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

Block No.14, CGO Complex,
Lodi Road, New Delhi.
Dated the 24th April, 2018

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. No. 2(22)/99-GM dated 15th May, 2008, 3rd June, 2009, 8th August, 2012, 7th January, 2013 and 14th December, 2016 on the subject cited above and to state that the contents of the above instructions have been examined and consolidated into a single guideline for ease of understanding and better compliance as under.

2. The following proviso may be included in the CDA Rules/ Service Rules of Central Public Sector Enterprises (CPSEs) and also, in the terms & conditions of appointment of full time Directors, including Chief Executives.

"No functional Director of the company including the Chief Executive who has retired/resigned from the service of the company, after such retirement/ resignation, shall 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 his/her date of retirement without the prior approval of Government".

3. The term retirement includes resignation; but not in cases where the term of appointment was not extended by the Government for reasons other than proven misconduct. The term 'business relations' includes 'official dealings' as well. The term 'appointment or post' also includes the position of Independent Director in private companies.

4. Functional Directors, including Chief Executives who after superannuation or resignation accept employment in private commercial firms/companies without the prior sanction of Government, will henceforth be debarred from being appointed as full time/part time Directors of CPSEs.

5. Further, in order to secure compliance of these restrictions, 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 these restrictions. A copy of the model bond, duly vetted by the Ministry of Law & Justice and approved by the CVC, which would be executed by full-time functional Directors/MDs/CMDs of all CPSEs before release of terminal benefits, is enclosed (Annex-1). All administrative Ministries/Departments are requested to get this model bond executed by all full-time functional Directors/ MDs/CMDs of all CPSEs under their respective administrative jurisdiction.

6. The administrative Ministry/Department shall examine requests received from Functional Directors including Chief Executives on a case to case basis depending upon the merit of the case after obtaining 'no objection' from the concerned CPSE and grant permission for post retirement employment with the approval of their Minister-in-charge.

7. The administrative Ministry/Department may grant permission keeping in view the

following aspects:-

- a. The official concerned has had no official dealings with prospective employers in the preceding five years.
- b. Whether the ex-functional Directors or ex-chief executives has been privy to sensitive or strategic information in the last years of their service which is directly related to the areas of interest or work of the organization which they propose to join or the areas in which they propose to practice/consult.
- c. Whether there is conflict of interest between the policies of the office (s) they have held in the last 5 years and the interest represented or work undertaken by the organization they propose to join. Such conflict of interest, however, should not be interpreted narrowly to mean normal economic competition with Government or its Enterprises.
- d. Whether the service record of the ex-functional Director or ex-chief executive is clear, particularly with respect to integrity and dealings with Government as well as with CPSEs/non-Government organizations.
- e. Applicant's commercial duties will not involve liaison or contact with the Government Departments/PSEs,
- f. The employer of the applicant should not get an unfair advantage due to previous official positions/experience/knowledge of the incumbent and also,
- g. The present emoluments and pecuniary benefits should not be far in excess of those currently prevalent in the industry. The words "far in excess" should not be narrowly interpreted to cover increases in such benefits that may be the result of buoyancy in the industry or the economy as a whole.

8. With a view to ensuring that all the relevant particulars are available for considering the application for permission to take post retirement employment, a model form of application is enclosed (Annex 2).

9. The administrative Ministry/Department shall normally take a final decision on the application for granting permission to accept any appointment/post after retirement and communicate the same to the applicant within a period of 30 days from the date of receipt of the application complete in all respects. In case no decision is communicated within 60 days, the applicant may take up the assignment presuming that the permission has been granted.

10. Wherever permission is to be refused on such requests, an opportunity may be given to the applicant to present his case and a final decision in this regard shall be communicated after consultation with DPE.

11. All administrative Ministries/Departments are requested to comply and also to bring the contents of this guideline to the notice of the CPSE(s) under their administrative control.

Encl: As stated.

(B.N. Mishra)
Director

Tel : 2436-0624

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

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) Chief Executives of CPSEs

Copy also to :-

- (i) PS to Minister (HI&PE)
- (ii) PS to Minister of State (HI&PE)
- (iii) PPS to Secretary (PE)
- (iv) PPS to AS&FA (HI & PE)
- (v) PPS to AS(MG)
- (vi) All officers of DPE
- (vii) NIC, DPE - with a request to upload the guideline on DPE website

BOND cum UNDERTAKING

(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 WEs/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

Form of application for permission to PSE executives to accept commercial employment within a period of one year after retirement.

1. Name of the Executive

(in BLOCK letters)

2. Date of retirement

3. Particulars of the Ministry/Department/Office/PSE in which the executive served during the last 5 years preceding retirement (with duration):

Name of Ministry/ Department/Office/PSE.	Post held	Duration	
		From	To

4. Post held at the time of retirement and period for which held

5. Pay scale of the post and pay drawn by the Executive at the time of retirement... ..

6. Pensionary benefits:

Pension expected/sanctioned, if any (communication if any, should be mentioned)	Gratuity, if any

7. Details regarding commercial employment proposed to be taken up –

- Name of the firm/company/co-operative society, etc.
- Products being manufactured by the firm/type of business carried out by the firm, etc.
- Whether the executive during last 5 years
- prior to his retirement/resignation had any official dealings with the firm.
- Duration and nature of the official dealings with the firm
- Whether the PSE in which the executive was working had any dealings with the firm, etc. if so, give details
- Name of the job/post offered
- Whether post was advertised, if not, how was offer made (attach newspaper cutting of the advertisement, and a copy of the offer of appointment, if any)
- Description of the duties of the job/post

(i) Remuneration offered for post/job

8. Any information which the applicant desires to furnish in support of his request

9. Declaration:-

I hereby declare that –

- I had no official dealings with the prospective employer in the preceding 5 years.
The proposed employment will not involve conflict of interest with the policies of the office held by me during the last 5 years and the interest represented or work

- undertaken by the organization;
- ii. the employment which I propose to take up will not bring me into conflict with Government/PSE;
 - iii. my commercial duties will not be such that my previous official position or knowledge or experience under Government/PSE could be used to give my proposed employer an unfair advantage;
 - iv. my commercial duties will not involve liaison or contact with the Government departments/PSEs.
 - v. I have not been privy to sensitive or strategic information in the last 5 years of service which is directly related to the areas of interest of work of the firm that I propose to join or to the areas in which I propose to practice or consult.

Signature of the applicant

Dated:

Address: