CHAPTER - IX

SUGGESTIONS FOR THE IMPROVEMENT OF PUBLIC UNDERTAKINGS IN JAMMU AND KASHMIR STATE
Suggestions for the Improvement of Public Enterprises in Jammu and Kashmir State

A critical appraisal and review of the working of the selected public enterprises in Jammu and Kashmir State, as given in the previous chapters of this study reveals that the performance of public enterprises in Jammu and Kashmir State is not at all satisfactory. In such cases, not only the installed plant capacity is lying idle but their production, marketing and sales performance have failed to bring any appreciable results because of the organizational problems, faulty recruitment and promotion policy, lack of skilled and technically trained personnel, strained management-labour-relations, too much centralisation of decision making authority, bad planning faulty budgetary system, inefficient management system, absence of sound production and marketing programmes etc. There is much scope for improving the working and operational efficiency of the public enterprises in Jammu and Kashmir, if suitable remedial measures to overcome the above mentioned problems are taken. Following are some of the suggested in order to improve the overall working of public enterprises in Jammu and Kashmir State:

(1) It is suggested that suitable amendments may be made in the Memorandum and Articles of Associations of different public
undertakings of Jammu and Kashmir State including JKI Ltd and JKM Ltd. incorporating therein suitable qualifications and experience for the members of the Board of Directors. (In any case the ratio of part-time members should not exceed 50% of the total strength of the boards. Not more than two part-time Government representatives and two per-time non-government representatives be nominated. These nominations should be based on experience in the specialised fields rather than on the position held by them in different government departments. Nomination of persons having no interest in the managerial activities of undertakings should be avoided.

(2) It is suggested that a man with brilliant record of performance as Chief Executive must be given extension even beyond the period of the term of office. The person selected for such a key post in case of both JKI Ltd and JKM Ltd. should be technical and he must be an expert in handling the problems faced by the Corporation. Specific qualifications and experience should also be prescribed for the post of Chief Executives.

There is hardly any logic in reserving the powers of sanctioning organizational set up, approval of the rules of recruitment, placement and promotions etc. by the Boards in JKI Ltd. and JKM Ltd. These are related to the day to day
administration of these public undertakings hence, it is suggested that powers should be vested in the Chief Executives of the above said public corporations of J & K State. The span of control for the Chief Executives of JKI Ltd and JKM Ltd. should also be shorter and the number of persons reporting them should also be limited so that each may get proper attention what one deserves.

(3) It is further suggested that in order to achieve optimum production, the public enterprises in J & K State should promote increased productivity and efficiency of its staff by making maximum use of the experience and talent of the employees for the general benefit of the enterprises, the employees and community as a whole.

(4) It is suggested that incentive bonus scheme be introduced. The incentive bonus scheme does not find place in its proper perspective in the public enterprises of J & K State. The introduction of the system of piece-work rating and bonus as an incentive to increase production efficiency and earning, has been widely recognised as a major objective all over the world. The following steps can be taken to implement incentive scheme in public enterprises of J & K State.
a) The management should introduce time studies of the different operations in workshops, factories, projects, mines and offices and consider suitable methods of recording the reasonable output of individuals or small groups.

b) The norms of work to be fixed in consultation with the unions of workers should be based upon the standard of reasonable efficiency of an average worker and not on the basis of the existing low efficiency standards.

c) Incentive bonus should be paid to individuals or groups of workers for extra work performed and additional production achieved comparable to the standards thus fixed. The workers interest in increased production should also be stimulated by appeal to their own interests.

d) On a similar basis the people engaged in marketing and sales at different levels should be rewarded for their outstanding performance over and above the fixed targets. This will create an urge in the employees to render the best in them and promote a very healthy competition among the employees and officers at different levels which will accelerate rate of production.

(5) Recognition of meritorious work is another most important aspect of personnel administration. Normally all employees in the
government enterprises are expected to do their work efficiently and honestly. Nevertheless, there are cases of exceptional and outstanding work done by individuals which must receive special recognition with the grant of honoraria, letter of appreciation, prizes or medals.

In a similar manner, successful efforts of officers to raise the standard of operational efficiency and to root out corruption and their good work and sense of public duty should be considered as one of the qualifications for accelerated promotion. Further, if somebody does any meritorious work, his name may be mentioned in the Annual Reports and he should be suitably rewarded.

(6) The public enterprises in J & K State should introduce scheme of offering awards for valuable suggestions or inventions with a view to providing opportunities to members of the staff to demonstrate or explain their inventive ideas which will lead to vital economies in the production process, sales or efficient functioning of the enterprises or which will help in effecting major savings in any field of operation.

(7) Besides there should be a separate suggestions committee both in the field offices and head offices of these public undertakings in J & K State. The committees should consist of
senior and experienced technical officers which should meet periodically and review the suggestions coming from the employees at different levels. In order to ensure better results this scheme may be made attractive by promoting those who are highly active in making valuable suggestions. Some non-official members and representatives of the labour should also be co-opted in the suggestions committee. This will ensure impartiality. This scheme should be publicised on a wide scale so that it becomes popular among the employees of public enterprises in Jammu and Kashmir State.

(8) A healthy competition among different departments of an enterprise and also among different public enterprises of J & K State should be encouraged. By introducing special prizes in the form of shield or cup which may be awarded annually to a particular department of an enterprise or to some industrial unit of the corporation for the best performance.

Further, the Public Undertakings recording best performance should also merit this prize from the government of J & K State. This will boost competitive spirit among different departments or enterprises and yield better results.

(9) It is suggested to follow a psychological approach towards staff. In order to get maximum out of workers, psychological
approach is very necessary. For an efficient and economic working, an organization requires humanistic concept of management as opposed to mechanistic approach so that even the humblest worker is made to feel that his work is important and this develops interest in the work he is doing. It is not enough that the employee derives his wages for the services rendered and that he has no more interest in the enterprise in which he is working. He must be made conscious of the respect of he deserves and should be made to realize that he is the kingpin on which the success of the enterprise rests and that efficient performance of his day to day work is not only in the interest of the industry and enterprise but also in his own interest. His work be appreciated and his personal problems should be looked with sympathy and be given sympathetic considerations by the officers. If his self respect is boosted and if his interests is stimulated in the work he is doing, it makes a very big difference.

(10) The existing recruitment policy must be reoriented to meet the special needs of the public enterprise in J & K State. Following measures are being suggested in this direction:

a) **Deputationists Must Go**

The public enterprises in the state should be free from the deputationists officers of central or state government. The
The loyalty and inspiration of the officers who are on deputation does not lie in these public undertakings or projects but in their parent organizations. Besides, the officers on deputation take very little interest in the operation and working of these state public enterprises. Such officers just want to pass the period for which they are appointed on deputation. Thus, mostly they do not play active role in the overall functioning of these state public undertakings. Again, they do not possess technical qualifications which the enterprise badly need. If some of them do possess these qualifications. They must merge their identity and future with these public undertakings. This will give them a sense of belonging and dedication and make them accountable to these state public undertakings for their performance. They must give their best to make the enterprise a success or else they should quite with the deplorable state of performance of these enterprises.

b) **Scientific Recruitment Policy**

A scientific recruitment policy should be formulated at all levels whether for the top managerial officers or people at middle and low management level. While making recruitments, the candidates should be given aptitude tests, psychological tests, group discussions tests and finally viva-voce test. Only suitable candidates possessing required qualification depending upon the
nature of job with technically qualifications and training be recruited. There should not be any condition viz permanent residence requirement or state subject of J & K State. While recruitment for technical wings in the factories/projects/plants etc. of these state public undertakings is made. Technically trained persons and experts in the field should be recruited from out of the state as well, even on contract basis. But at the same time the local possessing basic minimum qualifications required for the job should be preferred.

Further there should be a separate Industrial Services Commission at the state level. This commission should be a high powered body of competent professional and technical experts and public men who will select right type of personnel for the state public enterprises to the level of general managers and the engineers, shift supervisors, foremen, and marketing managers, Sales Officers etc.

This commission will be able to follow an integrated, coordinated and uniform procedure of recruitment and eliminate all chances of corruption, favouratism and neposism etc. For the engagement of the labour force and filling of the posts in the lower cadres, priority should be given to local people and attempt should be not be made to import people for such lower posts from outside the state.
Similarly, there is need for sound and rational promotion policy in the public undertakings of J & K State. The development of satisfactory promotion policy is a matter of great importance, as both the maintenance of efficiency and improvement of moral depend to a great extent on it. This must provide reasonable avenues of promotion to the existing employees at reasonable intervals and it should also enable the management to select qualified employees and promote them to reasonable positions. Merit, qualification, experience and performance alone should form the basis of promotion. Complete impartiality should be maintained while considering cases of promotion. Confidential reports should not be given too much weightage because these have ceased to reveal a correct personality of the employee reported on. Much now depends on fancies, likes and dislikes of the writer of the report. Many personal factors also influence writing of these reports which have lost their earlier sanctity and credibility. In the absence of promotions at reasonable time, the flight of trained hands from one industry to other is encouraged which is quite a dangerous phenomenon and must be checked.

Apart from scientific recruitment and promotion policy and a separate Industrial Service Commission, there is also need for scientific training methods and training institutes for imparting training to the recruits of public undertakings in J & K State.
Industrial management to day requires a thorough knowledge of economies, finance, accountancy, psychology, marketing and sales. For technical jobs also, there is need of fully qualified and trained engineers and technicians on whom the successful operation of the plants/factories depends etc. This calls for an efficient system of training of the personnel in different fields of management. Thus, there should be such training institutes and management institutes in J & K State which could impart training to the new recruits and other employees of public undertakings in J & K State as well as like that of the training Institutes that are functioning at national level viz., Indian Institute of Management, Calcutta or Ahmedabad, Similarly Administrative Staff College has been established by the Central Government at Hyderabad which provides useful training in administration and management. Thus such institutes should be also be established in J & K State.

The public enterprises in J & K State should also organize management courses and there should be separate Research Centre of Public Enterprises in the state. The State Public enterprises should recruit officers trained in modern methods of management in different fields. They send their in service officers to attend courses in the country, if not available in the state, they should send their in service officers to attend courses in such institutions in the country if these are not available in the state.
(13) It is further suggested that the authority should be decentralized. Although, there had been delegation of power in public enterprises of J & K State, yet the extent of participation of the officers in the field is very little. Board of Directors is the supreme decision making body. Thus decisions are imposed from above. The officers or managers in the field offices know better than those sitting in the headquarters about the problems being faced by these public enterprises. Since, they are well informed and have first rate knowledge about the functioning of the industrial units and about the nature of demands and problems of the workers, the extent of their participation in the decision making process should be increased. Powers should be delegated to them to enable them to take independent decision pertaining to the affairs of the units. Delays became the normal routine feature of decision processes resulting in bad performance. Such delays had attributed to low production many times in public enterprises of J & K State. Thus there should be more delegation of powers and decentralization of authority in public enterprises of J & K State.

(14) Besides there should be participation of employees in decision making process. It has now been accepted with a greater degree of confidence, both in the private and public sector industries that if administrative efficiency, economy and discipline and resultant higher productivity are to be obtained,
the employees need to be associated in the decision makings on all important issues of the enterprises. This will give a sense of belonging to the employees and whatever decisions are taken by these high powered committees where employees are fully represented, will be respected and implemented whole-heartedly by the members of the staff. The trivial matters creating bigger labour and staff problems later on could be sorted out fruitfully through such staff councils. Staff meetings should be regular and frequent. The members of the staff should be encouraged to express their feelings freely. The manager of the industrial units should try to lead their units to a group discussion on any matter which affects general policy rather reserve this prerogative to himself. Unfortunately, even managers of the units of these selected public undertakings of J & K State are also not given such prerogatives because they are delegated very limited power. Thus they should also be given prerogatives but at the same time employees suggestions for improvement should also be invited. Serious group problems of discipline should be discussed frequently and openly with the groups of concerned employees in an attempt to obtain in case of difficulty.

(15) Similarly, welfare facilities should be provided to the staff of public enterprises of J & K State. These welfare facilities include provision of staff quarters, medical and recreation
facilities, sports, setting up of cooperative stores and providing holiday homes etc. Such facilities contributed to morale and motivation of the employees. Arrangements for staff welfare facilities should be made in public enterprises of Jammu and Kashmir State, to improve the morale and motivation of the employees.

(16) It is also suggested that a sound and scientific budgetary systems should be adopted. There should be a special budget committee and budget director for public undertakings in J & K State. The budget committee should be constituted to decide the general policies and guidelines, to disseminate the guidelines, to receive and review individual budget estimates, to reconcile divergent reviews for resolving the differences, to offer technical advice to coordinate the separate budgets prepared by various organizational units. There should also be a special budget organization with a director. But budget should be prepared with the involvement of operating staff. To be a successful venture the budgeting planning be decentralized.

(17) Budget in fact should be viewed as embodying a programme of action which enables those who are responsible for the use of resources to project their ideas into realizable actions in the future, and concurrently to look back and review actual performance
and progress as compared to promise and intentions. It should not be looked upon merely as device for obtaining funds and as an instrument of control over those who are authorized to spend.

There should be an appropriate marketing and sales organization attached to each enterprise equipped with adequately trained personnel for the purpose. This will establish direct contact with the consumers of the product and eliminate the middle man. In bigger industrial units viz., Kashmir Filatures or Government Rosin & Turpentine Factory Miransahib Jammu, there should be a full fledged market research department which will conduct necessary research and make extensive surveys in the matter of wider sale of product and explore new markets, both within and outside the state and finally all the efforts should be made for to full utilization of the plant capacity.

Further, these public undertakings should prepare comprehensive budgets to cover the entire organization and inter-alia the following range of budgeting activities:

a) Production Estimates
b) Sales Estimates
c) Cost of Production Budget with its necessary sub-division, e.g. material purchase estimates, labour and personnel estimates, overheads estimates, plant maintenance estimate etc.
d) Manpower Budget
e) Research & Development Estimates
f) Capital Expenditure Budget
g) Profit and Loss Estimates
h) Cash Flow Estimate
i) Capital Employed: Budget fixed and working Capital.

The comparison of performance data with budget estimates should be undertaken periodically during the period of a budget. Expenditure budgets in general should be reviewed at least twice a year to enable the management to obtain some mid-year information as to how expenditure is fairing so that they may take correctives as steps where necessary at the time of the expiry of the year.

Similarly monthly reviews should be undertaken of sales, production consumption and field figures at each plant and industrial units. Profits and loss accounts and balance sheets as well as cost statement should be also be prepared every month.

(18) It is further suggested that for efficient production and realisation of targets, targets should be fixed judiciously. The causes of variances in actuals and targets should be carefully analysed and impediments should be removed. In order to judge the efficiency of these corporations, the management of the said
corporations of the J & K State should not conceal the publication of figures of annual targets and their realisation in their annual reports in future. The planning of production and operational schedule should be prepared keeping in view the maximum capacity utilization and these should be time-bound. Proper attention should be paid to check the frequent breakdown of machinery and equipments and to procure sufficient internal and external orders for the products.

(19) It is also suggested that efforts should be made to standardise the audit rules and a standard accounts manual should be prepared by the selected public undertakings of J & K State. The internal audit of these public corporations should normally precede the statutory audit and it should be completed by the end of the year.

(20) Finally, for an effective legislative control, it is suggested that the annual reports of the public undertakings of J & K State should be discussed in the state legislature and time for that should be allotted in the schedule of the legislature. The public enterprises of J & K State including JKI Ltd. and JKM Ltd. should be directed to submit their annual reports in time in an approved form stating therein detail information regarding quality and quantity of products, costs, capacity utilization
comparative performance, future plans and past operations etc.

Thus these are some of the remedial measures which if properly implemented can overcome the problems with regard to the administrative management of public enterprises in J & K State. It is hoped that if implemented will improve the overall functioning and operational efficiency of public undertakings of Jammu and Kashmir State.