

PSU heads to have fixed tenure of 3 years: Praful Patel

Heads of state-run firms may soon have three-year fixed tenure to provide more stability to companies. Heavy industries and public enterprises minister Praful Patel on Wednesday said that a group of ministers (GoM) set up to deliberate on public sector reforms has approved the minimum tenure for PSU chiefs. The GoM decision came following recommendations by a panel led by former SAIL chairman SK Roongta.

"Based on these recommendations and the deliberations of the GoM, we will move (proposals) to the Cabinet and come out with a fresh set of guidelines that will help CPSEs function in a much more competitive and transparent environment," Patel said.

He said that the GoM had two extensive rounds of deliberations and one of the major recommendations was to have a strong set of independent directors on the board of PSUs.

"The age limit for independent directors has been proposed to be raised to 70 years, instead of 65 years," he said.

At present, all chairmen of public sector enterprises retire on reaching the superannuation age of 60. This meant that some would have only a very limited time on the board to shape policies.

"Currently, anyone in the age group of 58-60 is disqualified for the post of CMD. This is demoralising for the highest functional directors who probably are senior to the new CMD. Therefore, it creates a kind of anomaly in the functioning," said Patel.

On share buyback plans of CPSEs, Patel said that most CPSEs are aggressively pursuing their expansion or diversification plan.

The finance ministry and the PMO are pushing PSUs to achieve their capex plans or give their surpluses to the government.

The other major recommendation accepted by the GoM is to extend service of officers at the level of deputy general manager (DGM) and above by two years. Such an extension, however, may be limited to a maximum of 3% of total positions available in respective grades.

(Economic Times)