**CHAPTER VIII**

Government - M.S.E.B. Relationship

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CHAPTER VIII
GOVERNMENT - M.S.E.B. RELATIONSHIP

Introduction

Relations between the M.S.E.B. and Government are very crucial. They are discussed in the chapter in details.

Public enterprises are organized on the principle of autonomy and flexibility in order to ensure them these privileges they are kept, as far as possible free from the governmental control. But it has also been found that if they are kept completely outside the control of the Government then it may not be possible to bring their policies and programmes in line with general policy of the Government and to coordinate them with over all national plan. Thus, complete freedom from Government of having a public corporation as it may lead to economic confusion.

The supreme consideration underlying the choice of public corporation in preference to other forms of state enterprises are autonomy and freedom of business management. Admitting that the autonomy of corporation must be scrupulously honoured the latter cannot be made wholly free from responsibility to parliament or from ministerial control. They are accountable to parliament at least on those matters which lie under the control, direct or indirect of the minister. Parliament is certainly entitled to discuss the general policies of the public corporation and the economy and efficiency of their administration. It should not, however discuss day to day matters and details of administration. The need for reconciling autonomy of the corporation with the accountability to parliament
is extremely significant. Repeatedly emphasized by the speaker of the Lok Sabha in 1953, for instance he observed, "My reaction is that the house is entitled to have all information that is reasonably necessary and just to judge whether the administration of a particular corporation which is autonomous, is being carried on properly or not, but it ought not to enter into details so as to interfere with the autonomy of the particular corporation".

The M.S.E.B. also cannot be completely free from ministerial and legislative control and directions. The objectives of the M.S.E.B. cannot be separated from the national objectives. In the final analysis the success of the enterprises is judged by its contribution to the achievement of the national objectives. Broadly speaking the purpose of the Government control over the M.S.E.B. are i) The promotion of efficiency of the M.S.E.B., ii) The attainment of targeted results, iii) Attainment of national objectives with reference to specific individual enterprises, iv) The regulation of undue managerial powers, v) The regulations of concentration of economic powers and vi) the ensuring of ministerial responsibility in legislature.

At the same time the Board must be protected from excessive governmental intervention, though it is true that 'flexibility' is some times wrongly interpreted by managers as meaning that they could work in exactly the same manner as private enterprises well drafted laws and rules may be helpful in establishing proper relationship, but the most important need is the development of appropriate conventions and of willing cooperation and mutual understanding.
between the personalities at all levels. Clearly enough, the proper balance between autonomy and ministerial control is delicate one and difficult to maintain. In the context of this problems D. L. Mujumdar says, "The problem is viewed as on of allocating answerability to different levels of control and what is due to the appropriate authority is usually interpreted in legal or administrative term i.e. what the basic law governing the enterprises requires to be done or what its internal regulations lay down". It is therefore necessary to find out a via-media between complete independence and complete control.

In a M.S.E.B. three types of control are exercised in this regard namely, ministerial control, legislative control and audit control. A brief examination of these three measures of control as follows:

1) Ministerial Control:

The ministerial control over public enterprises is highly significant and effective from the very inception of a public enterprise, the minister is associated in one way or the other with its operations and management, A. H. Hanson has rightly observed, "There is no need to argue that the ministers of the Government should possess certain powers of control over public enterprises directives that enterprises can be brought into line with the requirement of current public policy. The alternative are either no effective control at all or control by bodies without political responsibility".

There are various factors which affect the complex problem of minister-Board relationship and the degree of control exercised by the former over the
latter. They exert influence in varying degree. The dominant factors includes i) the attitude of the Government of the day towards economic planning, ii) nature of the present policy iii) assumption and interpretation of the ministerial responsibility iv) competent managerial human resources availability v) assigned role to public enterprises and their mode of financing and vi) existence of strong pressure groups.

In relation to the state enterprises, the state legislature has the main function to pass or amend legislations to provide finance and to supervise administration. But the legislative is too big, too inexpert and too busy to successfully govern individual enterprises under its jurisdiction. It relies on the minister who has been vested with the specific powers to control the state enterprises. The degree to which the accountability of the enterprises to the people is successful rests on the one hand on the degree to which the minister is accountable to the legislature and on the other hand, the extend to which the minister virtually controls the enterprises. It is therefore, necessary to examine the ministerial control and responsibility in detail, in to the M.S.E.B.. General controlling authority is vested in the ministry of Power and Energy.

I) Means of ministerial control:

Ministerial control is more real than is publicly admitted. The minister has been following a variety of methods to control them. Broadly it may classified as a) formal and b) informal. In the former case, he exercise his power of control openly in various ways, In the latter case it is exercised behind the closed doors or
it is done by way of lunch table directives. It does not take the shape of directives but mutual consultations, discussions, pressure, wire-pulling or other informal contacts.

In general, a minister can exercise control through one or the other or combination of the following methods or means.

A) Formal means:-

1) The Minister has the power to appoint and remove members of the Board of Directors of the M.S.E.B. He can appoint any person on board who fulfils the conditions mentioned in the Act. And he can remove any member of the board for neglect, incapacity or inefficiency or any other conditions and the State Government has the powers to fix conditions, terms of reappointment and salary of the governing Board. The powers of removal and dismissal is inherent in the power of appointment and needs to be kept in hands of the Government to enable it to remove the negligent or corrupt or inefficient persons from the Board.

If the Board fails to carry its functions, or refuses or fails to follow the directions issued by the State Government under this Act the State Government can remove chairman and members of the Board and appoint chairman and members in their places.

2) The Board has to take previous sanctions of Government for the making rules and regulations for the conduct of business and discharging of its functions. Government by notification in the official gazette revised any regulation which it
has sanctioned and these upon the regulations shall cease to have effect. But there is no need for the previous approval of all the rule and regulations.

3) Government issues general policy direction to the M.S.E.B. on matters like development programmes, capital investments, personnel policies, and other questions affecting Board national interest. This is the most important power of the Government by which Government can exercise control over the M.S.E.B. There is a special provision in the Electricity (Supply) Act 1948 in section 28, 29 etc. by which the Government can give to the Board directions as to the exercise and performance by the Board of its functions and the Board shall be bound to give effect to any such direction\@. The minister can himself ask for any information at any time and the Board has to supply it to his even through it may relate to matters of default administration. The approval of the minister is also necessary for the new schemes and programmes of the Board if the involve policy matters and important financial considerations.

4) Prior sanction of the expenditure by the Government is also necessary where the schemes cost an expenditure of more than 15 lakh of rupees it will be necessary to get prior sanction of the State Government and whenever the Board proposes to barrow any sum for the purpose it has to apply for the Government for previous sanction under sub section (1) of section 65 with the following particular\@ (a) the total amount proposed to be borrowed (b) the purpose for which the amount is intended to be expended (c) the circumstance in which the Board has to borrow the amount (d) a detailed note on the ways and means
positions of the Board sufficient to satisfy the need for such borrowing and (e) any other particulars which Government may require the Board specially to furnish.

5) The Board has to prepare and submit to Government for approval its annual budget. No sum can be expended by or on behalf of the Board unless the expenditure is covered by a specific provision in the budget approved by the Government. The Board may however make reappropriation within each budget, subject to certain limitations.

The annual financial statement has to be submitted by the Board to the Government under section 61 in the specific form in February each year. It contains (a) a descriptive item-wise review of the activities of the Board during the current year and (b) a descriptive item wise statement of the various major schemes proposed to be taken by the Board for execution in the next year i.e. the year to which the said statements pertains11. A supplementary statement shall also be prepared by the Board in the specific form for submission to the Government12.

The annual statements of accounts of the Board has to be drawn and submitted to the Government in the specific form. The Board has to submit to Government no latter than the fifteenth day of October each year. The annual statements of accounts for the previous year together with audit report thereon. The statements of accounts of the M.S.E.B. is published at the cost of the Board in the official Gazette and printed copies thereof are put on sale at a price which fixed by the Board13.

6) Government has a right to obtain information and periodic reports
from the M.S.E.B.. A part from the above mentioned important powers Government is also empowered by the act or the rules made there under to exercise the following powers over the Board.

To call such periodical reports which are supposed to convey useful information regarding management finance, personnel and production etc.\textsuperscript{14}. Periodical reports are presented to the Government of Maharashtra in pursuance of section 75(1) of the Electricity (Supply) Act 1948 and rule 57 of the Maharashtra Electricity (Supply) Rules 1963.

The Board as soon as possible after the 31th day of March in each year but not later than the 30th day of September next following has to submit to the State Government an annual report of the Board operations during the financial year ending on the 31st day of March.

A monthly progress report of the Boards schemes and quarterly statement of its revenues are also to be submitted to the Government by the Board.

And lastly, Government also has the powers to frame rules, relating to the various activities to be undertaken and procedure to be followed general form to be adopted as to budget, annual accounts and financial statements of the Board\textsuperscript{15}.

B) Informal Means:

A very common practice of controlling the public enterprise informally is found almost everywhere. The minister concerned is able to wield more effective control over than informally and the degree of control may be quite unlimited this way. He may exercise the degree of control far in excess of that envisaged by
the status or article of association and reduce the autonomy of the enterprise. This however, cut at the root of the basic principles on which Board were intended to be founded.

Such informal control is exercised through consultation and discussion between the minister and the board behind closed or pressure wire pulling or other informal contacts. The board normally take the wishes of the minister as orders and implement them sincerely. However, the manner in which such informal control is exercised remains shrouded in mystery as it is known only to the minister and the board.

The full extent of power which a minister exercise informally cannot be very easily ascertained. It may be quite unlimited. According to Robson, "Ministerial influence is often so powerful that it is indistinguishable from control in the legal sense.

There are several reasons for such informal control

i) it is easier and more convenient for the minister

ii) in this manner the minister is cable to evader or escape the accountability to legislature.

iii) The Boards themselves may prefer it as the Damocles' sword swings above the table of the Boards and they never want it to fall.

iv) for the bureaucrat managers, it becomes impossible to irresponsible to the ministerial advice and even suggestion or advice are taken as orders. The ARC pointed out that trained and habituated as civil servants are to implementing
ministerial directions it is difficult for them to take ministerial advice less seriously than Government advice.

Total restrictions on informal control by the minister is neither possible nor desirable. In fact the mutual consultations and discussion between the minister and the Board should not be ruled out completely. How ever as far as possible it is desirable that the minister should give any suggestions or instruction in writing and that should be duly reported in the annual reports of the undertaking concerned as suggested by the administrative reform commission that ensuring the accountability of the minister.

In brief it can be said that the controlling powers of the Government in regards to the M.S.E.B. are very extensive and if indiscriminately used would reduce its much posed autonomy and financial flexibility into a mere farce.

But the real question is the application of these controlling powers conferred on the ministers in practice so far as general power are concerned their extent can never be measured. The words "the Board shall by guided by such directions in matters of policy involving public interest as the Government may give to fit from time to time", are almost undefinable except by the court of law. But the legality of ministers directions can not be challenged in the court, as it has been clearly stated in the basic laws that 'if any questions arise whether a directions relating to a matter of policy in involving public interest the decision of the Government thereon shall be final'. Thus, the point at which the general become 'specific' and the specific become 'general' and whether the interest is national or
otherwise is a matter which has been left entirely to be decided pragmatically by the practices of the ministers at their own discretions.

This arises the fundamental question of public accountability as to how a minister should be held responsible for his acts or for the acts of his subordinates and how the Government control to be exercised over autonomous bodies like the M.S.E.B.; one solution given by R. K. Jain is as follows:

i) Where the minister has given clear cut orders in writing, naturally the minister is responsible and he must cover his subordinates.

ii) The subordinate have to take action but it falls within the Board’s pure view of the Government policy and there again the minister has to take responsibility.

iii) Where there may be slight error of judgement on the part of the subordinates which may not really do much damage in that case again the minister will cover his subordinates.

iv) If the subordinate goes out of way, does something outside the policy, does something which dishonest or corrupt, then all minister cannot escape his responsibility to legislature for the actions of such subordinates although he is free to punish such defaulting officers. The minister must fully and squarely accept the responsibility for the action of his subordinates and if the actions are improper and unjustified, although subordinates may be actually responsible for the action constitutionally the responsibility is that not the minister.

It would be fair to lay down that ministerial intervention in the affairs of
the public enterprises should take the form of written directives further as Appleby succinctly points out 'the public corporation must not be thrown in to the arms of a ministerial father unless a sound parliamentary mother is available to restrain excessive application of paternal discipline'\textsuperscript{17}.

Shortly the exercise of the ministerial powers seems to be violating the principle of autonomy of the M.S.E.B. and yet seems to be justified for the overall development of the Board and its activities. It is necessary that fair balance has to be maintained between ministerial control and autonomy of the M.S.E.B.

2) Legislative control:

Various reasons for legislative control over M.S.E.B. have been discussed earlier. Let us briefly analyse the need for legislative control over M.S.E.B..

i) Fulfillment of Constitutional Responsibility:

The constitution is supreme and it is the duty of legislature to see that the provision of the constitution in respect of these enterprise are duly observed.

ii) Protection of Capital Investment:

Huge amount of public funds in invested in these enterprises and legislature must see that the scarce capital invested in them must be utilised in the most efficient manner.

iii) Trustee of Public:

Legislature represents the public and it has to act as trustee of the public in regard to these enterprise which the public funds is invested and the public is interested as their owners.
iv) Safeguarding Public Interest:

It is quite necessary that these enterprises are run in the larger public interest and it is the duty of legislature to see it.

v) Formulation of General Policy:

Legislature is required to formulate the general policy regarding the operation of these enterprises so that they may be run efficiently in the national interest.

vi) Ensuring Uniformity in Policies:

Legislature has to see that there is proper uniformity in the policies pursued by these enterprises so that they may be run in the best interest of the country.

vii) Monitoring and Implementation of Policies:

After the formulation of the policies legislature has to see that they are duly implemented and has to monitor the same so that there is no violation of the policies framed by it.

viii) Control over State Capitalism:

State capitalism is worse than capitalism. Therefore it is quite necessary for legislature to see that it is not allowed to be developed through the operation of these enterprises.

ix) Control over Civil Servant:

For several reasons the civil servants are often made in-charge of these enterprises and they manage the affairs of these enterprises, otherwise also they yield sufficient influence over their operation in various ways legislature has to
see that these civil servants do not assume undesirable power.

x) Approval of Statutes:

In case of the Board it is legislature which has to pass enabling statute for the establishment of these Boards, thus, legislature must see that the act is passed in the best interest of the enterprise as well as the country.

I) Methods of State Legislative Control:

From time to time state legislature has been trying to find out ways and means to bring to account the management of M.S.E.B. it has been able to devise following popular mean of controlling the M.S.E.B.:

1) Legislative Questions:

This is a widely known popular and commonly employed method of making the M.S.E.B. accountable to state legislature. From time to time members have been raising matters of great importance through the questions. First hour of the sitting of state legislature is usually devoted for questions unless the speaker directs otherwise following types of questions may be asked on M.S.E.B. in state legislature.

i) Starred Questions:

The minister concerned is required to give answers to the starred questions orally

ii) Unstarred Questions:

The minister concerned is required to give answered to such questions in writing normally sufficient time is given to collect information related to the
question.

iii) Supplementary Questions:

With the permission of the speaker any member can put supplementary questions related to some previous questions asked.

Admissibility of Questions:

Final authority of admission of any questions is vested in the speaker following principles have been laid down regarding the admission of question on the M.S.E.B. i) Where a question (a) relates to a matter of policy or (b) raises a matter of public interest. ii) A question which call the information of statistical or descriptive nature is generally admitted for written reply. iii) Questions seeking statistical information available in the published documents are also normally disallowed. Normally questions related to day to day administration of M.S.E.B. should not be asked in state legislature.

The subject of question were production start matters, reports enquiries and complaints, policy matters, profit, loss, wastes and irregularities and proposed projects, etc. The matter related to the production costs idele capacity, delays in projects, agreement of projects and investment etc..

Effectiveness of the legislative questions:

The questions at best have served as spot checks rather than real instrument of control over the M.S.E.B. most of the questions asked do not show any in-depth study of the problem and working of these enterprise and therefore several important matters were not referred to in state legislature. According to Laxmi
Narain." The questions as at present do serve the purpose of (a) ensuring some degree of ministerial responsibility to legislature. (b) having a moral influence on the public enterprise managers in that their action can be questioned on the floor of the house. (c) enabling member of the legislature to ventilate grievances against the working of public enterprises. (d) giving an opportunity to raise matters a policy without raising a full debate on the subject.

2) Discussion :-

In the state legislature, the discussion may take place on three occasions when the members may discuss the matters related to the M.S.E.B.. They are (a) half an hour discussion (b) calling attention to matters of urgent public importance and (c) discussion of matters of urgent public importance for short duration.

(a) Half an hour discussion:

The facility for discussion of matters arising from questions is provided through this device. In fact it is in the nature of 'an extended version' of question device. The notice for such discussion must be given not later than three days of answering of the question out of which it has risen and must seek an answer not earlier than three days after the notice. The notice must be supported by two other members who would wish to seek further clarification on the matter concerned. If any matter is not disposed of on the day allotted it can be raised on a subsequent day only if is drawn on the ballot for the day. No formal motion however is moved but the minister concerned is bound to reply. The expression half an hour, however is a misnomer as during this period in fact no discussion
take place. The member asks a question and the minister concerned replies and elucidates the matter briefly. The matter thus ends with his statements and no discussion take place.

(b) Calling attention to matter of urgent public importance:

It is an Indian innovation and enables the member of legislature to call attention of minister to any matter of urgent public importance. For this member has to give notice in triplicate and must not be given half an hour before the commencement of sitting for the day. When it is admitted by the speaker the minister is free to give the opinion, conclusion and decision of the Government and he need not confine it to the facts alone. The members are also free to include suggestions, criticisms or counter opinion while asking questions on the statement given by the minister. The device is quite useful but not used in relation to the M.S.E.B. as there is no such urgency with regard to the problems of M.S.E.B..

(c) Discussion on matter of urgent public importance for short duration.

This is useful device as the time is not limited and discussion can continue up to two and half hours. The intention of allowing the members to resort to this device is that the member who are in possession of some knowledge about any matter, should put forth the facts before the house and other member who might like to participate in the discussion may discuss the same thoroughly.

3) Debates:

Debates regarding the matters related to the M.S.E.B. may take place on
may occasions. They are debates on governor’s address, debate on the budget, debate on annual reports and accounts, debate on enactment of acts and amendment therein.

(a) Debate on Governor’s address:

The governor addresses both the house of state legislature assembled together at the commencement of the budget session. The address is prepared by the Government and each ministry is responsible for the portion appertaining to it. In this address there is more emphasis on the past achievements of the Government and its out lines the policy of the Government, the legislative proposals and financial recommendations and the achievements of the Government during the previous year. The address also contains statement regarding the performance and problems of some of the public enterprises also. The address is followed by a general discussion on a motion of thanks proposed and seconded by the members. The members get an opportunity to discuss matters related to the M.S.E.B.. However this is not utilised properly by them and no organised efforts are made by them to study and discuss the matters related to the M.S.E.B..

(b) Debate on Budget:

The members get sufficient opportunity to discuss matters related to the M.S.E.B.. When the budget is presented in legislature this is general discussion on the budget and there is a discussion on the demands for specific grants. No money can be spent by the executive without legislative sanction. The budget
proposals and extensively debated in legislature before being voted upon. If sufficient time is available and the members take active interest in them this may prove to be an effective device for controlling the M.S.E.B..

(c) Debate on Annual Reports and Accounts:

The members of legislature get sufficient information about the working of M.S.E.B. through the annual reports and accounts which are duly published and presented in legislature. According to Robson 'they provide a continues stream of information of all kinds about output productivity, finance, labour, research development, commercial policy etc. which is much fuller than that provided by commercial companies. Those reports provide an objective and quantified measure of the management success. According to Laxmi Narain, it is 'an important medium through which an enterprise gives an account of itself. To the public and legislature, annual reports provides information on a continuous basis which helps in judging the enterprise's performance.

(d) Debate on Enactment of Act and Amendment:

Special act has to be enacted for established and regulation of public enterprise while enacting the act legislature may at best strengthen the provision for controlling these enterprises.

4) Legislative Committee:

Questions, discussion and debates etc. have not been effective means of control over the enterprises. Therefore the legislature has been quite concerned and wanted to have some effective means of control over enterprise. They devised
the legislative committee for the purpose. The committee on public undertaking has been set up specially for in-depth examination of the working of the M.S.E.B.. The principle functions of committee on public undertaking are:

(i) to examine the reports and accounts of the enumerated public undertaking.

(ii) To examine the reports if any of the Comptroller and Auditor general on the public undertaking.

(iii) To examine in the context of the autonomy and efficiency of the public undertaking whether the affairs of the public undertaking are being managed in accordance with sound business principles and prudent commercial practices and

(iv) Such other functions vested in the public accounts committee and the estimate committee in relation to the public undertaking as may be allotted to the committee by the speaker from time to time.

3] Audit control over M.S.E.B. :

Proper and effective control through audit is necessary in case of public enterprise as the funds invested in them do not belong to those who manage the affairs of these enterprise. It has been rightly stated that stricter control should be imposed upon the use of funds by those 'to whom they do not belong and whose fortunes may not be affected by their misuse or less effective use'. It has also been argued in some quarter that 'a more of less similar situation prevails in case of private enterprise'. In fact that the 'audit observes public enterprises at close
quarters and could act as constructive critic for effecting improvements'. The audit is not to be viewed as a 'bloodhound' or even a 'warchdog' but as function which can help the enterprises to establish rapport with parliament protect the tinkering by the executive for the new role the audit would have to greatly reorient its approach and win the confidence of public enterprise management19.

Objectives and scope of Comptroller and Auditor General of India; Audit in Public Enterprises:

Under the act of 1971 the scope and extent of audit is determined by CAG following points are importance in this connection -

i) Audit and public enterprise in India is not restricted to finance and compliance audit it extends also to efficiency economy and effectiveness with which there operate and fulfill their objectives and goals.

ii) Audit in public enterprises to question of propriety which is directed towards an examination management decision in sales, purchases contracts etc. to see whether those have been taken in the best interest of the enterprise and conform to accepted principles of financial propriety.

iii) Being an ex-post facto activity audit does not affect either the authority to take decision or the decisions themselves. In examining the decision of a management audit examines that these were taken by the competent authority after examination of all aspects (economic, technological public interest) on the basis of all the relevant information available at that time and taking into consideration. The different alternatives available to management and that the
decision were consistent with the aims and objectives of the enterprise.

iv) CAG audit is a instrument of accountability. It enables the Government and the enterprise management to improve their efficiency and effectiveness. This is achieved by bringing out the financial and operational deficiencies inadequacies or ineffectiveness of system short falls from acceptable standards of performance.

v) Financial performance is liked with physical performance and issues of efficient and economic operation and management of resources are highlighted. There is an increasing emphasis on audit being an instrument of improvement.

Recently T. N. Chaturvedi CAG pointed out that the role of CAG should not be looked upon as duplicating of the financial or regularity audit. Its scrutiny is dispassionate and qualitative appraisal of all aspects of the functioning of Government undertaking for public knowledge.’

Laxmi Narain\textsuperscript{20} has pointed out that the scope of audit has not been explained or defined any where and mentions that audit by the auditor general covers following -

i) Audit against provision of funds

ii) Audit against regularity

iii) Audit against sanctions to expenditure

iv) Audit against propriety

v) efficiency audit.

The third aspects of Government control over the M.S.E.B. is the audit
control audit is also device of exercising control over Board. In case of the M.S.E.B. the authority of audit control is indicated in the Indian Electricity (Supply) Act 1948. Accordingly the Comptroller and Auditor General of India is sole auditor of the M.S.E.B.\textsuperscript{21} main purpose of audit is to control the expenditure of the M.S.E.B.. Because every year a vast the sum of money is spent on its activities and programme which is voted by the legislature can secure the accountability of the M.S.E.B..

The audit of the M.S.E.B. is conducted in the following manner. The Board has to keep proper accounts and other records in relation there to be kept including a proper system of internal check and prepare an annual statement of account including the profit and loss account and the balance-sheet in such form as prescribed by the State Government in consultation with the Comptroller and Auditor General of India.

The accounts of the Board are audited by the Comptroller and Auditor General of India or by such persons as he may authorise in this behalf and by expenditure incurred by him in connection with such audit is payable by the Board to the Comptroller and Auditor General of India.

The Comptroller and Auditor General of India or any person authorises by him in connection with the audit of the account of the M.S.E.B. has the rights privileges and authority in connection with such audit as the Comptroller and Auditor General of India has in connection with the audit of Government accounts and in particular has the right to demand and production of books
accounts, connected vouchers and other documents and papers and can inspect any of the office of the M.S.E.B..

The accounts of the Board as certified by the Comptroller and Auditor General of India or any other person authorised by him in this behalf together with audit report thereon is forwarded annually to the State Government and that Government can issue such instruction to the Board in respect there of as it deems fit and the Board has to comply with such instructions.

The State Government has to forward the accounts of the Board together with the audit report there on to the state legislature the accounts of the M.S.E.B. are also published in the prescribed manner and copies are made available for sale at reasonable price.

The audit reports prepared by the auditors enable the Government and the members of the state legislature to understand the affairs of the M.S.E.B.. The reports therefore constitute a very effective device controlling the affairs of the M.S.E.B..

4] Maharashtra Electricity Regulatory Commission

Maharashtra Electricity Regulatory Commission is the fourth agency of controlling the M.S.E.B. Therefore briefly discuss about M.E.R.C. as under

The State Electricity Regulation Commission is an independent regulatory agency of the Government. The commission primary responsibility is the regulation of the electricity under its jurisdiction to ensure that the rates charged for energy are fair, just and reasonable and that utilities provide safe, adequate
and secure service to their consumers.

The Government of Maharashtra has already constituted the Maharashtra Electricity Regulatory Commission (M.E.R.C.) on the 5th august 1999 under the chairmanship of Shri P. Subrahmanyam and with Shri Venkatchari and Shri Jayant Deo as a member of M.E.R.C.. The M.E.R.C. consists of three members appointed by the State Government.

Functions of M.E.R.C. :

The commission is responsible for reviewing and approving the rates, returns on equality, operating and maintenance expenditures and capital investment of these electric utilities. The M.S.E.B. has submitted the retail electricity supply tariff for the year 1999-2000 to the M.E.R.C. which is under scrutiny. Because of M.E.R.C. the members of public can obtain information and question the tariff data submitted by the M.S.E.B..

The main functions of M.E.R.C. are as follows :

- To determine the tariff for electricity, wholesale, bulk grid or retail.
- To determine the tariff payable for use by the transmission of facilities.
- To regulate power purchase and procurement process of transmission utilities and distribution utilities.
- To promote competition, efficiency and economy in the activities of the electricity industries etc..
- To regulate tariff of generating and transmission entities functioning within state.
Various forms of control; ministerial, legislative, audit as well as a tariff control by M.E.R.C. have been discussed in all details in this chapter. These relations between the M.S.E.B. and the State Government are very significant for the effective working of the M.S.E.B.
REFERENCES:


5. Ibid, Section 10.

6. Ibid, Section 8.

7. Ibid, Section 10, Sub - 5.

8. Ibid, Section 79.


11. Ibid, Section 53.

12. Ibid, Section 54.

13. Ibid, Section 57 and see also *Electricity (Supply) Act 1948*, Section 75 (i).

14. Ibid.

15. *The Electricity (Supply) Act 1948* Section 78


17. Report on Re-Examination of India's Administration System with Special Reference to Administration of Governments and Commercial Enterprises, P.45.

