



### THE BUREAU OF PUBLIC ENTERPRISES IN BIHAR

\*Supriya Kumari

#### Abstract:

*With the creation of the Bureau of Public Enterprises in Bihar on 1<sup>st</sup> March, 1976, the government wanted to be assured itself that the Bureau could bring details description of the total invested amount by the government in the public undertakings before the legislatures and the public at large. At the time of the formation of the Bureau of Public Enterprises altogether 44 Public undertakings, barring the co-operative actor, were in operation in the state and out of them 36 were working under the Companies Act, under parliamentary enactment and the rest were working under the rules regulations adopted by the Bihar legislature. Above all is the fact that all these undertakings are under the control of 19 government's administrative has always been a severe problem for the committee and the Bureau alike. The Bureau of Public undertakings, since its inception, has been making strenuous efforts on its part to prepare a well-diversified information reports, but it miserably failed because the accounting and the audit of all the enterprises, excepting a microscopic minorities, have been lagging far behind than being up to date. To make their account and audit up-to date various efforts have been made by the Bureau, including the efforts under which it succeeded to get letter issued from the Auditor and Comptroller general office of this effect. The Auditor and Comptroller general of India directed them with the assurance that in case of making their audit up-to-date, a sizeable number of auditors would be appointed to expedite the account. Such an attempt on the part of the Bureau of Public Enterprises did bring some improvement but whatever was scored on that front was too below to expectation.*

**Kew words:** The Bureau of Public Enterprises, The Auditor and Comptroller General, financial instructions etc.

The gravity of the issue can be wisely explained by citing the warning letter of Manmohan Singh, issued on 27 Oct., 1995 on the Finance Minister of India to the Bihar Government, in which he categorically warned that had the Bihar Government not paid the interest along with the repayable part of the capital against the loans from the financial instructions the Central Government could have found it difficult to arrange further marketing loans for the government of Bihar<sup>1</sup>. A separate letter of the same effect was issued to the Bihar Government from the Governor of the R.B.I. with the same effect<sup>2</sup>.

\* Research Scholar, Deptt. of Pol. Science, Magadh University, Bodh-Gaya.

The procedure for summoning the meeting of the committee has been fixed in the by laws of the committee which ensures the presence of the persons concerned. The meeting is summoned by the Secretary of the Bihar Legislative Assembly and after the Confirmation in detail by the Speaker of the Assembly, will then after communicated to; all the members of the committee, the Auditor and Comptroller and the Finance Secretary of the State<sup>3</sup>.

The Auditor and Comptroller General or his representative can participate in the meeting of committee to extend his advice on the subjects to be discussed in the therein. Beside that the Auditor and Comptroller General of India can also participate in any meeting of the committee to ad his advices and suggestions on the various aspects of the subjects which are to be discussed in the committee.

The Finance Secretaries ranking higher than the Joint Secretary in administrative hierarchy can participate in the meetings of the committee either personally or through his representative.<sup>4</sup>

The procedure for calling the meeting and the personnel empowered to attend the meetings of the committee, as the Rule of Procedure and Conduct of Business in the Bihar Legislative Assembly has decided, have been adopted under the strategy for establishing an effective and cohesive correlation ship between the people's representatives and the officials of the state so as to enable them to decided upon what the real need of the undertaking are and how they can complied with. The effectiveness of the committee depends largely upon the alertness shown on the part of the civil servants entrusted with the task of managing the state's financial affairs. How far such a strategy to exert control over financial and administrative aspects of the Public undertakings, has been correctly assessed when it was remarked. "The process of scrutiny, surveillance, public exposure and debate helps to legitimize the activities of government to the public. The current wide-spread hostility to big government can be partially explained in terms of a break down in the public belief in the appropriateness of governments spending. This, in term, can be ascribed to the failure of existing arrangement to permit parliament on an informal basis to undertake on open and comprehensive of government expenditure... it will be generally agreed that as long as the Executive's right to initiate expenditure proposals and freedom in decision making and to the advantage of executive itself if the management and administration of public finance is made fully exposed to advice, inform, criticism and detailed and purposeful scrutiny by the elected representatives of the people."<sup>5</sup>

It will not be an exaggeration to say that the very modes operandi adopted by the government to create, constitute, and empower the committee on Public undertakings to restrict industrial and commercial downfalls and to push the Public undertakings on a rapid pace of growth with as much speed as is essential to comply with the social objectives laid down for them has culminated as the biggest constraints in their prosperity and growth. What importance the committee on public undertakings has been assigned with and what attitudes of government to it are can be explained by certain of

instances as given below: The Auditor and Comptroller general of India, once expediting the areas of work of the committee opined as “The P.U.C. (Public Undertaking Committee), by its very nature has composite function embracing those which would otherwise be discharged by the estimate. Even were they to continue themselves to only the point thrown off by the audit and appropriation reports, the scope their work is both large and important.<sup>6</sup> The above extract shows the committee’s area and its multidimensional scope. This characteristics of the committee under a system of bourgeois democracy has brought into being a type of nexus between bureaucracy and politicians; who actually behave like private proprietors of these undertakings and have moulded the administrative set-up to extend them maximum benefits then maximum benefits. When Manmohan Singh, as the Finance Minister of India threatened the state government to deduct the amount payable the state government to the financial institutions from the amount of Bihar’s five year plan’s layout he did not consider that dues of single Public undertaking’s the Bihar Electricity Board, on the Central Government offices was aggregated more than the amount of total standing loans against this undertaking.<sup>7</sup> The total outstanding dues of the Board for electric supply to the state and the Central Government offices including the Assembly. Council, Minister’s residences and the Governor residences etc. is so, colossal that its payment to the Board will remove the Board’s entire financial constraints. But unfortunately, in the reports of the committee on Public undertakings to mention of them is found at all. Most of the Public undertakings are how, under the grip of such nexus between the state Bureaucracy and their political bosses. Secondly, merely all the higher officials of the State and the Central Government, specially of the police department seldom pay any charges for electricity, they consume in their private residencies.<sup>8</sup>

The most surprising was the suggestions which were brought on fore as the major constraints in efficient working of Public undertakings by the Bureau of Public Enterprises in 1980-81. The Bureau, which claimed its observations formulated after having a through investigation, observed the following major causes responsible for over all decline in various aspects of the public undertakings:

1. Lack of expertise among the officials,
2. More establishment cost expected,
3. Disproportionate unproductive expenditure, and
4. Frequent transfer of their executive officers.

Viewing the suggestions the government initiated some curative measures to ameliorate what were said to have constraints in the way of efficient functioning of enterprises. Among such curative measures important were constitution of an appointing Board.<sup>9</sup>

The above suggestions and remedial steps taken by government may have validities but are not the cardinal facts that have destructed the growth and successful functioning of the Public undertakings. The real causes, if examined scientifically, are more related to the socio-economic pattern of

development than the administrative, and financial. The system of committee on Public undertakings, which has been borrowed from the British pattern, is bound to experience a severe set back in India, because of the basic distinction between the economy of the two countries England and India. In its initial stage the strategy to organize and run this committee on Public undertakings, was to develop the Public undertakings as major instrument to boost up the economy of the state on a political line of self-reliance. The state legislature, which acted as a part and parcel of a state power at centre, with formation of capitalism as its ultimate goal, directed this committee to assist the proposed political objective to be materialised and huge public money was invested in them. But a well-diversified public sector as was created in the state of Bihar and at centre too, demanded materialization of political setup suited to it, that is a gradual nationalization of big capital and extension of public sector in more and spheres of economic activities. But a committee on the Public undertakings, controlled and guided by a parliamentary or state legislature, whose ultimate objective was to establish capitalism organized, the entire management procedure in a manner which could assist the state in its mission of capitalist installation in India.<sup>10</sup>

The single example of one of the key industries established in Bihar, under public sector, H.E.C, is an example as how the contradiction between the developmental needs of the establishment and the economic system work in opposition to each other and the committee on Public undertaking is unable to eradicate the developmental barriers. The nexus between the bureaucratic management and the private sector industries is so strong that they have entered into a virtual coalition against public sector, which can be seen in the purchase of spare parts for various Public undertakings. The corrupt Bureaucracy, sitting at the managerial and key position, who are empowered to sanction orders for purchases of various spare parts, always chose to purchase them from a private sector units even though the manufactured by H.E.C. Posses better quality than the private sector produced goods. The committee on Public undertaking seldom has enquired into such malpractices on the part of the management and in many such cases it has not been equipped with such powers because it is more or less beyond the power of the committee.

In 1970 there were added in the Rules of Procedure and Conduct of Business in the Bihar Legislative Assembly some new clauses under whose provisions the committee on public undertakings has been empowered to call for papers and documents essential for conduct inquiry following procedure has been laid regarding the paper any<sup>11</sup> required by the committee for examination of undertakings<sup>12</sup> :

1. The Assembly Secretariat will make a request in black and white to the department or the undertakings, as the case may be, to provide all relevant documents and information to Chairman of the committee. The information and documents, which are presented to the committee, will be provided on the basis of Rule 4 of Procedure and Conduct of Business.<sup>13</sup>

2. After having the documents received by the Secretariat, immediate distribution of them, with notes and comments, among the members of the committee will be done.<sup>14</sup>
3. All such documents and papers (which have been made available to committee) will be kept secret and the content, embodied in them, will not be made public and before submission of the report of the committee no instructions, whatsoever, will be given to anybody barring the members of the committee. Once the report is tabled in the Assembly the directive given to anybody concerned, will be confined to the matters which embodied in the documents and papers tabled in the House.<sup>15</sup>

Above are the procedure fixed by the Assembly to conduct the enquiry and make papers and documents available required by the committee to investigate or examine the undertakings.<sup>16</sup> The clause in the aforesaid Rule, which has made it compulsory to keep the information highly secret, is important to be considered from a critical point of view as whether it facilitates the occasion for an impartial enquiry or creates a nexus between bureaucracy and politicians and also between private vested interests and top ranking politicians.<sup>17</sup> How this clause is misappropriated by the government at centre and the state can be examined and evaluate on the basis of steps recently taken by the central and state Government in regard to the policy of what they call, disinvestment. How a type of conspiracy has been hatched against public undertaking<sup>18</sup> by exploiting such clause can be seen in the letter addressed by the Chief Secretary of Bihar to the Chairman of the Bureau of Public undertakings and secondly, in the report of the committee on public undertakings on the workings of the public sector.<sup>19</sup> The committee recommended the Bihar government to disinvest partner in them.<sup>20</sup> The report did not pay any heed to the subjects like social and economic obligations the public sector has to fulfill and the role to be played by it in infrastructural development, employment generation, eradication of regional and sectorial imbalances and the wide and multi-dimensional range of activities these enterprises embrace within their folds.<sup>21</sup> The clause, which imposed upon members a condition to maintain secrecy of information, tantamount in such condition an imposition to work and examine the issue in isolation of so many relevant factors which are necessary to be dealt with.<sup>22</sup> Besides its validity if any, the clause is an effective measure to serve the interest of a class of vested interests.<sup>23</sup>

Beside the full-fledged examination of the undertaking, the committee can also conduct a limited enquiry into the affairs of an undertaking which are of a topical and particular interests.<sup>24</sup> In such cases the Chairman is authorized to ascertain all required documents and papers, facts and information from the undertakings, which are to be examined.<sup>25</sup>

### References:

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3. As adopted by the committee on public undertaking at its meeting held on 26 February 1970 and endorsed by the speaker under rule 214 of the rule of procedure and conduct of business with Bihar Vidhansabha No. 1.
4. The committee on public undertaking constituted in 1970-71. Consisted of the members and officers.
5. Hindustan Times, 27 Oct, 1995.
6. Surendra P.D. Singh – Financial accountability of the executive to the legislature. PP, 81-83.
7. Proposed by the committee on public undertaking at its meeting on 26 Feb. 1970 and endorsed by the speaker under rule 214 of the rule of procedure and conduct of business in the Bihar Legislative Assembly. Rule-4.
8. Hindustan Times, 19 Sept. 1988.
9. Hindustan Times, 21 Feb. 1989.
10. Rule 7 (II) and Rule 8B (I), (II) and (III).
11. The Times of India, 17<sup>th</sup> August 1988.
12. 4<sup>th</sup> Report of the Bureau of Public Enterprises. 1980-81 PP. a-b
13. The Times of India, 17<sup>th</sup> August 1995.
14. 249<sup>th</sup> Report of the Estimate Committee.
15. Ravi Rai, S speech at a meeting organized by Bihar Bench of Common Wealth Association on “Role of Parliament Committees”.
16. Rule – 13.
17. Ibid – 14.
18. Rule – 241(a).
19. Addition in the rule of procedure and conduct of business in the Legislative Assembly Rule 16(i).
20. Hindustan Times 1 January 1990. P. 7.
21. Nov Bharat Times August, 1994.
22. Confirmed by the officials of the employees union in an interview.
23. Rule – 9 (I).
24. Rule – 10.
25. Rule – 12 (I).