

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS
RAJYA SABHA
UNSTARRED QUESTION NO. 199
ANSWERED ON TUESDAY, THE 1st DECEMBER, 2015**

**INDEPENDENT DIRECTORS IN PSUs
QUESTION**

199. SHRI DEVENDER GOUD T.:

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether it is a fact that Companies Act mandates to have at least, one independent Director in all PSUs;
- (b) whether it is a fact that 28 of the 45 PSUs do not have even a single independent Director on the Board;
- (c) if so, the reasons therefor; and
- (d) the efforts being made to appoint independent Directors in the above PSUs immediately?

ANSWER

THE MINISTER OF CORPORATE AFFAIRS

(SHRI ARUN JAITLEY)

(a):- Section 149(4) of Companies Act, 2013 mandates appointment of independent directors by listed companies. Further, as per Rule 4 of Companies (Appointment and Qualifications of Directors) Rules, 2014 the following class of companies shall have atleast two independent directors:-

- (i) the Public Companies having paid up share capital of ten crore rupees or more; or
- (ii) the Public Companies having turnover of one hundred crore rupees or more; or
- (iii) the Public Companies which have, in aggregate, outstanding loans, debentures and deposits, exceeding fifty crore rupees;

(b) to (d):- Since, the issue of appointment of directors on the Board of Public Sector Undertakings falls in the domain of Department of Public Enterprises, this Ministry has sought their comments. Based on the comments received from the Department of Public Enterprises, the reply is as under:-

- (i) The proposals for the appointment of independent (non-official) Directors are required to be initiated by the concerned Administrative Ministries and submitted to DPE. These proposals are processed in DPE and are placed for the consideration of the Search Committee. The recommendations of the Search Committee are thereafter forwarded to the concerned administrative

Ministries. The appointment of non-official Directors on the Boards of CPSEs is made by the administrative Ministries on the basis of recommendations made by the Search Committee after completing due formalities and obtaining approval of competent authority.

(ii) The Non-official Directors are appointed for a tenure of three years. Filling up vacant positions of non-official Directors is a continuous process and these vacant positions will get filled up after proposals furnished by administrative Ministries are considered by the Search Committee and non-official Directors are appointed on the basis of the recommendations of the Search Committee.

(iii) Following actions have been taken to ensure the timely appointment of independent Directors on the Boards of CPSEs.

(a) Time lines have been prescribed for various activities associated with the process of selection and appointment of non-official Directors.

(b) DPE is regularly requesting the concerned administrative Ministries to furnish proposals for filling vacant positions.

(c) The Search Committee has recently recommended names for filling around 150 positions of independent Directors on the Boards of CPSEs (including listed CPSEs). Based on these recommendations, around 90 positions of independent Directors have already been filled.
