

**GOVERNMENT OF INDIA
HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
LOK SABHA**

UNSTARRED QUESTION NO:4919
ANSWERED ON:23.12.2014
APPOINTMENT IN PSUS
Giri Shri Maheish

Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

- (a) the extant rules/regulations governing appointment of independent directors in all PSUs and listed entities which are regulated by the SEBI;
- (b) whether there are apprehensions regarding the independence of the said directors as some of them are reportedly running their own consultancy/advisory in the same business field;
- (c) if so, the details thereof and the reaction of the Government thereto;
- (d) whether the Government proposes to include a mandatory clause of non business/commercial activity for the appointment of independent directors to ensure a fair and free decision by them in the companies where they are on board; and
- (e) if so, the details thereof and the time by which it is likely to be implemented? `

Answer

THE MINISTER OF STATE FOR HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
(SHRI G.M. SIDDESHWARA)

- (a) : As per extant guidelines, the number of non-official Directors on the Board of all Central Public Sector Enterprises (CPSEs) should be at least one-third of its actual strength and in the case of listed CPSEs at least half of the Board should comprise non-official Directors in terms of provisions of Clause 49 of listing agreement of Securities and Exchange Board of India.
- (b) to (e) : The persons being considered for appointment as non-official Directors on the Boards of CPSEs are required to certify that there would be no conflict of interest on their appointment as non-official Director on the Board of concerned CPSE. Further, section 149 of the Companies Act, 2013 provides that an independent director should not have or had no pecuniary relationship with the concerned company and has prescribed code for Independent Directors laying down, inter-alia, guidelines of their professional conduct, role and functions, etc.