

From

The Chief Secretary to Govt., Haryana

To

All Administrative Secretaries to Govt., Haryana

(By name)

Memo No. 12/6/78-AR

Dated, Chandigarh, the 15th June, 1978.

**Subject : Guidelines for the functioning of the Chairmen and Managing Directors of Autonomous Bodies.**

As you are aware, several corporate/Autonomous Bodies have been set up in the State by the Haryana Government. While some of them have been set up under the Companies Act, others have been established under the Cooperative Societies Act or under other statutes. The matter regarding their proper functioning has been engaging the attention of the Government for sometime past. It is felt that in order to achieve the desired objectives underlying the setting up of these organisations, it is imperative to put their administration on a sound footing. The duties, powers and functions of the Boards of Management and the Executive Heads/Managing Directors are given in the various statutes, rules and bye-laws concerning the autonomous bodies. If these are not understood in the correct prospective, difficulties are likely to arise leading to the weakening of the organisation. With this end in view, it is considered that harmonious relationship should exist amongst the various functionaries of these organisations. The State Government, therefore, considers it appropriate to issue the following guidelines :—

- (1) The Board of Management of a Corporate/Registered body has the ultimate responsibility for its sound management in accordance with laws, statutes, rules & regulations applicable thereto. Commensurate with this responsibility the Board also enjoys full powers in regard to the management of the organisation. However, being a collective body, it is not feasible for the Board to exercise such powers effectively in day-to-day management. Therefore, substantial powers of management are delegated to one of the directors of the Board who acts as the Chief Executive and is generally known as the Managing Director. The Managing Director acts subject to general superintendence and control of the Board.



- (2) Even though the Board delegates its powers substantially to the Managing Director, its members (including the Chairman) individually as well as collectively, continue to be responsible for the functioning of the organisation. In particular, civil and/or criminal liability attaches to them for any violation of laws and statutes applicable to that organisation. It is, therefore, necessary for the members of the Board to keep themselves continually abreast of the affairs of their organization. In particular, the Government expects the Chairman of the Board of Directors to show greater involvement in the affairs of the organization and not limit his concern to merely presiding over the meetings of the Board. In fact, by virtue of his eminent position, the Chairman can be a valuable link between the Managing Director and the Board of Management.
- (3) In order to be able to discharge his responsibilities, the Chairman should be provided with due access to all information concerning the organization. All such information, however, will be obtained by the Chairman only through the Managing Director. In order to acquire in-depth understanding of the functioning of the body, the Chairman is also expected to visit, from time to time, the various field offices and operating units of the organization. All necessary facilities should be made available to him to facilitate such visits. Any suggestion emanating from the Chairman should be treated with due deference by the Managing Director. Normally, it should be possible for the Chairman and the Managing Director to work out a harmonious approach in such cases. Where, however, a difference of opinion arises between the two, it will be necessary for the Managing Director to place the matter before the Board of Management for a resolution of the difference. This is so, because the Managing Director is responsible not to any individual director (including the Chairman) but to the Board of Management as a whole.
- (4) The Chairman is expected to confine his superintendence and guidance to matters of higher management and policy formulation and leave day-to-day management to the exclusive charge of the Managing Director. With the mutual areas of legitimate jurisdiction between the Chairman and the Managing Director so clearly demarcated, there should normally be no occasion for any conflict.
- (5) The various Boards may, as a sound management practice, if not already done, constitute Committees of Directors and also formulate clear delegation orders specifying the powers (particularly in such matters as purchases, sales, appointments and promotions of (a) subordinate management, (b) the Managing Director, and (c) the Committees of Directors in addition to naming the matters specifically resting with the Board (besides the general control and the ultimate authority of the Board in all matters). In formulating such delegation orders, however, it may be necessary to ensure that the Managing Director is not deprived of any authority of description necessary for him to conduct the day-to-day management of the body smoothly, without the necessity of having to refer to any authority a decision which is rightfully his to make.
- (6) In exercise of the above-mentioned functions, the Chairman will, not doubt, ensure observance of the established administrative practices, particularly in regard to proper channels of communication; and will only act in a manner which will not adversely affect the capacity of the Managing Director to exercise full control over his subordinates.
2. The Government desires that the above guidelines should be brought to the notice of all Corporate/Autonomous Bodies under your administrative control for compliance.

Sd,-

Deputy Secretary, Sectt. Estt.,  
for Chief Secretary to Government, Haryana.