

No. 2(22)/99-GM  
Government of India  
Ministry of Heavy Industries and Public Enterprises  
Department of Public Enterprises

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Public Enterprises Bhawan,  
Block 14, CGO Complex,  
Lodhi Road, New Delhi-110003.

Dated, the 8<sup>th</sup> August, 2012

**OFFICE MEMORANDUM**

Subject:- Restrictions on top level executives of Central Public Sector Enterprises (CPSEs) joining private commercial undertakings after retirement.

The undersigned is directed to refer to this Department's O.M. of even number dated 15<sup>th</sup> May, 2008 on the subject mentioned above.

2. Para 3 of the afore-mentioned O.M. dated 15<sup>th</sup> May, 2008, inter alia, provided that "Further, in order to secure compliance of the restrictions, the CPSEs shall secure a bond from the concerned person at the time of his/her employment/retirement/resignation as Director in CPSEs for an appropriate sum of money payable by him/her as damages for any violation of the restrictions".

3. The above matter has been considered in consultation with Central Vigilance Commission (CVC) and it has been decided to prescribe the model bond which would be executed by full-time functional Directors/MDs/CMDs of all CPSEs before release of terminal benefits. A copy of the model bond, duly vetted by the Ministry of Law & Justice and approved by the CVC, is enclosed.

4. All administrative Ministries/Departments are requested to take immediate action to get the above model bond executed by all full-time functional Directors/MDs/CMDs of all CPSEs under their respective administrative control.

Encl: As stated above.

  
(Umesh Dongre)  
Director  
Tel: 24363066

All administrative Ministries/Departments  
(Secretaries by name)

...2/-

## Copy to-

- (i) Establishment Officer & Additional Secretary, Department of Personnel & Training, North Block, New Delhi
- (ii) Secretary, Central Vigilance Commission, Satarkta Bhawan, GPO Complex, Block A, INA, New Delhi - 110 023
- (iii) Secretary, Public Enterprises Selection Board, 14 CGO Complex, Lodhi Road, New Delhi
- (iv) Director (Wage Cell), DPE - with the request to suitably incorporate the issue of execution of above model bond in the standard Terms and Conditions of the Board level appointees in CPSEs.

## Copy also to-

- (i) PS to Minister (HI&PE)
- (ii) PS to Secretary (PE)
- (iii) PS to JS (AKS)
- (iv) PS to JS (AKP)
- (v) PS to Adviser (PE)

  
(Umesh Dongre)  
Director

## BOND CUM UNDERTAKING

160

(To be executed on a non judicial stamp paper of the appropriate value)

To be obtained from the concerned Functional Directors(s)/CMD alongwith  
NON DUES CERTIFICATE prior to release of terminal benefits

KNOW ALL MEN BY THESE PRESENTS THAT WE .....s/d/o  
..... resident of ..... presently working as ..... in  
(Name of CPSE) (hereinafter called "the Obligor") and (i) Shri.....  
s/d/o.....r/o..... (ii) Shri..... s/d/o.....  
r/o..... (hereinafter called "the Sureties") do hereby jointly and severally  
bind ourselves and respective heirs, executors and administrators to pay to the  
.....(Name of the CPSE) on demand the sum of Rs.....  
(Rupees.....) equivalent to the basic pay drawn by the Obligor during  
the last six months of his/her tenure in (Name of CPSE) or Rs.10 (Ten) lakhs, whichever  
is more, together with interest thereon from the date of demand at Government rates,  
for the time being in force, on Government loans or, if payment is made in a country  
other than India, the equivalent of the said amount in the currency of that country  
converted at the then prevailing official rate of exchange between that country and  
India AND TOGETHER with all costs between attorney and client and all charges and  
expenses that shall or may have been incurred by the Company.

1. AND WHEREAS the Obligor has been appointed to the position of Director/CMD in (Name of the CPSE) (hereinafter called 'the Company'), in terms of Offer of Appointment ref. No..... Dated..... The aforesaid terms of the offer were accepted by him/her and the Obligor assumed office on .....
2. AND WHEREAS in terms of the aforesaid Offer of Appointment it is required that in the event of Obligor's retirement/resignation from the Company, the Obligor will not accept any appointment or post, whether advisory or administrative, in any firm or Company whether Indian or Foreign, with which the Company has or had business relations, within one year from the date of Obligor's retirement/resignation, without prior approval of the Government.
3. AND WHEREAS it was also required, in terms of the aforesaid Offer of Appointment, that terminal benefits due to Obligor, in the event of his/her retirement/resignation from the services of Company, would not be released unless a bond regarding aforesaid restriction on the post retirement is executed by him/her.
4. AND WHEREAS for the better protection of the Company, the Obligor has agreed to execute this bond with such condition as herein under contained.
5. AND WHEREAS the said Sureties have agreed to execute this bond as sureties on behalf of the above Obligor.
6. NOW THE CONDITIONS OF THE ABOVE WRITTEN OBLIGATION IS THAT in the event of Obligor's failure to abide by the restriction pertaining to acceptance of employment or post, whether advisory or administrative, in any firm or Company whether Indian or Foreign, with which the Company has or had business relations, within one year from the date of Obligor's retirement/resignation, without prior approval of the Government, Obligor shall become liable for payment of the sum

equivalent to the bond amount to (Name of CPSE). In the event of the aforesaid failure and upon the Obligor failing to pay the sum equivalent to the bond amount to (Name of CPSE), the Company will be at liberty to initiate appropriate civil action for recovery of the aforesaid bond amount from the Obligor. This will be without prejudice to the rights of the Company to initiate any other action as deemed fit in the circumstances of the case.

AND upon the Obligor Shri..... and, or Shri..... and, or Shri..... and Shri....., the Sureties aforesaid making such payment, the above written obligation shall be void and of no effect otherwise it shall be and remain in full force and virtue.

PROVIDED ALWAYS that the liability of the Sureties hereunder shall not be impaired or discharged by reason of time being granted or by any forbearance act or omission of the Company or any person authorised by it (whether with or without the consent or knowledge of the Sureties) nor shall it be necessary for the Company to sue the Obligor before suing the Sureties Shri..... and Shri..... or any of them for amounts due hereunder.

THE bond shall in all respects be governed by the laws of India for the time being in force and the rights and liabilities hereunder shall where necessary be accordingly determined by the appropriate Courts in India.

In witness whereof, these present have been signed by a duly authorised officer on behalf of the Company and by the other person(s) party thereto.

Signed and delivered by the above Obligor along with his Sureties on this..... Day of ..... Month ..... 20....

Signature of Obligor

..... 1. Sign of Surety :  
Name :  
Designation :  
Office to which attached :

In the presence of \_\_\_\_\_  
For and on behalf of the Company

2. Sign of Surety :  
Name :  
Designation :  
Office to which attached :

This bond should be executed accordingly & accepted by the accepting authority\*

Signature of the Accepting Authority

\* The accepting authority for Directors/MD and CMD of CPSEs would be as under

Directors	CMD/MD of the concerned CPSE
MD	Chairman of the concerned CPSE
CMD	Secretary of the concerned administrative Ministry/Department