ANNEXURE I

भारत का राजपत्र

THE GAZETTE OF INDIA

EXTRAORDINARY
PART I-Section 1
PUBLISHED BY AUTHORITY

NO. 208] NEW DELHI, FRIDAY, AUGUST 30, 1974/DHADRA 8, 1896

Separate Paging is given to this Part in order that it may be filed
as a separate compilation

MINISTRY OF FINANCE
(Bureau of Public Enterprises)
RESOLUTION
New Delhi, the 30th August 1974

No. 5(l)/74/BPE(PESB) – The Public Sector Enterprises of the Central
Government are expected to play a crucial role in the development of the
national economy. Their financial and managerial health, their growth,
expansion and development and the attainment of the objectives for which
they have been set up are matters, therefore, of very serious concern.
Government feels that if the above stated objectives are to be achieved, the
procedure for manning of posts at all levels in public sector enterprises must
firstly be reoriented in a way which gives the top management of enterprises
greater responsibility and accountability for performance. Secondly and no
less important is the need to improve management motivation by ensuring
that merit and potential are recognised and properly utilised.
It has, therefore, been decided that the recruitment, training and promotions in respect of the bulk of managerial posts in the public enterprises be delegated to the companies themselves. However, Government has retained the prerogative of appointment of the Chairman, both part-time and full-time, and the Members of the Board of Directors. In order to evolve a sound managerial personnel policy for the public sector enterprises and in particular to advise Government on appointments within its prerogative and also to advise the enterprises on management development within the companies, the Government of India have decided to constitute a Public Enterprises Selection Board with the following membership:

**Chairman**


**Members**

2. Shri S. Moolgaokar, Chairman, Tata Engineering and Locomotive Company.

3. Shri M. Sondhi, Secretary, Ministry of Heavy Industry, New Delhi.


5. Shri P.J. Fernandes, Director-General, Bureau of Public Enterprises, New Delhi.

1. It will be open to the Board to co-opt the services of experts in the Industry to which the vacancy is related. In the case of holding companies the Chairman of the holding company will be co-opted as a member of the Board for selection of Chairmen of the subsidiary companies.

2. The Bureau of Public Enterprises will function as the Secretariat of the
Public Enterprises Selection Board (PESB).

3. The Board will be charged with the following responsibilities for all public sector enterprises owned or managed by the Central Government, other than those in the field of insurance and banking.

4. Top level appointments – viz., Part-time Chairmen, Full-time Chairmen and Managing Directors. The Board will have the responsibility for selecting persons for appointment against the above posts for all public sector corporations including recommendations for extending the term of an existing incumbent. No such appointment/extension will be made save on the Board’s recommendation. In the case of a new appointment, the Board will recommend to the Minister in-charge of the Public Enterprise concerned where possible, a panel of two or three names, for consideration. The appointments will be made with the approval of the Appointments Committee of the Cabinet.

5. The Board is empowered collectively or individually to proceed abroad to interview candidates if found necessary and to contact suitable individuals on a personal basis.

6. Second level appointments-viz., (a) all full time executive/functional directors. - For selection to these posts, a Selection Committee will be set up by the Administrative Ministry in-charge consisting of:

   (a) Chief Executive of the Enterprise;

   (b) Representative of the PESB; and

   (c) One or two more members to be jointly selected by (a) and (b), one of whom would be specialist in the functional field. The Secretary of the PESB will serve as the Secretary of the Committee.

   The Committee will recommend, if possible, a panel of two or three names for the decision of the Minister in-charge. The appointments will be made with the approval of the Appointments Committee of the Cabinet. The
Committee will generally follow the same principles as adopted by the PESB for the selection to top level appointments.

(b) Part-time Non-Official Directors – Such appointments will be made after obtaining the approval of the Appointments Committee of the Cabinet. Before finalising its proposals, the Ministry concerned will consult the Chairman of the public sector enterprise and give due weight to his opinion. The Ministry may also seek the advice of the PESB.

(c) Part-time Government Directors – The appointments of Government Directors on an *ex-officio* basis may be made by the Minister in-charge of the Enterprise without reference to the Appointments Committee of the Cabinet or to the PESB.

7. Appointments below Board Level: (a) General Managers – The responsibility for selecting General Managers should be delegated to the Board of the Company. The Board should set up a Committee of not less than 4 of which the Secretary of the PESB should be one member to ensure that the claims of candidates from other enterprises are not overlooked.

(b) Other Posts – For these posts the Board of the Company may make such screening and selection arrangements as it considers appropriate, keeping in mind the broad guidelines that may be prescribed by the PESB.

8. Management Selection, Appraisal, Training and Development – The PESB will be closely associated with the formulation of selection, appraisal, training and development programmes and practices in public sector enterprises and their organisation structures and for this purpose will from time to time either collectively or individually, visit these enterprises. Once these have been agreed, regular reports at prescribed intervals will be required to be sent by public sector enterprises to the Secretariat of the PESB on the progress being made.
in implementing them.

9. **Categorisation of Posts** – Recommendations to Government on the categorisation of posts in public sector enterprises will be made in consultation with the PESB.

10. **Data Bank** – The PESB will arrange, through its secretariat, for the creation of a centralised data bank, from which the names of the candidates suitable for the three levels of job mentioned above will be supplied to the various selection committees/boards.

11. **Secretariat of the PESB** – A special secretariat to assist the PESB will be set up as a wing of the Bureau of Public Enterprises to perform the functions indicated above and provide the administrative support required by the PESB.

12. With the introduction of this new policy and procedure, all earlier orders on the subject are superseded. As the selections under the new policy will be with reference to job specifications for each post, the empanelment procedure introduced in Cabinet Secretariat O.M. No. 72/45/CF-65, dated 13th October 1965, will be discontinued.

**ORDER**

Ordered that the Resolution be published in the Gazette of India, Extraordinary, Part I, Section I.

Ordered also that a copy of the Resolution be communicated to all Ministries/Departments of the Government of India, Public Sector Undertakings, State Governments/Administrations of Union Territories and all other concerned.

AJIT MOZOOMDAR, Secy.