

Appointment of Chief Executives and Functional Directors in sick/loss making Central Public Sector Enterprises (CPSEs) under revival package approved by the Government. (DPE OM No. 18(11)/2005-GM-GL-88 dated the 24th July, 2007)

CHAPTER II **PERSONNEL POLICIES**

(h)Matters related to Board of Directors

67. DPE/Guidelines/II(b)/42
Appointment of Chief Executives and Functional Directors in sick/loss making Central Public Sector Enterprises (CPSEs) under revival package approved by the Government.

The National Common Minimum Programme (NCMP), inter-alia, states that every effort will be made to modernize and restructure sick public sector companies and revive sick industry. The Government has considered the issue relating to restructuring of CPSEs and also the ways and means for funding the scheme for revival of such CPSEs as well as providing strong and effective top management team for them. In this context, it was felt that there was a need to attract Board level executives capable for turning around sick CPSEs and give them continuity of tenure for the revival package to succeed.

2. The Government has considered this matter and the Competent Authority has decided that in the case of sick/loss making CPSEs for which revival plan has been approved by the Government, the following relaxation would be provided:-

(i) In case, any Board level incumbent of such CPSE has contributed exceedingly well in the turn around of that sick CPSE, his tenure may be extended till he attains the age of 65 years. Since, the selection process to a board level post is being initiated by Public Enterprises Selection Board (PESB) one year prior to the due date of superannuation of the incumbent, the proposal for extension of tenure beyond the age of superannuation will have to be initiated at least one year prior to the date of superannuation of the incumbent. In case, the balance period of tenure of incumbent is less than one year at the time of approval of revival package by the Government, such proposal for extension of tenure may be initiated immediately after approval of revival package by the Government. The

decision on the extension of tenure beyond the normal retirement age will be taken as per the extant procedure for extension of tenure of Board level executives, i.e. joint appraisal by PESB followed by the approval of the competent authority. Further, such extension would be subject to annual review of the performance of the incumbent to be conducted by Secretary of the concerned administrative Ministry.

(i) Where fresh appointment of the Chief Executive or any Functional Director is proposed and if the PESB procedure of circulation of vacancy does not ultimately lead to a panel for consideration by the competent authority, then relaxation of cut-off age for applying, to 62 years, with minimum tenure of 3 years, could be considered. In such cases, serving/retired CPSE executives, Government servants and private sector executives could be considered.

(ii) Chief Executives and Functional Directors of these CPSEs would be considered for a lump-sum incentive up to maximum of Rs.10 lakh out of the profits of the CPSE besides usual pay, allowances and perks attached to the post. The detailed guidelines in this regard would be issued separately.

3. It is re-iterated that the extant guidelines and procedure with regard to the process for selection, appointment and extension of the tenure of the Chief Executives and Functional Directors of CPSEs will continue to be followed except for the relaxations specified in para 2(i) and para 2(ii) above.

4. All the administrative Ministries and Departments concerned are requested to take note of the above decision.

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