

Role & Responsibilities of Part-time Chairman

GOVERNMENT OF ASSAM

DEPARTMENT OF PUBLIC ENTERPRISES

ASSAM SECRETARIAT, DISPUR, GAUHATI

No. PE 21/88/18 Dated Dispur the 23rd September 1988

OFFICE MEMORANDUM

Sub: ROLE & RESPONSIBILITIES OF PART-TIME CHAIMAN OF STATE

PUBLIC ENTERPRISES

Attention of State Govt. has been drawn towards the lack of guidelines regarding the role & responsibilities of part-time Chairman of State Public Enterprises. Since it is necessary that the part-time Chairman and the whole time chief executive work in a mutually supportive manner in the best interest of the public enterprise, after careful consideration the State Govt. has decided to issue the following guidelines:

1. The part-time Chairman should guide the Board of Directors in the discharge of the Role entrusted to them in respect of formulating corporate policy and the corporate plan and their implementation & evaluation with a view to improving the enterprise's performance.
2. The part-time Chairman can call for information, but this should be appropriately done through the Managing Director and directly from the officers. A healthy relationship should develop between the part-time chairman & the Managing Director. It will be improper for the Managing Director to withhold information from the part-time chairman.
3. The part-time Chairman cannot issue directives, as the management of public enterprises is vested under the Companies Act in its Board of Directors.

Sd/- S.D.Phene

Chief Secretary to the Govt. of Assam

Memo No. PE 21/88/ 18-A Dated Dispur the 23rd Septemer, 1988

Copy to:

1. All administrative departments
2. Chief Executives of all State Public Enterprises
3. Chairman of all State Public Enterprises

By order etc.

Sd/- Secretary , Public Enterprises

GOVERNMENT OF ASSAM

DEPARTMENT OF PUBLIC ENTERPRISES

ASSAM SECRETARIAT, DISPUR, GAUHATI

No. PE 21/88 Dated Dispur the 18th May 1989

OFFICE MEMORANDUM

Sub: ROLE & RESPONSIBILITIES OF CHIEF EXECUTIVE OFFICERS OF
PUBLIC ENTERPRISES

Attention of Govt. has been drawn to instances of financial & administrative irregularities committed by Chief Executives and other functionaries of public enterprises on the pretext that such irregularities have been committed at the instance of the chairman / member of Board of directors, managing Committee etc. As has been clearly spelt out in this department OM no. PE 21/88/18 dated 23rd Sept,1988 under the Companies Act / Assam Co-operative Societies Act, the Chief Executive is responsible for observance of all financial and administrative procedure in conducting the transactions of public enterprises . It should be noted that no Board or managing committee charged with the running of public enterprises can take any decision or action, which is itself irregular and violative of existing law, rules of Memorandum & Articles of Association. It is personal responsibility of the Chief Executive of public undertaking to ensure observance of rules & procedures in the transaction of business of the undertaking. The mere fact that certain irregular action was taken at the instance of the Chairman or a member of Board of Director will no be accepted as an excuse for irregularity committed by the undertaking.

Failure of the Chief Executive or any other functionary of any undertaking to observe ordinary business procedure in transaction of business resulting in financial loss will be considered serious dereliction of duty and will be dealt with as such.

Sd/- A.P.Sarwan

Chief Secretary to the Govt. of Assam

Memo No. PE 21/88 -A Dated Dispur the 18th May, 1989

Copy to:

1. Managing Director / Chief Executive Officers of all State public enterprises
2. Chairman of all State Public Enterprises
3. Commissioner / Secretary of all administrative departments

By order etc.

Sd/- Secretary to the Govt. of Assam

Department of Public Enterprises

GOVERNMENT OF ASSAM

DEPARTMENT OF PUBLIC ENTERPRISES

ASSAM SECRETARIAT, DISPUR, GAUHATI - 6

No. PE 5/91/14 Dated Dispur the 12th April 1991

OFFICE MEMORANDUM

Sub: RESPONSIBILITIES OF BOARD OF DIRECTORS

The Board of directors of State level public enterprises (SLPEs) are required to look into policy issues as also into the major operational matters of the enterprises. Some of the major areas which need to be given specific attention by the Board of such enterprises are indicated below:

1. Corporate planning: It is necessary that SLPE give serious thought to corporate medium / long term planning keeping in view the changing environment. Such corporate plans should bring-out, inter-alia, the likely physical achievements in the next 3/5 years, the sources of funding and cash-flow analysis, the likely profit & loss scenario, the need and feasibility of taking-up new schemes / diversification measures, etc. In short, an attempt should be made to bring-out in such a plan the strength, weakness, opportunities & threats to each organization in medium & long term.
2. Organization: It is necessary to have a total look into the staffing pattern of SLPEs with reference to the present & likely future job requirements as also the career progression possibilities that should be built into the organizational structure. Besides, the appropriateness of otherwise of the existing system of delegation of powers needs also to be reviewed. Similarly, the possibility of introducing a system of appraisal of the performance of particularly key individual with reference to the concept of MANAGEMENT BY OBJECTIVES (MBO) could be examined. Particular attention will also have to be given to the capabilities of the financial management in the organization and the need for strengthening / augmentation of the existing arrangement. For all these, the Board might like to get an overall in-depth analysis of the organizational structure made by an outside consultant for taking a final view about the reforms that should be introduced.
3. Physical & financial targets: Each SLPE prepares its physical & financial targets at the beginning of each financial year. Such targets will have to be framed, among other things, for production, sales turnover, number of beneficiaries under deferent schemes (for promotional organizations), etc. The Board is required to review the annual targets with reference to past performance as also future capabilities. An attempt will have to made to anticipate to the extent possible the constraint & difficulties in achieving these targets and possible remedial action be discussed in the Board.
4. Inventory Management: The Board could prescribe broad targets of inventory levels after taking account the financial capability of the organization, the fast moving items, and after conducting some sort of ABC analysis. The actual inventory levels could therefore be reviewed periodically.
5. Schemes & projects: The Board may at the beginning of each year, take stock of the ongoing schemes as also the projects that are expected to be taken-up in the current financial year. The administrative and other arrangements as also the sources of funding, the schedule of completion etc. of such projects and schemes can be laid-down by the Board after discussion at the beginning of each year so that the same can be reviewed periodically.
6. Annual statement of accounts: It has been found that there are very large backlogs in presentation of annual statement of accounts before the annual general meeting after completion of audit formalities. It is necessary that the

Board makes an attempt to lay down schedules for finalization of accounts for the past years and this matter needs also to be reviewed periodically. For this purpose, it is necessary that the internal audit machinery of the SLPE is activated as this also help completion of current accounts expeditiously.

7. Periodical review: The Board of Directors may work-out their own formats for a quarterly review of subjects indicated above. Particular attention has to be given in such quarterly review to physical & financial targets, cash-flow position, and funding sources, inventory levels and monitoring of the position relating to the ongoing & future projects.
8. It is requested that the Chief Executive of each SLPE take steps for placing before their respective Boards these broad guidelines as also the position relating to the subjects indicated above.

Sd/- Prabir Sengupta

Commissioner & Secretary to the Govt. of Assam

Department of Public Enterprises

Memo No. PE 5/91/14-A Dated Dispur the 12th August, 1991

Copy to:

1. Concerned administrative departments of Assam Sectt, Dispur
2. Chairman of all State Public Enterprises
3. Managing Director / Chief Executive Officers of all State public enterprises

By order etc.

Sd/- Prabir Sengupta

Commissioner & Secretary to the Govt. of Assam

Department of Public Enterprises