

RURAL ELECTRIFICATION BOARD  
DHAKA, BANGLADESH

PBS INSTRUCTION 300-15

SUBJECT: FUNCTIONS AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS OF A PALLI BIDYUT SAMITY.

Date of Approval : 27-06-1979

Last Revision : 19-02-2020

PURPOSE: To set forth the authority of the board of directors of a PBS, to list principal functions and responsibilities, and to clarify the relationship of the board and its individual members, with the senior General Manager/ General Manager and PBS employees.

POLICY: The Board of Directors of a Palli Bidyut Samity shall exercise all the powers of a PBS not conferred upon or reserved to the members. The board signs the Loan Contract and related documents of indebtedness to BREB on behalf of the PBS, so BREB holds the board responsible for compliance with Regulations and PBS Instructions promulgated by BREB and for the successful operation of the PBS.

IMPLEMENTATION

A. EFFECTIVE BOARD FUNCTIONING

The effective functioning of PBS system boards is a very important part of the effective management of the systems. The way in which board meetings are conducted, the kind of things boards pay attention to, the skill of the president and members, the effectiveness of committees, all have a vital bearing on the atmosphere of the organization and the achievement of its potential. It is absolutely essential that both the PBS Board of Directors and the senior General Manager/ General Manager make deliberate efforts to establish and maintain a harmonious relationship between them that will insure the successful operation of the PBS.

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৬২১ তম বোর্ড সভায় অনুমোদিত সিদ্ধান্ত নং ১৭৭০০

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The Board of directors, by law, is responsible to the members for the efficient management of their PBS. The Board, in turn, as a practical matter, delegates authority for the day-to-day actual management of the PBS to a competent and qualified senior General Manager/ General Manager, who in every sense of the word is the Board's employee. The Board can never delegate final responsibility. The fact that PBS Board members hold their positions and membership representatives instead of because of their personal financial investment gives them a different relationship to the organization than in such relationship in many business corporations.

## B. DUTIES AND RESPONSIBILITIES OF THE BOARD

The major duties, responsibilities and functions of the Board of directors can be carried out effectively. What is required first is the nomination and election of interested directors. When a member of the PBS has been nominated or elected as a director and has accepted that important position, he is implying that he recognizes the responsibility of the position and pledges that he will discharge these responsibilities to the best of his ability. He does not interfere with the day-to-day management of the PBS, but never the less is kept informed and knows what is going on and makes his influence felt in the determination of Board policy statements. The Board itself must undertake to evaluate and improve its functioning and responsibilities for the effective overall management of the PBS.

The following outline should serve as a guide to differentiating the activities an efficient Board will, or should, engage in from these that should be delegated to the senior General Manager/ General Manager.

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1. See that the legal requirements as set forth in the registration and by-laws are met and that regulations applying to the PBS are complied with regularly.
2. Determine the ideals, objectives, and major goals and end results desired. Interpret the official registration into basic ideals and into long-range and yearly objectives and end results. At this point, to request the senior General Manager/ General Manager to assist and to recommend.
3. Determine the guiding policies, usually upon recommendation of the senior General Manager/ General Manager.
4. Select, employ, and if necessary, terminate the employment of the senior General Manager/ General Manager. The senior General Manager/ General Manager selects those who report to him, but he may, if it is found desirable, extend the approval of Assistant General Managers (Deptt. Heads) to the Board.
5. Provide or authorize the provision of adequate facilities including money, plant and equipment.
6. Review and approve broad operating programs of services and activities as planned and recommended by the senior General Manager/ General Manager.
7. Review and approve the operating budget in terms of the end results, risks, and evidence of conditions promising to attain desired and results.
8. Set up, with the advice of the senior General Manager/ General Manager, the conditions that are essential to conserve assets and maintain a sound financial situation. (In this area determine the criteria and the conditions that the operating management must conform to).

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9. Set up broad personnel policies and standards, upon the advice of the Senior General Manager/ General Manager, essential to provide satisfactions to employees as well as financial rewards. This usually involves the approval of wage and salary policies and programs, including contracts and agreements but not the specific pay to individuals except the Senior General Manager/ General Manager. (Incidentally, it would include compensation to Board members, if any).
10. Provide policies and authorize programs for maintaining good membership and public relations upon the advice of the Senior General Manager/ General Manager. Often the Board delegates much of this program, but occasionally Board members are urged and commissioned to participate in the public relations program. If this is done it should be under the direction of the Senior General Manager/ General Manager.
11. Appoint committees and receive reports from the special or standing committees.
12. Review periodic reports (financial, operating, and program activities) from the Senior General Manager/ General Manager, and check for conformity to ideals, objectives, goals, and end results. Also, check for conformity to policies and conditions established by the Board.
13. Hold well-planned and effectively conducted meetings often enough to keep informed, to provide needed policies, to provide facilities, and to ensure desired end results.
14. May from time to time advise the Senior General Manager/ General Manager, usually upon request, in regard to specific decisions for which he has been delegated authority and is hold accountable for results. If the Board takes official action directing the Senior General

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Manager/ General Manager to make a specific decision, then the Board shares the responsibility for the results, good or bad. (It is highly desirable that the Board avoid making decisions or giving instructions to the Senior General Manager/ General Manager when it is giving advice).

15. Keep informed and growing in its own skills and understanding as Board members. Occasionally the Board should arrange for an evaluation of its performance and for a systematic program to keep it growing in its abilities.

C. WHERE ARE BOARDS MOST LIKELY TO MAKE MISTAKES

1. The Board may fail to set up complete and definite objectives and goals for all major phases of the operations of the PBS. Too often the Board is likely to stop when it has indicated the amount of net margin desired, but usually the net margin or net income goal is made up of many specific and contributing goals.
2. The Board is sometimes tempted to help operating management too much with specific operating decisions and consequently neglects to establish guiding policies designed to let the management make most of the operating decisions itself without constantly coming back to the Board.
3. The Board may fail to set up strategic points for making judgments.
4. The Board may give too much attention to statistics and Takas and too little to the non-statistical but important background psychological factors that affect the statistical results. Employee relations and attitudes cannot always be measured by statistics. Getting the right men on the Board and the wrong men off cannot always be measured by statistics. Establishing and maintaining public relations cannot usually be reported in statistics. The results of management

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development cannot always be reported in statistics. Boards need to pay attention to non-statistical items as well as to Takas and units of volume.

5. The Board may assume that human relations in the system are satisfactory as long as the Taka results are good. This is not always true. It may take a number of years for unsatisfactory human relations and morale to affect the financial results of the business. So, the Board needs to review the psychological satisfactions as well as the Taka that are earned in the electric system.
6. Boards often become preoccupied with the present and neglect the future. They become concerned with short-range plans to the detriment of long-range planning. Today, this month, and this year obscures the vision ahead of three years, five years and ten years. They give too much attention to the functions of reviewing and approving the past and too little attention to determining long-range policies and plans and providing needed facilities when needed.
7. The Board often fails to face its responsibility for decision and action when personalities or the qualifications of individuals are concerned. This is not just the case of failing to release the Senior General Manager/ General Manager when necessary. Occasionally, the Board may find itself making it difficult for the Senior General Manager/ General Manager to take action regarding unqualified staff members. Occasionally, also the Board requires the Senior General Manager/ General Manager to take on Board members' friends or relatives regardless of need or qualification. It is often difficult for the Board to solve this situation. However, if it establishes a policy on employment of relatives and holds strictly to it, it can often avoid unpleasant situations that in the long run cost the enterprise and the consumer members a great deal.

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D. HANDICAPS TO BOARD ACTION

Following are very briefly listed the kinds of attitude or action on the part of an individual member that make it difficult for the Board to function effectively.

1. An attitude that causes a Board member to urge oversimplification - maintaining that nothing can be so complex. Admittedly one should try to clarify and reduce problems as far as practicable - but this does not imply refusing to see a complex problem and therefore failing to solve it.
2. Some Board members fail to see that it is a rare dilemma that gives us only two alternatives. There are many choices open for the solution of any problem and each one can be modified or adapted; it need not be accepted or rejected in its entirety. The Board must attempt to find the right alternative among many.
3. Unwillingness by Board members to try something new or to discard an old method can cripple progress. The fact that something has never been done before is no reason for not doing it. Quite the contrary, refusing to try a new method or system on the grounds that another one has been employed for many years can result in inefficient, costly operations, and a paralyzed organization.
4. The Board member who continues to talk after he has made his point merely wastes the Board's time and adds nothing to the discussion. And this is equally true of the member who says nothing until he knows that a decision has already been made. He agrees with it if it proves successful, and criticizes if it does not.
5. There are occasional members who have preconceived attitudes - prejudices actually - toward any idea that is presented. They have stock answers for everything, usually tending to negativeness. Where there is a real problem they refuse to open their minds or really exert the mental effort to solve it, preferring to use some favorite "cure-all".

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6. There is the restricted-interest member. He pays no attention unless the matter under discussion is to his interest. It may be membership activities, or legal aspects, or insurance. When those matters are before the Board he is awake, vocal, and cooperative, but when other matters are before the Board, he is mentally far away.
7. There is the member who represents a geographical area. He sees all situations only in relation to their effect on his particular constituency, and is not willing to adjust to a larger viewpoint. Unless the matter is 100 percent satisfactory to his group, then he is 100 percent against it.
8. There is the member who demands perfection before going ahead. He is not willing to support an effort that has some promise in it. He is never experimental. He must know that the results are ensured and that they will be practically perfect, or he is not in favor of it.
9. There is the presiding officer who is overly concerned with parliamentary procedure. He wants and he forces action too fast. He tends to appraise the Board meeting in terms of the number of motions passed or in terms of the short time required to get through the agenda.
10. There is the presiding officer who doesn't know how to stimulate and guide group thinking, and help members to come to acceptable group decisions. He lets the Board wear itself out and adjourn with such approvals as they are willing to make just because they haven't had time to think them through or because they are not completely opposed to them.

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## THE FIVE MAJOR FUNCTIONS OF THE BOARD

### I. Establish and maintain legal entity

- registration and bye-laws
- make legal contracts
- defend, protect legal rights

### II. Acts as trustee of members' interests with respect to

- soundness of investments
- security of assets
- continuity of enterprise
- quality of service
- prestige and good will
- character and personality of the organization

### III. Plans with respect to

- viewpoints
- objectives
- goals
- policies
- major facilities
- resources
- Board and annual meetings.

### IV. Provides operating requirements

- a qualified Manager
- adequate authority for Manager
- financial resources in terms of cash or credit
- member support
- community support
- conducts productive Board meetings

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V. Measures and controls

- prevents unauthorized actions
- receives, reviews adequate reports
- sets strategic points - warning signal
- establishes standards
- arranges for audits and consulting services as needed
- provides report to member on Board accountability

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