

CHAPTER II **PERSONNEL POLICIES**

(b) Composition of Board of Directors

25. DPE/Guidelines/II(b)/25

Appointment of non-official part-time Directors on the Boards of Public Sector Undertakings.

The undersigned is directed to refer to this Department's O.M. No. 18(6)/91-GM dated 16.3.92 wherein detailed instructions regarding composition of Board of Directors of Public Enterprises were issued. Among other things, it was mentioned therein that every Board should have some non-official part-time Directors whose number should be at least 1/3rd of its actual strength. Further, the non-official part-time Directors are to be appointed from a panel prepared by DPE in consultation with PESB and the administrative Ministry/Department concerned. Non-official Directors are to be drawn from the public men, technocrats, management experts and consultants, and professional managers in industry and trade with a high degree of proven ability.

2. Proposals for appointment of non-official part-time Directors are initiated by the concerned administrative Ministry and these are processed in DPE in consultation with PESB for preparation of the panel. However, it has been observed that the proposals received from administrative Ministry/Department do not contain all necessary information with the result that avoidable delays take place in processing them. In order to obviate delays and enable this Department to process such proposals quickly, all the administrative Ministries/Departments are requested to furnish the following particulars/information/ documents while forwarding proposals to this department:

(i) The provisions in the Articles of Association of the PSE concerned regarding appointment of Directors and the minimum and maximum number of Directors provided therein.

(ii) a) The present composition of the Board with category-wise list of (i) full time Directors, (ii) part-time official Directors and iii) part-time non-official Directors.

b) The details of non-official part-time Directors appointed during the past 5 years.

(iii) Whether the present composition is in accordance with the norms laid down in the DPE O.M. No. 18(6)/91-GM dated 16.3.92. If not, details of proposals for rectifying it.

(iv) a) Number of non-official Directors proposed to be appointed.

b) The names and complete bio-data of the persons to be considered for appointment. The bio-data should contain the full name and address, date of birth (not age only), educational qualifications, experience, positions held in the past, areas of specialization, directorship held in other companies, etc.

c) Indicate whether the background and experience of each person recommended would not only help in professionalising the Board of the concerned PSE but would also be relevant to its functioning with particular regard to its needs and requirements.

d) The reasons/justifications for recommending the persons should be clearly spelt out.

3. The number of persons proposed should normally be at least three times the number of non-official Directors to be appointed. Further, there should be a good-mix of professionals with expertise in different fields like finance, marketing, management, industry and trade, administration, academic, research & consultancy, etc. relevant to the functioning of the PSU with particular regard to its needs and requirements.

4. All the administrative Ministries/Departments are requested to kindly ensure that the proposals sent to DPE incorporate all the points mentioned above and are complete in all respects.

(DPE O.M. No.18(4)/99-GM dated 15th February, 1999)