

# Corporate Governance in Public Sector Enterprises: Evaluation of Policies and Practices of Boards Year 2001–2002

## Author

Alka Mittal

## Phd. Supervisor

Dr. K. M. Upadhyay

Department Commerce and  
Business Studies

Jamia Milia Islamia

## Co-Supervisor

Dr. Jauhari Lal

Oil & Natural Gas  
Corporation Ltd.

New Dehi

This study was undertaken with a view to highlighting the need to analyse and improve on the existing Corporate Governance practices and suggest improvements for increasing competitiveness of the Navratna Pses in India

The broad objective of this research was to study the Corporate Governance policies and practices in the Indian Public Sector by evaluating performance of selected Public Sector Boards. The operational objectives outlined to achieve the above were:

### Operational Objectives of the Research

To study the structure and composition of PSE boards and changes brought therein for improving their corporate governance.

- \* To evaluate and compare existing institutional, legal and constitutional provisions governing the present structure and composition of public sector boards and Boards of few selected enterprises.
- \* To study the practices of Boards in boardrooms with regard to formulation and implementation of strategies, policies and evaluation of performance including compliance of relevant laws.
- \* To evolve a board performance evaluation criterion for examining the contribution of boards towards strategic decision making to assess the effectiveness of such contribution.
- \* To analyze the issues related to autonomy of the PSE Boards, keeping in view the role of the Government, Comptroller and Auditor General (CAG), Committee on Public Undertakings (COPU) and the Central Vigilance Commission (CVC) for the

governance of public sector enterprises in our country.

As already stated this research focuses on seven NAVRATNA companies. During our efforts to achieve our objectives we have carried on a detailed study of the CG practices and policies of these companies and also some private sector companies to carry out bench marking in this area. As already mentioned primary and secondary data has been utilized in our survey. Though a very detailed and comprehensive study of data and literature available has been done still on account of the topic being very current every day more and more information of relevance is added providing new dimensions to this issue and making this research process a never ending one. However it was decided that this research study should be summed up here and options for further research and study in this field and other related areas kept open so that the study goes on leading to new derivations in the ever changing economic environment.

Given below are the high lights of some of our findings, observations made during research, conclusions that have emerged and suggestions for improvement.

To study the structure and composition of PSE boards and changes brought therein for improving their corporate governance:

- \* BODs structure should be justified in a manner to increase independence like the private companies.

In fact to bring about real independence in BODs of public sector it should be

- \* ensured that non-executive directors are very eminent people from different fields who are seen as an authority in their own sphere and thus are respected for their achievements.