Most public enterprises today are not merely service-oriented enterprises, but commercial in character. These enterprises are expected to be efficient in their functioning. Almost all public enterprises in India are not autonomous. Public enterprises can function more meaningfully and efficiently and commercially successfully too, if they are autonomous enterprises. Public enterprises in India, nevertheless have been doing fairly well, thanks to the attention they now receive from the Central Government and the State Government in terms of increased investments. In the case of public enterprises the growth of the units does not depend on the stepping up of the quantum of public investment alone, but also on the intelligence, imagination, confidence and the initiative of the managerial personnel and the discretion they enjoy in managing the enterprise.  

Autonomy according to a U.N. specification of any public enterprises is based on:

1) the freedom from annual appropriation process atleast for operating expenses.

2) the freedom to receive and retain operating revenues.

3) the freedom to apply operating revenues to operating expenses.

iv) the freedom from general government restrictions particularly in the field of expenditure.

v) the freedom from normal government appropriation accounting.

vi) the freedom from normal government audit of operation.

vii) the freedom from central purchasing and contracting requirement.

viii) other related freedoms like, freedom to borrow money, freedom to hire and fire, freedom to pay salaries at the discretion of the enterprise and freedom to control its long term planning etc. 2

Thus autonomy of any public enterprise may relate to two separate spheres (i) of policy matters and (ii) matters relating to day-to-day administration. In normal circumstances the government should confine itself to policy making leaving the public enterprises to look after matters relating to the day-to-day administration. It is in this sense that autonomy of public enterprises is understood generally.

However, a total autonomy is not possible in actual practice. Somewhat automatic control by their statute, direct control by the government and indirect control by the public exist in a large measure. Thus there is need for both autonomy and control and the reconciliation of these two basic concepts

constitutes the central problem of management of state enterprises.

In the following pages, section I describes the autonomy enjoyed by the Board. Section II deals with the nature and form of control exercised by the legislature and section III relates to the various measures available to the government for controlling the public enterprises.

Section I: The measure of autonomy enjoyed by the public enterprises in India varies from the one form of enterprise (government company) to another (statutory corporation) and again from enterprise to enterprise. Hence the treatment given to the problem of autonomy is more general than specific. As far as the Tamil Nadu Housing Board is concerned the autonomy enjoyed by this enterprise is discussed in terms of the eight U.N. principles mentioned earlier.

1) Freedom from annual appropriation process at least for operating expenses: In most company forms of public enterprises the budget is prepared and money is expended by the Board itself. Since the Tamil Nadu Housing Board is a statutory form of public enterprise the budget-making in this organisation is quite different from that of others.

Under Sec.104(1) of the Act, an estimate of receipts and expenditure of the Board for the subsequent year shall be laid before the Board in a special meeting to be held in the month
of February every year. The budget is prepared strictly in accordance with the rules found in the Madras Budget manual. After a thorough scrutiny of the budget, the Board sends it to the approval of the government. The government generally approves, disapproves or partially disallows the estimates. Supplementary estimates needed in a current year are also considered by the Board and approved by the government. For example, the latest budget estimate for 1979-80 was placed before the Board on 18.2.1979 and it was approved by the government on 10.8.1979.

Thus there is no freedom for the Board in the appropriation process. Even operating expenses await sanction from the government.

ii) Freedom to receive and retain operating revenues:

Sections 111 and 113 of the Act clearly explain the credits to the capital account in as many as eleven items and credits to the revenue account in as many as nine items. These two accounts are separately kept. The moneys received under these two items must be expended according to the specifications stipulated in the Act. There are enormous ways of accumulating money through these twenty items put together.

Thus the Tamil Nadu Housing Board has such freedom to receive and retain operating revenues though they are to be

kept in two distinct compartments.

iii) Freedom to apply operating revenue to operating expenses:

Section 112 of the Act lays down nine channels of capital expenditure. Money for this expenditure can be drawn only from capital account. Any withdrawal from revenue account for capital expenditure amounts to misappropriation.

Section 114 of the Act explains seven channels of revenue expenditure. Money for this could be drawn only from revenue account. Expenditure incurred on revenue account, cannot be drawn from the capital account.

Thus the Tamil Nadu Housing Board has freedom to spend for capital expenditure from the capital account and for revenue expenditure from the revenue account.

iv) Freedom from general government restrictions particularly in the field of expenditure:

Running a public enterprise is a difficult task and a variety of expenditures occur in the day-to-day administration. This means that the Board must have sufficient power and contingency money to meet any financial commitment. But the Tamil Nadu Housing Board is not enjoying this freedom.

In commercial field advertising is an important means of success and development. In the Tamil Nadu Housing Board this aspect finds a low priority. One reason is that the Board
itself does not have power to release advertisements. The Budget provision for advertisement in the Tamil Nadu Housing Board is meagre and even these advertisements must be routed through the Department of Information and Public Relations. The guidelines set by the government for releasing the advertisements are severe.

The fact that even advertisements from the Tamil Nadu Housing Board are regulated by the government shows that there are restrictions of the minutest detail in the field of expenditure. This tendency dampens the innovative zeal of the Board.

v) Freedom from normal government appropriation accounting

The Tamil Nadu Housing Board prepares the budget estimates under three heads of accounts, viz. Capital account, Revenue account and Deposit and advance account. Once the appropriations are approved by the Board and the government, accounting begins and there is not much deviation from the established accounting procedure. Therefore accounting in the Tamil Nadu Housing Board is strictly maintained according to the appropriations sought from the government. Thus the Tamil Nadu Housing Board does not have the freedom from normal government appropriation account.


vi. Freedom from normal government audit of operation:

Efficiency audit is undertaken in all companies and public enterprises. At the same time lapses on the part of the public enterprises should not be viewed seriously. The commercial aspect of any enterprise necessarily results in a few audit lapses. But the government is very strict and does not allow even minor deviations in the case of public enterprises.

In the Tamil Nadu Housing Board five internal audit parties function taking government directives as their basis. The external audit of the Tamil Nadu Housing Board alternates between the examiner of Local Fund Accounts and the Accountant General, Tamil Nadu. Thus the Tamil Nadu Housing Board does not have freedom from normal government audit of operation.

vii. Freedom from central purchasing and contracting requirements:

The Tamil Nadu Housing Board has enough powers and freedom for purchasing the goods it requires. It has the powers to invite tenders for any material needed for housing work. It has also powers to dispose unwanted stock. It can contract and decontract with anybody or with any organisation for carrying out its business. Thus the Tamil Nadu Housing Board enjoys freedom with regard to purchasing and contracting.
viii. Other related freedoms:

The Tamil Nadu Housing Board enjoys absolute freedom to borrow money from any source. Actually, several of the nationalised banks, the Housing and Urban Development Corporation and the Life Insurance Corporation of India supply money for the Board’s endeavours.

The freedom to hire and fire its personnel is not absolute in the Tamil Nadu Housing Board. It cannot appoint anybody in any cadre where the salary exceeds Rs.1,000/- p.m. Further, the freedom to pay salaries at the discretion of the Board is very much restricted. The Board has to employ personnel in cadres and pay structures which are on a par with the government employees.

The Board also does not enjoy the freedom to control its long term planning. The Board does not have powers to control any of its present programmes which exceeds Rs.10 lakhs limit.

The Board has all powers to purchase and contract, to borrow money from any source, to receive and retain operating revenues and expend it for appropriate schemes. But it does not have any freedom from annual appropriation process, from general government restrictions over expenditures, from government appropriation accounting, from government audit, to hire and fire personnel, to control long and short term planning etc. Thus the Tamil Nadu Housing Board does not enjoy adequate autonomy as envisaged by the UN terms and principles.
In the question whether there should be any parliamentary control over public enterprises, Herbert Morrison answered in the House of Commons that it is a must and that the people, through their representatives, have a right to know and control those institutions, whose economy affects their pocket. However, it was agreed that the legislature should not attempt too close a control, in particular, that it should not attempt to interfere in the day-to-day running of administration, but confine itself to questions of major policy and exceptional circumstances. Detailed interference will lead to delays, overcaution and lack of confidence on the part of the enterprise in running the administration.

The legislature exercises control over public enterprise in at least four important ways. (1) through enactment of the statute for the enterprise; (2) through questions in the legislature; (3) through debates in the legislature and (4) through parliamentary committees, viz. Committee on Public Undertakings, Public Accounts Committee and Estimates Committee.

The very enactment of a statute which is essential for a public enterprise controls the managerial personnel by

6. Since then the same principle has been adopted in all the countries of the world.
granting to them absolutely no scope to overstep the authority. 
Questions and debates between the government and the opposition 
in the legislature highlight the policies, successes and failures 
of public enterprises. The committee on public undertakings 
brings to book the policy lapses, financial mismanagement etc., 
of the public enterprises. Though the committee brings out only 
the negative aspect of the public enterprises, still they are 
considered the first step in correcting the shortcomings.

Starred and unstarred questions are commonly employed by 
legislators to elicit information on a matter of public importance. 
The questions asked in the legislature cover public enterprises also, 
and questions have been admitted more liberally in Indian legisla-
tures. However, to avoid a clash between a minister and a 
member in the legislature over a discussion, some cardinal prin-
ciples are followed carefully.

(i) where a question (a) relates to matter of policy or 
(b) refers to an act of omission or commission on the part of a 
minister or (c) raises a matter of public interest though it may 
pertain to the matter of day-to-day administration, it is admitted 
for oral answer.

(ii) A question which calls for information of statistical 
or descriptive nature is generally admitted as unstarred.

(iii) Questions relating to day-to-day administration and 
which tend to probe into the working of the ministries and
corporations are normally disallowed. On such matters, the Speaker is given full discretion on the admissibility of the question.

Debates over matters, concerning public enterprises arise during the half hour discussion, (ii) calling attention motion, (iii) short discussion on matters of urgent public importance, (iv) discussion on the President's/Governor's address (v) adjournment motion, (vi) discussion on budgetary demands, (vii) amendments of the statute, (viii) annual report on the enterprise, (ix) discussion on the report of the enquiry committee if appointed.

The Committee on Public Undertakings normally examines reports and accounts of the enterprise, examines the audit reports, analyses the autonomy and efficiency of the public enterprises and does such other functions as are entrusted to it by the government. While doing so it does not enquire into the matters of policy, administration and other matters entrusted to a special enquiry body.

The activities of the Tamil Nadu Housing Board attract both the government and the opposition alike with the result that the opposition raises both starred and unstarred questions on an average of at least five starred questions in each session of both the Assembly and the Council in the Tamil Nadu legislature.
In the past, it was the opposition which was pestering the government for information. Starred questions got their immediate replies and unstarred questions were met with detailed replies after a considerable period of time.

The starred questions cover many fields. Starred questions relating to the drawing of various schemes in both urban and rural areas, the modalities of execution, the problems of execution, the financial assistance rendered by various agencies, diversion of funds and mismanagement, the clientele who enjoy the benefits, are asked. In almost all the occasions replies are immediately given.

Unstarred questions regarding financial assistance from various quarters, the number of projects completed, the expenditure incurred for various projects and audit objections are asked and the minister concernedplaces detailed replies to the House.

The asking of starred and unstarred questions and replies given to them have been a regular feature in the lives of the Assembly and the Council in Tamil Nadu Legislature during the period 1962-67. Since 1967, not many questions of either category were asked in the legislature. This may mean that either the opposition was losing interest in the activities of the Tamil Nadu Housing Board or that the government and the Board had grown efficient.

A perusal of the debates in the Tamil Nadu Legislative Assembly and Council reveals that the matter of the Housing Board
was not a matter of an absorbing interest in the half hour discussions, calling attention motions, discussion on matters of urgent public importance for short duration, the Governor's address and adjournment motions. Since its enactment in 1961, the Housing Board Act has not been amended even once and therefore there has not been an evaluation or a debate on this account. Debates were initiated only during budgetary demand and consideration of annual reports.

The debates cover the nature of and the necessity for various schemes, their financial resources and the targets reached every year. The budget speech usually has some reference to the achievements of the Board. More often than not the debates are merely of formal nature and not one of them is lively.

The Tamil Nadu Legislative Assembly constituted the Committee on Public Undertakings for the first time on the 2nd of April 1973. The Committee consisted of sixteen members from the Legislative Assembly and five from the Legislative Council. The Committee met for the first time on 30th April 1973 and decided to evaluate the activities of the Tamil Nadu Housing Board for the year. The committee met for thirty six days to examine the functioning of the Tamil Nadu Housing Board. The Committee visited a number of housing schemes undertaken by the Board in Madras city and the fourteen districts, for an on the spot study. The committee received and heard representations from various residents' associations. The Committee also visited the housing
schemes undertaken at Delhi, Chandigarh, Bombay, Pune, Trivandrum, Kottayan, Ernakulam and Trichur. The Committee examined the Special Secretary to the Government of Tamil Nadu, Housing Department and the Chairman of the Tamil Nadu Housing Board on the 25th March 1974. The Committee met on the 15th April 1974 and approved the report. The report was placed before the Assembly on the 19th April 1974. This was the only occasion on which the Committee on Public Undertakings had thoroughly scrutinized the activities of the Tamil Nadu Housing Board. The Committee on Public Undertakings had not met for a second time.

The Committee had submitted a list of recommendations numbering 55. The recommendations related to the utilization of indigenous materials, low cost housing, planning of more schemes, completion of projects in time etc. The Committee also recommended to build more flats in multi-storied buildings.

Thus during the period between 1961 and 1979 the activities of the Board came under some kind of legislative scrutiny. This period can be divided into two phases: 1961-67 and 1967 to the present.

In the first phase i.e. in 1961-67, the Indian National Congress party was occupying the treasury benches. During this period many number of starred and unstarred questions were asked and debates were initiated which marked a phase of increased control of the legislature over the Board. During this period,
there was no committee on Public Undertakings enquiring into the activities of the Board.

In the second phase i.e. in 1967 to the present, there was a fall in the control of the legislature over the Board in that not many starred and unstarred questions were asked. The debates initiated were of routine in nature and devoid of any interest. The only committee which inquired into the activities of the Board fell into desuetude, and the result was catastrophic. As the legislative control was weakening, the activities of the Board became tardy, haphazardous and slackened.

SECTION III

EXECUTIVE CONTROL

Control of policy, control of officials, prior sanctions of expenditure, control by surprise audit and other powers are normal channels by which the executive can hope to control the public enterprises. When properly stated these powers may be expanded as below:

1) power to dictate the policy of the enterprise.

2) power to issue directives in public interest.

3) power of appointment and removal of top officials and members of the Board.

4) power to call for information and financial returns.

5) power to require the public enterprises to submit the annual budget and supplementary budget for approval.
6) prior approval of capital expenditure when it exceeds the ceiling.

7) prior approval of borrowings, investments and distribution of profits.

8) prior approval of procedural rules and regulations.

9) power to carry out the test audit.

As far as the Tamil Nadu Housing Board is concerned, almost all these powers mentioned above seem to be exercised by the government.

The Tamil Nadu Housing Board strictly follows the statutory principle of "Execution of Housing and Improvement Schemes". Originally the Tamil Nadu Housing Board started with housing schemes, housing accommodation schemes, re-building schemes, etc. Later on with the approval of the government, the Board launched the 'Sponsored Industrial Housing Scheme,' and the scheme for economically weaker sections. Both these schemes are financed by various agencies and this indicates the willingness on the part of the Board to expand housing activity, adding new dimensions to its statutory principles. Thus the government makes the Board adhere to statutory aims and also issues directions for the observation of the Board when necessity arises. The Board acts as a willing partner when the government dictates new channels of activity.

In the Tamil Nadu Housing Board the power of the government to appoint and remove officials is absolute. Government appoints
all those persons whose salary exceeds Rs.1,000/- p.m. The appointment of the Chairman is also at the discretion of the Government. Members of the Board who are not ex-officio, are also appointed by the government. Likewise, the Chairman and any member of the Board may be removed at its will. While filling up the casual vacancies in the Board also the government exercises its freedom.

Also, the power of the government to ask for any information or report from the Board is complete. The government sends almost all the unstated questions asked in the legislature to the Chairman for the preparation of detailed replies. And also, the government checks up the procedures of the Tamil Nadu Housing Board and streamlines its activities by appointing several commissions of inquiry time and again. Thiru A. Mohamed Sultan, Asst. Accountant General of Tamil Nadu who has gone carefully through the accounts of the Tamil Nadu Housing Board between 1.6.1972 and 31.8.1972 suggested several reforms in the accounting procedures of Tamil Nadu Housing Board. G.O.No.No.542, Housing Department, dated 4th September 1975. Constituted a committee called the "Special Accounts Committee" to enquire into the Revenue Deficit and Accounting system of the Tamil Nadu Housing Board. This committee submitted its report in 1975. The organisation and management cell of the Finance Department of

7. Madras Act No.17, 1961, Sec.5-10.
the Tamil Nadu Government studied the working of the Tamil Nadu Housing Board and submitted its report in 1976. A ten member committee headed by Thiru Subramanian submitted its report on 10.3.1980 and this latest report is related to the re-arranging of the functions of the various sections of Tamil Nadu Housing Board and to better service conditions of the employees.

The Government is scrupulous in checking the financial position of the Board on two counts. First, it approves both the annual and supplementary budgets and secondly it calls for particulars relating to the financial position at the end of any month. The budget has been made into a form of a summary of the transactions under different sections, viz. capital account, revenue account and deposit and advance account. It is followed by a detailed estimate of receipts and expenditure. The Government is empowered to accept, reject or accept with modifications the estimates. The same is the case with supplementary budgets also. It is found that, most of the annual budgets have been accepted with minor modifications and supplementary budgets with drastic cuts.

The financial maneuverability of the Tamil Nadu Housing Board has been subjected to a ceiling. All the housing projects costing not more than Rs.10 lakhs shall be scrutinised, processed and accorded technical and administrative approval by the Board, subject to the plan location and provision in the state budget.
Housing projects costing over Rs. 10 lakhs are first submitted to the Board by Chief Engineer of the Board for scrutiny and processing. Then the Board submits it to the government with its recommendations. It is left to the government to sanction or reject any proposal exceeding Rs. 10 lakhs.

Although chapter 12 of the Tamil Nadu Housing Board Act lays down the ways and means of finances for the Board, the Act imposes substantial procedural restraints on its ability. The Board is expected to get prior permission from the government for any sum raised from the public or for any loans received through any funding agency. The Board must submit a detailed picture to the government while it receives subscriptions and loans. The Board must show to the government the details about all mortgages. Since the public loans must be accompanied by a certain amount of interest, the Board gets the prior approval from the government for the quantum of the money raised and the interest it is prepared to offer.

The government does not interfere in the day-to-day administration of the Board. Actually, a large measure of freedom is induced into the Board by allowing it complete control over its personnel, initiations of schemes, public relations, etc. There is very little interference or meddling with the rules and regulations of the Board by the executive wing of the government. But the government steps into control the Board in another way by subjecting it to both internal and external audits.
It is seen here that the executive has landed rather heavily on the working of the Board. Though it does not interfere in the Board's rules and regulations and day-to-day administration, yet the government cripples the finances of the Board by curtailing the financial resources, substantially and procedurally. The initiative of the Board in projects whose estimated cost exceeds Rs. 10 lakhs has been curbed by the government. It carefully ensures that the Board follows the principles laid down in the Act. Its power of appointment and dismissal of the members and officials of the Board is a cause for indifference and anxiety among the personnel of the Board.

In projecting adequate responsiveness to the wishes of the people, public undertakings strive to become efficient (as measured by the economic indicators) and conscious. (measured by the projects completed). However, public undertakings must be made accountable for both their efficiency and consciousness. The consciousness of an enterprise is developed, moulded, checked, countered and allowed to grow by the control exercised by the legislature. The efficiency is rated, measured, checked and increased by the deliberations of the executive wing of the government. In fulfilling the social need, public enterprises must be responsive to the well-meaning criticisms of the legislature. At the same time, public enterprises must be free from the irksome regulations and procedures of the executive.

In the Tamil Nadu Housing Board the control exercised
by the legislature is not adequate. No doubt, the starred and unstarred questions come from the members who seek clarifications. Yet, they come from only a few interested members, which means that the other members are not interested in the workings of the Board. Only unstarred questions keep the Ministers on their toes. With regard to the constitution of a Committee on Public Undertakings to enquire into the activities of the Housing Board, it has been found that only on one occasion, in 1974, such a committee was constituted. The Board's has been in existence for over twenty years now. Thus the legislative control over Tamil Nadu Housing Board is found to be wanting. As a result, the Board does not concentrate much on preparing neat explanations for their failures and defaults. The loose contact between the legislature and the Board allows the Board to be less conscious of the people's needs. This is not a very healthy tendency.

As far as the executive control is concerned it can be asserted that the government control is excessive. It does not allow financial initiative, financial maneuverability and the freedom of fund-raising to the Board. It is a careful watch-dog of the annual and supplementary budget of the Board, exercising discretion in appointing officials and members of the Board. The government also keeps watch over the policies, schemes and activities pursued by the Board. This leaves the Board at the mercy of the government. Though the Board understands that the