Composition

The concept and the basic structure of the governing board of a public corporation have been obviously borrowed from the private enterprise. However, it occupies a far more important position than a board of directors in a private firm. Unlike the board of directors, it is not only responsible to its shareholders, but has a duty towards the consumer, the employees, the government, the legislature and even the nation as a whole. At times these duties are conflicting in nature, and so the board of a corporation has to take an overall and long-term view in formulating its policies which may affect all the parties mentioned above. This is a very difficult task indeed. Thus the board occupies a crucial position in the working of a public corporation. It has to take important policy-decisions regarding personnel, production, purchasing, finance, research, development, prices, relationship with the ministry, with the consumer, and so on.

Necessity of the Governing Board

It is sometimes argued that as compared with private enterprise, there is an extra 'layer' of policy formation in a public enterprise--may be a public corporation or a joint-stock company. There is the Ministry as well as the Board. So is a board at all necessary in view of the policy-forming functions of the ministry concerned?
Here, there is little realization of the fact that between the overall action of the Ministry and the point where the management takes up the matter, there is an important sphere of sub-policy and decision-making, wherein the governing board plays an important role. Hence its necessity.

The importance of the governing board in underdeveloped countries has been further emphasized by Professor Hanson. He thinks that after taking into consideration the general tendency towards excessive administrative centralization in many of these countries, it is necessary to set up a strong buffer between government and operational management. The Ministers will confine themselves to matters at the highest policy level. The 'sub-policy' decisions will be taken promptly by persons well acquainted with the managerial problems. Thus the need for a properly organized board with adequate powers and autonomy needs no apology.

Once the importance of the governing board is accepted, every effort has to be made to constitute it in a proper way. From this point of view, the qualifications of the members, their number, tenure, remuneration, the time they devote to the undertaking, and such other things assume great significance. So a careful consideration of all these questions is necessary by government while formulating legal provisions and making appointments. The need for this has been stressed time and again by
various authorities.

The statutory provisions pertaining to the Corporation Boards in India are not uniform regarding the size and composition of the board and the qualifications, remuneration, etc. of the members. This is also true of the public corporations in the U.K. The nature and needs of a particular undertaking and the ideas of the Ministry formulating the statutes account for the difference. Uniformity also precludes scope for any experimentation in the field.

The Appointing Authority

The power of appointing the boards of public corporation is always vested in the Minister concerned. In England this has been the general practice. The Establishing Acts in India do not follow the British model in this respect. There is no uniformity in the Act regarding the appointment of the governing board of the public corporations. Some boards are to be solely appointed by the Minister concerned. The corporations which belong to this category are: the Rehabilitation Finance Administration; the two Air Transport Corporations; the Life Insurance Corporation; and the Faridabad Development Corporation.

In one case though the governing board is appointed by the Minister, he has to consult certain state govern-
ments in the matter. It is the Damodar Valley Corporation. This provision has been made because the interests of the two states, Bihar and West Bengal, are involved in it.

There are certain corporations where the members are partly appointed by the Minister concerned and partly nominated or elected by the authorities and institutes other than the government. They are: Industrial Finance Corporation, Employees State Insurance Corporation, Delhi Road Transport Undertaking, State Bank of India, State Finance Corporations, National Co-operative Development and Warehousing Board, and Central Warehousing Corporation.

It is clear from the provisions of the appointment of governing boards of corporations in the last category that the two basic factors, which account for bringing in other agencies, are their financial interests in the undertaking and consideration of special interest—an expert in the undertaking.

With due consideration to these two factors, it is still necessary to vest the sole authority of appointing a board in the hands of the Minister concerned. The interests of agencies, which either nominate or elect the members of the board, could be properly considered by the Minister himself. The present practice is likely to affect the homogeneity of the board, as the members
consider themselves accountable only to the agencies which have sent them on the board. It may bring in a sectional point of view in the board room.

The Road Transport Corporations Act, 1950, does not lay down any specific provisions in this respect and leaves everything to the states concerned. It says that the state government may establish a road transport corporation by notification in the official Gazette and appoint the necessary members.

According to the Bombay State Road Transport Corporation Rules, 1952, the appointing authority in case of all but two members of the Bombay State Road Transport Corporation is the Minister concerned.

The two official members who are supposed to represent the Central Government are nominated by the Central Government only. The Road Transport Corporations Act, 1950, lays down:

"Rules made under this Act shall provide for the representation both of the Central Government and of State Government concerned in the Corporation in such proportion as may be agreed to by both the Governments and of nomination by each Government of its own representatives therein, and where the capital of a corporation is raised by the issue of shares to other parties under sub-Section (3) of Section 23, provision shall also be made for the representation of such shareholders in the Corporation and the manner in which the representatives shall be elected by such shareholders."

As no private capital is associated with the Bombay State Road Transport Corporation, the latter provisions of the Central Act are irrelevant in that respect.
Thus the Minister appoints all the six non-official members and three official members. The two other official members are nominated by the Central Government as its representatives. The Minister is not required to consult any person or bodies at the time of the appointment of the members of the board. Both the Chairman and the Vice-Chairman of the Corporation are appointed by the Minister.

Composition of the Board

The ability of the members of the governing board of a public corporation is ultimately responsible for the successful working of the undertaking. So the composition of the board is of the greatest importance. No efforts should be spared by the appointing authority to get the best persons available to entrust the responsibility of the undertaking.

As Professor Robson has said:

"... The first aim should be to get the ablest men available to run these great enterprises. ... The qualities most clearly needed on the governing board are drive, imagination, insight, and the capacity for grasping large questions of policy without becoming confused or absorbed by a mass of detail. Knowledge and experience are valuable, but they are less essential than good judgement and the ability to lend...."

1 Nationalized Industry And Public Ownership, p. 216.
Mr. A. D. Gorwala has also attached great significance to the proper composition of the board.

The concern for quality leads to the question whether it is necessary to lay down certain qualifications for the members to be appointed to the board.

Almost all Acts relating to public corporations in Britain stipulate certain qualifications. They include experience in industrial, commercial, or financial matters, administration, and organization of workers. The boards of some public corporations are to include persons of experience and reputation in the industry concerned. These are the British Transport Commission, the Central Electricity Board, National Coal Board, Area Gas Boards, and the Gas Council. The Transport Act, 1947, says:

"The Commission (British Transport Commission) shall consist of a Chairman and not less than four nor more than eight other members all of whom shall be appointed by the Minister from among persons appearing to him to be persons who have had wide experience and shown capacity in transport, industrial, commercial or financial matters, in administration or in the organization of workers, and of whom the Chairman and not less than four other members shall be required to render whole-time service to the Commission...."

On the other hand, no specific qualifications are mentioned in the case of the members of the airways corporations and the directors of the Bank of England.

By and large the establishing Acts of public corporations in India do not stipulate any qualifications for the members of the board. The only exceptions are
the Employees State Insurance Corporation, and the State Bank of India. It would have been better if qualifications of general nature as well as those required for the particular undertaking had been laid down. It would have given the Minister general guidance for making appointments, and restricted the scope of nepotism and patronage.

The Road Transport Corporations Act, 1950, also does not define any fields from which the members should be drawn. It is left to the states concerned to make the necessary rules in the matter. Section 5 of the Act says:

"(1) Subject to rules made under this Act, a Corporation shall consist of a Chairman and such number of other members as the State Government may think fit to appoint."

The Act, however, lays down certain disqualifications of general nature preventing the appointment or continuation of the membership of the board. They are lunacy or unsound mind, insolvency, conviction of offence involving moral turpitude, direct or indirect financial interest in the undertaking except as a shareholder, and financial interest in other road transport undertakings.

In accordance with the provisions of the Road Transport Corporations Act, 1950, the Government of Bombay framed the Bombay State Road Transport Corporation Rules, 1952. Therein it is stated that the six non-official members of the board will be appointed from the industries,
agriculture, labour, and commerce. Section 3 of the Rules says:

"The six non-official members shall be appointed by the State Government so as to include representatives of industries, agriculture, labour and commerce."

Unlike the British Transport Commission, these qualifications do not include experience and capacity in transport and administration. Probably, the official members of the board are supposed to give the benefit of their administrative experience to the corporation. As there were no well-organized large-scale transport units in the province or even in the country for that matter, there was little possibility of getting experienced persons in the field of transport as members of the board. So it seems that no provision has been made to that effect.

Another point of dissimilarity is that unlike the British Transport Commission, the members of Parliament or Legislature are not debarred from becoming members of the board. This is true of all the public corporations in India, the only exceptions being the Damodar Valley Corporation and the Reserve Bank of India.

The question whether the Members of Parliament or Legislature should be appointed on the governing boards of public corporations is rather controversial. In Great Britain it has been the practice not to allow them to be on the board, and almost all Acts have explicitly made
it clear. It is only the Charter of the B.B.C. which does not make any mention of it at all. The main argument in favour of this practice is that this will keep the autonomy of the corporation intact. Professor Robson has described it as a "valuable safeguard".

In India not only the Acts are silent over this question, but there has been a practice of including the Members of Parliament and Legislature. This has been severely criticized from various quarters. Apart from affecting the autonomy of a corporation, it becomes a matter of political patronage. The appointments are not made on the basis of ability and experience, but on the basis of something else. Moreover, no member of the Opposition Parties is usually appointed to the board.

Neither the Road Transport Corporation Act, 1950, nor the Bombay State Road Transport Corporation Rules, 1952, debar Members of Parliament and Legislature from being appointed as members of the governing board. The same is true of the Delhi Road Transport Undertaking Act.

The practice of appointing Legislators to the governing board of Bombay State Road Transport Corporation has been in vogue right from its inception and has continued up till now. It is quite possible that some of the Legislators might be representing certain fields as defined by the Rules, namely, agriculture, industry, commerce, etc. Still they have been known more for their
legislative career than for anything else.

The first Corporation Board which was appointed on 8th December 1949, contained three Members of Bombay Legislature out of five non-official members.

The Corporation Board which was constituted on 12th April 1952 had six non-official members out of which four were Members of Bombay Legislature.

In December 1952, a new Chairman was appointed and there were some changes in the composition of the members as well. Here again there were four Members of Bombay Legislature out of six non-official members of the Board.

A new Board which was constituted in 1955, consisted of only two Legislators out of six non-official members.

In 1958, the Board, as reconstituted, had only one Member of Legislature among six non-official members. In 1959 this strength was increased to two.

Needless to add that all the Members of Bombay Legislature appointed on the Corporation Board have been from the party in power. This is the case with all other public corporations in the country. Recently there was a singular exception in the case of Bombay State Road Transport Corporation when a Member of an Opposition Party (Praja-Socialist) was appointed as a member of the Board in 1958. This appointment is very significant. It was made to indicate the sincere desire on the part of the
Bombay Government to associate the members of Opposition with the working of state enterprises. Also the choice of the member concerned has proved to be quite correct. This appointment has been very much appreciated in general. Perhaps it is the only case in India where a Member of Opposition has been appointed on the governing board of a public corporation.

The practice of appointing Members of Legislature on the Governing Board of Bombay State Road Transport Corporation is not desirable. It has serious repercussions on the autonomy of the Corporation. The number of official members on the one hand and the number of Legislators among the non-official members on the other, make sufficient inroads in the autonomy of the Corporation. So it would be better if this practice of appointing the Legislators on the board is discontinued or at least the number of Legislators to be appointed is reduced to a nominal figure. Much depends on the Minister concerned to set up healthy conventions.

Of course, the Bombay State Road Transport Corporation is in no way an exception in this matter. The practice of appointing Legislators on the boards of State Transport Corporations is quite common in other states as well. In one case the Chairman of the Corporation Board is a Legislator. Thus the Ministers of different states concerned should not merely take refuge behind
of the Act; they should start a healthy convention by giving up the present practice.

Regional Representation

Another feature of the Road Transport Corporations Act, 1950, regarding the composition of the Board is that it does not provide for regional representation on the Board. The Bombay State Road Transport Corporation Rules, 1962, framed by the State Government, also have no provision for the same.

But in view of its composite nature, the Bombay Government has always given due consideration to regional representation in practice, while making appointments of the non-official members. Thus, till 1956, Gujerat, Maharashtra, Karnatak, and Konkan regions were represented on the Board. After the reorganization of the states there was due representation to Maharashtra, Gujerat, and Konkan regions.

This practice is commendable from two points of view. One is the regional and local nature of road transport. Other is the atmosphere of mutual suspicion that unfortunately existed in the composite set-up and which ultimately led to the formation of unilingual states all over. The press reactions, public comments, certain questions asked in the Legislature, and references made in the debates give ample evidence of this suspicious atmosphere. Policies regarding recruitment, promotions,
allotment of vehicles, construction programme, location of major units and expansion programme, etc. were criticized purely from regional point of view. But all this criticism lost much of its sting because of the regional representation on the Board. Thus it has been of great value. Similar practice is followed by the British Transport Commission as well.

Representation to Various Interests

Another important issue regarding the composition of the governing board of a public corporation has been whether the various interests like the labour, the consumer, etc. should have representation on the board. The idea behind such a proposal is that these major parties who are directly affected by the policies of the undertaking should have the opportunity not only to represent their case but also to mould the policies of the undertaking to safeguard their own interests.

The idea envisages representation for all the interests concerned; in practice, however, it is the labour which has been more vocal for demanding a representation on the board, particularly in the U.K. and France.

Professor Robson observes that the chief requisite of a governing board is that it should embody the greatest possible unity of purpose; so it is not a meeting place for the representatives of divergent interests.

Though most of the boards of public corporations
in the U.K. contain reputed trade-union leaders, they are to give benefit of their knowledge of labour problems and not as direct representatives of trade-unions controlling that particular undertaking. They resign their trade union posts after being appointed on the board.

In France, because of the influence of syndicalism in general, the labour found a place on the governing boards of French nationalized industries from the beginning. The boards have been composed on a tripartite basis, representing the State, the labour and the consumer.

The system has tended to make the members of the boards partisans of the interests they represent, and so, the boards lack unity of purpose, energetic administration and coherent policies. Thus the French experiment is considered to be a failure.

The principle of giving representation to various interests on the governing boards of public corporations has not been accepted in India.

Mr. Gorwala has expressed himself against the idea of giving representation to various interests on the board. He observes:

"... Positively the composition should be such as to subserve the purpose of good and efficient direction in the public interest. So there is no room for the representatives of interests. It is not a forum for the settling of points of difference among various interests each of which pulls its own way."

1 Report on the Efficient Conduct of State Enterprises.
Unlike the U.K., there is no strong trade union wing of the Congress Party, which would exert pressure for representation on the boards of nationalized industries. Though the governing boards contain well-known trade union leaders, they are appointed to give benefit of their knowledge and experience of labour problems in general. They are not supposed to represent the trade unions of a particular undertaking. They also continue to work as trade union leaders even after their appointment and do not resign their trade union posts, like their British counterparts. Needless to add that almost all trade unionists who have been appointed to the boards belong to the Indian Trade Union Congress (INTUC), a labour union movement wing of the Party in power. There is not a single instance in this country of a well-known trade unionist belonging to other Union (i.e. Opposition), appointed to the board of a public corporation. This is rather undesirable. The government should make use of the knowledge and experience of these trade unionists as well— at least of those known for their constructive bent of mind.

The Administrative Enquiry Committee set up by the Government of Bombay, however, recommended to give representation to various interests on the governing boards of public corporations in the state. It states:

"The members of the board should be selected on the basis of competence and ability to administer the industry
efficiently in the public interest. Subject to the above qualifications being satisfied, representation may be given to the various interests concerned in the industry."

The Government of Bombay, however, did not implement this recommendation in the case of Bombay State Road Transport Corporation. The principle of appointment reflected the general trend in the country of not giving representation to specific interests. From the beginning, i.e. 1949, the governing board of the Corporation contained well-known trade union leaders, though all of them belonged to the Indian National Trade Union Congress. They were appointed for their special knowledge and not to represent the employees of the undertaking. It is specified in the Bombay State Road Transport Corporations Rules, 1952, that the six non-official members shall be appointed to include representatives of industries, agriculture, labour, and commerce.

Though the public corporations in India do not have the class representation on their governing boards, the boards of some of the public corporations, which are partly elected by some states or bodies, do contain the representations of certain financial or expert interests.

In the case of State Road Transport Corporation the interests of the railways are represented on the board. In fact, the possibility of such a representation has been the strong point of the public corporation form of management in the eyes of the Central Government and the

Planning Commission. This practice has been very much criticized by some people. It is said that not only a shareholder is given representation on the board but that the two competing (and perhaps conflicting) interests are made to sit together to work out a co-ordinated policy of road transport operations. If the representatives of the railways, who are in a minority, are not in a position to mould the policies of the corporation, then this system is superfluous. If they are in a position to do so, then it would amount to an infiltration of railway influence in the managerial decisions of road transport in the name of rail-road co-ordination.

It seems that the whole criticism is conceived in a wrong perspective. It is obvious that the transport policy of the Central Government for last many years has a 'railway' bias; may be because of many reasons. But it would not be correct to look from that angle at the present arrangement of giving the representation to the railways on the boards of State Road Transport Corporations. The only idea behind this arrangement is that each side should be in a position to inform the other of its own plans of operation, programme of expansion, and the pricing policy and avoid certain mistakes that might originate in an atmosphere of mutual suspicion and ignorance. It is mainly for the corporation to decide its policies, with due consideration to the viewpoint of the
representatives of the railways. The latter, in their own turn, have to understand the policies of the undertaking. The real points of conflict are bound to remain unsolved or probably decided in favour of the road transport undertaking on the basis of sheer majority. But there are many points of apparent conflict which are dissolved by sitting together in an atmosphere of give-and-take. This should be considered as the real merit of the present arrangement.

From the record of the working of the Board of the Bombay State Transport Corporation, it appears that no serious differences, affecting the smooth working of the Board, ever occurred between the representatives of the railways and the other members. The same is true of most of the other State Road Transport Corporations.

The Composition of Bombay State Road Transport Corporation

The Bombay State Road Transport Rules, 1952 lay down that the Corporation shall consist of eleven members including the Chairman. Of these, five shall be official members and six non-officials. Out of five official members, three will be nominated by the State Government as its representatives, and the two will be nominated by the Central Government as its representatives.

All the six non-official members are appointed by
the State Government to represent industries, agriculture, labour, and commerce.

These are, in a nutshell, the statutory provisions as regards the composition of the governing board of the Bombay State Road Transport Corporation.

The first board of the Corporation was appointed in December 1949 by notification. Though there were no rules framed at that time, the principle regarding the composition was almost similar as embodied in the Bombay State Road Transport Corporation Rules, 1952.

The first board consisted of nine members. Of these, four were officials and five non-officials. Of the four officials, three were nominated by the Government of Bombay, and one by the Central Government. The latter was considered to be a representative of the railways.

Of the three official members representing the Government of Bombay, one was the Motor Transport Controller and ex-officio Vice-Chairman of the Corporation. He was from Indian Civil Service. The remaining two were the employees of the Corporation, one in charge of the Mechanical Engineering Department and the other in charge of the Finance.

It was not proper on the part of the Bombay Government to appoint two officials of the Corporation on the governing board, and that too as their own representatives. It is not the usual practice either in the U.K. or in
this country to appoint the employees of the undertaking on its governing board. It is supposed to be the highest policy-making body of outsiders having a detached point of view. The employees who have some interest of their own are quite incongruous in the set-up of a corporation board.

It appears that the Government of Bombay also realized this later on, and, though it is not laid down in the rules disqualifying the officials of the Corporation from being members of the board, no such appointment was made thereafter.

Yet another important aspect regarding the composition of the governing boards of public corporations is the nomination of the civil servants or official members as they are generally known in this country. The appointment of civil servants on the boards is rather a controversial issue.

In the U.K. there has been a practice to appoint eminent but retired civil servants on the boards. This practice has been criticized on the ground that since the officials concerned have served under certain Ministers, it may not be possible for them to take completely independent attitude. Same is the case when they have to deal with other brother officials from various Ministries. This may come in the way of running the public undertakings in a proper and autonomous manner. Professor Robson,
however, disagrees with this view. He maintains that most of the British Civil Servants are capable of being independent and this has been proved by the records of the working of the various undertakings.

In France the civil servant finds his place on the board as a representative of the State.

There has been a general practice in this country to appoint the civil servants on the boards of public corporations. This is true of both the Central and state government undertakings. Same is the case with the boards of directors of many of the joint-stock companies in the public sector. The appointment of the civil servants on the boards has proved equally controversial here as well. There are many critics of this policy of the Government. The main objection is that such appointments make inroads into the autonomy of public corporations. It is quite possible for the Minister concerned to influence the policies of the undertaking through the official members on the board. It is also argued that the officials cannot take any independent view conducive to the proper working of the undertaking; they merely become the channels of communication between the Ministry and the undertaking. They have no sense of belonging to the undertaking, and merely become birds of passage with their eyes on the parent department. It is also argued that because of this attitude the officials also don't bring
in their experience and knowledge, which they are presumed to bring to the benefit of the board as a whole. Due to their frequent transfers, the continuity of policy and experience is affected. Some of the critics even go to the extent of suggesting that it is better to run these undertakings departmentally rather than to swamp their boards with the officials and keep merely a facade of corporate autonomy.

In his report, Mr. Gorwala has also disapproved of the present policy of the Government to appoint the civil servants on the boards of public corporations.

Another undesirable feature of the present practice is that a single civil servant is appointed on the boards of various public corporations. The obvious reasons of such practice are: the dearth of civil servants for such appointments or the limited number of officials enjoying the confidence of the Minister and thus representing him truly on such boards. The result is that he is not in a position to devote full attention to any one of the undertakings. Even Paul Appleby, who does not frown on the practice of appointing civil servants on the boards, has criticized the policy of appointing a single civil servant on different boards.

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1 Report on the Efficient Conduct of State Enterprises.
It is also argued that the officials together with the legislators from the non-official members (necessarily belonging to the party in power) can limit the autonomy of the undertaking to a considerable extent if the Minister so desires.

This practice has, however, some supporters also. They think that the presence of the officials is necessary on such boards to bring the Minister's point of view to bear on the decisions of the board and to ensure better co-ordination between the Ministry and the undertaking. This is quite necessary, at least in the initial stage, in view of the magnitude of the capital involved and the public interest. Moreover, in spite of some limitations on the autonomy of the public corporation due to the appointments of the officials, there is a considerable difference between such an undertaking and one which is run departmentally.

In his report,1 Paul Appleby has supported the practice of the Government appointing the civil servants on the boards. He observes that it is merely a waste of time to discuss what measures should be taken to bring in the persons from the private sector on the boards. The real concern should be to get the ablest persons from any

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1 Re-Examination of India's Administrative System with special reference to Administration of Government's Industrial and Commercial Enterprises (Government of India, Cabinet Secretariat, 1956).
quarter. He thinks that the ablest general administrators and those having regard for public responsibilities will naturally come from the civil service.

Though there are certain disadvantages of the present policy of appointing the civil servants on the boards, it is rather difficult to suggest the complete giving-up of such a policy, in view of certain considerations. The major factor which should govern the continuation of such a policy is the recent growth of the public sector in this country. It is but natural that the government should show concern for the capital invested, and the tuning of policies to the needs and interests of the public. Another reason is a limited choice of the non-official members for the nomination on these boards. This policy, however, should be gradually changed by giving prominence to the non-official members in course of time.

During the association of the civil servants with the public corporations, it should be always impressed upon their minds that their basic loyalty should be to the undertaking, and that they should not allow themselves to be influenced by senior officials in the Ministry or the Minister himself. This was one of the principles recommended by the Life Insurance Corporation Enquiry Commission for the proper working of the public corporations.

Another device which can be used in this connection is to ask the civil servants to resign from the civil
service, once they are appointed to the board, as in
the case of the Governor of the Reserve Bank of India.
Mr. Ashok Chanda, the former Comptroller and Auditor
General, has also advocated similar practice in this
connection. It is, however, necessary that the remunera­
tions in public undertakings should be quite attractive
and be on par with those offered to top-ranking civil
servants of this country. This will induce the ablest
administrators to make a career for themselves in the
field of public sector.

It is also necessary that the government should
come out with a clear-cut statement regarding its policy
of appointing civil servants on the boards of public
corporations.

Coming to the Bombay State Road Transport Corpora­
tion, it might be recalled that out of the eleven members
on its board, five members are official and six are non­
oficial. The two official members are nominated by
the Central Government to represent the interests of the
railways. The remaining three members are the nominees
of the Bombay Government. One of the nominees of the
Bombay Government is the Vice-Chairman of the Corporation.

The first corporation board which was constituted
in 1949, before the framing of the Bombay State Road
Transport Corporation Rules, 1952, consisted of four
officials and five non-officials. Out of the four officials
members one was the nominee of the Central Government
and the three represented the Government of Bombay.

Thus one finds that in the case of the Bombay State
Road Transport Corporation, there is a predominance of
non-official members. This is really a very desirable
feature which is conspicuous by its absence in the case
of most of the road transport corporations. Equally
important is its convention of appointing a non-official
as a Chairman of the Corporation.

In the case of many of the state road transport
corporations, the officials are either a majority or
their number is equal to that of non-official members.
In the erstwhile PEPSU State Road Transport Corporation,
all the members of the board were officials. This is of
course a unique example. In the Delhi Road Transport
Corporation the board consists of five official members
and three non-official members. The Chairman is an
official. The Kutch Road Transport Corporation Board has
five official members including the Chairman and only
one non-official member. The Saurashtra Road Transport
Corporation has five official members and two non-official
members and the Chairman is an official. The governing
board of the Andhra Road Transport Corporation has only
two non-official members and eight official members in-
cluding the Chairman.

Thus, in all the cases mentioned above, the offi-
cials hold a predominant position and most of the Chairmen are chosen from the official members. Against this background the composition of the Bombay State Road Corporation Board appears really unique, where there is no predominance of the official members and where the Chairman has always been a non-official. This is certainly a healthy feature worthy to be followed by all public corporations either in the field of road transport or elsewhere.

As already mentioned, the continuity of policy and experience is certainly affected by the frequent transfers of the official members of the board. The Bombay State Road Transport Corporation is no exception. This is more true of the officials of the State Government. Though the two nominees of the Central Government are also transferred frequently, they are considered to be outsiders and so its repercussions on the continuity of policy and experience are not so serious. Among the representatives of the Bombay Government, it is the post of the Vice-Chairman of the Corporation which really demands continuity of the occupant for a sufficiently long period. If the occupants of this post are also frequently transferred, the consequences on the working of the board are likely to be very serious. This is really a key post in the set-up of the organization, and any casual treatment of the same affects the efficient working of the undertaking. The
Government of Bombay, it seems, had sufficient realization of this fact in the beginning. But this policy did not continue for long.

Mr. D. D. Sathe, I.C.S., the Motor Transport Controller of Bombay State, was the first Vice-Chairman of the Bombay State Road Transport Corporation since its very inception in 1949. He continued as the Vice-Chairman (barring his study leave for more than six months) up to 1954, i.e. for a period of about five years. This long continuity of tenure enabled the first Vice-Chairman to evince keen and sustained interest in the Undertaking and to put it on an even keel. He left a permanent mark of sincere and pioneering work on the organization.

Mr. Rebello, I.A.S., was appointed as Vice-Chairman of the Corporation on 12th February 1954. He worked in that capacity till October 1956, i.e. for a period of little more than two years.

Mr. S. G. Barve, I.C.S., was appointed as Vice-Chairman in October 1956. He continued for about six months.

Mr. Bowman, I.C.S., took over as Vice-Chairman from Mr. Barve in 1957. He was with the Corporation for more than three years. He retired in June, 1960.

Mr. S. G. Barve was again appointed as Vice-Chairman in June, 1960. He continued for less than five months.

Mr. N. K. Dravid took over as Vice-Chairman in September, 1960 and left in November, 1960. He was asso-
ciated with the Corporation as Vice-Chairman for a couple of months.

Thus one finds that the official members occupying the key post of Vice-Chairman of the Corporation except the first one, did not enjoy any continuity of tenure. Their frequent transfers seriously affected the working of the Corporation. The Minister concerned should have given more thought to this problem.

The Annual Administration Report (1956-57) of the Saurashtra State Road Transport Corporation makes a wonderful reading in this respect. One member was on the board for a little over two weeks. One also finds officials gracing the board room for only six weeks, and so on. The average association of other official members seems to be for a year or so.

The association of the officials with the board for a very short period is bound to have repercussions on the working of the undertaking; it is really a very serious problem and the Government must give a close thought to it from the beginning. At the time of the appointment of an official member, there should be a careful consideration of all the factors which are likely to affect his continuity.

The Role of Non-Officials

Against the background mentioned above, the non-
official members have a very vital role to play. As they are independent of the government, it is up to them to maintain the autonomy of the undertaking. They are supposed to bring an outside view in formulating the policies and shape the policies from the point of view of the people in general. Unlike the officials they generally enjoy the full term of their tenure, and so have to preserve the continuity of policy and experience.

In a Seminar on Problems of State Enterprises in India, many participants, closely connected with the working of state enterprises, narrated their experiences regarding the positive contribution made by the non-official members of the governing board of public corporations.

This important role which the non-officials are supposed to play in the working of the undertaking brings us to the question of the sources of their recruitment and the qualifications required of them. For it is the quality, experience and nature of their usual vocation that would influence their performance.

In the case of most of the public corporations in India, the qualifications of the non-official members, or the fields from which they are to be chosen, are not laid down in the establishing Acts. They are, however, chosen

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1 Administrative Problems of State Enterprises in India, Indian Institute of Public Administration, December, 1958.
from industry, commerce, finance, labour movement, agriculture and such other fields. In the undertakings of specialized nature, persons from similar or ancillary fields like engineering, banking, co-operation, etc., are appointed.

As regards the board of the Bombay State Road Transport Corporation, the six non-official members are supposed to represent industries, agriculture, labour, and commerce. It is better that these qualifications are laid down in the Bombay State Road Transport Corporation Rules, 1952, so that the selection by the Minister would be restricted to those fields only, and there would be no scope for any arbitrary nomination. All these aspects mentioned above are closely connected with the working of a road transport undertaking and so it is but natural that the members of the governing board should have made some contribution to these fields. As the nature of the undertaking is basically commercial, the presence of persons from commercial and industrial fields is very essential on the governing board. The State Transport Corporation, being a huge nationalized undertaking, is supposed to act as a model employer; it is in the fitness of things that persons well-versed in the labour movement are nominated to the governing board.

A need is, however, felt of representing two important fields: one being an automobile industry in particular,
and the other the financial field. Though these two aspects might be covered by the official members of the board, it is more desirable that some non-official members should represent these two fields. They should be in a position to give the benefit of their knowledge and experience in automobile industry and finance. These are of great importance from the point of view of running a transport undertaking successfully. It would have been better if these two fields had also been included in the list given in the Bombay State Road Transport Corporation Rules. Nevertheless, these considerations should weigh with the Minister at the time of making appointments to the board. It would certainly improve the quality of the working of the undertaking.

No appointments have been made so far to cover the fields of automobile industry and finance. All the members belonging to industry and commerce did not include any one from automobile industry. Also no financial expert has been appointed on the corporation board so far. It is for the Minister concerned to give serious thought to this question.

The appointments of non-official members made to the governing board of the Corporation so far, have been in accordance with the provisions of the Bombay State Transport Corporation Rules. The members have represented industries, commerce, agriculture, labour, etc. With all
this adherence to the rules, not all the appointments were imaginative. The various possible sources of recruitment were not successfully tapped. The few Legislators appointed to the board did not specifically represent any of the interests mentioned above. They were more known for their legislative career than for anything else.

There has been a general criticism in the country that the level of the non-official members of the corporation boards has not been up to the mark, and no noteworthy contribution has been made by them to the successful working of the undertakings. This criticism is largely correct. It does not, however, mean that the sources are limited and that the present quality alone is available in the field. Far from it. The real trouble is that in most of the cases no proper and careful selection has been made by the appointing authority. Considerations other than quality, experience and drive of the persons usually weigh with the Minister. This is really a sad state of affairs, particularly when the public sector is in its infancy and having teething troubles and when its presence is not well tolerated by influential sections in this country. A proper selection of the board would go a long way in solving many of the problems of the public corporations. When it is the declared policy of the Government to give increasingly important role to the public sector in the economy, and when it is looked upon as an effective
instrument for the establishment of a particular social order, the Government should spare no efforts to ensure its successful working. The choice of a proper governing board is one of the basic pre-requisites of such a successful working. It is disappointing that the appointing authorities do not seem to be aware of it.

The undesirable practice of appointing the legislators on the boards has already been dealt with. Needless to add that the sooner the appointing authority does away with it the better it is for the public sector.

Another important question in this respect is that whether persons from commercial and industrial fields from the private sector should be appointed to the boards of public corporations. The opposition to such appointments stems from two reasons. One is that these persons are not of much help to the successful working of public undertakings, as the problems of the latter are quite different from those of private undertakings. Such views are expressed by Paul Applaby. He says that no time should be wasted in the futile discussion of how to secure the services of the people with industrial and commercial experience in private sector.

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1 Re-examination of India's Administrative System with special reference to Administration of Government's Industrial and Commercial Enterprises. (Government of India, Cabinet Secretariat, O. and M. Division, 1956.)
Another reason for opposing the idea of appointing the industrialists and commercial magnets from the private sector is their lack of faith in the public sector and their alleged opposition to it. So their presence is considered detrimental to the interests of the public undertakings.

This kind of criticism was also made in the U.K., particularly when the Labour Party was in power. Such criticism is also prevailing in this country. It is particularly made by the spokesmen of staunch leftist parties like the Communist Party. In the debate on the Report of the Life Insurance Corporation Enquiry Commission, Mr. Dange, Leader of the Communist Group in the Lok-Sabha, complained that industrialists having no faith in nationalization have been manning the governing boards of public undertakings and this has been largely responsible for their unsuccessful operation.

Such sweeping generalizations hardly reflect the reality of the situation. There are number of factors responsible for the unsuccessful working of the public enterprises and it is rather difficult to establish a clear-cut relationship between the presence of the free enterprise businessman on the board and the failure of

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1 Lok-Sabha Debates, February, 1958.
the undertaking. It is, however, quite possible, that some mischief might have been done in a few cases.

It should be said that the appointing authorities have been very careful in appointing persons from the private sector. Those industrialists who have no faith in the public sector either keep away or generally do not find a place on such boards. Many of the eminent persons from the private sector have held a neutral position in this respect; they have realized that the public sector has come to stay. It is a general feeling that after the appointment, they have taken keen interest in the working of the undertakings and have made available the benefit of their valuable knowledge and experience.

There is, however, a grain of truth in the argument that every successful businessman or industrialist may not prove equally successful in a public undertaking. It is for the Minister concerned to exercise his own judgement after taking into consideration the background of the person and the peculiar needs of the undertaking. It is equally true that many public corporations have to learn a great deal from leading private enterprises either in this country or abroad. So the presence of the industrial and commercial personalities is highly necessary on the boards at least in the initial stages. They will be in a position to put the undertaking on a commercial
footing and adopt the latest techniques of business organization.

The Governing Board of the Bombay State Road Transport Corporation consisted of eminent industrialists from the beginning. In fact all the three Chairmen of the Corporation have been prominent businessmen in their own fields. Their contribution to the working of the organization has been really very great.

Part-time or Full-time Members

Another important problem related to the composition of the board is whether it should have all full-time members or all part-time members or a combination of the two. In case of a combination it also becomes necessary to decide the proportion of the two—whether there should be a predominance of the part-timers or whole-timers.

In general a blend of full-time and part-time members is desirable. The nomination of part-time members is essential to avoid too much of 'inside' view being taken of the problems of the undertaking. The part-time members can offer freshness of ideas and experience of outside world uninhibited by 'inside' attachment. They can also give benefit of their ability and experience which cannot be exclusively available for the undertaking.

Mr. Gorwala has recommended that whether a board should consist of full-time members or part-time members
should depend on the availability of suitable persons. He thinks that the Chairman has a very crucial role to play and so, as far as possible, he should be a whole-time member, unless it is considered essential to have a particular industrialist who is not available for the whole time.

The public corporations in England do not present a uniform pattern governed by a set of definite principles in this respect. Some have very few full-time members, while in case of some boards the full-time members are more than the part-time members or almost equal to them. The British Transport Commission has seven full-time members including the Chairman and eight part-time members. Formerly, of course, all its members, except one, were full-timers.

Another characteristic of the establishing Acts in the U.K. is that in the case of important public corporations, they specify the minimum number of full-time members a board should have, and also whether the Chairman should be a full-timer or not. The British Transport Act, 1947, states: "the Chairman and not less than four other members shall be required to render whole-time service to the Commission."

Coming to the public corporations in this country, one finds that the general pattern, in this respect, is not an outcome of any definite principles. The trend, however, seems to be more in favour of part-time members.
The first major public corporation set up in the country—the Damodar Valley Corporation—has all the three members as part-timers. The Air India International and the Indian Airlines Corporation also have no provision for whole-time members. Same is the case with the Industrial Finance Corporation. None of the 30 members of the Employees State Insurance Corporation is a whole-time member. The Life Insurance Corporation, the National Co-operative Development and Warehousing Board, and the Faridabad Development Corporation also have no provision for the whole-time membership.

In some cases the Managing Director has to be a whole-time member of the board. Such cases are: the State Financial Corporation, the State Bank of India, the Central Warehousing Corporation, and the State Warehousing Corporation.

In one case there is a provision of securing the whole-time services of the Chairman. It is the Rehabilitation Finance Administration.

As usual, the Road Transport Corporations Act, 1950, does not stipulate any provision regarding the full-time or part-time service of the members of the board, with the intention to give sufficient latitude to the states concerned.

The practice for the last 12 years has been to have more part-time members on the board of public corporations.
This is mainly due to the dearth of proper personnel to man the boards on a full-time basis. In highly developed countries like the U.K., the fields from which qualified persons could be drawn are varied and wide. Conditions are quite different in this country. There are no well-organized business houses and other developed branches of economic activity. Moreover, many of the persons from the industrial and commercial fields are not in a position to devote their whole time to the public undertakings. Same is the case with persons coming from the field of labour movement. Thus the appointing authority has a very limited choice and it has been rather heavily drawing on the civil service. Naturally, the civil servants, with the burden of their official duties, can serve only as part-time members.

Some critics point out that the preference for the part-timers has its origin in the importance given to the non-commercial aspect of public corporations. It is possible to have a small full-time nucleus of board members if the Corporation is strictly attached to commercial functions. But there is a tendency to set up large boards to cover the various interests that go to make up the 'public interest'.

Though there is some truth in the argument, it fails to provide the sole explanation of the general preference for the part-time members. Even persons appointed from
industrial and commercial fields to put the undertaking on a commercial footing, work as part-time members. Moreover, the importance of public interest need not be played down in view of these undertakings being in the public sector.

The Bombay State Road Transport Corporation Rules, 1952, lay down that all the six non-official members of the Corporation Board shall be part-time members.

Out of the five official members three are to be nominated by the Bombay Government as its representatives, and the other two are to be appointed by the Central Government as its representatives. It is also laid down that the contributing Governments may appoint one or more of their representatives as whole-time members of the Corporation. Thus all the full-time members are to be official members of the Corporation.

So far, all the three Chairman of the Bombay State Road Transport Corporation have been non-officials. So none of them has been a whole-time Chairman. But it is never laid down that the official member cannot be the Chairman. So there is a possibility of the Chairman being a whole-time member, if he is an official.

Before the framing of the rules, the first Corporation Board, which was appointed in 1949, had four full-time members and five part-time members. All the five part-time members were non-officials.
It seems that the number of part-time and full-time members has been well balanced. Neither of them has been disproportionately large or small. At the same time it is not desirable to have all the non-official members as part-timers. It is all the more important in view of the following aspect of the working of the Corporation Board:

In 1949 the Corporation Board created an Executive Committee of four official members. The functions of the Committee were as follows:

(a) To scrutinize and examine the various proposals submitted to the Corporation Board and give its views for the guidance of the Board;

(b) To carry on the day-to-day administration of the Undertaking; and

(c) To execute the decisions taken by the Board.

Thus, for all practical purposes the Executive Committee was the controlling organ of the Corporation Board. This was also a device to introduce functional element in its working. But it ruled out any association of the non-official members, as they are also the part-timers.

The Executive Committee was replaced by the Standing Committee in 1952. It is supposed to carry out the same functions. Though the size of the Committee is reduced to two members, they are all official members. Thus here also no part-time non-official member has been associated with the working of the Standing Committee. This practice is not desirable. The association of non-official members
in this respect is very vital and so at least some non-official members should be appointed on a full-time basis.

Functional Board or Policy Board

Recently there has been a good deal of discussion regarding the nature of the board whether it should be a policy board or a functional board. In a functional type, the members are specialists in different fields and so they are entrusted with the responsibility of specific departments. In a policy board, the members, though appointed on the basis of certain qualifications and even specialization, do not occupy the post as specialists with fields of activity earmarked for them; they take a collective decision on all policy matters.

Controversy regarding the relative merits and demerits of the two types is very sharp. Those in favour of functional type argue that policy decisions ought to be taken by persons who have a specialized knowledge of some aspects of the working of the undertaking, and so they should be entrusted with the responsibility in their particular field. If a policy board is constituted of non-specialist administrators, they may reject a technical advice about which they do not understand much. If they have a specialized knowledge, they generally take a day-to-day interest in a particular department, in which case the board becomes functional in practice, though
The advocates of a policy board argue that the specialists develop a narrow outlook and are unable to take a broad and comprehensive view of general policy matters. The decisions arrived at are mostly in the nature of a compromise with various pulls acting in different directions. In an extreme case a functional board may result in the splitting up of an enterprise into a number of specialized 'empires'. The repercussions of the functional type on the board--executive relationship are also quite serious.

Professor Hanson is of opinion that the issue is usually discussed on the basis of particular experience and not on the basis of any comparative study which is rather difficult to make. Both the types have given good results in some cases. So he concluded that the whole question should be regarded as extremely open.

He has, however, observed that due to particular conditions under which the boards are formulated in under-developed countries, such boards would be generally policy boards. In most of these countries the members are to be heavily drawn from the Civil Service because of absence of other sources like well-established business houses, and so on. Many of the members are part-time members. Such a board will naturally be a policy board and hence its choice in an under-developed country is obvious.
In Great Britain the present trend is towards a mixed board consisting of full-time and part-time members. The full-time members have special responsibilities without being heads of departments, while part-time members are men of wide experience brought from outside the industry and who are supposed to take a more detached view.

In India no adequate thought has been given to the question of the relative merits and demerits of the two types. The Government and Legislators—both at the Centre and state level—have not expressed any definite views on the matter.

As Professor Hanson has correctly pointed out, because of the peculiar composition of the governing boards of public corporations, almost all of them have become policy boards. There is no provision in any Act pertaining to the public corporation in this country, directing the board to work on a functional basis.

The Acts indicate general preference for part-time members and so this precludes the possibility of the board working on functional lines.

In his Report Mr. Gorwala has advocated the use of policy boards in general. He thinks that it would be more effective particularly in the case of joint-stock companies. As regards public corporations, he has advised to consider the use of functional element only in the

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1 Report on the Efficient Conduct of State Enterprises.
sphere of the selection of personnel. Otherwise policy board is the best.

Paul Appleby has not referred to this question in his Report dealing with the problems of the public undertakings in this country.

The Estimates Committee (1954-55) in its Sixteenth Report, which deals with the organization and administration of nationalized industrial undertakings, has made a passing reference to the subject. It has observed that the Chairman and members of the boards should work collectively and on a functional basis. The Committee has, however, not elaborated the idea in details, nor has it given any reasons for advocating this line of working.

Scanning the debates of the Bombay Legislature, one does not find any reference to the question of the relative merits and demerits of the two types of boards in the light of the Governing Board of the Bombay State Road Transport Corporation. Same is the case with the debates in the Central Legislature at the time of passing of the Road Transport Corporations Bill in 1948 and 1950. It seems that the members of the Central Legislature as well as the Bombay Legislature have not given serious thought to this important question relating to the governing board.

In a Seminar on problems of public enterprises

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most of the participants suggested that the governing boards of public enterprises in India should be policy-making boards. But there should be an Executive Committee of the Board which should manage the day-to-day administration of the concern on a functional basis. The idea is to have a synthesis of the two types.

The Bombay Administrative Enquiry Committee set up by the Government of Bombay has, however, recommended the use of a functional board rather than a policy board. It says:

"...Since matters of general policy are laid down by the Minister, the balance of advantage seems to lie in favour of having a small functional board so appointed as to cover the basic pattern of the industry brought under public control."

The Road Transport Corporations Act, 1950, does not specify the nature of the governing board in this respect.

The Bombay State Road Transport Corporation Rules framed by the Bombay Government in 1952, also do not make any provisions to constitute the board specifically on a functional basis. It is nowhere laid down in the Rules that some members should be assigned the responsibility of the working of specific departments. Thus strictly according to the statutory provisions, the governing board of the Bombay State Road Transport Corporation is supposed to be a policy board. Out of eleven members, six members, including the Chairman, are to be the part-time members; this fact also necessitates its working on
the policy lines. But in practice the functional element has also been introduced.

The Corporation Board which was appointed in December 1949, consisted of nine members, out of which five were non-officials and four officials. An Executive Committee consisted of all the four official members. The functions of the Committee were:

1. To scrutinize and examine the various proposals submitted to the Corporation Board and give its views for the guidance of the Board.
2. To carry on the day-to-day administration.
3. To execute the decisions taken by the Board.

Thus the Committee consisting of four officials well versed in departmental administration, really constituted the functional element of the governing board. In addition to this, out of these four members, two were employees of the Corporation, one in charge of the mechanical engineering department and the other looking after the financial side of the Corporation. This made the functional bias of the Committee stronger. All the non-official members, who were part-timers from the non-administrative field, were not members of the Executive Committee.

In 1952, after the framing of the Bombay State Road Transport Corporations Rules, the Executive Committee was replaced by the Standing Committee of the Corporation. The Standing Committee is supposed to carry out similar
function. The Committee consists of only two members: the Chairman of the Committee is a whole-time representative of the Bombay Government (who is the Vice-chairman of the Corporation); one of the representatives of the Central Government is a member. As no employee of the Corporation was ever appointed on the Corporation Board since 1952, the Standing Committee also did not contain any employee of the Corporation. Thus it differs from its predecessors in this respect. To that extent the functional character of the Committee has been reduced. The size of the Standing Committee has also made a considerable difference. As there are only two members on the Committee it will not be possible to entrust them with the responsibility of the working of specific departments of the Corporation.

Size of the Board

The size of the Board also influences its working. In general the Board has to be of reasonable size. This depends on the size and nature of the undertaking itself. The Board should be large enough to obtain sufficient diversity of outlook and experience for a comprehensive view of the major aspects of the policy of the enterprise. But it should not be too large to make the unanimity of opinion and decision a rare possibility.
In his Report, Mr. Gorwala has observed that a functional type of board will have to be larger. A preponderance of part-time members will also result in a large size to make up for the short time devoted by each member. He is of the opinion that the size of the board should be determined from the beginning and there should not be any ambiguity. At the same time flexibility regarding the size has certain advantages. So, as far as possible, a fixed number of members should not be specified in the establishing Act. It is always better to specify the maximum and minimum number of members to be appointed. So the Minister will have some latitude in determining the proper size of the board. He can appoint persons with requisite qualifications at one period or another. By keeping one or two posts vacant, he can also appoint a particular person of exceptional ability any time when his services are available. This provision also goes a long way to overcome a recalcitrant or hostile board by swamping it with additional members. Of course, such power should be used only in exceptional circumstances and with great caution.

In the U.K., the minimum and the maximum number of members of the board are usually specified in the Acts concerned.

1 Report on the Efficient Conduct of State Enterprises.
The British Transport Commission has a Chairman and between 4 and 14 other members.

In India the legislation regarding the size of the board of public corporation is not uniform. One comes across the boards of different sizes, the smallest being that of the Damodar Valley Corporation, which consists of three members, and the largest being that of the Employees' State Insurance Corporation, which has 35 members.

There are four broad types of legislation. In the first type the number of members is specified in the Act itself. A majority of public corporations falls in this category. The important among them are: Damodar Valley Corporation; Industrial Finance Corporation; State Financial Corporation; Employees' State Insurance Corporation; and State Bank of India.

The second type, like the establishing Acts in the U.K., specify the minimum and the maximum number of members. The Corporations which belong to this category are: Air-India International; Indian Airlines Corporation and the Faridabad Development Corporation.

In the third type only the maximum limit is set up. The sole example of this category is the Life Insurance Corporation.

The fourth category is solely represented by the Road Transport Corporations Act which does not give any
specific number of members to be appointed on the Board at all. Section 5(1) of the Act says: "Subject to the rules made under this Act, a Corporation should consist of a Chairman and such other number of other members as the State Government may think fit to appoint."

The reason for not specifying the number of members is obvious. It is because of a peculiar legal position. The Central Government passed the Road Transport Corporation Act for the states and not with the intention of running its own undertaking. So, as far as possible the Act has been framed in general terms and the details are left to the states concerned to be drafted to suit their own needs. So the size of the board is also to be determined by the respective states.

The first Corporation Board which was appointed in December 1949 consisted of nine members including the Chairman.

In 1952 the Bombay State Road Transport Corporation Rules were framed by the Bombay Government. According to these rules, the number of members of the Board was fixed at 11 including the Chairman. Since then the Boards consisted of 11 members.

Considering the proportion of official and non-official members, the size and nature of work of the Bombay State Road Transport Corporation, the majority of part-time members, and the practice of giving adequate
representation to different regions in the State, one finds that the present number, as specified in the rules, is quite proper. It also makes possible the presentation of different outlook and experience by a sufficiently large number from various fields.

Still it would have been better if an element of flexibility had been preserved by fixing the minimum and maximum limits of the members to be appointed to the Board. The advantages of this system have already been enumerated in the preceding paragraphs.

Tenure of Members of the Board

Though the members of the governing boards of public corporations are generally appointed by the political executive viz. the Minister concerned, they are taken out of the purview of politics once appointed. So the members of the board do not resign when there is a change of government. A fixed tenure is necessary to secure efficiency and independence from the appointing authority. The security of tenure is equally necessary both for full-time and part-time members.

The tenure of individual members is generally so arranged as to preserve continuity of policy and experience. This practice is largely followed in the U.K.

In his Report,¹ Mr. Gorwala has recommended a tenure

¹Report on the Efficient Conduct of State Enterprises.
of 4 to 5 years, with staggering of appointments to maintain continuity of policy and administration.

In the establishing Acts of many public corporations in this country, no specific period of tenure of the members has been laid down. Such Corporations are: The Life Insurance Corporation; The Central Warehousing Corporation; The State Warehousing Corporation; The Damodar Valley Corporation; The Air-India International; The Indian Airlines Corporation; The National Co-operative Development and Warehousing Board; and The Faridabad Development Corporation.

In case of some corporations, the tenure of only non-official members has been stipulated in the Act. This is true of the Rehabilitation Finance Corporation (two years with eligibility for re-nomination), the Employees' State Insurance Corporation (four years) and the Delhi Road Transport Undertaking (three years).

The Road Transport Corporations Act, 1950, has not stipulated any tenure for the members of the Board and has left it to the states concerned to make appropriate rules in the matter.

The Bombay State Road Transport Corporation Rules, 1952, state that the term of office of the non-official members would be three years and they shall be eligible for re-appointment. The term of office for the official members is not laid down. This is generally in tune with
similar provisions of different public corporations in this country. The official members are supposed to be on the Board according to the convenience of the Department concerned.

Though the rules do not mention the staggering of the tenure and the retirement of the members by rotation, this has been achieved in practice by the appointing authority. The members of the Board of the Bombay State Road Transport Corporation retire by rotation and thus the continuity of policy and experience is maintained. This is true of both the official and non-official members.

Power of Dismissal

The problem of tenure leads to the question of Minister's power of dismissal in certain cases. There is a general agreement that the Minister has a right to dismiss members on the grounds of misconduct, negligence of duties or incapacity.

The establishing Acts of public corporations in India have made provisions in this respect. The Road Transport Corporations Act, 1950, also provides for the removal of the members of the Board on the grounds of lunacy, insolvency, conviction for offence involving moral turpitude, and financial interest in the same undertaking or other undertakings of similar kind.

No provision has been made either by the Road Transport Corporations Act, 1950, or by the Rules framed by
the Government of Bombay, to remove a member for his negligence of duties. This is really a great lacuna in the provisions of the Road Transport Corporations Act, 1960, and the Bombay State Road Transport Corporation Rules. In many respects the Act has not been so specific as the intention of the framers was to give latitude to the states concerned. So naturally it was the duty of the Government of Bombay to make some provisions in that respect while framing the Rules in 1952. It is, however, provided in the Road Transport Corporations Act that if a member absents from more than four consecutive meetings of the Corporation, he is liable to be removed. Though such absence indicates lack of interest by the members, it is also possible for a member to be negligent of his important duties without absenting from the meetings. So, though the provisions are quite appropriate, they are not completely adequate. The Bombay Government should specify similar kind of provisions in the Rules enabling the Minister to dismiss a member who has neglected his duties towards the Corporation.

Another important question in this context is whether a Minister can dismiss the Board of a public corporation as a whole or the members of the Board if they fail to comply with a ministerial directive. Professor Robson has observed that the Minister should be able to do so, though in very rare cases and under exceptional circumstances.
Remuneration

The question of remuneration of the members of the governing boards of public corporations is also important. In order to ensure high quality of the board, the remuneration should be such as to attract distinguished men from industry and other fields. It is also necessary to secure full-time services of some members of the board. In his Report, Mr. Gorwala has observed that the emoluments should be high enough to attract talents from private enterprise.

Professor Robson says: "They should compare favourably with the salary scale for the top civil servants, since the latter enjoy a life tenure followed by a pension, which is not usually offered to board members of a public corporation or similar body. The remuneration should, moreover, be sufficient to make it possible to secure the services of leading industrialists or business men, though this does not necessarily mean that salary scales must be as high as in private enterprise."¹

The salaries of the members of the board of British public corporations vary according to the size and importance attributed to the undertaking.

The importance of remuneration has not been sufficiently realized in this country. It is mainly due to two reasons. One is that a number of members of the boards have been drawn from the Civil Service. This naturally

solves the problem of their salaries as board members. If they serve as full-time members, they get their usual pay plus special pay and other allowances in some cases. As part-time members, they are entitled to daily allowances, conveyance allowances, travelling allowances, etc.

Another reason is the marked preference for part-time members. This has also made the problem of remuneration rather of secondary importance. No serious efforts have been made so far either by the Central Government or the state governments to secure the whole-time services of the distinguished persons in different fields. Hence not much thought seems to have been given to the question of remuneration. With the possible exceptions of the State Bank of India and the Reserve Bank of India, it is the Damodar Valley Corporation that offers the highest scales to the members of its Governing Board. The Chairman draws a salary of Rs.4,000 per month. The members receive about Rs.2,500 per month. If one takes into consideration the importance enjoyed by the Corporation and the duties the members have to perform, these emoluments appear to be quite proper. These scales compare favourably with those of the top-ranking civil servants in this country. They are, however, less as compared with the scales offered by a few leading industrial and commercial houses in India. It is, however, not desirable to make any comparisons with the scales offered by these
leading houses and draw any conclusions from them. For, the emoluments offered by the public corporations even at the highest rate will always be less than those offered by such concerns.

The Road Transport Corporations Act, 1950, does not stipulate anything regarding the emoluments of the members of the Board, and the states concerned are supposed to make their own rules. The Bombay State Road Transport Corporation Rules, 1952, contain the following provisions:

The non-official members including the Chairman are to serve the Corporation in an honorary capacity. They are eligible to draw a daily allowance of Rs. 20/- at the time of the meeting of the Corporation Board. They are also entitled to travelling and conveyance allowances at similar rates admissible to a Grade I government official under the Bombay Civil Services Rules. In addition to this, the Chairman is provided with a staff-car for official use.

The full-time official members of the Corporation will receive a salary, dearness allowance, house-rent allowance and compensatory local allowance as specified by the state government or the Central Government.

The part-time official members are entitled to daily allowance, travelling allowance and conveyance allowance as in the case of the non-official members of the Corporation.
A person who is temporarily associated with the Corporation or any of its Committees on payment basis, will draw such remuneration as determined by the Corporation with the prior approval of the Government. This remuneration should not exceed Rs.2,000 per month or Rs.100 per day. In addition to this, he will receive daily allowance, travelling allowance, etc.

Thus it is clear from these provisions that the non-official members are not given any remuneration on a monthly basis. It is largely so because, according to the same legal provisions, a non-official member is supposed to be a part-time member, and the idea seems to be that it is not necessary to offer any remuneration to the part-time members. This policy, however, has not provoked any adverse comments from any quarters. From the debates of the Bombay Legislature, the reactions appearing in the press, and the general comments of the people in the State, it seems that no reference has ever been made to the question of the emoluments of the members of the Board.

The significant feature of the above-mentioned provisions is that the office of the Chairman of the Corporation has not been made a paid post. It is so because all the three Chairmen appointed so far were the non-official members, though there is no specific legal provision that the office should go to a non-official member.
alone. It is more or less a matter of convention. As the non-official member is a part-timer, he is not given any remuneration. Thus by convention the post of the Chairman has become an honorary post.

This is undesirable; it may come in the way of securing whole-time services of a distinguished person from industrial or other field. So it is necessary to make statutory provisions exempting the Chairman from remaining a part-time member if he so wishes, and also making the post a paid one. Though the Corporation has been fortunate in getting the services of the distinguished persons from the industrial and commercial fields, so far, in an honorary capacity, the same may not always be true in future. So the incorporation of suitable provisions is necessary in anticipation of the above-mentioned possibility.

The Chairman of the Bombay Housing Board is a full-time member and draws a salary of Rs.3,000 per month. Here also the convention has been to appoint a non-official member as the Chairman. It is rather difficult to understand why the Government of Bombay chose a different course of action in the case of the Bombay State Road Transport Corporation.

Chairmanship of the Corporations

No study of the governing board of a public corporation
will be complete without examining the significance of the post of the Chairman of the Board. The Chairman of the Board has to play an extremely important and equally delicate role in the working of the undertaking. Being at the helm of the affairs of the undertaking, he has to shoulder the final responsibility of any aspect of the working of the undertaking.

He has to convene and conduct the meetings of the Board, at which important policy decisions regarding the working of the undertaking are taken. At these meetings he has to co-ordinate various view-points of different members of the Board and help arrive at unanimous decisions as far as possible. He has to be tactful in accommodating different view-points as expressed by the official and non-official members--views which are conditioned by completely different sets of circumstances and attitudes. It is for the Chairman to preserve the unity of purpose of the Governing Board and not to allow it to be torn asunder by the pulls of various forces.

The Chairman has to convey the policy decisions taken by the Board to the Chief Executive Officer (General Manager) of the undertaking for their proper execution. He has also to supervise the process of execution of these policies and to give general guidance to the Chief Executive Officer from time to time.

The Chairman comes in close contact with the Minister
in charge of the undertaking. For the Minister has to deal usually with the Chairman and not with the Board as a whole. This is a general practice followed in almost all countries irrespective of the fact that the provisions of the establishing Acts always emphasize the collective role of the governing board as a whole. The Board, after arriving at a particular decision, does not always come in the picture at all. It is the Chairman who brings the collective decision of the Board to the Minister concerned at the time of mutual consultations on important policy matters.

The Chairman has also to understand the government point of view and the broad policies regarding the undertaking and convey the same to his colleagues on the Board. Thus he must enjoy the confidence of the Minister on the one hand, and that of his colleagues on the other. Once he loses confidence of either of them, it is better for him not to continue.

The Chairman has to be very careful regarding his relationship with the Ministry concerned. He is largely responsible for preserving the autonomy of the board which has been granted to it by the legislation. The Chairman should never allow himself to be treated by the Minister as one of the departmental officials. He should never forget that he is at the apex of a public authority which enjoys a degree of statutory autonomy and which he is exercising not individually but on behalf of the Board.
Otherwise, he himself would be responsible for surrendering a part or whole of the autonomy granted by the law.

Professor Robson has observed that in such circumstances there are two possible dangers which should be avoided. One is that the Chairman becomes an arbitrary emperor of the undertaking, quite resentful of the ministerial and public criticism. The other extreme is that the Board becomes, either formally or informally, a creature of the Ministry. It is for the Chairman himself to steer clear between these two extremes and keep the ship of the undertaking on proper lines. Thus he has to play a very important role.

The Chairman is generally appointed by the Minister who also appoints the Board. In some cases like that of the Employees State Insurance Corporation, where the Minister himself is the ex-officio Chairman of the Board, the above-mentioned practice does not apply.

Another important question regarding the Chairmanship of the board is that who should occupy such an important post. The two broad categories into which the members of the boards of public corporations in India could be divided are the official and non-official members. The general consensus of opinion in this country seems to be that the Chairman should not be appointed from the official members. The obvious reason for such an argument is that it is one of the important duties of the Chairman to pre-
serve the autonomy of the undertaking, and it would be undesirable to have an official member as Chairman as it would be difficult for him to take an independent attitude. No definite principles are either laid down or followed in this matter, and one finds the Chairmanship given either to an official or a non-official, depending on the attitude of the appointing authority.

The Road Transport Corporations Act, 1950, does not stipulate anything as to who should be the Chairman of the Corporation and leaves it to the judgement of the state concerned. In the case of the Bombay State Road Transport Corporation, the Rules framed by the Bombay Government in 1952 are also silent on this point. There is, however, a convention to appoint the Chairman from the non-official members of the Board. All the three Chairmen of the Corporation, appointed since 1949, have been non-officials. This is really a very healthy feature, though there is no statutory provision to this effect. This practice should be continued in future in the interests of the undertaking. Much depends on the attitude of the appointing authority, as the official members are not disqualified by the Rules to be appointed as the Chairman.

In most other Road Transport Corporations the post of the Chairman is being given to an official member. The Chairman of the Delhi Road Transport Undertaking
is an official—the Chief Commissioner of Delhi. In the erstwhile PEPSU State Road Transport Corporation, the Secretary of the Transport Department was the Chairman of the Board. The Kutch Road Transport Corporation has the Collector of Kutch as its Chairman. The Secretary, Home Department of the Saurashtra Government, was the Chairman of the Saurashtra State Road Transport Corporation. In Andhra Pradesh it is the Chief Secretary to the Government who is the Chairman of the Andhra State Road Transport Corporation. The Bihar State Road Transport Corporation has, however, a non-official Chairman.

The Vice-Chairman of the Bombay State Road Transport Corporation has always been an official member—a representative of the Government of Bombay. Thus the practice is to appoint a non-official as the Chairman and an official as the Vice-Chairman.

Another important question regarding the Chairmanship is whether he should be a full-time member or a part-time member of the Board. The important role that the Chairman has to play makes it necessary that his services should be utilized on a full-time basis. In his Report, Mr. Gorwala has recommended that as far as possible the Chairman should be a whole-timer, so that he would be in a position to devote his full attention to the undertaking. He has, however, added that a part-time Chairman would do provided the services of a particular person whom

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1 Report on the Efficient Conduct of State Enterprises.
the appointing authority is keen to give the Chairmanship, are not available on a full-time basis due to various reasons. This would be particularly true of a well-known person from the industrial or commercial field. In the U.K., the Transport Act, 1947, has laid down that the Chairman of the British Transport Commission should be a full-time member. Of course, some of the important public corporations, in that country, like the B.B.C. and the Independent Television Authority have no full-time Chairman. In India the establishing Acts do not stipulate that the Chairman of the Board should be a full-time member. The only exception is that of the Rehabilitation Finance Administration, where it is laid down that a Chairman should be a full-timer. There is, however, a general preference for the part-time members in this country, and as the Chairman is appointed from among these members, one finds that in many cases the Chairman is also a part-time member. This is mainly due to the dearth of personnel with necessary requirements. It is also possible that this practice is in vogue on the grounds of economy, as a full-time Chairman is bound to be entitled to a very attractive salary. Where the Chairman is an official, he is not likely to be appointed on a full-time basis as his usual official duties are likely to be too heavy to allow him to work on a full-time basis. The non-official member drawn from the private industry is also likely to be reluctant
to assume full-time responsibility of the undertaking for various reasons. So the only choice is that of a part-time Chairman.

All the three Chairmen of the Bombay State Road Transport Corporation have worked on a part-time basis. There was no question whether a particular Chairman was willing to serve on a full-time basis or not. For the practice has been to appoint the non-official member as a Chairman, and according to the Bombay State Road Transport Corporation Rules, all the non-official members are supposed to be part-time members. Thus it is because of a peculiar statutory position that a non-official member cannot serve on a whole-time basis in his capacity as a Chairman.

Without referring to the services rendered by the three Chairmen of the Corporation, one can safely conclude that an important and huge undertaking like the Bombay State Transport really requires the services of a full-time Chairman. If persons with necessary requirements are available for whole-time services, the rules should not come in the way of securing such services.

Another alternative in order to have a full-time Chairman would be to appoint an official in that capacity. But this would go against the principles of the corporate autonomy. So it seems that at least in case of a Chairman the rules that he should be a part-time member need
to be changed. For a time may come when the Corporation will need full-time services of a Chairman. The Minister concerned should realise this difficulty and make necessary changes in the Bombay State Road Transport Corporation Rules which appear to be rather rigid in this respect.

It has already been mentioned that in a similar public undertaking like the Bombay Housing Board, there is a provision for the appointment of a full-time Chairman with a salary of Rs. 3,000 per month. It is rather difficult to understand why similar provisions were not considered necessary for the Bombay State Road Transport Corporation.

Minister as a Chairman

It has been suggested by some persons that the Minister should be the Chairman of the board of a public corporation - mainly in the context of having complete control over the undertaking.

In India no such suggestion has been made either on the grounds of exercising control over the undertaking or associating the Minister with its working. In a Seminar almost all the participants were unanimous in disapproving of the idea of Minister being made a Chairman of the undertaking. India, however, provides a singular example of the Minister being the Chairman of a public corporation - the Employees' State Insurance Corporation. This may be due to the peculiar nature of the undertaking having overtones of social service.

The idea of making the Minister a Chairman of the public corporation is really a mockery of the theory and practice of corporate autonomy. It is, however, gratifying to note that all the other public corporations in this country are free from this unhealthy feature.

Another important issue, in this connection, is whether the Chairman of a public corporation should have any political affiliations. As far as possible, the appointment of a person with strong political affiliations should be avoided. The undertaking should be kept away from the arena of party politics, and the person at the helm should be above suspicion in this regard. This principle has not been adhered to in some cases. In case of the Bihar State Road Transport Corporation, the Chairman was a Legislator with strong political affiliations. The present Chairman of the Bombay Housing Board (now Maharashtra Housing Board) and his predecessor have been active politicians. Their appointments have been political in nature. This is certainly very disappointing.

The first Chairman of the Bombay State Road Transport Corporation, Mr. Adilal Mehta had also some political affiliations. His case was, however, different. He was neither in active politics nor his inclinations were so strong at the time of his appointment. His appointment was not made on political grounds. He was a prominent industrialist with wide experience of large-scale orga-
nationalization. This was the basis of his appointment. Before independence, a few prominent industrialists and businessmen were drawn in the vortex of politics because of their support to the national movement. All of them did not pursue active politics after independence. Mr. Wadilal Mehta was one of them.

Another reason for his appointment may be the anxiety on the part of the government to entrust this pioneering experiment of nationalization of such a vital public utility in the state to a person who is nearer to it and so is in a position to understand its point of view. Mr. Mehta was the appropriate person.

The other two Chairmen of the Corporation had no political affiliations at all.

Another important question is: who should be appointed as a Chairman from among the non-official members? It depends basically on the nature of the undertaking. For services and manufacturing undertakings in general, a person with fairly good background of industry and business, and with sound experience of large-scale organization of any kind would be a better choice. The most important function expected of a Chairman, in these circumstances, is to run the undertaking on business principles. In fact, this should be the main criterion on which the assessment of the services rendered by the Chairman could be made. He has to apply the basic principles of
commercial management to the working of the undertaking. At the same time he should never forget that it is a public undertaking and so its motivation is quite different from that of a private enterprise in many respects. His ingenuity would depend on how he balances the forces of commercial management and public and national interest. He would be really a successful Chairman who can satisfy the three constituents of a public undertaking, viz. the consumer, the labour, and the management.

The Bombay State Road Transport Corporation, though a service undertaking, is essentially commercial in nature. So it would be better if the Chairman is drawn from the private sector, with sufficient commercial background and familiar with the problems of large-scale organization. It is really gratifying to note that all the three Chairmen belong to this category.

As far as possible, if a person experienced in a similar undertaking is appointed as Chairman, he would really be of great help to the organization, and his appointment would make a considerable difference. But such a practice has not been followed for various reasons; the main reason being the dearth of personnel. A singular example of such an appointment is that of J.R.D. Tata as the Chairman of the Air India International. He is not only the top-most industrialist of this country but had also owned some airlines before they were taken over by
the Government. His previous experience in the line is a valuable contribution to the undertaking. Today the Air-India International ranks very high among the most efficiently run public undertakings in India. This is the only case of its kind and no such appointments have been made earlier; there is a strong point in favour of such appointments.

In the case of the Bombay State Road Transport Corporation, though all the three Chairmen have been leading businessmen in the state, none of them has been directly concerned either with the automobile industry or a road transport undertaking. Of course, no large-scale private transport undertaking worth the name existed in this state prior to nationalization. So there was no question of availing of the services of a person to the benefit of a newly started nationalized undertaking. One, however, feels that the association of a person well-versed in automobile industry, particularly in the capacity of a Chairman, would be a great asset in the working of the undertaking. It is the automobile industry alone which comes nearer, in many respects, to the working of a transport undertaking from the point of view of organizational experience and management.

As regards the choice of the officials as Chairmen of public corporations in this country, the Central Government has heavily relied on the persons from the
Indian Civil Service, either retired or already in service.
In the case of many major public corporations of the
Union Government, this has been the usual practice. The
Damodar Valley Corporation has a retired I.C.S. person
as its Chairman. The Chairmen of the Indian Airlines
Corporation, the Life Insurance Corporation, and the
Central Warehousing Corporation have been all I.C.S.
officials.

Salary of the Chairman :- The question of emoluments
to be offered to the Chairman is also very important.
This is particularly so when the Chairman is a full-timer
and drawn from the private sector. In such cases the
remuneration has to be quite decent and attractive enough
to secure the services of really able persons from private
industry and business. The question does not arise or
at least is not so important, when the Chairman is an
official or a part-timer. Some of our public corporations
offer a very decent salary to their Chairmen. The Chair­
man of the Damodar Valley Corporation draws about Rs. 4,000
per month. This is certainly a decent salary by all
standards in this country. In Bombay State the Chairman
of the Housing Board gets Rs. 3,000 per month. This is
the only case in this State, where the Chairman of a
public undertaking draws such a lucrative salary. Needless
to add that this is a full-time post.

The post of the Chairman of the Bombay State Road
Transport Corporation is not a paid post. The Chairman, like the other part-time members of the board, is entitled to various allowances only. In addition he is provided with a staff car to perform his official duties.

Chairmanship of the Bombay State Road Transport Corporation

The Bombay State Road Transport Corporation has a Chairman and a Vice-Chairman both of whom are appointed by the Government of Bombay. It is the general practice for last 12 years to appoint a non-official as a Chairman. The Vice-Chairman is, of course, an official—a nominee of the Government of Bombay.

The first Chairman, Mr. Nadinar Mehta, was appointed in 1949. He continued as Chairman till 1952 and then resigned on the grounds of health. Mr. Mehta was a leading industrialist of Ahmedabad. He was a textile-mill owner.

The second Chairman, Mr. Chhotalal Patel, was appointed in December 1952. He was a prominent industrialist of Gujerat, owning some oil-mills. He died in 1954 while he was on a tour abroad.

The third Chairman, Mr. R.G. Saraiya, was appointed in August 1954 to fill the vacancy caused by the death of Mr. Patel. He is a prominent businessman in Bombay Cotton Market and was the Chairman of the Apex Co-operative
Bank. He has still continued to be the Chairman. After the bifurcation of the Bombay State, the former Corporation was also split up into two separate Corporations in 1960. Mr. Saraiya is now the Chairman of the Maharashtra State Road Transport Corporation. Thus he has continued for more than six years—the longest tenure ever enjoyed by the Chairman of the Bombay State Road Transport Corporation.

Duties and Powers of the Corporation

A public corporation is set up by the government with the objective of running a particular kind of industry or service in a certain manner. Such industry or service is either taken over by way of nationalization, or started anew as a public undertaking. The reasons for such a move are made clear by the government; the objectives of running it as a State undertaking and the manner in which it should be run are also stated. These objectives find their place in the statutory provisions by which the proposed corporation comes into existence. The establishing Act contains the nature of general duties to be performed by the corporation; in order to perform these duties in a proper and efficient manner, the corporation is vested with certain powers.

The Road Transport Corporations Act, 1950, has stated the general duties of a state road transport corporation. It has also mentioned the powers granted to the corporation...
to perform these duties.

The Act states that a state government may establish a state road transport corporation by notification in the official Gazette. Such a corporation should be established having regard to:

1. the advantages offered to the people, trade and industry by the development of road transport;
2. the desirability of co-ordinating road transport with other media of transport; and
3. the desirability of extending and improving the facilities for road transport and providing an efficient and economical service.

General Duty of the Corporation

The Act lays down that it shall be the general duty of the corporation to provide, or secure, or promote the provision of an efficient, adequate, economical and properly co-ordinated system of road transport service in the state.

It will be interesting in this connection to examine the general duties of the British Transport Commission as laid down by the Transport Act, 1947. The Act says -

"It shall be the general duty of the Commission to exercise their powers under this Act as to provide, or secure or promote the provision of an efficient, adequate, economical and properly integrated system of public inland transport and port facilities within Great Britain for
passengers and goods with due regard to safety of operation; and for that purpose it shall be the duty of the Commission to take such steps as they consider necessary for extending and improving the transport and port facilities within Great Britain in such manner as to provide most efficiently and conveniently for needs of the public, agriculture, commerce and industry."

Though the scope of the functions of the British Transport Commission is far greater than that of the State Road Transport Corporation in this country, one finds a close similarity between the objectives for setting up the two authorities and so between the general duties of the two. The terminology used in the Road Transport Corporations Act, 1950, has striking resemblance with that of the Transport Act, 1947. Thus the influence of the model of the British Transport Commission on the framers of the Road Transport Corporations Act, 1950, is too obvious.

One point of contrast is worth noting in this respect. The Transport Act lays down that the provision of transport facilities should take into consideration the needs of the public, agriculture, commerce and industry. The Road Transport Corporations Act, 1950, however, has not included agriculture. This seems to be a major omission. Even a highly industrialized country like the U.K. has given proper attention to its agriculture while making provision of the transport system to the needs of various interests. India being a predominantly agricultural country, the Act should have mentioned agriculture along
with other interests such as that of the people, trade and industry, as agriculture too, has to depend on road transport, in many ways.

In order to perform these duties in a proper manner, Section 19 of the Road Transport Corporations Act, 1950, has granted following powers to the Corporation:

(a) To operate road transport services in the state or in any extended area;

(b) To provide for any ancillary service;

(c) To provide for its employees suitable conditions of service including fair wages, establishment of provident fund, living accommodation, places for rest and recreation, and other amenities.

These powers also include power -

(1) to manufacture, purchase, maintain and repair rolling stock, vehicles, appliances, plant, equipment and other things required for the purpose of activities of the Corporation;

(2) to acquire and hold moveable and immovable property for such purpose and to lease, sell or transfer such property;

(3) to prepare schemes for the acquisition of, and to acquire, either by agreement or compulsorily in accordance with the law, absolutely or for any period, the whole or any part of any undertaking of any other person to the extent to which the activities thereof consist of the
operation of road transport services in the state;

(4) to purchase or take on lease or under any form of tenancy any land for the purpose of constructions;

(5) to authorize the disposal of scrap vehicles, old tyres, used oils and other stores of scrap value;

(6) to enter into and perform all such contracts necessary for performance of its duties and exercise of its powers;

(7) to purchase vehicles for operation of services;

(8) to purchase or secure by agreement vehicles, garages, shades, office buildings, depots, land, workshops, equipment, machinery and spares, etc., possessed by the owner of any other undertaking for use of the Corporation;

(9) to do anything for the purpose of advancing the skill of employees or efficiency of equipment, including the provision of facilities for training, education and research;

(10) to enter into and carry out agreements with any other persons carrying on business as a carrier of passengers or goods providing for the carriage of passengers or goods on behalf of the Corporation by that other person at a through fare or freight;

(11) to provide facilities for the consignment, storage and delivery of goods;

(12) to enter into contracts for exhibition of advertisements on vehicles, premises and tickets, etc. of the Corporation;
However there is one major difference between the ancillary powers granted: While in the case of the British Transport Commission it is said that the Commission can do all other things which are necessary to facilitate the proper carrying on of its business, a similar power granted to the State Transport Corporation is subjected to the prior approval of the state government concerned. This is really a major point of departure from the British model, which has brought the State in the picture with considerable discretionary powers to it.

The financial powers of the Corporation have been discussed in details in Chapter XI.

It is necessary to review the various aspects of the working of the Bombay State Road Transport Corporation in the light of these powers and duties. This has been done in the following pages.
accommodation for employees;

(5) to do all other things which, in the opinion of the Commission, are necessary to facilitate the proper carrying on of the business;

(6) to acquire by agreement the whole or any part of any undertaking of any other person, being an undertaking or a part of an undertaking;

(7) to enter into and carry out agreements with any person for carrying on by that person any of the activities of the Commission, etc.

These are only some of the ancillary powers of the British Transport Commission, which bear close resemblance with those of the State Road Transport Corporation in India. The scope of the British Transport Commission, however, is far greater, embracing inland waterways, ports, railways, London passenger transport and the provision of hotels, etc., in addition to the road transport. So the powers given to the Commission are bound to be far greater commensurate with such scope. Bearing this difference in mind, one still finds a close similarity in the powers--major and ancillary--granted to both of these public authorities. Thus the influence of the model of the British Transport Commission is not only confined to the general duties but also extended to the powers granted in the Road Transport Corporation Act. The terminology is also similar.
(13) to do all other things to facilitate the proper carrying on of the business of the Corporation with the prior approval of the state government.

The powers enjoyed by the British Transport Commission are almost similar in many respects. They are:

(a) To carry goods and passengers by rail, road and inland waterway;
(b) to provide port facilities and facilities by inland waterways,
(c) to store goods;
(d) to consign goods on behalf of other persons;
(e) to provide for hotels, hostels and other living accommodation.

The above powers also include powers —

(1) to construct, manufacture, purchase, maintain and repair anything required for the purpose of any of the activities of the Commission;

(2) to do any thing for the purpose of advancing the skill of persons employed by the persons or the efficiency of the equipment or the manner in which that equipment is operated, including the provision by the Commission, and the assistance of the provision by others, of facilities for training, education and research;

(3) to buy land or take land on lease or under any form of tenancy;

(4) to provide houses, hostels and other like