

19. STATUTORY BOARDS AND COMMITTEES

- 19.1 The Bureau also reports upon posts established under any other Law and therefore provides for the remuneration of part-time chairpersons, members and secretaries of Statutory Boards and Committees as well as for those appointed to serve on *ad hoc* Committees or Fact-Finding Committees or Courts of Investigation.

Composition of Boards

- 19.2 A Board and its composition is established under a section of an Act. The Chairperson of a Board and its constituent members are generally appointed by the Minister. They may be public officers or persons outside the Public Sector. The Board of an organisation is primarily responsible for policy formulation, strategic directives and ensures that the parastatal bodies are operating within the policy guidelines. The day-to-day management rests with the Chief Executive or the Executive Chairperson. The Board directs and controls the corporation in a sound and profitable manner in-line with corporate governance principles and practices.

Composition of Committees

- 19.3 A Committee and its composition is set up by Government to look into certain specific issues. There can be *ad hoc* Committees which are disbanded on completion of a task or there can be Standing Committees which meet on the basis of need. The members servicing the Committees are not necessarily public officers.

Use of Non-Executive Chairpersons

- 19.4 It was common practice in the past for eminent personalities and other professionals of the country to serve on Boards and Committees on a voluntary basis, as is generally the practice abroad. However, in the course of time, remuneration in the form of fees was introduced for these volunteers to meet certain expenses in relation to their attendance at Boards and Committees. The quantum of the fees was not meant, and is still not meant, for a full compensation for the services rendered.

Remuneration of Non-Executive Chairpersons

- 19.5 The fundamental considerations in the determination of the pecuniary reward for Non-Executive Chairpersons include provision of reasonable compensation for their time, commitment and contribution at board meetings.
- 19.6 Reasonable compensation depends on the following factors:
- (i) the number of board meetings per year the Non-Executive Chairperson is required to attend;

- (ii) whether he or she also forms part of a board committee such as the Audit Committee or the Remuneration Committee which involves extra duties and an additional time commitment;
 - (iii) the eminence of the Chairperson - whether he or she is sought after for particular wisdom and expertise;
 - (iv) organisation size - research shows a fairly clear relationship between the amount of Non-Executive Chairpersons' fees and the size of the organisation; and
 - (v) position - Non-Executive Chairpersons are normally paid substantially more than ordinary members. This differential partly reflects the additional time involved and partly the additional responsibility and public exposure that goes with this role.
- 19.7 There have been representations from certain quarters for an increase in the quantum. They have submitted that the fee does not reflect the level of responsibilities shouldered by them.
- 19.8 On the other hand, it is argued that Chairpersons should not become too dependent on their remuneration from an organisation on whose board they serve. Otherwise, they might not play the independent role expected from them. For this reason, higher salaries and provision of other perquisites, over the fees payable, are generally to be avoided.

Remuneration of Part-Time Chairperson

- 19.9 Nevertheless, in the 2003 and 2008 PRB Reports, we recommended a formula for the remuneration of Part-Time Chairperson, linked with the salary of the Chief Executive, established through job evaluation.
- 19.10 On the basis of the formula, the monthly fees payable to Part-Time Chairpersons of Statutory Boards are at the rate of 30% of the monthly basic salaries of their respective Chief Executives, subject to a maximum of Rs 21000. Whereas the fees payable to the Part-Time Chairpersons for which remuneration is on sessional basis are at the rate of Rs 1400 per sitting, subject to a maximum of Rs 5600 a month. In respect of Statutory Board with no Chief Executive, the monthly fee payable to the Part-Time Chairperson is established/reviewed by the Standing Committee on fees and allowances. We are, in this Report, maintaining the foregoing formula for the remuneration of Part Time Chairpersons and other Chairpersons.

Recommendation 1

19.11 We recommend that:

- (a) **the monthly fees of Part-Time Chairpersons of Statutory Boards and Committees, which are currently linked to the salaries of their Chief Executives, should continue to be at the rate of 30% of the monthly**

basic salaries of their respective Full-Time Chief Executives, subject to a maximum of Rs 28500.

- (b) in respect of an organisation with no Chief Executive, the monthly fees of Part-Time Chairpersons should be reviewed by the Standing Committee mentioned at paragraph 19.30, taking into consideration the following:
- (i) the importance and status of the institution;
 - (ii) the nature and volume of work devolving on the Board;
 - (iii) the duties and level of responsibilities of the Chairperson; and
 - (iv) the frequency of meetings.
- (c) the fees payable to Part-Time Chairpersons of Statutory Boards and Committees for which remuneration is on a sessional basis should be at the revised rate of Rs 1900 per sitting, subject to a maximum of Rs 7600 a month.

Actingship as Chairperson

19.12 Normally in the absence of a Chairperson, the Vice-Chairperson or any other member chairs the board meetings, unless the law provides otherwise.

19.13 A Vice-Chairperson or any other member who presides over all board meetings held in a month in the absence of the substantive Chairperson (while the latter is in the country) is paid an allowance equivalent to 40% of the monthly fees payable to the substantive Chairperson. The said amount is deductible from the monthly fees of the substantive Chairperson. Where the Chairperson has been replaced by more than one person and for only part of the month, the amount is shared on a pro-rata basis.

19.14 However, when the substantive Chairperson is absent from the country, the Vice-Chairperson or any other member who chairs the board meetings is entitled to the full allowance payable to the Chairperson. A substantive Chairperson who absents himself during one calendar month is not eligible to any fees, except if he is on official mission for the Board.

Recommendation 2

19.15 We recommend that the present provision concerning the payment of a monthly allowance as at paragraphs 19.13 and 19.14 be maintained.

Double Payment

19.16 At present, a Vice-Chairperson or any other member, who chairs board meetings when the substantive Chairperson is absent from the country and is paid the full allowance payable to the substantive Chairperson, is not eligible to payment for attendance as member during the same month. We are maintaining this provision so as not to allow double payment.

Recommendation 3

- 19.17 We recommend that a Vice-Chairperson or any other member, who chairs board meetings when the substantive Chairperson is absent from the country and is paid the full allowance payable to the substantive Chairperson, should not be eligible for payment for attendance as member during the same month.**

Resignation of Chairperson

- 19.18 In case of resignation of a Chairperson and pending the appointment of a new Chairperson, the chairmanship is carried out by the Vice-Chairperson, if any, or by any other member designated by the Board. The latter is entitled to the full allowance prescribed.
- 19.19 In instances when the chairmanship is carried out on a rotational basis with the agreement of the board members, the full monthly allowance normally payable to the Chairperson is proportionately apportioned among the acting Chairpersons.

Recommendation 4

- 19.20 We recommend that, in case of resignation of a Chairperson and pending the appointment of a new Chairperson, the chairmanship should continue to be carried out by the Vice-Chairperson, if any, or by any other member designated by the Board and the latter should be entitled to the full allowance prescribed.**
- 19.21 We also recommend that, in case the chairmanship is carried out on a rotational basis with the agreement of the Board members, the full monthly allowance normally payable to the Chairperson should continue to be apportioned among the acting Chairpersons.**

Members of Boards

- 19.22 At present, members of Statutory Boards and Committees are paid Rs 625 per sitting. A member, other than the Chairperson, who is called upon to chair a sub-Committee of Statutory Boards and Committees, is paid an additional sum of Rs 215 per sitting up to a maximum of Rs 860 monthly for the additional responsibility. A member who sits in sub-Committees is paid a fee of Rs 575 per sitting.
- 19.23 Given that persons outside the Public Service also form part of Boards and Committees, it is recommended that, as far as possible, meetings be scheduled outside normal office hours. We are maintaining the present arrangement while revising the allowances.

Recommendation 5

19.24 We recommend that members of Statutory Boards and Committees be paid a fee of Rs 850 per sitting. A member other than the Chairperson, who is called upon to chair sub-Committees, should be paid an additional fee of Rs 290 per sitting, subject to a maximum of Rs 1160 monthly. A member who sits in sub-Committees should be paid a fee of Rs 775 per sitting.

Secretary

19.25 Officers acting as Secretary to Statutory Boards and Committees/sub-Committees respectively are paid Rs 865 or Rs 435 per sitting.

Recommendation 6

19.26 We recommend that the fees presently payable to officers acting:

- (a) as Secretary to Statutory Boards and Committees; and**
- (b) as Secretary to Sub-Committees**

should be Rs 1165 and Rs 585 respectively.

Travelling

19.27 At present, Chairpersons and members of Statutory Boards and Committees travelling by car/bus to and from the place of meetings are paid a commuted travelling allowance.

Recommendation 7

19.28 We recommend that Chairpersons and members of Statutory Boards and Committees travelling by car to and from the place of meeting should be paid a commuted travelling allowance of Rs 220 per sitting. Those travelling by bus should be paid a commuted travelling allowance of Rs 55 per sitting. These allowances should not be payable to Non-Executive Chairpersons who are beneficiaries of an official car or who do not have to travel exclusively to attend the meeting.

Standing Committee

19.29 At present there is a Standing Committee on Fees and Allowances under the chairmanship of the Ministry of Civil Service and Administrative Reforms and comprising the Financial Secretary and the Director, Pay Research Bureau. It is set to deal with all new cases for the determination of fees payable and with requests for determination of allowances payable to chairpersons, members and secretaries appointed to sit on *ad hoc* Committees or Fact-Finding Committees or Courts of Investigation.

Recommendation 8

19.30 We recommend that the Standing Committee on Fees and Allowances under the chairmanship of the Ministry of Civil Service and Administrative Reforms and comprising the Financial Secretary and the Director, Pay Research Bureau should be maintained.

Recommendation 9

19.31 We recommend that the Standing Committee should continue to be responsible for the determination of allowances payable to chairpersons, members, secretaries and other supporting staff of *ad hoc* Committees in line with approved criteria, as guidelines.
