

Legal Aspects of Good Governance

Centre for Advancement of Philanthropy

The Concise Oxford Dictionary

Governance:

- 1) the act or manner of governing
- 2) the office or function of governing
- 3) sway, control

The Concise Oxford Dictionary

Govern

- 1) rule or control with authority**
- 2) conduct the policy and affairs (of an organization)**
- 3) influence or determine a course of action**

Applicable Law

TRUST	SOCIETY	SECTION 8 COMPANY
Indian Trusts Act 1882 Bombay Public Trusts Act	Societies Registration Act 1860	Indian Companies Act 2013

Minimum & Maximum Board Members

TRUST	SOCIETY	SECTION 8 COMPANY
Varies	Minimum 7	Depends on whether Public or Private Company

Governance Structure

TRUST	SOCIETY	SECTION 8 COMPANY
Board of Trustees	Managing Committee & General Body	Depends on whether Public or Private Company

Real Power

TRUST	SOCIETY	SECTION 8 COMPANY
With Trustees	With General Body	Depends of whether Private or Public and with or without share capital

Board Rotation



TRUST	SOCIETY	SECTION 8 COMPANY
Appointed Generally for Life	Elections	Elections

Need for AGM?

TRUST	SOCIETY	SECTION 8 COMPANY
No	Yes	Yes

Board Liability

TRUST	SOCIETY	SECTION 8 COMPANY
Personal	Not so Limited	Limited Liability

Power???

TRUST	SOCIETY	SECTION 8 COMPANY
Vested in Trustees	In General Body	Depends on Private or Public Company

Decision Making

TRUST	SOCIETY	SECTION 8 COMPANY
In matters of property - Unanimously	Generally by Majority	Generally be Majority

Role of Boards -- Legal

- **Funds, properties & assets vest in Board**
- **Acquaintance with & advance the aims & objects or mission & vision**
- **Operate the organization within the framework of the organization's own charter and the statutes governing the organization**

Role of Boards -- Legal

- **Should not derive personal benefit from the organization**
- **Remuneration?**
- **Jointly and severally responsible**
- **Oversee & Review functioning and financials**
- **Set policy through process of periodic meetings and resolutions**

Role Of Boards -- General

- **Provide leadership / vision**
- **Give the organization a sense of direction**
- **Set the policy**
- **Take responsibility**
- **Hold the organization together**
- **Be a Sound Board for the CEO / ED**

Role Of Boards -- General

- Mobilize resources
- Build & nurture an ethical, sensitive, motivated & responsible team
- Discourage exaggerated or misleading claims

Questions?

- **How often should a Board Meet?**
- **AGMs & EGMs?**
- **Board Agenda?**
- **Resolutions by Circular?**
- **Validity of video Conference meetings?**
- **Writing and maintaining Minutes of meetings**

Good Boards

- **Have interest in the work of the organization**
- **Have commitment to the organization's aims and objects**
- **Have reasonable intelligence and competence**
- **Respected in the community and by all stakeholders**

Good Boards

- **Respect the right of other board members and staff to differ/disagree**
- **Dissent, if necessary, but accept with grace the majority decision or step down**
- **Effectively mobilize and properly channel resources**

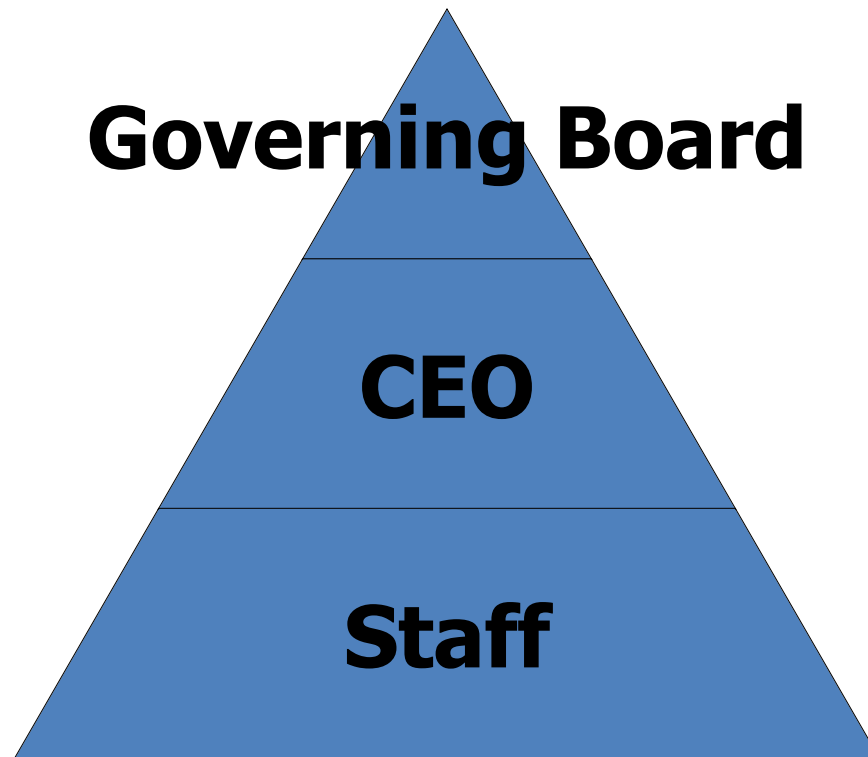
Governance is mainly linked to:

- **Accountability / transparency**
- **Self-regulation**
- **Organizational sustainability**

Good Board Qualities

- **Flexibility (except on matters of core principles and values)**
 - **Open to new ideas**
 - **Enthusiasm**
- (“Nothing was ever accomplished without enthusiasm.” – Emerson)**

Organizational Structure



Conclusion!

Good Governance is the price we pay for the freedom to exercise power and authority in a free, enlightened and democratic society.

For Further Assistance Contact



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