

F.No. 9(23)/2014-MGMT
Government of India
Ministry of Heavy Industries and Public Enterprises
Department of Public Enterprises

Block No.14, CGO Complex,
Lodi Road, New Delhi-110003
Dated the 16th December, 2019

OFFICE MEMORANDUM

Subject: Payment of sitting fees and other facilities to Independent (non-official) Directors of Central Public Sector Enterprises (CPSEs)

The undersigned is directed to state that the Government has reviewed the above matter and following guiding principles are prescribed in this regard.

- (i) The Boards of Maharatna, Navratna and profit making CPSEs may fix the sitting fees for their Independent Directors within the ceiling prescribed by Ministry of Corporate Affairs.
- (ii) In respect of other CPSEs, the Boards of such CPSEs may fix the sitting fees for their Independent Directors in consultation with the administrative Ministry/Department concerned within the ceiling prescribed by Ministry of Corporate Affairs.
- (iii) The CPSEs which have made net profit for last three years continuously and have positive net worth will be considered as '*profit making CPSEs*' for the purpose of the dispensation at para (i) above.
- (iv) The specific dispensation for Maharatna, Navratna and profit making CPSEs shall stand automatically withdrawn in the event of the CPSE failing to fulfill the requirement of continuous profitability and positive net worth as prescribed in para (iii) above and in such cases the sitting fees for the Independent Directors may be fixed as per procedure in para (ii) above.
- (v) The Boards of CPSEs while fixing the sitting fees for their Independent Directors may consider the sitting fees fixed by peer CPSEs in similar category, e.g., Maharatna, Navratna, etc.
- (vi) The concerned administrative Ministry/Department may also ensure compliance of Section 197(5) of the Companies Act, 2013 with regard to sitting fees to be mandated by the Boards of concerned CPSEs.
- (vii) The CPSEs will explore other permissible digital modes for participation of Independent Directors in Board/Board Committee meetings. Existing constitution of Board Committees would also be reviewed to reduce the number of members to the minimum prescribed level.

2. All Ministries/Departments are requested to bring the above guiding principles to the notice of CPSEs in their administrative jurisdiction for information and compliance.



(Lokesh Bajpai)
Director

Tel : 2436-0218

To Secretaries of all administrative Ministries/Departments (by name)

Copy to :-

- (i) Prime Minister's Office, (Ms. Kavitha Padmanabhan, Deputy Secretary), South Block, New Delhi
- (ii) Cabinet Secretariat, (Ms. Meera Mohanty, Director), Rashtrapati Bhavan, New Delhi
- (iii) Department of Personnel & Training, (Ms. Sagarika Patnaik, Director-ACC), North Block, New Delhi.
- (iv) Cabinet Secretariat, (Shri Sibi Chakkravarthy M, Deputy Secretary), Rashtrapati Bhavan, New Delhi - w.r.t. ID No. 252/2/6/2017-CA.III(Vol.II) dated 6.12.2019

Copy also to :-

- (i) PS to Hon'ble Minister (HI & PE)
- (ii) PS to Hon'ble Minister of State (HI & PE)
- (iii) PPS to Secretary (PE)
- (iv) PPS to AS & FA (HI & PE)
- (v) NIC, DPE - with a request to upload the guideline on DPE website