

Bill Summary

The Indian Institute of Management (Amendment) Bill, 2023

- The Indian Institute of Management (Amendment) Bill, 2023 was introduced in Lok Sabha on July 28, 2023. The Bill amends the Indian Institutes of Management Act, 2017. The Act declares Indian Institutes of Management (IIMs) as institutes of national importance and regulates their functioning. IIMs provide post-graduate education in the field of management and allied areas.
- **Visitor:** The Bill designates the President of India as Visitor of every Institute covered by the Act.
- **Appointment and removal of IIM Directors:** Under the Act, the Director of an IIM is appointed by the Board of Governors, based on the recommendations of a Search-cum-Selection Committee. The Bill mandates the Board to obtain the prior approval of the Visitor before appointing an Institute Director. The procedure for selecting the Director will be prescribed by the central government. Under the Act, the Search Committee comprises of the Chairperson of the Board, and three members from amongst eminent administrators, industrialists, educationists. The Bill reduces these three members to two, and adds another member to be nominated by the Visitor.
- Under the Act, the Board may remove the Director from office on grounds such as: (i) insolvency, (ii) mental and physical incapacity, (iii) conflict of interest. The Bill adds that the Board will require prior approval of the Visitor before removing a Director. The Bill also grants the Visitor the authority to terminate the services of the Director, as may be prescribed.
- **Appointment of the Chairperson of the Board of Governors:** Under the Act, the Chairperson of the Board of Governors of each Institute is appointed by the Board. The Bill amends this to provide that the Chairperson of the Board will be nominated by the Visitor.
- **Inquiries against IIMs:** The Act empowers the Board to initiate an inquiry against an Institute if it has not been functioning in accordance with the Act. A retired High Court judge conducts such inquiries. Based on its findings, the Board may take any action that it deems fit. The Bill removes all these provisions, and proposes a new procedure for inquiries. It confers the power of inquiry upon the Visitor. The Visitor may appoint persons to review the work of any Institute and hold inquiries into its affairs. Based on the report of such inquiries, the Visitor may issue directions which will be binding on the Institute. The Board may also recommend such inquiries to the Visitor.
- **Dissolution of the Board:** The Bill provides that the central government may prescribe the conditions and procedure for dissolving or suspending an Institute's Board. If a Board is suspended or dissolved, the central government will constitute an interim board for six months or until a new Board is constituted.
- **Co-ordination Forum:** The Act provides for a Co-ordination Forum for all the Institutes. The Chairperson of the Forum is selected by a Search-cum-Selection Committee, constituted by the Forum. The Bill amends this to provide that the Chairperson will be nominated by the Visitor. Under the Act, the Forum also comprises of the Chairpersons of four Institutes, by rotation for two years. These four Chairpersons are nominated by the Chairperson of the Forum. The Bill amends this to provide that Chairpersons of all Institutes will be ex-officio members of the Forum.
- **Incorporation of Institutes:** The Act provides that when an existing institution converts to an IIM under this Act, every employee of such institution will retain the same tenure, salary, pensions as before. The Bill excludes the Director of such institutions from this provision.
- **NITIE, Mumbai:** The Bill classifies the National Institute of Industrial Engineering (NITIE), Mumbai as IIM, Mumbai.

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