2.1 Philosophy Behind the Creation

The philosophy behind the creation of public enterprises in India dates back to Jawaharlal Nehru. On becoming the Prime Minister of the country, Nehru launched an extensive plan to transform the backward nation into a progressive nation of the world. This justified him in founding the public sector enterprises with the following aims and objectives:

1. (i) to help in rapid economic growth and industrialisation of the country and create the necessary infrastructure for economic development,
   (ii) to earn returns on investment and thus generating resources for development,
   (iii) to promote redistribution of income and wealth,
   (iv) to create employment opportunities,
   (v) to balance regional development,
   (vi) to assist the development of small scale and ancillary industries, and
   (vii) to promote import substitution, earn and save foreign exchange for the economy.

For speedy attainment of these objectives of economic and industrial development, the union government set into operation a coordinated development, planning process followed by new Industrial Policy Resolution of
1956. The public enterprises are largely, by product of this policy resolution, though they have been given scant attention in the Policy Resolution of 1948. HPSEB and HRTC, the two leading public sector enterprises of the state, though came into being in the early seventees, are, however, mainly based on the principles enshrined in the above mentioned resolutions.

It is important to discuss the background, growth, working and achievements before we take up the financial administration of an organisation for study, because, the finances are realised either through the services rendered, or through the production, made by an organisation. There are certain objectives which bring an organisation into existence. The reasons for the growth of corporate sector are manifold. Mainly, these are social, political and economic. These are the broad objectives and each one of these have further subtle meaning. HPSEB and HRTC are also no exception to these objectives. However, the question arises as to what exactly was the philosophy behind the creation of these organisations. The literature available regarding these organisations speak about the twin broad objectives social and economic. Generally, the performance of these organisations is evaluated in commercial terms and a question mark has been put on their existence, especially in the present decade, on the move initiated for
privatisation. If the performance of these organisations are evaluated in terms of "commercial profit earning", it becomes important to know the philosophy behind the creation of these organisations, as well as to know the objectives to which their present day functioning are attributed. The information, in this regard, has been collected through the questionnaire (appendix I).

An illustration of the information collected regarding the philosophy behind the creation of these organisations is given, as under, in table 2.1

<table>
<thead>
<tr>
<th>Philosophy behind the creation of the organisation</th>
<th>HPSEB (N=26)</th>
<th>HRTC (N=24)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial profit earning</td>
<td>6 (23.0%)</td>
<td>1 (4.0%)</td>
</tr>
<tr>
<td>Carrying out the social obligation</td>
<td>7 (27.0%)</td>
<td>2 (8.0%)</td>
</tr>
<tr>
<td>Both the above</td>
<td>13 (50.0%)</td>
<td>21 (88.0%)</td>
</tr>
</tbody>
</table>

On analysing table 2.1, it can be observed that the majority respondents of HPSEB and HRTC i.e. 50 per cent and 88 per cent respectively, revealed that the philosophy behind the creation of these organisations was a combination
of both social obligation as well as commercial profit earning objective. A comparison of the commercial profit earning objective to that of social obligation revealed that 27 per cent of the respondents of HPSEB stated in favour of social obligation and 23 per cent in favour of commercial profit earning. Similarly, in the case of HRTC 8 per cent of the respondents were of the opinion that the corporation was created exclusively for social obligation and a negligible 4 per cent of them expressed the view that it was created for commercial profit earning.

It is apparent from the position detailed above that these organisations have been created to carry out the social obligation as well as commercial profit earning. However, the social obligation factor remained dominant till recent years, in the functioning of both these organisations.

As regards the present functioning of these organisations, the illustration is given in table 2.2 below:

<table>
<thead>
<tr>
<th>TABLE - 2.2</th>
<th>Present functioning of the organisations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>HPSEB (N=26)</td>
</tr>
<tr>
<td></td>
<td>No. (%)</td>
</tr>
<tr>
<td>Commercial  Profit earning</td>
<td>9 34.0</td>
</tr>
<tr>
<td>Carryout the social obligation</td>
<td>14 54.0</td>
</tr>
<tr>
<td>Both the above</td>
<td>1 12.0</td>
</tr>
</tbody>
</table>
The majority i.e. 54 per cent of the respondents of HPSEB stated that the present functioning of the organisation was attributed to carry out the social obligations, and 34 per cent of them were of the opinion that the organisation was being run on commercial profit earning basis. A minority of 12 per cent felt that the organisation carried out both these objectives simultaneously.

In the case of HRTC, the maximum, 88 per cent of the respondents expressed the view that the corporation served the social obligation and was also being run on the basis of commercial profit earning. However, none of respondents stated that the corporation's functioning was being carried on the basis of commercial profit earning.

The overall position as emerges from table 2.1 and 2.2 shows that both these organisations have been created to render the services to the society, as well as to function on commercial basis. The services to the society, factor remained dominant throughout, as compared to the commercial profit earning cause. When a move for privatisation was loudly by the state Government, there came a change in the thinking of the officials of HPSEB that the commercial earning objective might outrun the social obligation. However, the management and the officials of HRTC stated that the functioning of the corporation has been completely
attributed to the services of the society.

2.2 Himachal Pradesh State Electricity Board

The Himachal Pradesh State Electricity Board (HPSEB) was constituted on the first day of September, 1971, in accordance with the Electricity (Supply) Act 1948. Like the other State electricity boards in the country HPSEB is also responsible for promoting the coordinated development of power potential, generation, transmission and distribution of electricity within the state in the most efficient and commercial manner. HPSEB carries this work effectively through the various functional agencies. Moreover, it is engaged in the execution and investigation of various hydroelectric projects found to be economically viable. Simultaneously, the work on the expansion of transmission network, throughout the state, has been taken up to achieve accelerated industrial growth. Despite the most difficult and mountainous terrain, HPSEB has succeeded in electrifying all the inhabited villages in the state. 

Himachal Pradesh has a vast hydel potential and from the preliminary hydrological, topographical and geological investigations, it has been estimated that 12,700 MW of hydel power can be generated in the State by constructing various major, medium, small and mini/micro hydel projects on the five river-basins. In addition, a large number of unidentified areas, have still been left in the river-
basins, which can contribute substantially to the power-potential of Himachal Pradesh by taking up mini/Micro, medium and even large projects and which have been excluded from the above mentioned hydel potential on account of non-suitability due to high cost of generation, will also become viable in future. On these two considerations, a conservative estimate of the total potential in Himachal Pradesh could well be put at 20,000 MW or even more. Out of the total hydel potential 3,363 MW has only been harnessed so far, out of which only 272 MW, is under the control of Himachal Pradesh as bulk of the potential has been harnessed by the Central Government and other agencies. The huge hydel potential of the state can play a major role in power development programmes in the northern region and will provide a sound economic base for the overall socio-economic development of Himachal Pradesh.

Hydel power generation in the state has been accorded top priority from Sixth Five Year Plan onwards not only to meet the increasing power demand within the state, but also to bridge the gap, in the demand and supply in the northern region of the country as a whole. In view of this, a phased programme has been chalked out to take up various major, medium, small and mini/micro hydel projects in the state during the Seventh Five Year Plan, besides completing the ongoing projects.

To watch the increasing activities in the construction of hydel projects there is an immediate need to lay more.
emphasis on adequate transmission and distribution network, in order to transmit power from the projects, and to arrange its distribution, for proper utilisation within the State. Keeping this in view, various transmission and distribution schemes are proposed to be taken up to meet the power requirement of various industrial complexes being setup in the State.

2.2.1 Rural Electrification

Rural electrification, particularly in a state like Himachal Pradesh having a broad rural base, provides a powerful stimulus to the economic growth and development of infrastructure in general. Besides providing a vital input to the core sector of the state economy, rural electrification yields many additional benefits such as increased food and industrial production, generation of additional employment, conservation of forest and environment. Another important aim achieved through rural electrification is to reduce pressure on forests, coal and oil consumption by providing electricity as an alternative of fuel for domestic consumption. In this field, HPSEB has made remarkable achievements. Cent percent village electrification as per 1981 census was achieved in Himachal Pradesh during the year 1988-89 (end, June, 1988). After achieving the target of 100% village electrification, HPSEB identified 4182 hamlets in the state to be electrified
during 1988-89, 1989-90 and in the 9th Plan period. During 1989-90, Board has electrified 502 hamlets against the target of 500.6

In Himachal Pradesh, 93 per cent population lives in villages.7 Therefore, rural electrification, has a significant role to play not only to provide light, but also to encourage cottage industries in the rural areas. However, more emphasis is laid on strengthening the distribution system in order to achieve the targets in full in rural electrification.

2.2.2 Constitution of the Board

The Himachal Pradesh State Electricity Board HPSEB is constituted of seven members, including the Chairman, in accordance with the electricity (supply) Act, 1948.8 There are six whole time members including the chairman and one ex-officio member. This body is the supreme decision making authority of the Board. Apart from this, each one of them, has been assigned a specific area of responsibility in the Board’s functioning for which he is overall incharge. The Secretary of the Board assists in processing the cases for decision of the Board.

2.2.3 HPSEB Consultative Council

The Himachal Pradesh Government under the provision of section 16 of the Electricity (supply) Act, 1948 has
Constituted the H.P. State Electricity Board consultative Council generally for a period of two years. The Chairman of the Board is the ex-officio Chairman of the consultative council and all the members of the Board are also members of this council besides the other members from different walks of society, the number of whom is generally more than a dozen.

2.2.4 Organisational Setup

The overall control on different activities is exercised by the Board through Administrative, Technical and Finance and Accounts Wings. The various wings and their functioning can be described as under:

(i) Board Secretariat

The Secretary is the overall incharge of the Board's Secretariat in administrative matters and acts as the Chief executive officer of the Board. He also maintains a link of the Board with the Chief Engineers and other heads of the departments in respect of personnel administrative matters. The Secretary is also the controlling officer of law section, labour Welfare-cum-Industrial Relation, as well as, the Public Relation Works of the Board. In addition, two land acquisition officers are working under his administrative control. The Secretary of the Board is also controlling officer of the Board's office administration,
and side by side assists the Board in transaction of its business.

(ii) Chief Engineer Planning and Monitoring

The Chief Engineer Planning and Monitoring (P6M) deals with all the technical matters relating to planning, monitoring, statistical, data maintenance, coordination between different wings of the Board and works pertaining to estimates and projects etc. The monitoring and control of Board level is managed efficiently with the introduction of modern management tools like CPM and PERT. Material management and inventory control is also being done by Chief Engineer (P6M), besides carrying out inspection of materials for which supply orders are placed at the level of central store organisation.

(iii) Vigilance and Security Wing

HPSEB has its own vigilance and security wing. This wing is headed by an office of the rank of Inspector general belonging to the Indian Police Service.

(iv) Commercial Directorate

This wing is headed by a Chief Engineer (Commercial) which functions under the overall control of member (Operation). The Chief Engineer (Commercial) deals with commercial matters, power control, line losses, inter-
state matters and checks pilferage of energy.

(v) Purchase Unit

This unit, headed by a chief purchase officer of the rank of S.E., deals with all kinds of purchases under the overall control of the Board. It also deals with the bulk procurement of stores like cement, steel, conductors and all kinds of electrical equipments upto 33 KV according to the requirements of various field units alongwith the stationery and printing material of the Board. The distribution of all this kind of material to units and field agencies is also carried out by this wing.

(vi) Legal Unit

The Legal Unit is headed by the Deputy Secretary-Cum-Law Officer. It renders legal advice to the Board or field units on all legal matters, whether civil, criminal, revenue, labour and taxation, besides conducting cases in H.P. Administrative Tribunal, through a Standing Counsel-Cum-Legal advisor of the Board.

(vii) Enquiry Unit

The Secretary is the Ex-Officio Vigilance Officer of HPSEB. Vigilance and disciplinary cases including complaints and enquires against Board's employees are dealt with by this unit.
(viii) Labour Welfare Unit

This Unit is headed by a Labour Welfare-Cum-Industrial Relation Officer. The main function of this unit is to render advice on various labour problems and to maintain industrial harmony and cordial relations between the employees and management of the Board.

(ix) Land Acquisition Unit

To Land Acquisition Officers, with head-quarters at Shimla, and Mandi who work on behalf of the Board, deal with all such cases relating to land acquisition under HPSEB.

(x) Public Relations Unit

The publicity on the working of HPSEB is assigned to this unit which is responsible for arranging wide coverage in Press, AIR, TV and other related media regarding various activities of HPSEB. Library and cultural activities are also looked after by this unit.

(xi) Finance and Accounts Wing

The Finance and Accounts wing is headed by the Member (F&A). This wing has been assigned the functions of maintaining the accounts of HPSEB, preparation of final/annual account, annual budget, exercise internal check over the accounts maintained in the various head offices, exercise financial control, financial planning, financial,
forecast, funds management, receipt and disbursement etc. The organisational setup of this wing is designed to regulate and control all financial and accounting activities right from Secretariat level to sub-unit level.

2.2.5 Technical Organisation

The Technical organisations created to carry out all technical functions of HPSEB are categorised into three major wings which are as follows:

(i) Operation Wing

The operation wing of HPSEB is controlled by the Chief Engineer viz. Chief Engineer (op.) North and Chief Engineer (op.) South. This Wing is assigned electrification works, construction of Sub-Transmission System upto 33 KV, System improvement works, distribution system, maintenance of all such systems, deposit works and of micro power houses.

(ii) Generation and Transmission Wing

This Wing has been assigned the functions of planning, designing construction of HT lines and substations (66 KV and above) and all electrical works connected with the generation scheme under the over all control of Chief Engineer (G&T)/(T&M). Besides this, the power houses at Giri, Bassi, Binwa and Andhra are also being
maintained by those Chief Engineers. The M&O Laboratories are also functioning under the control of Chief Engineer (T&O).

(iii) Project Wing

Investigation, planning, design and execution of hydel projects is entrusted to this wing. Chief Engineer (Projects), Chief Engineer (Designs), Chief Engineer Sanjay Vidyut Pariyojna (Bhaba), Chief Engineer (Koldam), Chief Engineer (Civil) Nathpa Jhakri and Chief Engineer (Design) Nathpa Jhakri are working under this wing of HPSEB.

2.2.6 Strength of HPSEB Personnel

The classwise sanctioned posts both permanent and temporary as on 31.3.90 are shown in table 2.3 below:

<table>
<thead>
<tr>
<th>Classes</th>
<th>Permanent</th>
<th>Temporary</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>897</td>
<td>369</td>
<td>1266</td>
</tr>
<tr>
<td>II</td>
<td>79</td>
<td>24</td>
<td>103</td>
</tr>
<tr>
<td>III</td>
<td>13154</td>
<td>6531</td>
<td>19685</td>
</tr>
<tr>
<td>IV</td>
<td>6999</td>
<td>3004</td>
<td>10003</td>
</tr>
<tr>
<td>Total</td>
<td>21129</td>
<td>9928</td>
<td>31057</td>
</tr>
</tbody>
</table>

(Source: Himachal Pradesh State Electricity Board, Administration Report 1989-90)
This was all about the organisational setup of HPSEB, including the description of working of different wings and units of the Board. This division of work, serves the purpose of assigning jobs to management of employees of HPSEB. But what is important is that how the parts get linked back together. This is the stage where coordination comes in. After studying the different departments and wings of HPSEB, it is important to know the degree of coordination amongst the different departments of the organisation for its successful operation. The coordination in HPSEB is shown in table 2.4 below:

**TABLE - 2.4**

Coordination within the organisation

<table>
<thead>
<tr>
<th>Coordination</th>
<th>No.</th>
<th>(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extremely effective</td>
<td>9</td>
<td>35.0</td>
</tr>
<tr>
<td>Effective</td>
<td>8</td>
<td>31.0</td>
</tr>
<tr>
<td>In-effective</td>
<td>4</td>
<td>15.0</td>
</tr>
<tr>
<td>Extremely in-effective</td>
<td>5</td>
<td>19.0</td>
</tr>
</tbody>
</table>

The observations of the respondents of HPSEB were different regarding the coordination in their organisation. A substantial number of the respondents i.e., 35 per cent
expressed that the element of coordination was extremely effective. Almost an equal percentage (31 per cent) opined that this element was effective. However 19 per cent of the respondents described it as extremely ineffective followed by 15 per cent respondents who stated that it was ineffective. The overall position can be stated good as the majority of the respondents of 66 per cent described it either effective or extremely effective.

2.2.7 Energy generated, purchased and sold

Since HPSEB deals with the generation of energy, therefore its achievements can be judged in the form of energy generated during a specific period.

The energy generated, purchased and sold by HPSEB during the Sixth and Seventh Five Years Plan period is shown in table 2.5. The energy generated during the year 1980-81 in respect of hydro electrical was 244,934 MU and by the year 1989-90 the generation increased to the tune of 935,506 MU three times more as compared to the generation of the year 1980-81. So far as the generation of energy from diesel is concerned, HPSEB generated 0.132 MU during the year 1980-81 and in the later years HPSEB discouraged the generation from diesel and ultimately stopped in completely in the year 1987-88.

The total energy purchased by HPSEB from different sources was 265,411 MU in the year 1980-81 and
<table>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>KWh</td>
<td>2,988,693</td>
<td>3,035,976</td>
<td>3,117,842</td>
<td>3,232,789</td>
<td>3,399,248</td>
<td>3,585,222</td>
<td>3,704,033</td>
<td>3,773,966</td>
<td>3,893,245</td>
<td>3,984,681</td>
</tr>
</tbody>
</table>

87,557 MU by the year 1989-90. The total energy available for sale in the year 1980-81 was 509.413 MU and 1818.103 MU and 1818.103 MU in the year 1989-90. This shows that HPSEB year by year made more and more energy available for sale. The energy sold within the state during the year 1980-81 was 264.734 MU and outside the state was 897.103 MU and by the year 1989-90 HPSEB sold 897.103 MU within the state and 580.881 MU outside the state. The above narration shows that the HPSEB year by year increased generation and sale of energy. At the same time transmission and distribution (T&D) losses in HPSEB were kept under control. The T&D losses during the year 1980-81 was 19.10% and by the 1989-90 it was 18.74%.

2.2.8 Development Schemes

The working group on power, set up by the Government of India had laid great emphasis on hydel generation, of 5400MW, to be taken up for execution and advance action during the Seventh Five Year Plan to yield benefits. This huge hydel potential of the state can play a major role in the power development programme in the northern region and to provide an economy base for speedy development of Himachal Pradesh. According to 1989-90 'Administration
Report of HPSEB, out of the total identified potential of approximate 12700 MW in its five river basins, only 3292.57 MW has been harnessed upto 31.3.89 and 273.57 MW installed capacity remained under the control of Himachal Pradesh. Besides this, the following Developmental schemes and projects were in progress.

(i) Sanjay Vidyut Pariyojna (Bhaba)

This project is located in district Kinnaur of Himachal Pradesh and envisages diversion of water of the Bhaba river, a major tributary of river Satluj, to generate 120 MW of power in an underground Power House, located on the right bank of river Satluj near Wangtoo about 200 Kms from Shimla City. This is a run of river scheme and provides for construction of a low weir with gated undersluices across Bhaba River for passing design discharge of 5.6 Kms long, 2.5mtrs. dia D-shaped head race tunnel. In order to feed the 3 units of 40 MW each, 1410 meters long sted lined underground shaft has been provided. Transformers, switchyard and valve house are also located in separate underground cavities which is approachable through a 274 meters long tunnel, having permanent access, leading to the power house.

The main features of this project is that a complete compressed gas installed sub-station has been housed in an
underground cavity which is first of its kind. The power is brought out by 220 KV low pressure oil filled cable through cable-cum ventilation tunnel to the pot head-yard. The revised estimated cost of the project was 172 crores. The annual generation from the project was estimated 658 million units in a mean year.11

(ii) Thirot Hydel Project

This project is located in the remote tribal valley of Lahaul and spiti district of Himachal Pradesh. This is a run of river scheme and envisages utilisation of water of Thirot Nullah, a tributary of river Chinab. The revised estimated cost of the project was Rs.19,96 crores12. The progress in this project during the year 1989 was hampered due to inclement weather and early snowing in the month of September.

(iii) Baner Hydel Project

This project is located about 25 Kms away from Dharamsala in district Kangra of Himachal Pradesh, on Dharamsala-Palampur road, and envisages utilisation of water of Baner Khud. The estimated cost of the project was Rs.24 Crores.13 During the year 1989-90, infrastructures works like buildings and roads to different sites of the project were completed. The execution of civil works such as
excavation of adits and feeder tunnel were also started.

(iv) Nathpa Jhakri Hydel Project

This project is located near Rampur and envisages the construction of a diversion dam across the river Satluj at Nathpa at 4 Kms down stream of Wangtoo in district Kinnour in an underground power house at Jhakri. An independent Corporation has been instituted under the companies act to undertake the execution of the project. The infrastructure works were carried out by HPSEB on behalf of Nathpa Jhakri Power Corporation (NJPC) during the year 1988-89. This included acquisition of land, construction of building bridges, approach roads to various work sites, construction of various adits to the head race tunnel and so on.

(v) Ghanvi Hydel Project

This project is located at Rampur, district Shimla of Himachal Pradesh near Jeori and envisages utilisation of Ghanvi Khud water for generation of 22.50 MW of power. This is a run of the river scheme. The estimated cost of the project was Rs.28.32 crores. Uptil 1989 a detailed survey of various components of the project had been carried out for preparation of specification drawings. Geological studies for the finalisation of underground power house had also been done. The reasons for the slow progress at this project were attributed to paucity of funds by the HPSEB.
To match the increasing activities on construction of hydel project, there was an immediate need to lay emphasis on adequate transmission and distribution network in order to arrange transmission of power from these projects and its distribution for utilisation within the state. Keeping this factor in view, HPSEB has prepared various transmission and distribution schemes. Certain transmission and distribution schemes are proposed to meet the power requirement of various industrial complexes being setup in the state.

2.3 Himachal Road Transport Corporation

The origin of Himachal Road Transport Corporation can be traced back from the Mandi-Kulu Road Transport Corporation (MKRTC), which was established as a body Corporate in the year 1959, with the share capital contribution by the Punjab State, Himachal Pradesh Government and Northern Railway in the ratio of 40:40:20 per cent respectively. Besides MKRTC, there also existed a government department known as Himachal Government Transport (H.G.T.) which was providing transport. As time passed on, it was strongly felt that there should be a unified transport corporation in the state. This thinking was in accordance with the policy decision of Planning Commission on transport and coordination. In fact, the Planning Commission and the Government of India have for sometimes, in the past, been pressurizing the State Governments, which had departmental undertakings, to set up
a road transport corporation in their respective states, for quicker development of road transport, and for providing better facilities to the travelling public. Hence the Himachal Pradesh Government formed the Himachal Road Transport Corporation (HRTC) on 2nd. day of October, 1974, by merging the then MKRTC with the then HGT. The new Corporation-Himachal Pradesh Road Transport Corporation evidently had the benefit of institutional finances and also necessary funds needed for its developmental programmes, vis-a-vis to provide adequate, quick and the requisite means of transport to the people of the State.

Thereafter, the Himachal Road Transport Corporation has played an active role in the economic and social development of Himachal Pradesh in the absence of any other mechanized transport such as Railway, Air-ways and Water ways, which are almost negligible in the State, HRTC was established with a view to providing co-ordinated, organised, efficient and effective road transport services. The Corporation is operating its bus services, throughout the state and also on joint routes with the neighbouring states and union territories to provide passenger transport services.

There was a fleet strength of 1503 buses with HRTC on 31st. March, 1990 as compared to 1379 buses in March, 1989. As on 31st. March, 1990, the HRTC buses were operating on 1342 routes as against 1207 routes as on 31st. March, 1989.
So far as Kilometer coverage is concerned, as on 31st March, 1990, 2.58 lakh operational kilometers per day stood covered by the corporation buses as compared to 2.33 lakh kilometers per day as on 31st March, 1989.

HRTC has about 20 operating units and sub-units functioning in the state. For the repair and maintenance of buses two divisional workshops at Shimla and Mandi are functioning. Besides this a modern workshop is functioning at Jessore in Kangra District. To control the activities of Units and sub-units, four divisional offices at Shimla, Mandi, Dharamsala and Hamirpur are also functioning. Mudrika bus services are being provided in 22 Assembly Constituencies. The facility of booking and delivery of parcels at 30 important stations have been started for the benefit of the public. The facility of concessional or free travel in the HRTC buses is also extended to the Central/State Government employees, students, trainees etc. HRTC, at the same time, provides free travel facility to freedom fighters and their spouses, handicapped and blind persons, their attendants, war-widows and press correspondents.

Various long route bus services have been introduced by the Corporation with a view to providing direct journey facilities to the passengers. Many long distance night services connecting important places of Himachal Pradesh
with Delhi, Haridwar, Amritsar, Hoshiarpur, Dehradun and Chandigarh have also been introduced, besides diverting and extending services in about 257 routes. Many new bus services have been introduced over the past few years.

HRTC has also introduced the 'Passenger Insurance Schemes' by amending the provisions of Himachal Pradesh Passenger and Goods Taxation Act, 1955, and by levying a sur-charge at the rate of 20 per cent on passenger tax. Under this scheme, an ex-gratia payment of Rs. Thirty five thousand is paid to the legal heirs of the deceased and an amount of Rs. Ten thousand to the injured depending upon the nature and extent of injuries.

The Corporation has a provision of Flying Squades at a number of places with their headquarters at Chandigarh, Ambala, Dharamsala, Mandi and Shilma, with a view to check pilferage of income of the Corporation.

There is a provision of "Liaison Committee" of Management and Labour Representatives in the Corporation to review employees demands and also to make suggestions for improvement in Management and employees relationship. In order to encourage worker's participation in management, a central Liaison Committee has been setup at the Head Office of the Corporation. Such committees have also been setup at unit levels on which workers have been given adequate representation.
2.3.1 Organisational Setup

The main powers and functions of Himachal Road Transport Corporation are enumerated according to section 19 of the Road Transport Corporation Act, 1950 and provisions regarding Finance, Accounts and Audit are contained in section 22 and 23 of the Act. The Board of Directors of the Corporation frames policies and programmes. It is the duty of all the officers and officials of the Corporation to implement such policies and programmes efficiently and earnestly at all levels.

(1) The Head Quarters

The Head Quarter's office of the Corporation functions as a directorate office. It is located at Shimla. It is on the pattern of the offices of the Heads of the Departments in the government organisations. The Managing Director is the Chief Executive Officer of the Corporation and all other officers and officials of the Corporation are subordinate to him. Therefore, the Head Quarters being the direction office for all intents and purposes, all quarters concerned, at all times, ensure that the policies and programmes flowing from the Board of Director's, instruction and orders issued by and for, on behalf of the Board, on one hand and the Managing Director on the other, are duly compiled with and
implemented in letter and spirit.

The following functional wings have been established through which their officers in-charge, have been provided necessary assistance to the Managing Director:

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Wing</th>
<th>Function</th>
<th>Officer Incharge</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Administrative Wing</td>
<td>General Administration and legal matters of the Corporation</td>
<td>Deputy General Manager (Administration)</td>
</tr>
<tr>
<td>2.</td>
<td>Traffic Wing</td>
<td>All matters regarding traffic and general administration</td>
<td>Additional General Manager (Administration and Traffic)</td>
</tr>
<tr>
<td>3.</td>
<td>Technical Wing</td>
<td>All matters regarding technical officers including workshop store etc.</td>
<td>Additional General Manager (Technical)</td>
</tr>
<tr>
<td>4.</td>
<td>Accounts Wing</td>
<td>General Financial Administration</td>
<td>Chief Accounts Officer.</td>
</tr>
</tbody>
</table>

(ii) Divisional Offices

In the interest of administrative and operational convenience, and to ensure better and effective control over the field offices, divisions have been created under the control of Divisional Managers. Each Divisional Manager has specifically been allotted a divisional workshop , divisional stores, operating units and an enquiry and vigilance cell as considered expedient in the public interest. It is the
responsibility of the Divisional Managers to ensure that at all times, the activities in these offices, workshops, stores and field units within their allotted areas are carried out efficiently, economically and successfully at all levels.

(iii) Divisional Workshops

The Divisional Workshops of HRTC have multifarious functions to perform, such as, heavy and major repairs, body building, overhauling of Engine, tyre retreading, body repairs, replacement of parts, reconditioning of units including dynamo, self starters, voltage regulators, axels, steering units, gear boxes and pressure plates etc. The Corporation takes up the outside jobs of repairs, maintenance and servicing of vehicles purely on commercial basis and on duly prescribed rates. Besides this, imparting training to the personnel of HRTC is also, organised at the level of divisional workshops.

(iv) Divisional Stores

Subject to the functions of central purchase agency at Head Quarters level, the Divisional Stores have to procure and provide necessary materials, spares and accessories etc. to each unit in the division or to the Head Quarters (Central Purchase) in accordance with the budgetary
83 provisions, financial powers after completing the codal formalities, by duly processing the requirements as per the indents received subject however to the prescribed minimum and maximum limits. In addition to this, divisional stores also ensure disposal of obsolete stores and materials in accordance with the relevant rules and procedures.

(v) Units and Sub-Units

In addition to the infrastructure enumerated earlier, HRTC has a provision of modern workshop at Jessore, where buses are repaired with modern techniques, retreading of tyres, work printing tickets, fabrication and refabrication of the bodies of buses are done and the officers and other personnel of the Corporation are also imparted training.

2.2.2 Strength of HRTC Personnel

The classwise sanctioned posts of HRTC employees as on 31.3.1990 are shown in the table 2.6. below:

<table>
<thead>
<tr>
<th>Class</th>
<th>I</th>
<th>II</th>
<th>III</th>
<th>IV</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>48</td>
<td>12</td>
<td>6269</td>
<td>1201</td>
<td>7530</td>
</tr>
</tbody>
</table>

So far as the cadrewise employees strength of HRTC is concerned it can be seen in table 2.7 below:

**TABLE 2.7**
Cadre-wise Strength of HRTC Personnel

<table>
<thead>
<tr>
<th>Cadre</th>
<th>Administration</th>
<th>Traffic</th>
<th>Technical</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td>1347</td>
<td>4302</td>
<td>1881</td>
<td>7530</td>
</tr>
</tbody>
</table>


After studying the organisational setup and cadrewise employees strength of HRTC, it has been felt important to study the element of coordination between the different departments of the corporation, as coordination is a process by which people and the task, they perform, are related to each other systematically to help achieve the objectives of an enterprise. This element of coordination in respect of HRTC can be viewed from table 2.8 as under:
Table 2.8 reveals that the coordination between the various sections of HRTC is effective, in as much as, that 75 per cent of the respondents were found to be in this favour. A small percentage of the respondents i.e. 13 per cent followed by an insignificant percentage i.e. 4 per cent stated that the coordination has been in effective and extremely ineffective respectively. This way the over all picture though encouraging, has not been found to be extremely effective keeping in view the fact that proper condition is a prerequisite in an operational organisation for its successful operation.

2.3.3 Fleet Position of HRTC

As regards the fleet position of HRTC, there seemed an increasing trend in the strength of buses and a decreasing
trend in the strength of trucks. So far as the light Motor Vehicles (LMV) were concerned, the strength increased marginally, throughout the period under study. The overall position of fleet strength of HRTC is shown in table 2.9 as under:

TABLE - 2.9
Fleet Position of HRTC

<table>
<thead>
<tr>
<th>As on</th>
<th>Buses</th>
<th>Trucks</th>
<th>LMV+others</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>31.3.81</td>
<td>815</td>
<td>36</td>
<td>38</td>
<td>889</td>
</tr>
<tr>
<td>31.3.82</td>
<td>839</td>
<td>31</td>
<td>42</td>
<td>912</td>
</tr>
<tr>
<td>31.3.83</td>
<td>1020</td>
<td>20</td>
<td>41</td>
<td>1081</td>
</tr>
<tr>
<td>31.3.84</td>
<td>1141</td>
<td>15</td>
<td>41</td>
<td>1197</td>
</tr>
<tr>
<td>31.3.85</td>
<td>1238</td>
<td>11</td>
<td>48</td>
<td>1297</td>
</tr>
<tr>
<td>31.3.86</td>
<td>1259</td>
<td>11</td>
<td>46</td>
<td>1316</td>
</tr>
<tr>
<td>31.3.87</td>
<td>1300</td>
<td>8</td>
<td>48</td>
<td>1356</td>
</tr>
<tr>
<td>31.3.88</td>
<td>1334</td>
<td>7</td>
<td>52</td>
<td>1393</td>
</tr>
<tr>
<td>31.3.89</td>
<td>1379</td>
<td>7</td>
<td>51</td>
<td>1437</td>
</tr>
<tr>
<td>31.3.90</td>
<td>1503</td>
<td>6</td>
<td>60</td>
<td>1569</td>
</tr>
</tbody>
</table>

2.3.4 Kilometer Coverage and Income and Expenditure Position

The Kilometer coverage has been found to be increasing during the period under study. This is because of increase in the strength of fleet and the starting of bus services on new routes. There has been a marginal increase in the income side and fluctuating changes in the expenditure. Though the per kilometer income increased in every successive year, yet it could not overcome the per kilometer expenditure. The per kilometer expenditure kept on increasing through the period under study. HRTC incurred losses throughout as compared to per kilometer income. The overall situation can be viewed from table 2.10 as follows:
<table>
<thead>
<tr>
<th>Year</th>
<th>(-) Loss (in Rupees)</th>
<th>(-) Loss (in Lacs)</th>
<th>Income (in Rupees)</th>
<th>Income (in Lacs)</th>
<th>Expenditure (in Rupees)</th>
<th>Expenditure (in Lacs)</th>
<th>Kms.</th>
<th>Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980-81</td>
<td>0.26</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1981-82</td>
<td>0.71</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1982-83</td>
<td>0.58</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1983-84</td>
<td>0.60</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1984-85</td>
<td>0.72</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1985-86</td>
<td>0.60</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1986-87</td>
<td>0.33</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1987-88</td>
<td>0.27</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1988-89</td>
<td>0.24</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1989-90</td>
<td>0.22</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1990-91</td>
<td>0.09</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

REFERENCES


5. Ibid.


9. Ibid.


Ibid.,
