CHAPTER XI
FUNCTIONAL AUTONOMY AND ACCOUNTABILITY

Accountability.

Balance between Autonomy and Accountability.
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Any organisation, whether private or public, if it wants to function efficiently and successfully, must enjoy freedom to choose its own line of action. The persons who are in charge of it should be free to take decisions -- even to make mistakes and correct them later. In other words, all organisations should enjoy functional autonomy. It is an expedient for good management. But, 'power corrupts and absolute power corrupts absolutely'. Autonomy cannot be absolute in any organisational framework. A line will have to be drawn up to which autonomy can be stretched and does not turn into autocracy. The problem of autonomy arises out of the delegation of authority.

Delegation is inevitable "in any human affairs, whether between two individuals, a family, a village community, a city or a nation as a whole, and for that matter, the world as a whole (however painful this may be to the greatly treasured concept of sovereignty or individual freedom)." Where delegation is involved, the question of accountability arises. One must, within the powers delegated, be made answerable to the delegator for one's deeds and actions so that proper controls are exercised and greater efficiency is attained.

The issue of autonomy of the public enterprises has attracted the attention of many students, scholars, politicians and parliamentarians. A good deal of debate in the motherland of the public enterprises -- the United Kingdom -- has centred round the problem of determining the degree and the character of control which Ministers and Legislature/Parliament should exercise on them. In theory, the necessary degree of state control over public enterprises can be secured in one of the two extreme forms. They can be fully integrated into a planned economy with the government taking all the main policy decisions and the enterprises left to themselves to little more than running their day-to-day operations. Or, they can be enterprises operating mainly on a commercial basis, with the Minister retaining the power to intervene if they are found to be acting against the public interest. "They are, of course, variations in-between, but any compromise makes it much harder to be sure where responsibility really rests. A ministerial "back-seat" driver is the worst of all. The Minister should either be driving from the front seat or retain only the right to pull the emergency handle." If the managements of public enterprises are not allowed to develop the commercial characteristics, it is possible that they may turn inefficient and bureaucratic.

Usually, the Statutes/Acts creating public enterprises provide for their powers. However, as Shri J.R.D. Tata puts it: "autonomy cannot emanate from a parliamentary statute alone. It must come from a voluntary abdication and delegation of powers by those who hold power initially".  

Again, as Robson observes, "it has, however, become abundantly clear in recent years that the power to issue directions and other legal means of control possessed by Ministers are of far less importance in the relations between the government and nationalised industries than the influence exercised informally through discussion, negotiation and pressure".  

It must be remembered that politicians, being exposed to powerful short-term and sectional pressures, may be tempted to try and influence the enterprises away from the implementation of sensible long-term plans just as often as in their directions. In other words, it seems that it is mainly the Minister from whom the autonomy is to be guarded against.  

Over the years, there has been a marked change in the concept of the degree and the character of autonomy of public enterprises. According to Hanson, "in the advanced countries there has been a swing of opinion away from 'autonomy', since the days when Mr. Frank Pick could talk of protecting

the London Passenger Transport Board, of which he was Vice-Chairman, from 'inquisitive and irresponsible guardians of the public interest.' Lord Leathers, speaking as Secretary of State for the Co-ordination of Transport, Fuel and Power in Sir Winston Churchill's last administration, said that in the government's view their task was to appoint the best men they could find to run a nationalized industry, to give them all the practical help, encouragement and advice they could, and then to leave the board so far as possible to run the industry. Where the board have to make decisions which are essentially the board's own responsibility, we are always willing to give them the advice we can; but we are careful not to interfere. It would be interesting to note that Lord Leathers was himself a leading industrialist and he could well understand the approach he was enunciating. Hanson has also clearly expressed himself by saying that "perhaps the only thing one can say without fear of contradiction is that Ministers should strongly resist demands for persistent and pettifogging interference on their part." An unnecessary interference by the Minister may ultimately result in frustration among the people at lower level, hindering the managers' initiative, decisions and actions, and restraining the growth of corporate

responsibility among the board members. Herbert Morrison, the principal architect of modern public corporation, advocated 'that except for limited duties legally imposed upon him the Minister should have no right to interfere with the board.'\(^9\) While expressing the policy statement of the Government he also stated in clear terms that "a large degree of independence for the boards in matters of current administration is vital to their efficiency as commercial undertakings."\(^10\)

The concept of 'autonomy' as envisaged by the United Nations Organisation is worth noting. According to a U.N. Pamphlet, the prime elements of freedom which the Public Undertakings enjoy from traditional government financial practice and control have been (i) freedom from the annual appropriation process at the least for operating expenses, (ii) freedom to receive and retain operating revenues, (iii) freedom to apply operating revenues to operating expenses, (iv) freedom from general government restrictions particularly in the field of expenditure, (v) freedom from normal government appropriation accounting, (vi) freedom from

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normal government audit of operation, (vii) freedom from central purchasing and contracting requirements, and (viii) other related freedom like freedom to borrow money, freedom to hire and fire, freedom to pay salaries at the discretion of the enterprise and freedom to control its long term planning, etc.\textsuperscript{11}

The other school believes in sharp and exhaustive controls over these enterprises as it involves an important question of efficiency. The important issue, therefore, is, in fact, to establish a proper balance between autonomy and control. 'If the whole issue of control were treated from the angle of cooperative coordination rather than judicious-authoritative one, difficulties could be lessened ...'\textsuperscript{12}

There is another facet of the issue of autonomy. The governing boards should also grant sufficient autonomy to the operating unit/s. They should not meddle in their day-to-day affairs. The Acts must spell out in clear terms their powers and duties; for, in the absence of specific powers, the members of the board may develop a tendency to go much beyond their powers and may assume the role of executives, thereby creating lot of troubles for the real executives of a public enterprise. 'The Board should


\textsuperscript{12} Prasad Parmanand; Some Economic Problems of Public Enterprises in India (1957): p.82.
decide on the overall policy for the enterprise and long range plans for growth of the enterprise, approve budgets and review periodically the results of the enterprise. The Board should not be concerned with operational details except through the chief executive. Sufficient freedom should be given to the executives to implement the policies. Intra-organisation autonomy is equally important for an efficient and successful running of an organisation. Undue interference by the members should be safeguarded against.

Apart from the legal provisions, the tendency on the part of the in-charge Minister to meddle in the affairs of a public sector organisation also works as a serious limitation on the autonomy of an organisation. Once again referring to that conventional submission, there develops a practice whereby the top level management subtly tries to find

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14. "Confronted as we are with an ideologically split world, it has become rather difficult for us to adopt more positively one or the other method. But in my opinion, wisdom lies in making further concessions to a manager in the public sector by way of increased autonomy for him in the management of his affairs in order to fall more in line with the framework of organisation and control of national undertakings in countries like the U.K., France and Italy, from whom after all we have drawn the basic guide lines in framing the present administrative structure of our public sector undertakings." **

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** Patil S.N. (Mg. Director, HMT) in an article entitled "Role and Responsibilities of Public Sector Manager"-- The Economic Times(D.) July 21, 1965: p.5.
out the likes and the dislikes of the concerned Minister and arranges everything according to his taste. This, perhaps, gives further impetus to the Minister for intervention and interpellation in the affairs of the Organization and, as Prof. Hanson rightly puts it, leads to 'lunch-table' directions. And, the succeeding ministers simply follow the conventions established by their predecessors! This turns the entire idea and principle of autonomy into a mere academic issue!!

The provisions made under the RTC Act 1950 and the Rules made thereunder seem to have clothed the State Government with exhaustive powers. Thus, under Sec. 19(2)(m) of the Act, the Corporation is required to obtain the previous approval of the State Government even for doing 'all other things' to facilitate the proper carrying on of its business. (Vide: Sec. 19(2)(m)). Similarly, Sec. 20(1) of the RTC Act, 1950, provides: 'If a Corporation considers it to be expedient in the public interest to extend the operation of any of its road transport services to any route or area situated within another State, it may, with the permission of the State Government, negotiate with the Government of other State regarding the proposed extension.'

17. Ibid.
The Corporation has been established to provide an efficient, adequate, economical and properly coordinated system of road transport services. It should, therefore, be given a free hand in carrying out its general duty as laid down in the Act. Why should it be laid down that the previous permission be obtained even for negotiating with the Government of the other State? The Corporation should be considered competent enough to decide about such negotiations. Unfortunately, the Act did not stop there. The provision made under Sec. 20(2) of the Act also imposes an obligation on the Corporation to obtain previous permission of the Government before sanctioning the scheme. It is true that the Government did not any time refuse such a scheme. But, the awkward position in which the Corporation would be put if a scheme is rejected by the Government is not unimaginable.

Another important issue related to autonomy is in regard to 'Carriage of mails'. Sec. 21 of the Act states: "Notwithstanding anything contained in the Motor Vehicles Act, 1939(IV of 1939), a Corporation shall, if so required by the Central Government, carry mails at such rates and on such terms and conditions as may be specified in this behalf by the Central Government in consultation with the State Government." 18

The provision, thus, simply turns the Corporation into

a government department supposed to carry out the instructions of the State Government. It may have no say in the fixation of the charges for the carriage of mails. If the Corporation is expected to act on business principles, it must be allowed to fix the charges of its services, or at least be a party in the negotiations.

As a matter of fact, the provision should have been made in the Act to allow the Postal Department and the Corporation to fix the charges for carrying mails, and only in the case of a failure to arrive at an agreement should the Government be authorised to come in.

Further, if the Central Government fixes the rates in consultation with the State Government, why should it also not make to undertake the responsibility of ensuring that regular payments of the bills are made to the Corporation? For instance, as reported by the P.A.C., an amount of Rs. 31,172.42 was outstanding as on 30-6-64.\textsuperscript{19}

The Fourth Report\textsuperscript{20} of the PAC has made a strange observation in this regard thus: 'Saurashtra State Road Transport Corporation should have entered into a separate agreement with Posts & Telegraph Department for carrying postal mails in the S.T. to avoid disputes later on. The

\textsuperscript{19} Fifth Report of PAC on the Appropriation A/cs and Finance A/cs of the GOG Sr. No.64: p. 90.

procedure followed by the Corporation was unusual."

It will be appropriate to observe here that while the PAC blamed the S.S.R.T.C. for taking it for granted the rates that were agreed upon between the Ex. B.S.R.C. and the D.G. of P. & T. and the P.M.G. Bombay, it did not say anything about the postal department which did not agree to pay the same rates for the same type of work and for deferring the payments!

The Act (Vide Sec. 29(2)) authorises the Corporation to manage the depreciation, reserve and other funds. But the Corporation has not been allowed to enjoy this freedom as 'the Corporation was required to invest this sum (Depreciation Fund) of money at the direction of the State Government, in the loans of Housing Board, the Electricity Board and such other State Government undertakings.' On the other hand, the Government, having decided to complete nationalisation during the Third Plan period itself, had raised the ceiling of capital expenditure by Rs. 200 lakhs and authorised the Corporation to raise the loan from the market. What a financial decision made by the Government! It compelled the Corporation to invest its surplus funds with other bodies and obliged the Corporation to go into the market for raising funds!

Neither the PAC nor the CPE made any observation on this obviously absurd and inefficient financial decision taken by the Government. But the Committee for Public Enterprises\textsuperscript{22} thought it fit to pounce upon the Corporation when it incurred a loss of Rs. 16 lakhs on account of the sale of securities. It blamed the Corporation for not making a long-term plan of its financial needs. As a matter of fact the Corporation was not given sufficient freedom to decide the pattern of investment as provided under Rule \textsuperscript{23}

\textsuperscript{22} Committee For Public Enterprises: Third Report; Third GLA (July 1970): p.11.
\textsuperscript{23} State Transport Manual: p.21.
\textsuperscript{24} Ibid.: p.8.

This interference by the Government is indeed serious in view of the fact that the Corporation has an Investment Committee which is supposed to look into the problems of investment.

The State Government also enjoys power to specify the utilisation of net annual profits "for the provision of amenities to the passengers using the road transport services, welfare of labour employed by the Corporation and for such other purposes as may be prescribed with the previous approval of the Central Government ..."(Vide Sec.\textsuperscript{30}).\textsuperscript{24}

But, the Corporation does not enjoy complete freedom in regard to recruitment, conditions of service and training.

\textsuperscript{22} Committee For Public Enterprises: Third Report; Third GLA (July 1970): p.11.
\textsuperscript{23} State Transport Manual: p.21.
\textsuperscript{24} Ibid.: p.8.
of its employees, wages to be paid to the employees, reserves to be maintained by it and disposal of its profits and stocks. For all these matters, the State Government is entitled, after consultation with the Corporation, to issue general instructions.

The Corporation cannot create any new post without prior approval of the State Government. Even the nomenclature of a post cannot be changed without the consent of the Government.25

Every labour settlement entered into between the Corporation and its employees requires the prior approval of the State Government before its implementation.

These provisions may not create any serious problems so long as the relations between the Government and the

25. It will be interesting to compare here the experience of GSFC in this connection. No less than an authority like the Chairman of the Gujarat State Financial Corporation, while addressing the 9th Annual General Meeting of the Corporation, criticised the Government for undue interference in its day-to-day working. He said though the S.F.C.s have been created by an Act of the Parliament with a view to enabling them to enjoy the maximum autonomy, the Corporation was required to approach the Government even for staff needs, filling up ministerial posts, and also for granting rewards to efficient employees in appreciation of their job performance. The Corporation is put in an awkward position because of the delays in getting approvals to such proposals from the Government for months together.**

Corporation are cordial. But the very moment they are strained, the State Government can play havoc with the Corporation.

My field work has revealed that though certain powers are vested in the Corporation by the Act, there are conventions of referring matters to the Government. This is probably done with a view to obtain a clearance certificate from the Government for action/s taken by the Corporation. In the absence of continuity of management, the precedents established by the predecessors almost become rules, and are religiously followed by the successors, too.

It is not enough that the Corporation enjoys autonomy. The divisions and the depots should also enjoy certain freedom to take decisions in various areas of operation. The Corporation seems to have given freedom to its operating units to take day-to-day decisions. There are, however, two cases when the Board members unnecessarily meddle in the affairs of the divisions: One. When the land is to be purchased by the Corporation for the depot bus stations. As per the present method, the final selection of the site is done by the Board members in consultation with the Divisional Controller concerned. Actually, the Divisional Controller finalises everything and the final selection by the Board members simply turns out to be a formal procedural ratification. There is hardly any use of so involving them
in the work. The Divisional Controller will definitely not be happy with such formalities. After all, he is the man on the spot and the best judge of the situation to take an appropriate decision. He knows the local conditions and the public opinion. He should, therefore, be left free to take a suitable decision.

Two. The auctions for disposing off the scrap material like tyres, tubes, vehicles, etc. should take place in the presence of the Board Members.

In both these instances the underlying idea on the part of the Corporation may be to safeguard its financial interests. But why should it be taken for granted that that can be done only by Board members and not by its employees who have permanent interest in the Organisation?

The policy and the approach surely do not create a good-will for the organisation, among the staff. It may mar their initiative and enthusiasm and may, in the long run, generate irresponsiveness. Probably, given sufficient autonomy, they may be motivated to look after the best interests of the Corporation.

Accountability:

Autonomy, however, cannot be stretched too far. While the Government should not interfere with the day-to-day affairs of a public enterprise, a specific duty also needs to be imposed upon the enterprise to give an account of its
activities, its achievements, its failures, etc. This duty to report or answer for all its actions to the Government by a public enterprise is termed as 'accountability'. Shri R.K. Jain defines accountability as '... answerability to an appropriate authority of organic actions...'. According to N. Das: 'It means that account should be rendered by a public undertaking to some higher authority...'.

The question of accountability arises from delegation. It is a corollary to delegation. The delegator who delegates authority or power for a particular objective has a right to know from the delegatee the extent of fulfilment of the objective. In other words, 'Accountability -- the rendering of an account -- necessarily involves some control if it is not to be an empty formality'. In fact, it is but another aspect of the problem of authority. According to Shri D.L. Majumdar, "accountability is usually treated as a legal or partly legal and partly administrative concept -- a matter of answering for their conduct or performance to an appropriate authority in an organization, by those who are entrusted with the duty of carrying on its activities, in such terms as an overriding statute or the internal rules and regulations of the organization prescribed. When authority is dispersed

among several organs of an organization, the problem is viewed as one of allocating answerability to different levels or centres and what is due to the appropriate authority is usually interpreted in legal or administrative terms, i.e., what the basic law governing the particular organization or enterprise requires to be done or what its internal regulations lay down."  

According to Shri N.J. Kamath, the essential feature of accountability is supervision and control exercised by Parliament and Government. The need for such supervision and control is all important in a country like ours which is committed to the goal of bringing about a socialistic pattern of society.  

Mr. Normanton, however, takes a very strict view of the concept of accountability. In his recent work entitled THE ACCOUNTABILITY AND AUDIT OF GOVERNMENTS, he points out that the British public corporations are unique in escaping any kind of constitutional control through audit. "The submission of annual reports and professionally audited accounts" he declares "does not amount to accountability." -- It is the very essence of accountability that the persons or bodies


held accountable should not be able to dictate which aspects of their business will be examined; the initiative must be held by those to whom they are accountable. 31

But then, in practice, accountability cannot be taken too far to stifle initiative and curb flexibility. 'Difficulties arise mainly from the "dilemma of public enterprise", viz., the effort to achieve both business flexibility and public accountability. The dilemma occurs because of the insistence on maximum flexibility as well as maximum accountability. Obviously, the greater the insistence on accountability, the less the possibility of being flexible and vice versa. One cannot have the best of both worlds.' 32 Hence, "the first need is to reconcile the autonomy of each public sector undertaking, so essential in the interests of its efficient working, with its accountability to Parliament." 33

The need for accountability of public enterprises arises from the fact that there is a complete severance between ownership and management. There is no direct control of proprietors and shareholders. The management is placed in the hands of those who have hardly any stake in the enterprises they manage. Again, vast amounts of capital, income

and expenditure are involved in such enterprises. Also, most of them enjoy monopolistic position, and consumers' interests have to be guarded.

How to ensure the accountability? Usually each public enterprise is attached to the ministry within whose general sphere of responsibility it falls. The Minister concerned is the chief instrument of the State, who controls the working of public enterprises and through whom public accountability is ensured. The Statutes expressly declare the powers of Ministers. They normally contain two provisions: One. The responsibility of the enterprise concerned to submit the Annual Accounts, Reports of the activities carried out and progress made, and of the related statements. Two. The power of the Ministers to issue directives or, what has been described by Shri Khera, as 'instruments of instructions'.

One of the objectives of accountability is to satisfy the Government, the Parliament and the Public that the enterprise is being run efficiently and progressively. Safeguarding the interests of the consumers can be treated as an important objective from the consumers' point of view. It is understood that accountability may also induce and enhance

34. A good device which should come more into use is the instrument of instructions. It is a sound rule that the provision for the issue of directives by government should be implemented by means of written directives.**

a sense of responsibility among the managers and others.

Accountability, therefore, is mainly directed towards two bodies: the Parliament (the Legislature in case of State Government Enterprises), and the Public. There is also a third body to which a public sector organisation is accountable, and that is the Government.

Accountability to Parliament/Legislature is realised through (i) the instruments of questions and interpellations, (ii) setting up of the special Committees for public enterprises, and (iii) debates on Annual Accounts and Administration Reports of the enterprises. As regards 'Questions', Prof. Hanson observes, "persistent talk by constitutional pundits about the "grand inquest of the nation" has given the Parliamentary Question a bogey-man status that it does not deserve. As an inquisitory weapon it is neither so dangerous nor so effective as it is supposed to be. Sheer lack of parliamentary time could prevent it from becoming a persistent nuisance to the nationalised industries."35

The Administrative Reforms Commission, however, held a totally different view. It has recommended that 'Parliament be approached to agree to earmark a number of days for discussion of the working of public sector undertakings.'36

all cases, it is the parliamentary techniques of an experienced minister which may prove triumphant and the member concerned may not be able to unearth any further information.

There is another limitation to the Questions in the Parliament/Legislature. As Hanson has put it: If ministers could be compelled by questioning to interfere persistently in matters of detail, the nationalised concern will be deprived of legitimate and necessary administrative freedom... and it will be forced to adopt a rigid over-centralised type of organisation to ensure absolute consistency in the decision-making process. The issue is: "Is it inevitable that the Minister should allow himself to be pushed into a policy of "meticulous interference"? And would the House think more highly of him if he did?... One may admit that some of his time ... and the Board's ... would be occupied in finding convincing answers to foolish and ill-informed Questions, but such as are not usually difficult to deal with..." 37

The best course, therefore, is of forming special committees for public enterprises. The working of the public enterprises in the past used to be examined by the Estimates Committee, and on the basis of the audit report by the Public Accounts Committee. Since 1964, the work of both these Committees has been assigned to a Committee on Public Undertakings. The Committee brings out reports on public

enterprises examined by it from time to time.

Discussion on the Annual Accounts and Administration Reports by the Members of the Parliament/Legislative Assembly is another method of exercising accountability. This method also suffers from those limitations from which the Question method suffers. In addition, the reports on most of the enterprises are placed on the table of the respective bodies during the same period as there is usually a uniform closing date of the financial year. This may not enable the Members to devote full time and, therefore, the issues which crop up during such discussions are altogether different.

Accountability to users is something which sounds strange as neither the private nor the public sector seems to be very much alive to this. This is probably the result of the absence of 'consumers' councils' or 'consumers' federations.' The railways have probably been the only public service which has to face the Passengers' Unions while scheduling the time tables, deciding about continuance or otherwise of a particular train, etc.

Accountability to Government takes the form of submission of information, statistics, review, etc., of the enterprise.

In regard to the issue of accountability of public enterprises to (a) Parliament/Legislative Assembly, (b) Government, and (c) users— general public, there should be
a two-way traffic. For instance, whenever discussions take place about the working of a public enterprise, the Government should be prepared to stand by the side of the Chief Executive of a enterprise. Similarly, the users -- the general public -- also should safeguard and protect the property of a public enterprise to which they belong as users. Members of the Parliament or Legislatures should also be prepared to take a note of the achievements without any bias or prejudice in terms of their own political philosophy. This would ensure a harmonious and congenial atmosphere for the public enterprises in general and for the concerned enterprise in particular. Members of the Parliament or the Legislatures should refrain from casting aspersions on any particular individual.38

Accountability to the State Government is taken care of by Section 35 of the RTC Act. It lays down: "(1) Every Corporation shall furnish to the State Government, such returns, statistics, accounts and other information with respect to its property or activities or in regard to any proposed scheme as the State Government may from time to time require. (2) Without prejudice to the provisions of sub-section (1), a Corporation shall, as soon as possible after the end of each financial year, submit to the Central

and the State Governments, a report on the exercise and performance by it of its powers and duties under this Act during that year and on its policy and programme.

It is in accordance with the latter sub-section that the Annual Administration Report, reviewing the activities of the Corporation is submitted to the Government.

The Corporation is made accountable to the Legislative Assembly by placing its Annual Administration Reports on the table of the House. The time is not fixed for the discussion and, consequently, some time is initially spent in fixing up broadly the time limit. A close study of the debates taking place in the Assembly goes to show that, barring few Members who come well-prepared with analytical approaches, a majority of the Members rarely contribute anything to them. In a democratic set-up, it is always the Opposition Members who keep not only the Minister in-charge of a particular organisation but also the organisation itself, on its toes. There seems to be a general tendency for the ruling party members to see everything beautiful and O.K. in public enterprises.

As regards the questions put during such discussions, most of them relate to (a) irregularity in the departures and arrivals of the buses, (b) cleanliness of the bus stations including latrines and lavatories, (c) discourteous behaviour of the staff, (d) cancelling a bus route, (e) difficulties
experienced by travelling public including the students holding concession passes, (f) breakdowns and accidents, (g) exploitation of the travelling public, etc...

But the Reports are not regularly placed before the House. For instance, the Third Session of the Fourth Gujarat Legislative Assembly discussed the Administration Report of the Corporation for the year 1970-71. This may also have its adverse impact on the zeal of the members to discuss them as it may prove to be a postmortem.

A step worth appreciating has been taken by the Gujarat Legislative Assembly in constituting a Committee for Public Enterprises. This has an advantage from the point of view of those who are responsible for taking decisions and executing them in that they can offer sufficient explanations in detail to the Members of the Committee for their wrongs and rights. This also acts as a guide for outsiders studying the organisational functioning. Gujarat Legislative Assembly, by passing a Resolution on 19-3-1968, decided to form the Committee. The first such Committee was formed on 30th March, 1968. The Committee is expected to go into the issues like the administration and working of the enterprises, how far they have been able to achieve their objectives and what role they have played in the developmental aspect of the State. The Committee has also to evaluate their working with reference to the observance of commercial principles, policies followed and the taking of quick decisions.
This Committee has so far submitted two reports on the Corporation: Third Report to the Third Gujarat Legislative Assembly and First Report to the Fourth Gujarat Legislative Assembly.

Again, under the GSRTC Rules, the State Government constitutes Divisional Advisory Councils for the purpose of associating the representatives of the travelling public with the administration of the bus services in their region, separately for rural and urban services in each division. These Councils advise the administration on matters relating to timings of the bus services, difficulties in general experienced by the travelling public, provision of amenities to the passengers, disposal of complaints received from the travelling public, co-ordination between rail and road services or transport services between two or more divisions, and such other matters as may be referred to it by the Corporation from time to time. Though this can be considered a constructive action on the part of the Corporation to answer the public for its actions, the Councils have basically remained as showpieces. It bears repetition that a large number of members appointed on the Councils hardly travel by bus, and, therefore, can never know where the shoe pinches.

Finally, there is a direct 'de facto' accountability of the Corporation to the users as they constitute a large mass...
and, many times, resort to democratic weapons of 'satya-graha' etc., to ventilate their discontent and grievances. The Corporation has to endeavour to the public satisfied in all respects and, therefore, accountability to the users will entirely depend upon its constant alertness.

Balance between Autonomy and Accountability:

Earlier I discussed the need for maximum operational autonomy for public enterprises so as to enable them to function on sound business and commercial principles. This was followed by a discussion on accountability of which the essential feature is supervision and control exercised by Parliament/Legislature and Government. These two are conflicting in nature and a proper balance has to be struck between them. While Parliament/Legislature must review the performance of public enterprises with a view to promoting and safeguarding the interest of the public, it must not be done in a way that may weaken the initiative of management thereby affecting the operational efficiency.

This issue has also received a considerable attention of the Administrative Reforms Commission. The recommendations made by the Commission are enumerated herein below:

1. The Bureau of Public Enterprises, in consultation with

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Dr. Amul Desai: Debate on GSRTC; Fourth GLA. Third Session: p. no. 550. The Members never travel by S.T.buses. This is equally true of most of the members of the DAC.

the Ministries and public undertakings, should work out a model form for the Annual Reports of public undertakings. Standard operational indices should also be prepared for use by the public undertakings in order that essential information relating to their working is brought out in the Annual Reports in a readily intelligible form.

(2) No officer of a Ministry should be made Chairman of a public undertaking, nor should the Secretary of a Ministry be included in its board of management.

(3) All appointments below the level should be made by the board itself. However, in the case of the chief executive of a constituent unit and its Financial Adviser, the appointment should be made by the Board in consultation with the Government.

(4) The power vested in the managements for sanctioning capital expenditure should be reviewed with a view to making upward revisions in the case of larger undertakings.

(5) The board should have full freedom in delegating its powers to its executive officers whenever necessary.

(6) Any suggestion from Government to a public undertaking asking it to act in a manner different from dictated by economic considerations should invariably be in the shape of a formal directive and it should be duly
brought out in the Annual Report of the undertaking.

(7) A systematic appraisal of the performance of public undertakings should be undertaken by Audit Boards which may be manned with economists, management engineers, statisticians, etc. and also those who have had the experience of working in public undertakings.

These recommendations if implemented in right spirit and sense may possibly be able to establish a beneficial balance between autonomy and accountability. Unfortunately, nothing seems to have been thought of at the State level.

Be that as it may, it is quite safe to endorse the views expressed by Dr. Raj K. Nigam, according to whom "no satisfactory solution has yet been found to the problem of reconciling two imperatives which seem to pull in the opposite directions, viz., the accountability to the public through the administrative apparatus and system in New Delhi and the needs of initiative and quick decisions at the plant level. A number of Committees and experts have gone into the question; but unfortunately so far no viable and satisfactory solution to this paramount problem has yet emerged. And yet, until a solution is evolved no radical improvement in the working of the Central Government enterprises is expected. 41