

**Bill No. 109 of 2023**

THE INDIAN INSTITUTES OF MANAGEMENT (AMENDMENT)  
BILL, 2023

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BILL

*further to amend the Indian Institutes of Management Act, 2017.*

BE it enacted by Parliament in the Seventy-fourth Year of the Republic of India as follows:—

**1.** (1) This Act may be called the Indian Institutes of Management (Amendment) Act, 2023. Short title and commencement.

5 (2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

33 of 2017. **2.** In section 4 of the Indian Institutes of Management Act, 2017 (hereinafter referred to as the principal Act), after sub-section (1), the following sub-section shall be inserted, Amendment of section 4.  
namely:—

10 '(1A) On and from the date of commencement of the Indian Institutes of Management (Amendment) Act, 2023, the National Institute of Industrial Engineering, Mumbai, shall be called the “Indian Institute of Management, Mumbai” and all the provisions of this Act shall apply to the said Institute.'

Amendment  
of section 5.

**3.** In section 5 of the principal Act,—

(i) in clause (d),—

(a) for the words "every person employed by every existing Institute", the words "every person, other than a Director employed by every existing Institute" shall be substituted;

(b) after the second proviso, the following proviso shall be inserted, namely:—

"Provided also that the provisions of the first proviso shall also be applicable to the Directors of the Institutes.";

(ii) after clause (f), the following *Explanation* shall be inserted, namely:—

*Explanation.*—For the removal of doubts, it is hereby clarified that in relation to the Indian Institute of Management, Mumbai, the reference to the following expressions in sections 4 and 5—

(i) "On and from the commencement of this Act";

(ii) "before such commencement";

(iii) "before commencement of this Act"; and

(iv) "before the commencement of this Act",

shall be construed as the reference to the date on which the provisions of the Indian Institutes of Management (Amendment) Act, 2023 comes into force.'.

Amendment  
of section 10.

**4.** In section 10 of the principal Act,—

(a) in sub-section (2), in clause (a), for the words "to be appointed by the Board", the words "to be nominated by the Visitor" shall be substituted;

(b) after sub-section (5), the following sub-section shall be inserted, namely:—

"(6) Notwithstanding anything contained in this section, if the Board is suspended or dissolved under such conditions or procedure as may be prescribed, the Central Government shall constitute an interim Board for a period of six months or till a regular Board is constituted as per the provisions of this Act."

Insertion of  
new section  
10A.  
Visitor.

**5.** After section 10 of the principal Act, the following section shall be inserted, namely:—

"10A. (1) The President of India shall be the Visitor of every Institute.

(2) The Visitor may appoint one or more persons to review the work and progress of any Institute and to hold inquiries into the affairs thereof and to report thereon in such manner as the Visitor may direct.

(3) The Board may also recommend to the Visitor, an inquiry as deemed proper against the Institute which has not been functioning in accordance with the provisions and objectives of the Act.

(4) Upon receipt of any such report referred to in sub-section (2), the Visitor may take such action and issue such directions as he considers necessary in respect of any of the matters dealt with in the report and the Institute shall be bound to comply with such directions."

Amendment of  
section 12.

**6.** In section 12 of the principal Act, after sub-section (1), the following sub-section shall be inserted, namely:—

"(1A) Notwithstanding anything contained in this section, an outgoing Member shall, unless the Board otherwise directs, continue in office until another person is appointed or nominated as a Member in his place."

7. In section 16 of the principal Act,—

Amendment  
of section 16.

(a) in sub-section (2), for the words "appointed by the Board, on such terms", the words "appointed by the Board with prior approval of the Visitor, in such manner and subject to such terms" shall be substituted;

5 (b) for sub-section (3), the following sub-sections shall be substituted, namely:—

"(3) The Director shall be appointed out of the panel of names recommended by a search-cum-selection committee to be constituted by the Board consisting of—

10 (a) the Chairperson of the Board, who shall be the Chairperson of the search-cum-selection committee;

(b) one Member to be nominated by the Visitor; and

(c) two Members chosen from amongst eminent administrators, industrialists, educationists, scientists, technocrats and management specialists.

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(3A) The procedure to be adopted for selection of the Director shall be such as may be prescribed.";

(c) in sub-section (7), in the opening portion for the words "The Board may remove from office the Director", the words "The Board, with prior approval of the Visitor, may remove from office the Director" shall be substituted;

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(d) after sub-section (9), the following sub-section shall be inserted, namely:—

"(10) The services of the Director may be terminated by the Visitor, in such manner as may be prescribed."

8. Section 17 of the principal Act shall be omitted.

Omission of  
Section 17.

25 9. In section 29 of the principal Act, in sub-section (2),—

Amendment of  
section 29.

(i) for clause (a), the following clause shall be substituted, namely:—

"(a) an eminent person to be nominated by the Visitor as Chairperson;"

(ii) for clause (d), the following clause shall be substituted, namely:—

"(d) the Chairperson of each Institute—Member, *ex officio*;"

30 10. In section 34 of the principal Act, in sub-section (2),—

Amendment of  
section 34.

(i) for clause (a), the following clauses shall be substituted, namely:—

"(a) the conditions and the procedure subject to which the Board may be suspended or dissolved under sub-section (6) of section 10;

(aa) such other powers and duties of the Board under clause (w) of sub-section (2) of section 11;"

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(ii) after clause (b), the following clauses shall be inserted, namely:—

"(ba) the procedure to be adopted for selection of the Director under sub-section (3A) of section 16;

(bb) the manner of termination of services of Director under sub-section (10) of section 16;"

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Amendment of  
section 39.

**11.** In section 39 of the principal Act, in sub-section (I), after clause (c), the following clauses shall be inserted, namely:—

"(d) the Board of National Institute of Industrial Engineering, Mumbai, functioning as such immediately before the commencement of the Indian Institutes of Management (Amendment) Act, 2023 shall continue to so function until a new Board is constituted for that Institute under this Act, but on such constitution of a new Board under this Act, the Members of the Board holding office before such constitution shall cease to hold office; 5

(e) the Academic Council constituted in relation to National Institute of Industrial Engineering, Mumbai, before the commencement of the Indian Institutes of Management (Amendment) Act, 2023 shall continue to so function until a new Academic Council is constituted for that Institute under this Act, but on the constitution of a new Academic Council under this Act, the Academic Council of the National Institute of Industrial Engineering, Mumbai shall cease to function; 10

(f) until the first regulations in relation to National Institute of Industrial Engineering, Mumbai are made under this Act, the rules and bye-laws of the National Institute of Industrial Engineering, Mumbai as in force immediately before the commencement of the Indian Institutes of Management (Amendment) Act, 2023 shall continue to apply to the National Institute of Industrial Engineering, Mumbai with necessary modifications and adaptations in so far as they are not inconsistent with the provisions of this Act." 15 20

Amendment of  
Schedule.

**12.** On and from the date of commencement of the Indian Institutes of Management (Amendment) Act, 2023, in the Schedule to the principal Act, after Sl.No.20 and the entries relating thereto, the following Sl.No. and entries shall be inserted, namely:—

"21. Maharashtra	National Institute of Industrial Engineering, Mumbai, a Society registered under the Societies Registration Act, 1860 (21 of 1860).	Mumbai	Indian Institute of Management, Mumbai."	25
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## STATEMENT OF OBJECTS AND REASONS

The Indian Institutes of Management Act, 2017 (the Act) was enacted with a view to declare certain Institutes of management to be institutions of national importance with a view to empower these institutions to attain standards of global excellence in management, management research and allied areas of knowledge.

2. In 1961, the Government of India decided to establish two Indian Institutes of Management at Calcutta and Ahmedabad. These specialised institutions were envisaged for increasing the pace of management training and education in India. As demand for more such institutions grew, four more Indian Institutes of Management at Bangalore, Lucknow, Indore and Kozhikode were established. In the Eleventh Plan, seven new Indian Institutes of Management at Shillong, Ranchi, Rohtak, Raipur, Kashipur, Tiruchirappalli and Udaipur were established. During 2015-16, seven more Indian Institutes of Management at Amritsar, Bodh Gaya, Jammu, Nagpur, Sambalpur, Sirmour and Visakhapatnam were established. Subsequently, the Act enabled the Institutes to grant degrees, made governance of the Institutes uniform and Board driven and enabled them to exercise academic autonomy.

3. The National Institute of Industrial Engineering, Mumbai which was established in 1963 by the Government of India is well known for its techno-managerial strength and contribution to the country's economic growth. However, as the Institute is not part of any Act of the Parliament, it has experienced several challenges. Despite consistently being among top management Institutes in the country, it is unable to grant degrees that has adversely affected the prospects of all stakeholders of the Institute, especially the students. Such limitations shall be addressed once the Institute comes under the purview of the Act, as they shall be able to grant degrees similar to that of all the Indian Institutes of Management under the Act. In this context, a Committee of Experts to deliberate on the feasibility and desirability of bringing the National Institute of Industrial Engineering, Mumbai under the Act was constituted and the Committee has strongly recommended to include the said Institute in the Act.

4. The present Bill, namely the Indian Institutes of Management (Amendment) Bill, 2023, in the light of above, seeks to amend the Indian Institutes of Management Act, 2017.

5. The salient features of the Indian Institutes of Management (Amendment) Bill 2023, *inter alia*, are as under:—

- (i) to insert a new sub-section (IA) in section 4 of the Act to provide that the National Institute of Industrial Engineering, Mumbai shall be called the Indian Institute of Management, Mumbai and all the provisions of the Indian Institutes of Management Act, 2017 shall apply to such Institute;
- (ii) to amend section 10 of the Act to provide that the Chairperson of the Board of Governors shall be nominated by the Visitor and to empower the Central Government to constitute an interim Board in case of suspension or dissolution of the said Board of Governors;
- (iii) to insert a new section 10A to provide that the President of India shall be the Visitor of every Institute;
- (iv) to amend section 16 of the Act to provide that the Director of the Institute shall be appointed out of the panel of names recommended by a search-cum-selection committee to be constituted by the Board consisting of such Members as mentioned in sub-section (3) of said section;

- (v) to amend section 29 of the Act relating to "Coordination Forum of the Institute" so as to provide that an eminent person to be nominated by the Visitor shall be the Chairperson of the said Forum; and
  - (vi) to amend the Schedule to the Act so as to insert the National Institute of Industrial Engineering, Mumbai in the list of the Institutes to be called as Indian Institute of Management, Mumbai which is of consequential in nature.
6. The Bill seeks to achieve the above objectives.

NEW DELHI;

DHARMENDRA PRADHAN.

*The 21st July, 2023.*

## FINANCIAL MEMORANDUM

The National Institute of Industrial Engineering, Mumbai has been allocated sixty-five crore rupees as grants-in-aid for the financial year 2022-23. It shall be provided a grant-in-aid of eighty crore rupees for a period of one year after becoming as Indian Institute of Management, Mumbai. After one year, no grants-in-aid support will be extended to the Institute. Thus, there is no additional financial implication with regard to the proposed amendment of the Indian Institutes of Management Act, 2017. The National Institute of Industrial Engineering, Mumbai shall be generating this amount through additional internal accruals.

In view of the foregoing, the Bill, if enacted, would not involve any additional financial expenditure, either recurring or non-recurring, from and out of the Consolidated Fund of India.

## MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 11 of the Indian Institutes of Management (Amendment) Bill, 2023 relates to amendment of section 34. The said section empowers the Central Government to make rules in respect of certain matters mentioned in the Act. It is proposed to amend the said section empowering the Central Government to make rules in respect of the following matters also, namely:—

(a) the conditions and the procedure subject to which the Board may be suspended or dissolved under sub-section (6) of section 10;

(b) the procedure to be adopted for selection of Director under sub-section (3A) of section 16;

(c) the manner of termination of services of Director under sub-section (10) of section 16.

2. The matters in respect of which the rules may be made under the aforesaid provisions are matters of detail and it is not practicable to provide for them in the Bill itself. The delegation of legislative power is, therefore, of a normal character.



ANNEXURE

EXTRACTS FROM THE INDIAN INSTITUTES OF MANAGEMENT ACT, 2017  
(33 OF 2017)

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**5.** On and from the commencement of this Act,—

\* \* \* \* \*

Effect of incorporation of Institutes.

(d) every person employed by every existing Institute immediately before such commencement shall hold his office or service in the corresponding Institute, with the same tenure, at the same remuneration and upon the same terms and conditions and with the same rights and privileges as to pension, leave, gratuity, provident fund and other matters as he would have held had this Act not been enacted and shall continue to do so unless and until his employment is terminated or until such tenure, remuneration and terms and conditions are duly altered by regulations:

Provided that if the alteration so made is not acceptable to such employee, his employment may be terminated by the Institute in accordance with the terms of the contract with the employee, or, if no provision is made therein in this behalf, on payment, to him by the Institute, of a compensation equivalent to three months' remuneration in case of permanent employee and one months' remuneration in the case of other employee:

Provided further that any reference, by whatever form of words, to the Director, and other officers of an existing Institute under any law for the time being in force, or in any instrument or other document, shall be construed as a reference to the Director, and other officers of the corresponding Institutes;

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(f) all suits and other legal proceedings instituted or which could have been instituted by or against an existing Institute, immediately before the commencement of this Act, shall be continued or instituted by or against the corresponding Institute.

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CHAPTER III

THE AUTHORITIES OF INSTITUTES

**10.** (1) \* \* \* \* \* Board of Governors.

(2) The Board of each Institute shall consist of the following members, namely:—

(a) a Chairperson, from amongst eminent persons distinguished in the field of industry or education or science or technology or management or public administration or such other field, to be appointed by the Board;

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**16.** (1) \* \* \* \* \* Director.

(2) The Director shall be appointed by the Board, on such terms and conditions of service as may be prescribed.

(3) The Director shall be appointed out of the panel of names recommended by a search-cum-selection committee to be constituted by the Board, consisting of:—

(a) the Chairperson of the Board, who shall be the Chairperson of the search-cum-selection committee;

(b) three members chosen from amongst eminent administrators, industrialists, educationists, scientists, technocrats and management specialists:

Provided that where the Board is not satisfied with the recommendations of the search-cum-selection committee, it may ask the search-cum-selection committee to make fresh recommendations.

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(7) The Board may remove from office the Director, who—

(a) has been adjudged as an insolvent; or

(b) has been convicted of an offence which, in the opinion of the Board, involves moral turpitude; or

(c) has become physically or mentally incapable of acting as a Director; or

(d) has acquired such financial or other interest as is likely to affect prejudicially his functions as a Director; or

(e) has so abused his position or so conducted himself as to render his continuance in office prejudicial to the public interest:

Provided that the Director shall not be removed from office except by an order made by the Board, after an enquiry instituted by it in which the Director has been informed of the charges against him and given a reasonable opportunity of being heard in respect of those charges.

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Initiation of inquiry.

**17. (1)** The Board may initiate an inquiry as deemed proper against the Institute which has not been functioning in accordance with the provisions and the objectives of the Act:

Provided that such an inquiry shall be conducted by a retired High Court Judge.

(2) The Board may, based on the findings of such an inquiry, remove the Director or take any other action deemed fit, and the Institute shall be bound to comply with such directions within reasonable time.

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CHAPTER V

COORDINATION FORUM

Establishment of Coordination Forum.

**29. (1)** \* \* \* \* \*

(2) The Coordination Forum shall consist of the following members, namely:—

(a) an eminent person to be selected by a Search-cum-Selection Committee as may be constituted by the Coordination Forum, as chairperson:

Provided that the Coordination Forum may select one of its members to act as the chairperson till the chairperson is appointed;

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(d) four Chairpersons of Institutes, to be nominated by the Chairperson of the Coordination Forum, by rotation for two years;

\* \* \* \* \*

**34. (1)** \* \* \* \* \*

Power of  
Central  
Government  
to make rules.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

(a) such other powers and duties of the Board under clause (w) of sub-section (2) of section 11;

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LOK SABHA

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further to amend the Indian Institutes of Management Act, 2017.

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*(Shri Dharmendra Pradhan, Minister of Education)*