

**SOCIO - PROFESSIONAL
BACKGROUND OF BUREAUCRATS AND THE FUNCTIONING
OF PUBLIC SECTOR UNDERTAKINGS**

*Dissertation submitted to the Jawaharlal Nehru University
in partial fulfilment of the requirements
for the award of the Degree of*

MASTER OF PHILOSOPHY

VIJAY KUMAR SRIVASTAVA

**CENTRE FOR THE STUDY OF SOCIAL SYSTEMS
SCHOOL OF SOCIAL SCIENCES
JAWAHARLAL NEHRU UNIVERSITY
NEW DELHI-110067,
INDIA
1992**




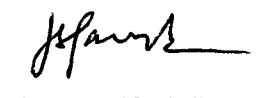
SCHOOL OF SOCIAL SCIENCES
CENTRE FOR THE STUDY OF SOCIAL SYSTEMS

13th July, 1992.

C E R T I F I C A T E

Certified that the Dissertation entitled "SOCIO-PROFESSIONAL BACKGROUND OF BUREAUCRATS AND THE FUNCTIONING OF PUBLIC SECTOR UNDERTAKINGS" by VIJAY KUMAR SRIVASTAVA, has not been submitted for a award of any degree to this or any other university. We recommend that this Dissertation may be placed before the examiners for the consideration of award of DEGREE OF MASTER OF PHILOSOPHY in Sociology of Jawaharlal Nehru University, New Delhi.


(M.N.PANINI)
Chairperson


(J.S.GANDHI)
Supervisor

For....

Dr. N. K. Kulshrestha,

Maa, Papa, Babul and Kiran.

CONTENTS

| | | |
|-------------|--|-----------|
| | <i>A Word of Gratitude</i> | (i) |
| Chapter I | An Introduction | 1 - 9 |
| Chapter II | Bureaucracy and The Public Sector Undertakings : Global Theory and The Indian Model | 10 - 40 |
| Chapter III | Role of Bureaucrats in Public Sector Undertakings : The Contemporary Indian Setting | 41 - 66 |
| Chapter IV | Socio-Professional Background of Bureaucrats | 67 - 102 |
| Chapter V | Bureaucracy in Public Sector Undertakings : Challenges and Response | 103 - 133 |
| | Conclusion | 134 - 139 |
| | Bibliography | 140 - 150 |

A Word of Gratitude....

First of all, I would like to express my indebtedness to my supervisor, Dr. J. S. Gandhi, for his scholarly guidance and valuable suggestions which had been to organise my thoughts and presentation systematically.

I take this opportunity to remember most affectionately my didi and jijaji who always wanted me to pursue academics --- both of them have been proved to be very heralding and would remain so, forever.

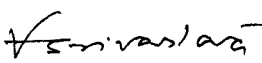
The memory of my beloved Bua, whom I always had at the back of my mind made this rather cumbersome task look less difficult.

My acknowledgement would remain incomplete without mention of Vira's name whose friendship I have valued much and who has by her cheerful company made my work a much pleasanter experience than it would otherwise have been.

I want to make a very special mention of my bossom friend Vijay Shanker Pandey, whose help and motivation turned this abstraction into reality.

I am obliged to the I. I. P. A. Library, B. P. E. Library, SCOPE Library, Ratan Tata Library, and Jawaharlal Nehru University Library, all of which are in the New Delhi for their help and kind co-operation in collecting materials

In the last but not the least words of gratitude for the staff of KIRAN COMPUTERS, especially Ashutosh M. Joglekar, who very patiently worked on the computers to give my dissertation least possible errors and the most presentable prints.


(VIJAY KUMAR SRIVASTAVA)

Chapter I

An Introduction

The origin of organisation lies in the very existence of human being, who himself is a social animal. His settled and patterned style of life paved a way for co-operation and co-ordination amongst human beings as such. And the basic notion behind this being security and safety, organisation took shape. Modern society is inextricably woven with organisation, which undoubtedly engrosses the mechanism of bureaucracy.

(A) TOPIC OF THE STUDY

This work concerns itself with the socio-professional aspects, attitudes and role of higher echelons of bureaucracy working in the public sector undertakings. With the steady increase in state functions corresponding to the change in the philosophy of state activity (from laissez faire to social welfare), it is generally an accepted notion in modern states, especially the developing, that ownership of most of the natural resources and capital heavy industries should increasingly rest in the state. In developing countries, state intervention in economic and industrial enterprises has become almost compulsory for various reasons. The major reasons for state intervention in economic activity are : to build up an industrial infrastructure and raise productivity; increase employment and general standard of living by accelerating national growth and development; to render needed services and cater to public utilities like power, transportation and

communication which are capital heavy investments and strictly unprofitable under private enterprise; to provide sources of credit to finance agriculture and industrial production and trade; and to reduce dependence on foreign capital and aid in the long run.

Most developing countries suffer from acute lack of capital, entrepreneurial skills and regional imbalances. The two main aims of all developing societies are to raise levels of productivity and strive towards creation of an equalitarian and just social order. The immensity of the socio-economic problems of these countries in general and of India in particular, makes state intervention inevitable and in fact desirable. The state becomes a vital partner in industrial development and promotion of industrial enterprises both as a matter of national policy and to ensure public control over certain sectors of the economy.

In India, the Industrial Policy Resolution of 1956¹ has laid down the basic principles that will govern the state's approach towards industrial development. The approach derives its base from the Directive Principles of State Policy contained in the Constitution and from the adoption by Parliament, the socialist pattern of society as the objective of our social and economic goals and laws. Art. 39² of the Indian Constitution proclaims certain principles

1 S.K.Misra and V.K.Puri., *Indian Economy*, Himalaya Publishing House, Delhi, 1990, pp.695-700.

2 *The Constitution of India.*, Government of India, New Delhi.

of policy to be followed by the state. It envelops :

- (I) that the ownership and control of the material resources of the community are so distributed as best to subserve the common good;
- (II) that the operation of the economic system does not result in the concentration of wealth and means of production to the common detriment.

As a result of this, the Industrial Policy Resolution of 1956³ stated that the need for rapid planned development required that all industries of basic and strategic importance, or in the nature of public utility services, should be in the public sector. Consequently, we find that the government becomes a trustee of public resources in the form of public enterprises.

Here our concern is to find that who manages the public enterprises on behalf of the government. Perhaps public bureaucracy, which plays a vital role for government's sake in the development processes of India. Great tasks of nation-building are performed by the bureaucracy acting as an instrument of change. Even those political leaders who started with an anti-bureaucratic approach during the struggle for national freedom came to depend more and more on the bureaucracy for the implementation of public policies for national reconstruction and economic development. Thus,

3 Op.cit., S.K.Misra and V.K.Puri, 1990, pp.695-700.

bureaucracy, an institutional device for administering large scale organisations, has become a dominant feature in modern Indian society. For the achievement of the goals of Socialism, bureaucracy has been recognised as a necessary instrument.

Indian Bureaucracy and Public Sector Undertakings :

Indian bureaucrats are very much a part and parcel of the public undertakings, this work deals with their socio-professional background. The IAS, constituted after independence on the model of ICS, continues to have an elitist character by background and training of its members. This has been illustrated by many empirical studies on the socio-economic background of the Indian bureaucrats undertaken by various social scientists -Prof. C. P. Bhambhri, V. Subramaniam, Trivedi and Rao, Damyanti Bhatnagar etc. These studies reveal that the civil services in India are still manned by persons belonging to the urban educated professional middle class of India. Civil service as a career seems to attract the youth from educated middle class more than from any other social order. A higher proportion of young recruits come from the English medium convent schools and the more well known colleges and from metropolitan universities. Consequently, the higher echelons of bureaucracy generally belong to the educated upper middle classes of the urban areas or higher castes of rural areas. Their parents come from the upper strata of the society and

are engaged in the professions such as law, engineering, medicine, teaching etc. This fact is quite often reflected in their attitude to life, career and the public in general. Prof. C. P. Bhambhri⁴ has observed that in the Indian context there is a dissonance between the orientation and attitudes of the higher civil service and the national goals of planning, equality, secularism, social justice and democracy.

Children from business background, lower income groups and rural farming or artisan classes are grossly unrepresented in these services. In recent years, however the social base of the services in India has considerably widened because of steady expansion of educational facilities and increase in the number of scholarships and freeships for economically needy students; and reservation quota for Scheduled Castes and Tribes.

Despite these reasons, The Indian bureaucracy remains as unrepresentative as ever, the higher civil services being drawn from a small percentage of the community. The attitude of the bureaucrats reflects the bias and prejudice of their social class. Behaviourally the bureaucrats continue to remain conservative and resistant to change with an obsession for rules and regulations and routine administration. They lack initiative, dynamism, and a will to

4 C.P.Bhambhri., "The Administrative Elite and Political Modernization in India", in, *Indian Journal of Public Administration*, Indian Institute of Public Administration, Vol.17, No.1, 1971, New Delhi, pp.47-64.

change their attitudes or orientation. In recent years, the reservation policy has enabled many members of the lower castes to get into the civil service. However, it has been observed that even among them, it is relatively better off sections, who avail of the reservation policy, and after joining bureaucracy soon become part of the privileged classes like their upper caste brethren. Hence, in the long run, they are behaviourally no different from the rest.

However, it is difficult to say whether there is any direct correlation between the socio-economic and socio-professional status of the services and their orientation in the functioning of public enterprises. Many empirical studies have proved that the socio-political attitudes of the bureaucracy in general are not very different from the rest of the society.

(B) OBJECTIVE OF THE STUDY

The objective of this study is to look into the bureaucratic functioning in public sector undertakings and to analyse sociologically relevant factors impinging upon the much talked about inefficiency of the public sector undertakings. In addition we shall also examine a relationship between two variables, namely, socio-professional background of bureaucrats and the functioning of public sector undertakings. The available secondary sources for this work have provided materials in order to

understand that, how socio-professional background of bureaucrats is intertwined with the functioning of public sector undertakings.

(C) METHODOLOGY FOLLOWED IN THE STUDY

So far as methodology is concerned, we do not believe in any reductionist perspective and mathematical formulations. Social realities are basically shaped by individuals participating in the processes of social-intercourse in a given socio-cultural context.

Since, social-reality is complex, it calls for proper understanding that largely depends on investigator's or analyst's insight into the problem. The present work tries to analyse the problem of, "Socio-Professional Background of Bureaucrats and the Functioning of Public Sector Undertakings in India", in the actual empirical situation on the basis of secondary sources of data.

This work is analytical in character, because we believe that descriptive account is not sufficient or sometimes it becomes a bundle of crude data. An analytical approach helps us in understanding the problem.

Our experiences suggest that social reality is not unidimensional but multidimensional. Thus causal pluralism is an integral part of this work.

(D) CHAPTERIZATION

Our effort to look into the problem of **"Socio-Professional Background of Bureaucrats and The Functioning of Public Sector Undertakings"**, have been divided into four main chapters, excluding introduction (chapter I).

Chapter II i.e. **"Bureaucracy and The Public Sector Undertakings : Global Theory and The Indian Model"**, envelops the global notion of theoretical orientations of bureaucracy based under the intellectual impact of several social scientists. It also incorporates the concept of public enterprises and its objectives with an analytical discussion on the development of bureaucracy and changes, that are taking place as well.

Chapter III i.e. **"Role of Bureaucrats in Public Sector Undertakings: The Contemporary Indian Setting"**, looks into the very functioning of public sector undertakings in India in order to be acquainted with the roles played by Indian civil servants. The roles and functions of bureaucrats have been seen through diverse sources.

Chapter IV i.e. **"Socio-Professional Background of Bureaucrats"**, encompasses the crux of this work where our impetus is to trace out the correlation between the socio-professional background of bureaucrats and the functioning of public undertakings. This chapter engrosses several empirical studies to provide a sound footing to the undertaken proposition.

Chapter V i.e. "Bureaucracy in Public Sector Undertakings: Challenges and Response", comprises the vested obstacles and problems which hinders the autonomy and functioning of bureaucratic control over public undertakings under the prevailing socio-political context in India. Of course, this point, coupled with some remedial measures provided by several scholars and governmental reports and committees have been a part of it.

Finally, the concluding remarks of this work highlights that, how far we have been successful in looking into the problem of socio-professional background of bureaucrats and the functioning of public undertakings. The conclusion conceives a dealing with Indian bureaucracy, working in public enterprises and reflects the nature and degree of conformity or deviation from the Weberian model of Ideal typical bureaucracy.

Chapter II

Bureaucracy and The Public Sector Undertakings :

Global Theory and The Indian Model

Before tracing the role of Bureaucrats in public sector undertakings, we shall look into the conceptual development of administration. In its technical sense, bureaucracy or administration once viewed as purely administrative organisation¹, separate and distinct from the decision making body.

(A) BUREAUCRACY : VARIOUS APPROACHES

J.S. Mill viewed that the "Bureaucracy" as no less than rule by officials, which clashed with the principles of representative governments. The bureaucratic form of government, he added, accumulates experience, acquires well tried and well experienced maxims and makes provisions for appropriate practical knowledge in those who have the actual conduct of affairs².

Various philosophers, have expressed their different opinions regarding bureaucracy or administration from different points of views which are being analytically explained as follows :

The Hegelian Concept : In his "Philosophy of Right" (1921) he raised the concept of bureaucracy to abstract heights, a transcending entity, a mind above individual minds. He defined it as "state formalism" of civil society, as the

1 B.B.Misra., *Bureaucracy in India: An Historical Analysis of Development upto 1947*, Oxford University Press, Delhi, 1977, p.10.

2 Ibid., pp.11.

"state power" as a corporation³.

Hegel considered bureaucracy to be the universal class, a synthesis uniting the particularism of civil society with the general interest of the universal between society and the state. Hegel's concept of bureaucracy was, indeed, based on the abstract philosophy of law. He did not conceive of bureaucracy as an element distinct from the state.

The Marxist View : Like Hegel, Marx did not recognise bureaucracy as an independent object of analysis, but his premise was different. He naturally treated bureaucracy as an instrument of the economically dominant class, an agent of government functioning under the direction of that class or the group controlling the power of the purse, not as an integral part of a transcending Hegalian state which, in spite of its claim to be one with civil society, remained allied with the nobility and military class.

He added the general spirit of bureaucracy is secret⁴, mystery, safe guarded inside itself by hierarchy and outside by its nature as a closed corporation. As far as the individual bureaucrat is concerned, the aim of the state becomes his private aim, in the form of rank or higher post of carriage. Bureaucracy must, therefore, make its job to render the life as material as possible.

3 D. McLellan., *Karl Marx: Early Texts*, Oxford University Press, New York, 1971, pp. 68.

4 L. S. Piner., *Marx & Engels: Basic Writings on Practice and Philosophy*, Oxford University Press, 1959, pp. 127.

It is clear that Marx was aware not only of the existence and growth of the state⁵, but also of the distinction that existed between the state and its bureaucracy, a non-political administrative organisation possessing certain fixed principles of conduct.

The Power - Elite Concept: The first outstanding advocate of the power-elite concept of bureaucracy was G. Mosca who held that bureaucracy signified rule by officials. Like Marx, Mosca accepted the dominant class theory as well as the existence of class antagonism. But it was a power based politically dominant class, not an economic class.

Mosca never bothered to define bureaucracy. Instead he proceeded to divide all governments into two main categories, the feudal and the bureaucratic. Under a bureaucratic organisation, Mosca pointed out⁶ that the society was influenced less by the given individual leader than by the ruling class as a whole. Like Mosca, Michels assumed that the immediate concern of bureaucracy was the exercise of power. But the latter was conscious of both the political and organisational aspects of bureaucratic functioning.

Both Mosca and Michel agreed that bureaucracy was a necessity in the modern state, but the scope of its activity should be limited. However, while Mosca restricted his

5 Op.cit., B.B. Misra, 1977, pp.16.

6 G. Mosca., *The Ruling Class*, New York, 1937, pp. 81.

analysis of bureaucracy to the limited field of public administration.

The Weberian Concept; A Synthetic Approach : The Weberian concept of bureaucracy is based on a sociological analysis which united in a single frame of reference both political and organisational dimensions. He not only formulated his concept theoretically and established the connection of bureaucracy as an administrative organization with politicised society, but imparted to his technical definition a degree of clarity and sophistication never attained before.

In his technical definition he was concerned exclusively with the mode of administration and the type of administration. It had nothing to do with the projective aspect of bureaucratic administration⁷. Weber's starting point in his theory of organisation, a central issue applicable not only to bureaucracy but to all over modern organisation, social or economic. He proceeded to the analysis of bureaucracy in two parts, the first part is dealing with the general concept, and the second with the pure or rational type known also as the "Ideal type".

Weber preferred to call an administrative order regularity not only the action of the administrative staff⁸,

7 Op.cit., B.B.Mishra, 1977, pp.23.

8 Max Weber., *Theory of Social and Economic Organisation*.
(Translated) A.M.Henderson and T.Parsons, The Free
Press, New York, 1968, pp.156.

but also that of the members in their direct relations to the corporate groups. Briefly, the term bureaucracy signifies two main things a type of administrative organisation and a form of rule of system of government. The first is technical in approach, the second is political.

Politically, bureaucracy is a form of government with officials either acting as rulers themselves, or co-existing with elected executives, but connected conceptually in all cases with the exercise of authority as members of a class of power elites.

According to Weber, a purely bureaucratic administrative organization is capable of attaining the highest degree of efficiency and is, in this sense, formally the most rational means of carrying out positive control over human beings, precision, speed, knowledge of files, continuity, unity, subordination, reduction of friction and material and personal costs. These are raised to the optimum point in a strictly bureaucratic organization specially in its monocratic form.

Postulative Enumeration of Weberian Model : Weber's theoretical postulates of bureaucracy typify the essence of legal rational authority. The whole administrative staff under the supreme authority consists of, in the purest type, individual officials who function according to the following criteria⁹.

9 Op.cit., Max Weber, 1968.

- (I) They are personally free and subject to the authority only in respect of their impersonal official obligations.
- (II) They are organized in a clearly defined hierarchy of offices.
- (III) Each office has a clearly defined sphere of competence in the legal sense.
- (IV) The office is filled by a free contractual relationship. There is free selection.
- (V) Candidates are selected on the basis of technical qualifications. They are appointed; not elected.
- (VI) They are remunerated through fixed salaries for the most part with a right to pension. The salary scale is primarily graded according to their rank in the hierarchy, but in addition to this criterion, the responsibility of the position and requirements of the incumbent's social status may also be taken into account.
- (VII) The office is treated as the sole, or at least the primary occupation of the incumbents.
- (VIII) It constitutes a career. There is a system of promotion according to the person's seniority or achievement. Promotion is dependent upon the judgement of the superiors.
- (IX) The official work is entirely separated from the

ownership of the means of administration and without appropriation of his position.

(X) He is subject to a strict and systematic discipline and control in the conduct of the office.

A Critique of Weberian Model : These theoretical postulates evolved by Weber have been the starting point of the exposition and formulation of the theory of bureaucracy. After his contributions some of the sociologists have joined issues with him. Some have proposed a number of modifications in his theory, and yet others think entirely on different lines and do not accept his theory. As a matter of fact, Weber himself was aware that an ideal bureaucratic functioning is a difficult proposition, a mere abstraction. But at the same time, he considered these characteristics desirable for the economic, socio-cultural, and political development of any society. It seems that Weber had not foreseen the possibility of political and administrative authority being coalesced into one. Besides, he had not visualised bureaucrats being called upon to perform the task of providing leadership for social transformation, as is evidenced by the demands made on democracies in the Third World countries¹⁰. Some of the criticism of the Weberian model stems from the social and political changes that have taken place over the last few decades. Besides these, the

10 Y.B.Damle., "A Frame Work for the Study of Bureaucracy", in, *Public Services and Social Responsibility*, (ed., S.C.Dube), Vikas Publication, New Delhi, 1979, pp.11.

theorists have also tried to attack the very attributes proposed by Weber for developing an ideal type of bureaucracy. These issues concerning the Weberian theory need special mention here.

Weber treats bureaucracy as the most appropriate means of administrative functioning. One of the characteristics desirable for the ideal functioning of bureaucracy is strict supervision and control over the subordinates and within the system. But it has been felt that in practice this is neither feasible nor necessary, except perhaps in military organizations. Friedrich observes that only an army or a business concern without any sort of employee or labour participation in management, a totalitarian party and its bureaucratic administration, would come nearest to Weberian model of bureaucracy¹¹. In order to maintain legal-rational authority, organizations can develop a system which overemphasizes pattern maintenance. Overemphasis on rules and regulations raises the possibility of the displacement of goals¹². P. Blau argues that a bureaucratic system perpetuates ritualism. This tendency of ritualism grows due to a feeling of insecurity and fear of superiors among subordinates¹³. Lipset while discussing bureaucracy observes

11 Carl.J.Friedrich., "Some Observations on Weber's Analysis of Bureaucracy", (ed. Barbiant et. al.), in, *Political and Administrative Development*, Duke University Press, 1969, pp.107-135.

12 R.K.Merton."Bureaucratic structure and Personality", in *Reader in Bureaucracy* (ed.,R.K:Merton), The Free Press, New York, 1952, pp.361-377.

13 Peter.M.Blau., *Bureaucracy in Modern Society*, Random House, New York, 1956.

that bureaucrats have their own vested interests in the existing legal order and therefore are resistant to change. This is where bureaucracy is attacked as an impediment both to democracy, and more particularly to change. Merton¹⁴ also states that while theoretically, the government personnel are expected to serve the people, they are actually superordinate. Another important point of criticism which emerge from Merton's discussion is that while bureaucracy emphasizes a rational and secondary relationship between functionaries and beneficiaries, the beneficiaries who are to be served by the bureaucracy want to establish a primary group relationship with the bureaucrats so that they can get things done. Hence, there appears to be an incompatibility between the structural demands and their execution by the primary group. Yet another shortcoming of the bureaucratic system is that very often it is difficult to pin down responsibility on any particular individual. And the irony of it is that the bureaucracy can turn down any programme of reform when it does not want to accept it by refusing to act immediately. It tries to serve its own interest, and for this a general slackness in the system becomes part of its functioning¹⁵.

In addition to these criticisms of bureaucratic functioning the Weberian model has been questioned for being

14 Ibid., R.K.Merton, 1952, pp.376.

15 Seymour., M. Lipset., "Bureaucracy & Social Change", in *Reader in Bureaucracy* (ed., R.K.Merton), The Free Press, New York, 1959, pp.321-332.

a theory per se¹⁶. Hall observes that it is presented as a finished tool whereas, it is a set of hypotheses to be verified by empirical findings¹⁷. These attributes need to be first established before being accepted as a universal model. It has also been felt that it overstates the positive functions of bureaucracy such as efficiency, rationality, etc., but misses out on disfunctions like redtapism, trained incapacity, procedural delays, occupation etc.¹⁸

Thus it is obvious that Weberian model is not accepted universally. The bureaucratic pattern has been considered to be especially repugnant in a democratic set up. P.Blau¹⁹ for example has criticised bureaucracy for unduly concentrating power and being responsible for undermining democracy.

Similarly Damle²⁰ observes that it would not be desirable to have a technocratic rule in a democracy, particularly when modernization and social change are the goals. Democratic process requires that people should be involved in the new changes in all walks of life. As such, apart from the fact that the bureaucrats have to supply the

16 Staneley.H.Udy., "Bureaucracy and Rationality in Weber's organization Theory : An Empirical Study", *American Sociological Review*, Vol.24, 1959, pp.415-418.

17 R.H.Hall., "The Concept of Bureaucracy-An Empirical Assessment", *American Journal of Sociology*, Vol.XIX, 1963, pp.32-40.

18 Op.cit., R.K.Merton, 1952, pp.50-54.

19 Op.cit., Peter M.Blau, 1956, pp.31.

20 Op.cit., Y.B.Damle, 1979, pp.17.

relevant services and facilities for the production of goods and commodities, they also have to educate the people with a view to changing their mental attitudes. It is absolutely necessary in a democracy that a bureaucrat plays a role which is wider than that of a mere technocrat. It is because of this that the formalistic model of bureaucracy would not be enough and informal groupings will have to be reckoned with by bureaucrats in their day-to-day working.

In a democratic set-up, it is desirable that the bureaucracy be more sensitive to people's needs and criticism. A healthy communication pattern has therefore to be built within the system and with the beneficiaries. Under these conditions, the bureaucratic model would be more open and flexible behaviourally²¹.

(B) HISTORY OF ADMINISTRATION AND BUREAUCRACY IN POST INDEPENDENT INDIA

The constitution of 1935 specially its federal part was acceptable neither to the congress nor to the Muslim league. In the presidential address to the Faizpur congress of 1936, J.L. Nehru called the Act of 1935 "New Charter of Bondage"²². While a congress resolution of April 1936 urged that the future of "Constitution of India" can only be framed by a constituent assembly elected on adult franchise

21 Op.cit., Y.B.Damle, 1979, pp. 17-20.

22 A.Chatterjee., *Constitutional Development in India.*
1937-1947, Calcutta, 1958, pp. 94.


as a franchise which approximates to it as nearly as possible. In a press conference held on 10th July 1946, Jawahar Lal Nehru meanwhile denied that the congress had ever committed itself to the principle of compulsory groupings²³. However, the Constituent Assembly which proceeded to frame the future of constitution of India in December 1946 was not composed of the representatives of all communities and interest as envisaged in the proposals of the cabinet mission.

771-11226

The Indian Independence Act, 1947 accordingly set up in India with effect from 15th August 1947, two independent dominions, to be known respectively as India and Pakistan. On 13th December 1946 the Constituent Assembly declared its firm and solemn resolve to proclaim India as an Independent, Sovereign, Republic, and framed a new Constitution which came into force in 1950. The status of independence involved primarily the determination of the Constitution of India by the indian themselves.

While talking about "Welfare State" in Independent India, it is stated "the central feature of good administration is its development of all members of an administration. In so far socialism now stands for the

23 A.B.Keith., *A Constitutional History of India--1600 to 1935*, Central Book Depot, Allahabad, 1961, pp.210.

DISS
352.63
Sr38 So

TH4226



"Welfare State"²⁴. The preamble of the Indian constitution very eloquently speaks about of freedom, justice, liberty, equality and fraternity.

The Modern Out Look : After more than four decades independent India abounds with poverty and squalor, hunger and malnutritions, illiteracy and unemployment inequality and oppression and injustice. Economically speaking, the programmes, policies are being carried out with the probable objectives of education, of employment and realisation of their objectives, indeed depends upon qualities, planning and organisation of administration. In this regard it is correctly stated that modernization is a state of mind and modern concept of "Welfare State" can be operated effectively only by the active participation of administrators/ bureaucrats, who share the lively, spiritedly and rational ingredients of the modern outlook²⁵.

While significant changes have taken place in the system of governance in India, it is quite remarkable that the basic framework of administration inherited from the British colonial rule has more or less remained in place. This continuity is all the more striking when one recalls the comment of Nehru in his autobiography, that "no new order can be built in India so long as the spirit of the Indian civil service pervades our administration and our public

24 Paul.H.Appleby., *Public Administration for a Welfare State*, Asia Publishing House, Bombay, 1970, pp.10.

25 P.G.Malvankar., "Our Major Plan Feature", *Janta*, April 22, 1979, Vol. XXXIV. No. 2, pp. 10.

services"²⁶. There was a feeling among nationalist leaders that the colonial administrative system had to go when the British departed. The expectation was that a change of heart would occur and the individual bureaucrat would reorient himself from the colonial outlook and transfer his loyalty to a democratically elected political apparatus. To a certain extent, these expectations were fulfilled; during the days of partition, the administrators were fully committed to work for the unity and integrity of the country when it was threatened the most. But that was a situation of an extraordinary nature. In the day-to-day administration, in the developmental tasks, and in the nation-building activities, the task of reorienting the administrative ethos has not been as easy one. Paul Appleby affirmed that the "inadequancies of Indian bureaucracy are not due to the fact that it is a bureaucracy but due to a considerable fact that it carries too much baggage from the past"²⁷.

In analysing the reasons why such an ethos still continued, it was argued that the administrators of the post-Independent India were as elitist and west-oriented as their counterparts during colonial rule. Therefore, the contention was that they continued to be alienated from the large mass of the poor of the country and would not possess

26 Jawahar Lal Nehru., *An Autobiography*, Methuen, London, 1953, pp.282.

27 C.C.Taylor., et.al., *India's Roots of Democracy*, Praeger, New York, 1966, pp.579.

requisite behavioural characteristics needed to implement the development programmes initiated by the government. Empirical data collected to identify the social and economic background of the IAS showed that they came from the middle and upper strata of society and had urban professional background²⁸.

These findings were particularly useful to reinforce the argument that there was continuity between the ICS and the IAS and that the latter could easily be considered as the successor service in more senses than one. It may be pertinent to point out here that Hindu culture was also identified as a source of bureaucratic behaviour. At this juncture, Heginbotham²⁹ introduced "dharmic" tradition as another factor that influenced the working of the Indian bureaucracy. The general argument in such studies was that the colonial or Weberian orientation or Hindu tradition stood in the way of acquiring a development orientation so essential for improved administrative performance in independent India.

Today, bureaucracy is basic to the governance of a modern state. But it is a supplement, it manifests a spirit

28 Op.cit., C.P. Bhambhri, *Indian Journal of Public Administration*, Vol.17, No.1, 1971, pp.47-64; and R.N. Trivedi and D.N. Rao, "Regular Recruits to the IAS", *Journal of National Academy of Administration*, Mussoorie, Vol.5, 1960.

29 S.J. Heginbotham, *Cultures in Conflict : The Four Faces of Indian Bureaucracy*, Columbia University Press, New York, 1975, pp.68.

of incompleteness without politics. Contrary to what the doctrine of structural separation of policy and administration prescribes, the bureaucracy in India performed both the policy making and implementation rules. In a real sense, policy making and policy implementation were bifurcated in India after independence in 1947. This continues to be the base of minister-civil servant relationship in Independent India though in practice the bureaucrat does participate in policy making in varying ways and measures. Administration, of course, remains its bounded responsibility. As against the non-fixed tenure of politician, the civil servant enjoys a life tenure, which is intended to make him serve professionally, impartially and objectively whosoever comes into political power. Art. 311 of the constitution provides special protection to the civil servants against demotion or dismissal or any other disciplinary action without prior inquiry including an opportunity to defend themselves. The constitutional safeguards to India's highly educated elite group was inserted to make them fearless and impartial in the interface with the minister, and invulnerable to the latter's improper cajolings or threats.

The Dynamics of Bureaucracy :Because of the democratic set-up of the government, civil servants were called upon to work under the control of the representatives of the people. And the bureaucracy has adjusted itself smoothly to

democracy and popular control. Now bureaucracy has to adjust itself and undertake the gigantic task of reconstructing the Indian economy. India has embarked upon ambitious five year plans, the main purpose of which is to improve the standard of living of the teeming masses and lay down the foundations of a socialistic, democratic, equalitarian society.

Essentially the socialist pattern of society means that the primary condition for determining the lines of advance must not be profit but social gain and that the pattern of development and the structure of socio-economic relations should be so planned that they result not only in appreciable increases in national income and employment but also in greater equality in incomes and wealth. The benefit of economic development must accrue more and more to the relatively less privileged classes of society, and a milieu should be created in which the small man has chances of rising in life.

For creating such an environment, the state has to take on heavy responsibilities. The Public sector has to expand rapidly. It has to play a dominant role in shaping the entire pattern of investments- both private and public - in the economy and has to initiate developments which the private sector is unwilling or unable to undertake. The responsibility for new developments in certain major lines of activity which require the use of modern technology, large scale production and a unified control and allocation

of resources must be undertaken in the main by the state.

In new India the civil service has been called upon to manage state-owned industrial and commercial projects. Civil servants have to advise the government on the problems of planning. The civil servants have to execute planning. It is suited to new tasks which it has called upon to perform. It is alleged, that the civil servant shows too much attention to precedent; he looks always to the past and eschews and departure from tradition of the habitual way of doing things. The one quality in which he excels is that of finding reasons, why a change should not be made or why a given course of action should not be pursued. His attitude is negative where it should be constructive. Moreover, he is so afraid of making a mistake or so lacking in self-confidence that he tries to avoid personal responsibility, but consequent passes on to some one else; if he can, any question involving decision³⁰.

After an elaborate discussion on the theoretical orientations of bureaucracy and its development and dynamics existing in India, we proceed for an acquaintance with the meaning and objectives of public sector undertakings.

30 H.G.R.Greaves., *The Civil Service in the Changing State*, George G. Harrap and Company, London, 1947, pp.46.

(C) MEANING AND OBJECTIVES OF PUBLIC SECTOR UNDERTAKINGS

A significant aspect of industrial development has been the predominant role assigned to public sector undertakings in establishment of basic industries. Public sector has taken initiative for development of various industries, such as steel, non-ferrous metals, petroleum, coal, fertilizers and heavy engineering. It has also made investments in consumer industries like textiles, drugs and pharmaceuticals, cement and sugar. Number of public sector enterprises which was only 5 in 1951 rose to 244 on 31st March 1990. This excludes eight companies with the Central Government investment but without direct responsibility for management, six insurance companies and two financial institutions.

A public undertaking, for purposes of examination can be defined in different ways. Scholars have always been defining it according to the Indian set-up. A more comprehensive definition has been given by S.S. Khera; "By state undertakings is meant the industrial, commercial and economic activity carried on by the Central Government or by a State Government or jointly by the Central Government and State Government, and in each either solely or in association with private enterprise so long as it is managed by a self-contained management³¹.

31 S.S.Khera., *Government in Business*, Asia Publishing House, Bombay, 1963, pp.68.

A macro report³² on the performance of India public enterprises by Standing Conference of Public Enterprises, New Delhi has defined public enterprises in the following manner:

"The concept of public enterprises as adopted for this study covers organization, control, ownership and marketing aspects of productive entities.

- (I) "A public enterprise is a productive entity/organization which is owned and/or controlled by public authorities and whose output is marketed."
 - (II) "A productive entity/organization is an identifiable decision making unit with an explicit or extractable budget and which produces goods and/or services."
 - (III) "Ownership refers to more than 50% of outstanding equity being held by a public authority, either directly by the government or indirectly by public entities (including other public enterprises)".
 - (IV) "Control means the power to be involved or actual involvement in the management of the enterprise through the appointment of top-management (i.e.
-

32 A research study sponsored jointly by International Development Research Centre, Ottawa, Canada and Government of India, 1978, SCOPE Publication, Titled- "Performance of Indian Public Enterprises" (Macro Report 1978.

members of the Board of Directors or Chief Executives)".

- (V) "Output is marketed if sales cover more than 50% of the current costs (current costs refer to intermediate inputs plus returns to factors not owned by the enterprise, largely wages and rent)".

Deviation from the definition : As the Indian data don't strictly lend themselves to conditions³³ (I) As according to section 617 of the Indian Companies Act 1976, a Government company is that in which not less than 51% of the paid-up share capital is held by the Central Government or any State Government or governments or partly by the Central Government and partly by one or more State Governments, (II) the term control in the Indian context is used to refer "ownership control" only and (III) the term "output marketed" is used in the sense that it is not provided free of charge.

Thus, we find that the increasing intervention by the state in the economic field has been a characteristic feature of the 20th century. Today state intervention of a positive kind in the ownership, operation or regulation of industries and services has become a vast movement of worldwide dimensions. In India also this general trend has been in operation for quite sometime.

33 "Public Sector : How Bright is its Image"., in, *Financial Express*, 14th December 1989.

V. Krishnamurthy³⁴, talks about Indian public sector and says that the public sector in India today "is a symbol of self reliance and planned development; has triggered growth in other sector of the economy; has facilitated development in hinterland areas; has provided technological depth to Indian Industry and is currently fostering growth in hi-tech areas; is a synonymous with fair and professional management; has groomed a large number of talented managers. Nearly 60% of the middle managerial group is with the public sector".

Contemporary Reformative Perspective of Public Sectors³⁵ :

The public sector was originally conceived as holding the commanding heights of the economy and leading technological advance. It was also intended to generate investible surpluses and become an engine for self-reliant growth. The public sector has contributed significantly to the diversification of India's industrial structure. But its contribution in terms of generating internal resources for further expansion has fallen short of expectations, and its inability to do so has now become a major constraint on economic growth.

The performance of public sector deteriorated sharply in 1990-91. When the net profit (after tax) of all non-

34 V.Krishnamurthy., "No Accountability Without Autonomy", in, *The Times of India*, 20th March 1990.

35 *Economic Survey.*, 1991-92, Part I, General Review Government of India, New Delhi, pp- 14.

departmental central public sector enterprises declined to Rs. 2368 crore from the level of Rs. 3789 crore reached in 1989-90. The poor performance has continued in 1991-92. It is imperative that the public sector attains the objectives originally set for it. This will require a sustained improvement in productivity and profitability. The budgetary support to public sector enterprises will need to be scaled down and they will be expected to maintain financial discipline in their operation. The sector should be exposed to competitive pressures wherever possible. Some of the enterprises can be restructured so as to improve their capital base and access to the market.

To enable the public sector to work efficiently, the public sector units have to be given the greatest autonomy in their operations. A system of full responsibility and complete accountability will have to be enforced on public sector managements. In 1991-92 the Government undertook a limited disinvestment of a part of public sector equity to the public through public financial institutions and mutual funds in order to raise non-inflationary finance for development. The disinvestment will also bring in greater public accountability and help to create a new culture in their working which would improve efficiency. The objective of public sector policy is to improve the operational efficiency of these units and return them to their original goals. Recognizing that sickness is a serious problem in

many Public sector units. The government amended the Sick Industrial Companies Act to bring public sector undertakings also within its purview. This makes sick public sector units subject to the same discipline as private sector units including reference to the BIFR for identification of a viable restructuring package or close as the case may be.

De-Reservation of Industries for the Public Sector³⁶: Since 1965, 17 industries have been reserved for investment by public sector. Private sector was however, permitted to invest in these industries on a selective basis. Now only 8 industries will continue to be so reserved. Among the industries reserved earlier were many core industries like iron and steel, electricity, air transport, ship building, heavy machinery industries such as heavy electrical plants and telecommunication cables and instruments.

The new Industrial Policy has removed all these industries from the reserved list. Industries which continue to be reserved for the public sector are in areas where security and strategic concerns predominate. The government has also decided that it will undertake a review of the existing portfolio of public investments, particularly in respect of industries based on low technology, small scale and non-strategic areas, inefficient and unproductive areas, areas with low or no social significance or public purpose and areas where the private sector has developed sufficient

36 *Economic Survey*, 1991-92, Part II, Sectoral Developments, Government of India, New Delhi, pp.81.

expertise and resources. The focus in the public sector will be on strategic, hi-technology and essential infrastructure areas. The government has also announced its intention to offer a part of government share holding in the public sector enterprises to mutual funds, financial institutions, the general public and workers. A beginning has been made by divesting part of equities of selected public sector enterprises to be placed with mutual funds. Over all much greater autonomy will be given to public sector management so that they can operate on commercial lines. The new policy indicates the government's intention to invite a greater degree of participation by private sector in important areas of the economy.

Objectives of Public Sector Undertakings :

Unlike the private sector enterprises which are concerned solely with the economic aspect and profit motive, the public sector enterprises has both corporate and socio-economic or instrumental objectives. Public enterprises have been developed mainly to further national policies, such as to provide employment, for production of essential commodities, provision of essential services and rural development. On the commercial side, a trading house in the public sector helps to promote import /export trade. The corporate objective of profitability is only secondary. The profitability is not as important as the maximising of production. The goods produced are of the utmost importance

to the nation and private enterprises cannot be expected to come to the rescue if there are no profits for them. The operation or provision of the goods and services produced by public enterprises cannot be sacrificed for the sake of profitability. Their very objective is different. They are the means for the country's march towards progress. There are public sector units in the hotel and tourism industry, which contribute to regional development and the country's foreign exchange earnings. Public sector industries have been set up in remote rural and backward areas as a development measure.

The objectives of the public sector undertakings could be summarised as follows :

- (I) To attain the commanding heights of national economy and serve as an instrument of implementing the socio-economic policies of the government.
- (II) To bring balanced development of all regions of the country and set up industries in backward areas.
- (III) To create employment opportunities and improve the quality of life of the people.
- (IV) To earn return on investment and generate resources for further development.
- (V) To assist the growth of small scale and ancillary industries ; and
- (VI) To promote import situation and save and earn foreign exchange.

In the eighties many units in the public sector operated without regard to basic economic laws and pursued multiple, often contradictory objectives. A so called vital unit may be kept alive by continued infusions of cash; often it is considered vital simply because it employed many people. Sometimes it becomes a ready cause for the continued losses. In the nineties the public sector must ensure effective and efficient utilisation of resources on economic and must adhere to the basic economic laws.

A new class of public enterprise managers must be created, so accountable for performance measured in some appropriate manner. In this respect a greater role should be assigned to memorandum of understanding (MOU) which is combination of autonomy and accountability. It is essential to restructure the institutional and policy framework for quick decision making relating to the public sector as a whole with a view to making it an effective source for socio-economic development. It should create an innovative relationship between the public and private sector. Interdependence must be created between the two wheels of the economy.

The government ought to minimise its involvement in the day-to-day affairs of the units meaning thereby the least possible interference of the political bosses; the process of monitoring should not mean management of the units; professionalization of the Board of Directors will mean

selecting the right persons for planning and administration. Also, the government should make all-out efforts for enhancing financial powers of the units for quick decision making in regard to investment.

Hence, there is a unanimity in the sentiments expressed, whether it be bureaucrats within the government or the captains of public sector. There is an imperative need for drawing a specific need - based, time bound turn around programme to revitalise each of the individual enterprises.

CONCLUSION

This chapter incorporates the notion of "Bureaucracy" which emerged out of some social exigencies. Contributions regarding its theoretical orientations have been drawn with perspicuousness. Conspicuous among these are Hegelian, Power-Elite, Marxist and Weberian models. Amongst these, the most acceptable and desirable model of Weberian bureaucracy has become a guiding principle in every type of country, whether it is developed or developing or underdeveloped. Critical appraisals and evaluations of Weberian model are very much in light, even then it engrosses most of the organizational activities.

The Indian bureaucratic model which developed on the colonial footings has become an inevitable instrument for the government in order to function properly. Bureaucracy in India has been assigned with the roles of policy making and implementation as well. It is a media for the government to achieve the long cherished goal of welfare state and socialism. Unlike, pre-independence phase the roots of Indian bureaucrats lie in different socio-cultural and economic backgrounds. Perhaps, it accompanies the idea of equality of opportunity under the notion of secularism.

Unlike, western countries which, in a real sense, correspond to the Weberian model of bureaucracy, the Indian bureaucratic set-up neither comes that close to this model

nor goes very far away from it. Different Weberian postulates on bureaucracy such as hierarchy, selection on the basis of merit, impersonal relationship with the office concerned etc., of course rest with Indian model. But at times, Indian bureaucratic set-up is found to be influenced by its tradition and values. For example, the notion of protective discrimination which provides job reservation and other kinds of reservations to the Scheduled Castes and Scheduled Tribes, violates the Weberian proposition of selection on the basis of merit. Even then, we find that the demands and needs of the time are always pushing it towards Weberian model of bureaucracy.

The modern concept of bureaucracy has undergone a great deal of change. since its genesis it is no more a stagnant frame-work. Moreover, there is no denying the fact that, bureaucracy varies in practice, geographically, despite similarity in theoretical content.

Industrial development is a consequent of dynamic and sound bureaucratic functioning. The public sector undertakings, being a guiding spirit behind it, is defined here in an applied sense of the term. Comprehensive definitions of public sector undrtakings support the point of discussion in a favourable way. Like bureaucracy public sector undertakings also do not strictly lend itself to conditions. The deviation from definitive and theoretical postulates of its model and objectives have been highlighted

within Indian purview.

Public sector undertakings are considered to be the trustee of the countrymen. Hence, its objective is not confined to profitability, rather it lies with the notion of social welfare. It produces goods and services for the countrymen as such, and not for an individual's vested interest or for a group of a few people.

Chapter III

Role of Bureaucrats in Public Sector Undertakings :

The Contemporary Indian Setting

Bureaucratic machinery has become inevitable in modern society in general, and, on organizational level in particular. Today whether it is a Capitalist or a Socialist country, bureaucracy is an indispensable instrument for efficient functioning of organizations. Bureaucracy is a concept which has been discussed by various thinkers, in order to understand its role and desirability in society.

Although efforts have been made by many which have already been discussed earlier. But, the Weberian model of "Ideal Type" bureaucracy has been found to be one of the successful approaches for its theoretical understanding. Notwithstanding criticism from different quarters this model stands in the organizations of modern society.

Coming to the Indian scenerio, we traced out the development of modern bureaucracy from our colonial history. In fact, it has remained with us as British legacy. Britishers selected ICS, just for the sake of their vested interests, and which could have been easily solved by Indians rather than by Britishers themselves. Being an alien, their effort to select educated Indians in ICS was always fruitful and beneficial for them. Their approach to the selection of ICS was explicitly discriminative.

Today, the Independant India has a secular and socialistic attitude towards her inhabitants. And, the bureaucrats come from diverse economic, socio-cultural

backgrounds to serve the nation. The Indian bureaucracy is an instrument for the government, which has penetrated into more or less every aspects of social life. The government strives to achieve its desired goal with the establishment of public sector undertakings. At this juncture, R.S.Arora¹ says : "the theory that all public corporations owned and controlled by the government, and chartered or authorised by Act of Parliament are Constitutional, if their purposes are within the power of Parliament and that therefore they may act as the government itself or as the distinct agent of the government; seems to be nearest to reality. Such public corporations are mere artificial bodies, created for the sole benefit of the state; they function on state credit, with state funds and for state purposes. Obviously, they seem to be qualified to share all immunities of the sovereign."

The preceding contemplation reflects the very powerful ownership of public sector undertakings by the government. However, this has all relevances with the welfare of Indian masses.

(A) CIVIL SERVANTS IN PUBLIC UNDERTAKINGS

In addition to this, the Industrial Policy Resolution of 1948² enunciated for the first time the government's policy in regard to the setting-up of public undertakings.

1 R.S.Arora., *Administration of Government Industries* Indian Institute of Public Administration, New Delhi, 1969, pp.91-93.

2 Op.cit., S.K.Misra and V.K.Puri, 1990, pp.695-700.

The Industrial Policy Resolution of 1956³, which replaced the earlier one, expanded the role of the public sector and as a result, industries of basic and strategic importance, or of the nature of public utility services, or which required investment on a scale beyond the capacity of private enterprise, but which nevertheless were essential, were to come under the ownership and control of the government.

Higher Level Management in Public Sector Undertakings :

In consonance with the objective of a socialist pattern of society and in keeping with the Industrial Policy Resolutions of the government, the public sector has been playing an increasingly active role in the industrial expansion of India through its successive five year plans. The size of the investment in the public sector is, therefore, growing in geometrical proportion and the question of proper utilisation of these resources, both in the shape of Indian rupees and of scarce foreign exchange, assumes considerable national importance and evokes keen public interest. These resources have to be properly utilised and made to produce national wealth commensurate with the sacrifices made. The following table shows the increase in number of public sectors over a period of time and a rise in

3 Op.cit., Misra and Puri, 1990, pp. 695-700.

investment :

TABLE 3.1

| | Total Investment (Rs. in Crore) | No. of Enterprises |
|--|---------------------------------------|-----------------------|
| First Five Year Plan (1-4-51) | 29 | 5 |
| Second Five Year Plan (1-4-56) | 81 | 21 |
| Third Five Year Plan (1-4-61) | 948 | 47 |
| At the end of Third Five Year Plan (31-3-66) | 2,410 | 73 |
| Fourth Five Year Plan (1-4-69) | 3,897 | 84 |
| Fifth Five Year Plan (1-4-74) | 6,237 | 122 |
| At the end of Fifth Five Year Plan (31-3-79) | 15,534 | 169 |
| Sixth five year plan (1-4-80) | 18,150 | 179 |
| Seventh five year plan (1-4-85) | 42,673 | 215 |
| As on (31-3-89) | 85,628 | 238 |
| At the end of seventh five year plan (31-3-90) | 99,315 | 244 |

(Source : *India-1991*, Ministry of Information and Broadcasting, Government of India, Publication Division, Delhi; pp.602.)

The Investments and resources are always used and regulated by the management of the public sectors. The Board of Directors has been a problem from the very beginning of the government's entry into the commercial and industrial field. Its composition is a matter of great importance, because the board represents the body corporate, and is directly responsible for the resources invested in any enterprise. The responsibility for the proper running of a government enterprise is the responsibility squarely of the board; and it is through the board and to the board that anyone else can be responsible for the management of the

enterprise or of any part of it. Therefore the composition of the board is a matter of very real importance.

The Board of Directors of a public enterprise, is appointed by the appropriate government. It constitutes the top management of the enterprise. Generally, the practice is to appoint such a board for a term of three to five years. In the private sector, the membership of the board remains more or less unchanged. In some public undertakings, the board has consisted mostly of government officials, non-officials being sometimes associated and sometimes not. Some boards have had a full time Chairman, others have had a part time Chairman, with a full time Managing Director. Often the Chairman was a secretary to the government in the department which was responsible for the enterprise, in some instances, the Chairman was the minister himself. There have been other variations too, such as a whole time Chairman together with a full time Managing Director.

The boards tend to be, and should be, rather of the mixed type. They should be fairly small, but not too small. A point which is well established now is that the Managing Director and the Chairman, or a whole time Chairman if there is one, should be appointed by the government, except in the case of very small companies when the Managing Director or General Manager may well be appointed by the board itself. In this context the Third Five Year Plan notes : "The Managing Director and/or Chairman should be appointed by

the government and, except in the case of very small concerns, should be full time; other directors may be full-time or part time according to the requirements of the undertakings"⁴.

But apart from the appointment itself, the responsibility should vest in the board to delegate to the Managing Director those functions, powers and responsibilities which in its judgement should be so delegated.

Part time directors on boards of management are inevitable, and it is now the accepted practice. This trend is likely to continue. The advantage of this lies partly in the fact that where the work dose not justify the appointment of full time directors the board has the advantage of the experience and knowledge of part time directors. Such part time directors, again to interpret the present trend, will probably continue to be appointed from outside the undertaking, from amongst both officials as well as non-officials. Quoting the Third Five Year Plan again: "Membership of the board should be on the basis of ability, experience and administrative competence, and should be open not only to the employees of the public undertakings but also to persons from outside. Having been selected to serve on the board, all directors must identify themselves with the interest of the undertaking"⁵.

4 *The Third Five Year Plan*, Chapter XVI, pp.269.

5 *Ibid.*

The experience of the past has shown that however much a secretary (generally IAS officers) to the government tries to split his personality to function within the board so as to sustain the board's autonomy, he finds himself and others find him, in an overwhelmingly commanding position, tending to over-shadow the deliberations of the board. In this connection the Third Five Year Plan notes :

"Secretaries to the ministers should not be appointed as Chairman or Directors. It may, however, be useful, in the initial stage, to appoint one or two directors from amongst government officials who are actually dealing with the project in the administrative ministry concerned and in the Finance Ministry. They will function like any other director within the constitution of the company and will be bound by its rules and regulations. In respect of subjects reserved for the government, they will be able to explain to the Board of Directors the thinking within the government and, when matters are referred to government, they will be able to explain the views of the Board of Directors⁶".

We find an increasing trend of number of directors in government companies over a period of time. The following table depicts the growth of directorships in government

6 Op.cit., *Third Five Year Plan*, 1961.

companies since 1957 :

TABLE 3.2

Growth of Directorship in government

| Year | No of Government Companies | Total No. Directors | No of persons holding Directorships |
|------|----------------------------|---------------------|-------------------------------------|
| 1957 | 84 | 580 | 400 |
| 1959 | 103 | 685 | 450 |
| 1961 | 140 | 1,007 | 665 |
| 1964 | 176 | 1,279 | 912 |
| 1966 | 214 | 1,589 | 1,055 |

(Source : Article by Raj K. Nigam, "Structure Pattern of Boards of Directors of Public Enterprises", in, *Management of Public Sector in India*, New Delhi, 1969, pp.42.)

In theory it is quite possible to have a board consisting of whole time members or a board consisting partly of whole time and partly of part time members. The practice has been to set up boards with a mixture of part time and whole time members. Of course the manager, the General Manager or the Managing Director, according as he may be called, is necessarily a wholetime member on the board of a public undertaking. But, otherwise, there are few full time directors on boards of government undertakings. There are boards consisting only of part time members other than the Managing Director. In fact the majority of the boards of management established in the company form consists of part time members. Most of the control boards

that look after the hydro-electric projects consists of part time members. Moreover, there are boards where, other than Managing Director, some of the members are whole time and some part time. An example is the board of Hindustan Steel.

There is a tendency which has continued right from the early days of state enterprise to have a number of officials on the Board of Directors: This is especially true of government companies where the majority of directors have always been government officials. The simple and obvious reason for this is that the proprietor must have, on the board, people over whom he has a direct control. The appointment of officials on the Board of Directors tends to secure for government companies the same control and community of interest which private companies attain through the appointment of members of the family on their boards of management.

By and large, on every board there is at least one official of the administrative ministry within which the undertaking is contained. For instance, there is on the board of the Indian Telephone Industries an officer of the Ministry of Communications, on the board of Hindustan Machine Tools there is an official from the Ministry of Commerce and Industry and so on. Besides representatives from the administrative ministries concerned, there is invariably present on the board an officer from the Ministry of Finance. The intention appears to be that officers broadly

connected with the subject and working in the administrative ministry or in the Finance Ministry should enable the board to keep in touch with the developments and thinking in the ministries and, therefore with the government.

As to non-officials on the board, the trend appears to be that non-official directors should be appointed part time. A full time director by definition becomes a full time government servant appointed by government to devote all his time to the work of the concern.

The caution to be observed in the case of part time non-official directors is that there should be no question of conflict of interest whether direct or indirect, between the undertaking on the board of which he is appointed and his own business. Therefore care should be taken in guarding against any likely conflict of interest in making these appointments.

It is seen that the representation of non-official element on the boards of Central Government companies have improved whereas it has gone down in the State Government companies. The two tables given below set out the details about the official and non-official directors. Retired government officers have been treated as "non-officials".

TABLE 3.3

Official and Non-official Representation on Boards of
 Government Companies.

| Year | Official | | Non-official | | All | |
|------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Directorship | Directorship | Directorship | Directorship | Directorship | Directorship |
| 1961 | 996 | 385 | 311 | 280 | 1,007 | 665 |
| 1964 | 907 | 569 | 372 | 343 | 1,279 | 912 |
| 1966 | 1,074 | 641 | 515 | 414 | 1,589 | 1,055 |

TABLE 3.4

Official and Non-official Representation on Boards of
 Central and State Government Companies

| Year | Central Government Officials | | Companies Non-officials | | State Government Officials | | Companies Non-officials | |
|------|------------------------------|-----------|-------------------------|-----------|----------------------------|-----------|-------------------------|-----------|
| | Directorship | Directors | Directorship | Directors | Directorship | Directors | Directorship | Directors |
| 1961 | 416 | 253 | 121 | 107 | 280 | 132 | 190 | 173 |
| 1964 | 388 | 255 | 138 | 128 | 519 | 314 | 234 | 215 |
| 1966 | 462 | 316 | 218 | 178 | 612 | 325 | 297 | 236 |

(Source : Article By Raj.K.Nigam., "Structure Pattern of Boards of Directors of Public Enterprises", in, *Management of Public Sector in India*, New Delhi, 1969, pp.45).

Scope of the Board's Functions :

After dealing with the composition of the board in government companies, we must ask what should be the scope of the board's function. Once it is realised that the responsibility for the enterprise as a whole lies in a direct line from the government to the board, only through the board, it will be clear that the board of management must carry and must represent the total responsibility of management function. It would be for the board itself, on its own authority to delegate powers, functions and responsibilities to anyone else in the enterprise.

These boards have both policy making and executive functions. They have full powers to frame policies within their delegated financial and administrative jurisdictions. They provide for a fair measure of managerial autonomy. Government generally do not interfere in the day-to-day operational matters of enterprises. The exact working of this arrangement, however, depends on the situation reflecting inter-personal relationships and personality of the Chief Executive and other directors and the top officials of the administrative ministry.

The willingness of the entrepreneurial Chief Executives heading the central and state public sector undertakings (who are at the moment drawn mostly from IAS cadre), to transgress the usual and customary modes of action is

normally the source of their success. The tendency of the Chief Executives with predominant background of governmental administration (different from commercial and business administration as normally in vogue in private sector) to represent more distinct managerial types is however a source of weakness as well as strength⁷.

Management at the board level is carried on normally by the process of the Board of Directors meeting together and acting as a board. However, as we know a number of important functions are exercised on behalf of the board of management by committees of the board. Apart from meeting together, there is usually provision for a board of management approving by circulation amongst the members of the board, all matters which cannot wait until the next meeting of the board and are not of great importance.

The Powers of the Board :

Further, the General Manager or the Managing Director derives his power, functions and responsibilities from, and is accountable to, and through the board of management. The Managing Director is given powers of appointment, powers of expenditure, powers of various kinds relating to the staff, financial powers for appropriation and spending, powers to fix charges of various kinds, the power to enter into

⁷ *Autonomy of Public Enterprises*, (Ed. by Laxmi Narain), SCOPE, New Delhi, Seminar Paper presented by K.V.R. Sastry, under the title "Some views on management of Public Enterprise", 1982, pp.151-153.

contracts, powers to purchase and to sell. In other words, we can say that by excluding certain powers from the purview of the Managing Director and vesting them in the Board of Directors or the government, the residual powers being left to the Managing Director. The point to note in different cases (as it is in Bharat Electronics and in Hindustan Aircraft etc.) is that the Managing Director is responsible to, and through, the Board of Directors, and derives his functional powers from the board by an act of delegation by the board.

By and large, and depending on the size and complexity of the company, the powers invested in the Managing Directors are very substantial. Although the complaint is heard now and again from an individual Managing Director that his own powers are not substantial enough, on the whole there have been no serious complaints in this respect.

The present position regarding the powers of the boards is set out in certain decisions taken by the government of India⁸. They are as follows :

(A) The powers of the Board of Directors to create and fill posts in their undertakings without reference to government :

(I) The appointment of Chairman and Managing Director
(General Manager who functions as Managing Director

⁸ The Government of India, a Statement of which was placed on the Table of the Lok Sabha on 24th November 1961.

of any undertaking also to be included) and financial adviser of the undertaking should be made only by government.

- (II) Board of Directors will have power to create and fill posts on scales of pay upto maximum of Rs. 2,250 per month and below.

In the case of certain undertakings the limit of Rs. 2,250 may have to be enhanced, depending on the size of the undertaking. In case of any undertaking, where it is found useful to avail of the services of retired government servants of good competence and experience, this limit of Rs. 2,250 may be raised to Rs. 3,000, inclusive of pension.

It is difficult to lay down general principles and further delegation of powers to individual Boards of Directors. These, wherever necessary, should be considered by ministries concerned in the light of special requirements.

- (III) As regards appointment of foreign technical personnel, the Board of Directors shall have powers to make appointments without any ceiling on salary in broad conformity with the policy of government in this respect.

- (IV) Government should broadly indicate to the boards the basic scales of pay for different categories of posts. The Board of Directors should be broadly guided by the scales, but will be free to fix

specific scales for specific jobs.

(V) Government should give broad indications of the principles to be followed in the employment of retired persons. Retired personnel should be employed with due care and only such persons with requisite competence should be considered.

(B) Powers of Board of Directors in regard to the sanctioning of capital works :

In cases where detailed project reports have been prepared with estimates of the different component parts of the project, and such project reports have been approved by the government, the Board of Directors should not ordinarily have to come up for expenditure sanction. In case of variations in the approved estimates, which are not more than 10% for any particular component, the Board of Directors should have powers to proceed with the execution of the capital works without further reference to the government.

In case of capital works of projects, where detailed estimates have not been obtained and approved by government, the present rule is that proposals for works of a capital nature exceeding certain financial limits should be submitted to government for approval. The administrative ministries should re-examine these limits with a view to see what substantial upward revisions are desirable in the case of different categories of the undertakings.

(C) Powers of the Chairman of the Board of Directors :

The Article which gives power to any director to withhold action on any proposal or decision taken by the Board until the approval of the Central Government is obtained be deleted from the Articles of Association of Companies in which it already finds a place and should not be introduced into Articles of Association of other companies.

The Chairman should be given the power to reserve for the decision of the President any matter which in his opinion should be so reserved.

(D) Delegation of powers to the Chairman or the Managing Director to act in an emergency :

It is accepted that the Chairman or the Managing Director must have powers to act in any emergency in his discretion without consulting the Board. It is necessary to ensure that such powers are not used indiscriminately. It would not, therefore, be proper to provide for such powers to the Chairman or Managing Director in the Articles of Association. It would be better that the boards themselves delegated such power to the Chairman or the Managing Director and in doing so it would be proper for them to require that any action taken in pursuance of this delegation should be reported to the board at its next meeting.

In most of the State Government enterprises civil servants are appointed as Managing Directors/Chief Executives. It is true that civil servants do possess considerable knowledge and administrative capacity coupled with some business acumen. But the efficiency of this system depends on the background of the appointee and the length of his stay in the organisation. The appointment of civil servants as Chief Executives in State Government enterprises has an undesirable impact on the rest of the management within the enterprise for the following reasons :

- (I) Being naturally interested in their own long term proposals which will push them upwards in the civil service ladder, they tend to ignore the interests of the enterprise and its staff.
- (II) Sometimes because of their indifference, civil servants render the enterprise amenable to greater government and political control than what is necessary or what would have been possible under a non-civil servant and Chief Executive.
- (III) If one civil servant after the other succeeds to the post of Chief Executive continuously, the post almost appears to have been 'reserved' for civil servants. This frustrates the executive at top management level for none of them, however, brilliant, has a chance of occupying the post.

(IV) Civil servants as Chief Executives have the subconscious motivation of adopting the methods and procedures of the government to the management of the public enterprises. In most cases such practices and procedures go against the interest of the commercial organisations.

In spite of various shortcomings, the system of appointing civil servants as Chief Executives in State Government enterprises has gained wide currency in most of the states in India, because of various considerations. The dearth of managerial talent in the country in general and in some backward states in particular, is taken as an excuse to appoint civil servants. Sometimes the civil servants themselves prefer to be in public enterprises in order to have authority, emoluments, and privileges which they do not get in government service.

The Krishna Menon Committee (1959)⁹ was against the practice of appointing active civil servants as Chairman or Managing Directors because :

- (I) Such persons could not find adequate time for the additional responsibility;
- (II) as part of the administrative apparatus and as advisers to the ministers they would be a party to

⁹ "Parliamentary Supervision Over State Undertakings," Report of the Sub-committee of the Congress Party in Parliament (Krishna Menon Committee), New Delhi, 1959, p.44.

matters which they have to judge independently or advise the minister on them;

(III) "it is extremely doubtful if a person can function with one mental attitude as civil servant for a part of the time, and as a head of a business concern for the remainder, where different approaches and qualities are required and where he is called upon to work with personnel of different category".

The Chagla Commission¹⁰ (the report is not yet published) laid down the principle that if the Chief Executive of a corporation is to be appointed from civil service, it should be impressed upon him that he owes a duty and loyalty to the corporation and he should not permit himself to be influenced by the senior officials of the government or surrender his judgement to them. But as observed by a former secretary to the Government of India, this recommendation cannot be fulfilled without requiring the official appointed to public enterprises to resign from the service to which they belong and to make a career with the enterprise. His justification for this suggestion is that "officials now deputed to state enterprises are only birds of passes who look forward with hopeful expectation to the plums of office, which the central secretariat alone can

10 C.P. Bhambhri., *Public Administration*, Mohan Offset Printers, Meerut, 1990, pp. 170.

offer". The Government of India accepted the Krishna Menon Committee recommendations in regard to, not appointing a secretay of ministry/department as a member of the governing board. However, the state government of Andhra Pradesh is continuing the practice of appointing secretaries to government as Chairman of state corporations.

CONCLUSION

Often the management at the top is constituted of traditional administrative service of IAS (who come from different socio-professional backgrounds). These non-specialised, non-technical people i.e. generalists are often unequal to the task of providing the requisite managerial competence in the complex. Capital-intensive industrial projects in the public sector. Also, as noted by Bhagwati and Desai, with their civil service background, these officials inevitably tended to act with bureaucratic caution and unimaginativeness rather than in bold and inventive ways. The actual management was also hampered in by traditional audit procedures and scrutiny of whether the expenditures incurred were within the frame work of the authorizations. "Since this scrutiny is intensive and departure from its exacting standards can lead to censure and disgrace, the scope for imaginative and quick action in the interest of better economic performance is inevitably jeopardized"¹¹.

The efficacy of a civil servant as a Chief Executive would depend on the background and the length of his stay in the post, it has an undesirable impact on the management within the enterprise, because: (i) being interested in his own long-term prospects he may subordinate the interest of

¹¹ Jagdish.N.Bhagwati and Padma Desai., *India-Planning for Industrialisation*, Oxford University Press, London, 1970, pp.165.

the enterprise to that of his own, (ii) he is more amenable to government or political control, (iii) it frustrates the lower level management, because they would never get a chance to reach the top, however brilliant they may be, (iv) he is likely to have a subconscious motivation of controlling salaries within the enterprise in tune with those in government. In spite of its weaknesses, the system is commonly followed in state government enterprises, not only because of inadequacy of managerial skills but also because it provides an easy method of intervention without being accountable to the legislature.

Convinced of the fact that civil servant would not meet the requirements of public enterprises so long as they remain with their service, the Government of India asked the civil servants seconded to various public enterprises to choose between two jobs. So far as the Central Government, enterprises are concerned, civil servants deputation to public enterprise is clearly very much on the decline. The position continued to be bad in the state government enterprises where the boards are still manned by civil servants.

The Kuala Lumpur Conference concluded that the failure of public sector is the failure of civil servants. The public sector presents a picture "dominated by a Dickensian bumbledom of chit-signing, file pushing and absurdly detailed and repetitive ledger keeping where no decision,

big or small can be taken without mountains of paper"¹².

About 100 posts of Chairman-cum-Director, Directors, and Chief Executives are lying vacant in public undertakings for some years and that too despite a full time Selection Board since 1980.

Two hundred other senior officers are yet waiting for employees. Then, in many cases the key appointments in them have not been on the basis of competence.

Retired and super-annuated administrators have been given berths in them. And they have no permanent stake in them. The number of officers (mainly IAS) on deputation was very large while they claim omniscience and alround expertise, they are hardly forward-looking or dynamic and creative. The morale of mid-level managers is low on account of this pratice of deputation and the units don't run full gear. The Tata Steel personnel at one stage opposed the government move for its nationlisation. In fact for smooth working, the public sector requires a different pattern of employment and discipline having a spirit of enterpreneurship and innovation. In addition to the low morale of mid-level personnel, the units are overstaffed and have near-zero marginal productivity. There is disguised unemployment in them.

¹² *Industrial Times.*, 21-9-81, 4-10-81.

As the bureaucratic culture and attitude in public sector are an anachronism, there is need for special culture in public enterprises. The standing committee of Public enterprises and the bureau should have an analytical approach to identify the consequences of alternative courses of action "without defined alternatives decisions tend to be made by default or inadvertence or with in sufficient attention to secondary consequences"¹³. They should be well equipped for the responsibility.

The units were expected to develop a cadre of professional manager and Indian Management Pool was also started to help its generation. It didn't click. The Administrative Reforms Commission also observed, "Public sector should be manned by professional managers and the government should give serious attention to professional and career development"¹⁴. The units should take effective steps for executive development from within the units so that we have managers who don't merely manage but also understand the trade technology and apply it with a compassion to its consequences for society.

Some time back the Bureau organized a high level workshop of management orientation of personnel. Such steps should be repeated. In fact it is possible to convert inefficient executives into effective managers through such

13 John Riebold., *The American Review*, Winter, 1973.

14 Ibid., 1973.

efforts. The standing Committee on Public Enterprises suggested a National Academy of Management for training personnel of public undertakings; inter alia, in the attitude and philosophy of public sector. Serious thought has to be given to implement this proposal.

Chapter IV

*Socio-Professional Background
of Bureaucrats*

In order to understand the functioning and role of public sector undertakings in India, we would draw a sketch of socio-professional profile of Indian bureaucrats working in different public undertakings. The assumptions underlying the organisation of the Indian bureaucracy have remained intact since time immemorial. The infallibility of the "generalist" in Indian administration is reflected in all sectors of public activity- whether it is management of public sector undertakings or anything else. It has been argued by several social scientists that the higher civil services of India is not suitable for the task of managing public sector undertakings and other specialised and technical departments. There has been persistent criticism of the government policy of appointing ICS/IAS officials to superior posts in the public sector undertakings. Inefficiency in the public sector is attributed to managerial inefficiency of the deputed civil servants. The government has been pressurized to stop this system of deputation of the civil servants to the public sector undertakings. It has been suggested that if a few civil servants want to manage public enterprises, they should opt out of the government, and make the public sector undertakings as their permanent career. Replying to a question in Parliament, the Minister of Finance said that forty officers of the government with pay scales above Rs. 2,500 were on deputation to public undertakings and that they had been asked to exercise their option of continuing

there or reverting to their original cadres before the end of April 1971. There were in all 1,400 government employees working in various positions on deputation in public sector undertakings¹. We find that the competence of Indian bureaucrats has very often been challenged and questioned.

(A) SOCIO-PROFESSIONAL BACKGROUNDS OF BUREAUCRATS

But before going into the details of this we look into different aspects of their socio-professional backgrounds.

The socio-economic background of Indian bureaucrats have been one of the fields of studies among social scientists and students of humanities as well. While dealing with the behaviour and functioning of the Indian bureaucracy, Prof. C. P. Bhambhri in his work "Administrators in a Changing Society" (1972) analyses the structure of bureaucracy with an idea that homogeneity of background can create common patterns of behaviour. The absence of any common pattern of behaviour in the IAS can be attributed to some extent to its heterogeneity. Material on socio-economic background of new entrants to the IAS was collected by a short bio-data sheet which was sent to the selected candidates by Prof. Bhambhri at the National Academy of Administration, Mussoorie in the year 1966-67 and 1968-69. His work had enveloped the background (Rural/Urban/Both); educational background; job experience;

1 "The Times of India.," Delhi, April 7, 1971, pp. 11.

father's occupation etc. At this point of refernce, we observe the fact that urban candidates with high university qualifications, with previous experience of some profession, whose parents are employed in the modern professions, have a greater chance of success in the IAS examination. Because of this socio-economic background, the IAS are considered an elite group in Indian Society².

Here our attempt is mainly to concentrate or to indentify those variables which are likely to influence the functioning of bureaucracy in Indian set-up in general and in public sector undertakings in particular. It is quite likely that occupational and educational levels of the bureaucrats' fathers' may have influenced the perception of their present occupational status and attitude towards their work. In the background characteristics religion, caste, age, sex, educational background, income, rural/urban background, type and size of family, education and occupation of parents might be included. One cannot ignore the fact that the family background of bureaucrats is of strategic importance in shaping and moulding their socio-economic status. On the basis of the study conducted by Prof. C. P. Bhambhri³, the following table shows the

2 Richard.P.Taub., *Bureaucrats Under Stress: Administrators and Administration in an Indian State*, University of California Press, Berkeley, 1969, pp. 60-88.

3 C.P.Bhambhri., *Administrators in a Changing Society*, National Publishing House, Delhi, 1972, pp. 24-67.

occupational characteristics of the probationers' fathers' :

TABLE 4.1

Occupational Characteristics of Probationers' Fathers'

(1966-67)

| Father's occupation | IFS | IAS | IPS | Central | Total |
|---------------------|-----|-----|-----|---------|-------|
| Administrative | 2 | 63 | 27 | 42 | 134 |
| Academic | 1 | 08 | 04 | 09 | 22 |
| Business | 2 | 10 | 09 | 16 | 37 |
| Legal Practice | 2 | 07 | 03 | 09 | 21 |
| Agriculture | 1 | 20 | 14 | 18 | 53 |
| Others | - | 18 | 12 | 12 | 42 |
| Total | 8 | 126 | 69 | 106 | 309 |

(Source : C.P.Bhambhri., "Adminstrators in a Changing Society", National Publishing House, Delhi, 1972)

Prof. Bhambhri has tentatively categorised the 309 probationers into four major 'streams' as follows :

- (I) Sons and daughters of top civil and military officers;
- (II) Sons and daughters of middle order government servants;
- (III) Sons of rural farmers and landlords; and
- (IV) Sons and daughters of illeterate and indigent people belonging to various Scheduled Tribes and Scheduled Castes.

A simple statistical analysis of father's occupation of

the type presented in the foregoing table glosses over the wide range of socio-economic disparities between these four streams.

Further, he provides the nature of pre-entry experience of probationers in 1966-67, with an evidence of following table.

TABLE 4.2

Nature of Pre-entry Experience of Probationers in
(1966- 1967)

| Cadre | Type of Experience | | | | | | |
|--------|--------------------|-------------|---------------|---------|-----------|----------|--------|
| | Exec. Posi. | Univ. Lect. | College Lect. | Teacher | Res. Sch. | Business | Others |
| I.F.S. | - | - | 04 | - | 01 | - | 01 |
| I.A.S. | 19 | 12 | 40 | 05 | 07 | 01 | 08 |
| I.P.S. | 01 | 02 | 22 | 02 | 03 | - | 08 |
| C.S. | 12 | 04 | 32 | 02 | 07 | - | 18 |
| Total | 32 | 18 | 98 | 09 | 18 | 01 | 35 |

(Source : Op.cit., C.P.Bhambhri., 1972)

The foregoing table shows that as many as 211 out of 309 (nearly 70%) were not strictly fresh university graduates, but had acquired work-experience ranging from a few months to five or six years either in academic or executive positions before joining the civil service cadre.

Combined with a good university education, the IAS candidates have had some experience in other professions which becomes more evident by the following data :

TABLE 4.3

| Job Experience | | |
|--|---------|---------|
| Nature of Job Experience | 1966-67 | 1968-69 |
| Lecturers/College/Univ. | 58 | 44 |
| Research workers | 05 | 03 |
| Business | 04 | - |
| Other government jobs in the central and state governments | 25 | 11 |
| Journalism | 01 | - |
| Army Officers | - | 12 |
| No Experience | 33 | 41 |
| | (N-126) | (N-111) |

(Source : Op. cit., C.P.Bhambhri,1972)

TABLE 4.4

Father's Occupation

| Father's occupation | 1966-67 | 1968-69 |
|------------------------------------|---------|---------|
| Agriculture | 21 | 29 |
| Teacher | 10 | 08 |
| Engineer | 03 | 03 |
| Inspector of Schools | 04 | - |
| Business | 09 | 13 |
| Doctor | 06 | 03 |
| Lawyer | 08 | 06 |
| IAS and other Government officials | 53 | 43 |
| Others | 12 | 06 |
| | (N-126) | (N-111) |

(Source : Op.cit.,C.P.Bhambhri,1972)

He finds that children of middle-class parents who are employed in the modern professions, such as law, engineering, medicine, government service and teaching enter the IAS in large numbers. This fact has also been supported by V. Subramaniam's study which is presented in the table 4.5 on the succeeding page.

TABLE 4.5

Distribution by Father's Occupation

| Service | 1 Percentage representation | Period | Higher Civil Servant | Lower Civil Servant | Employee in Private Firm/Businessman | School Teacher | Univ. Professor etc. | Doctor | Lawyer | Total % for Prof. & Middle class | Land owner & Zamindar & Farmer | Others | Total (M) |
|---------|-----------------------------|-----------|----------------------|---------------------|--------------------------------------|----------------|----------------------|--------|--------|----------------------------------|--------------------------------|--------|-----------------------|
| | | | | | | | | | | | | | Total No. of recruits |
| IFS | 1 | 1947-1956 | 45.90 | 4.97 | 13.11 | 6.56 | 3.28 | 4.28 | 4.92 | 82.12 | 11.47 | 6.56 | 61 |
| | | 1957-1963 | 42.17 | 4.82 | 19.28 | 4.82 | 10.85 | 3.61 | 3.61 | 89.19 | 3.61 | 7.22 | 83 |
| | 2 | 1947-1956 | 655.71 | 7.13 | 3.24 | 8.20 | 109.33 | 25.25 | 164.00 | - | 0.21 | 16.30 | - |
| | | 1957-1963 | 602.43 | 6.99 | 4.76 | 6.03 | 361.66 | 27.77 | 120.33 | - | 0.21 | 16.30 | - |
| IAS | 1 | 1947-1956 | 32.50 | 17.50 | 16.25 | 3.75 | 7.50 | 5.00 | 11.25 | 93.75 | 4.38 | 1.87 | 158 |
| | | 1957-1963 | 26.50 | 17.09 | 14.53 | 6.41 | 4.70 | 5.13 | 6.84 | 81.20 | 12.39 | 6.41 | 234 |
| | 2 | 1947-1956 | 464.28 | 25.36 | 4.01 | 4.69 | 250.00 | 38.45 | 375.00 | - | 0.08 | 0.46 | - |
| | | 1957-1963 | 378.57 | 24.77 | 3.59 | 8.01 | 156.67 | 39.46 | 228.00 | - | 0.23 | 0.16 | - |
| IPS | 1 | 1947-1956 | 19.84 | 17.78 | 12.37 | 6.44 | 5.93 | 5.15 | 13.14 | 80.65 | 15.98 | 3.35 | 388 |
| | | 1957-1963 | 22.91 | 19.01 | 15.36 | 6.77 | 3.13 | 4.17 | 5.73 | 77.08 | 19.01 | 3.91 | 384 |
| | 2 | 1947-1956 | 283.43 | 25.77 | 3.05 | 8.05 | 197.67 | 39.61 | 438.00 | - | 0.28 | 0.08 | - |
| | | 1957-1963 | 327.29 | 27.55 | 3.80 | 8.46 | 104.33 | 32.08 | 191.00 | - | 0.55 | 0.96 | - |
| AcS | 1 | 1947-1956 | 24.53 | 22.17 | 12.74 | 7.55 | 6.60 | 3.80 | 8.49 | 85.38 | 7.55 | 7.07 | 212 |
| | | 1957-1963 | 12.61 | 25.21 | 18.91 | 8.40 | 4.20 | 3.36 | 7.56 | 80.25 | 13.03 | 6.72 | 238 |
| | 2 | 1947-1956 | 350.43 | 32.13 | 3.14 | 9.44 | 220.00 | 25.88 | 283.00 | - | 0.139 | 0.176 | - |
| | | 1957-1963 | 180.14 | 36.54 | 4.67 | 10.50 | 140.00 | 25.85 | 252.00 | - | 0.24 | 0.17 | - |
| C&P | 1 | 1947-1956 | 12.12 | 25.76 | 12.12 | 7.58 | 9.09 | 6.06 | 9.09 | 82.61 | 12.17 | 6.06 | 66 |
| | | 1957-1963 | 11.84 | 26.32 | 16.45 | 7.89 | 5.26 | 3.95 | 7.24 | 78.95 | 16.45 | 4.60 | 157 |
| | 2 | 1947-1956 | 173.14 | 37.33 | 2.99 | 9.47 | 303.00 | 46.61 | 303.00 | - | 0.22 | 0.15 | - |
| | | 1957-1963 | 169.14 | 38.14 | 4.06 | 9.86 | 175.33 | 30.61 | 241.33 | - | 0.30 | 0.11 | - |

N.B: The basic figures for each occupational category in India's working population were worked out from the 1951 Census and Civil Service Statistics.

(Source: V. Subramanian, Social Background of India's Administrators, Publication Division, Government of India, New Delhi 1971, pp. 145).

Prof Bhambhri, projects the evidences of IAS candidates in terms of their rural and urban background accompanied with their educational background.

TABLE 4.6

| Background | 1966-67 | 1968-69 |
|------------|---------------|----------|
| | Number of IAS | 126 |
| Rural | 27 (21%) | 26 (23%) |
| Urban | 85 (67%) | 85 (77%) |
| Both | 14 | -- |

(Source : Op.cit., C.P. Bhambhri, 1972)

TABLE 4.7

| Educational Background | 1966-67 | 1968-69 |
|------------------------|-------------|----------|
| | B. A. (etc) | 13 (10%) |
| B.Sc. (etc) | 10 (8%) | 13 (12%) |
| M. A. (etc) | 67 (53%) | 62 (56%) |
| M.Sc. (etc) | 36 (29%) | 18 (16%) |
| | (N-126) | (N-111) |

(Source : Op.cit., C.P. Bhambhri, 1972)

TABLE 4.8

Universities attended by successful candidates

| | 1966-67 | 1968-69 |
|-----------|---------|---------|
| Delhi | 28 | 32 |
| Allahabad | 15 | 11 |
| Madras | 14 | 07 |
| Calcutta | 11 | 08 |
| Punjab | - | 10 |
| Lucknow | - | 09 |
| Others | 68 | 34 |
| | (N-126) | (N-111) |

(Source : Op.cit., C.P. Bhambhri, 1972)

Graduates of all Indian Universities do not stand an equal chance of winning the competitive examination, while a few universities always get the large share. Evidence of this has been provided by Prof. Bhambhri and V. Subramaniam in their respective studies.

Subramaniam's study of social background of India's administrators encompasses the statistical evidence of successful candidates from metropolitan or central universities is projected in table 4.9.

TABLE 4.9

Distribution according to the Universities of the Recruits.

| Service | IFS | | IAS | | IPS | | AcS | | CAF | |
|-------------------------|--------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|--|
| | 1947-1963 | 1947-1956 | 1957-1963 | 1947-1956 | 1957-1963 | 1947-1956 | 1957-1963 | 1947-1956 | 1957-1963 | |
| Allahabad . . | 6.25 | 12.66 | 7.69 | 14.95 | 11.20 | 10.38 | 3.78 | 10.61 | 8.55 | |
| Bombay . . . | 13.89 | 5.06 | 3.85 | 6.70 | 1.56 | 6.60 | 5.04 | 19.70 | 5.92 | |
| Calcutta . . . | 6.25 | 5.70 | 12.82 | 10.05 | 7.03 | 5.19 | 13.87 | 9.08 | 7.89 | |
| Delhi | 26.39 | 10.12 | 14.10 | 7.47 | 10.42 | 10.85 | 8.82 | 10.61 | 9.21 | |
| Madras | 9.72 | 26.58 | 22.65 | 17.01 | 16.67 | 32.55 | 35.71 | 14.24 | 22.37 | |
| Punjab | 15.97 | 19.00 | 8.55 | 14.18 | 17.97 | 17.45 | 9.66 | 1.52 | 15.13 | |
| Other | 21.53 [†] | 20.89 | 30.34 | 29.64 | 35.15 | 16.98 | 23.12 | 24.24 | 30.92 | |
| Total (N [†]) | 144 | 158 | 234 | 388 | 384 | 212 | 238 | 66 | 152 | |

[†] Includes 3.47 per cent who are educated entirely in foreign universities. In the case of all the other Services, the majority in this category were educated in the Universities of Lucknow, Nagpur, Agra or Patna.

[†] N indicates total number of recruits

(Source : Op cit., V. Subramanian, pp. 147)

Thus, we find a definite relationship between the socio-economic background of IAS candidates and their attainment of good education in the leading universities of India. The preceding statistical analysis reflects that the B.A. plus is an asset to be successful in the all-India competitive examination. This marked advantage of acquiring more qualification than what is required for this particular competitive examination is quite oftenly coupled with the name of the university. Because, the standards of different universities vary.

Among the few excellent endeavours which have been made towards the understanding of the socio-economic background of bureaucrats, Trivedi and Rao's contribution has been a pioneering one⁴. This study probes into the elitist nature of higher civil services and their recruitment pattern. The findings reveal that a marked shift has occurred in the socio-economic background of the ICS recruits but the IAS is still dominated by an urban and higher income background with biases of region and better education.

V.Subramaniam⁵ in his study, "Social Background of India's Administrators", makes a similar observation. He noted that a large proportion of the recruits come from the

4 Op.cit., R.K.Trivedi and D.N.Rao, *Journal of the National Academy of Administration*, 1960, pp.50-80.

5 V.Subramaniam., *Social Background of India's Administrators*, Publication Division, Government of India, New Delhi, 1971, pp.127-130.

middle class having urban background and very few hail from the rural areas. However, this over-representation of a small section of the country's population in administrative services is not confined to India but has been found in most of the developed and developing countries. Thus, he argues, that it would be wrong to attribute administrative malfunction to an unrepresentative bureaucracy alone. The major flaw could be in the type of training that the young IAS recruits undergo after their selection. Their training should equip them to meet their administrative and public demands in a healthier way.

However, in one of the later studies, the entire problem of administrative inefficiency in India has been attributed to conflicting social and administrative values⁶. In this study it has been concluded that there is a great deal of divergence between values in the social system and those that prevail in the administrative system. Indian society is still a traditional society where social ranking largely depends upon caste ranking. The difference in social status on the basis of caste persists, whereas the values of the administrative system are guided by some formal laws, codified rules and regulations. In these there is no discrimination on the basis of caste, religion or sex.

⁶ Rudra Nand Thakur., *Elite Theory and Administrative System*, Sterling Publishers, New Delhi, Government of India, 1981, pp. 324-327.

The basic problem therefore is that administrative values are not in consonance with the social values. And, as long as our social values continue to mould our way of thinking, the values of the administrative system will fail to guide the behaviour of the people in the field of administration. As there will be a direct conflict between the values of the social system, and those of the administrative system, there is a likelihood that people in the administrative system may act entirely for their own interest rather than in the interest of the community.

Another important aspect which is linked with socio-economic attributes is the policy of protective administration towards the backward communities particularly the Scheduled Castes and the Scheduled Tribes (Art 335 of the Indian Constitution provides job reservation). We find a good elaboration of background characteristics of the bureaucrats in Damyanti Bhatnagar's⁷ study of Raipur Division (Madhya Pradesh), She highlights that the Indian government is based on the principles of Secularism. Accordingly, it is expected that there will be no discrimination in recruitment to services on the basis of religion. The vast majority of officials at the Commissioner's headquarters and District headquarter consisted of Hindus in all classes of services. Studies have often revealed that caste continues to play a decisive

⁷ Damyanti Bhatnagar., *Bureaucratic Culture in India*, Rawat Publication, Jaipur, 1989, pp.40-44.

role in determining the occupational status of an individual in India. As a result, a large proportion of occupational elites comprise people belonging to higher and middle caste categories⁸.

Caste composition of the functionaries confirmed the existence of excessive representation of middle and higher castes in the higher levels of bureaucratic services. A majority of higher officials belonged to middle and higher caste categories. Thakur⁹ maintains that the representation of higher and middle caste groups such as Brahmins, Kayasthas and Kshatriyas is more pronounced in administrative services. The lower castes and scheduled castes remain under-represented at the higher levels of public bureaucracy.

Moreover, the preceding hypotheses of Religion and Caste can be justified by the Statistical analysis of V. Subramaniam's¹⁰ study, with the help of his pictorial analysis in table 4.10.

8 Kuldeep Mathur., *Bureaucratic Response to Development*, National Publishing House, Delhi, 1972, pp.24-25.

9 Op.cit., Rudra Nand Thakur, 1981, pp.210-12.

10 Op.cit., V. Subramaniam, 1971, pp.146.

TABLE 4.10

Distribution by Religion and Caste

| Service | 1 Percentage representation 2 Coefficient representation | Period | Hindus | Muslims | Chris- tian | Buddhists | Jains | Sikhs | Parsis | Jews | (M)† | Sche- duled Caste | Brah- mins |
|---|---|-----------|--------|---------|----------------|-----------|-------|-------|--------|------|------|-------------------------|---------------|
| | | | | | | | | | | | | | |
| IFS | 1 | 1947-1963 | 80.55 | 5.56 | 6.25 | 1.39 | 0.69 | 5.56 | - | - | 144 | 10.42 | 21.53 |
| | 2 | 1947-1963 | 0.96 | 0.52 | 2.56 | 1.88 | 1.50 | 3.11 | - | - | - | 0.30 | 5.38 |
| IAS | 1 | 1947-1956 | 86.70 | 2.53 | 1.90 | - | 1.90 | 5.70 | 1.27 | - | 158 | 0.63 | 34.18 |
| | | 1957-1963 | 88.45 | 1.28 | 3.85 | - | 0.43 | 5.56 | - | 0.43 | 234 | 9.04 | 36.32 |
| | 2 | 1947-1956 | 1.02 | 0.25 | 0.81 | - | 4.22 | 3.27 | 3.43 | - | - | 0.02 | 8.55 |
| | | 1957-1963 | 1.06 | 0.12 | 1.58 | - | 3.93 | 3.11 | - | 1.16 | - | 0.30 | 9.08 |
| IPS | 1 | 1947-1956 | 87.37 | 1.55 | 3.61 | - | 0.52 | 6.44 | 0.52 | - | 388 | 2.32 | 31.44 |
| | | 1957-1963 | 83.85 | 1.05 | 5.47 | - | 1.82 | 7.55 | 0.26 | - | 384 | 10.42 | 21.35 |
| | 2 | 1947-1956 | 1.03 | 0.16 | 1.54 | - | 1.16 | 3.70 | 1.41 | - | - | 0.08 | 7.86 |
| | | 1957-1963 | 1.00 | 0.10 | 2.24 | - | 3.96 | 4.22 | 0.70 | - | - | 0.35 | 5.43 |
| ACS | 1 | 1947-1956 | 89.15 | 2.36 | 3.77 | - | 0.47 | 4.25 | - | - | 212 | 1.92 | 37.74 |
| | | 1957-1963 | 93.70 | 0.42 | 2.10 | - | 0.84 | 2.94 | - | - | 238 | 7.98 | 24.80 |
| | 2 | 1947-1956 | 1.04 | 0.24 | 1.60 | - | 1.04 | 2.44 | - | - | - | 0.06 | 9.43 |
| | | 1957-1963 | 1.12 | 0.04 | 0.86 | - | 1.83 | 1.64 | - | - | - | 0.27 | 11.45 |
| CAF | 1 | 1947-1956 | 83.33 | 1.52 | 7.58 | - | 1.52 | 6.06 | - | - | 66 | 1.52 | 39.39 |
| | | 1957-1963 | 86.18 | 0.66 | 7.89 | - | 1.32 | 3.95 | - | - | 152 | 3.29 | 34.21 |
| | 2 | 1947-1956 | 0.98 | 0.15 | 3.22 | - | 3.38 | 3.48 | - | - | - | 0.05 | 9.85 |
| | | 1957-1963 | 1.03 | 0.06 | 3.23 | - | 2.87 | 2.21 | - | - | - | 0.11 | 8.55 |
| Percentage of India's Population As of 1951 | | | 85.13 | 9.91 | 2.35 | 0.05 | 0.45 | 1.74 | 0.37 | - | - | 30.00 | 4.00 |
| As of 1961 | | | 83.51 | 10.69 | 2.44 | 0.74 | 0.46 | 1.79 | 0.37 | - | - | 30.00 | 4.00 |

† M indicates total number of recruits.

Source: Op. cit., v. Subramanian, pp. 146.

(B) BRITISH LEGACY AND CONTEMPORARY SCENE

It seems that in India before the British rule formal education was not an important pre-requisite for appointment to various administrative positions. Religion, castes and family status were given considerable importance in such appointments. In addition , the will of the ruler also played an important part in assigning responsible posts.

The British rulers, whose language was english and were aliens, started systematic education through the english language to train a class of people who would serve on administrative posts in their empire. They only wanted to equip a section of society with a working knowledge of english to assist them in the administration as ministerial class. They did not want Indians to hold responsible posts. The education policy of Britishers in India was based on this objective, producing government officers of lower ranks. But this beginning of systematic education created an awareness and enthusiasm in the Indians to get into services which offered a career. Thereafter education became an urgent demand and its expansion started. After independence the conditions have changed drastically. Facilities for elementary and higher education have vastly increased all over the country. Most administrative functionaries, particularly those at the higher levels owe their positions primarily to their educational performance.

Bureaucracy in operation in developing countries has

undergone a good deal of change in response to the new needs. Structurally, procedurally and even from the point of view of its own functionality, it has moved quite a bit from its classical , pristine purity. But this movement has been more in the shape of marginal adjustments or peripheral adaptations rather than in the form of fundamental changes directed to achieve a break-through into the developmental goals. Whatever little change in the structure and functions are in evidence in developing countries are all mainly due to the compulsions of developmental assumptions, ideals and goals, based on society's revolution of rising expectations and magnitude and scale of dynamic programmes of comprehensive political, social and economic modernization.

Generally speaking when the major need of the society is creating a sense of "nationhood" and national solidarity, the bureaucracy has to play an integrative role and not merely an instrumental one.

However gigantic operations in the field of economic planning have to be undertaken by the government in order to bridge the gulf between the high national goal targets and low actuality level, to achieve which the government and hence bureaucrats, have to assume, quite often, leadership role as industrial entrepreneurs, enter the commercial and business field, construct an adequate and effective infrastructure, build up varying types of organization-forms like manifold para-state agencies, public sector

undertakings, autonomous corporations etc. Public administrators have to become managers.

Thus, in development administration, there has to be a confluence of different type of developmental objectives and programmes---political, social and economic and underpinning all these , the managerial revolution. The regulatory functions like rule making, rule application, and rule adjudications have also an improtant place in development administration by way of providing a stability infrastructure in society.

Government in development administration must necessarily cope with a series of significant major tasks, such as achieving security against external aggression and ensuring internal order; establishing and maintaining consensus on the legitimacy of the regime; intergrating diverse, ethnic, religious, communal and regional elements into a national governmental unit; role allocation between public authorities and private sector; displacement of skills and institutions, etc¹¹.

11 Milton.J.Esman., "Politics of Administrative Development", in, Montogomery and Siffin(eds), *Approaches to Development: Politics, Administration and Change*, McGraw-Hill Book Company, New York, 1966, pp.60-65.

**(C) PROFESSIONALISM AND THE QUESTION OF EFFICIENCY IN PUBLIC
SECTOR UNDERTAKINGS**

All these functions call for an appraisal of the types of functionaries that development administration would badly need. What categories of personnel are required in a particular country will, however, depend upon the level of development there as also the emphasis that is placed for developing a particular sector. For instance, if the emphasis is on industrial development, then the personnel categorization will be one that will be different from where agricultural development is the focus. Each category, in turn, may need to be further broken down into sub-sector specialization in order to fit it into the total developmental plan-frame. While analysing the bureaucratic categorization, sectoral requirements, and training needs etc., it would be worthwhile to adopt a more professional yard stick for determining the kinds and levels of personnel interaction and skill actuation.

Here, the question arises, why we should talk of professionalism or professional background of bureaucrats in order to understand the functioning of public undertakings? Perhaps, reason lies with the increasing trend of specialisation and explicit nature of changing social order under the stream of modernization. So, we cannot hesitate in saying that professionalism in the civil services is an indispensability for the developing society can be disputed

by none. Even the Administrative Reforms Commission's report on Personnel Administration supports the preceding notion.

"The Three Study Team dealing with Personnel Administration and the one on Machinery of the Government of India and its procedures of work are unanimously of the view that the future administration has to be increasingly oriented towards specialisation and that an important objective of personnel administration should be to create and nurture the needed specialism"¹².

While talking of professionalism, the term implies the existence, in good measure, of certain essential attributes connected with a profession. A profession has been defined in the Oxford English Dictionary as "a vocation in which a professed knowledge of some department of learning or science is used in its application to the affairs of the others or in the practice of an art founded upon". It essentially refers to a body of men who carry on their work in accordance with the rules (or recognised conventions) designed to enforce certain standards for the superior performance of their duties and responsibilities, for greater service to the public, for a mere effective protection of the rights and interests of their membership group.

12. The Administrative Reforms Commission., (India), "*Report on Personnel Administration*", Government of India, New Delhi, 1969, Ch. III.

The inevitability of impending professionalist take-over from what is lay and amateurish in administration presents itself in sharp relief when we focus our attention on the changing pattern of tasks and functions of the present day administration and make a projective assessment of the nature and style of administration in late seventies or perhaps the eighties. In this diagnosis there is the implied assumption that public services of yesterday their structure, procedure, personnel etc., are going to be generally inadequate and will be thrown out of gear to cope with the administrative imperatives of tomorrow. Indeed, meeting the future challenge squarely enough will be an impossible exercise for the "status quoistic" civil services with only traditional and inherited or conventional skills available with them; it would surely need a new commitment, a pervasive and permeative ethos, and sharper tools and equipment. The basic shift in the nature and style of functioning consequent on development administration's taking up multi-dimensional activities¹³, is a significant pointer to the vastly different varieties of new skills that management has necessarily to acquire. For instance administering an awakened agricultural community which is not inert, uneducated or temperamentally fatalistic as before, but which demands all benefits from many institutional and technological innovations and new

13 B.K.Dey., "Bureaucracy and Development - Some Reflections" *Indian Journal of Public Administration*, Vol.XV, No.2 (April-June), 1969.

strategies evolved in the agricultural sector, postulates a band of agricultural administrators who should not merely command a good grasp of science and technology of agriculture but who need also possess knowledge of other infrastructural processes representing financial, marketing, storing and other relevant inputs of development. What is more, such administrators must be capable of utilising mass-communication media to their effective advantage¹⁴. Means the knowledge of relevant technology of operation in every functional sphere often requires a multi-disciplinary approach. They also call for a new orientation-cum-commitment, a new drill of skills involving initiation and maintenance of a continuous harmonious dialogue with both other specialists and professionals in the field as well as the most important dimension in administration, namely, the people. In other words, all those skills, namely, conceptual, technical and human relations, have to be imbibed by the administrators of tomorrow through a healthy synthesis of knowledge. This forms the basic foundation for the professionalism edifice.

Furthermore, we can say that a scientific (or professional) administrator would be sterile and ineffective if he is a "preserve rather than an innovator". Most tasks encountered in the contemporary world call for organisations wherein creative thinking and innovation are essential

14 Kamla Chowdhry., "Developing Administrators for Tomorrow", *Indian Journal of Public Administration*, Vol XV, No.2, (April-June), 1969.

ingredients as well as growth¹⁵. If even in the advanced west itself suffers from a management gap¹⁶, which has resulted in a prosperity gap, the developing economies bent upon seeking new frontiers of socio-economic development, must before long have to bridge this gulf and catch up fast to avoid stagnation in backwater pool.

The crux of the question then is how we can impart to our administration the much needed management-orientation and make the public services embrace the religion of professionalism, and how soon. L. D. White sounded prophetic when, writing in 1926, he stated that one of the main lines of development which might be expected in the future was "the emergence of the specialist and the expert, the origin of significant economic and professional organisation of public employees¹⁷. The whole stretch of public services must be made expert and trained, and inured to professionalism founded on the finest principles of specialised competence, elitism, separatism, self-esteem, social status and strong group consciousness¹⁸.

15 Vikram.A.Sarabhai., "Science and National Goals", *The Indian Journal of Public Administration*, Vol.XV, No.3 (July-Sept), 1969.

16 Atma.Ram., "Scientists and Management", *The Indian Journal of Public Administration*, Vol.XV, No.3, (July-Sept), 1969.

17 L.D.White., *Introduction to the study of Public Administration*, MacMillan, London, 1926.

18 A.M.Carr Saunders and P.A.Wilson, "Professions", *Encyclopedia of Social Sciences*, A.R.E.Seligman and A.Johnson (eds.), MacMillan and Company Limited, London.

The monopolistic control of management by generalists in every sphere of governmental activities is the bane of our public personnel administration has been emphasised, by the study team of the Administrative Reforms Commission of India chaired by C. D. Deshmukh. The said study Team suggests : "The monopoly of generalism should be broken. Specialisation be gradually developed among generalists, specialists and technical personnel freely inducted into secretariat wings-----we would favour experimenting in the direction of an integrated hierarchy for all these within a wing rather than a system of parallel hierarchies for generalists and specialists"¹⁹.

Specialistic features of generalists :

Uptil now we have been talking about the need of professional or specialistic aspects amongst administrators and tried to project that how the specialism is goal oriented in desired direction. Now we look into the specialistic features of generalists. There is a general impression that the generalist can lay no claim to any special ability which is relatable to his specific spheres of duties or his pattern of experience is similarly not fully correct. The generalist in his sphere (ARC - April 1969, mentions three broad classifications of governmental work: general administration, specialised administration and technical and/or scientific administration) can also do his

19 Op.cit., Administrative Reforms Commission, 1969.

bit professionally. As pointed out by S. Banerji : "In truth, there are special skills of a generalist administrator which commonly escape reckoning because, as Eric Ashby says, 'these skills, despite the striving of academic departments which teach administration, have not been reduced to order and codified in text books'. Whether in a law or order or other situations of emergency, or in the matter of management and public relations --- whether this be with non-officials or teams of experts and departmental officers among whom he is required to bring about coordination --- all such situations, typical of the tasks confronting a generalist administrator, call for, on his part, the qualities of prompt and sound decision making tact, imagination, initiative, organisation and leadership, and other personal qualities which have to be systematically cultivated---. That these reflect a set of special kind which administrative experience alone can provide . Indeed his proficiency in the dynamics of human relations and his gift of objective appraisal of situations would seem to correspond to the special knowledge and skill of the technician"²⁰.

To assume, therefore, that the generalist can be such as ignoramus of his specific, though diverse, responsibilities or that any un-initiated can discharge

20 S.Banerji., "A United Civil Service", *The Indian Journal of Public Administration*, Vol IX, No.2, (April-June), 1963

generalists', many public assignments with ease or that neither familiarity with the functions nor experience of the job is required in his case will be an over-simplification of his duties. As Wilmerding would say, an administrator "is a specialist but not in the limited field of a profession or a science. His speciality is method, rather than subject matter. He is a coordinator of knowledge rather than a researcher into the minor recesses of one of its branches"²¹.

Indeed, at the senior policy management levels of administration, whether of general or technical variety, what is required is not specific information or subject-matter specialization, but a mind, which can assimilate the quintessence of all relevant knowledge bearing on a subject; a way of thought, a mental or moral discipline. Enlightened common sense, analytical faculty and alert and agile mind, foresight and farsight, capacity for man-management and co-ordination, etc., are the critical ingredients in a top man as he approaches inter-departmental horizon, and whatever sharpens these qualities such as training in depth, better education, fruitful experience, a sense of excellence etc., should also make for inculcation of professionalism. Viewed in this light administration becomes profession by itself, method of administering a speciality, and even a generalist administrator a professional !

²¹ Luein.Wilmerding., "Government by Merit", quoted in S.Banerji, Ibid.

Here, it would be less than fair not to mention that though the commanding heights of Indian administration are still by and large the generalists' preserve, wind of change has started blowing over the administrative landscape and some unmistakable signs of professional-cum-specialist dent are also evident.

The Department of Atomic Energy has all along been headed by a nuclear scientist; Ministry of law by a member of the legal profession or service; and the Railway Board by members of the Railway Services. The Department of Economic Affairs of the Finance Ministry is now headed by an economist. Till the other day, the Ministry of Steel was headed by a steel expert and Industrial Development by a member of the Industrial Management Pool. The constitution of so many professional services like Indian Economic Service, Indian Statistical Service, Central Health Services etc., speaks of volumes regarding the trend. Again, in organisations, like Council of Scientific and Industrial Research and the regional laboratories under its charge, it is the scientist who preponderate, though general bureaucracy also tries often to dominate the scene in an area generally foreign to it. Staff agencies, other bureaus and boards provide much professional advice to ministers at a sufficiently high level, though not from within the internalised policy-making hierarchy but only from a distance. Perhaps, this integration is not far off, and

already some attempts at such integration have been made notably in the Home Ministry and several other departments. It must be conceded, however, that professionalism, as has been injected into the veins of Indian administration, has so far been of sporadic character and does not seem as yet to have been introduced as part of a design or conscious plan or a long-term policy.

(D) VARIATION OF MANAGERIAL TECHNIQUES AND PROBLEMS

Here we are intended to illustrate a few more aspects about cultural factors which tend to question the assumption that management techniques and problems are universal and the skill acquired in one country can be readily transplanted and used in another country. In making an assessment of international training programmes, it is interesting to note that no research has been done regarding the impact of environmental factors on the efficiency of a manager. According to a scholar on comparative management, "The general view taken by many of the texts dealing with the principles and functions is that efficient and effective management is based largely on universal principles, practices and general know-how which can (and should) be transferred to any country²². This is only an implied assumption that seems to have been taken for granted, without paying any specific attention to the problem. Most

22 Baur M. Richman., "Significance of Cultural Variables", *Academy of Management Journal*, Vol. 8, No. 4, Dec. 1965. pp. 282.

writers on management do not say anything specifically about the external factors affecting the management process in the light of conditions prevailing in any specific country. However, by implication there seems to be a tendency to assume that administrative skills are universal, However, a study of several external factors in developing countries would indicate that management job is not the same in all types of countries.

It is surprising to note a social scientist like Dr. Likert arguing as follows : "On theoretical grounds, one would predict that research on leadership, management and organisational performance would yield the same basic principles and body of knowledge, regardless of the country or culture in which the research is done.

In the first place, human nature basically and in terms of inherited qualities is the same the world over. Second, the scientific method is the same in all the nations and, if competently used, yields similar observations irrespective of the cultural orientations of the investigation. Third, culture influences the method of application of basic principles of management. Should this turn out to be the case, it would mean that research will show that the highest productivity and the best overall performance, is achieved through the same set of basic principles of management, irrespective of the nation or culture in which the

industrial enterprise is located²³". Dr. Likert seems to be making a distinction between the method of application and the theoretical principles of management. Obviously the basic principles mentioned by Likert refer to human motivation, aspirations of individuals and group interaction. It needs to be emphasised that through these constitute only one aspect of management and theoretical predictions made by Likert are no more than predictions made on insufficient knowledge that exists in the field of human behaviour. However, one might think of the possibility that there may be a tendency for universal practices.

23 R.Likert., "Trends towards a worldwide theory of management" in proceedings of "*International Management Congress*", Council for International Progress in Management, New York, 1963, pp.111.

CONCLUSION

The cumulative effort of preceding discussion reveals that the majority of the IAS officers were exposed to the desire to enter the IAS because their fathers were in the modern professions and understood the prestige attached to this job. Father's occupation also created opportunities of better education for the future entrants to the IAS. The majority of the candidates who were selected for the IAS belonged to the educated upper middle class families, were educated in good institutions especially where the medium of education was English (C. P. Bhambhri and V. Subramaniam), and the universities were situated in metropolitan cities. It is also evident that not all the universities of India are able to send their alumni in the IAS. The standard of education and the academic atmosphere of good universities seems to be conducive to the all-India competitive examination for the IAS. Since the choice of the university depends upon family status in India, children of higher professional classes with better standard of living are sent to metropolitan universities for higher education. It would have been a completely closed corporation or closed preserve of the children of upper middle class better educated persons, but for some reservation²⁴ of seats for the Scheduled Castes and Scheduled Tribes. The children of subordinate services hardly find any place in the IAS. Same

24 Op.cit., C.P. Bhambhri, 1972, pp.122.

results have been confirmed by V. Subramaniam's study of the business managerial class. While comparing it with the higher civil service of India he observed : "We may mention straightaway that this middle class dominance is not a peculiar feature of the managerial class as such but a feature common to it and the Indian Administrative and Foreign Services and indeed to all the higher civil services of the Government of India"²⁵.

Further, we find that the assertion of modern Indian sociologists that "economic wealth, political power, caste status were traditionally closely linked together, and that over the past hundred years they have become progressively differentiated in response to economic and political changes at the macro societal level"²⁶, needs further probing. This assertion of the Indian Sociologists working on caste in India cannot be easily accepted. Because, several studies like C.P.Bhambhri and V.Subramaniam have revealed that higher castes also occupy apex positions in the administrative system of India.

Indian society is passing through the phase of "continuity and change" and this phenomenon is observable in the IAS examination also. The dominance of entrenched social classes and castes in the IAS continues, but the

25 Op.cit., V.Subramaniam, 1971, pp.134.

26 Michael.M.Ames., "Indian Castes: Old and New", *Public Affairs*, Vol.XLIV, No.1, Spring 1971, p.86.

underprivileged are also finding a place in the service. We find that the socio-economic status of the IAS officers is a reflection of the social dynamics at a macro level.

These generalists and elite class of the Indian society have penetrated all spheres of social life. Their role in the functioning of public sector undertakings have been influencing Indian masses. But their lack of expertise have always been questioned in order to understand the mismanagement of public sector undertakings. The emerging scenario in professionalising managerial cadres in public sector undertakings appears to be bright. There is a considerable progress in professionalising managerial cadres upto board level. But at the board level, bureaucrats and interest groups other than managers and employees dominate. Beyond the board level, it is again the bureaucrats and the ministers at the government level who exercise control and supervision. The people who man the public undertakings' boards and the people who exercise control and supervision over how public undertakings are run not necessarily experts in the subjects they deal.

Though, public enterprises have professional managers, they are not always allowed to be professionally managed. Unless there is professionalism at the board and ministry level, there is little that professional managers at the enterprise level could do.

Prahalad Kumar Basu²⁷, observes that public enterprise administration has three ingredients :

- (I) "Public" service ingredient on public administration;
- (II) "Enterprise", or enterprise management and
- (III) Of course the special features of "Public Enterprises" managements.

The first ingredient is akin to public administration. Public enterprise is a sub-system of the governmental system and will continue to be so. A congruence of the value system between the public enterprise administrator and the public administrator will therefore facilitate smoother working of the public enterprises within the public administration system. To the extent, the level of attainment of public enterprise goals by a public enterprise administrator is critically related to the personal benefit and satisfaction he derives in the process of striving to accomplish the over all goals, this congruence of goals between the top-management in public administration, i.e., the government/administrative ministry, on the one hand; and the top management in public enterprise administration, i.e. the Board of Directors in charge of the public enterprise management is an important factor. The education and Training of public enterprise administrator should be such

27 Prahalad Kumar Basu., *Public Enterprises : Policy, Performance and Professionalisation*, Allied Publishers, New Delhi, 1982, pp-73.

as to equip him to function both as a public administrator as well as an enterprise administrator²⁸.

28 In the paper by Mr. A. S. H. K. Sadique in the APDAC volume on "Public Enterprise Coordination and Control" (1976), The Scheme for an Intergrated Civil and Public Enterprise Service", for the governments of Asia and Pacific region.

Chapter V

Bureaucracy in Public Sector Undertakings :

Challenges and Response

This chapter encompasses the very nature of challenges and problems which crop up in civil servants' way while working in public sector undertakings. In order to deal with this point, we have to be familiar with the interaction processes and procedures of the bureaucrats, placed in public undertakings as top executives with the government and other governmental institutions or bodies.

**(A) APPOINTMENTS AND FUNCTIONING OF CIVIL SERVANTS IN PUBLIC
UNDERTAKINGS : MINISTERIAL CONTROL**

At this juncture, it becomes indispensable to know about the recruitment of higher level managers in public undertakings. The function of the appointing authority is exceedingly important and difficult. It is important because it is more on the choice of the right persons than on anything else, that the success of an enterprise depends, and it is difficult because the selection involves many variables and an evaluation of personal qualifications, with the possibility of parliamentary scrutiny of the appointments made. The final appointing authority for all positions at the board level, except the ex-officio part time government directors appointed by the ministry in charge of the enterprise, is the Appointment Committee of the Cabinet (ACC) headed by the Prime Minister.

For the central statutory corporations all appointments are made by the Central Government, except, as in the case

of Industrial Finance Corporation, where some directors are to be appointed by the share-holders. For the government companies, the appointing authority mentioned in the articles is the President of India, in whose name the shares are held. In both the cases the procedure for appointment is the same and the difference is the nomenclature of the appointing authority is only nominal.

The government's decision for appointments to the posts of part time Chairman and full time Chairman-cum-Managing Director, a panel of two or three names is suggested by the Public Enterprise Selection Board (PESB). For appointments of other full time directors, the panel is recommended by a committee appointed by the administrative ministry which, inter alia, will include the Chief Executive of the enterprise, and a representative of the Public Enterprise Selection Board (PESB). The panel provide the basis for the minister to choose from, the final approval being given by the ACC. Part time non-official appointments are also approved by the ACC, but the minister will consult the Chairman of the concerned public enterprise before finalising his approval. It is very difficult to say, how effectively the consultation with the Chairman works in practice. According to the decision of the government, due weight should be given to the opinion of the Chairman. Part time non-official directors are appointed by the concerned ministry without reference to any outside body or individual.

Public enterprises have been delegated full powers to make appointments, except those at the board level. The power of the government is generally restricted to appoint the board as per the articles or the statute of a particular enterprise. Almost always a representative each of the Ministry of Finance and of the concerned administrative ministry is on the board. These nominees reflect the government's viewpoint in various board decisions and provide a channel of communication between the enterprise and the government. Sometimes the civil servants dominate the board. To meet this situation the government sometime back asked civil servants in public enterprises to choose between their public enterprise and civil service jobs. Thus, today there are only few full time civil servants on the Boards of Central Government Enterprises. Unfortunately, most of the State Governments enterprises continue to have a large number of active civil servants on their boards. This makes in roads into the autonomy and commercial operation of these enterprises. The government often appoints the board members, particularly the Chief Executive, for a short period of one to two years, thus making them look, to the government for renewal of their tenure more often. This enhances government control. Thus the very purpose of creating autonomous bodies is largely defeated by these practices. A. H. Hanson talks of, "the type of board which acts primarily as a co-ordinator, its main purpose being to co-ordinate the work of the enterprise

with that of other governmental agencies such as ministries and other public enterprises. This is the type of board frequently found in India: It consists predominantly of senior civil servants, who are empowered to speak for their Ministers, and of Directors or Officials from other enterprises."¹

Government's Control Over Functioning of Public Sector Undertakings :

Besides aforesaid appointment procedures, there are various ways in which the government and public undertakings interact. We can consider these aspects under the following headings :

- (I) Prior approval : On a number of matters decisions can be taken only after obtaining the approval of the government.
- (II) Directives : The government has power to issue directions for matters which it considers sufficiently important and for which there is no provision of control otherwise.
- (III) Circulars and Office Orders : These cover a whole range of operative matters, and though informal in nature are generally adhered to by public enterprises.
- (IV) Appointments : The Board of Directors is appointed by the government.

¹ A.H.Hanson., *Managerial Problems in Public Enterprise*, Asia Publishing House, New Delhi, 1962, pp.52.

(V) Reports, Returns and meetings : Numerous reports and returns are received by ministries and departments.

(VI) Power of Supersession : In a few cases the government can supersede a statutory corporation.

Although general guidance on the exercise of ministerial power is given in constituting legislation, the establishment of a just balance between autonomy and control is possible only through the development of appropriate conventions and understandings. Moreover, to see that there may not be any misuse of ministerial powers, control over ministers is to be exercised by the Parliament, but parliamentary control over ministers should not be so excessive as to compel them to interfere in the detailed administration of public enterprises. The minister should interpret his powers objectively, and use them after consulting the boards, and his attitude towards the corporation should be that of co-operation and not unnecessary dictation. Only on this attitude depends the success of the great experiment of nationalisation in the country. The minister needs, therefore, a capacity to distinguish the important from the unimportant, and the strength of mind to steer clear of the latter.

Hence, it becomes crystal clear that the government and its institutions have been playing a significant role in order to the functioning of public undertakings. Now, the

question which remains here with the problems of civil servants would be illustrated in the succeeding pages.

Here, we might ask the question, why the government and its different branches are intertwined with the functioning of public enterprises. We all know that the capital invested into the public enterprises are drawn from the masses of the country concerned. And Ministers or Parliamentarians are representatives of the citizens in our country. They are always accountable to the countrymen for their performance appraisal. Perhaps this is the reason government, in a democratic country like India, passes legislation for public enterprises. All the trust of the people in India is concentrated in Parliament, which is endorsed with a capacity of parliamentary control over public enterprises.

In the words of A. H. Hanson, "On the part of the politicians who occupy ministerial office, it demands considerable self-denial, which may be entirely strange to the political traditions in which they have been educated . They must cease to be prima-donnas, stop 'empire-building', resist corrupting pressures, and develop habits of mutual consultation and co-operation. It also demands the creation of an honest, uncorrupt, and technically competent civil service, with adequate motives to give of its base of the state."²

2 A.H.Hanson., *Public Enterprises and Economic Development*, Routledge and Kegan Paul, London, 1960, pp.123.

We find that each public enterprise is attached to a particular ministry within whose sphere the undertaking falls. This seems quite practical and reasonable as long as the undertakings are few under the public sector. But as more and more undertakings are added to the public sector, the responsibilities of a minister become too wide, which ultimately creates chaos and confusion. The grouping together under one minister of a number of public undertakings has serious weaknesses. A minister, generally, is a political person, he is not an expert in managerial concerns or management : so it is doubly dangerous or against the ultimate public interest, to put more and more undertakings under one minister.

The power of minister to give general policy direction is quite controversial. The experts or civil servants who are appointed in the Board of Directors or other top executives do not agree on giving this power to the minister. Those who support the idea of giving this power argue that if we want to make public enterprises work efficiently then we must give this power to the minister to enable him to control the activities of the enterprises, in the best public interest and guide the working in the right direction. But others argue that this power is so wide in its scope that the minister could interpret it in a manner as to include every possible aspect enabling him to exercise considerable control over the public enterprises and it is

very likely that it might work brook even ministerial interference in the day-to-day administration.

His power to appoint the members of the boards gives him sufficient strength to gather men of his own choice around him. And his power to remove any member, gives him additional strength to force the members to submit to his command. The very existence of such powers is enough to make the members tremble and conform to his ideas and directives. It is argued that the minister should have the power of specific direction because it is his duty to streamline the whole organizational set-up of his department and see that all activities carried under the banner of his ministry are properly run. Besides, he is deemed to be the representative of both employers and consumers, so he must protect their interests. Further, it is generally alleged that a minister avoids giving written instruction and gives only oral advice. Such orders are never included in annual reports. This gives him easy escape from Parliament's scrutiny. This is certainly taking undue advantage of democratic system.

As we have just seen, due to a variety of powers given to a minister the board becomes or tends to become a mockery of democracy. The very aim or objective of creating public enterprises is defeated. The appointment of members on the board is made in accordance with the utility of their qualifications, experience and qualities, so they can work

at their best in the wider and better interests of public in general.

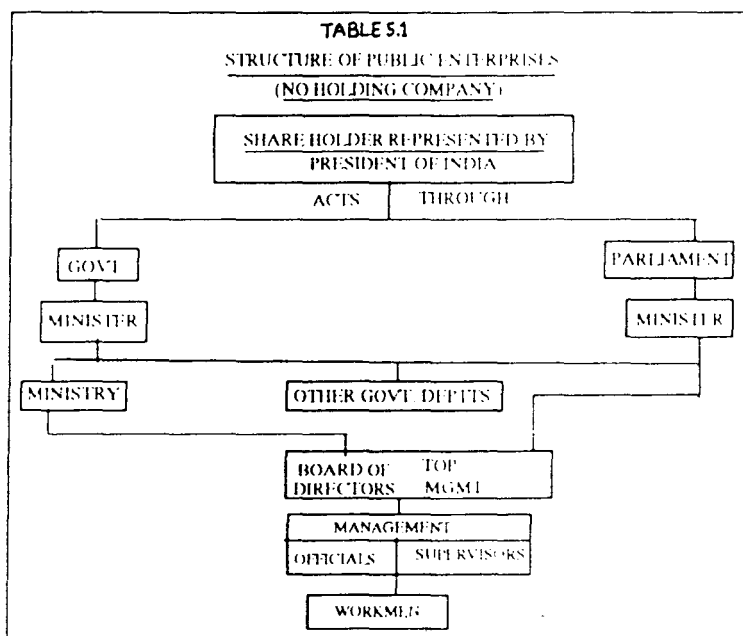
But, how could they function independently when the ministerial powers reigns supreme.

Here, we can say that, to be successful in business, a dynamic outlook is imperative. Dynamic co-operation is the basic need required in India, if we want to make successful use of all available managerial talent in India. A minister must act most pragmatically. He should never show the members of the board that he is the real boss and that they must "dance to his tune". Besides, such misuse of power kills all initiative of the board members, which could have been successfully used for the further progress of public undertakings.

The powers given to the minister are essential to some extent but the moment he encroaches upon them and misuses them the entire spectrum changes. The real problem is of striking the balance between these two extremes. The exact amount of control would depend upon the personality of the minister and the need of the undertaking. The undertaking can work successfully only if the person appointed as a minister is a man of integrity and maturity. Any power-hungry and domineering person will certainly ruin the social interest.

Administrative clashes are generally reduced by making more and more appointments of civil servants on the boards. The civil servants---with their traditional bureaucratic habit---always tend to conform to the official policy, which shuts the door for any progressive and independent thinking which rules out the possibility of the application of any dynamic and new fruitful idea. To quote P. K. Ghosh³ "The civil service attitude to administration is generally governed by ministries and thus hinders innovative thinking. Initiative and flexibility of management are reduced to the minimum due to the necessity of observing government procedures in regard to supplies, appointments of staffs, determination of their pay and allowances and conditions of service, as also due to the necessity of adhering to civil service rules in day-to-day expenditure and monetary transactions".

Here we can have a pictorial view of the public enterprises and private enterprises (table 5.3 and 5.4) in the areas of ownership, accountability and operational control by the following four tables :

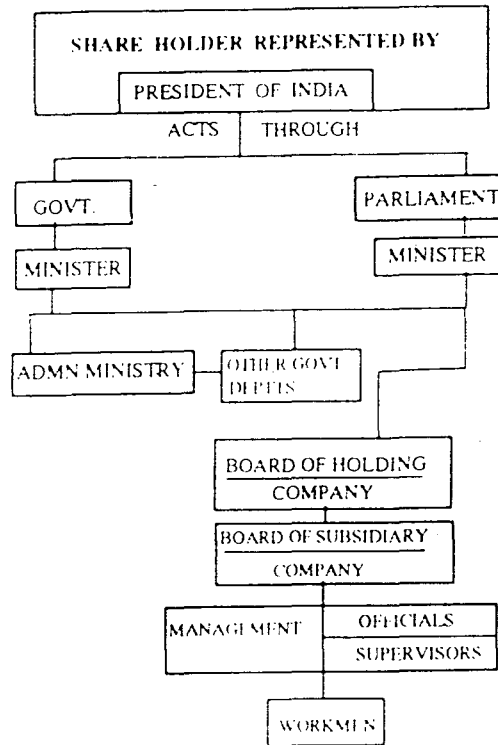


(Source: Supt Banerji, "Working of Board of Directors",
Dynamics of Management in Public Enterprises,
ed. by Kidwai and Sahai, SCOPE, New Delhi, 1981,
pp. 397)

3 P.K.Ghosh., *Public Enterprises in India*, Book World,
Calcutta, 1982, pp. 41-42.

TABLE 5.2

**STRUCTURE OF PUBLIC ENTERPRISES
(WITH HOLDING COMPANY)**



(Source: op.cit. Sanku Banerji pp. 195.)

TABLE 5.3

**SYSTEM COMPARISON BETWEEN PUBLIC AND PRIVATE
ENTERPRISES IN THE AREAS OF OWNERSHIP,
ACCOUNTABILITY AND OPERATIONAL CONTROL**

| CRITERIA | PUBLIC ENTERPRISES | PRIVATE |
|----------------------------|---|--|
| OWNERSHIP | SPAN IS LARGER NATION IS OWNER | LIMITED SPAN |
| OBJECTIVES | MULTIPLE MORE INFLUENCED BY SOCIO-POLITICAL ENVIRONMENT | RETURN ON INVESTMENT IS THE SUI GENITO |
| AUTONOMY | LIMITED AND DIFFUSED | NEARLY ABSOLUTE |
| ACCOUNTABILITY | VARIOUS AGENCIES LIKE PARLIAMENT, CO-OP ADMN MINISTRY, OTHER MINISTRIES - USER, FINANCE ETC., PIG COMMISSION, BPE, PARLIAMENTARY COMMITTEE LIKE CO-OP AND COMPANY LAW BOARD 'C' AND AG. CVC | RESTRICTED TO OWNER SHARE- HOLDERS & CO LAW BOARD |
| LINE OF COMMAND | PLURAL | UNITARY |
| COMPOSITION OF CO-BOARD | ALL APPOINTED BY GOVT AND DIRECTLY OR INDIRECTLY CON- TROLLED BY GOVT | SHARE HOLDERS & CHIEF EXECUTIVE HAS MAJOR SAY |

(Source: op.cit. pp. 195.)

TABLE 5.4

| CRITERIA | PUBLIC ENTERPRISES | PRIVATE |
|--|---|---|
| QUALITY OF DECISIONS | DECISION-MAKING PROCESS GETS OFTEN PROTECTED AND ADVERSELY INFLUENCED DUE TO MULTIPLE ACCOUNTABILITY WITH CONSEQUENT DELAY IN IMPLEMENTATION | QUICKER DECISIONS IMPLEMENTATION AND FASTER |
| INTERFACE WITH TRADE UNIONS | HIGH MULTIPLICITY OF UNIONS AND GOVT COMMITMENT TO ENCOURAGE TO MOVEMENT AS SUCH CAUSES SERIOUS IR PROBLEMS GOVT INVOLVEMENT IN SETTLEMENTS ALMOST ESSENTIAL | NO OF UNIONS OFTEN SMALLER |
| EMPLOYMENT | HAS TO ACT AS MODEL EMPLOYER RIGIDLY FOLLOWING ALL GOVT POLICIES INCLUDING RESERVATIONS FOR HANDICAPPED, SC/STs, AND BACKWARD COMMUNITIES COMPARATIVELY ALWAYS OVERMANNED | EMPLOYMENT IS TOTALLY NEED SPECIFIC |
| SIZE IN RELATION GEOGRAPHICAL SPREAD, CAPITAL AND MAN POWER | USUALLY BIGGER | COMPARATIVELY SMALLER |
| SOCIAL RESPONSIBILITIES | COMPLIANCE WITH LAWS SOCIAL OBJECTIVES VARIOUS AND UNDEFINITE | BARRING A FEW PROGRESSIVE UNOS OFTEN ABSENT |
| <p>THE SYSTEM OF OWNERSHIP, ACCOUNTABILITY AND OPERATIONAL CONTROL IN PUBLIC ENTERPRISES IS INFINITELY MORE COMPLEX LEADING TO A GREAT DEAL OF DIFFUSION OF OBJECTIVES, RESPONSIBILITIES</p> | | |

(Source: Op cit, Sujit Banerji, pp. 396)

(B) PARLIAMENT AND PUBLIC SECTOR UNDERTAKINGS

Immediately after independence, Parliament decided to establish Public Enterprises in the form of statutory corporations. But it had perhaps not fully appreciated the implications of the decision. The public corporations meant a lot of self-denial by Parliament except in matters involving policy decisions, for which it was not prepared. For example, the Industrial Finance Corporation of India (IFC - setup in 1948), was, at the instance of Parliament, subject to the scrutiny of a committee headed by a member of Parliament⁴.

4 Estimates Committee, Third Lok Sabha, 36th Report, April 1963, pp. 1-2. The report submitted was: *Report of the Industrial Finance Corporation Enquiry Committee*, Ministry of Finance, New Delhi, 1954.

Parliament's attitude to the autonomous corporation has not been very positive and satisfactory. As early as in 1952, Prime Minister Nehru reminded Parliament that IFC "was an autonomous body, and normally speaking in regard to an autonomous organisation. Parliament does not interfere in its day-to-day activities⁵."

Commenting on the attitude of Parliament, H. Venkatasubbiah observed over two decades back that "when Parliament criticized it showed eagerness to discredit the agency of autonomous corporations itself and betrayed jealously that its creature should be sharing power with itself, in howsoever restricted a sense and manner. This feeling on its part of having been cheated into parting with power has been with it in relation to all such institutions but was most intense over the DVC because of the wide field of latter's economic activities⁶".

In a report prepared at the instance of the government of India, Paul Appleby⁷ observed that "there is among members of Parliament too much general and vague fear that its responsibilities are not being preserved". In a forthright analysis of the situation he added "Parliament is -----

5 Lok Sabha Debates, 27th November, 1952, New Delhi.

6 H. Venkatasubbiah., *Indian Economy Since Independence*, Asia Publishing House, London, 1958, pp. 131-132.

7 Paul. Appleby., *Re-examination of India's Administrative System, with Special Reference to Administration of Government's Industrial and Commercial Enterprises*, Cabinet Secretariat, New Delhi, 1958, pp. 43-46.

a chief citadel of opposition to delegation of powers --- unless this Parliament accomodates itself to the needs for large action and elevates its own approach to affairs to appropriate high level of general direction, India's future will be precarious. Parliament needs to become sensitive to the necessity of operating on a high level"⁸.

Parliament has, by and large, not clearly distinguished the needs of the law and order administration and economic administration. Meticulous and detailed control by Parliament as regards the former is as essential as it is harmful in the latter case. The government has hardly stressed the plea of autonomy from parliamentary inquisitions, and when rarely it made such an attempt, it was not acceptable to Parliament.

The ideal line of distinction between matters of policy and day-to-day working has not been drawn satisfactory anywhere. Policy matters do have routine contents and day-to-day matters may have serious policy implications in some cases. Much would also depend upon the way a situation is viewed and the meaning one may read into it. The distinction cannot be emphasised except as an ideal or in a general way. Eventually, the wisdom of the speaker and the House as a whole would be the decisive factor. As public enterprises have not, in general been able to fare well, the government did not consider it wise to press for their

⁸ Op.cit., A.H.Hanson, 1960, pp.355.

insulation from parliamentary inquisitions, lest it gives rise to public suspicion.

The Parliament ensures accountability through several methods, such as, statutory feedback by receiving the annual reports along with audited accounts of public enterprises and also reports from the Comptroller and Auditor-General of India⁹ provides it with useful and valuable material for appreciating their performance and understanding their major problems. Unfortunately the annual reports are in general not adequately informative and their timely presentation also needs attention¹⁰; approval of investment; questions and debates; and parliamentary committees.

Parliamentary Committees :

The Indian Parliament has two standing Committees , namely the Public Accounts Committee and the Estimates Committee. The former examines the reports of the Comptroller and Auditor-General in order to ascertain that the money granted by Parliament has been spent by the government within the scope of the demand and the latter works as a continuous economy committee and suggests alternative policies in order to bring about efficiency and economy in administration¹¹. For the government's autonomous

9 Art.151 of *The Constitution of India*.

10 Laxmi Narain., *Public Enterprise in India - A Study of Public Relations and Annual Reports*, S.Chand and Company, New Delhi, 1975.

11 Ashok Chanda., *Indian Administration*, Allen and Unwin, London, 1958, pp.171-194.

business enterprises, the functions of these two committees were combined in a new committee called The Committee on Public Undertakings (CPU), with effect from 1st May 1964. This committee is at present the most important, meaningful and substantial instrument of public accountability of public enterprises in India.

On the Lok Sabha floor during the discussion on the subject of setting up a specifically charged committee with the task of looking into the affairs of public enterprises, it was emphasised that the committee should not in any way encroach upon or curtail the autonomy of public enterprises, and should undertake a positive achievement audit. The committee was not expected to be "a fault-finding" body or "a super board of management"¹². The emphasis is on efficiency and autonomy and on making public enterprises operate as business and commercial enterprises. Parliament wanted public enterprises to have flexibility and initiative instead of being tied up in procedures, and wanted its enquiries not to become inquisitorial. This ideal has not been achieved largely because Parliament did not trust the executive fully and also failed to bring adequate pressure on the government to implement the recommendations of its committees. For example, if the repeated and basic recommendations of the committee against the appointment of secretaries of the ministries on the boards of public

12 Op.cit., (Krishna Menon Committee), 1959, pp.38.

enterprises, for providing adequate tenure to board members, and in favour of laying down public enterprise objectives clearly, had been implemented, many of the problems which public enterprises continue to face today might have been tackled satisfactorily. The problem lies not so much in the gap between the ideas and approach of the committee and those of the government, as in the non-implementation even of the decisions accepted by the government. Weak administration, short term expediencies, and personal and narrow considerations are mainly responsible for this state of affairs.

Bureau of Public Enterprises :

The control and monitoring role of the Committee on Public Undertakings (CPU) is exercised through influencing decision-making in important areas, and suggesting new channels of control and monitoring, or improving the existing ones. It was on the committee's recommendation that the Bureau of Public Enterprises, which is at present an important agency of control and co-ordination for all central public enterprises was established¹³. The Bureau of Public Enterprises was attached to the Finance Ministry and presently it has been working in the Ministry of Industry to

13 Estimates Committee., Third Lok Sabha, 52nd Report, March 1964, pp. 30.

undertake the following specific tasks¹⁴ as per the memorandum :

- (I) to provide a central point of reference and consultation on, and to deal with, matters such as organisational patterns, methods of management, training programmes, project planning and evaluation in social and financial policies;
- (II) to explore all vistas of the economy in capital cost of projects including townships etc;
- (III) to devise steps for improving productivity and profitability by keeping under constant review the performance of public enterprises; and
- (IV) to present a consolidated report on the working of central government enterprises to Parliament.

These tasks, in the light of the Administrative Reforms Commission Recommendations¹⁵ were considerably enlarged and the government has laid down the tasks for Bureau of Public Enterprises as follows:

- (I) To act as a central point for providing technical and expert assistance to the controlling ministries for scrutiny and evaluation of feasibility reports, the identification and study of common problems of public enterprises and achieving economies in

14 Hoshier Singh and Mohinder Singh., *Public Administration in India: Theory and Practice*, Sterling Publishers Private Limited, New Delhi, 1989, pp.429.

15. Administrative Reforms Commission, "Report of the Study Team on Public Sector Undertakings", Government of India, New Delhi, June 1967.

capital cost, etc.

- TH-4226
- (II) To compile and analyse information and to present factual reports, on the performance of public undertakings to Parliament and other government agencies.
 - (III) To act as a data bank and clearing house on information with regard to important matters of common interests.
 - (IV) To function as the Secretariat of the Public Enterprises Selection Board (PESB) and render assistance to enterprises in making other selections.
 - (V) To advise public enterprises on wage structure, policies and matter related to service conditions.
 - (VI) To furnish periodic reports to Parliament and the government on the working of public undertakings.
 - (VII) To co-ordinate work relating to the examination of public enterprises by Parliamentary Committees.
 - (VIII) To maintain liaison with the Department of Administrative Reforms, regarding work studies, operations research, reporting system, etc., for management development.

As regards the Bureau's advice, The Administrative Reforms Commission observed that its advice in patently managerial matters might result in undue, indirect control



of public undertakings and involve necessary conflict¹⁶.

Parliament and Decision Making :

Here, it is difficult to say how far the committee keeps the public enterprise managements on their toes or prevents inefficiency, and whether the public enterprise behaviour pattern is distinctively influenced by the existence of the committee. In their day-to-day operations public enterprises do not feel so agonised about the committee as they are of government audit. The role of the committee is clearly far more positive. It emphasises an overall review. Generally, we find that, the committee has acted as a friend and guide to public enterprises. Further, many public enterprises have only a distant possibility of coverage, and, in most situations, they can plead that their current difficulties are relatable to the past and to government policy decisions. As the turnover of the top management team is heavy, the probability of those taking decisions facing the committee are remote.

The committee is naturally anxious to promote effective control and purposive accountability of public enterprises. But the committee has not been realistic when it wanted the government directors to be "personally responsible" for any serious lapse and malfunctioning of an enterprise unless they drew "pointed attention of the secretary and the

16 Administrative Reforms Commission., "Report on Public Sector Undertakings", Delhi, 1969, pp.33.

Minister concerned without any lapse of time"¹⁷.

(C) QUESTION OF AUTONOMY AND CONTROL

Much of the resentment and resistance to control is due to the traditional exercise of control which involves considerable rigidity and coerciveness. However, where used to mean measuring performance, comparing actual and targeted performance and taking corrective action when needed, the concept becomes not only acceptable but also desirable¹⁸. In other words, the essence of control is action which adjusts operations to predetermined standards, and its basis is information in the hands of managers.

Autonomy implies giving free hand to the top management of the enterprise some in formulating and implementing the major policies. In the word of Paul H. Appleby, "Autonomy simply highlights the need to educate responsible top organs in the ordinances of the self-denial which would restrict their intervention to really important concerns"¹⁹. According to this opinion, the degree of autonomy depends more on the attitude of the higher authorities towards freedom given to the enterprises rather than on more and more delegation or decentralisation.

The extent of autonomy enjoyed by public enterprises

17 Seventh Lok Sabha, *10th Report*, Feb. 1981, pp. 7.

18 Ali El Mir., "Government Control Over Public Enterprises Current and Relevant Forms", *Public Enterprise*, Vol. 2, No. 4, 1984, pp. 51.

19 *Op. cit.*, P.H. Appleby, 1953, pp. 4.

depends considerably on the degree of control exercised by different agencies. The general assumption is that autonomy and control are inversely related or are in perennial conflict. But if controls have been exercised in right perspective and if reasonable autonomy is given to public enterprises, there will be greater and effective control on public enterprises. Thus, the relationship between the two is more positive.

As far as administrative control is concerned, the irreconcilability of autonomy and control is more expressive of prevailing attitude among supervisory authorities, staff and operating managers alike than indicative of the logical nature of the problem²⁰. Ministers, bureaucrats and others concerned seem to be under the impression that more autonomy for operating management will result in less control for supervisory authority and vice-versa. But it is only through direction by objectives and control by results that autonomy and policy control can be simultaneously enhanced. A considerable degree of differentiation of personnel and financial management from departmental rules would secure a degree of autonomy that is a pre-requisite of effective management. This does not mean less integration with public policy or less public accountability. On the contrary, it means more. In a real way, a higher degree of operational

20 United Nations Technical Assistance Administration, *Measures for Improving Performance of Public Enterprises in Developing Countries*, UN Publication, New York, 1973, pp.41.

autonomy, while securing more accountability, could reinforce the degree of enterprise integration with public policy²¹.

Unlike private enterprises, public enterprises are subject to legislative control. This control is primarily intended to create public accountability on public enterprises because the investments made in them belong to public funds and the public would like them to uphold those values and achieve those objectives for which they were established. Public enterprises, though owned by the government, should first and foremost be business like and hence the need was to exempt them from the full force of ministerial responsibilities, treasury control, and parliamentary supervision as existed for other governmental activities²².

A. H. Hanson has gone a step further by saying that "The Lok Sabha is intensely suspicious of administrative officials and reluctant to give them more than the minimum of discretionary powers and when it criticises the administration it often does so in an offensive manner"²³.

This sort of control has not only affected the autonomy but seriously hampered the morale and efficiency of managers in public enterprises. But we cannot suggest the total

21 Op.cit., United Nations Technical Assistance Administration 1973, pp.44.

22 Laxmi Narain., *Parliament and Public Enterprise in India*, S.Chand and Company, New Delhi.

23 Op.cit., A.H.Hanson, 1960, pp.355

withdrawal of Parliamentary Control over public enterprises since it is the trustee of the nation.

The nature and extent of control by the parent ministry and by the Parliament have already been discussed in the preceding pages of the same chapter. In fact the extent of ministerial control is influenced by several factors, such as the attitude of the government towards the economic planning, the nature of political system, calibre of the man available for appointment to the boards, prevailing modus operandi of the more powerful and significant pressure groups and political sensitivity of operations of a particular enterprise and its financial relations with the government²⁴. The factors influencing minister--enterprises relationships are complex. "Consideration, not merely of an administrative but of a political, social and psychological order are involved"²⁵. Perhaps, it is because of these reasons ministers exercise a lot of informal control on public enterprises even if it impinges on the autonomy and freedom of management.

Besides these, the audit control by professional audit companies and audit by the Comptroller and Auditor-General of India, quite oftenly faces a critical attitude of the executives of public enterprises. A case for continuation of the Comptroller and Auditor-General of India has been made out by several scholars and the Administrative Reforms

24 Op.cit., A.H.Hanson, 1960, pp.371-375.

25 Ibid., pp.375.

Commission.

Hence, we cannot hesitate to say that there are certain inherent weaknesses both in parliamentary system and in the members of Parliament, which are not conducive to exercise effective and constructive control on the public enterprises. Paul H. Appleby observed that "after three visits this writer has come to the conclusion that one of the important negative influences on achievement is Parliament"²⁶. Nevertheless, Parliament has to exercise its control on public enterprises in a democratic set-up since partly it is the trustee and custodian of such enterprises and partly because "the wisdom of no individual is a substitute for the general wisdom of the society"²⁷.

26 Op.cit., Paul.H.Appleby, 1956, pp.41.

27 Ibid., pp.4.

CONCLUSION

Conclusively, we can say that the civil servants serve in the public enterprises; are the representatives of government. Their roles and functions are, of course, controlled by the ministries concerned. Right from the beginning the need to provide an organisational frame work which will provide for operational autonomy to the enterprises was recognised. It was generally accepted that the government form of organisation was not suitable. The company form of organisation was considered most suitable to provide the enterprises with freedom from government rules and regulations and at the same time to endow them with commercial efficiency. Most of the public enterprises were given the company form and incorporated under the Companies Act. The enterprises setup under special legislation were also provided for a similar structure. However, it should be noted that even though the enterprises are required to act in accordance with the Companies Act or the relevant law creating the enterprise, as the government is the shareholder in the public enterprises the relationship which exists between the shareholder and the company is absent. In fact the shareholder, in contrast with his counterpart in the private sector companies, takes part in the management of the public enterprises.

The idea of government directly establishing and running a vast number of industrial and commercial

enterprises was itself new not only to the civil servants accustomed by and large to law and order administration but to politicians who did not have any experience of business much less state run profit oriented enterprises. The great political movement to provide the country with economic independence thrust on government administration a burden for planning and managing manufacturing, industrial and commercial enterprises - tasks which called for orientation and skills different from those it had.

The Chief Executives and top managers in public enterprises when they were established were civil servants deputed from the government. As Dutt puts it "if for me [without any experience of industry] the posting [as Managing Director, National Development Corporation, Ranchi] was a challenge, for government it was a gamble but the gamble was not in my case alone. In the absence of an industrial cadre or cadres for various types of specialisations needed, government had to fall back on organised civil services to man the posts suddenly created as a result of Second Five Year Plan decision to invest heavily in public sector²⁸". Earlier the management cadre of civil servants was added with the cultural values of the Industrial Management Pool (IMP), a cadre which was created by drawing people from diverse background including private

28 R.C.Dutt., "The Public Sector from fifties to eighties", in, S.M.Patil and Raj.K.Nigam (eds.), *We and the Public Sector*. Documentation Centre of Corporate and Business Policy Research, New Delhi, 1988, pp.1-65.

sector²⁹. But the government killed the cadre at the inception by stipulating that the public enterprises were not under any obligation to accept a member of the Industrial Management Pool for any post within the enterprise.

The civil servants who found themselves in public enterprises tried their best to adapt their knowledge and skills to face the challenges of their tasks. Every person who came on deputation from the All India Services and the Central Services, each an experienced person in his own field brought to the enterprise his own service culture, values, prejudices and aversions. Struggling to comprehend the complexity of the world into which they were thrown in for the first time, with no precedents to follow and no policies to guide the development of systems every one vied with each other to prove the superiority of his own thinking, his training and background with the Civil Services Rules always at the back of his mind. The resulting management system had all the respect for hierarchy," in which all matters for decision went up to the line to the apex that was the Chairman. Down the line there were powers delegated to different levels, always jealously guarded by those who possessed them, and yet to decision itself they somehow managed to bring someone else preferably their

29 H.K.Paranjape., *Industrial Management Pool : An Administrative Experiment*", Indian Institute of Public Administration, New Delhi, 1962.

senior to share the burden just in case anything went wrong so well camouflaged in rule and precedent that you could do nothing but in your frustration admire the ingenuity in the way the game could be played³⁰".

Paul Pothan points out that "the senior civil servants [who came to public sector] practised what they were familiar with. The system of the secretariat was transferred to the demanding milieu of industry. Decision which is the key management function was caught in the web of procedures [and adds] after all, public sector managers who have been unjustifiably classified as "disinterested, unscrupulous, inconsiderate mercenaries" by a Committee of Parliament in the seventies are likely to protect themselves against onslaughts from all quarters"³¹. The crux of the bureaucratic control and their problems lies with the very question of autonomy. The need for autonomy of public enterprises has been neither adequately stressed by the government nor accepted by Parliament. Having created autonomous commercial enterprises, parliament owes it to itself that the system works the way it is desired to work. Considering the great paucity of time available, parliament should not focus attention on minor matters and on incidents of transitory interest. Nor should vague objectives which favour employees

30 Prakash Tandon., "Reminiscences and a Future Design", in, *We and the Public Sector*, op.cit., pp.197.

31 Paul Pothan., "My Involvement in the IFFCO Saga", in, *We and the Public Sector*, Op.cit., pp.292.

and sometimes the consumers overlook the economic and commercial objectives of public enterprises³².

Public enterprise - parliament relationships definitely need much greater clarity and appreciation of each other's point of view than have so far prevailed. Though the existing institutional arrangements do not call for much basic change, it will be useful for both sides, the public enterprises and the committee of public undertakings, to have a clear understanding of their respective responsibilities. Parliament and its committee should confine themselves to the areas and functions already agreed upon, and public enterprises should appreciate the requirements and compulsions of parliamentary control in a democratic set-up. On the whole Parliament seems to have been disenchanted with public enterprises as their actual performance lagged far behind the promised and the expected levels. Parliament and its committees have repeatedly expressed not only their concern, anxiety and apprehension but also their resentment and indignation at the dismal performance, improper planning, maladministration and rickety systems of several public enterprises. It is difficult to establish to which extent individual public

32 V.V.Ramanadham., *Organization, Management and Supervision of Public Enterprises in Developing Countries*, United Nations, New York, 1974, pp.98-109.

enterprise managements in general and the bureaucratic role in particular have suffered because of parliamentary control. The latter is a part of the democratic process, and constant efforts are needed to streamline the system and improve its impacts.

Apart from the preceding problems, which have quite oftenly been reflecting the very constraining nature in the functioning of civil servants in public enterprises, there are few other obstacles which have been taken into account when we talk of the challenges, which come on way to bureaucratic performances. They can be further studied and scrutinized under the following headings :

- (I) Short tenure of civil servants in public enterprises;
- (II) Gulf between professional managers and civil servants ;
- (III) Lack of professional knowledge and expertise amongst Bureaucrats, while they play a vital role in the functioning of pubic enterprises.

Conclusion

For any modern society which today aspires to develop its efficiency and functioning, undoubtedly, has a linkage with bureaucratic machinery. Bureaucracy has extensively been illustrated and evaluated by scholars. It has percolated down to every sphere of social life. The requirements and formal existence of this institution, invited us to examine this reality at the level of functioning of the public sector enterprises in India.

Unlike western countries bureaucratic set-up which correspond to Weberian model at least in its central sense, Indian type seems to deviate widely from the ideal typical form of bureaucracy. There is a disparity and disjuncture between what it should be and how it actually is. At times, the ascriptive and particularistic characters of the Indian Society seems to be blocking the ideal-typical functioning of bureaucratic enterprises in India.

Weber's concept of bureaucracy contains various basic features such as, impersonal official obligations; selection and promotion on the basis of merit and achievement; strict discipline; hierarchical placement of officials; difference between the personal and official property, etc.

In the Indian context, we find evidences of irregularity and incompatibility with the existing and widely accepted Weberian theory on bureaucracy. Here we come

across several instances of impersonal relationships between officials in an organisational set-up. Quite often, selection and even promotion are made on the basis of reservation for the upliftment of the downtrodden sections (Scheduled Castes/Scheduled Tribes) of the society. We have found the influence of different ascribed and achieved qualities in the bureaucratic functioning.

Indian bureaucracy plays a remarkable role in the working of public sector undertakings. The senior civil servants represent the Indian Government in public undertakings and are accountable also to the government and people at large. It is for this reason that the public sector undertakings are known as the trustees and the custodians of the countrymen. It is also because the capital and resources of the undertakings are the property of citizens. The ministries and parliamentarians being representatives of the masses, are accountable to them. This reflects the very theoretical faced of Indian set-up, while looking into the functioning of public sector undertakings.

In practice, it is quite often that the appointments, transfers and removal of civil servants in various Central and State Government undertakings, are made by ministers and political authorities with their own reservations and biases. These give rise to the inefficiency of these enterprises in the form of their defunct and disabled

administration. Moreover, it also paves a way for favouritism at the cost of people's welfare and smooth functioning of the undertakings.

As a result of the above, usually, the power and the authority resting with bureaucrats tends to be dormant and subdued, resulting in a hiatus between theory and practice owing to the meddling by ministers and parliamentarians. The civil servants or administrators thus find themselves in a kind of dilemma and ambivalence. Quite often, the administrator finds no way out, but to succumb to the political pressures.

Considering these peculiarities of interaction between the bureaucrat and the parliamentarians, several scholars and, even some governmental committees have advocated the idea of balancing power-sharing and clear demarcation of their authorities and rights. For dynamic and smooth functioning of public undertakings, a balanced milieu of power delegation has to be created.

The notion of autonomy and control comes under the purview of this interaction process which has always been a point of controversy and conflict on the one hand and co-operative and supportive at the other. The autonomy of public undertakings also in a puristic sense has both positive and negative features. The degree of autonomy and control from political compulsions should not exceed its

"desirable" parameters. This is more particularly in view of the constitutional mandate which is expected to guide and run the public sector undertakings in the larger interests of the common masses. That is why the control by the parliamentarians should never become so loose that their accountability to the masses is diluted. In other words, we can say that excessive control by bureaucrats may lead to their monopoly over public undertakings, much against the interests of the general masses. In turn, it will hamper the very objective of social welfare, vested with public undertakings.

Various studies have highlighted that the bureaucrats in independent India, are drawn from diverse socio-professional background. It has been found that bureaucrats generally resist change because of their obsession for rules and regulations and routine administration. Also, the political influences and pressure have been found to be dysfunctional for bureaucratic imagination and foresighting.

Generally, it has been found by a number of social scientists that most of the IAS recruits come from an educated upper middle class background, whose families are mostly engaged in highly valued professions such as medicine, law, engineering, teaching, etc.

On the basis of this study, we cannot deny the influence, in varying degrees, of different background

factors, such as, caste, religion, education, family, etc., on the functioning of bureaucrats in public undertakings. The role-play of bureaucrats' background factors in their day-to-day administrative functions in public have been, empirically evaluated by several social scientists. But, wherever these ingredients play their role at the back of bureaucratic actions, it might lead to the dysfunctional consequences in public undertakings. This can give birth to stagnant and vulnerable conditions of the countrymen.

Indian social scientists and even governmental agencies have looked into this very malady of bureaucratic functioning. They have also related this problem to the inadequacy of various training programmes meant for the bureaucrats. The scholars have looked for a change and rejuvenation in IAS training. However, mere training in administration is not enough but also the bureaucrat should be acquainted with the specific needs and peculiarities of various enterprises that they may have to handle. Although, political neutrality is one of the basic characteristics of bureaucratic code of conduct; even then we require to train them in a manner as to enable them to keep their neutrality intact alongwith their administrative traits and capabilities. Today, what we need is abundance of professionally trained bureaucrats with specialised administrative skills rather than traditional varieties of "generalist" bureaucrats.

Despite the relevance of some of the observations made above, we do need to look into the administrative problematic of public sector enterprises, at greater depth. This is relevant more specifically in the current context where the state is engaged in placing these enterprises on more competitive, pedestal with the private enterprises, of course in the larger interests of the nation.

Bibliography

BOOKS

- Appleby.P.H., *Policy and Administration*, University of Alabama Press; Birmingham, 1957.
- ., *Public Administration for a Welfare State*, Asia Publishing House; Bombay, 1970.
- ., *Re-examination of India's Administrative System, with Government's Industrial and Commercial Enterprises*, Cabinet Secretariat, New Delhi, 1958.
- Arora.R.S., *Administration of Government Industries*, Indian Institute of Public Administration; New Delhi, 1969.
- Avasthi.A and Arora.R.K (eds.)., *Bureaucracy and Development: Indian Perspectives*, Associated Publishing House; New Delhi, 1978.
- Basu.Prahlad. Kumar., *Public Enterprises: Policy, Performance and Professionalization*, Allied Publishers; New Delhi, 1982.
- Bhagwati.Jagdish. N and Desai. Padma., *India-Planning for Industrialisation*, Oxford University Press; London, 1970.
- Bhambhri.C.P., *Bureaucracy and Politics in India*, Vikas; Delhi, 1971.
- ., *Administrators in a Changing Society*, National Publishing House; Delhi, 1972.
- ., *Public Administration*, Mohan Offset Printers; Meerut, 1990.
- Bhandari.K.C., *Nationalisation of Industries in India*, Academic Publishers; Calcutta, 1962.
- Bhatnagar. Damyanti., *Bureaucratic Culture in India*, Rawat Publication; Jaipur, 1989.

- Blau.Peter.M
and Meyer.M.W., *Bureaucracy in Modern Society*, Random
House; New York,1956.
- Chanda.Ashok., *Indian Administration*, Allen and Unwin;
London,1958.
- Chaterjee.A., *Constitutional Development in India--
1937-1947*, Calcutta,1958.
- Crozier.Michel., *Bureaucratic Phenomenon*, University of
Chicago Press; Chicago, 1967.
- Das.Nabagopal., *Efficiency in State Enterprise in India*,
Forum of Free Enterprise; Bombay, 1963.
- Dey.Bata.K., *Bureaucracy, Development and Public
Management in India*, Uppal; New Delhi,
1978.
- Drucker.Peter.F., *Managing in Turbulent Times*, Harper and
Row; New York,1980.
- Dubhashi.P.R., *Essays in Public Administration*, NBO
Publication; New Delhi, 1985.
- Floyd.Robert.H
and et. al., *Public Enterprise in Mixed Economies:
Some Microeconomic Aspects*, IMF;
Washington, 1984.
- Ghosh.P.K., *Public Enterprises in India*,Book World;
Calcutta,1982.
- Gorwala.A.D., *Administrative Problems of Public
Enterprises in India*, New Delhi,1954.
- Greaves.H.G.R., *The Civil Service in the Changing
State*,George.G.Harrap and Company;
London,1947.
- Gupta.A.K., *Public Enterprises : Economic
Development and Resource Mobilisation*,
Deep and Deep; New Delhi, 1984.
- Gupta.K.R(ed.).., *Organisation and Management of Public
Enterprises*, Atlantic Publishers; New
Delhi, 1978.
- Hanson.A.H., *Public Enterprises and Economic
Development*, Routledge and Kegan Paul;
London,1960.

- ., *Managerial Problems in Public Enterprise*, Asia Publishing House; New Delhi, 1962.
- Heady.Ferrel., *Public Administration : A Comparative Perspective*, Prentice Hall; New Jersey, 1966.
- Heginbothan.
S.J., *Cultures in Conflict: The Four Faces of Indian Bureaucracy*, Columbia University Press; New York, 1975.
- Jain.Sagar.C., *Indian Manager : His Social Crigin and Career*, Somaiya Publications Private Limited; Bombay, 1971.
- Jain.R.B and
Chaudhuri.P.N., *Bureaucratic Values in Development : A Comparative Study of Value Orientation of Bureaucracy Engaged in Development and Non-Development Tasks*, Uppal; New Delhi, 1982.
- Jaiswal.S.L., *The Public Sector in India: A Free and Frank Study of the Working of the Public Sector Enterprises in India*, S.Chand and Company Private Limited; Delhi, 1971.
- Keith.A.B., *A Constitutional History of India--1600 to 1935*, Central Book Depot; Allahabad, 1961.
- Khera.S.S., *Government in Business*, Asia Publishing House; Bombay, 1963.
- Mallya.N.N., *Public Enterprises in India : Their Control and Accountability*, L.M.Singhvi (ed.), National; Delhi, 1971.
- Marx.Fritz.M., *Administrative State: An Introduction to Bureaucracy*, University of Chicago Press; Chicago, 1957.
- Mathur.Kuldeep., *Bureaucratic Response to Development*, National Publishing House; Delhi, 1972.
- McLellan.D., *Karl Marx : Early Texts*, Oxford University Press; London, 1971.
- Merton.R.K., *Reader in Bureaucracy*, Free Press; New York, 1952.

- Misra.B.B., *Bureaucracy in India : and Historical Analysis of Development up to 1947*, Oxford University Press; Delhi,1977.
- Misra.S.K and Puri.V.K., *Indian Economy*, Himalaya Publishing House; Delhi,1990.
- Montgomery.J.D and Siffin.W.J (eds.), *Approaches to Development : Politics, Administration and Change*, McGraw-Hill,1966.
- Mosca.G., *The Ruling Class*, New York,1937.
- Narain.Laxmi., *Parliament and Public Enterprise in India*,S.Chand and Company; New Delhi.
- ., *Public Enterprise in India--A Study of Public Relations and Annual Reports*, S.Chand and Company;New Delhi, 1975.
- Nehru.J.L., *An Autobiography*,Methuen; London,1953.
- Om Prakash(ed.), *Public Sector at the Cross Roads*, RBSA; Jaipur, 1990.
- ., *The Theory and Working of State Corporations with Special Reference to India*, Orient Longmans; New Delhi, 1971.
- Pai Panandiker.V.A and Kshirsagar.S.S., *Bureaucracy and Development Administration*, Centre for Policy Research; New Delhi, 1978.
- Paranjape.H.K., *Industrial Management Pool : An Administrative Experiment*, Indian Institute of Public Administration;New Delhi,1962.
- Pener.L.S., *Marx and Engels: Basic Writings on Practice and Philosophy*,Oxford University Press;1959.
- Prasad.G.K., *Bureaucracy in India : A Sociological Study*, Sterling Publication; New Delhi, 1974.
- Ramanadham.V.V., *Organization, Management and Supervision of Public Enterprises in Developing Countries*, United Nations; New York,1974.

- ., *The Structure of Public Enterprise in India*, Asia Publishing House; Bombay, 1961.
- (ed.)., *The Working of Public Sector*, Allied Publishers; Bombay, 1965.
- Shamanna.K., *Professional Management in India*, Himalaya Publishing House; Bombay, 1985.
- Sharma.Tirth.Raj., *The Working of State Enterprise in India*, Vora Publishers Private Limited; Bombay, 1961.
- Singh.Hoshiar and Singh.Mohinder., *Public Administration in India : Theory and Practice*, Sterling Publishers Private Limited; New Delhi, 1989.
- Singh.V.S., *Public Enterprises in India: Financial Policy and Performance of Government Companies*, Deep and Deep; New Delhi, 1986.
- Singh.Indrajit., *Management Perspectives : Problems of Management in Public Undertakings and Public Administration in India*, Sagar Publications; New Delhi, 1971.
- Sinha.D.K., *Working of Public Corporations in India*, Lokbharti Publications; Allahabad, 1966.
- Subramaniam.V., *Social Background of India's Administrators*, Publication Division; Government of India, New Delhi, 1971.
- Taub.Richard.P., *Bureaucrats Understress : Administrators and Administration in an Indian State*. University of California Press; Berkeley, 1969.
- Taylor.C.C., *India's Roots of Democracy*, Praeger; New York, 1966.
- Thakur.Rudra.N., *Elite Theory and Administrative System*, Sterling Publishers; New Delhi, Government of India, 1981.
- Tugnar.W.N., *Bureaucracy in Indian Industry*, Continental Prakashan; Delhi, 1980.
- Venkatasubiah.H., *Indian Economy Since Independence*, Asia Publishing House; London, 1958.

- Weber.Max., *Theory of Social and Economic Organisation*, (Translated) A.M.Henderson and T.Parsons, The Free Press; New York, 1968.
- White.L.D., *Introduction to the Study of Public Administration*, MacMillan; London, 1926.
- ARTICLE (Books)**
- Banerji.Sujit., **"Working of Board of Directors"**, in, *Dynamics of Management in Public Enterprises*, W.R.Kidwai and Baldeo Sahai (eds.), SCOPE Publication; New Delhi, 1989.
- Carr Saunders.
A.M and Wilson.
P.A., **"Professions"**, *Encyclopedia of Social Sciences*, A.R.E.Seligman and A.Johnson(eds.), MacMillan and Company Limited; London.
- Damle.Y.B., **"A Frame Work for the Study Bureaucracy,"** in, *Public Service and Social Responsibilities* (ed.S.C.Dube), Vikas Publication; New Delhi, 1979.
- Dutt.R.C., **"The Public Sector from Fifties to Eighties"**, in, S.M. Patil and Raj.K.Nigam (eds.), *We and The Public Sector*. Documentation Centre of Corporate and Business Policy Research; New Delhi, 1988.
- Esmah.Milton.J., **"Politics of Administrative Development"**, in Montgomery and Siffin (eds.), *Approaches to Development : Politics, Administration and Change*. McGraw-Hill Company; New York, 1966.
- Friedrich.Carl.J., **"Some Observations on Weber's Analysis of Bureaucracy"**, (ed. Barbiant et al.) in, *Political and Administrative Development*, Duke University Press; 1969.
- Lipset.S.M., **"Bureaucracy and Social Change"**, in, *Reader in Bureaucracy* (ed. R.K.Merton), The Free Press; New York, 1959.

- Merton.R.K., **"Bureaucratic Structure and Personality"**, in, *Reader in Bureaucracy* (ed. R.K.Merton), The Free Press; New York, 1952.
- Narain.Laxmi (ed.)., **"Autonomy of Public Enterprises"**, Seminar Paper (ed.) presented by K.V.R. Sastry under the title, "Some Views on Management of Public Enterprise, SCOPE, New Delhi, 1982.
- Nigam. Raj.K., **"Structure Pattern of Boards of Directors of Public Enterprises"**, in, *Management of Public Sector in India*, New Delhi, 1969.
- Pothen. Paul., **"My Involvement in IFFCO Saga"**, in, S. M. Patil and Raj. K. Nigam (eds.), *We and The Public Sector*. Documentation Centre of Corporate and Business Policy Research; New Delhi, 1988.
- Tandon.Prakash., **"Reminiscences and A Future Design"**, in, S.M.Patil and Raj.K.Nigam (eds.), *We and The Public Sector*. Documentation Centre of Corporate and Business Policy Research; New Delhi, 1988.

ARTICLE (Journals)

- Abani.A.S., **"Professional Management in State Level Public Enterprises"**, *Lok Udyog*, 11(12)March 1978.
- Ames.Miuchael.M., **"Indian Castes : Old and New"**, in, *Public Affairs*, Vol. XLIV, No. I, Spring 1971.
- Arora.R.S., **"The Juristic Personality of the Public Corporation"**, *Lok Udyog*, 2(7) October 1968.
- Banerji.S., **"A United Civil Service"**, in, *Indian Journal of Public Administration*, Vol. IX, No. 2, April-June, 1963, Indian Institute of Public Administration, New Delhi.

- Bhambhri.C.P., "The Administrative Elite and Political Modernization in India", in, *Indian Journal of Public Administration*, Vol.17, No.1, 1971, Indian Institute of Public Administration, New Delhi.
- Chowdhry.Kamla., "Developing Administrators for Tomorrow", in, *Indian Journal of Public Administration*, Vol. XV, No. 2, April-June, 1969, Indian Institute of Public Administration, New Delhi.
- Dey.B.K., "Bureaucracy and Development -- Some Reflections", in, *Indian Journal of Public Administration*, Vol. XV, No. 2, April-June, 1969, Indian Institute of Public Administration, New Delhi.
- Fernandes.P.J., "Discussion and Communication--Public Enterprise in India: Objectives and Managerial Effectiveness", *Indian Journal of Industrial Relations*, (2) October 1974.
- Gadgil.D.R., "Public Enterprise Administration", *Journal of National Academy of Administration*, 6(3) July 1961.
- Galbraith.J.K., "Public Administration and the Public Corporation", *Indian Journal of Public Administration*, 8(4) October-December 1961, Indian Institute of Public Administration, New Delhi.
- Gupta.Laxmi Narain., "The Organisational Pattern of State Enterprises in India", *Indian Journal of Political Science*, 20(3) July-September 1959.
- Hall.R.H., "The Concept of Bureaucracy -- An Empirical Assessment" in, *American Journal of Sociology*, Vol. XIX, 1963.
- Hanson.A.H., "Operation and Structure of Public Corporations", *Modern Government*, 1(1) March-April 1969.
- ., "The Functional Setting of Public Enterprise", *Development Digest*, 6(3) July 1968.

- Hooja.Bhupendra., "Some Problems of Management in the State Sector", *Prasnashika*, 4(2) April-June 1975.
- Malvankar.P.G., "Our Major Plan Feature", in, *Janta*, Vol. XXXIV, No. 2, April 22, 1979.
- Menon.C.S., "Objectives of Public Undertakings", *Lok Udyog*, 4(3) June 1970.
- Mir.Ali.El., "Government Control Over Public Enterprises : Comment and Relevant Forms", in, *Public Enterprise*, Vol. 2, No. 4, 1984.
- Narain.Laxmi., "Top Level Organisation Planning in Indian Public Enterprises", *Indian Management*, 13(6) June 1974.
- Paranjape.H.K., "Evolving Pattern in the Organisation and Administration of Public Enterprises", *Indian Journal of Public Administration*, 9(3) July-September 1963, Indian Institute of Public Administration, New Delhi.
- Patil.S.M., "Professional Management in the Public Sector", *Indian Manager*, 6(1) January-March 1975.
- Prasad.Keshav and Krishnayya., "Professionalisation of Management in the Public Sector: Experiences of Management Institute", *Lok Udyog*, 5(2) May 1970.
- Ram.Atma., "Scientists and Management", in, *Indian Journal of Public Administration*, Vol. XV, No. 3, July-September, 1969, Indian Institute of Public Administration, New Delhi.
- Rao.V.K.R.V., "The Role of Public Enterprise in the Indian Economy", *Indian Journal of Public Administration*, 10(3) July-September 1964, Indian Institute of Public Administration, New Delhi.
- Richman.Baury.M., "Significance of Cultural Variables", in, *Academy of Management Journal*, Vol 8, No. 4, Dec 1965.
- Riebold.John., *The American Review*, Winter, 1973.

- Sarabhai.Vikram.A., **"Science and National Goals"**, in, *Indian Journal of Public Administration*, Vol. XV, No. 3, July-September, 1969, Indian Institute of Public Administration, New Delhi.
- Singh.Indrajit., **"Measurement of Efficiency"**, *Indian Journal of Public Administration*, 12(3) July-September 1966, Indian Institute of Public Administration, New Delhi.
- Thornton.R.H., **"Nationalisation : Administrative Problems Inherent in a State-Owned Enterprise"**, *Public Administration*, (U.K) 25, Spring 1947.
- Trivedi.R.N and Rao.D.N., **"Regular Recruits to the IAS"**, in, *Journal of National Academy of Administration*, Vol.5,1960, Mussoorie.
- Udy.Staneley. H., **"Bureaucracy and Rationality in Weber's Organisation Theory : An Empirical Study"**, in, *American Sociological Review*, Vol. 24, 1959.

ARTICLE (Newspapers)

- Financial Express.*, **"How Bright is its Image"**, New Delhi, 14th Dec. 1989.
- Industrial Times.*, 21st Sept.1981, 4th Oct 1981.
- The Times of India*, New Delhi, 7th April 1971.
- The Times of India.*, **"No Accountability without Autonomy"**, by Krishnamurthy. V., 20th March 1990

GOVERNMENT OF INDIA (Documents and Reports)

- Administrative Reforms Commission (India), **"Report on Public Sector Undertakings"**, Government of India, New Delhi, 1969.
- Administrative Reforms Commission (India), **"Report of the Study Team on Public Sector Undertakings"**, Government of India, New Delhi, June 1967.
- Administrative Reforms Commission (India), **"Report on Personnel Administration"**, Government of India, 1969.
- Economic Survey.*, 1991-92, Part-I, General Review, Government of India, New Delhi.

Economic Survey., 1991-92, Part-II, Sectoral Developments, Government of India, New Delhi.

Estimates Committee, Third Lok Sabha, "**36th Report**", April 1963, Report of the Industrial Finance Corporation Enquiry Committee, New Delhi, 1954.

Estimates Committee, Third Lok Sabha, "**52nd Report**", New Delhi, March 1964.

India-1991., Ministry of Information and Broadcasting, Government of India, Publication Division, Delhi.

Likert.R., "**Trends Towards a Worldwide Theory of Management**", In, Proceedings of *International Management Congress*, Council for International Progress in Management, New York, 1963.

Lok Sabha Debates, New Delhi, 27th November 1952.

"**Parliamentary Supervision Over State Undertakings**", Report of the Sub-committee of the Congress Party in Parliament (*Krishna Menon Committee*), New Delhi, 1959.

Report on *Third Five Year Plan*, Government of India, New Delhi.

Sadique.A.S.H.K., "**Public Enterprise Co-ordination and Control**"; in *APDAC Vol.*, The Scheme for an Integrated Civil and Public Enterprise Service, For The Government's of Asia and Pacific Regions.

Seventh Lok Sabha, "**10th Report**", New Delhi, Feb. 1981.

The Constitution of India, Government of India, New Delhi.

The Government of India, a Statement of which was placed on the Table of the Lok Sabha, New Delhi on 24th November 1961.

The Research Study Sponsored Jointly by International Development Research Centre, Ottawa, Canada and Government of India, 1978, SCOPE Publication, Titled -- "**Performance of Indian Public Enterprises**", (Macro Report), 1978.

UN Technical Assistance Administration Measures for Improving Performance of Public Enterprises in Developing Countries, UN Publication; New York, 1973.



1853