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Autonomy and Accountability of Public Enterprises in India

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Abstract – The hidden suspicion in this paper is that autonomy and accountability are both principal essentials for the compelling working of state-owned enterprises. The paper initially looks at the customary, dichotomous way to deal with the autonomy-accountability problem. This approach sets the relationship as process arranged, inescapable, quantitative and in view of from the earlier controls.

This thorough paper is an endeavor to give an outline of the plan, development and usage of and the instrument set up to guarantee the satisfaction of the goal set down in the plan of the concede of Autonomy versus the Status of Autonomy in India. This paper features exceptionally late activities relating to the concede of Autonomy versus the Status of Autonomy in India.

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INTRODUCTION

Public enterprises have an indispensable part to play in the socio-economic development of India. Regarding the measure of assets they use, the scope of aptitudes they utilize, and the commitments which they make, or are fit for making, to the gross national item, these public enterprises constitute vital sectors of national economies. In any case, their execution has recently come in for sharp feedback. Not exclusively are they viewed as endless pits eating up rare national assets, yet a large number of them have been blamed for being unequipped for releasing the administrations and the commitments which were viewed as crucial at the season of their foundation. Besides, in light of the immense capital investments and repetitive costs attempted by these enterprises, they could be held somewhat obligated for the expanding outside obligation loads that are backing off the advance in India today. In this paper, it is contended that the fate of the public enterprises in India lies in keeping up an appropriate harmony amongst autonomy and control.

The paper begins with a typology of public enterprises in the expectation of giving an applied system to assessing arrangements on control and autonomy. In the second segment, we assess the different control measures that have been founded by governments throughout the years. In the third segment, the paper centers around the kind of auxiliary and association changes required to advance administrative autonomy and adequacy.

Public enterprises possess a vital position in the national economy of most countries, regardless of political association. The reasons for prominence of these enterprises were not the same all over the place. In the created western economies, the rise of public enterprises (PEs) was the aftereffect of across the board social strain made by capitalism in its unbridled shape. In addition, these countries held their essential capitalistic character and utilized PEs just to change and supplement however not to supplant the private venture system*. As against this, in the comrade countries, PEs were the consequence of an ideological responsibility regarding sell capitalist framework and private enterprises. The proprietorship control and management of creation were exchanged to the State. Moreover, in socialism likewise, the methods for generation are possessed by the general population on the whole through their government. There are no private proprietor, plant proprietors and business magnets.

Business is directed by the State and all benefits go to the State Treasury. Again in blended economy, both the private and the public enterprises are worked at the same time. private enterprises are not allowed to work unreservedly. Since autonomy our country has taken after socialistic example of society under blended economy and consequently more prominent pressure was given for development and development of public sector endeavors at the focal and at the state level.

INDIA'S PUBLIC SECTOR UNDERTAKINGS: BHARAT'S OTHER RATNAS

We as a whole think about Bharat Ratna's. They are our legends - those well known people like a significant number of our freedom warriors and later awardees like the immense cricketer Sachin Tendulakar and the renowned vocalist Lata Mangeshkar who have gotten India's most noteworthy non military personnel grant" the Bharat Ratna". In any case, there is shockingly little level headed discussion on India's different Ratnas — the 235 public sector endeavors that were at one time the instructing statures of India's socialistic economy and still record for around 20 for every penny of the GDP and 15 for each penny of securities exchange capitalization through 50 recorded firms?

Head administrator Modi made a promise to the US financial specialists just about two years prior, which he rehashed to German speculators as of late, that "the government has no business to work together". Be that as it may, India still has 235 Central public-sector endeavors (PSUs), of which seven are Maharatnas, 17 are Navratnas and more than 70 are Miniratnas — the royal gems of India's socialist heritage. There are likewise more than 1,000 PSUs in state and city hands. The time has come to tidy up this costly heritage. However, how to do this and what way to deal with take towards them isn't so direct given the tremendous system of personal stakes that are enthused about their propagation. To see better how to gain ground on this issue let us perceive how we arrived.

India took a sharp turn towards socialism with the Industrial Policy Resolution of 1956 whose key objectives were:

i. To build infrastructure and promote industrialization,

ii. To promote employment and balanced regional development,

iii. To create a self-reliant economy through import substitution and promote exports,

iv. To generate surpluses for development,

v. To prevent concentration of economic power.

Amid this period, public sector investment came to more than 50 % of aggregate investment. Numerous new public sector organizations were built up and an expansive number of organizations in sectors, for example, coal, aircrafts, managing an account and protection were nationalized. Industrial permitting was presented emulating the Soviet Union – endorsing what the private sector could deliver. A whole device – frequently alluded to as the "permit raj" was built up to settle on choices on the number and sorts of licenses, all keep running by arcane bureaucratic methods. The permit raj joined with wasteful public enterprises sustained wastefulness and debasement, delivering a gathering of mediators, whose fundamental capacity was to get these licenses and auction them to the most elevated bidder. Prof Raj Krishna called the permit raj, "Socialist allotment in the first round took after by advertise portion in the second round". Now and again vast organizations would get the permit to grow creation however postpone its execution with a specific end goal to profit by the deficiencies, or simply keep the permit unutilized to fight off a contender from passage into the business.

In the wake of seeking after state-drove capitalism for four decades after Independence, India presented another industrial arrangement in the 1990s that accentuated delicensing, more prominent freedom for productive PSUs and, rebuilding of misfortune making firms through the Bureau of Industrial Financing and Restructuring. Different components of the advancement included: I) Free passage to private sector firms in ventures saved solely for PSUs; ii) Disinvestment of a little piece of the government's shareholding (while as yet holding greater part stocks) and posting PSUs on the stock trades. The most critical of businesses influenced by the previous arrangement were broadcast communications, oil (from extraction to refining and advertising), power age and dispersion, a few fundamental products ventures like steel, aluminum, mining and air transportation. Furthermore, for the last mentioned, guaranteeing that the recorded PSUs take after the stock trades' posting prerequisites required revelation and administration controls, arrangement of free chiefs, autonomous compensation and review boards. Withholding or pulling back budgetary help to misfortune making ('wiped out') PSUs. Thusly, debilitated PSUs were denied consent to overhaul wages and compensations. Misfortune making PSUs were to be urged to lay off specialists to look for business practicality, falling flat which, they were to be shut down or privatized. The PSUs meeting the accompanying qualification criteria were considered for Maharatna Status 2. Recorded on Indian stock trade with least endorsed public shareholding under SEBI controls, Have a normal yearly turnover of more than Rs.25, 000 crores amid the most recent 3 years, Have a normal yearly total assets of more than Rs.15, 000 crore amid the most recent 3 years. Have a normal yearly net benefit after expense of more than Rs.5, 000 crore amid the most recent 3 years, and ought to have critical worldwide nearness/international activities. The Boards of Maharatna PSUs will have forces to I) make value investment to build up financial joint endeavors and entirely possessed auxiliaries in India or abroad, ii) attempt mergers and acquisitions, in India or abroad, subject to a roof of 15% of the total assets of the concerned PSU in one anticipate, restricted to a flat out roof of Rs.5, 000 crore (Rs. 1,000 crore for

Navratna PSUs). The general roof on such value investments and mergers and acquisitions in all tasks set up together won't surpass 30% of the total assets of the concerned PSU. Moreover, the Boards of Maharatna PSUs have forces to make beneath Board level presents up on E-9 level.

In view of these criteria, 7 PSUs were conceded Maharatna status.

i. Bharat Heavy Electricals (BHEL)

ii. Coal India

iii. Gas Authority of India Limited (GAIL)

iv. Indian Oil Corporation (IOC)

v. Oil and Natural Gas Company (ONGC)

vi. National Thermal Power Company (NTPC)

vii. Steel Authority of India Limited (SAIL)

The next category was the Navratnas of which there were originally 14 and the last three were made Navratnas in 2014-15.

i. Bharat Electronics Limited

ii. Bharat Petroleum Corporation Limited

iii. Hindustan Aeronautics Limited

iv. Hindustan Petroleum Corporation Limited

v. Mahanagar Telephone Nigam Limited

vi. National Aluminum Company Limited

vii. Neyveli Lignite Corporation Limited

viii. NMDC Limited

ix. Oil India Limited

x. Power Finance Corporation Limited

xi. Power Grid Corporation of India Limited

xii. Rashtriya Ispat Nigam Limited

xiii. Rural Electrification Corporation Limited

xiv. Shipping Corporation of India Limited

xv. Engineers India Limited

xvi. Container Corporation of India

xvii. National Buildings Construction Corporation Limited

Eligibility Conditions for allow of Navratna status: The PSUs, which are Miniratna I, Schedule 'An' and have acquired 'magnificent' or 'great' MOU rating in three of the most recent five years, are qualified. 'Composite Score' of execution must be 60 or above. So as to audit the execution of the PSU, a composite score in view of its execution throughout the previous three years would be ascertained.

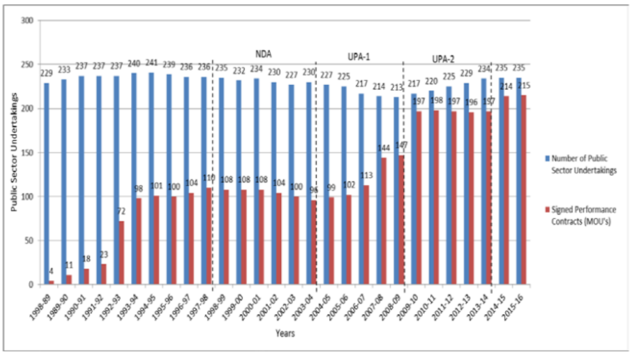

Figure 1: Growth of Public Sector Undertakings and Performance Contracts.

Below the Navratnas are two categories of Miniratna's. There are 56 companies in the Miniratna I category and 17 companies in Miniratna II category. The eligibility conditions and criteria for grant of Miniratna status are as under:

i. Category-I PSUs should have made profit in the last three years continuously, the pre-tax profit should have been Rs.30 crore or more in at least one of the three years andshould have a positive net worth.

ii. Category-II PSUs should have made profit for the last three years continuously andshould have a positive net worth.

iii. These PSUs shall be eligible for the enhanced delegated powers provided they havenot defaulted in the repayment of loans/interest payment on any loans due to theGovernment.

iv. These PSUs shall not depend upon budgetary support or Government guarantees.

v. The Boards of these PSUs should be restructured by inducting at least three nonofficial Directors as the first step before the exercise of enhanced delegation ofauthority.

vi. The administrative Ministry concerned shall decide whether a Public Sector Firmsfulfilled the requirements of a Category-I/Category-II company before the exercise ofenhanced powers.

It ought to be noticed that notwithstanding focal level PSUs, there are over a 1000 state level PSUs and city public organizations also.

This was the detailed structure of PSUs and systems that the NDA government under PM Vajpayee acquired. It took after a forceful privatization strategy however confronted political and bureaucratic obstacles. The Ministry of Disinvestment was made in 1999 and the target of disinvestment under it was to raise income as well as enhance proficiency. More than 30 organizations were either completely privatized or 50 for every penny of their stock divested3, including one of India's best privatization activities — the offer of Maruti to Suzuki was finished amid this period. Arun Shourie the then Minister for Disinvestment portrayed it well when he expressed "these are not the royal gems (Ratnas) of India's economy but rather draining ulcers". Under him, privatization which is indirectly called "key disinvestment" was sought after with assurance yet resistance was confronted particularly from worker's parties who had removed numerous concessions from the government. Be that as it may, restriction came even from inside the NDA government and the administration as the control over PSUs implied employments, support and the capacity to profit through PSU contracts.

Is shocking that while the NDA government was forcefully seeking after privatization, some new PSUs were additionally made.

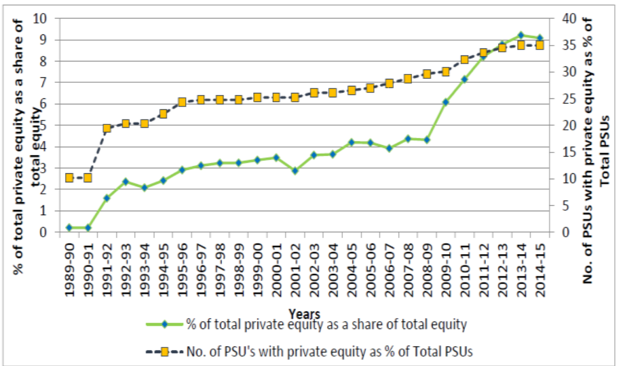

Figure 2: Progress on Dis-investment (Partial Privatization) 1990-2015

The UPA 1 government which came to control in 2004, reliant on the communists, did not attempt to privatize PSUs – in spite of the fact that, a couple were closed down. PM Manmohan Singh clarified his imperatives plainly, "We are a coalition government, and that confines our choices in some ways. Privatization happens to be one such zone." UPA 2 conveyed back disinvestment with the plan to raise income, and the offer of private value in all out value in all PSUs joined bounced from around 4% out of 2008-09 to more than 9% by 2013-14 (Table 2). More than 33% of the PSUs had some private value in them. The UPA government likewise supported rebuilding of state-possessed firms by making the Bureau for Restructuring of Public Firms. A National Investment Fund was likewise made to gather disinvestment receipts, with the possibility that it would be deliberately sent instead of utilized as a major aspect of spending receipts. Following monetary weights after the 2009 emergency, the measure was progressively casual until the store, for every single down to earth reason, turned out to be a piece of the financial plan. With the entry of the NDA government again in 2014 there was a desire that the disinvestment sought after forcefully by NDA1 would be taken up again and keeping in mind that very little has occurred in the initial two years so far there are signals that more exertion will be made in the rest of its term.

There are shockingly couple of good investigations on the execution of PSUs. The accompanying patterns can be gathered from those accessible.

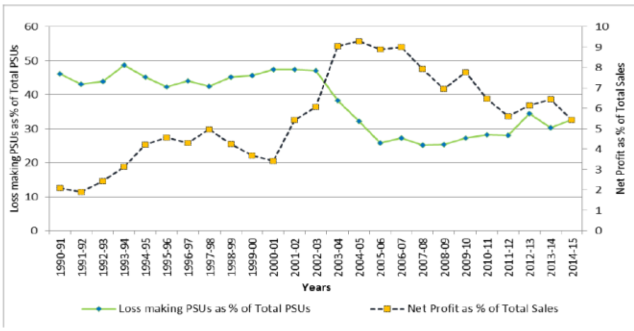

Figure 3: Cumulative Overall Performance of the PSUs 1990-91 to 2014-15.

Half the PSUs were making misfortunes in the 1990's , however with the time of high development from 2002-3 onwards and better MOU's (execution contracts) connected to numerous a greater amount of them, and more prominent private value, the quantity of misfortune making PSUs declined to about a fourth of the aggregate (Figure 3). In any case, from that point forward and particularly once development backed off after 2012 the offer of misfortune creators has expanded again to just about 33% of the aggregate. Productivity of the PSUs – estimated here by benefits over aggregate deals has likewise expanded from a horrifying level of 2% out of 1990-91 to around 3% by 2000-01, at that point crested at just about 9 % between 2003-4 and 2006-7 and has since tumbled to between 5-6%. The amount of the enhanced execution is because of MOU's and what amount is because of fractional privatization will be investigated promote in the later areas of the paper. We will likewise investigate whether there are contrasts in execution because of hard spending limitations and in addition the level of aggressiveness in the business in which the PSU is working.

CONCEPT OF FINANCIAL AUTONOMY AND ACCOUNTABILITY IN PUBLIC ENTERPRISES

Public Enterprises (PEs) as we all know are set up wholly or substantially owned by the government for the purpose of undertaking activities of industrial, manufacturing, trading or allied nature. They are government owned enterprises functioning under both central and state governments. The PEs are corporate bodies, set up either under specific acts of Parliament or under Companies Act. The PEs since they are established with public funds, are accountable to the public i.e. through the parliament.

Autonomy in simple terms means freedom to take decisions and function accordingly while accountability refers to rendering of accounts to some higher authority. The financial autonomy given to PEs means empowering them to take decisions on their own in the areas of investment management, financing of investments and monitoring the financial performance of respective enterprises based on sound business principles and the wisdom of the financial administrators. Insofar as investments are concerned, other things remaining the same, PEs should have freedom in identifying the projects, preparing the detailed feasibility project reports, appraising the projects, making investment choices, and implementing and monitoring them. They should also be free to decide the optimal level of investments in the various items of inventory book debts and floating stock of cash. By the same principle they should be free to peg the level of current liabilities to any proportion of the current assets. The financial decisions in the normal run may be made by these enterprises as guided by the cost of capital. They should possess the freedom to choose among the various debt-equity propositions. They should be at liberty to select bankers, financial institutions and the channels of money and capital markets for financing their working fund requirements. Subject to the social constraints imposed on them by the government, these enterprises should be vested with the autonomy to develop their own costing and pricing systems, norms of profitability .and monitoring mechanism to ensure the desired financial status alike any business firm in the private sector.

Prof. V. V. Ramanadham in his treatise entitled "The Control of PEs in India" discusses the concept of financial accountability. Primarily it implies the accountability of PEs to parliament in financial matters. So expressed, it is part of the general problem of amenability of PEs to parliamentary control and calls for a compromise between the democratic rights of parliament and the autonomy of the enterprises. The other aspect of financial accountability is that the maximum good results ought to be secured from the PEs. So expressed, it borders on the concept of efficiency in financial terms. The maximization is not tantamount to an insistence on the highest possible profit from every public enterprise. The concept suggests that, subject to any set criterion of profit and social benefit, the enterprise ought to record the best possible results.

FINANCIAL AUTONOMY AND ACCOUNTABILITY OF PUBLIC ENTERPRISES: RECENT TRENDS

The PEs in India have been set up to speeded up the process of industrial development. It goes without saying that, they will be able to achieve efficiency, contribute towards maximum production of goods and services with minimum wastage of resources, only if sufficient functional autonomy is provided. They should have freedom of decision-making within broad guidelines or policies. A suitable balance needs to be struck between autonomy and accountability. There has of late, been a lot of discussion about the question of autonomy and accountability of PEs, its relationship with the government. The Arjun Sengupta Committee set up by the Government of India in 1984, went into various aspects of public enterprise management like relations between government and PEs, managerial autonomy of PEs, financial powers in regard to their investments and capital budget and so on. It recommended that the government should be primarily concerned with overall strategic planning and policy rather than day-to-day functioning of PEs which should be left to the enterprises concerned. The responsibility of the government is to ensure that public money invested in the enterprises earns an appropriate rate of return and that their functioning is consistent ,with plan objectives including those related to employment, fair pricing, efficient use of scarce resources etc. The Committee was of the opinion that enterprises functioning in the core sectors like power, steel coal and lignite etc. have to interact with the ministries with regard to matters like investment planning, price fixation and financial management. Their plans will have to be integrated with the national plans. But financially viable non-core public enterprises can finance their requirements, by raising funds from the public through deposits or debentures or borrowing from ,the financial institutions, without being subjected to any process of governmental clearance.

Regarding accountability of PEs to Parliament, the Committee recommended that Parliament questions on day-to-day operation and management may be avoided. The debate on the Demands for Grants of the concerned Administrative Ministry could be used for the purpose of a debate on the performance of PEs under the control of the Ministry.

The Economic Administration Reforms Commission which was set up in 1981 headed by late L.K. Jha, also went into this aspect of autonomy and accountability of PEs. According to the Committee, in the name of public accountability numerous checks and controls are introduced at every stage which hinder executive action, concentrates decision-making powers in the Ministry and infact dilutes the accountability of the management. The accountability concepts and ,instrumentalities which have come to prevail over the years are in need of careful reconsideration with a view to ensuring that (a) they do not erode the autonomy of PEs and thus hamper the very objectives and purposes for which they ought to be accountable and (b) that what is sought to be secured is accountability in the wider sense of answerability for the performance of tasks and the achievement of results, rather than in the narrow sense of responsibility for the correctness and propriety or individual actions or decisions or conformity to rules and procedures.

The Committee recommended, apart from certain statutory controls which apply to both public and private sector units, they should not be subject to any other constraints on their autonomy. Also once the investment decisions of PEs have been approved and necessary funding provided for, the management should be allowed to go ahead without seeking any further clearances except those which I apply to all undertakings like those relating to industrial licensing, foreign exchange releases etc. Also the number, scope and coverage of the governmental guidelines' and instructions to PEs should be thoroughly reviewed and drastically reduced and only those concerned with major objectives and/or performance parameters can be retained.

CLASSIFICATION OF PUBLIC ENTERPRISES

What constitutes a fitting harmony amongst autonomy and control in public venture management relies upon the idea of every undertaking. Sadly, there is up 'til now no all around acknowledged strategy for characterizing public enterprises. There are the same number of grouping plans as there are governments and public venture survey commissions/boards of trustees. Also, heap order frameworks are every now and again embraced for pay and reviewing purposes as opposed to as a component of the general procedure of choosing what every venture remains for and how its issues should be coordinated.

One of the strategies received in grouping public enterprises (particularly in the provincial, and prompt post-pilgrim period, yielded a fourfold order plot, viz:

(i) government offices and administrative agencies (only somewhat expelled from unadulterated common administration associations);

(ii) statutory organizations (body corporates set up by particular empowering acts);

(iii) state-claimed organizations (constrained obligation organizations possessed completely or to some extent by government and subject to constraints forced by apropos organization acts); and

(iv) management agencies and joint endeavors (perpetually, possession lives in government, while management is provided by remote accomplices).

As the quantity of public enterprises expanded, and with the extension in their extent of exercises, the fourfold characterization depicted above ended up lacking. Other than neglecting to demonstrate the sort of results which enterprises in every classification were relied upon to accomplish, the plan gave no guide with respect to how the different enterprises ought to be overseen inside and controlled remotely. In short, the plan demonstrated minimum valuable if the goal was to strike a harmony between administrative autonomy and accountability to outer bodies.

With an end goal to conquer the restrictions forced by the former framework to arrangement, another technique – i.e. order by significant zone of movement – is at times received. With this technique, it is conceivable to recognize three perfect composes viz:

(i) regulatory agencies (e.g. Agency of Standards, National Standards Organizations, Securities and Exchange Boards/Commissions, National Universities Commissions, National Manpower Boards);

(ii) public utilities (e.g. railroads, water sheets, power endeavors and civil transport administrations); and

(iii) profit-production enterprises (banks, insurance agencies, manufacturing and business associations).

Despite the fact that characterization by territory of action speaks to a change over the past strategy, it too is of restricted application to the extent the issues of autonomy and control are concerned. This is likely the purpose behind the prominence appreciated by yet another technique for arrangement, i.e. characterization by 'proprietorship'. The rationale in this arrangement of characterization is clear, i.e. on the off chance that the wellspring of back can be distinguished, the issue of how to administer and control a public venture is effortlessly settled. Is it accurate to say that it isn't every now and again contended that he who bites the bullet calls the tune? The technique for arranging public enterprises by possession is probably going to create the accompanying perfect composes: enterprises completely claimed and financed by the government (e.g. public utilities, statutory companies, instructive foundations, innovative work agencies); organizations and joint endeavors (e.g. oil refineries, petro-synthetic organizations, vendor groups); and overseeing agencies, financed completely or to a great extent, by government however swung over to management specialists or advisors (e.g. national carriers or railroads contracted out to remote organizations).

That the 'proprietors' of a venture should try to control it isn't the question. The inquiry is the thing that frame the control should take. How does the proprietor of an endeavor share the strategies of the undertaking without interfering in everyday administration and without sending clashing signs to the management staff? Valuable as it might be, the idea of proprietorship is equipped for being twisted in the management of public enterprises. Truth be told, unbelievable choices – choices that are probably going to influence the survival and long haul development of an endeavor – might be taken by the simple certainty of possession. The hands of the 'proprietors' may be tied by earlier authoritative concurrences with management specialists. Predominant management aptitudes and a total dominance of complex innovation may likewise fill in as viable weapons in the hands of outside accomplices looking to keep meddling politicians and civil servants under control. Be that as it may, when the enterprises concerned are completely claimed and financed by government – and especially, when the enterprises are overseen by 'indigens' – the 'proprietors' on the government side are inclined to toss alert to the breezes, if just to demonstrate who is in control.

The issues confronting public enterprises have a tendency to be exacerbated by the way that few 'proprietors' as well as their agents look to practice control in the meantime. The political class and their supporters most regularly take their cases first as the 'proprietors'. The common administration organization, with its own particular personal stakes, may show up in the appearance of 'proprietors' agents', or in some other shape. Also, inside a similar administration, it isn't feasible for the Treasury, the 'parent' ministries, the 'intrigued' ministries and different arms of government to approach a public undertaking to play distinctive tunes at the same time. In the resulting perplexity, public enterprises concerned may play their own particular most loved tune. At the end of the day, any endeavor to force an excessive number of controls in the meantime may leave the enterprises without appropriate control. At the other extraordinary, a plenty of controls might be counter-beneficial from the perspective of administrative viability and proficiency. In this manner, when without the advantage of specialized skill and up and coming data, the 'proprietors' meddle in everyday administration or always veto the chief's choices, the eventual fate of the endeavor might be endangered. This isn't to contend that all control measures are negative or useless. As the following segment appears, there are changed methods for controlling public enterprises and ensuring that they are responsible to their 'proprietors'.

BALANCING CONTROL WITH AUTONOMY IN PUBLIC ENTERPRISES

Whatever problems there are in balancing control with autonomy in public enterprises are simplified by the fact that the weapons of control are also potential facilitators of autonomy and 'self-government'. Legislative control for instance, can be preceded by, and combined with, a clear articulation of objectives. Ministerial control can go hand in hand with careful attention to the selection of boards and management teams. Treasury controls are not antithetical to efforts designed to install sound management and financial control systems. External audits can proceed alongside internal audits. There would be no need to second-guess enterprise boards and managements (or take unilateral decisions which conflict with theirs) if government were to increase the opportunities for dialogue on policy decisions and the criteria for arriving at them. Let us examine these proposals one by one.

Almost invariably, enabling laws fail to specify the main reason for creating parastatal organisations, and rarely do these laws provide a guide for evaluating the performance of the organisations. It is not surprising that individuals within the organisations and without have taken advantage of this lacuna in statutes.

Various organisation members frequently define objectives in ways which conform with their backgrounds and preconceived ideas. Outsiders – particularly, political elements – mostly view parastatal organisations as 'fruits' to be reaped by persons with power and/or influence. Others see the organisations as dumping grounds for out-of-work relatives, dead-woods, or political militants.

Clear articulation (by legislatures or those performing legislative functions) of the objectives and 'line of business' of each and every parastatal organisation would go a long way in resolving the identify crisis facing organisations. It is not too late: the various corporation statutes may still be reviewed to reflect the new emphasis on results, achievement and innovativeness.

SOCIAL RESPONSIBILITY OF PE

The idea of social responsibility stems from the concern for the ethical consequences of one's acts as they might affect the interest of others. The Gandhi an principle of Trusteeship expresses the inherent responsibility of business enterprise towards the mutual responsibilities of these to one another. In its simplest sense, corporate social responsiveness means knowing how to manage a company's relation with external force like, social, political and Governmental reputation that can affect the company.

Bowen'1"' defines the concept as "the obligation of managers to pursue those policies to make those decisions or to follow those lines of actions which are desirable in terms of the objectives and values of our society'. As we consider the PEs as business units so they have some responsibility towards the society. The responsibility does not end within the tour walls of their factories and their own business etc. They owe a debt to the society which is a means to an end. they build their empire by using the resources extracted from the mines and materials collected from the fields, which belongs to the society at large. When these factories omit dangerous fumes and smokes, damage the natural surroundings, they cannot just say that they are responsible only for running the organization and they do not have any obligation to the society and the people at large.

ACCOUNTABILITY OF PUBLIC SECTOR UNDERTAKING

As has been mentioned earlier, the concept of public enterprises comprises of two terms 'Public' and 'Enterprise'. Enterprises which are owned and managed by public authority is called public enterprise. Alternatively, public enterprises are social enterprises owned by society. In a democracy, the Government and the Parliament are the true representative of the people. So a PE has to account for its activities and performance to its owners through the Parliament and the other agencies. In this paper, it will be our Endeavour to explain the definitions of accountability together with autonomy, government policy regarding accountability and autonomy, control of parliament . Functions of Comptroller & Auditor General (CAG) and different functions of Committee on public undertakings in controlling the F'SUs in so far as its role in ensuring accountability. The term accountability implies rendering of the detail activities or giving detail account of the performance of the PEs by its managements, to it supreme authority and be answerable to it for any discrepancies. Since all investments in PEs are made from public funds, it is quite natural that management should be accountable to the Parliament for their performance in terms of the objectives for which the enterprises 'are established. In a democratic country it has impossible to deny rationality of accountability, but some problems regarding public accountability has arisen.

Balance of Autonomy - Accountability : Autonomy and accountabi1ity is mast conflicting problems o-f F'Es. PEs should run efficiently on commercial lines and they should be granted sufficient autonomy in their operation. As public money is invested in PEs, the question of complete autonomy doesnot arise. Likewise we have seen that controlling authority should not be conscious for its day to day operation but for major business policy guidelines, etc., for management. There is a need for exact definition of autonomy and accountability but no such definition have been developed. It has been remarked in an U.N. Report that "the balance between financial freedom of an enterprise and central control is a delicate one and few countries could claim a paramount solution. But recommendation of COPU 'appreciate the concept of the Memorandum of Understanding (MoU) as it would result in better efficiency of the concerned undertaking. MoU is an agreed document entered for three to five year period between the Government and Company. The Moll would be drawn up on the basis of agreed plans -for investment, production, profits etc. The performance plan is prepared to evaluate the objectives of MoU at the end of the year, within the purview of this document, PEs are free to operate because government will not interfere in these matter. But in default, the PEs will be answerable to the Government. So we conclude that the idea of MoU is suitable to maintain a balance between autonomy and accountability.

PROBLEMS PERTAINING TO FINANCIAL AUTONOMY AND ACCOUNTABILITY IN PUBLIC ENTERPRISES

The financial autonomy and accountability of PEs occupy an important place in a democratic country such as ours. However, as things stand, these are treated as two separate facets of the personality of PEs and often the perceptions of the government and PEs on the issues relating to autonomy and accountability differ. An important problem in this context is the government's insistence to get matters referred to it on the various financial issues and the aversion of PEs to disclose the requisite financial information to their principals i.e. the respective administrative ministries. Whereas the government continues to treat these enterprises as its extensions, the PEs do not or cannot make concerted efforts to come out of the gravitational pull of the government. The parliament, the administrative ministry, the CAG and the Courts are considered as the trustees of public funds and are prompted, therefore, to impose a variety of controls on these enterprises. They do not want to take any risk with the public money, but prefer safety and security.

Prof. Ramaswamy Iyer in his book "A Grammar of Public Enterprises Exercises in Clarification" has identified some frequently heard complaints regarding government's interference in public enterprise managements. The circulars issued by the Bureau of Public Enterprises at times relate to certain unimportant and even trivial matters. Excessive monitoring by the government is also another problem. Also during the course of the annual plan discussions, the entire investment programme of a PE comes under review and questions are raised about investment decisions which are within the corporate powers of the public enterprise. And the economy instructions which are issued from time to time by the government applies to PEs abridging their powers. There is a gap between the powers that are formally possessed by PEs and those that are actually exercised by them.

CONCLUSION

As the main source of investible fund of the PEs comes from the public exchequer, there must be some control on the functioning of the enterprises at national or state level. However, the control aspect has been conveniently over looted between autonomy and accountability of the enterprises. The different Committees constituted by the State Assembly did not exercise their full control on the enterprises. It may however be said that the mechanism of ensuring accountabi1ity has been duly provided for, but the lacunae associated with the functioning of the Committees has to be overcome to make the PEs useful to the society.

Adequate financial autonomy is a necessary condition for the successful working of PEs. This autonomy should not only flow from the government but it should further percolate from the top to the bottom in the PEs themselves. The financial controls are an important phenomenon in a democratic set up. These controls should not, however, be regressive. Whereas there is an over emphasis on financial accountability, PEs have failed in using whatever little leverage they have in respect of the financial autonomy.

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