnel, Public Grievances & Pensions (Department of Personnel & Training) Resolution No. 27(21)EO/86(ACC) dated 3rd March, 1987, the following replacements/additions shall be made:—

(i) The existing words in sub-para (a) of para 3 of the Resolution be replaced by the following:—

“A distinguished serving or former Chief Executive of a Public Sector or Private Sector or Joint Sector Enterprises.”

(ii) The existing words in sub-para (c) of para 3 of the Resolution be replaced by the following:—

“A distinguished serving or former Civil Servant with experience in management of Public Sector Enterprises or in areas of finance, industry or Economic Affairs.”

(iii) The following be introduced as a proviso below para 3 of the Resolution:—

“Provided that the Chairperson or a Member, who on the date of his appointment to the Public Enterprises Selection Board was in the service of the Central or a State Government, shall be deemed to have retired from such service with effect from the date of his appointment as Chairperson or member, as the case may be, of the Public Enterprises Selection Board”.

(iv) The following be added to the existing Resolution as sub-para 3 of para 7:—

“In special circumstances, the appointment to a particular post or posts in a Public Sector Enterprises may be made other than through the PESB with the prior and specific approval of the

Appointments Committee of the Cabinet. The Appointments Committee of the Cabinet while granting such an approval, will also specify the body such as, Search Committee, Selection Committee, or the Civil Services Board, as the case may be, that shall make the selection for that particular post or posts, as well as the selection procedure to be followed for filling the particular post or posts.”

(v) The following be added as sub-para 4 of para 7

“In respect of sick and potentially sick Public Sector Undertakings, the Administrative Secretary of the Ministry/ Department concerned, in consultation with the Public Enterprises Selection Board and with the approval of the Cabinet Secretary, could take a decision at any stage in the process of recruitment to the post of Chairman, Managing Director or Chairman-cum-Managing Director of the Public Sector Enterprises, to take a person on deputation from any of the All India or Group ‘A’ Central Services without insisting on the rule of immediate absorption.”