

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**LOK SABHA
STARRED QUESTION NO. 424
ANSWERED ON FRIDAY, THE 16th DECEMBER, 2016
AGRAHAYANA 25, 1938 (SAKA)**

APPOINTMENT OF DIRECTORS IN COMPANIES

QUESTION

***424. SHRI ARVIND SAWANT:
SHRI MALLIKARJUN KHARGE:**

**Will the Minister of CORPORATE AFFAIRS
be pleased to state:**

कारपोरेट कार्य मंत्री

- (a) the criteria/norms laid down for the appointment of independent directors in the companies including Public Sector Undertakings (PSUs);
- (b) whether the Government is aware that a large number of listed companies including PSUs have not appointed women Directors in its board and if so, the details thereof and the reasons therefor along with the corrective steps taken by the Government in this regard; and
- (c) whether the Government has issued any directions to the listed companies to nominate SCs/STs/OBCs as Director in their board and if so, the details thereof?

ANSWER

**THE MINISTER OF CORPORATE AFFAIRS
कारपोरेट कार्य मंत्री**

**(SHRI ARUN JAITLEY)
(श्री अरुण जेटली)**

(a) to (c):- A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN ANSWER TO LOK SABHA STARRED QUESTION NO. 424 FOR 16.12.2016 REGARDING APPOINTMENT OF DIRECTORS IN COMPANIES

(a):- Section 149 of the Companies Act, 2013 read with Rule 4 and 5 of Companies (Appointment and Qualification of Directors) Rules, 2014 prescribes the requirement and criteria for appointment of Independent Directors in companies. Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 prescribes additional requirements for appointment of independent directors in listed companies. For Central Public Sector Enterprises (CPSEs), Department of Public Enterprises has laid down criteria in terms of age, educational qualifications and experience of persons to be considered for appointment as non-official (independent) Directors as per Annexure-I.

(b):- 169 and 1106 number of companies listed on National Stock Exchange and Bombay Stock Exchange respectively, had not appointed woman directors as on 30th September, 2016. SEBI had laid down timeline to comply with the requirement of appointment of woman directors, failure to comply with which attracts a minimum fine of Rs.50,000/- and additional fine for every day of non-compliance. As per available information, a woman Director is not in position on the Boards of 15 CPSEs. The list of the CPSEs is at Annexure-II. The concerned Ministires have already been advised to take necessary corrective steps.

(c):- No, Madam.

ANNEXURE REFERRED TO IN ANSWER TO LOK SABHA STARRED QUESTION NO. 424 FOR 16.12.2016 REGARDING APPOINTMENT OF DIRECTORS IN COMPANIES

Criteria for selection/appointment of non-official Directors on the Boards of CPSEs as laid down by the Government

(A) Criteria of Experience

- (i) Retired Government officials with a minimum of 10 years experience at Joint Secretary level or above.**
- (ii) Persons who have retired as CMD/CEOs of CPSEs and Functional Directors of the Schedule 'A' CPSEs. The ex-Chief Executives and ex-Functional Directors of the CPSEs will not be considered for appointment as non-official Director on the Board of the CPSE from which they retire. Serving Chief Executives/Directors of CPSEs will not be eligible to be considered for appointment as non-official Directors on the Boards of any CPSEs.**
- (iii) Academicians/Directors of Institutes/Heads of Department and Professors having more than 10 years teaching or research experience in the relevant domain e.g. management, finance, marketing, technology, human resources, or law.**
- (iv) Professionals of repute having more than 15 years of relevant domain experience in fields relevant to the company's area of operation.**
- (v) Former CEOs of private companies if the company is (a) listed on the Stock Exchanges or (b) unlisted but profit making and having an annual turnover of at least Rs.250 crore.**
- (vi) Persons of eminence with proven track record from Industry, Business or Agriculture or Management.**
- (vii) Serving CEOs and Directors of private companies listed on the Stock Exchanges may also be considered for appointment as part-time non-official Directors on the Boards of CPSEs in exceptional circumstances.**

(B) Criteria of Educational Qualification

Minimum graduate degree from a recognized university.

(C) Criteria of Age

The age band should be between 45-65 years (minimum/maximum limit)

This could, however, be relaxed for eminent professionals, for reasons to be recorded, being limited to 70 years.

(D) Reappointment

The non-official Directors, will not be re-appointed in the same CPSE after completing a maximum of two tenures, each tenure being for a period of three years.

(E) Appointment in number of CPSEs at the same time

One person will not be appointed as non-official Director on the Boards of more than three CPSEs at the same time.

(F) Directorship in private companies

A person being considered for appointment as non-official Director on the Board of CPSEs should not hold directorship in more than 10 private companies.

ANNEXURE REFERRED TO IN ANSWER TO LOK SABHA STARRED QUESTION NO. 424 FOR 16.12.2016 REGARDING APPOINTMENT OF DIRECTORS IN COMPANIES**List of listed CPSEs where no Woman Director is on Board****(As per information available with DPE on 13th December, 2016)**

S.No	Name of CPSE
1	Fertilizers & Chemicals Travancore Ltd.
2	Rashtriya Chemicals and Fertilizers Ltd.
3	Neyveli Lignite Corporation Ltd.
4	MMTC Ltd.
5	State Trading Corporation of India Ltd.
6	Hindustan Photo Films Manufacturing Co. Ltd.
7	Scooters India Ltd.
8	Bharat Petroleum Corporation Ltd.
9	Chennai Petroleum Corporation Ltd.
10	GAIL (India) Ltd.
11	Indian Oil Corporation Ltd.
12	Oil & Natural Gas Corporation Ltd.
13	Power Finance Corporation
14	Rural Electrification Corporation Ltd.
15	Bharat Immunologicals & Biologicals Corp. Ltd
