

INDIAN INSTITUTE OF MANAGEMENT (AMENDMENT) ACT, 2023

Ministry of Law and Justice

Visitor: The President of India is designated as the Visitor for all Institutes covered by the Act. This Visitor role holds significance in overseeing and guiding the functioning of the Institutes.

The Search-cum-Selection Committee: Under the Indian Institutes of Management Act, 2017, the Director of an IIM is appointed by the Board of Governors based on the recommendations of a Search-cum-Selection Committee. The bill retains this general process but introduces specific modifications. The original Act stated that the Search-cum-Selection Committee should comprise the Chairperson of the Board of Governors and three members selected from among eminent administrators, industrialists, and educationists. However, the bill proposes reducing the number of external members from three to two. The bill introduces a significant change by adding a new member to the Search-cum-Selection Committee. This member will be nominated by the Visitor, who is the President of India. This implies that the Visitor will have a direct role in the composition of the committee, ensuring a higher level of oversight and influence in the appointment process.

Appointment and Removal of IIM Directors: Changes are introduced for the process of the appointment and removal processes of IIM Directors. The Director's appointment, which was previously based on the recommendations of a Search-cum-Selection Committee, now requires prior approval from the Visitor. The composition of the Search Committee is modified, reducing the number of external members, and adding a member nominated by the Visitor. Additionally, the removal of the Director necessitates prior approval from the Visitor, and the Visitor is granted authority to terminate the Director's services as prescribed.

Appointment of Chairperson of the Board of Governors: The Bill amends the appointment process for the Chairperson of the Board of Governors, specifying that the Visitor will nominate the Chairperson instead of the Board making the appointment.

Inquiries Against IIMs: While the Act empowers the Board to initiate an inquiry conducted by a retired High Court judge, the Bill transfers this power to the Visitor. The Visitor can appoint individuals to conduct inquiries into an Institute's affairs, and based on the inquiry report, issue binding directions to the Institute. The Board can also recommend inquiries to the Visitor.

Dissolution of the Board: The Bill empowers the central government to prescribe the conditions and procedure for dissolving or suspending an Institute's Board. In cases where a Board is suspended or dissolved, an interim board will be constituted by the central government for a specified period.

Co-ordination Forum: Changes have been made to the Co-ordination Forum's composition and functioning. The Chairperson of the Forum, previously selected by a Search-cum-Selection Committee, will now be nominated by the Visitor. The Forum's membership is also revised, with all Chairpersons of Institutes becoming ex-officio members of the Forum.

Incorporation of Institutes: The Act's provisions for converting existing institutions into IIMs while retaining employee benefits now exclude the Director of such institutions from this provision.

NITIE, Mumbai: The Bill classifies the National Institute of Industrial Engineering (NITIE), Mumbai, as IIM, Mumbai. This change signifies the integration of NITIE into the framework of the Indian Institutes of Management.

The Indian Institutes of Management (IIMs) are at the center of a debate surrounding the Indian Institutes of Management (Amendment) Bill, 2023, introduced in the Lok Sabha. The bill proposes significant changes to the functioning of IIMs by designating the President of India as the Visitor, granting the Visitor powers to audit, order probes, and appoint or remove directors. While the government argues that the bill aims to ensure accountability, critics, including the Congress party, contend that it threatens the autonomy of these prestigious institutions.