

CHAPTER II **PERSONNEL POLICIES**

(b) Composition of Board of Directors

6. DPE/Guidelines/II(b)/6

Composition of Board of Directors of Public Enterprises.

As the Ministry of Industry, etc. are aware, according to the present policy of the Government, a sitting Member of Parliament should not be appointed to the Boards of Directors of Central Government Public Enterprises. The guidelines issued by BPE through its O.M. No. 2 (158)/70-BPE (GM) dated the 13th October, 1972, also envisaged that for large multi-unit enterprises and large trading organizations, the typical structure of a Board could be a full-time Chairman-cum-Managing Director, assisted by a few Functional Directors, and part-time Directors. It was, however, indicated at that time that there should be no bar to the appointment of a part-time Chairman if in particular cases this course appears desirable, in which cases, a suitable whole-time Managing Director should invariably be appointed.

2. Government had occasion to review these two issues at considerable length in the context of the recommendations of the Committee of Public Undertakings and in the light of some proposals received from the Administrative Ministries from time to time.

3. Government have decided that the policy of not appointing sitting Members of Parliament to the Boards of Directors of Central Government Public Enterprises should continue. Government have also taken a decision that the policy of combining the post of Chairman and Managing Director of a public enterprise should be decided on the merits of each type of enterprise and the availability of a competent person to hold the post of part-time Chairman.

4. The above decisions are brought to the notice of the Ministry of Industry, etc. for information and compliance. Cases where sitting Members of Parliament are already functioning as part-time Members of the Boards of Central Government Public Enterprises may also be reviewed in the light of the above decision of the Government when the Boards of Directors of such enterprises are reconstituted.

(BPE O.M. No. 2 (9) /80-BPE (GM) dated 20th April, 1982)