

CHAPTER II

PERSONNEL POLICIES

(b) Composition of Board of Directors

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DPE/Guidelines/II(b)/30

Role of Government Directors on the Boards of Public Enterprises.

The undersigned is directed to say that instructions on various matters relating to the organization/ functioning of the Boards of Public Sector Enterprises (PSEs) were issued vide BPE O.M. No.18/1/84-GM dated 19.9.1984. The role of Government Directors on the Boards of PSEs were spelt out in these instructions. The relevant portion is reproduced below:-

"Role of Government Directors

The EARC are of the view that the association of Government officials with the Boards of Public Enterprises can be of advantage as this provides for a liaison role and a channel of communication between Government and the Public Enterprises. They have also emphasized that the dual role of a Government Director should be clearly recognized—as a Director of the company and as a representative of the Government. He should be allowed to function freely and use his own judgement without any formalised briefing by the Ministry before a Board meeting with discretion whether to seek a briefing or make a report. The Government Director should identify himself with the objects and goals of the enterprise, engage in joint thinking on equal terms and not assume a superior status. He should not reserve his position on matters before the Board. However, others on the Board should not expect him to commit the Government in respect of matters, which require to be referred to the Government. In all subsequent examination of the Board approved proposals, his role should be mainly elucidatory and he should not sit in judgement over the Board. Reference to the Ministry for approval, sanction etc. should be addressed to the Government representative on the Board whose responsibility should be to process the matter and obtain the necessary Government approval promptly.

The Government have accepted these recommendations and the administrative Ministries may kindly brief the Government Directors on the Boards of their Undertakings suitably."

2. These instructions are once again brought to the notice of the administrative Ministries/Departments for information and guidance.

(DPE O.M. No. 18(24)/2003-GM-GL-49 dated 4th December, 2003)