

Problems of Management and Workers in Public Sector Industries

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PROBLEMS OF MANAGEMENT AND WORKERS IN PUBLIC SECTOR INDUSTRIES

It is indeed a great honour that has been conferred upon me in being invited to inaugurate the Lala Lajpat Rai Lecture series at this College and I would like to express my heartfelt thanks to the organisers of this series for considering me worthy of this honour. Lalaji's name was a glowing symbol of patriotism and courage during my childhood days and was a source of inspiration to our generation. As the first president of the All India Trade Union Congress, Lalaji's name is also indelibly inscribed among the earliest and most respected leaders of the trade union movement of our country, and as one who has spent the better part of his working life in the trade union movement, I feel a special sense of pride in getting this opportunity of paying my humble homage to the memory of Lalaji.

The theme I have chosen for these two lectures is: Problems of Management and labour in Public Sector Industries. It is hardly necessary today to lay any special stress on the importance of public sector industry in the economic development of our country: the past two decades have already placed this sector in a position of preeminence in this respect and no one doubts that its role as the spearhead of our developmental effort will become even more decisive in the years to come. But the significance of public sector industry is not only because of its size nor even because of the fact that it embraces almost all the basic, heavy and key industries in the country. Public sector industry is important because we expect it to operate as the principal level for transforming our socio-economic order from exploitation, inequality and injustice to social justice, human dignity and equality of opportunity. How far our public sector industry will really operate as the lever for such a transformation will depend as much upon the way it is managed and the way people working in it and managing it perceive their own roles, as upon the ideologies and policies behind our developmental plans. The problems of management and workers in the public sector industries, therefore, have a significance that transcends the boundaries of these industries themselves, extensive as these boundaries are.

While thus, the theme is vast and important, I must confess that my own credentials to deal with it are far from adequate. As a trade unionist I have had some acquaintance with a very few public sector industrial undertakings. As a manager also, I have had some acquaintance with one large public sector plant. This acquaintance, however, has been rather brief and moreover, this particular public sector plant can hardly be considered typical of its genre. In the latter capacity, of course, I had to deal

with a number of other public sector industries either as a customer or as a supplier, and thereby had the opportunity of knowing a little of their working and problems. To set out on the strength of this slender acquaintance, to talk about the problems of management and workers in the public sector in general, is something of a presumption. What I am going to say will, therefore, suffer from many shortcomings and down-right errors and I crave your indulgence for these. My only justification for saying anything on this subject is that problems of the public sector are so important for our people at large that they cannot be left only to the experts but need to be discussed widely even among relative laymen.

The broad organisational outlines of the public sector are fairly well known. A public sector industrial organisation may be owned by the Central Government, a State Government or by a local authority. It may be managed departmentally by the Government or the local authority which owns it, or may be run as a statutory corporation or as a public Company. According to the Commerce Year Book of the Public Sector, 1974-75, the public sector as a whole under all the above categories of ownership and form, possessed gross tangible assets of nearly 22 thousand crore rupees. Their annual gross fixed capital formation ran at the rate of about 3,600 crore rupees and they contributed over 800 crore rupees to the net annual savings. These figures relate to the year 1972-73. During the same year, the contribution of public sector industry to the net domestic product was estimated at nearly 3,400 crore rupees. Out of every three persons employed in the organised sector in our country, two are engaged in the public sector, aggregating about one crore and twenty-four lakh employees.

The problems of management and workers over such a vast and varied field will naturally be correspondingly complex and varied. To try to cover the entire range of them will be a gigantic task and I do not have the competence to undertake it. For the purpose of these lectures, I propose to limit my field to the industrial organisations in the sphere of the Central Government which are run as statutory corporations or as Companies. At the end of the year 1973-74 there were according to the Commerce Year Book of the Public Sector, 122 such non-departmental enterprises of the Central Government with a total investment of equity and loan capital amounting to about 6,200 crore rupees and with total sales or income of about 6,800 crore rupees for that year. Out of these 122, some 73 running enterprises earned a net profit of about 160 crore rupees and 41 made a net loss of about 96 crores. It is about this sector that we are going to talk in these lectures.

It is not my intention in these talks to compare the problems of the public sector industries with those of the private sector, but to consider them by themselves. It may well be that some of these problems may be common to both the sectors. It may also be that the private sector industries have problems of their own which may be more difficult to tackle in some respects than those faced by the public sector industry.

The size of public sector undertakings varies widely and contrary to the impression generally carried, not all of them are very large. Nearly sixty percent of the Central non-departmental undertakings had a turnover of less than Rs. 10 crores each in the year 1972-73. Yet when one thinks of the problems of a public sector industry, one usually has in mind the large and very large undertakings. Public opinion, the press and even the Parliament are exercised over what happens to and in these large and very large undertakings, relatively few in number, while the majority of the public sector undertakings, medium and small in size draw very little attention or comment. Management problems in these latter are also, presumably, less complicated and demanding than those in the large and very large enterprises.

Another characteristic of public sector industry is that a large part of it operates in sectors of basic importance to the industrial and economic development of our country: Steel, Coal, Power, Shipping, Banking, Insurance, Petroleum, Heavy Engineering and Heavy Electrical, Fertilisers, Heavy Construction and so on. What happens to these undertakings, has a far-reaching effect upon the nation's total economic development. The performance of these is, for this reason, far more closely watched and critically commented upon in the country at large.

The objectives of public sector industry are wide-ranging and multi-dimensional compared to the relatively limited and undimensional objectives of private sector industry. Public sector enterprises are expected to (i) provide the infrastructure for promoting balanced and diversified economic growth, (ii) promote self-reliance in strategic areas, (iii) reduce regional imbalances, (iv) help economically weaker sections of the society, (v) prevent concentration of economic power in the hands of a few individuals, (vi) increase employment opportunities, (vii) generate surpluses for reinvestment and (viii) enforce social control on trade and industry for equitable distribution of goods and services. While they are no doubt expected to earn surpluses, that, unlike the private sector is by no means the only or even the main criterion for judging their performance. The social objectives set for them are no less important than earning surpluses. Indeed, when the two become irreconcilable, as does sometimes happen, the social objectives have to take precedence over the commercial objectives.

Since public sector enterprises are set up or acquired out of funds coming from the central exchequer, there is general agreement that they should be subject to some control by the Government as also by the Parliament in matters of policy, objectives and general performance. The scope and nature of such control and the manner in which it should be exercised, however, are by no means very clear conceptually nor in practice. Understandably, therefore, quite a few of the problems facing public sector industries arise from this uncertainty and the realities of such control.

The formally stated and generally accepted position is that Government should lay down the policy and the broad objectives for each public sector undertaking and that the Board and the managers of the undertaking should

be free to manage the undertaking within the policy laid down and also be accountable for the efficient operation and achievement of the objectives of the undertaking. The minister concerned should exercise on behalf of the Government, general control over the working of the undertaking to the extent of ensuring that it does work broadly in conformity with the policy and objectives set out for it. Such control should be exercised by monitoring the results such as costs, production, profitability, development and so on, and also through the annual budgeting of the undertaking. The Government also has the powers to give specific directives to the Boards of the public sector undertakings requiring them to follow a specified course or take specified measures where the Government considers this necessary. Parliamentary scrutiny too should be limited to matters of policy and broad overall performance in relation to the objectives set out, and should not concern itself with essentially managerial aspects of the working of the undertaking.

Autonomy for public enterprises is not merely an academic issue. The tasks to be discharged by an industrial enterprise are qualitatively different from those of administration. Speedy decisions and effective actions are more important here than mere conformity with the letter of rules or sticking to precedent. Products, technology, operating conditions and problems, market conditions and availability of inputs are all subject to frequent change and management response to such changes must be almost immediate to be effective. The response has also to be innovative for there are usually no precedents to follow in each new situation. Sound business relations with suppliers and customers, many of them from the private sector, have to be built up, judgment has to be exercised in choosing from among different alternative courses of action and there are no rules to ensure invariably correct judgment. The possibility of an error and the accompanying business risk can never be ruled out. Only management which is given the widest possible freedom of discretion and action to achieve the objectives set before the enterprise, can discharge these multifarious tasks and be held accountable for results.

Policy on major matters can be distinguished from management as such and the overall accountability of an undertaking can be fully ensured without requiring it to be subject to ministerial control or parliamentary scrutiny in respect of its managerial decisions and actions.

That this was the thinking on the subject of parliamentary control of public undertakings is clearly seen from the report of the Krishna Menon Committee which went into the question. In recommending the creation of a parliamentary committee on public undertakings, now known as the COPU, the Krishna Menon Committee had remarked "... The purpose of our recommendation would be adversely affected if either the Committee of the Parliament becomes imbued with the feeling that it is a fault-finding body or that it is a super board of management. At the same time, there cannot be any fettering of its judgment and expression of its views in good parliamentary tradition. The committee would also no doubt bear in mind that any public expression of views which are intended to correct errors or to

provide greater incentives in respect of any concern or all of them, are not of such a character as would have the opposite result of lowering the concern in the public estimation..."

This view of the nature of parliamentary scrutiny and control was confirmed at the time of creation of COPU. Its function was set out, *inter alia*, as "to examine, in the context of the autonomy and efficiency of the undertakings, whether the affairs of the public undertakings are being managed in accordance with sound business principles and prudent commercial practices". It was further laid down that the Committee shall not examine or investigate, among other things, matters of day to day administration".

In practice, however, both the parliament and the COPU take a different view of the nature and extent of parliamentary control of public undertakings. Shri D. N. Tiwary, a former Chairman of the COPU, for instance describes the control exercised by Parliament through a Committee as being "detailed, real and important" which according to him, the control exercised through parliamentary questions and discussion of the public undertaking's annual reports or at the time of the budgetary demands of the ministry concerned, is not. To underline the effectiveness of the COPU's investigation, Shri Tiwary stresses that the Committee takes evidence of the chief executive of the undertaking which is in the nature of a "cross examination during which the chief executive is required to answer searching questions about the working of the undertaking". He also stresses that fear of exposure by the Committee in case of inefficiency, extravagance, waste etc. serves as a deterrent to the Government and the management of the undertakings and keeps them alert.

It has been seen in practice that some from among the numerous letters and complaints which different people write to various members of Parliament find their way to some members of the COPU and that these become the basis of its investigations. By their very nature these letters and complaints refer to real or supposed injustice done by the management of an enterprise to somebody, an employee or a group of employees, a trading firm, a contractor or some such. They call in question management decisions in matters of promotion or transfer, placement of purchase orders or of job or construction contracts and so on. Hardly ever is a question of policy or broad overall performance in the context of the objectives of the undertaking involved in such complaints. Any investigation, which starts with such material amounts to a kind of scrutiny and control far removed from what the Krishna Memon Committee recommended or what is prescribed officially as the scope of its investigation.

Evidence of how the COPU gets preoccupied with matters of detail which really fall within the purview of management and have little to do with policy and objectives of the public enterprise under investigation, can be found in any report of the COPU taken at random. For instance, in the report on Hindustan Shipyard in the year 1973, one finds this among the

conclusions and recommendations: "The Committee are surprised to note that the necessity of maintaining log-books to find out the details of utilisation of machinery had never been considered..." Other points on which COPU has recorded recommendations in the same report, relate to the method of estimation of scrap accumulation and record of stores and decisions to retain or dispose of accumulated stores. The Committee even proceeds to recommend that detailed specifications for each job should be laid down. Even in its 1973 report, on a relatively successful public enterprise like Hindustan Machine Tools, one finds recommendations such as: HMT should maintain close liason with the Small Scale Industries Corporations; Design department should keep itself upto date in regard to the items which can be manufactured indigenously; effective steps should be taken to secure orders for special purpose machines required by private sector for manufacture of tractors, efficient after-sales service should be provided, and so on. Again, in the report about the Indian Oil Company in the year 1967, some of the conclusions and recommendations of COPU are: Three personnel officers of three divisions should be constituted into a Committee which should go thoroughly into the entire matter of service conditions, pay scales, etc. of the various divisions and suggest how uniformity can be achieved; the pipe line division should be separated from the refineries division; lack of supervision over contractors by supervisory staff; training of personnel from kerosene treating unit in the work of 2 or 3 other units so that there is no waste of manpower in the kerosene treating unit, movement of products and placement of wagons and so on.

Besides the investigation by COPU, public sector undertaking come under the scrutiny of Parliament through questions put by members to the minister concerned. These questions too are usually based either on some letters or complaints received by a member from some person or persons or firm that feels aggrieved by some act or omission of the management, or on some newspaper report about some aspect of the working of the undertaking. Sometimes, regional interests are involved as in the case of questions why a particular unit in the public sector is not given a favourable consideration in the matter of supply of some scarce inputs or in the matter of expansion or what proportion of the employees in a particular undertaking come from a particular region. To give a rather extreme example, a question was once put to the Steel Minister in the year 1972 about the transfer of my personal secretary at the Durgapur Steel Plant, on a parallel basis and at his own request, to the personnel department. He expected to get some promotion opportunity in the personnel department while no such opportunity existed if he remained in my personal staff. The transfer had been made in accordance with a decision of the Board of Directors of the Hindustan Steel Ltd., Permitting such transfers and the person concerned held the qualifications prescribed by the Board for such transfer. Yet some people who felt aggrieved by it sent letters to some members of the Parliament and a question was put to the Minister. The Minister had to answer and defend the action of management.

Sometimes parliamentary questions refer to some alleged instances of inefficiency of management or cases of corruption or merely ask for information of a kind which is commonly available elsewhere. For instance during my tenure at the Durgapur Steel Plant I found that in every session of the Parliament a question occurred more than once asking what the production of each of the public sector steel plants was, what were the causes of production being low and how much loss had been incurred during each of the past two or three years.

In an overwhelming majority of parliamentary questions only matters of detail and specific managerial acts or omissions are involved. Neither these questions nor the replies given by ministers have much to do with policy, overall performance or major shortcomings in the working of the undertakings. The present practice, however, is that the minister considers himself obliged to answer these questions and defend the public undertakings under the control of his ministry even in matters and on issues which are essentially managerial and do not involve questions of overall policy or performance in relations to the set objectives. This perception of his own responsibility to the Parliament on the one hand and to the undertakings under the control of his ministry on the other, virtually compels the ministers to get involved in the affairs of the undertakings which essentially fall within the purview of management.

Notionally, a public undertaking is accountable to the Government only in broad matters of policy and overall performance in relations to set objectives, and is supposed to be autonomous in its managerial decisions and functions. The minister's responsibility to parliament is also notionally limited to the former category of issues. The scrutiny and control actually sought to be exercised by parliament whether through COPU or through parliamentary questions, however, has just the reverse thrust and effect. For the management of the undertaking, this creates an anomalous situation. It gets very little clear guidance in matters of policy or broad objectives while in matters in which it is supposed to be autonomous, it finds itself constantly subjected to queries, criticism and controls.

Apart from the queries and criticism, the management has also to attend to voluminous paper work and correspondence to meet demands for a variety of information of purely routine kind. During the COPU enquiries, which mercifully do not come to the same undertaking too frequently, the paper work grows even more voluminous. It was the practice in the Steel ministry and the steel plants under it that when a session of parliament began, an officer of appropriate seniority had to be earmarked by each plant for attending on top priority to requests from the ministry for information and statistics to enable the minister to reply to the numerous parliamentary questions. All this expenditure of effort and time and the paper work and correspondence is entirely unproductive.

Apart from his involvement in the managerial affairs of public sector undertakings under his ministry arising out of his own perception of his responsibility to parliament, a minister does exercise some control over the

undertakings on his own also. The nature and extent of control exercised by a minister depends to a large degree upon the personal style and method of the minister concerned. There is no doubt, however, that it goes much farther than formulation of policy, setting of objectives and the general monitoring of actual performance in the context of prescribed policies and objectives. Detailed information about almost every aspect of the working of an undertaking is regularly collected by the ministry as a matter of routine. The statutes and rules prescribe that major matters like annual production, revenue and capital budgets go to the ministry for approval. Prices, in many cases are fixed by or with the approval of the Government. But in addition to such formal framework of scrutiny and control, ministers usually hold frequent discussions, both formal and informal, with the boards and even with the chief executives of public undertakings about almost the whole range of management problems, and although formal directives as prescribed in law are almost never issued, the views expressed by the minister in such discussion become virtual directives to the boards and the chief executives. Almost every major industrial relations problem goes to the minister and wage revisions require ministerial and even cabinet approval. Placement of major supply or construction contracts also is a matter on which the views of the ministry are of decisive importance.

The Boards and management of public undertakings seem to readily acquiesce in this kind of formal as well as informal ministerial involvement and control. There are several reasons for this. Firstly, there is no practical way of preventing it. This has also become the established practice and tradition from which ministers as well as public sector boards seem not very keen to move away. But to some extent managements find this ministerial involvement useful as a support in facing all the adverse criticism through the press, the scrutiny of COPU, questions in the parliament and various kinds of local and regional pressures to which management is continuously exposed. Even more important is the ministerial support in the frequent interministry wrangles which often arise on controversies over supplies, prices, quality, import formalities and clearances from indigenous angle and so on, among various public sector undertakings. Besides, even the public and the parliament make hardly any distinction between management responsibility and ministerial responsibility about the working of a public enterprise.

It has to be recognised, nevertheless, that this kind of ministerial involvement in management affairs does have the effect, whether intended or not, of definitely inhibiting the initiative and innovativeness of managers as also cramp their style and freedom even in day-to-day matters. At the same time, it also dilutes the real accountability of managers themselves since the minister too becomes a party to most of the major management decisions and actions. Not only the personal ideas and style of the minister himself but also the political, organisational, regional and various other kinds of pressures which a minister is inevitably under, get transmitted to the management of the public sector undertakings under his authority,

Real and clear delegation of authority and total accountability of a manager within his area of delegated authority, are two of the most important concepts of good management and organisational practice, but in public sector industry both of these are highly blurred at the top in the relations between the board of an undertaking and the minister concerned. This blurring of delegated authority as well as accountability limits, undermines the effectiveness of both the board and the minister.

It is not as if this problem has not been recognised so far. Shri R. C. Dutta, a very senior and distinguished civil servant who has been intimately connected in various capacities with the affairs of public sector industries succinctly states what the relations between the undertaking and the Government should be "...for every public sector enterprise as soon as it starts functioning there should be a clear-cut statement of its objectives. This statement should clearly indicate what is expected of the enterprise and, how it should conduct itself in attaining these objectives. Once such a statement is set out, there should be little room for Government interference in the day to day affairs of the enterprise. All that would remain for Government to do there-after would be to judge on the basis of periodic reports, the performance of the enterprise in the light of the objectives set out. This continuous watch is of great importance because it is on the basis of such objective scrutiny that Government can and should take corrective action."

On the other hand what actually happens is described very pointedly by another distinguished civil servant who also was eminently in a position to know what he was talking about. "...and there is the accompanying plethora of controls, financial control, audit, the administrative minister's control, and always the legal, statutory disciplines such as the long list under the Company law. Any-one of these, except perhaps the last, can all too easily become a deadening burden, with its constant investigation, chivying and generally throwing the weight about. Together, they lead to cripple all initiative, any willingness to take the necessary risks and to do anything more than to look to the defences, live from day to day and hope for the best. Risks and initiative, by definition involve an incidence of error and loss. Can any manager in any public sector enterprise recall any of the controlling agencies I have listed telling him, "that was a good initiative or that was a risk well taken; the fact that it did not come off is nothing to discredit your judgement or your conduct; we commend you upon your initiative and gladly share the risk? On the contrary, a carping and petulant grumble is what the manager at best can hope for". These are the words of Shri S. S. Khera.

Yet another authority, a former Comptroller and Accountant General of India, had this rather uncertain verdict to pronounce on this point. "The proper relationship between the minister and the public enterprises is a matter that cannot be defined by legal process. It has got to be evolved by building up sound and rational conventions so that enough autonomy

is allowed to public enterprises for displaying adequate initiative and enabling them to take quick decisions".

There is, in my view, nothing inherently wrong with the idea or the system of public enterprises as such which should give rise to this state of affairs. This state of affairs can be changed without changing the system as a whole. But the change has to begin from the ministers. The boards or managers of public enterprise cannot be expected to initiate this change. But the minister can certainly leave the enterprise to run its own affairs after the policy and objectives are set out for it. Even when questions relating to the management of the enterprise are raised in parliament, the minister can, I believe, take the position that management is the responsibility of the board of the enterprise, and can refuse to get involved in the discussions about details of its working. Members of parliament as well as bodies like COPU should also consider in a more objective and positive way the basic purpose of their scrutiny and control and realise that sniping at the minister or the management over matters of detail does not in any way promote efficient and economic working of public enterprises. A purposeful effort to evolve appropriate conventions in this respect both in the parliament and between ministers and public enterprises can, I feel, yield some healthy results.

Precisely these same problems arose and still persist to some degree in the nationalised industries in Britain. Robson, for instance, observes that, "It has long been recognised that while parliament has a right to discuss and determine matters of major policy concerning nationalised industries, the day-to-day conduct of their business by the public corporations should be immune from parliamentary inquisitions", but also described how there is a demand from keen labour back-benchers who equate socialism with the grilling of ministers over meticulous details and also from conservative opponents of nationalisation, for subjecting nationalised undertakings to almost as much parliamentary control as the departmental undertakings of Government. The ministers too interfere in matters which under the statutes creating the corporations, are expressly within the authority of the boards of the corporations. Indeed, according to Robson, "... ministers have carefully hidden their activities, doubtless from a desire to avoid having to answer parliament for the great variety of matters about which they intervene or are consulted by the public corporations, but for which they do not wish to be responsible". Over the years, however, conventions have been evolved in Britain about not admitting parliamentary questions relating to matters falling within the field of management of the corporations. The ministers also often decline to answer parliamentary questions of that kind even if they are admitted, and merely state that the matter is for the corporation to deal with or that the member's views would be conveyed to the corporation.

The controlling ministry and the COPU and parliament are, of course, not the only authorities which take it upon themselves to keep a close watch and control over the working of public sector enterprises. The

Bureau of Public Undertakings in the Finance Ministry also tries to take a hand in it. The Bureau is supposed to perform a coordinating function. In practice, however, it is difficult, at least for managements of public sector enterprises to see what exactly it coordinates, apart from periodically compiling various types of information and reporting it to parliament and bringing out certain publications. The managements of enterprises are made aware of the existence of the Bureau through occasional requests for some information or through circulars originating in the Finance Ministry and enjoining various economy measures. The information asked for is in most cases, of a routine kind already available with the controlling ministry. The circulars too are separately received through the controlling ministry and relate to matters like procedure to be followed for obtaining approvals for major capital projects or merely ask management to postpone whitewashing or colour-washing of buildings, to economise on paper and stationery and to cut down expenditure of telephone calls. Occasionally the Bureau expresses grave concern at the allegedly poor maintenance of *plant and equipment in public enterprise and in order to urge management* to do better in this vital area as also to monitor its performance therein, the Bureau circulates proformas to the undertakings to report facts and statistics about frequency and durations of equipment breakdowns, percentage availability of equipment, causes of down-time, preventive maintenance schedules and so on. It is probably the belief in the Bureau and the Finance Ministry that management cannot be trusted to pay adequate attention to even such important functions as the care and upkeep of the equipment at its disposal or the constant need for economy wherever possible, unless periodically prodded by some agency of the Finance Ministry. To put it quite bluntly, most public sector managers look upon the Bureau as a meddlesome superfluity end-lessly preoccupied with trifles, having no positive help or guidance to offer to the undertakings in any important matters.

Then, some ad-hoc bodies come up in New Delhi to investigate some particular aspects of the working of public enterprises. For instance, a couple of years ago, a body known as the Action Committee was created by the Planning Commission. It was supposed to identify the factors which caused public undertakings to operate much below capacity and to recommend action on priority to overcome these factors in the shortest possible time and to achieve rated production. Members of the Action Committee, hardly ever the full committee, would make flying visits to different plants, sometimes covering four or five of them in two or three days, hold discussions with local managers, make quick inspections of the plants, ask for urgent compilation of much fresh documentation, repeat the flying visits after a lapse of several months, hold more discussions and then produce some reports and recommendations. Not infrequently, these recommendations merely reiterated some of the things that the local management had been saying all along. Hardly any action followed these recommendations, since the original obstacles which had thwarted action by the management

itself continued to exist, recommendations of the Action Committee notwithstanding. I had some exposure at Durgapur to the Action Committee, and my experience at least was that all its high level, high speed and high pressure movements, discussions and deliberations led to little real action. Indeed, it had the effect of unsettling the normal activities and routine of management, added much paper work, and also caused a little demoralisation to local managers who perceived in all this, a basic lack of trust in their own expertise, dedication and judgement.

In recent years a new dimension has been added at the top level to the management structure of public enterprises through the creation of holding companies. Steel Authority of India Ltd. set up three years ago was the first holding company to be formed in our country, and recently, the second, Coal India Ltd. has come into being. Some talk of holding companies for other industries like petroleum and fertilisers is also heard from time to time.

The thinking behind the formation of SAIL was that it would lead to better planning, coordination and development as well as better operation of the steel industry in the country if the entire industry and the input industries like coking coal, iron ore and limestone mining, steelworks construction and so on, were brought under a unified directing authority. It was also felt that if this authority was integrated with the Steel Ministry, a considerable amount of administrative red tape and delays would be eliminated. With this intention, the posts of Chairman of SAIL and Secretary of the Steel Ministry have been combined in one person so that, hopefully, a decision of the SAIL approved by its Chairman would need no further vetting and approval formalities in the Ministry.

It is perhaps too early to say how far this thinking has been vindicated in practice. But such experience as has been gathered so far does raise distinct doubts. Firstly, with Coal going from the Steel and Mines Ministry to the Energy Ministry, perhaps the most crucial input for the steel industry, coking coal, has gone out of the SAIL umbrella. Secondly, although Chairman of SAIL is also Secretary for Steel, the structure and administrative organisations as well as the procedures associated with each office remain distinct. A proposal even if approved by SAIL, does go to the Ministry to be processed and cleared separately, if the rules of Government require it as in the case of import of capital equipment of spares or components. Various kinds of routine queries are raised there in complete disregard of the fact that the proposal has passed through technical, commercial and administrative scrutiny in the different directorates of SAIL.

Thirdly, when its rules and articles of association were framed, it became clear that the authority and functions of SAIL went well beyond planning, coordination and generally being an umbrella over the various operating units within its jurisdiction. It took over the functions of approving their annual production and financial budgets, major purchase proposals and contracts and even recruiting and training personnel for

executive posts in all the subsidiaries. Informal control has gone even beyond this; major collective bargaining, fixation of pay-scales and dearness allowances of executives and transfers of senior executives from one subsidiary to another are all now handled by SAIL.

With SAIL taking over these functions, any effective role for Hindustan Steel was extinguished. Yet HSL remains the formal directing company for its four plants, a redundant, yet unavailing stage in the authority chain. The net effect is that far from reducing administrative red tape and delays, these have been added to through the creation of one extra stage in the decision making and administrative paraphernalia at the higher levels.

Coal India Ltd. is very new. Its organisational features and functioning style are yet to be sharply projected. In one respect however, its set up differs from that of SAIL; the positions of Chairman of the enterprise and secretary of the Ministry have not been combined in one person. What this will mean in actual working of Coal India, it is difficult to say.

What is of great importance is that the role of holding companies should, as a matter of policy, be restricted to areas where their subsidiaries themselves feel the need for help from higher levels. Such areas would include allocation of scarce capital, raw materials, power coordinating the movement of large quantities of materials in consultation with the Railways, over pricing of products and so on. Planning of future growth, the principal function of the holding companies should remain. To extend their functions beyond such matters and seek, in the name of coordination or standardisation, to do what the units themselves can and should do, is to create needless problems for management.

State Governments too are keenly interested in the affairs of central Government enterprises in various ways, especially when the enterprises are large and important. Such enterprises are large employers of labour and the state governments are also anxious to find employment opportunities for their citizens, especially for what have come to be described as 'sons of the soil'. Management which wants to keep its total labour force and labour costs down or to be selective about whom it employs, can find itself under considerable pressure from the state government. Such large enterprises which often have to provide various civic amenities to the employees, such as education, medical services, sanitation and public health, water supply and so on, can hardly expect any support, financial or administrative, from state governments. On the other hand some of the facilities of housing, medical services, education, etc. have to be made available to the officers and personnel of the State Government who are stationed at the public undertaking townships.

As administrator of labour laws, the State Government is directly concerned with the personnel and industrial relations affairs of public enterprises. Its main concern so far as industrial relations problems are concerned, is with the avoidance or prevention of conflict since severe or prolonged conflict in major industrial establishments in the State gives to the State Government a rather unfavourable image as administrator of labour

laws. In its keenness to prevent or end industrial conflict in a public enterprise, State Government often subjects management to a great deal of pressure to make concessions and compromises which are not always helpful in ensuring the disciplined and efficient working of the enterprise or even in the achievement of stable industrial peace. Smooth, economical and productive operation of the enterprise requires that management should be fair and responsive to the legitimate aspirations and needs of employees; but at the same time that it should deal firmly with sporadic and gross indiscipline, frequent or wildcat work stoppages on flimsy grounds, gheraos and such other situations. Such firmness, especially in situations in which employees have been allowed in the past to get into the habit of resorting to such sporadic pressure actions inevitably leads to some aggravation of conflict in the short run. Management wanting to change the culture of sporadic and frequent work-stoppages, accepts the short term aggravation of conflict as a necessary price for a more systematised and positive interaction with the employees. The State Government, however, in its anxiety to prevent or end conflict in the shortest possible time, often fails to appreciate the strategy of management and mistaking its firmness for obstinacy or unreasonableness, wants it to make concessions and compromises which may weaken if not altogether defeat management strategy. The rather fluid line between firmness and obstinacy can be placed at different points by different sides depending upon their objectives and priorities. But management, which is accountable for the overall performance of the enterprise can find itself frustrated by powers whom it cannot defy or ignore, requiring it to behave differently than what its own perception of fairness and firmness dictates.

In relation to the administrative ministry too, this problem is quite difficult to handle. The ministry understandably wants the enterprise to be managed efficiently, productively and economically. But it is also keen not to expose itself to criticism of being unsympathetic or harsh to labour. Thus, management sometimes finds itself pulled in contrary directions at the same time by the administrative ministry. If management is indulgent and connives at indiscipline and work-stoppages, it attracts blame for not running the enterprise efficiently and productively. If, however management stands firm and uses its powers under the rules and thereby the erring employees suffer some hardship, it is blamed for being unreasonable or unsympathetic. Since labour conditions in public enterprises, especially in the large and important are a matter of great interest to the members of legislatures and parliament as well as to the press, criticism of whatever happens there is both widespread and sharp. Government is understandably sensitive to such criticism and the impact of the criticism gets passed on to the public enterprise management which, however, is in no position to confront the central and even the state government with the facts and the rationale of its actions. Subjected to these kinds of pressures, management finds itself at a handicap to build up genuine bipartite relations with the employees and their unions on the basis of any kind of parity of bargain-

ing strength, for factors unrelated to the relative bargaining strengths of the two sides are the ones which ultimately prove decisive in major conflict situations. Being fully aware of this reality, the employees and their unions also look to the state government and the administrative ministry as the real seats of authority and decision-making even on day-to-day industrial relations and disciplinary matters. The normal bargaining interaction between the management and the unions at the enterprise level becomes relatively unimportant.

It is not only when the management wants to deal firmly with the employees that this kind of situation cramps its style. Even when management feels that certain demands and claims of the unions are justified and deserve to be met, it cannot be sure how far it can go. Considerations of public policy, the norms and practices prevailing in other public enterprises and what the administrative ministry may view as the limits of fairness and propriety, weigh heavily on management. Any decision it takes can be viewed as causing what are referred to as 'repercussions' on other public sector enterprises. Any significant innovation attempted by management in this respect causes eye-brows to be raised in the administrative ministry. This virtually deprives the management of any bargaining power or tactical freedom in its interaction with the union and the workers. Thus in the matter of fresh concessions or benefits to employees too, the real seat of authority and decision remains — and is perceived by the union to remain — not in the management but far away from it, thereby stultifying the collective bargaining relationship at the enterprise level.

The stereotype of a public sector enterprise's organisation and management in the public mind is of something excessively rule-bound and rigid. It is also sometimes believed that this is an inherent weakness of the very system of government ownership and control of an enterprise. My own personal experience is that this impression is only partly true. There is, no doubt, an extensive and elaborate framework of rules and procedures in force in public undertakings especially in functional areas like finance, purchase, personnel and so on. Most of the rules were framed in the early years of the establishment of these enterprises. In those years the chief executives of these enterprises were usually drawn from the civil services. Some other senior executives especially in administration, finance and sometimes even personnel were also brought on deputation from the central or state Government services. It was natural for them to bring with them the framework of rules and procedures with which they were familiar as civil servants. That was also the simplest and quickest thing to do under the circumstances, since drafting and establishing from scratch entirely new ones properly suited to the nature and functions of the new types of industrial organisations, would have taken much time and effort as also good knowledge of and insight into the requirements of the working of these organisations.

Once this framework of rules and procedures, taken mostly from the government administrative services, was introduced in the public sector

enterprises, they have tended to continue, since changing them is even more difficult than drafting and introducing entirely new ones to begin with, was. If any proposals for a thorough-going revision of these rules are mooted by any public enterprise, they would probably get shot down in its own board where there is a strong representation of both the controlling ministry and the finance ministry. Even if it somehow crosses that hurdle, it will have almost certainly to go to the government for either formal or informal approval, and the civil servants who would vet such proposals in the ministry would be unlikely to take a favourable view of any radical departures from the rules and practices that they themselves work with.

The rigidity that is associated with the rules and procedures may also accompany some general policy decisions of the government as they are applied to public undertakings. During the years 1973 and 1974 and the better part of 1975, government had as a measure of economy imposed a ban on construction. In the steel plant townships of the different Hindustan Steel plants, however, there is a crying need for additional residential accommodation, schools, expansion of medical facilities and such other civic amenities. These townships had been located on greenfield sites, and no other agencies except the steel plant managements were available to provide these facilities. Not more than half the employees had been provided with residential accommodation in any of the townships, the other half residing in hovels in shanty towns on the outskirts of the steel townships or commuting long distances to come to work. In each township anything between two and three thousand children reached school going age each year. Ban on construction of additional residential accommodation prolonged the hardship of the thousands of employees who had not been provided with accommodation while ban on schools construction meant that several thousand children would have to go without schooling facilities. Legitimate resentment among the employees was the result. Young engineers and doctors were reluctant to come to work in these plants and townships and even those already employed opted to leave and find jobs elsewhere since they had no early prospect of getting accommodation to set up their families. Compared to the scale of operations and the turnover of the steel plants, the capital outlay needed to make modest annual additions to the available housing, schools, medical facilities and so on, would have been very small indeed, only a small fraction of what the HSL spends every year for additions, modifications and replacements in the plants themselves. Yet it became almost impossible for even the profit-earning steel plants to do any of these things although these were legitimate needs of the employees.

While thus, a certain degree of rigidity and excessive preoccupation with rules and procedures does characterise public enterprise a great deal nevertheless depends upon the personality and style of the persons at the top, especially the chief executive himself. Even within the prescribed framework of rules and procedure, I feel there is enough opportunity for the Chief executive and the board of a public enterprise to make an imprint

of their own thinking and style upon the working systems and culture of the enterprise which they head and lead. I had a sharp realisation of this when I witnessed the drastic change in the working culture of the public sector steel industry when authority and leadership passed from Hindustan Steel to the Steel Authority of India, and also from my direct role within the Durgapur Steel Plants.

I do not think the rules and procedures of public enterprise, all their complexities and rigidity notwithstanding, are such as to preempt real delegation of authority, an open and participative management style and a wide measure of innovation within the organisation, provided that the chief executive really believed and practiced such a style and could carry his board with him. On the other hand, if the chief executive happens to be an autocrat, all authority and decision making of any significance will tend to get sucked up to the top and even the formal rules and procedure for delegation will become inoperative. If again, the chief executive has a bureaucratic personality and style, the working of the whole organisation will take on a faceless rule-bound, precedent-seeking character and risk-taking and innovativeness will be at a discount. The real mischief of the rules, procedures and precedents, I feel, is not that they preempt initiative and innovativeness among managers who have the will and the abilities to exercise these, but that they provide cover and protection to inactivity, apathy and mediocrity and even worse.

In those enterprises which started as private and were later nationalised, the situation is of course, different. The rules and procedures prevailing in such enterprises prior to nationalisation, continue in a large measure even after take-over by Government although in the matter of ministerial and parliamentary control, they are placed on par with other public enterprises which start off as such. The question of the nationalised enterprises being unduly rule-bound or rigid in their internal affairs, therefore, does not arise. This, however, does introduce a certain degree of disparity in the character of management systems of public enterprises which started as such and of those which were taken over by government from the private sector. In pointing this out, I do not mean to say that one set of systems is better than the other. In quite a few cases, private enterprises have been nationalised because they were badly managed or because there were serious and widespread malpractices. In such cases, what the management has inherited from the private sector is absence of any management systems worth the name and lack of effective operational rules. In such instances, *the challenge of creating some order out of the earlier chaos, has been far more formidable than that of creating from scratch some systems and rules, and the post-nationalisation managers have had to cope with this challenge.*

Accountability of individuals for poor performance in public enterprises is very little. Almost unlimited incompetence, lethargy or inaction are tolerated at various levels. There are persons who are content to swim with the current and keep out of difficult tasks and situations. Security of employment is almost assured so long as one is not caught for some

corrupt acts or some other kind of gross misconduct and even promotions are usually taken to be normal with seniority. The general atmosphere is entirely non-competitive as among the people within the enterprise. Soft options are generally taken and difficult or unpleasant decisions are avoided. Individually, majority of managers in public undertakings work quite hard and do as much as they are capable of for producing results. But collectively and as an organisation, there is not enough insistence on a high level of performance all round nor penalties for poor performance.

It is not, I think, due to anything in the rules of public enterprises that this is so. It is more because of the kind of traditions and culture that have been allowed to develop in the public sector as a whole. A determined chief executive and board can change this culture and make it more result-oriented with adequate accountability of individual managers. But to do this, the board itself must be sufficiently strong, committed and result-oriented. It is not always possible for the boards to be so. The boards have a considerable proportion of civil servants who represent different ministries and who get replaced when they are transferred to other posts. According to a study reported to Raj K. Nigam, "in 53 central Government companies, the occupation of 203 directors was disclosed as Government servants whereas of 55 as business, 27 as professions like accountants, lawyers doctors and of 49 as services of specialised and technical nature. With regard to the phenomenon of change of directors of government companies, our study reveals that over a 3-year period 72 per cent of the directors have changed and over a little longer period of 5 years, about 86 per cent have changed. It is revealed that the average tenure of a director works out to about 14 months whereas in the case of big and giant-sized companies in the private sector it was found to be over six years'. The board of the largest public enterprise in the country, the Steel Authority of India Ltd. has been reconstituted at least thrice in the three years that it has been in existence and it is doubtful if any one from the original board with the exception of the full time functional directors, continues to be on the board today.

Clearly, boards which change their personnel so frequently and where the tenure of the members is so brief cannot even develop their own style or methods and priorities, much less bring about radical changes in traditions and a culture which have been in existence for a long time.

The stereotype of a public sector manager in the public mind is also derived from the early days of public enterprises. He is generally believed to be a bureaucrat, aloof, impersonal, more preoccupied with procedure and protocol than with results, a bird of passage looking forward to being promoted to some higher administrative post after doing his assigned time in the industrial enterprise. He is supposed to be non-committed to the enterprise which he is temporarily called upon to manage, non-innovative, non-risking and indifferent to the human aspect of his managerial function. The present day public sector manager, from what I have seen, does not conform very much to this stereotype. Over recent years, there has been an

unmistakable professionalisation of managers in the public sector enterprises although some top or senior positions still go to civil servants or to retired officers from the defence services. Today's manager in public enterprise is, by and large, committed to his profession and enterprise, reasonably result-oriented and quite keenly alive to the current thinking, practices and techniques in the field of management science. Public sector undertakings devote considerable attention and effort to the training of their middle and senior managers and floor level supervisors in modern management theories and practices including those in personnel management and human relations. These managers do feel accountable for the performance of their organisations. Man for man, they are not, in my opinion, less competent as technologists and as managers than their counterparts in the private sector. Their commitment and dedication are perhaps greater than those of the latter, for a large majority of them stay in public enterprise although their ability and experience could command substantially higher rewards in private sector industry.

The management systems and culture of public enterprises inherited from the past, however, have not changed as much or as quickly as managers as individuals have changed. As I have observed earlier, it is not impossible to bring about some change in these systems and culture. But the factors inhibiting change are quite strong and it requires people at the top, those in the boards and chief executives who have convictions, a sense of purpose, the right approach and the strength and skill to set in motion the process of change. There do not seem to be as many such people at the top as one would wish. This situation is a source of frustration to the up and coming managers in public sector industry. Their full potential remains unrealised and their image in public mind gets dimmed.

The fear of the CBI is, I believe, a greater inhibition to senior managers in innovation and risk-taking, than any rigidity in the rules. The need to prevent, detect and punish corruption and malpractices in public undertakings is obvious. However, the line between doing this vigorously and effectively on the one hand and generating a climate of witch-hunting on the other, is rather fine. Senior positions in such departments as purchase, sales, despatch, and finance are so sensitive in this respect that persons holding these positions inevitably become overcautious in applying their professional judgement and expertise to the best advantage of the undertaking. At the same time, since attention tends to be more concentrated on the senior levels of managers, much shady dealing can go undetected at the relatively lower levels causing a far greater loss to the undertaking.

It is not impossible for the person at the top of an organisation to keep himself reasonably accurately informed about the integrity or lack of it of at least some of the senior managers under him. Left to himself, he could also deal with them effectively and without violating any rules either. But his freedom to do so is seriously restricted by the prolonged and often frustrating enquiries by the CBI and the need to refer cases to the Central Vigilance Commissioner, not to speak of the departmental en-

quiries which in the case of senior executives, have usually to be entrusted to the commissioner for Departmental Enquiries. The mischief is caused not so much by what the CBI or the CVC or the Commission for Departmental Enquiries does or fails to do, but by the exceedingly long time which they take to do, or even not to do, anything. The result is that while a vague feeling of insecurity and a climate of witch-hunting comes to prevail, actual disciplinary actions against people who are known to be corrupt, takes so long, if it is taken at all, that it has scarcely any value as a deterrent.. An officer in the Durgapur Steel Plant, making skillful use of all the formalities and loopholes in the rules and procedures, managed to stall proceedings against him for about eight long years, drawing half his salary all the while as a suspended employee and also having all the time to engage in other equally shady but lucrative activities. Left to himself, the chief executive of an enterprise could act far more effectively, knowledgeably and of course, promptly. There is no guarantee, of course, that he will never make a mistake, let off a guilty employee or penalise an innocent one. But the provisions of appeal which, in any case exist in rules, could be an adequate safeguard against gross errors and abuses. To restrain his freedom of action by making action dependent upon enquiries by CBI, advice by the CVC and departmental enquiries by the Commissioner for Departmental Enquiries, virtually neutralises the effectiveness of both the chief executive and the rules so far as anti-corruption work in the public enterprises is concerned. But the thinking in the Government is apparently that the chief executive cannot be entirely trusted with this function.

To be an employee in a public sector enterprise is something of a mixed blessing. It cannot be gain-said that in certain respects, their conditions compare favourably with those of their brethren in private industry of comparable class. For instance, in benefits like housing, medical aid and education of children, few private undertakings can stand comparison with what most public enterprises provide in the normal course. Job security too, is distinctly better in public undertakings. Their wages and emoluments are perhaps somewhat lower than those of comparable private sector undertakings, but even there, the gap between the two is much narrower today than it was a decade or so ago. One does not also find among public sector managements the kind of bitter anti-union attitudes which were common among private sector employers until recently and which have not disappeared even today. Unionisation of the employees is not, therefore, accompanied with the kind of obstacles and penalties that had to be faced in private enterprises.

Leaders, especially those in positions of power, never tire of reminding public sector employees that they do not labour for any employer's private profit, but that they work for the development and prosperity of the country. Nor would it be right to say that the employees themselves, or at least quite a good proportion of them are so ignorant as not to know this.

In spite of all these, the relatively less harsh conditions of service and living, the more tolerant management attitude towards unions, the better job security and the awareness and exhortations about their proper role and responsibility as public sector employees, one does not find correspondingly high morale, greater sense of belonging or a deeper concern for productivity and economy among the employees in public enterprises by and large. People at large, and more so the managers of public enterprises, feel genuinely puzzled and perplexed at this and opt for the facile conclusion that the employees as a class are irresponsible, selfish and badly led. Such a conclusion influences their own attitude and behaviour towards the employees and their unions which, in turn, further aggravates the malaise.

Why do public sector employees not show more positive, constructive, productive attitudes towards their jobs, towards the organisations they work in and towards the society at large? Since, as observed above, this cannot be because of their emoluments or other amenities of work and life as compared to prevailing working class standards, there must be something in the system within which they work that gives rise to these kinds of attitudes and widespread alienation.

A public enterprise as a system does indeed place the employee both individually and collectively, in a position of disadvantage. Its rules and procedures are usually complicated and cumbersome; employees have no part in framing them and no means of changing them. He perceives the system in which he works as wooden, impersonal and unresponsive to his aspirations and grievances even in small day-to-day matters. What is more, in the thoughts, attitudes and behaviour of those who stand higher and more favourably placed in the organisation, he does not find anything distinctive, unselfish or outward looking by virtue of the fact that they too work in a public enterprise which operates not for private profits but for the social good. They are as class-conscious, socially as distant, and at the work-place as authoritarian and jealous in guarding and promoting their own personal careers and interests as their counterparts in the private enterprises. Their attitude towards the workers is also one of ordering and expecting unquestioning obedience, and shows no recognition of the special circumstance that they all work in a public enterprise. In short, in his everyday working experience, a worker in a public enterprise does not perceive any special difference or any distinctive feature in the culture of the organisation or in the attitudes and behaviour of the leaders of the organisation, that should impress upon him the significance of his being an employee of a public enterprise. His own attitude and behaviour are conditioned by what he sees around him in the organisation, by what he perceives to be the culture of the organisation, by his everyday experience, rather than by the lofty ideals and ideologies associated with public enterprises.

It must also not be forgotten that public sector employees are also members of the society and cannot be expected to remain insulated from the influence of the social climate and attitudes prevailing around them. If this climate is full of strife, avarice, parochialism, injustice, indiscipline-

and lacking in social commitment, then these would also be the attitudes that would in the normal course, develop among public sector employees as much as in other groups in the society. The onus of changing these attitudes and inculcating more positive and responsible ones among them, would be squarely upon those who are in positions of leadership in public enterprises. Deep understanding and sympathy as well as the right attitudes and styles on their part, expressed through deliberate strategy and efforts can, I believe, bring about a salutary change in the attitudes of employees. Unfortunately, even a genuine and sympathetic understanding of the problem is conspicuous by its rarity among the people at the top in public enterprises, not to speak of any deliberate strategy or efforts.

There are also problems of a more tangible kind. These relate to the nuts and bolts of industrial relations and human relations. There are, of course, recognised — and also non-recognised unions in almost all public enterprises. The activities of these unions are in no way obstructed or discouraged by management. This may be because the kind of personal vested interests, considerations of personal or oligarchic ownership and profits, which are among the basic causes of anti-union attitudes among employers and therefore among managements in private sector, do not exist in public enterprises. On the contrary, Government which is owner here, favours a policy of freedom of trade union organisation, recognition and collective bargaining, and public sector managers naturally have to fall in line with this policy. One does not, however, find among them any deeper understanding of the role and functions of the unions, of what makes the unions act in the way they do. Nor does one find a genuine willingness to look upon workers as partners and upon the unions as having a potential of making any positive contribution to the working of the undertaking. The traditional attitude of professional managers in our country towards the unions is of either patronising or of viewing them as an unavoidable nuisance to be tolerated and humoured, but to be kept at a distance and managers in public enterprises by and large share this attitude.

The process of collective bargaining in public sector industry has made great strides during the past decade. Yet, there is an air of unreality about it still. This is because there is really no comparison between the bargaining strength of the two sides. If the government is determined that some demands of the unions are not to be conceded at any cost, no amount of direct industrial pressure through strikes can force the management to concede the demands, for, in an actual conflict situation, the unions and the workers can never match the almost unlimited strength of the government to hold out regardless of losses. Besides, the powers of the government as government also get ranged against the striking workers. The unions can never ignore this position, all their militancy notwithstanding. When the chips are really down, therefore, they have to resort to means other than their own bargaining strength as against that of the management. They must seek the support of friendly legislators and members of parliament and

of the press. If that too does not succeed, they must ultimately submit their prayers to the minister concerned and hope for the best.

There is also another reason why collective bargaining on really important issues remains somewhat unreal in public enterprises. Even the managers of these enterprises find it quite difficult to change the existing rules, procedures and systems, both because of their inherent rigidity and because of the control that a variety of authorities seek to exercise over management. For the workers and the unions to bring about the changes desired by them is virtually impossible, because the real seat of authority in approving such changes is often not the management with whom the union negotiates, but somewhere far away from the scene of negotiations and it is not easy to anticipate in what way that authority will be exercised. Once, when I declared a very small token reward to a section of employees in the Durgapur Steel Plant for a particularly admirable piece of work they had done, and although such reward was both well within my prescribed powers to give and in conformity with past practice, I received a pointed query from New Delhi about it. Similarly, when the revision of the national wage agreement with the unions for the steel industry was being negotiated in the latter part of 1974 and the first half of 1975, neither the bargaining strategy on the side of the industry nor the specific offers of concessions to be made by it during negotiations, were decided in consultation with the plant managements nor even with the Chairman or Board of Hindustan Steel. The revision of the pay scales and dearness allowance for the officers in Hindustan Steel was also done without any consultation with the plant managements and the Chairman and board of Hindustan Steel.

In such a situation, negotiating with their own management is a frustrating and somewhat fruitless exercise for the employees and their unions, not to speak of its excruciatingly slow pace. Even in small day-to-day matters such as attending to individual grievances about promotions, pay-fixation or permanency, as also in implementing the provisions of agreements with unions, the elaborate rules and procedures of public enterprises can cause frustrating delays and obstacles. Civil Service (Conduct) Rules which are really framed for the employees in the different administrative departments of Government, and many of which have doubtful justification even in relation to such employees are almost invariably and automatically adopted by industrial enterprises of Government, although they have even less justification there. An individual worker and even the union find themselves powerless in the face of these every-day irritants. A feeling of alienation develops among the workers. The only way they feel they can fight this feeling of powerlessness and alienation, is by displaying negative attitudes, indifference in work and postures of defiance towards authority within the enterprise.

I am not suggesting that this is the only or a complete explanation of this problem. There is no denying that we find at places deliberate low productivity and indulgence in gross indiscipline. There are also in-

stances of workers in strategically placed public enterprises using their strategic position to pressurise their management and even the Government into making ever-increasing concessions and ultimately rendering management virtually ineffective. In course of time, such behaviour, which borders on blackmail, becomes a habit with these workers and has, in the past, brought bad name to the enterprises, their managers, workers and trade unions alike. But this aspect of the problem is in my opinion a relatively straightforward one and is often the result of management not standing — or not being allowed to stand — firm in the face of such efforts of pressurisation to start with. The problem of alienation and apathy among employees, on the other hand is a much deeper and more complex one that calls for deeper insight, sympathetic understanding and radical change of style and technique on the part of management.

The officers and executives at the lower and middle levels in public enterprises are in a particularly difficult situation. Although they have the freedom to form their own associations, these are enjoined by the management not to take on a trade union role. They do need, however, a channel to interact collectively with the management on issues involving their common as well as individual interests. Formal collective bargaining institutions and processes are not available to them and their shop-floor role and responsibilities brand them as management men in the eyes of workers. Top management and more particularly the management systems, however, are usually inclined to take these people for granted. They are rarely taken into confidence about management plans, policies and important decision, much less given any opportunity of influencing these. Almost invariably, union leaders representing workers, are much better informed and have a better opportunity of influencing these by virtue of their direct access to seniormost managers and even ministers, than are the middle and lower level officers. There is not enough effort or initiative by top management to identify their economic problems or status needs and to take action thereon. Even when problems do come to the surface in the form of mass display of resentment and sometimes direct action, remedial action is usually too little and too late.

These young men are recruited these days through fairly stiff competition from among the cream of available talent in the country. Yet, they soon feel frustrated both monetarily and professionally. This has led to instances of acute unrest among these groups and actual conflict between them and top management of public enterprises.

I have tried in these two lectures to present an overview of the problems of management and workers in public sector industry in our country. In doing this, I have had to generalise from my own limited experience of and knowledge about a very small part of this field and such generalisation cannot be free from errors. Besides, even within the public sector, each enterprise has a personality and history of its own, traditions and culture of its own. This fact sets limits to the validity of any broad generalisations relating to the public sector as a whole.

Nor is the picture to be supposed to be an unchanging one. Conditions in public sector industry, as indeed in any other field, are changing. Even before the declaration of Emergency, management attitudes and practices were changing gradually but unmistakably. Increasing professionalisation of management of public enterprises, a greater sophistication of management practices through the adoption of modern management ideas and techniques, a deliberate effort to bring greater resilience and adaptability to the rules and procedures, are distinctly in evidence. Personnel management and industrial relations practices too have become more modernised and at least the institutional framework if not the essence of collective bargaining has been developed in most public enterprises. The level of workers' emoluments has risen considerably and in the matter of implementation of labour laws, Managements of public enterprises no longer seek special privileges. Even labour participation in management is reported to be seriously launched in a number of enterprises.

At the interface between the enterprise on the one hand and government and parliament on the other, however, one does not see change coming with comparable speed. In the absence of adequate changes at this interface, there are very definite limits to the degree to which basic changes in the management of public enterprises will be feasible.

One must, however, desist from speculating on the extent, nature of pace of future changes in this field, for, the Emergency has itself brought about a sea change in the entire environment in which industry operates and has introduced an element of discontinuity in the normal process and pace of change. Behaviour patterns of persons and groups have changed sharply and this change is particularly striking among people in industry. Industrial conflict and even serious protest have virtually disappeared and production even in chronically sick units has shot up. What kind of long term impact the present conditions and experience will make on management styles and practices in public enterprises or whether they will lead to the facile conclusions that all is well in this field and that authority is the best instrument of management, it is not possible to foresee today. Similarly, whether and what labour problems will surface again in public enterprises in future, what methods workers and unions will adopt to seek their redress, what manner of response managements will make to these efforts, whether the present freedom from conflict will become a lasting feature of industrial relations in public enterprises, all these are questions on which it is hardly possible to say anything today.