

CENTRAL ADVISORY BOND ON DISABILITY

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INTRODUCTION

- ▶ *Published vide Notification No. G.S.R. 591(E), dated 15th June, 2017*
- ▶ *act3028*
- ▶ [Department of Empowerment of Persons with Disabilities (Divyangjan)]
- ▶ Ministry of Social Justice and Empowerment

- ▶ An **advisory board** is a body that provides non-binding strategic advice to the management of a corporation, organization, or foundation.
- ▶ The informal nature of an advisory board gives greater flexibility in structure and management compared to the board of directors.
- ▶ Unlike the board of directors, the advisory board does not have authority to vote on corporate matters or bear legal fiduciary responsibilities.
- ▶ Many new or small businesses choose to have advisory boards in order to benefit from the knowledge of others, without the expense or formality of the board of directors.

GOALS

- ▶ Developing an understanding of the business, market and industry trends
- ▶ Provide “wise counsel” on issues raised by owners/directors or management
- ▶ Provide unbiased insights and ideas from a third point-of-view (not involved in the operation of the business)
- ▶ Encourage and support the exploration of new business ideas
- ▶ Act as a resource for executives
- ▶ Provide social networking platform for directors and the company
- ▶ Encourage the development of a governance framework that enable sustainable growth of the company
- ▶ Monitor business performance

FUNCTION

The function of an advisory board is to offer assistance to enterprises with anything from marketing to managing human resources to influencing the direction of regulators. Advisory boards are composed of accomplished experts offering innovative advice and dynamic perspectives.

STRUCTURE

- ▶ An advisory board is a body that provides non-binding strategic advice to the management of a corporation, organization, or foundation.
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ARTICALS

- ▶ Distance control
- ▶ Accountability
- ▶ Preparation for board of directors
- ▶ Formal advice
- ▶ Less pressure on executives

Drawbacks of an advisory board

- ▶ **Less compensation**

An advisory board deals with a more narrow range of issues and meet less often than board of directors. There is less commitment for advisory board members compared to directors in the board

- ▶ **Fiduciary duty/ liability issues**

Board of directors is exposed to a variety of legislated liabilities, fiduciary and other duties. Responsibilities include unpaid wages, unpaid taxes, environmental damage, etc

Reasons for creating an advisory board

- ▶ The main reason to create an advisory board is to seek expertise outside of the company.
- ▶ Advisory board members should provide the company with knowledge, understanding and strategic thinking of the industry or management of the company.
- ▶ Companies should seek advisory board members whose qualities complement the existing board of directors and not mask gaps in knowledge or skill in the main board.
- ▶ An advisory board strengthens the existing board, but does not interfere with authorities of the existing board



Thank you