

**GOVERNMENT OF INDIA  
MINISTRY OF CORPORATE AFFAIRS**

**LOK SABHA**

**UNSTARRED QUESTION NO. 50**

**ANSWERED ON MONDAY, THE 18<sup>th</sup> NOVEMBER, 2019**

**KARTIKA 27, 1941 (SAKA)**

**APPOINTMENT OF INDEPENDENT DIRECTORS  
QUESTION**

**50. SHRI ANNASAHEB SHANKAR JOLLE:**

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

कारपोरेट कार्य मंत्री

- (a) whether there is a uniform law in appointing the independent directors or whole time directors to reputed companies in the country;**
- (b) if so, the details thereof;**
- (c) whether the Government is monitoring all these appointments;**
- (d) if so, the details thereof; and**
- (e) if not, the reasons therefor?**

**ANSWER**

**THE MINISTER OF STATE FOR FINANCE  
AND CORPORATE AFFAIRS**

**(SHRI ANURAG SINGH THAKUR)**

(श्री अनुराग सिंह ठाकुर)

वित्त एवं कॉर्पोरेट कार्य मंत्रालय में राज्य मंत्री

**(a) to (e):- The Companies Act, 2013 (Act) provides for appointment of independent directors [IDs] or whole time directors in certain companies incorporated under the Act.**

**The provisions of Section 149(4) of the Companies Act, 2013 read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules 2014 provide for the appointment of independent directors in companies. As per Section 149(4), every listed public company shall have at least one-third of the total number of directors as Independent Directors and the Central Government vide Rule 4 of the Companies (Appointment and Qualification of Directors) Rules 2014, has prescribed that the following class or classes of companies shall have at least two directors as 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.**

**Further, the provisions of section 196 of the Companies Act, 2013 and Schedule V to the said Act contain provisions regarding appointment of managerial personnel [including whole time directors] in companies. As per Section 196, no company shall appoint or reappoint any person as its managing director, whole-time director or manager for a term exceeding five years at a time. The said Section also provides the eligibility criteria and manner in which a managing director, whole-time director or manager shall be appointed. Further, Rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 provides that every listed company and every other public company having a paid up share capital of ten crore rupees or more shall have whole time key managerial personnel (including whole time directors in the absence of managing director or Chief Executive Officer or manager).**

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