Chapter 4

DECISION MAKING PROCESS OF THE BOARD

"To create a public sector and then to ask it to do what the private sector would have done is like going to the Cinema to try to sleep rather than to see the movie." ¹

Introduction:

Principles are fundamental truths or what are believed to be truths at a given time, explaining relationship between two or more sets of variables.² Thus the principle is the guiding spirit that sets the direction of functions and how those functions are to be translated into action. It has a direct link with the objectives. The theory of general principles has been tailored to meet the requirement of the SEEDs in the context of its environment and local conditions. AS SEED is required to act on business principles with social objectives.

Policies are plans in that they are general statements which guide thinking and action in decision making. Policies delimit an area within which a decision will be made and assume that the decision will be consistent with and contributive to


objectives. On the contrary procedures are plans in that they establish a customary method of handling future actions. Procedures are guide to action rather than thinking; and they detail the exact manner in which a certain activity must be accomplished. Their essence is chronological sequence of required action.

Practices are, however, not isolated from principles, procedures and policies and are the consequential emergence of the latter. Practice relates to action and practical execution of the planned goals, both short-term and long-term. It indicates the way in which the policies of the organization are executed. The four P's (Principles, Policies, Procedures and Practice) should go together hand in hand.

Practice and procedures are not the end in itself. These are the means to attain the broad objectives. An effort has been made here-under to examine the implication of the same in respect of our organization under study.

Lead Factor vis-a-vis Industrialization:

Lead factor (L.F.) principle means consumption of power in a particular period of time. Degree of L.F. varies from time to time, from place to place and from unit to unit. For

4. Ibid., p. 166
instance, power consumption of a state in the evening peak hour or on a particular working day or in a year constitute different load factors at varying degrees. Likewise annual power consumption of the country as a whole is the other load factor.

There is a close relation between LF and industrialisation. LF is the ratio of average demand to maximum demand during a period of time. In principle, it is desirable to have unity LF, but in actuality this can't be achieved. High LF is favourable for high plant load factor (PLF) which has been discussed in chapter six. The reasons of not having unity LF are: Load itself is not a constant variable. Power consuming equipments are not connected to the supply system all the time.

The high gap between the maximum load and average load indicates that there is no uniform demand for power from industries. While industrial sector, in general, needs power at an uniform rate. But the domestic and commercial consumers demand power at a specific time in evening hours only. The maximum demand may be high but average demand may not be equivalent to peak demand. So the gap prevails. High LF is desirable on the ground that it decreases the average cost of generation and supply as the fixed costs are spread over a large number of units generated and supplied.

The generating system is used to the extent of its LF. The advanced countries by and large achieved 60 to 80 per cent LF while in developing countries like India 50 to 60 per cent LF has been proved to be ideal. In respect of ASRD even the national percentage of LF could never been achieved. Table 4.1 herein justified the contention.

Table 4.1: Load Factor in ASRD

<table>
<thead>
<tr>
<th>Year</th>
<th>Average demand in MW</th>
<th>Maximum demand in MW</th>
<th>Load Factor in P.C.</th>
</tr>
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<td>1.28</td>
<td>4.62</td>
<td>27.69</td>
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<td>1971-72</td>
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<td>91.00</td>
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<td>91.00</td>
<td>47.70</td>
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<td>1973-74</td>
<td>46.41</td>
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<td>35.53</td>
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<td>1975-76</td>
<td>53.37</td>
<td>112.37</td>
<td>47.59</td>
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<td>1976-77</td>
<td>63.70</td>
<td>126.82</td>
<td>50.24</td>
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<tr>
<td>1977-78</td>
<td>67.67</td>
<td>155.59</td>
<td>49.08</td>
</tr>
<tr>
<td>1980-81</td>
<td>73.00</td>
<td>154.41</td>
<td>46.08</td>
</tr>
</tbody>
</table>

(Notes: Data is not available for the rest years)

Source: Administration Report of ASRD for the years. The 3rd column has been calculated by the researcher.

6. Dr. R. Gupta & A. Singh, ASRD in India : A Study of Tariff and Costs, II" " New Delhi, 1980, p. 97
Similar fact has been unearthed by a study conducted by Gujarat SEB in collaboration with Indian Institute of Management, Ahmedabad. The study revealed that the upper limit of LF is only 45 per cent. Fixed charges contribute to the tune of almost 75 per cent of generating cost which has no bearing on the low utilisation of capacity, further adds to the cost of generation. Thus improvement in LF is a matter of great concern for all the SEBs. LF in the coming 10-15 years ought to be ascertained at the state level. It can be related with potential only if additional demand for power can be created in industrial houses. That is to say higher industrialisation in Assam is badly needed for creating the LF. But not to speak of future LF even the prevailing LF has not been determined for all the years by the Board. Only in respect of selective project formulation LF has been ascertained very occasionally. As a result factual position remains unearthed. In order to bring harmony between interesting allegations that electric power shortage hinders the growth of industries or vice-versa, it is urgently required to ascertain the future LF for at least a decadal period. The hypothesis that there is ample scope of improving efficiency now stands valid in this count.

Aberration in policies from and result has been visualised in course of activities such as -

7. Ibid., p. 38
Sale of water of Union Lake: The basic objectives for which the Board was established have found to be deviated in certain years. The one-man decision in contravention of the main objectives came into prominence in at least on three occasions during the tenure of the first Chairman of the Board. However, in the long run the persuasion of the collective government decisions prevailed upon and unforeseen legalities could be avoided.

It is found in the course of present investigation that in the year 1969 the one-man at the top decided an extra-constitutional course as to sale of water from Union Lake to district council and defence establishment around "Hillam". It was viewed that this course would adversely affect the hydro potentiality. Hence it was turned down by the Government. Although engagement in certain undertakings by Section 20 has been permitted under Section 20 of the Act, but it should not be at the cost of potential of power. The decision suffered from the following deficiencies:

(1) As per engineering advice it would have resulted in reduction of power potentiality of Union reservoir, amounting to an estimated loss of 14 lakhs units of electricity per year and loss of revenue of Rs. 1.75 lakhs in money terms.9

8. Section 20 the Act permits to engage in certain undertakings which directly earn revenues and not harm the Board indirectly also.
(2) Since there was no other alternative source for power generation, it would have caused serious power crisis in Lower Assam adversely affecting the overall economy of the State.

(3) It is not only an economic issue but also a technical matter. Umiam is purely a power project and the Planning Commission had approved it as such. Every cubic foot of its useful storage is to generate electric power and electric power only. The dam height was increased by 23 per cent incurring additional expenditure to store additional quantity of water required to generate power.

(4) Besides the above, Umiam stage I and II had more importance due to their peaking capability. In normal course the surrounding defence establishment needed 5 "H" of power and sale of direct water for other purposes would have not only reduced the peak load capacity but also caused power famine. It leads us to the conclusion that the decision was not tenable practically.

Fishery in Umiam Lake: The same one-man decision corrupted in 1962 as regard installation of a fishery in Umiam lake by extending financial patronage of Rs. 10,000. Effectuation of the same would have resulted in absolute contravention of the provision of the Act. 10

10. The Section 20 of the Act does not provide for Fishery business.
Not only that it tantamounts to overtaking the activities of the Department of Fishery. Lack of adequate expertise of fisheries within the Board would have still aggravated the situation further. The executive head might have thought of diversifying the operational areas, but in the process it ultrawired the act. As a prudent operational policy one-man's arbitrary decision ought to have been assessed by collective mind.

Make or buy decision: The alternative choice between make or buy depends upon the economic analysis of both the activity. Following the stiff necessity of meters and non-availability of the same in the market resulting in price hike, the Board set up its own meter making unit at Shillong as far back as in 1961. The idea was to replace the open market buying and retain sufficient profit margin for the Board. Consequently the time lag involved in getting machinery supplied from the U.K. and Japan, release of foreign exchange required for import payment, were sufficiently high causing time and cost overrun.

Meter produced by the Board had to face stiff competition from similar product produced by other private manufacturers. Share of the Board in total product market might decline. The Board had to cut short its production level within the foreseeable limit of demand with prevailing competitive market price. This state of affairs breeds increase in cost of production. As a last resort the Board's humble effort to save
the unit even by recourse to product line diversification could not succeed. Eventually it abandoned the scheme and sold the unit to Government of Meghalaya at its book value. This ironically culminated into an accumulated loss of Rs. 17.26 lakhs. 11

Despite a remarkably appreciable operation level being pursued currently the Board has had to digest the adverse impact of past shortfall in its operation. A post-mortem examination has exhibited the following reasons for its negative operation:

1. The project report prepared by the M/S General Electric Company (GEC) was adopted without technical scrutiny. Incidentally, the GEC was a potential manufacturer of the proposed meter product.

2. Licence for establishing meter factory was not routed through the State Government nor was the concurrence of industry department of the State obtained. Industrial licence was directly received by the one-man authority of the Board. 12

3. The recommendation of the expert Committee constituted by the State Government for the purpose as to total closure of the unit was waived out by the Board. This caused superseding of

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12. The then Chairman of the Board, Enquiry Commission Report, Government of Assam, 1971, p. 29
administrative authority. 13

Selection of the incumbent to the unit was erroneous. The level of authority of the incumbent had been lowered to suit certain personal ends. It is a glaring example of violation of the principle of natural justice.

For a public sector autonomous organisation the above said analogy makes one feel that public service remain always sublime above all other considerations. Fulfillment of this could have resulted into a blooming flower of efficiency and satisfaction.

Indigenous machinery as against imported machinery: In consonance with the National policy of import substitution the Board in 1961 purchased 23 Circuit Breakers from M/S Bharat Heavy Electrical Ltd. (BHEL), Bhopal as directed by the Government of India. Comparative cost analysis of the indigenous sources and that of foreign supplier had been waived out. As against imported price of only Rs. 55,000 the indigenous price was much higher at Rs. 2.66 lakhs. This dealing resulted in an ultimate loss of Rs. 54.73 lakhs for 23 such circuit breakers. The situation culminates the basic conflictual area of sustaining direct cost in one sector vis-a-vis indirect saving to the other national sector.

13. Ibid., p. 31
In national perspective it has been stipulated by the policy maker that any sectoral requirement of machinery and parts might preferably be sourced from indigenous sources instead of importing. This would lessen the pressure on scarce foreign exchange resources of the country and on the other provides employment and investment to the domestic production centre.

It is observed that the Board applied the national policy of import substitution in only one case and not in others. A procedural flaw has been unearthed that the actual purchase exceeded the ceiling limit. Besides the said purchase proposal had not been placed before the Board. The eventual loss arising out of the import substitution, as a principle, usually be subsidized by the Government of India. But in the present case the same not being subsidized, contributed towards the perennial loss.

**Maintenance of Vehicles:** For repairing of vehicles, the Board has to spend a considerable amount in private workshop. Since the Board has a considerable number of vehicles without any workshop of its own, it has no alternative but private garages. Further, during the course of our investigation it is observed that the repairing bills in total very often exceeded even the cost of the vehicle. Though it had its own workshop earlier during 1970-71, at Sameer in Meghalaya, but because of poor maintenance and pilferage of spare parts, the Board liquidated it.
However, the Board runs a mini-mechanical workshop at Kahilipara, Gauhati, but has not been equipped well with ancillary supplies. This unit was found to be the weakest organ in the anatomy of the Board. Unlike our system, the Kerala SSB, the UPPSB, the Karnataka SSB and a few other states have been maintaining their respective workshops. There is no reason why the Board in Assam should go without a workshop of its own.

There has been greater recurrence of allowing the vehicles and other mechanical appliances to be repaired outside the organisation. Without exaggeration the bill for maintenance charge appears to be disproportionate in good many cases. A thorough analysis of the marginal costing technique might be taken up with minutest information on cost implication in this regard.

Overhauling and Annual maintenance of power plant:

(1) As per standard power station practice, major overhauling of turbines is required to be done at least once in three years. The Board, however, could not comply with the standard norms. As a matter of fact CTPS though installed in 1973 had been overhauled only during 1979-80 which ought to have

14. The Report of thermal of thermal plant outage, 1977-78 issued by CEE in Sept 1978 states "Each turbine is expected to undergo capital maintenance after completion of operating hours ranging from 16,000 to 20,000 depending on the condition of units and instructions of manufacturer."
been done in 1976. The reasons for non-compliance has been found to be due to non-receipt of complaint from the unit and secondly non-availability of technical persons for the purpose.

(2) Despite stipulation in the Act, and recommendation of the committee on modernisation of maintenance procedure\(^\text{15}\) no such programme of overhauling has been undertaken by the Board. Overhauling is being adopted only when they become unavoidable leading to forced outages for prolong periods and risk of damage to boiler equipment.

The recommendations of the Committee were not adhered to by the Board. As a case in point, the two major overhauls of turbo-generator of CTPs took 2,243 hours (about 94 days) and 1,204 hours (about 50 days) respectively. Annual maintenance and corrective maintenance took 915 hours, 825 hours and 254 hours during 1975-76, 1976-77, and 1977-78 respectively. These cases pinpoint to our earlier hypothesis that the principles and procedures do not conform to the standard norms. This provides ample scope for upgradation of practices.

Assessment and collection of revenue: When we turn our attention to management of resources it is no better when

\(^{15}\) The Indian Boiler Act 1923 emphasised for compulsory overhauling of Boiler in every twelve months.

The committee on modernisation of maintenance procedures set up by the CII had prescribed in 1973 that overhauling of turbo-generator and Boiler should be completed within 45 days and 50 days respectively at the maximum so that the down time is minimised.
assessment and collection of revenue does not coincide with actuality. Nevertheless, arrears of revenue have been increasing year after year. The statistics in Table 4.2 shows that the Board is unable to realize the arrear revenue.

Table 4.2: Revenue collection and arrear position

<table>
<thead>
<tr>
<th>Year</th>
<th>Balance at the beginning of the year</th>
<th>Revenue assessed during the year</th>
<th>Total dues for collection</th>
<th>Amount collected during the year</th>
<th>P.C. of collection to total dues</th>
<th>Balance remaining as Sunday Debtors</th>
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<td>(6)</td>
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Contd.
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<th>Year</th>
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<th>(2)</th>
<th>(3)</th>
<th>(4)</th>
<th>(5)</th>
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</table>

Non-payment of monthly bills by various municipalities, local bodies, large and small public and private sector undertakings attributed to the arrear revenue. As a case in point, on 31st March 1979, a cycle company was in arrear with Rs. 2 lakhs, a canvas and craft with default of Rs. 4.70 lakhs, a paper industry with Rs. 10 lakhs and two municipalities with Rs. 5.66 lakhs. These amount have been in arrear spreading over a period of six to seven years even with no hope of realisation in foreseeable near future.

During the course of present research investigation, it has come to the light that the Board has been defaulting in preparing year-wise statement of its dues. A considerable amount of scarce financial resources of the Board has been blocked with several organisations resulting shortage of both long term finance and working capital. Despite the stipulation in the Act and Rules for disconnecting the consumers' service, the Board could not effectuate the same occasionally because of intervention from the State Government.

Statistical analysis: Whatever may be the quantum of revenue arrear the present researcher has made an attempt to test the situation statistically. Co-efficient correlation of \( x \) and \( y \) in column 3 and 4 that means total dues for collection and amount collected during the year is \( r_{xy} = 0.998 \) and
Again co-efficient correlation between $x$ and $z$, i.e.,
column 3 and 6 that means total dues for collection and balance
remaining as Sundry Debtors is $t_{xx} = 0.97$ and
\[
t = \frac{r \sqrt{n-2}}{\sqrt{1-\rho^2}} = 19.57
\]
The tabulated value of
\[t \{0.25,23 = 2.07 \text{ and } t \{0.01,23 = 2.50\}
\]
Therefore in both the cases our calculated value of
't' being greater than the tabulated values are highly
significant, i.e., there exist highly significant relationship
between column 3 and 4, 5 and 6.

It can be inferred therefore that the amount collected
during the year is satisfactory as compared to total dues. The
amount of Sundry Debtors is also reasonable as compared to total
dues. The satisfactory result shown in the statistical analysis
seems to differ from the findings we had observed above. This
may be due to the fact that the statistical table when compiled
on aggregate basis do not exhibit the sectorial position. Hence
disaggregated position has been at variance. The endeavour for
collection of revenue is, however, by and large satisfactory.
Even then, of course, there has been scope of increasing the
REVENUE RECEIPT, REVENUE EXPENDITURE, REVENUE OUTSTANDING, PROFIT OR LOSS.
Operational Practice: The commercial success of organisation depends on its efficient operation. Embezzlement is more important than the principles. An electricity organisation is not an exception to this dictum. While extending new connection due cognizance should be taken of test reports, connected load and terms of agreement. In persuasion to our investigation it has been observed that in a good many cases compliance to these norms has totally been waived out. In respect of field survey also absolute reliance has been put on the opinion of the technicians at the lowest strata. This eventually contributes towards the operational inefficiency.

Identification of authority for power development:

The subject of electricity is included in the concurrent list under the Indian Constitution with responsibilities of both the centre and the states. Central Government has been mainly responsible for laying down the legislation and policy formulation. On the contrary, the State Governments have been concerned primarily with developmental activities and extending power supply to the ultimate consumers in urban and rural areas. In short principles and policies are

16. Seventh Schedule to the Indian Constitution, List III, Entry No. 58
determined by the higher authority, i.e., the Central Government and the operational side is looked after by the State Government.

The controversial question of giving more responsibilities to the State Governments in respect of power generation is not justifiable on the ground that it requires huge amount of capital investment and has direct relation with the national policy. As a result the present researcher observes that the existing Electricity Supply Act of 1948 needs to be thoroughly revised so as to give wide power to the Union Government for generation and transmission of power and to curtail the same from the State Government. By way of caution it is to be ensured that no abuse takes place of the authority for developing power sector in deserving areas or states. In this line Estimates Committee Report\(^{17}\) states that the generation and transmission of power should be the responsibility of the Centre and distribution alone should have been entrusted to the State Governments or the SEBs. Of course, the decision of the Central Government is always not free from extraneous considerations in development exercise.

During the course of our investigation it has been revealed that to fortify the wings of the Board, a vigilance and inspection cell has been created besides strengthening internal check, availing of consultants services etc. 

\(^{17}\) Estimates Committee Report No. 936, Government of India, Ministry of Energy, Department of Power, 1960-61, p. 9
force had been appointed to study the manpower requirements and revenue realization system. The effectiveness of these steps has not been assessed in quantitative terms. However in practice it is found that all the above steps are only in black and white but not for utility purposes.18

**Efforts for compilation of accounts:** In order to streamline the accounts wing it was decided by the Board in January, 1982 to hand over the work of compilation of accounting rules and procedures to a consultancy firm in two phases. The first phase relates to regulation of accounts and financial procedures and the second relates to the rest. Despite the stipulation in the agreement to the effect that the proposed work in two phases was to be completed within eight and half and twenty and half months respectively, for absence of various conditions, scope of work etc., the task could not proceed. On the contrary, the Board advanced Rs. 42 lakhs to the said firm as consultancy fees. This reflects want of sincerity and hotchpotch attitude towards this various work.

**Annual compilation of Reports:** Every statutory corporation is required under its own Act to submit an Annual Report and Accounts, policies and programmes to the Government. Similarly

the SSEs as a preliminary exercise have to submit to the State Government under Section 61 of the Electricity (Supply) Act 1948 a statement in prescribed form indicating the estimated capital and revenue expenditure and realization. This is, however, analogous to the provisions of the Section 629(1) of the Companies Act 1956.

The Board of Directors is the end authority for according approval to the company's budget. Unlike a limited company, SSE being a public enterprise has to obtain sanction from the State Government concerned besides that of its own Board. In doing so enough time is consumed in getting budget clearance. Consequent to this inherent delay, the time lag is transmitted to compilation of Annual Accounts. Further even the requisite information schedules have not occasionally been attached in the said report. This deficiencies of in flow of information system gives rise to audit objection.

Accounting Information: The commercial wing has inter-alia to feed the Board with statistical information, viz., revenue assessed and realized on sale of energy, consumption of energy by different categories of consumers etc. Though it was expected on the part of the statistical wing to submit report annually on the aforesaid items, but unfortunately, time without number, the wing awfully failed in discharging the duties. However this wing cannot be absolutely accountable for this state of affairs, since the wing is not fed with requisite
returns in time from the field stations. This exhibits lack of a proper feedback system to effectuate promptness in all divisions of the Board. The hypothesis framed earlier that there is no scope of improvement in the working of the organization does not hold good, leaving ample scope for furtherance of operations.

**Human Resource Position:** Nevertheless, the evaluation of manpower requirements and its efficacy differed. While the task force observed overstaffing in the organization, the top hierarchy in turn refuted the assessment. The Board had availed of the services of considerable number of master roll employees perpetually since 1962-63. However terms of their engagement are governed by the Rules under the Labour Act. In course of time, these casual master roll workers have been absorbed from time to time. The residual work having being completed eventually the chunk of these casual master roll workers now stand permanently absorbed in the Board. This occasionally leads to the phenomenon of surplus manpower as compared to avenues for their utilization. No yardstick whatsoever has been applied in measuring the actual extent of surplus with emolument. It is simply a verbal slogan raised to suit the ends of vested interest.

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The situation has been further accentuated by the immobility or unwillingness to shift to the rural units and sub-divisions. Some sort of labour discipline might be considered for the purpose. Alternatively vacancy at the units or sub-division, sub-stations level might be filled up out of the local recruitment from the rural areas or sub-stations.

**Ill functional decision:** Economy in operation for any enterprise may be attained either from income side or from expenditure side. Rationalization of expenditure and level of spending are to be taken care of. It has been observed that wasteful expenditure has contributed towards the total operational losses.

As a case in point once in 1972 empty gas cylinders from Chandrapur station were sent to Calcutta for filling up with hydrogen gas. Because of procedural flaw in respect of obtaining manufacturing certificate from Japan and certificate from concerned explosive authority at Nagpur, the cylinders had to be taken back to Chandrapur. This resulted an extravagant and unproductive expense of rupees twenty three thousand. Similarly in the year 1976, switching over from Calcutta based firm to a local firm for construction of 300 poles resulted an additional expenditure gap of rupees forty two thousand.20 These incidents support our earlier hypothesis

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that the Board does not always function on sound commercial 
prudence and practice.

Billing System: More distribution of power is not the 
function of the Board. It has to realize the revenue from the 
customers properly. Due to lack of proper collection of 
revenue most of the Boards in India have been suffering from 
financial trouble. So, the system of billing and collection of 
revenue, which is the life line of commercial success, is to be 
 Improved upon.

There are three types of billing system in practice 
having their respective merits and limitations. Under monthly 
billing system individual meters are examined by the meter 
readers and the bill clerks prepare the individual bill 
accordingly. This system involves greater time lag and 
personnel as compared to other system. The second category is 
spot billing, the meter readers have to prepare the bill at the 
time of inspection of the meters on the spot. It is relatively 
easier and more convenient. On the contrary, it requires 
skilled personnel in preparing the bills as presence of mind 
and promptness in activity with mathematical accuracy. The 
possibility of theft and corruption is more in second category 
than that of the first one. The third one is average billing, 
more suitable for the Board. It can be operated with lesser 
worker and minimal accounting procedures.
Originally the ASRD had resorted to monthly billing system as early as in the year 1938 since the inception of the Board. The system being cumbersome involving large number of personnel to man the system the Board switched over to spot billing from the year 1969. Unfortunately that system also could not produce the yield as expected. It has been observed during the course of investigation of the present researcher that the customers inconvenience with unscrupulous meter reader or bill clerk deceive the Board of its due share of revenue. The bill clerk also found to be suffering from mathematical inaccuracy. All these factors collectively contributed towards the loss of the Board. Nevertheless to overcome the aforesaid shortcomings, the Board had to resort to average billing system from 1978. However the system though implemented in urban areas and towns, is yet to get its sound root in the villages.

For the purpose of collecting the revenue the Board by dint of an agreement appointed the Commercial Banks as an agent for collection of such revenue. This is a prudent policy on the part of the Board as it reduces the administrative expenses in one hand and earns interest on the deposited amount on the other. The number of Commercial Bank branches being very few in rural areas the revenue collection suffers a great setback. Even the preparation and delivery of bills are not made regularly. Consequently, bills are presented six to ten months later with a huge amount of arrears. This practice increases the burden
of customers and leads to disappointment over the Board's service.

Correct billing is one of the pre-requisites for realizing proper revenue. For ensuring correct billing it is a corollary to proper record of consumption. The Electricity (Supply) Act 1948 articulates maintenance of meters at the consumers' premises. Although meters are installed at the consumption points but paradoxically these are either slow or defunct. Replacement of defunct meters by newer one can only assure assessment of correct revenue. Non-compliance with the standard practice has resulted in significant operational loss for the Board.

The operational inefficiency is partially the culmination of mischievous activities in terms of pilferage and unrecorded consumption at the consumers' points. Despite provisions of punitive action under Section 42 of the Act, the same because of extremity, can't be resorted to. The increase in surveillance and surprise visit might insure against the perpetual loss on this count.

Any system of planning to be effective must be guided by a very well-defined policy, failing which even the best of efforts for planning and implementation could become ineffective.

Management Control in Practice: Control techniques and systems must be tailored to the areas they are designed to measure and correct. Most controls are designed for specific things, such as policies, wages and salaries, recruitment, and training, research and development, production, costs, pricing, capital expenditures, cash and such other areas where performance should conform to plans. For an organisation the first task is to define its objectives and set out the appropriate goals. Management control process facilitates the organisation in achieving group goals at a minimum cost. Maximum return at a minimum input is the essence of management control.

The SEBs operate under a unique monopolistic environment where they are supposed to conform to the standard commercial practice and on the other to development of project profile. As SEB, as a commercial unit, it is supposed to achieve a certain level of output and make profits. While doing so in projectionisation of development profiles conformity to these norms get diffused. Multiplicity of objectives creates confusion and subtleties clear cut measurement. Over emphasis on optimal utilization of resources may ensure generation at a minimal cost. Conflict of goals and activities retarded the development of the Board. Hence lies the need of defining the objectives and quantifying them for easy execution.

Having being accountable to several agencies as Central Government, State Government and the Public legislature, the Board has been experiencing constraints in conforming to the commercial norms. Occasionally external multiple pressure on management encourages short-term quick results at the cost of long-term benefits. Expedious decision has often been found missing. Political aspiration surpasses the economic possibilities and practicability.

Monopolistic locus-standi: Monopolistic position of the Electricity Board gives an edge to the executives for exercising higher discretion. As a matter of fact, the prevailing competition between Calcutta Electric Supply Corporation (CESC) and West Bengal SSB in West Bengal, Ahmedabad Electricity Co. Ltd. and Gujrat SSB in Gujrat and Bombay Electricity Supply & Transport (BEST) and Maharashtra SSB in Maharashtra pinpointed the respective weaknesses of the SSBs. For ameliorating the flaws and for injecting competitive spirit the Board has to function like a company.

Employees with complete job security do not excel. The attitudinal and motivational characteristics of these employees make the internal evaluation and control a difficult exercise.