

CHAPTER II **PERSONNEL POLICIES**

(b) Composition of Board of Directors

4. DPE/Guidelines/II(b)/4

Guidelines on Top Posts in Public Enterprises

The undersigned is directed to refer to the Ministry of Finance (BPE) Resolution of even number dated 5.8.77 on the above subject and to refer to the guidelines relating to "tenure of appointment". It was stated therein that orders of appointment to Top Posts issued by the administrative Ministries should incorporate a suitable clause for review of performance of the appointee after a year. The intention is that the Government should be able to assess the work at the end of a year in a five-year's contract and terminate the contract if his performance is found to be not quite satisfactory.

2. The procedure for the review of performance after a year has been considered by the Government in consultation with the Public Enterprises Selection Board. It has been decided that the following procedure should be adopted for undertaking the review:

(i) Since each administrative Ministry is responsible for the performance of the Public Enterprises under its control, it should remain responsible for the proposed review of performance of appointees to top posts at the end of the first year of a longer-term contract;

(ii) The review should be carried out by the Ministry in relation to the targets set out for the Corporation within a period of 3 months from the end of the first year of the tenure. The targets may have been included in the annual performance budget of the Corporation and/or may have been set out by the Board of the Company in terms of its corporate goals;

(iii) It is necessary for the PESB to get first hand information regarding the performance of the candidates it recommends for first and second level appointments so that it can, where necessary attempt to improve its selection systems and procedures. It is, therefore, suggested that after the concerned Secretary has completed his assessment of the Chief Executive, he could orally convey his views to the Chairman, PESB. If the recommendation made by the Ministry is to withhold confirmation of a Chief Executive, the Secretary should meet the Chairman PESB to explain and discuss the areas in which the Chief Executive has failed;

(iv) A similar procedure can be adopted for the second level posts except that the consultation would be between the Chief Executive of the Company, Secretary of the administrative Ministry and the Member of the PESB concerned with the selection.

2. All Ministries are requested to adopt the above procedure and bring it to the notice of the Public Enterprises under their administrative control.

(BPE O.M. No. 5(24)/77-BPE (PESB) dated 8th February, 1978)