CHAPTER - V

CONCLUSIONS, FINDINGS AND SUGGESTIONS
Conclusions, Findings and Suggestions:

In this research study, an attempt was made to study and evaluate the managerial problems of the SLPEs of Assam in the textile sector during the period of 1982 to 1992. The study focused on the organisational structures and management patterns and covered the objectives, policies and projects of these enterprises. The present textile scenario in Assam as well as in the country has been analysed. Moreover, the study reviewed the performance of these textile enterprises in the Public Sector, so as to identify and analyse the problems and constraints faced by them in the efficient management of their enterprises. Further, to identify and study the problems relating to the management of the SLPEs of Assam in the textile sector, some hypothesis were taken which have been either proved or disproved in the subsequent chapters.

In Chapter I, the need for Public Enterprises, role of Public Enterprises in the economy of Assam and the origin and growth of the Public Enterprises of Assam was outlined. It was revealed that the Public Sector Undertakings, under the Government of Assam, have grown in numbers and size and have diversified their activities in different trade, business, manufacturing and service sector industries during the last few decades.

Out of the 48 Public Enterprises of Assam in 1990-91, 7 Enterprises exist in the textile sector alone. An outline and background of all these seven textile enterprises was provided. It was revealed that the performance of these textile
enterprises has been far from satisfactory. Several problems were identified for the poor performance of these enterprises.

It was seen that the poor performance of the mills has been due to a number of factors - some of which are beyond the control of the management of the enterprises (and hence termed as External Problems), some which are controllable (and hence termed as Internal Problems) and some of which are partially controllable.

From the discussion in this Chapter, it was also felt that inspite of all the problems faced by the SLPEs in the textile sector, they are still highly viable and attractive. The Chapter concluded with the view that given the support of the government and the dedication of the management, there is no reason why these mills cannot be made profit centres for the state.

The Second Chapter dealt with the Organisation and Pattern of Management of the major Public Sector Undertakings in the textile sector. A description of these textile enterprises was provided, along with their background, Objectives, Administrative Departments, Extent of fulfilment of Objectives, Capital Structures, Installed Capacities, Capacity Utilisations, Physical Performances, Employment and their Status of Accounts. The Organisational Structure of an Enterprise is of crucial importance in the efficient management of the enterprise. A constraint which is peculiar to the Public Sector and acts as an important bottleneck to better performance arise out of their Organisational Structures. The basic components of this constraint are - restrictive
managerial control, bureaucratic management structure and lack of delegation of power and authority. While reviewing the Organisational Structure of the Public Enterprises under the government of Assam, in the textile sector, it was seen that these Enterprises were formed under two distinct types of Organisational Structures, namely - the Co-Operative Society form and the Government Company form. It was also stated that due to the absence of a genuine and successful co-operative movement in Assam, these Co-Operative Societies are treated as SLPEs. In order to undertake a detailed study of these two Organisational Forms, the two largest Enterprises (in terms of their Authorised as well as their Paid-Up Capital) were chosen for study.

An analysis of the Organisational Structures of both these Enterprises, reveals that ASTCL (chosen as the largest Government Company) faces the following drawbacks in its Organisational Structure -

1. Roles of the personnel of the Company and their responsibilities are not clearly defined;
2. Objectives and targets of the personnel of the mill are not specified clearly;
3. Authority in many cases is not clearly defined, leading to confusion and overlapping of roles creating demotivation and dissatisfaction among employees and malfunctioning of the Company;
4. Functioning of the Mill is very centralised. The Managing Director is the sole decision-making power in the decision-making process;
5. The Channel and Process of decision-making in the organisation is very long and time consuming, resulting in delay in decision-making. The organisation structure does not help in fast decision-making;

6. In formulating the Organisational Structure, effective Job Evaluation and Analysis had not been carried out. Except for the Shop Floor level workers, no job description exists for the other personnel of the organisation;

7. The Organisational Structure does not help in the effective communication within the Company;

8. Due to the Organisational Structure, an information gap exist between the Head-Office and the Factory Site;

9. Finally, competent standards or techniques for selection of personnel for manning the Organisational Chart have not been developed.

Similarly, the Organisational Chart of APO L reveals that the working relationship is such that it is likely to create resistance, rift and interpersonal relations problems, affecting organisational working. For example, in the Civil Department, under the Project Manager, the Junior Engineer, Site Assistant and Field Assistant exist in the same hierarchy, even when normally the Site Assistant and Field Assistant have to work under the supervision and guidance of the Junior Engineer. Again in a Composite Mill, it is always better to have a Centralised Accounts Officer, and not the Departmental Accounts Officers, as exists in the Organisational Structure of APOL. Also, it is seen from the Organisational Structure of APOL, that some personnel suffer from duality of command.
violating the principle of a good organisation. For example, the Assistant Manager (Marketing) and Assistant Manager (Materials) receive orders from the Project Manager as well as Director (Production). This corporate idea of having a number of positions for the same job to be done is likely to give rise to numerous problems and will dilute the accountability and responsibility of all these executives.

This proves the hypothesis in the case of both the Organisational Structures, namely the Government Company form as well as the Co-Operative Society form, that the organisational structures of these enterprises have serious limitations.

Here, in this context, it may be recommended that in case of Functional based organisational structures like ASTCL, as far as Staff Departments are concerned, Matrix Organisational Structure should be adopted. In this way, the staff employees in the Production units can work under the control of the Production Head and many continue to receive broad guidelines from their parent Functional Departmental Heads. This will improve the functioning of the Enterprises leading to increased efficiency and productivity.

Similarly, in the case of APOL, it is suggested that to make the Society more effective, all the three Departments - Spinning, Weaving and Processing, with the same hierarchical relation, should be under the Director (Production) and the
Engineering personnel could be attached under the Spinning, Weaving and Processing Managers to speed up the routine defaults and breakdowns in the respective departments.

In the Second Chapter a review was also done of the Board of Directors (BOD) of these Public Enterprises in the textile sector. The review revealed that in case of APOL, the Society is headed by an experienced and capable Board, consisting of 12 members, with many of the members having technical background. Moreover, the members of this Board has personal stake in the successful functioning of the Society. The members of the Board of Directors of APOL are not only component and experienced, but are also fully involved in the day-to-day activities of the Society (as many of them are fully employed in APOL itself) and have full intimate knowledge about the functioning of the Society. Moreover, their personal stake in the successful functioning of the Society, make them spend a lot of time and effort for the well being of the Society.

In case of ASTCL, (Company Form of Organisational Structure), the Board of Directors is headed by a Chairman who is essentially a political nominee, nominated by the Government of Assam. Other members of the Board, consisting of 8 Directors, are part-time members only. The Managing Director is nominated from the Civil Service and the other Directors are nominated by the government of Assam. Hence the influence of the ruling party is very much felt in this Policy Making Board. Thus, in the case of Company Form of Organisational Structure, the hypothesis that the management pattern of these enterprises have serious limitations is proved, whereas in the case of the Co-Operative Form, this hypothesis is rejected.
As far as Control of these Enterprises is concerned, it can be stated that since both ASTCL and APOL are Public Enterprises under the government of Assam, thus they come under the direct control of the state government. The government of Assam exercises the Entrepreneurial, Promotional, Regulatory and Planning role in these enterprises. The working of these enterprises reflect the Government’s policy and plans regarding Public Sector textile mills. The top management of these enterprises merely implement the Government’s policies.

In the Second Chapter itself, an evaluation was done about the Objectives, Policies and Projects of these enterprises. It was explained as to how the national goals are translated into objectives for the Public Enterprises by the Central or the State government, as the case may be. The Objectives set for the seven textile enterprises, by the Government of Assam were stated and those for ASTCL and APOL were evaluated. Public Enterprises were established with certain Socio-Economic Objectives and the evaluation of their performance should be done in terms of whether or not the enterprise fulfils those Objectives. Thus, apart from profitability, another basic criterion in their evaluation is whether the enterprises have fulfilled the Objectives listed in their Memorandum of Association. It was seen that the Objectives set for APOL are not clearly defined, nor are they specific. Neither Financial, Physical, Production or Marketing objectives are well-defined, so that the performance of the Society cannot be compared to its achievements in numerical terms. Similarly, the Society does not seem to have formulated any policies regarding many of its activities, namely, the Dividend policy of the Society has
not been clearly stated, product and sales promotion policies are lacking, nor is there any objectives or policies regarding turnover, Rate Of Return, etc.

Similarly, in the case of ASTCL also, it is seen that the very basic objective of accelerating or strengthening the industrial development in the textile sector of Assam, could not be translated into Projects to be developed, due to the lack of clear, well-defined and specific objectives and policies. Moreover, the frequent time overrun and consequently cost overrun in its projects can be attributed to a lack of specified time period in its Objectives. Moreover, all the Objectives of the Company relates to Production. Objectives relating to Marketing, Finance and Personnel Management areas have been completely ignored by the enterprise. It is also seen that due to the failure of the Company to frame specific Marketing Policies resulting in poor Marketing Strategies, its fabric 'MANAS' which had to be withdrawn from the market. The Objectives of the Company also fails to indicate how finances shall be generated for the activities of the company. This weakness in its Objectives is also reflected in its poor utilisation of installed capacity. No networking is possible to provide for an internal strength for the close associative working of different departments of the enterprise which is reflected in the poor performance of the Company.

Thus, the hypothesis that the Objectives and Policies of these enterprises are not specific is proved in this Chapter.

In this context, it is recommended that the Board of Directors
of these Enterprises should look into the Socio-Economic Mission and the National Goals which were taken into consideration for setting up the Enterprises, while formulating specific and well-defined objectives for the Enterprises. Whereas the top management should be involved in deciding the long range and strategic overall objectives for the organisation, the Middle Level Managers should develop objectives for key result areas and their own individual Departmental objectives. Lower level Managers should consider developing Divisional and their own individual Objectives. In fact, the Objectives should follow a network structure in terms of the programmes they should follow. A clear cut policy guideline, goals, targets and specific objectives should be outlined by the State Government, for the SLPEs.

In the Third Chapter, a Review of the Performance of these enterprises in the textile sector was done. This Review was done at two levels. In the first level, the Financial Performance of all the seven State Public Enterprises in the textile sector was reviewed. It has been shown that out of these seven enterprises, five are incurring losses and two enterprises are yet to start commercial production, even after more than a decade of their installation and commissioning. This proves the hypothesis that the financial performance of these enterprises have not been satisfactory.

In this context, it can be suggested that these SLPEs in textile sector, should work out the financial yardsticks with which to assess their performance. Otherwise the lack of any
standards to measure their financial performance will cloud their commercial efficiency. A strong feeling is evinced by policy-makers, administrators and researchers to assess the performance of Public Enterprises in terms of the Rate Of Return. There is no agreement about the percentage of Rate Of Return that Public Enterprises should earn on their investment. However, the current opinion is that they should earn at least the opportunity cost of their investment. The Round Table Conference of the then Prime Minister in 1967 had decided that Public Enterprises in India should earn a Rate Of Return of at least 12% per annum.

In the second level, a Review of the Work Performance of the enterprises was done in the four Managerial functions of Personnel Management, Marketing Management, Financial Management and Production Management. The responses to the questionnaire which was designed to collect data from these enterprises, during the survey, were also analysed. This questionnaire consisted of three parts - Part I was designed to collect Quantitative Data about the various activities and functions of the enterprises. Part II consisted of two components - a Structured Component which contained twenty problems had to be ranked by the respondants by stating whether the problem highly exists, somewhat exists or does not exist in the organisation.

However, it was felt that the structure of these problems could be biased by the researcher’s perception of the problems of the SLPEs known beforehand, and hence many problems could have been

inadvertently left out. Thus, the Second Component in Part II of the Questionnaire contained an Open-Ended question, wherein respondents were requested to list three important drawbacks in the efficient management of their enterprises, irrespective of whether they are included in the Structured Component or not. Part III consists of open-ended questions to be filled up during the Interview with the respondents, regarding the four functional areas of management under review.

During the review of these four managerial functions in these enterprises, it was revealed that all these functions consist of serious problems and constraints, which has been tabulated and discussed in Chapter Four, and they have greatly hampered the working and performance of these enterprises. This again proves the hypothesis that the work performance of these enterprises have not been satisfactory.

In the Fourth Chapter, the problems and constraints relating to the working of these enterprises, identified in the previous chapter has been tabulated, analysed and summarised. The problems identified has been distinguished between Internal Problems and External Problems. Internal Problems are those which relate to the internal environment of the enterprises and are hence within the control of the management of these individual enterprises. External problems relate to the environment outside the enterprise and hence are not controllable by the management of these enterprises.

These problems and constraints which exists in these enterprises are summerised in the next page -
CO-OPERATIVE STRUCTURE (APOL)

INTERNAL PROBLEMS

A) Personnel Management Problems
1. Absenteeism among workers;
2. Lack of professionalism among employees;
3. Interference of Unions;
4. Dearth of technical personnel.

B) Marketing Management Problems
-no serious problem.

C) Financial Management Problems
1. Working Capital management problem;
2. High Over-Head cost.

D) Production Management Problems
1. Low capacity utilisation.

EXTERNAL PROBLEMS

Production Management Problems
1. Shortage of Raw-Materials (Viscose);
2. Irregular, Erratic and Inadequate power supply.

GOVERNMENT COMPANY STRUCTURE (ASTCL)

INTERNAL PROBLEMS

A) Personnel Management Problems
1. Absenteeism among workers;
2. Lack of an industrial culture among workers.

B) Marketing Management Problems
1. Lack of a professional marketing approach.

D) Production Management Problems
1. Low capacity utilisation.

E) General Management Problem
1. Lack of a good managerial process and system.

EXTERNAL PROBLEMS

Political Problems
1. Deputation from the Civil Services ;
2. Political Interference

Production Management Problems
1. Shortage of Raw-Materials (Viscose) ;
2. Irregular, erratic and inadequate power supply.

This proves the Hypothesis that the Management of these enterprises have to function under serious internal and external constraints which affect their performance.

Recommendations for the minimisation of these problems

A) Personnel Management Problems —
1. Absenteeism among workers — In the case of the Spinning Mills of Assam, it was seen that most of the workers were fresh recruits taken directly from local places and not accustomed to the industrial culture of working in any production unit continuously over a long period of time. They are also not accustomed to working in the night shifts. As a consequence, it was seen that in the initial phases of the Mills, the
average absenteeism was about 30%, despite pay cuts, disciplinary proceedings, termination of services, etc. Since the Spinning Mills are not in close proximity to each other, hence, it has not been possible to introduce the 'Badlee' system wherein this immediate short-fall of labour complement can be made up by engaging other workers on ad-hoc basis.

It is suggested that in order to minimise the problem of absenteeism among workers, a sense of belongingness and dedication should be cultivated in the workers along with an orientation towards efficient and productive industrial work culture. Such a feeling need to be inbibed through workers active participation in management, frequent constructive discussions, engagement of workers as teams in different jobs, providing incentives through merit-cum-efficiency evaluation. Together with this, it is suggested that the existing disciplinary rules of the government needs to be reviewed. Some quick exemplary steps in punishing a few bad elements of the organisation may lead to sincere involvement of other employees.

2. It is suggested that the problems of lack of professionalism among employees in APOL; lack of an industrial culture among workers in ASTCL; and dearth of technical personnel in APOL, can be solved through proper workers-orientation and training. Training of workers in their specific fields, exposing them to professional work-situations and giving them an opportunity to experience the industrial culture in professionally managed private companies like Reliance, can help in their reorinetation to infuse professionalism in their jobs. However.
this should be a continuous process and not an isolated affair.

In the conditions prevailing in Assam, the need for training in another field is of great importance. This is in the technical field, specially for Shop-Floor workers of the Mills. In the private sector, this is generally taken care of by the large Industrial Houses themselves. The Central Public Sector giants like SAIL, OIL, BHEL, etc too have their own training departments with technical schools for In-House training of their technical people. The SLPEs in the textile sector of Assam are too tiny to have their own technical training departments. It appears that the Polytechnics of Assam are also not geared to serve this purpose for the textile sector. Hence, it is recommended that these enterprises should formulate specific and well-defined long-term training policies, identify training Institutions of national repute and formulate a training budget for sending their technical people regularly and continuously batch-wise for training outside the state. In the textile industry, where job specifications are man-machine oriented and repetitive in nature, productivity of workers is a crucial factor. It needs to be stressed here that "work culture and work ethics could be considered as the dominating factor affecting productivity".

Moreover, with regard to the shortage of technical manpower in the textile industry, it is recommended that the government take a very close look at the pay-scales for certain technical posts of critical nature. Seeing the present level of skilled

manpower available in the region, these enterprises may have to recruit selected technical personnel in the Middle and Senior Management Levels from outside the region. In order to attract persons of good calibre and expertise and to avoid discarded personnel coming into the region, it is essential that the remunerations to these personnel is really attractive.

The then Secretary to the government of Assam, Department of Public Enterprises, had also remarked thus, 'Public Enterprises in many cases are facing shortage of technical and managerial personnel. With a view to solve some of these problems, the Public Enterprise Department requested all Public Enterprises to submit details of their Executive Staff positions. The idea was to compile a Data Bank of available manpower and determine the requirements of additional manpower in crucial areas so as to make up the shortage through training and central recruitment, if found necessary. Very few Public Enterprises have responded to the request though this is an area of crucial importance'.

Thus, it is suggested to APOL and ASTCL and all other enterprises in the textile sector, under the government of Assam, that they take the help being provided by the Department of Public Enterprises, to solve their problems in this regard.

In this connection, the action initiated by APOL to solve the problem of shortage of textile technologists in this region, is worth mentioning. APOL, jointly with the Assam Textile

Institute, has initiated a drive to open a branch of the Textile Association (India), to not only help in producing textile professionals for this region, but also to uplift the textile culture of the state, in due course of time.

3. **Interference of Unions** - Another problem stated by APOL is the interference of Unions. To understand this problem of APOL, first it is important to understand the workers of APOL are also members or shareholders of the Society. Hence they may have a misplaced sense of belonging to the Society, and demonstrate it by interfering in the day-to-day activities of the Society. In this connection, it is suggested that the employees of APOL and specially the members of the Union, be informed through proper guidance and orientation programmes, that the management of the Society is working for the welfare of the Society, and their interference in the affairs of the Society, will only adversely affect the enterprise's profitability to which they also are also entitled. Along with this strict discipline enforced by the Mill management, it is felt, should minimise this problem to a great extent.

B) **Marketing Management Problems**

1. **Lack of a professional marketing approach** - The textile enterprises of Assam face tough competition from their national as well as local counterparts in the private sector. Hence, efficient and effective marketing efforts are needed for corporate success and for improving enterprise performance. At present, there is a growing awareness in the government that better sales promotion and co-ordinated marketing effort can help resolve many of the difficulties being faced by these
enterprises. It is suggested that in order to infuse professionalism into the marketing function of these enterprises, they should undertake a series of carefully integrated and well co-ordinated measures to stimulate market demand in the North East; in the national market and also to build up overseas market, as APOL has tried to do. It is also suggested that the government of Assam should request the private sector to loan Senior Marketing Professionals for a few years, to build up the marketing function in these enterprises. Together with it, the state government should create a post of the Chief Marketing Officer in the pay scale of a higher level in order to attract suitably qualified and experienced professionals and to give the post a sufficiently high status. Market studies should be undertaken in such a manner that a comparative advantage / disadvantage chart be made which will be a guideline for the enterprise at the project preparation itself, whereby, it can compete with the Companies who are already existing in that market. This Market Study should cover transportation costs, local taxes, state / central taxes, etc. Professionalism in marketing will come only when these enterprises recognise the importance of the marketing function in their enterprises.

C) Financial Management Problems -

1. Working Capital Management Problem - In this case, the problem stated by the then Managing Director of Assam State Textile Corporation Ltd. at a Conference Cum Workshop of Chief Executives of SLPEs, in June 1988, may have some relevance. He stated that "A loss making enterprise should be
subjected to close monitoring at frequent intervals both by the Administrative Department and the Public Enterprise Department and whenever a case is made out that losses are occurring due to factors beyond the control of the enterprises, either due to the policy of the State Government or the Government of India or market forces, immediate steps for stemming erosion of capital have to be taken. These steps may include injection of cash or by any other means, so that the vicious circle of inadequacy of capital leading to greater losses which leads to further erosion of capital, does not occur.

In the same Conference, the General Manager (Planning) of State Bank of India, Local Head Officer, Guwahati, stated that "The capacity of an unit to raise Working Capital finance depends on its ability to provide margin, which is the result of the structure of its capital and long-term liabilities. If such margin is forthcoming, a commercial bank has no problem of financing Working Capital assets, based on the industry norms. Problems arise when either the margin is not there or the norms are not adhered to. To provide the necessary margin, it is necessary to rectify the imbalance on capital and long term debt. To ensure compliance with norms, it is necessary to improve management of current assets. If the problems of long-term finance and current asset management are sought to be solved by raising higher Working Capital loan, this will be detrimental to the financial health of the unit. One must guard against such easy solutions, otherwise, one will be unwittingly contributing to the sickness of the unit right from the beginning".

1. Ibid
2. **High Overhead Costs** - For solving the problem of high Overhead cost, a constant vigil of the management of the enterprise on its operating expenses is of utmost importance. This can be done by means of a continuous monitoring of the working of the enterprise. In this context, it is recommended that there should be a regular examination and analysis of the operating expenses of the enterprise with reference to budget estimates. Such an analysis should be made fortnightly by the Production Department. The Board of Management should also monitor such expenses to have a comprehensive knowledge about which Overhead cost is mounting and what remedial action is needed and is taken to control costs. For an industry to survive, cost consciousness should not only begin at the time it goes into production, but should start from the day the Letter of Intent for establishing the industry is obtained.

D) **Production Management Problems**

**Low Capacity Utilisation** - In a capital-starved country, the importance of the fullest possible utilisation of capacity can hardly be overemphasised. This is necessary not only to ensure optimum utilisation of the scarce resources that have already been invested in the industry, but also to create new capital for further development. In the textile industry, it is an well-established norm that in order that a Spinning Mill break even, it should operate on a minimum of 2 1/2 shifts. This is again not possible due to the lack of technical manpower. Apart from low productivity of workers, the two other important causes for low capacity utilisation are scarcity of viscose and
erratic and inadequate power supply. When efforts are made to overcome these problems, either by putting into effect the recommendations provided in this research study, or through any other means, the problem of low capacity utilisation in the Mills will simultaneously be solved.

E) General Management Problem

Lack of a good Managerial Process and System - In fact, it can be stated that all the managerial problems existing in the Mills, and those which have been discussed in this research study, has arisen due to the fact that there is a lack of good managerial process and system in all the Mills. Thus, when efforts are made to overcome these problems through the establishment of scientifically based standardised managerial procedures, this problem of the lack of a good managerial process and system can be overcome. Or stated in other words, when the Enterprises strive to establish sound managerial process and system, all the related problems of the Mills, which have arisen due to the lack of a good managerial process and system, can be overcome.

EXTERNAL PROBLEMS

Production Management Problems

1. Shortage of Raw-Materials (Viscose) - The two basic raw-materials being used in the synthetic textile spinning mills of Assam are Viscose Staple Fibre (VSF) and Polyester Staple Fibre (PSF). These spinning mills have been set up primarily as
down-stream industries to utilise the PSF which is manufactured by BRPL. However, the other raw material VSF is in short supply all over the country. Hence in an industry which has a very marginal profit level, these spinning mills face a great cost disadvantage due to the scarcity of this raw-material.

In fact, if the whole textile scenario of Assam is taken into account, the two main crippling problems appear to be the shortage of power-supply and the scarcity of raw-materials. In case of natural fibres, the raw material cotton is not produced locally and has to be procured from outside the region. Also, cotton textile industry in India faces recession very often. Similarly, for the Silk Mills, though the Assam silk is produced locally, due to lack of concentrated efforts, this raw-material too is also slowly becoming scarce. Moreover, often fabrics made out of silk becomes too expensive for the common man to use. Hence when BRPL announced the production of 30,000 MT of polyester fibre, the government of Assam started establishing numerous spinning mills in the state, as down-stream industries of the BRPL. However, what was not taken into account was that polyester fibre cannot be used on its own due to many difficulties and has to be blended with other fibres, the most suitable being Viscose Staple Fibre. Viscose, which is in acute shortage in the country, is produced mainly by two companies in India—The Grasim Industries owned by the Birlas produces the lion’s share while the South India’s Viscose of Coimbatore produces the rest. The Birla plant is located at Nagda in Madhya Pradesh, while the production of the South Indian Viscose is not sufficient even to meet the demand of the
Southern region. To solve this problem, some of these textile mills of Assam started substituting acrylic fibre for viscose and used it with polyester, but according to reports available from the Mills, specially from Assam Syntex Ltd. and Assam Polytex Ltd. due to this substitution, a number of machines were damaged and cases of tuberculosis among the workers were detected. Moreover, the whole effort proved unremunerative due to lower job charge received and the mills had to incur substantial financial losses. In this connection, the efforts made by APOL to solve this problem is really comendable. APOL changed its raw material ratio from 48% PSF and 52% VSF to 65% polyester and 35% viscose. More recently, this polyester content has been increased to 75%. This change has enabled APOL to produce more yarn with the same amount of viscose. Perhaps the other mills can also think of a solution to this problem in this line.

2. Irregular, erratic and inadequate power supply - Nearly all the spinning mills of Assam are suffering tremendously on account of production loss due to power disruptions. ASTCL has suffered a total production loss of nearly Rs 1.10 crore since commercial production. Assam Syntex Ltd. has also suffered a production loss of nearly Rs 1 crore on account of power disruptions. Similarly, Assam Polytex Ltd. has suffered a production loss of Rs 30 lakhs even before going into commercial production. APOL has also suffered losses running into crores of rupees as evident from the Chairman's Speech at the General Meetings year after year. It is very difficult for these spinning mills to absorb such financial losses specially
at the initial phase of their operation. In this connection, a recommendation may be made about Captive Generating Sets. However, the cost of diesel generated power may be higher than the subsidised power tariff being availed by these spinning mills. Hence it is suggested that the government should seriously think of giving some subsidy for this generated power also. It may also be feasible to have separate industrial grids for power intensive industries. It is recommended that in order to solve this critical problem which is crippling the spinning mills of Assam, and which is beyond the control of the individual management of these textile enterprises, the state government, in consultation with ASEB, should come up with some answer like separate industrial grids.

Political Problems

1. Deputation of personnel from the Civil Service -

The practice of appointing Civil Servants to managerial positions and also ad hocism in appointing Chairman and Managing Directors should be discontinued in the interest of giving a touch of professionalism in the functioning of the enterprise and ensuring continuity as also accountability on the part of the top managerial personnel. To the extent possible, the SLPEs should develop their own management cadres by identifying talented people from the Middle and the Lower Levels of Management and train them up in management so that they are able to take up responsible management positions in due course of time.
Moreover, it is recommended that the Government of India should think of starting an Indian Management Service in line with the Indian Administrative Service (IAS), for heading the Central as well as the SLPEs, specially for those operating industries under them. Similarly, for minimising the dysfunctional effect of the short term tenure of the Managing Directors in ASTCL, it is suggested that competent second line officers can be developed by the Mill, who can, despite any changes at the top, carry on the functioning of the enterprise with minimum disruptions. The role of the senior officers of the Mill in developing their human resource will acquire a greater role in this context.

3. Bureaucratization and red tapism - If the above mentioned two measures are taken, the problem of bureaucratization and red tapism will get automatically solved to a great extent. Government being the major shareholder in PEs, their influence on the working of the Public Enterprises will always be there. As such there should be a clear line of demarcation between the autonomy of the enterprises and interference of the government and the legislature in the name of accountability.

Moreover, in this context it is recommended that the Board of Directors should consist of people who are inseparably connected directly or indirectly with the industry, so that with the growth or fall of the unit, it will affect the social and financial status of the members also. Ex-Officio members should be represented by such persons who can devote more time to the organisation. Day-to-day affairs of the organisation should be
the absolute responsibility of the top executive and he should be made accountable for all actions taken. The Board Of Directors should only be the Policy-Makers and it should never allow the Chief Executive to shirk his responsibility and accountability by getting decisions taken for day to day running of the industry passed in the Board’s resolution. The profit and loss of the enterprise should be the absolute responsibility of the top Executive. The Board should exist to help and guide him in his functioning and not to take over the running of the organisation itself.

It is also suggested that cost consciousness should be the guiding factor in the enterprises. At all levels, costing and returns from investment should be analysed. It should be kept in mind that the smallest expense with nil or less than equivalent return is more damaging than the most costly investments which brings in corresponding returns. It should also be remembered that money investment and time investment are in the same category and industrial loss is a result of misuse of either or both.

In the Conference Cum Workshop of the Chief Executives of SLPRs in June 1988, the then Secretary to the government of Assam, Department of Public Enterprises, remarked that -

"While recognising that in some cases the necessity of providing subsidised services may erode the overall profitability situation of a Public Enterprise, there is no denying the fact that Public Enterprises must be able to sustain themselves and function independently and not become a
burden on the state exchequer. On the other hand, there are some Corporations which have a distinctly commercial character and where substantial profits can be made. In these cases, management must match their performance with that of similar enterprises in the private sector. There is extreme urgency to make all possible efforts to improve productivity and efficiency".

In the same Seminar, some Chief Executives and Experts had made certain suggestions to solve the problems being faced by their enterprises. The important ones are cited below -

1. Reasonable autonomy to the enterprise;

2. Continuity of the Chief Executives for a reasonable period of time and accountability of Chief Executives for the performance of their enterprises;

3. Constitution of the Board of Management with professionals, including the Chairman and the Chief Executive;

4. Decentralisation of delegation to lower levels;

5. Formation of a Committee of financial experts to ensure financial discipline in Public Enterprises;

6. Human Resource Development;

7. Corporate Planning;

8. Efficient and effective resource mobilisation;

9. Adoption of dynamic marketing strategy;

10. Effective monitoring and evaluation;

1. Ibid.
11. Modifications in the existing disciplinary rules;
12. Changes in employment and promotion policies in Public Enterprises;
13. Development of industrial culture and infrastructural facilities;
14. Rationalisation of pay structure for the employees of the Public Enterprises;
15. Quicker decision making process in government level;
16. Effective Workers Participation in Management;
17. Separate industrial grid in power intensive units;
18. Steps to make raw materials of improved quality available in plenty and in time for processing, which can be promoted locally.

The basic point of criticism about these SLPEs in the textile sector is their non-performance as seen through their poor financial results. Except for APOL, which has at present turned the corner and is now making profits, all other enterprises in the textile sector are running under heavy losses, imposing severe strain on the state exchequer. It is recommended that arrangements should be made to award the best managed PE in the shape of a Shield, a Certificate of merit or some cash incentive. These incentives will motivate the management of these enterprises to enhance their performance in order to earn this honour. The Government of India has introduced this system among the Central Public Enterprises for better financial working, cordial industrial relations and special contribution through research, discovery of new process and design. It is recommended that this system should also be introduced in the

   Conference Cum Workshop of Chief Executives of SLPEs, June 1988.
case of SLPEs also.

It is also recommended that all the textile enterprises in the state should be brought under one umbrella, under the government of Assam. It is essential that a rational and well-integrated structure is provided immediately for the development and management of the textile industry in Assam, so that imbalances and duplications in activities can be eliminated and it can be ensured that scarce resources of the state are not wasted in the process. This will give the state the advantage of large economies of scale when the state enterprises in the textile sector carrying on similar activities can pool their resources together. This integration should be done within the framework of a Corporate Structure. The different units and enterprises can be organised either as divisions of one Corporate Body acting as independent cost and profit centres or as subsidiaries of a Holding Company, or as a combination of the two.

The economies of scale of a textile enterprise, is determined by the installed capacity of the unit. If lower capacity is installed (say 17,280 spindles) instead of the licenced capacity (say 25,000 spindles) because of want of capital, the viability and profitability of the enterprise gets jeopardised. It needs to be clearly understood by the management of these enterprises and accepted for purposes of implementation that the minimum capacity necessary for viability must be installed, and finance, whether by way of capital, subsidy or borrowings, must be made available. Structural deficiencies cannot be rectified by any other means.
The Department of Public Enterprises has been set up to act as a co-ordinating, monitoring and advisory body for Public Enterprises in the state. It should play a more active role in the line of the Bureau of Public Undertakings, Government of India. It is recommended that the Public Enterprises, instead of functioning in isolation, should actively seek the help of this Department to improve their functioning. In order to make the Department more effective in performing its Advisory and Monitoring role, it is being upgraded. Experts have been recruited and a technical wing staffed by technical, financial and managerial personnel has been created and is at present functioning actively. The Department also aims to conduct frequent studies of the SLPEs and to have the working of each Public Enterprise evaluated periodically by the Standing Review Committee for Public Enterprises. Hence, it is suggested by this researcher, that, not only the Public Enterprises in the textile sector, but all SLPEs of Assam, should actively cooperate and provide information and help sought by this Department in conducting their studies. This will not only help in evaluating and monitoring performance but also help in adopting timely corrective measures. A Data Bank is also being created by this Department to store information on manpower availability and shortages. The idea of Central Recruitment of personnel is being studied. Effective co-ordination of training is also to be provided by the Department. Hence this Department can function as a Model Agency for the effective co-ordination and co-operation among the public enterprises of Assam.
The above measures have been recommended out of a study of the Public Enterprises of Assam in the textile sector. All these measures, it is hoped, will enable the Public Enterprises of Assam in the textile sector, to effectively function as Instruments of Socio-Economic development, and reach the 'Commanding Heights' of the economy, which the state of Assam urgently needs and which is, ultimately, the rightful place for the Public Sector in India.