



**PLANNING AND ECONOMIC AFFAIRS (BPE)
DEPARTMENT**

**No.12248/BPE-2/91/Plg., dated, Thiruvananthapuram,
28th March 1986**

Abstract. – Valid quorum for the meetings of Board of directors of Government Companies—
Clarification issued.

It has come to the notice of Government that some of the Public Sector Undertakings are holding meetings of the Boards of Directors without any one of the official Directors being present, since a valid quorum can be formed by 1/3rd of the total Number of Directors Important decisions are also taken at these meetings.

In a company owned or controlled by Government the presence of representatives of the Administrative Department or the Finance Department in all Board meetings is essential to ensure that the Government directions issued from time to time are complied with. This aspect assumes particular significance now that the Government have made it clear as per circular No. 13410/BPE-2/93/Plg., dated 31st August 1993 that the Board of Directors is the ultimate decision-making authority in respect of all matters relating to the undertakings except in cases where the Articles/Memorandum of Government directions require otherwise.

In the above circumstances, the Chief Executives of all Government Companies and the Administrative Departments exercising control over them are directed over them are directed to initiative action to amend the Articles of Association of every such company by incorporating the following proviso to the articles dealing with the quorum for Board meeting, if such a provision does not already exist:

“Provided that such quorum shall not be deemed to be complete unless at least official representing the Administrative Department or the Finance Department of the Government of Kerala, who is a Director for the time being, is present.”

R. RAMACHANDRAN NAIR

Chief Secretary