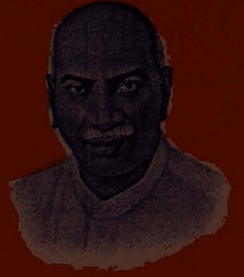


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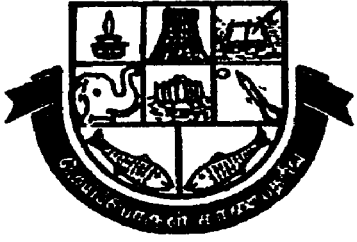
**POLITICAL SCIENCE**

**FIRST YEAR**

**PAPER - IV**

**PRINCIPLES OF**

**PUBLIC ADMINISTRATION**



**S-154**

**DIRECTORATE OF  
DISTANCE EDUCATION**

**M.A., FIRST YEAR**

**PAPER – IV**

**PRINCIPLES OF  
PUBLIC ADMINISTRATION**

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## **Introduction**

**Dear Students,**

**'Principles of Public Administration' is one of the four papers you have a study in the First Year of your M.A. Degree Course. The syllabus and scheme of lessons are given inside.**

**For your convenience a few model questions are included. Try to prepare your answers to these questions after going through the relevant lessons.**

**Contact classes are arranged for your benefit. Make use of them.**

**We wish you every success in your endeavour.**

***Dept. of Political Science***

# Syllabus

## PAPER: IV

### Principles of Public Administration

- Unit : 1      Meaning, Nature and Scope of Public Administration - Politics and Public Administration - Approaches to the Study Public Administration.
- Unit : 2      Organization : Formal and Informal - Principles of Organization - Hierarchy - Span of Control - Unity of Command - Delegation of Authority - Centralization Vs Decentralization - Integration Vs Disintegration - Co-ordination.
- Unit : 3      Structure of Organization : Bases of Organization - Units of Organization - Departmental Organization - Public Enterprises - Independent Regulatory Commissions.
- Unit : 4      Leadership - Communication - Motivation - Decision Making - Organization and Methods.
- Unit : 5      Administrative Responsibility and Accountability Legislative, Executive and Judicial Control over Public Administration.
- Unit : 6      Administrative Law - Administrative Tribunals - Delegated Legislation.
- Unit : 7      Personnel Administration : Position Classification - Recruitment - Training - Promotion - Retirement and Retirement Benefits - Conduct, Discipline and Morale in Public Administration - Rights of the Civil Servants - Redressal of Public Grievances.
- Unit : 8      Planning Commission – National Development Council
- Unit : 9      Public Relations & Publicity.
- Unit : 10     Financial Administration : Principles of Budget - Phases of Budgeting - Parliamentary Control Over Public Finance.

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## SCHEME OF LESSONS

UNIT NO.	CONTENT	PAGE NO.
1.	<b>Meaning, Nature and Scope of Public Administration - Politics and Public Administration - Approaches to the Study Public Administration.</b>	<b>1-21</b>
2.	<b>Organization - Kinds - Principles</b>	<b>22-41</b>
3.	<b>Structure of Organization - Units of Organisation</b>	<b>42-65</b>
4.	<b>Leadership - Communication - Motivation - Decision making - Organization and Methods</b>	<b>66-87</b>
5.	<b>A note on Administrative Responsibility and Accountability</b>	<b>88-100</b>
6.	<b>Administrative Law - Administrative Tribunals - Delegated Legislation</b>	<b>101-132</b>
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## **UNIT - 1**

# **MEANING, NATURE AND SCOPE OF PUBLIC ADMINISTRATION - POLITICS AND PUBLIC ADMINISTRATION - APPROACHES TO THE STUDY OF PUBLIC ADMINISTRATION**

(Space for Hints)

## **INTRODUCTION**

Administration is a joint effort by number of people to achieve a common goal. The goals should be preplanned. The plan of action is organization. There can not be any administration without organization. Administration means 'to manage the affairs' when the affairs of the public looked after by the government is called Public Administration. Without Administration there can not be any Political system. In this unit we will be discussing about the relationship between Politics and administration on the basis of characteristics and functions of political authorities and administrative authorities has attempted to differentiate Public Administration and politics. There are different approaches to the study of Public Administration. It includes both traditional and modern techniques of approach. Organisations 14 principles are also studied.

## **OBJECTIVES**

- To know the meaning of Public Administration.
- To understand the nature of Public Administration.
- The distinguish between Politics and Administration.
- To analyse the important approaches to the study of Public Administration.

## **UNIT STRUCTURE**

- Meaning, nature and scope of Public Administration
- Meaning of Administration and Public Administration
- Nature of Public Administration
- Scope of Public Administration
- Areas in the study of Public Administration
- Politics and Public Administration
- Differences between Politics and Public Administration
- Approaches to the study of Public Administration
- Traditional approaches
- Modern approaches
- Twentieth century
- Bureaucratic approach

Human Relations approach

Behavioural approach

Systems approach

## **1.1 Meaning of Administration and Public Administration**

(Space for Hints)

The term "Administration" is derived from two Latin words, 'ad' and 'ministrate' which means 'to serve' or 'to look after'. Therefore, administration refers to looking after the affairs of the people or serving the people.

The affairs of the people can be looked after either by the Government or by private organizations. When the affairs of the people are looked after by the private organizations, we call it as private administration. When the affairs of the people are looked after by the Government, we call it as Public Administration. Therefore, Public Administration means Governmental Administration.

There are three views with regard to the meaning of Public Administration. According to the first view, the Government consists of three branches. They are

1. The Legislature
2. The Executive and
3. The Judiciary

The function of the Legislature is to make laws. The function of the Executive is to implement the laws. And the function of the Judiciary is to interpret the laws. Since Public Administration is Governmental administration, according to the first view, Public Administration is concerned with the various activities of the three branches of the Government.

According to the second view, Public Administration is concerned with the implementation of policies and the implementation of laws. The Executive branch of the Government is concerned with the implementation of policies and the implementation of laws. Therefore, according to the second view, Public Administration is concerned with the various activities of the Executive branch of the Government.

According to the third view, Public Administration is concerned with the various activities of the Administrative Branch which is hidden in the Executive Branch of the Government. The Executive Branch consists of the political authorities and the administrative authorities. The political authorities are mainly concerned with making of policies and making of laws. The policies and laws of the Government are actually implemented by the administrative authorities that form the Administrative Branch of Government. Therefore, according to the third view, Public Administration is concerned with the various activities of the Administrative Branch of the

Government which is primarily concerned with the implementation of laws and policies.

The third view with regard to the meaning of Public Administration is widely accepted as the meaning of Public Administration by the scholars of Public Administration.

## **1.2 Nature of Public Administration**

(Space for Hints)

There are two views with regard to the nature of Public Administration. They are:

1. Managerial view and
2. Integral view

### **Managerial view**

According to managerial view, Public Administration is concerned with the various activities of the officers of the Government. The officers of the Government by their strict supervision and control over their subordinates see to it that the policies and laws are properly implemented. Therefore, according to the managerial view, Public Administration is concerned with the various activities of the officers or the managers of the Government.

### **Integral View**

According to this view, Public Administration is concerned with the various activities of the entire officials of the Government. All the officials in the Government from top to bottom are involved in the implementation of laws and policies. Therefore, according to the integral view, Public Administration is concerned with all the activities of all the Governmental officials who are involved in the implementation of laws and policies.

## **1.3 Scope of Public Administration**

There are different views with regard to the scope of Public Administration, Different scholars have defined the scope of Public Administration in different ways. But the scope of Public Administration defined by Luther Gullick is accepted by the majority scholars of Public Administration.

Luther Gullick has defined the scope of Public Administration in a phrase "POSDCORB" which is made up of initials and indicates the following activities:

'P' stands for planning. That is, working out in a broad outline the things to be done and the methods to be adopted for accomplishing of the purpose in hand.

'O' stands for organizing. That is, building up the structure of authority through which the entire work to be done, is arranged into well defined subdivisions and cooperation.

'S' stands for staffing. That is, appointment of suitable persons to the various positions in an organization and the various activities connected with the personnel management.

'D' stands for directing. That is, making decisions and issuing orders and instructions for the guidance of the staff.

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'CO' stands for coordinating. That is, interrelating the various parts of the work and eliminating of overlapping and conflict.

'R' stands for reporting. That is, keeping both the superiors and the subordinates, informed of what is going on and arranging for the collection of such information through inspection, research and records.

'B' stands for budgeting. It stands for the whole of the public financial administration such as, preparation of the budget, enactment of the budget, execution of the budget, accounting, auditing and control over the budget.

#### **1.4 Areas in the study of Public Administration**

In 1960's the scope of Public Administration has been expanded to include the following areas in the study of Public Administration. They are:

1. Policy Science or Policy Analysis,
2. Development Administration,
3. Comparative Public Administration,
4. Ecology of Public Administration and
5. International Public Administration.

#### **Policy Science or Policy Analysis**

Policy Science or Policy Analysis was part of the study of Political Science. It was mainly concerned with making of policies. If policies have to be properly implemented which is the concern of the study of Public Administration, the policies themselves should be properly made. Therefore, Policy Analysis, which was concerned with making of policies, became an important area of the study of Public Administration.

#### **Development Administration**

Almost all the countries in the world have become welfare States. They are implementing lot of developmental programmes for the welfare of the people. The administrative machinery evolved to implement the police functions is not suited to implement the development programmes. Therefore, Development Administration which is concerned with evolving a suitable machinery to implement the development

**Check Your Progress  
Questions**

1. Discuss the Nature of Public Administration?

programmes has been added as an important area of the study of Public Administration.

### **Comparative Public Administration**

The scholars of Public Administration have included Comparative Public Administration as an important area in the study of Public Administration. As a result, comparing the different administrative systems and identifying the merits and demerits, there is a possibility to evolve a suitable administrative system for a country by incorporating the merits and avoiding the demerits in the administrative system.

(Space for Hints)

### **Ecology of Public Administration**

Administrative system is part of a political system. Political systems differ from one another. A detailed study of the administrative systems within the framework of the political systems will provide an opportunity to evolve suitable administrative systems, similar to that of Political systems. Therefore, Ecology of Public Administration has become an integral part of the study Public Administration.

### **International Public Administration**

International organizations are implementing welfare programmes for the benefits of the weaker sections of the people of the different countries of the world. Evolving suitable administrative machinery in different countries to implement the international programmes, has necessitated to include International Public Administration as the part of the study of Public Administration.

With the inclusion of new areas in the study of Public Administration during 1960's, the study of Public Administration has become much more richer and it has been introduced as an important discipline in the colleges and universities of the different countries of the world.

## **1.5 Politics and Public Administration**

Before 1886, the subject matter of Public Administration was studied in the discipline of Politics or Political Science. The discipline Public Administration took its shape only in the year 1887, when Woodrow Wilson wrote an essay titled "The Study of Administration". He said that Politics was concerned with policy making which was the concern of the political authorities and Public Administration was concerned with implementation of policies which was the concern of the administrative authorities. This dichotomy of Politics and Public Administration was the main base for the study of Public Administration to the scholars like Goodnow, L.D. White, Pfiffner, etc.

**Check Your Progress  
Questions**

2. What is Policy Science?

## **1.6 Differences between Politics and Public Administration**

Pfiffner on the basis of the characteristics and functions of the political authorities and administrative authorities has attempted to differentiate Public Administration from Politics. Let us discuss in this unit the differences between Politics and Public Administration from the point of view of Pfiffner.

(Space for Hints)

### **Amateurs and Professionals**

According to Pfiffner political authorities are amateurs and administrative authorities are professionals. For political authorities administrative work is only a part time work because they are full time politicians. Therefore, they cannot concentrate their full attention on the administrative work. Administrative authorities are experts on administration. They are appointed to the administrative positions on the basis of their professional qualification and merit.

### **Political and Non-Political**

Political authorities generally belong to different political parties. Therefore, they try to fulfill the ideologies of their political parties without bothering much about administrative requirements. Administrative authorities are not political. They are expected to serve the entire population of the country. They have to abide by rules and regulations while carrying out the different functions.

### **Partisan and Non-partisan**

Political authorities act in a partisan way. Since they belong to a political party, they try to fulfill the promises given by the political party before getting elected to power. Therefore, they act in a partisan way. Administrative authorities are expected to serve the entire population without showing any favouritism or nepotism to any political party.

### **Temporary and Permanent**

Political authorities are temporary. They come and go. They occupy positions in the Government when their political party captures power. When the party loses power, automatically they lose control over the administrative authorities. The administrative authorities are permanent. Generally they are appointed till their retirement age which may differ from country to country. In India the retirement age of the administrative authorities is between 55 and 60. In Britain the retirement age is between 60 and 65 and in America the retirement age is between 65 and 70 for the Governmental officials. The Government officials hold office until their retirement age. Thus they are permanent.

## **More Political Contacts and Less Political Contacts**

Political authorities have more political contacts with the public. They become the political authorities with the support of the public extended to them during elections. Their responsibilities are to contact the people belonging to their constituencies, hear their problems and set right them. Thus, political authorities have more political contacts. Administrative authorities are not elected by the people. They are appointed by the Government through the recruitment made by an autonomous body. Since they are expected to carry out their functions mainly basing on rules and regulations, they do not have much contacts with the people. Thus, administrative authorities have less contacts with the people.

(Space for Hints)

## **Decision Making and Advice**

All important decisions of the Government are made by the political authorities. The administrative authorities help and advice the political authorities in making important decisions of the Government. The main function of the political authorities is to co-ordinate the various departments and thereby implement the policies and laws of the Government more effectively. The main business of the administrative authorities is to perform their duties faithfully and sincerely according to the rules of the Government. Thus, political authorities are concerned with more coordination and administrative authorities are concerned with more performance.

## **Influenced by Public Opinion and Technical Data**

Political authorities are influenced by public opinion. Public opinion of the people is not static but dynamic. Therefore, they have to change their attitudes and actions according to the changes in the public opinion of the people. If the political authorities fail to adjust to the changes, they cannot capture and retain power in the Government. The administrative authorities are influenced by technical data. They carry out different functions on the basis of rules, regulations, procedures and the technical data.

## **More Legislative Contacts and Less Legislative Contacts**

Political authorities have got more legislative contacts because they are responsible to the Legislature for the omissions and commissions in Government departments. If something goes wrong in the Government departments, the concerned political authority is answerable to the Legislature. The officers who are responsible for the omissions and commissions in the Government departments are not answerable to the legislatures. Thus, political authorities have more legislative contacts and administrative authorities have less legislative contacts.

<b>Check Your Progress</b> Questions
3. Pointout the differences between Politics and Public Administration.

## **More Policy Formulation and Less Policy Formulation**

Political authorities make the policies of the Government with the help and advice provided by the administrative authorities. Thus political authorities are involved in more policy formulation whereas administrative authorities are involved in less policy formulation.

(Space for Hints)

The difference between Politics and Public Administration was mainly made in the context of policy making and policy implementation. As it has been already mentioned, Politics was concerned with making of policies. At present, policy making which was the concern of the study of Politics has become an integral part of the study of Public Administration and thereby, Public Administration has been made as an interdisciplinary subject.

### **1.7 Approaches to the study of Public Administration**

The scholars of Public Administration have made use of different approaches to the study of Public Administration. These approaches can be broadly classified into two categories. They are:

1. Traditional Approaches and
2. Modern Approaches.

Let us discuss in this unit elaborately the traditional and modern approaches to the study of Public Administration.

### **1.8 Traditional Approaches**

Public Administration as a discipline originated only in 1887. Till 1886, the subject matter of Public Administration was studied as part of the study of Political Science. In order to study the subject matter of Public Administration in Political Science the scholars of Political Science made use of different approaches. These approaches are called Traditional Approaches. The important Traditional Approaches are:

1. Philosophical Approach,
2. Historical Approach,
3. Institutional Approach and
4. Legal Approach.

#### **Philosophical Approach**

Philosophy discusses about good and bad. The persons who do good to the people go to heaven and who do bad to the people go to hell. Therefore, the philosophy discusses the need for doing good to the people. Aristotle has made use of

philosophical approach in the study of Public Administration. He has classified the governments into good and bad governments. The good governments are:

1. Monarchy- Rule by one individual for the benefit of the people.
2. Aristocracy- Rule by few individuals for the benefit of the people.
3. Polity- Rule by one and few individuals for the benefit of the people.

(Space for Hints)

The bad governments according to Aristotle are:

1. Autocracy - Rule by one individual for his self-interest.
2. Oligarchy - Rule by few individuals for their self-interest.
3. Democracy - Rule by the people for their self-interest.

The good governments according to Aristotle are ruled for the benefit of the people. The bad governments according to Aristotle are ruled for the interest of the rulers and not for the benefit of the people. Any government should be ruled only for the benefit of the people and not for the self-interest of the rulers. Therefore, Aristotle says that bad governments should be replaced by good governments so that the good governments could be ruled for the benefit of the people. Aristotle's approach to the study of Public Administration in Political Science is philosophical approach.

### **Historical Approach**

Some scholars of Political Science have made use of Historical Approach to the study of Public Administration when it was the part of the study of Political Science. Machiavelli, an eminent political scientist has made use of Historical Approach to the study of Public Administration when it was the part of study of Political Science. He has written a popular book titled 'Prince'. He has historically analyzed the life history of the various kings and has pointed out that a king should be both a lion and a fox. A king in order to provide good and stable governance should be brave as lion to safeguard his state from foreign invasion by fighting against brave kings. In the same manner he should be like a fox to safeguard his state from foreign invasions by fighting against kings with fox qualities.

He also says that the king need not be bad to the people. But he should know what is bad and how it is done so that he could save good people from the aggression of the bad people. Machiavelli's approach to the study of Public Administration when it was the part of study of Political Science is Historical Approach.

### **Institutional Approach**

Number of scholars have made use of Institutional Approach to study Public Administration when it was the part of study of Political Science. The foremost scholar who has made use of Institutional Approach to the study of Public

<b>Check Your Progress</b> Questions
4. Explain the Philosophical approach of Public Administration.

Administration is Montesquieu. He has written a popular book titled 'Spirit of Laws'. In this book he has explained the theory of separation of powers. According to this theory there are three branches of government. They are:

1. The Legislature,
2. The Executive and
3. The Judiciary

(Space for Hints)

The function of the legislature is to make laws. The function of the executive is to implement the laws. The function of the judiciary is to interpret the laws. According to Montesquieu the powers between the legislature, the executive and the judiciary should be separated from one another. If the powers of any two institutions or all the three institutions are combined in one institution, it could become autocratic and the freedom and rights of the people can be taken away from them. In order to protect the rights and freedom necessary to the people according to Montesquieu the powers between the legislature, the executive and the judiciary should be separated from one another.

### **Legal Approach**

Number of scholars have made use of Legal Approach to the study of Public Administration when it was part of the study of Political Science. One of the important scholars who has contributed to the Legal Approach is Thomas Hobbes. He has written a very popular book titled 'Leviathan'. In this book he has ascertained that the king should legally be vested with lot of powers which could not be questioned by the people. He says that people in the State of Nature are selfish, brutish, short and can do anything to acquire power. In order to protect these types of people the king should have enormous power legally which should not be questioned by the people. The approach of Thomas Hobbes to the study of Public Administration when it was the part of the study of Political Science is Legal Approach.

### **1.9 Modern Approaches**

After the emergence of Public Administration as a separate discipline in 1887, the scholars of Public Administration have made use of certain approaches to the study of Public Administration. These approaches are called Modern Approaches. They are:

1. Scientific Management Approach,
2. Bureaucratic Approach,
3. Formal Approach,
4. Human Relations Approach,
5. Behavioral Approach and
6. Systems Approach.

Let us briefly discuss about the modern approaches.

## 1.10 Scientific Management Approach

The scientific management approach is based on the scientific management theory. The first systematic theory of organization developed by the scholars of Public Administration is scientific management theory. It was developed in the beginning of the twentieth century.

### Meaning

The scientific management theory stresses that by applying science to management problems, more efficiency and productivity can be brought about in an organization.

A number of scholars have contributed to the scientific management theory. They are Robert Owen, Charles Babbage, Henry R. Towne, Henry Metcalf, F.W. Taylor and so on. Among them F.W. Taylor is called the father of scientific management theory. Let us discuss in this unit the important contribution made by F.W. Taylor to the scientific management theory.

## 1.11 Twentieth Century

In the beginning of the twentieth century the conditions in the industrial organizations were unplanned. Taylor identified a number of defects in the industrial organizations in the early twentieth century. They were:

1. Management and workers did not understand each other responsibilities.
2. There was lack of effective standardization of work.
3. There was a tendency for restricted output.
4. Most decisions were taken unscientifically.
5. There was a failure of the management to design job problems.
6. There was lack of studies on division of work.
7. Placement of workers was made without the consideration of their abilities, aptitudes and interest.

In order to remove these defects and to bring about efficiency and productivity in the industrial organizations, he conducted lot of experiments, invented tools and published four important papers. They were:

1. Piece Rate System,
2. Art of Cutting Metals,
3. Shop Management and
4. Principles of Scientific Management.

Among the four works, principles of scientific management is considered as an important contribution to the scientific management theory. In this paper he advocated the adoption of five principles in the industrial organizations. They are:

(Space for Hints)

1. Science not rule of thumb,
2. Harmony not discord,
3. Co-operation not individualism,
4. Maximum output in the place of restricted output and
5. Development in each greatest efficiency and prosperity.

Taylor said that work should be standardized through the application of science, wage payment should be decided scientifically and machines should be invented on the application of science and applied in the industrial organizations. Workers should be selected on the basis of their performance. Thus by applying science in the selection of workers, invention of tools, payment of wages and standardization of work instead of rule of thumb more efficiency and productivity could be brought about in the industrial organizations.

### **Harmony Not Discord**

Taylor said that there should be harmony or better relations between the entrepreneurs and the workers. If there is a discord between the two, there will not be efficiency and productivity in the organization. According to Taylor, harmony can be developed between them if both of them can come forward to share the excess profits the industrial organization could make.

### **Co-operation not Individualism**

Each work in an organization is interrelated. Each work is allotted to separate individuals. Unless all the individuals complete their work, the final work will not be completed. Therefore, each individual should not think that he has completed the work and can be free. He should see to it that other workers also complete their work within the stipulated time so that the final work will be completed. Therefore, co-operation among the workers in an industrial organization is necessary and not individualism.

### **Maximum Output in Place of Minimum Output**

There was a tendency on the part of the entrepreneurs and workers to restrict the output. The entrepreneur thought that if he increased the output there would not be demand for his products. The workers thought that by producing more output they would lose their job. Therefore, both of them wanted to restrict the output. Taylor brought out a mental revolution among the entrepreneurs and the workers: He said when an industrial organization produces more, the products will become much cheaper. There will be number of people to purchase these products. As a result there will be more demand for the products and more work for the workers. This revolution enabled the industrial organizations to pay more wages to the workers

and to have less unit production costs for the customers. Thus, the efficiency and productivity of the industrial organization increased.

### **Development in Each Greatest Efficiency and Prosperity**

Taylor said by developing in each worker necessary skills, efficiency and prosperity of an industrial organization could be brought about. If the entrepreneurs and the workers try to develop in each the greatest efficiency and prosperity, there will be more efficiency and prosperity.

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Taylor thus applying science to the management problems brought about more efficiency and productivity in the industrial organization. Therefore, he is rightly called the father of scientific management theory. His approach to the study of Public Administration is scientific management approach which is based on the scientific management theory.

### **1.12 Bureaucratic Approach to the study of Public Administration**

Many scholars have contributed to the bureaucratic theory of organization. Among them, Max Weber is considered as an important contributor to the bureaucratic theory.

#### **Weber's Three Kinds of Authority**

A person is said to possess power if his will could be enforced without resistance. Authority means powers to command. Authority exists so long as it is legitimate. Max Weber divides this authority into three kinds. They are:

1. Charismatic Authority
2. Traditional Authority and
3. Legal Authority

#### **Charismatic Authority**

When a person derives his authority through charisma or magical power, we call it charismatic authority. For example Mahatma Gandhi Jawaharlal Nehru, Indira Gandhi, are some of charismatic leaders who derived their authority through their charisma.

#### **Traditional Authority**

Traditional authority is derived through traditions. A Village headman derives his authority through the traditions and people obey that authority without any resistance.

#### **Legal Authority**

When a person derives his authority through legal means we call it legal authority.

## **Kinds of Bureaucracy**

According to Weber, bureaucracy means administrative body of appointed officials. These officials derive their authority through charisma tradition or through legal means. Weber classifies bureaucracy on the basis of authority. They are :

1. Patrimonial Bureaucracy and
2. Legal Rational Bureaucracy

(Space for Hints)

### **Patrimonial Bureaucracy**

It is one in which authority of the officials is derived either through charisma or through tradition.

### **Legal Rational Bureaucracy**

Legal rational bureaucracy is one in which authority is derived through legal means. The authority derived through charisma or tradition can be disobeyed whereas the authority derived through legal means can not be disobeyed. Therefore, Max Weber favours, legal rational bureaucracy.

### **Characteristics of Legal Rational Bureaucracy**

According to Max Weber, legal rational bureaucracy has a number of characteristics. They are:

1. Hierarchy
2. Rules
3. Sphere of competence
4. Impersonal order
5. Personal and public ends and
6. Written documents

### **Hierarchy**

Modern organizations employ thousands of employees. The authority to run the organisation is vested in one individual. One individual vested with authority cannot control all the thousand persons directly and thereby can carry out the different functions of the organisation. Therefore, every organisation has to be organized on the principle of hierarchy. Hierarchy means graded organizations. Each level in the organisation is divided on the principle of span of control. Employees at each level are immediately subordinate to the next higher level. In this type of organisation authority flows from top to bottom and responsibility from bottom to top. Through the proper channel is followed in the process of communication.

#### **Check Your Progress Questions**

5. What is Bureaucracy?

## **Rules**

Official functions in the bureaucratic organisation should be carried on the basis of the rules of the organisation. If the rules do not permit to carry out a work, the officials should restrain from doing it. Otherwise, they will be held responsible if something goes wrong in carrying out that work.

## **Sphere of Competence**

Employees in the organisation should be recruited purely on the basis of their competence. Merit should be the only consideration for the recruitment of officials so that efficient person will be available to carry out the different functions of the organisation.

## **Impersonal order**

Authority of an official should be derived from position and not from person. Therefore, the employees should obey the orders, which are impersonal. They need not obey the personal orders of the superior.

## **Personal and Public Ends**

The officials working in the organization should consider public ends are more important than personal ends.

## **Written Documents**

In the administrative organizations administrative decisions and rules are formulated. They should not only be followed but also recorded in writing.

## **Max Weber's Bureaucratic Approach**

According to Max Weber, more efficiency and productivity can be brought about in an organisation whether it is Government or private if it is organized on the characteristics of legal rational bureaucracy. His approach to the study of Public Administration is bureaucratic approach.

## **1.13 Formal Approach to the study of Public Administration**

The formal approach to the study of Public Administration is based on the formal theory of organization. According to this theory, by creating an organisation on the basis of certain principles and applying them carefully in the organisation more efficiency and productivity can be brought about.

This Principles theory of organisation is also called the Formal theory of organisation. Many scholars have contributed to the Formal theory of organisation. Among them Henry Fayol is considered to be an important contributor to the Formal theory of organisation.

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Let us discuss the contribution of Henry Fayol to the Formal theory of organisation. Every organisation has to carry out some important activities. They are:

1. Technical activities,
2. Commercial activities,
3. Accounting activities,
4. Financial activities,
5. Security activities and
6. Managerial activities.

These activities can be carried out more efficiently by creating an organisation on the basis of fourteen principles and applying them carefully in the organisation according to Henry Fayol. They are:

1. Division of Work,
2. Authority and Responsibility,
3. Discipline,
4. Unity of Command,
5. Unity of Direction,
6. Subordination of Individual Interest to General Interest;
7. Remuneration of personnel,
8. Centralization,
9. Hierarchy,
10. Placement,
11. Equity,
12. Stability of Tenure,
13. Initiative
14. *Esprit de corps*.

### **Division of Work**

Every organisation big or small should place the employees according to the talents and experience of each of them. Division of work leads to specialization.

### **Authority and Responsibility**

Authority means the right to give orders and the power to extract obedience. Responsibility means the task assigned to be carried out with a sense of accountability. Authority should be commensurate with responsibility.

## **Discipline**

Obedience should be observed in accordance with the standing agreements between the firm and the employees.

## **Unity of Command**

For any action an employee should have only one boss. If an employee has more than one boss it leads to lot of confusions. So no employee should have more than one superior.

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## **Unity of Direction**

There should be one head and one plan for one activity. This is called as unity of direction.

## **Subordination of Individual Interest to General Interest**

The interest of one employee or group should not prevail over that of the total organisation.

## **Remuneration of Personnel**

The remuneration paid for services rendered should be fair and afford satisfaction to both personnel and the firm.

## **Centralisation**

The degree of initiative left to managers varies depending upon top managers, subordinates and business conditions.

## **Scalar Chain**

The line of authority of superiors should flow ranging from the ultimate authority to the lowest ranks through different levels.

## **Order**

Once the basis of job structure has been devised and the personnel to fill the various jobs have been selected, each employee occupying different jobs wherein he or she can render the most effective service.

## **Equity**

For the personnel to be encouraged to fulfill their duties with devotion and loyalty there must be equity based on kindness and justice in employer-employee relations.

## **Stability of Tenure of Personnel**

Suitable conditions should be created to maximize the turnover of employees.

## **Initiative**

The ability to think afresh would act as a powerful motivator of human behaviour.

## ***Espirit De Corps***

Harmony or union among the personnel of an organisation is a source of great strength in the organisation.

According to classical thinkers more productivity and efficiency can be brought about by developing certain principles and applying them to the administrative organisation. Henry Fayol by applying these principles in the administrative organisation really brought about more efficiency and productivity. Therefore, he is considered as the most important contributor to the Formal theory of organisation.

## **1.14 Human Relations Approach**

Elton Mayo's approach to the study of public administration is based on human relations theory. According to this theory, efficiency and productivity of an organisation depend upon the human relations found among the employees in the organisation. He developed this theory on the basis of the experiments conducted in the industrial organizations.

The first experiment of Mayo was conducted in a Textile Mill near Philadelphia. He studied the problems of the Mulel Spinning Department extensively from varied angles. He identified the problems of the workers and suggested reforms in the form of incentives and rest periods. The production increased and there was less absenteeism. In view of heavy demand for goods, the Textile Mill took away the rest periods retaining the incentives for the workers. The production suffered and absenteeism increased. The rest periods provided opportunities to develop human relations among the workers and this human relations among the workers resulted in more productivity and efficiency in the organisation.

Elton Mayo conducted a number of experiments in the Hawthorne Plant of Western Electric Company. In these experiments, he proved that the increased facilities as suggested by classical thinkers did not help the industrial organisation to increase the efficiency and productivity. The opportunities provided to the industrial workers for human relations through rest periods only helped the industrial organizations to improve the efficiency and productivity. Thus he came to the conclusion that by providing opportunities to industrial workers for developing better human relations, efficiency and productivity could be brought about.

Since the human relations theory has been accepted an important theory of organisation, the theory is called as new classical theory or neoclassical theory. Elton Mayo's approach to the study of Public Administration is human relations approach.

### **Check Your Progress Questions**

6. Describe the Human Relations Approach.

## 1.15 Behavioural Approach

Behavioural approach is based on the behavioural theory. An important advocate of behavioural theory is Herbert A. Simon. He has explained this theory in his famous book, "Administrative Behaviour".

He criticized the classical theories. He said that the principles developed by classical thinkers were just "proverbs". They were contradictory to one another. They were not based on any empirical test. By applying these principles to industrial organisation, Simon said, the productivity could not be increased.

He developed a new theory called behavioural theory. According to this theory, efficiency and productivity of an industrial organisation depend upon the behaviour of the superiors towards their subordinates.

According to Simon, decision making is an important function of an organisation. Decisions are taken at different levels in an organisation. If the executives at the different levels take rational decisions, there will be efficiency and more, productivity in the organisation. Rational decisions can be taken on the basis of facts available in the organisation. By analyzing the facts in consultation with the workers, rational decisions can be taken. The co-operation of the workers to the executives at different levels is made possible through the behaviour of the executives towards the subordinates. When there are better behavioural relations between the executives and the subordinates, rational decisions on the basis of facts can be taken which will result in increased productivity and efficiency.

Thus according to Simon, efficiency and productivity of an industrial organisation very much depend upon the behaviour of the executive towards their subordinates.

## 1.16 Systems Approach

The systems approach is based on the systems theory. The systems theory was developed by scholars in other disciplines and introduced in Public Administration very recently. Riggs is an important exponent of this theory.

According to this theory, efficiency and productivity of an organisation depend upon the ability of the organisation to carry out the different functions of the organisation through structural differentiation.

Every organisation has to carry out a large number of functions to achieve their ends. Number of structures and sub-structures are created to carry out the different functions of the organisation. Number of individuals are appointed in the structures and sub-structures to carry out the different functions in the organisation. Each individual in the organisation should be allowed to carry out only one function so

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**Check Your Progress Questions**

7. Describe the System Approach.

that the individual can specialize and carry out the function quickly and efficiently. Riggs calls this arrangement as structural differentiation.

Riggs has classified the political systems into three kinds. There are :

1. Agraria,
2. Transitia and
3. Industria

Riggs has classified the under developed countries in the category of Agraria because these countries economy is mainly based on agriculture. In these countries there is no development because each individual in an organisation carries out a large number of functions. As a result he is not able to specialize and carryout the work quickly and more efficiently. Thus, Riggs says that the countries categorized under Agraria are not developed because there is no structural differentiation.

Riggs has classified the developing countries under the category of Transitia because these countries economy neither completely based on agriculture nor industry. In these countries polyfunctionalism is found. Though the different structures have been created to carryout the different functions, the same function is carried out by two or more individuals. As a result the functions are not able to be carried out very effectively though there is structural differentiation.

Riggs has classified the developed countries under the category of Industria. Because the countries economy depended on well developed industries. These countries are well developed because the different organizations in these countries carry out their functions through structural differentiation.

## **1.17 SUMMARY**

This unit discusses in total the meaning, nature and scope of Public Administration. We have gone through the definitions and meaning of Public Administration. Scope of Public Administration that is the meaning of POSDCORB has been learnt. Another interesting topic of discussion in this unit is differences between Politics and Administration. The different types of approaches to the study of Public Administration is study of interest to the students. These approaches are useful for the proper understanding of the subject. These approaches are used in developing countries. The empirical, ecological inter-disciplinary and comparative studies show their importance. Riggs systems theory has been explained in detail.

## **1.18 KEY WORDS**

'Ad' ministrare - Integral View - POSDCORB - Ecology - Public opinion - Shop Management - Rule of Thumb - Piece Rate System - Charismatic Authority - Patrimonial Bureaucracy - Agraria.

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## **1.19 ANSWERS FOR CHECK YOUR PROGRESS QUESTIONS**

- For Question No.1 ... Refer Section No. **1.2**  
Question No.2 ... Refer Section No. **1.4**  
Question No.3 ... Refer Section No. **1.6**  
Question No.4 ... Refer Section No. **1.8**  
Question No.5 ... Refer Section No. **1.12**  
Question No.6 ... Refer Section No. **1.14**  
Question No.7 ... Refer Section No. **1.16**

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## **1.20 BOOKS FOR FURTHER READING**

1. P.H. Appleby, **Policy and Administration**, Alabama University of Alabama Press, 1957.
2. A. Avasthi and S.R. Maheswari, **Public Administration**, Agra, Lakshmi Narain Aggarwal, 1996.
3. L.D. White, **Introduction to the Study of Public Administration**, New York, Macmillan, 1955.

## **1.21 MODEL QUESTIONS**

1. Discuss the nature, meaning and scope of Public Administration.
2. Bring out the Dictionary between Politics and Public Administration.
3. Examine the Traditional approaches to the study of Public Administration.
4. Examine the characteristics of Legal Rational Bureaucracy.
5. Explain the fourteen principles of Henry Fayol.

# UNIT - 2

## ORGANIZATION - KINDS - PRINCIPLES

### INTRODUCTION

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When we want to achieve a goal or purpose we are in need of a vehicle which we call it as organization. In the study of organization, it is necessary to make a distinction between formal and informal organizations. Both cannot be separated but are functioning side by side in organization. There are certain basic principles of organization which will be introduced to the students. These principles are very much essential. There are four different principles on which organization is organized. They are called as the bases of organization. Another important point of discussion in this unit is units of organization. We have already seen that for the success and efficiency of administration there must be a proper organization. So this unit analyses characters of formal and informal organization, and the principles of organisation.

### OBJECTIVES

- To bring out the difference between formal and informal organization.
- To know in detail the principles of organization.
- To understand how the individuals and functions can be structured to achieve a purpose through four bases.
- To know about line, staff, and auxiliary agencies as units of organisation.

### UNIT STRUCTURE

- Introduction
- Meaning of organization
- Formal organization
- Informal organization
- Importance of formal and Informal organization
- Principles of organization
- Hierarchy
- Span of control
- Delegation of Authority
- Unity of command
- Co-ordination
- Centralisation Vs Decentralisation
- Integration Vs Disintegration

## **2.1 Introduction**

The success and efficiency of administration not only depend upon its personnel but also upon its proper organization. A poor organization may lead to duplicity of work, lack of coordination, loose supervision and ineffective delegation. But a good organization will definitely avoid all these defects and positively contribute to the efficiency of the administration. Therefore, it is necessary to understand the meaning of the organization.

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## **2.2 Meaning of Organization**

J.D. Mooney has defined organization as the form of every human association for the attainment of common purpose.

L.D. White has defined organization as the arrangement of personnel for facilitating the accomplishment of some agreed purpose through allocation of functions and responsibilities.

According to Pfiffner organization consists of the relationship of individual to individuals and of group to groups which are so related as to bring about an orderly divisions of labour.

## **2.3 Formal Organization**

When the organization is planned, decided and approved by the competent authority, it is called as a formal organization. Formal organization is clearly as shown on the chart or as the manuals and the rules prescribed and described. Generally, by formal organization, we mean the organization deliberately planned, designed as it appears to the observer from outside.

### **Characteristics of Formal Organization**

The scholars of organization have pointed out certain characteristics of formal organization. They are :

1. Organization structure is laid down by the top management to achieve the organizational goals.
2. Organization structure is based on division of labour and specialization to achieve efficiency in the operation.
3. Organization structure concentrates on the jobs to be performed and the individuals who are to perform these jobs.
4. The organization does not take into consideration the sentiment of organization members.
5. The authority and responsibility relationships created by the organization structure are to be honoured by everyone. The position in the organization hierarchy determines the relative status of the incumbent.

## **2.4 Informal organization**

Informal organization is described as shadow organization because there cannot be an informal organization without a formal organization. Informal organization refers to the types and patterns of behaviour of the personnel working as different units in the organization. Actual behaviour of the personnel generally differs from the behaviour expected according to the norms laid down in the formal organization. The main reason why the informal organization came into being is that they satisfy needs of their members which cannot be satisfied by the formal organizations. These needs are:

1. An informal organization satisfies social needs of its members.
2. It creates the feelings of identity or sameness among its members.
3. Its members learn about desirable and undesirable behaviour through it.
4. It gives psychological support to its members in the present age of tension and environment of frustrations. Its members can win sympathy and support from fellow workers by telling their problems to them.
5. It helps the members in achieving their goals.
6. It gives a feeling of security to its members, increases their influence and inspires creativity in them.
7. It preserves the cultural values of its members.
8. It is a very good medium for publicity for the formal organization and also for keeping its own members well informed.

### **Characteristics of Informal Organization**

Informal organization does not depend upon the management of the formal organization. Nor does the management control on informal organization, as it does a formal organization. Therefore, the management cannot prevent an informal organization from coming into existence and also can not put an end to it once it has come into being. Since the management has no control over the informal organization, that sometimes leads to frustration and problem for the management. It is particularly so when the informal organization has its own characteristics. They are:

1. Generally a society evolves its own laws, beliefs and controls regarding what is desirable behaviour and what is undesirable. This is what an informal organization also does. People think and act alike in groups and this continuous co-operation give rise to common values and common codes of behaviour.

2. It forces the members of the group to observe the common rules. It is a very effective organization to impose penalties or punish those who violate these rules.
3. The leadership in it is also informal.
4. There is stratification also within an informal organization which is based on several factors.

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## 2.5 Importance of Formal and Informal Organization

Formal organization, no doubt is an important part of the organization. But informal organization is also not less important. If handled properly, it will help in performing the activities of the organization very efficiently and effectively. In short informal relations are complementary to formal organization. Both formal and informal organizations are necessary for any group action just as two blades are essential to make a pair of scissors workable.

## 2.6 Principles of Organization

All formal organizations are created on the basis of certain basic principles.

They are:

1. Hierarchy,
2. Span of Control,
3. Delegation of Authority,
4. Unity of Command,
5. Coordination,
6. Centralisation V s Decentralisation,
7. Integration V s Disintegration.

Let us discuss in this unit the various principles of organization.

## 2.7 Hierarchy

### Meaning of Hierarchy

The term hierarchy literally means the rule of higher over the lower. In administrative terminology, it means a graded organization of several successive levels in which each of the lower levels is immediately subordinate to the next higher one and through it to the other higher levels right up to the top. In such an organization authority, command, and control descend from the top to downwards step-by-step. Under the hierarchical system all administrative organizations follow the pattern of the superior sub-ordinate relationships through a number of levels of responsibility reaching from the top to the bottom of the structure. Under it no intermediate level can be skipped over in the dealings of the people at the lower rung with those at the

#### Check Your Progress Questions

1. Explain the meaning of organisation.
2. What is Informal organisation.

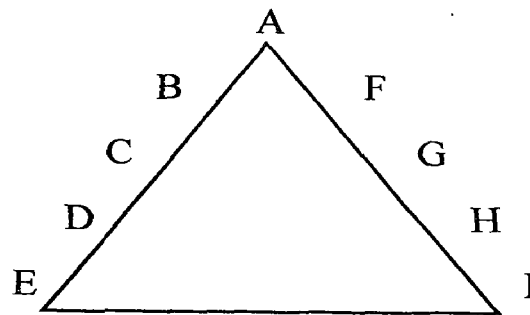
top or vice versa. In other words, the rule through the proper channel is followed under this system.

Mooney and Reiley refer the principle of hierarchy as the scalar process because under it there is a pyramidal type of organization. Every position in the organization finds its appropriate place in the hierarchy. The superior gives orders to the subordinate himself receiving and obeying orders from superiors. The subordinate accepts the decision of the superior as a guide to his own behaviour. Thus, through the link the chief executive is united with each individual employed.

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### **Flow of Authority**

The flow of the authority is explained in the following diagram



The above diagram shows that 'B' is subordinate to 'A', 'C' is subordinate to 'B', 'D' is subordinate to 'C', 'E' is subordinate to 'D'. If 'A' wants to communicate to 'E', he has to communicate through 'B', 'C' and 'D'. If 'E' wants to communicate to 'A' he can do it only through 'D', 'C' and 'B'. If 'E' wants to communicate to 'I' the communication should pass through 'D', 'C', 'B' to 'A' and from 'A' to 'I' through 'F', 'G' and 'H'. In other words in the principle of hierarchy communication passes through 'F', 'G', and 'H'. In other words in the principle of hierarchy communication passes through proper channel. It means that authority runs step by step whether upwards or downwards. The person in authority delegates his authority to the subordinate officials who exercises control over the others. The whole organization is thus linked in a chain and the activities of all are thereby properly co-ordinated.

### **Merits**

According to Mooney the principle of hierarchy is the universal principle of organization because no organization can be created without the principle of hierarchy.

1. It is the system by means of which the various units of an organization are integrated or linked together. No organization can function effectively unless its different units are integrated into a coherent whole. Hierarchy is an instrument of organizational integration.
2. Hierarchy facilitates communication upward and downward. Everyone in the organization knows to whom he has to address his

communication, and through whom his communication can reach the highest official of the organization.

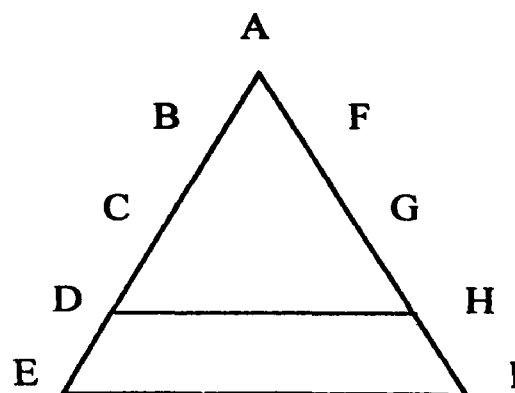
3. **Hierarchy** is based on the principle of delegation of authority. Thus, so many centers of decision are established. There is no congestion or concentration of work at one centre. The chief executive is relieved of the burden of making every decision himself.
4. The scalar system helps to clarify and define the relative position and responsibilities of each post in the organization.
5. When the organization is very big and its network is spread to many distant places, contacts between the centre and the distant parts can be maintained through hierarchical gradation.

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### Demerits

There is only one demerit in the principle of hierarchy, and it is delay. Since everything has to pass through proper channel and since every step in the hierarchy has to be covered, naturally it results in delay. One cannot jump over the step to the scale to see the highest authority; It has been said that the system of organization debar quick and speedy works and enlarges the scope of formalities and paper work. To avoid this difficulty it is necessary that short cuts should be devised, without violating the principle of hierarchy. It is not impossible to avoid the delay in the hierarchical organization. With proper confidence and loyalty between the superior and subordinates, such delays will be very much reduced.

Henry Fayol has suggested Bridge Model to avoid delay in the principle of hierarchy. If 'E' wants to communicate to 'I' the communication can be passed to 'D' and 'D' to 'H' and 'H' to 'I' informing the higher authorities about the communication passed. This is illustrated in the following diagram



Since an organization cannot be created without the principle of hierarchy, it is considered as an important principle of organization. So Mooney calls this principle as the universal principle of organization.

## 2.8 Span of Control

An important principle of organization, next to the principle of hierarchy is principle of span of control. Let us explain in this unit the principle of span of control in detail.

### Meaning

(Space for Hints)

The number of subordinates a supervisor can effectively supervise is called the span of control. There is no agreement among the writers on Public Administration about the exact limit of the span of control. Sir Ian Hamilton on the basis of his military experience put the limit at 3 or 4 only. L. Urwick thinks that at the higher levels, no supervisor can supervise directly more than 5 or 6 subordinates whose work interlocks, but lower down, where the work is of a more simple and routine nature, the span of control varies from 8 to 12. Lord Haldane and Graham Wallace thought that a Chief executive could supervise 10 to 12 subordinates without being excessively burdened. Wallace after surveying the existing position in a number of countries, found that in the year 1937 the chief executive in Japan had 13 departments under him; in Canada, Germany and Italy 14; in France 17; in Russia 19 or 20; in England 25; and USA about 60. And nowhere did the administration breakdown, in spite of the varying number supervised. So neither administrative theory nor practice can lay down a definite number to constitute the span of control. There are certain general points of agreement about this problem. They are firstly the span of control does exist at each level of supervision and it can not be exceeded without the danger of the break down in this connection. L. Urwick quoting V.A. Graicunas, points out that if a superior adds a six to five subordinates, the additional assistance he can obtain is only 23 per cent but the increase in the supervision may amount to over 100%. The reason is that what has to be supervised is not only the individual subordinates but also the numerous permutations and combinations of their mutual relationships. Thus, it happens that while the number of individual subordinates increase by arithmetical progression, the consequent increase in the network of relationship is by geometrical progression. This can be mathematically demonstrated through Graicunas's theory.

### Graicunas' Theory

Graicunas showed mathematically that a number of direct, group and cross relationships exist between a manager and his subordinates. The number of these relationships increases with the increase in the number of the subordinates. He said that an executive having four subordinates under him is required to deal with

- i. 4 direct single relationships;
- ii. 12 cross relationships; and
- iii. 28 group relationships, i.e., in all forty-four relationships.

#### Check Your Progress Questions

3. Describe the merits of Hierarchy.

He derives these on the basis of the following formula No. of direct relationships = n

No. of cross relationships = n (n-1)

No. of group relationships = n (2A (n-1) -I)

Total No. of relationships = n (2An-I + (n-1))

(Space for Hints)

Where n represents the number of subordinates.

The last formula. reveals that possible relationships with increasing number of subordinates rise very rapidly as shown in the following Table :

### Possible Relationships with Variable Number of Subordinates

Table - 1

No. of Subordinates	No. of Relationships
1	1
2	6
3	18
4	44
5	100
6	222
7	490
8	1,080
9	2,376
10	5,210
12	24,708
18	23,59,602

Though Graicunas gave mathematical formula for finding out the number of relationships, his approach suffers from various shortcomings, such as ignoring the importance of relationships, frequency of relationships and the factors which determine the span. Moreover, he left out certain possible relationships particularly

the cross relationships. However, his theory gives an important indication that an executive must think twice before increasing his span because increase of one subordinate will increase relationships manifold. Graicunas suggested that an executive can effectively manage 222 relationships which arise out of six subordinates. However, he failed to identify factors that govern the actual span of supervisions.

(Space for Hints)

Secondly, the span of control can be determined by four factors. They are:

1. Function
2. Age
3. Space
4. Personality Function

Function meant the type of work to be supervised. If a man is supervising persons with homogeneous functions, such as an engineer, supervising engineers, doctor, supervising doctors, he may be able to control a large number of persons. If a man is supervising persons with heterogeneous functions, he may be able to control only less number of people. If a supervisor has to supervise persons performing mechanical type of functions, he may be able to supervise more number of persons. If a supervisor has to supervise persons performing functions needing the brain work, he may be able to supervise only less number of persons. Thus the nature of function is an important factor in determining the span of control.

### **Age**

Age refers to the age of organization concerned. If an organization is old and stable, it is quite possible to allocate works to different individuals working under a supervisor and get the work done more easily. Therefore, if the organization is quite old, a supervisor can supervise more number of individuals and get the work done through them. Therefore, if the organization is new, an individual can supervise only very less number of individuals.

### **Space**

Space implies the place where the work to be supervised is located. If the offices of one's subordinates are scattered throughout the length and breadth of a country, a small span of control would seem desirable and if the offices of one's subordinates are located in one place, a larger span of control would seem desirable.

### **Personality**

Personality refers to the competence of the supervisor. A person with strong personality can supervise more number of individuals whereas a person with weak personality can supervise comparatively lesser number of individuals. Thus, the span

of control can be determined on the basis of four factors such as function, age, space and personality.

Once the span of control is determined it could be quite easy to determine the different levels in the hierarchy. For example, if a supervisor can supervise 5 individuals and if the total number of persons working in the organization is about 20,000, then the levels in the hierarchy can be determined as given below:

(Space for Hints)

1  
6  
32  
160  
800  
400  
20000

Since span of control helps to determine the different levels in the hierarchy and facilities for the unity of command and delegation of authority, this principle is considered to be an important principle of organization.

## **2.9 Delegation of Authority**

Delegation of authority is another important principle of organization. A person vested with authority in an organization should concentrate more on policy matters and on the development of the organization. If every work in the organization is to be carried out with the concurrence of the person vested with authority, he will be overwhelmed with lot of details and he may not be able to concentrate on policy matters and on the development of the organization. Therefore, delegation of authority is quite necessary in every organization.

### **Meaning**

Mooney has defined delegation of authority as conferring of specified authority by a higher authority to a lower authority. It means the delegation of authority is the devolution of authority by a superior person to his subordinate, subject to his supervision and control.

### **Kinds of Delegation of Authority**

Delegation of authority may be of three kinds. They are

1. Full or Partial
2. Conditional or Unconditional
3. Formal or Informal

### **Full or Partial**

When complete powers of a superior officer is delegated to immediate subordinate, we call it as full delegation of authority. When a superior officer delegates part of his authority to the immediate subordinate, we call it as partial delegation of authority.

(Space for Hints)

### **Conditional or Unconditional**

The delegation of authority is called conditional delegation of authority, when the action of subordinate is subject to confirmation and revision by the supervisor. The delegation of authority is said to be unconditional, when the immediate subordinate is free to act without reservations.

### **Formal or Informal**

When a supervisor delegates his authority to the immediate subordinate, in written rules or orders, it is called formal delegation of authority. When a supervisor delegates his authority to the immediate subordinate, based on customs, conventions and understanding, we call it as informal delegation of authority.

### **Hindrances to Delegation of Authority**

The hindrances to the delegation of authority are the following:-

1. Lack of established methods and procedures in an organization makes the delegation of authority more difficult.
2. Lack of means of coordination and communication is another factor for lack of proper delegation of authority.
3. Unstable and non-repetitive nature of work is another factor responsible for lack of proper delegation of authority.
4. When an organization is geographically spread, delegation authority becomes difficult.
5. Lack of properly spelled -out positions in terms of duties and responsibilities makes the delegation of authority difficult.
6. Persons who raise to the position of hierarchical leadership have more than normal egoism which makes the delegation of authority difficult.
7. Sometimes the chief executive is afraid that the immediate subordinates will not make proper decisions or carry them out in a desired manner that stand in the way of delegation of authority.
8. In Public Administration political considerations make delegation of authority difficult.
9. The act of delegation of authority requires an emotional maturity which is apparently very rare, even among successful persons which make the delegation of authority difficult.

## **Powers which should not be Delegated**

The Chief executive should not delegate some of his powers to the immediate subordinates. They are:

1. The power of supervision,
2. Financial power,
3. Power to sanction new policies,
4. Rule making power,
5. Power to make appointments and
6. Power to hear appeals.

(Space for Hints)

If these powers are delegated to the immediate subordinate, it may not be possible for the chief executive to supervise and control the entire subordinates under his control more efficiently.

## **General Principles of Delegation of Authority**

Delegation of authority should be guided by certain principles. They are:

1. Delegation should be written and specific.
2. Authority and responsibility for each position in the management group should be spelled out and delegation should be made to a position rather than to an individual.
3. Only that much of authority should be delegated as it is within the competence of subordinates to exercise safely.
4. Delegation should be properly planned and systematic.
5. Policies, regulations and procedures should be given to give no misunderstanding to the employees using discretionary powers.

Delegation of authority helps the chief executive to devote his time and energy to more important decisions of the organization. Effective leadership is made possible through the process of delegation of authority. The delegation of authority enables the chief executive to train them in the art of sharing responsibility and thereby to build up his subordinates. The delegation of authority helps the subordinates to develop greater loyalty. Proper delegation of authority minimizes delay, makes service more effective, economical and efficient. Therefore, the chief executive should be able to delegate his authority to the immediate subordinate to enable the organization to function more effectively and efficiently.

## **2.10 Unity of Command**

Unity of Command is another principle of organization. Let us find out the meaning and importance of this principle in this unit.

(Space for Hints)

## **Meaning**

Unity of Command stands for the mono-command. It means no individual employee should be subject to the orders of more than one immediate superior. It implies the lines of authority in the organization should be clearly defined. Every one should know his superior from whom he has to receive commands. The scholars of Public Administration favours the principle of unity of command.

## **Advantages**

The principle of unity of command is clearly visible in military command where Lieutenant receives orders from Captain, the Captain from the Major and so on. The greatest advantage of this principle is that there is no confusion in orders.

It is said that diversity of command may lead in the subordinates' playing off one of the superiors against another or others. This may cause confusion in administration and lead to inefficiency. Therefore, an individual employee should not be subject to the multiple sources of command.

## **Dual Command**

Sometimes in technical service dual command becomes necessary. A medical officer is administratively responsible to the total authority whose employee he is, through professionally he is responsible to the Director of Public Health. The reason for this kind of arrangement in technical services is the difficulty in finding officers competent to exercise administrative as well as technical control. Therefore, the concept of unity of command should be reconciled with a recognition that the superiors of any activity may be dual on technical services.

An employee should be subject to the control of one superior only. Sometimes duality of command may become a necessity. Under such circumstances, it should be kept in mind that under no circumstances employed is subject to conflicting, commands.

## **2.11 Co-ordination**

Coordination is another principle of organization. Coordination brings the interests of the various units of administration together. Let us discuss in this unit the meaning, principles and means of coordination.

### **Meaning**

In general, coordination stands for the proper adjustment of the functions of the institution.

Newman defines coordination as the orderly synchronism of efforts.

Terry defines coordination as the adjustments of parts to each other.

Charlesworth defines coordination as the integration of several parts into an orderly whole to achieve the purpose of the organization.

Coordination brings the interests of the various units of administration together without interfering with work.

### **Principles of Coordination**

(Space for Hints)

Coordination should be based on certain definite principles. Mary Parker Follett point out certain principles for achieving coordination. They are:

1. Principle of early starting;
2. Principle of direct contact,
3. Principle of reciprocity and
4. Principle of continuity.

### **Principle of Early Starting**

Coordination should start from the early stages of activities because, coordination delayed is coordination denied. A work started without coordination in beginning may result difficulties in the way of coordination later.

### **Principle of Direct Contact**

Mary Parker Follett says coordination can be brought about in an organization through direct contact so that problems in the way of coordination could be understood and settled. Therefore, she says coordination should not be adopted through any media.

### **Principle of Reciprocity**

There should be mutual advantage concerning all factors in the situation like production, selling, financing and management.

### **Principle of Continuity**

Coordination is a dynamic process. The process of coordination should continue to the life of the organization itself. We should not revoke it at any stage of organization.

### **Means of coordination**

The business of coordination is concerned with policy, with programme and with personalities. Its achievements require high level of mental standard, intellectual capacity and vigorous endurance. Coordination is effected through various means. They are:

#### **Check Your Progress Questions**

4. What do you mean by Delegation of Authority?

(Space for Hints)

1. Planning,
2. Institutionalised means,
3. Standardisation of procedures,
4. Effective communication and
5. Informal means.

### **Planning**

Planning is an important instrument of coordination it sets the targets to be achieved in the given period without any kind of confusion. Therefore, systematic planning may bring about coordination in an organization.

### **Institutionalized Means**

Institutionalized means of coordination is effected in the following forms:

1. Conferences,
2. Panels,
3. Committees,
4. Symposia,
5. Inter departmental meeting,
6. Staff units,
7. Coordinating officers and
8. Regional councils.

The above means provide an opportunity for the employees working in the organization to sort out the differences and bring coordination.

### **Standardization of Procedures**

Procedures and methods adopted in transacting the business of administration are multiple. A general standardization of these procedures and methods may help in removing multifarious tendencies of overlapping and thereby coordination can be brought about in an organization.

### **Effective Communication**

Proper and timely communication operating from top to bottom and bottom to top helps to sort out the differences and to bring out coordination.

### **Informal Means**

Coordination can be brought about in an organization through informal means such as personal contacts, committees, conferences and through good leadership.

Coordination helps to avoid conflicts, develop team-work and to improve efficiency. Therefore, coordination is considered as an important principle of organization.

## 2.12 Centralisation vs decentralization

Centralisation vs decentralization is another important principle of organization. In this unit let us explain the meaning, merits and demerits and the factors that determine the principle of centralization vs decentralization.

(Space for Hints)

### Meaning

Centralization refers to the concentration of authority at the top and decentralization refers to dispersal of authority among a number of individuals and the units of organizations.

According to L.D. White centralization is a process of transfer of authority from lower to a higher level of Government. Centralisation and decentralization are relative terms. We can hardly find either a fully centralized or a fully decentralized system of organization. It may be either more centralized or more decentralized. Thus, centralization or decentralization refers to 'the tendency of either concentration or dispersal of authority.

### Merits of Centralization

The important advantage of centralization system of an organization is that it provides for a maximum amount of control. It ensures effective control over all the units of the organization. It provides uniformity in all the work is done in the same manner and in accordance with the same general policies and principles. It prevents abuse of administrative authority. It makes coordination easier and it gives priority to national interest over local interest.

### Demerits of Centralization

The main demerit of centralization is delay in securing action. It lacks flexibility of approach. It leads to delay in decision making. It does not enable the people to participate in decision making. The subordinate officials have no opportunity to take initiatives. Too much burden is put on headquarters. Decisions can not be made in tune with local needs.

### Merits of Decentralization

As it is pointed out earlier, no organization is completely centralized or completely decentralized. Decentralization of powers is inevitable in every organization. It lessens the burden of the headquarters and strengthens the field agencies. It reduces delays, red tapism and encourages quick action. It leads to develop

#### Check Your Progress Questions

5. Pointout the Principles of Co-ordination.

morale among the employees. It helps to develop a sense of confidence and participation among the subordinates. It facilitates experiments by various units. Decisions can be taken on the basis of local requirements.

### **Demerit of Decentralization**

The principal demerit of decentralization is the delay in securing action. Excessive decentralization may lead to anarchy. It makes coordination very difficult. It is neither possible nor desirable to have complete decentralization. The quick means of transport and communication do not favour decentralization. Uniformity in administration is unlikely to be secured. Local interest may take precedence over national interest.

### **Factors that determine the principle of centralization or decentralization**

Centralization or decentralization of authority depends upon certain factors.

They are:

1. Factors of responsibility,
2. Administrative factors,
3. Functional factors and
4. External factors.

### **Factors of Responsibility**

If the departmental head or organizational head is made responsible for all the activities, he may not prefer decentralization of authority. The head of the organization, in such an organization prefers to direct and control all the activities of the organization.

### **Administrative Factors**

The important administrative factors that determine centralization or decentralization are the following:

1. Age of the organization,
2. Stability of its policies and methods,
3. Competence of its field personnel and
4. Pressure for speed and economy.

### **Age of the organization**

If the organization is quite old, it could be possible to standardize the work that each individual need to be carried out. Therefore, decentralization of authority may be preferred in the old organization.

Space for Hints)

## **Stability of its Policies and Methods**

If there is stability of policies and methods in an organization, decentralization of authority will be preferred.

## **Competence of its Field Personnel**

If the field personnel are quite competent in an organization, decentralization of authority will be preferred.

(Space for Hints)

## **Pressure of Speed and Economy**

If there is more pressure for speed and economy, the head of the organization will prefer centralization of authority.

## **Functional Factors**

If an organization carries out the same type of functions, centralization of authority will be preferred. If an organization has to carry out a variety of functions of technical nature, then the decentralization of authority will be preferred in the organization.

## **External Factors**

If there is demand for more popular programmes of the organization and there is demand for planning from below, then the decentralization of authority will be preferred in that organization.

A close analysis of the merits and demerits of centralization vs decentralization makes it clear that everything depends on the character of work to be performed and the special conditions to be met. A single system of organization cannot be adopted in all the activities and in all circumstances. Centralization or decentralization must be decided on its own merits according to the concrete factors of situation.

Integration Vs disintegration is an important principle of organization. When all Governmental organizations are put under the control of the chief executive, there the principle of integration is followed. When some Governmental organizations are allowed to function outside the control of the chief executive, there the principle of disintegration is followed.

## **2.13 Meaning of Integration**

The simple meaning of integration is unification. Under the integrated system the various services maintain their distinctive character and perform work in their respective fields. They are so grouped as to bring them into close relationship with one another. Thus, by grouping, they become the several parts of the same organization. Under the integrated system the lines of authority runs unbroken from the chief executive through various levels to all the parts of the system so that all are connected and linked together.

## **Meaning of Disintegration**

In disintegration each service is treated as an independent unit having no direct relations to other services. Under this system the line of authority runs from the operating service direct to the legislature by which it was created and which directly controls it. In this system all the officers and commission are not linked together. They are independent of each other.

(Space for Hints)

The Indian system of administration is integrated while the American system of administration is a disintegrated one. In India, all the Governmental organizations are put under the control of the Chief Executive. The Chief Executive in India is the President. He is only a nominal head. The real Chief Executive power is vested in the Council of Minister. The Ministers in the Council of Ministers are too many in number and therefore, they are able to control all the Governmental organizations. Therefore the integrated system of administration is possible in India. In America, the Chief Executive is the President of America. He is both nominal and real executive. If all the Governmental organizations are put under the control of the President, he may not be able to effectively control over all the Governmental organizations. Therefore, some Governmental organizations in America are created by the Federal Legislature to function independently from the control of the Chief Executive. Thus, the principle of disintegration has been adopted in America to lessen the burden of the American President.

## **Merits and Demerits**

The integrated system is commonly found in the different countries of the world. It facilitates coordination whereas the disintegrated system creates anarchy and conflict. As the work of the Government is fast expanding, all the departments should be integrated. Otherwise, there shall be administrative anarchy. Integrated system enables the departments to function in the open and free from the influences of bosses, pulling the wires from behind the sea. Integration removes the possibility of overlapping of functions and activities. By a proper grouping of services together efficiency, economy and effective utilization of resources can be secured. In disintegration proper grouping of services is not maintained. It leads to inefficiency of work and waste of money, material and energy. In the integrated system, the Chief Executive can perform the budgetary functions, in a better way. He knows the work, programmes and the resources available in all the departments. So he can easily frame the budget. Integration enables the Chief Executive to control and supervise the Government organizations effectively. It keeps the span of control within proper limits. It leads to better cooperation among the different organizations of the Government.

It is said that the integrated system is more meritorious than the disintegrated system. Therefore, integrated system has been universally accepted as the basis of administrative organization. In America, the disintegrated system has to be adopted as the President is unable to control and supervise the different Government organizations as he is both the nominal and the real Chief Executive.

## 2.14 SUMMARY

(Space for Hints)

This unit has given definition and importance of organization organization form the basis of administration. Organization is in the form of human association for the attainment of common purpose. The meaning and characteristics of informal and formal organization has been brought out. Basic concepts and principles of organization has been analysed. These principles only lead to sound organization.

## 2.15 KEY WORDS

Shadow organization - Scalar process - Pyramid type of organization - Flow of authority - Graicunas Theory - Dual command - Principle of Reciprocity - Clicutele Auxillary Agency

## 2.16 ANSWERS FOR CHECK YOUR PROGRESS QUESTIONS

- For Question No.1 ... Refer Section No. 2.2  
Question No.2 ... Refer Section No. 2.4  
Question No.3 ... Refer Section No. 2.7  
Question No.4 ... Refer Section No. 2.9  
Question No.5 ... Refer Section No. 2.11

## 2.17 BOOKS FOR FURTHER READING

1. A. Avasthi and S.R. Maheswari, **Public Administration**, Agra, Lakshmi Narain Aggarwal, 1996.
2. C.P. Bhabri, **Administration in a Changing Society: Bureaucracy and Politics in India**, Delhi, Vikas, 1991.
3. D. Waldo (ed), **Ideas and Issues in Public Administration**, New York, McGraw Hill, 1953.

## 2.18 MODEL QUESTIONS

1. Make a distinction between formal and Informal organization
2. Examine the principles of hierarchy
3. Write an essay on the bases of organization
4. Distinguish between line and staff.

## **UNIT - 3**

# **STRUCTURE OF ORGANIZATION - UNITS OF ORGANISATION**

(Space for Hints)

### **INTRODUCTION**

Types of organization are three, one is Department, another is corporation, and the last one is Independent Regulatory Commission. In this the Department is a fundamental unit of administration. The structure of the Department is different from country to country and also Department to Department. Another type of organization is public corporation. Public corporation is a legal person. There are different types of public corporation. Another type of organisation is the Independent Regulatory commission which is a peculiar one in united states. In this unit we will be learning about the functionary of these three different types of organisations. We will analyse which type of organization is best suitable for public administration. We will study in this unit the merits and demerits of these organizations.

### **OBJECTIVES**

To know about the Departmental organizations in India.

To understand the functions of the political head of the Department.

To know about the wide range of activities of Public Enterprises.

To study about the objectives of public enterprises

To understand the important characteristics of public corporation.

What is a company form of public Enterprise?

To know about the merits and demerits of Independent Regulatory Commissions.

### **UNIT STRUCTURE**

Bases of organisation

Purpose

Process

Person

Place

Units of organisation

Line Agency

Staff Agency

Auxiliary Agency

Kinds of organisation

Departmental organization  
Departmental organization in India  
Departmental form of Public Enterprises  
Corporation form of Public enterprise  
Company form of Public Enterprises  
Independent Regulatory Commission

(Space for Hints)

### **3.1 Bases of the Organization**

Structuring of individuals and functions into productive relationship is called an organization. Luther Gullick and Lyndal Urwick have pointed out that the individuals and functions can be structured to achieve a purpose through four bases.

They are

1. Purpose,
2. Process,
3. Persons and
4. Place.

#### **Purpose**

When the administrative organization is structured on the basis of the purpose to be achieved, then that base of the organization is called purpose base organization. Each organization is in charge of a single major purpose such as public health department, educational department and agricultural department.

#### **Merits**

In this type of organization all the persons are engaged to achieve the same purpose. They are placed under one Director who takes decisions promptly and applies his direction. This principle of organization brings economy and efficiency in administration. The purpose basis of an organization is in harmony with democratic principles. It ensures a better discipline because the employees are required to work as a unit under the direction and control of one officer. This system is more democratic because responsibility for failure can be affixed. It makes the administrative organization easily understandable to the citizens and simplifies their dealings with the administration.

#### **Demerits**

The purpose basis of an organization is not practicable, as it is not possible to divide every activity into a major purpose. Purpose is an elastic term capable of too narrow' and too broad interpretation. Therefore, a balance between the two extremes becomes rather difficult. This system may lead to departmentalization and develop in the departments empire-building tendency. In this system there is a possibility of overlapping and duplication of work.

## **Process**

Process means a technique more or less specialized in nature. For example, engineering, legal advice, medical care etc., are more or less specialized in nature. Organization created on the basis of process would produce departments like engineering, law, medical service. If other departments require the services of the engineers, they will have to get from the engineering department.

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## **Merits**

When departments are organized on the basis of process, full use of the machinery and costly equipment will be made possible. Division of labour and specialization of functions will be possible. Activities of all the personnel performing similar work can be properly coordinated. This system is quite good for the development of career service.

## **Demerits**

The process basis of an organization kills the objectives for which administration is organized. It carries rigid professionalism and dead routine. It makes coordination difficult to achieve. Failure of one process department will affect the whole enterprise. It attaches more importance to means than the ends. The object of public welfare is lost sight of. It is not an economical system it loses the services of the generalist administrators.

## **Person**

Some administrative organizations are structured on the basis of persons to be served. Such an organization looks to the needs of the particular class of people. The Rehabilitation Department, the Department of the Scheduled Caste, the Department of Tribal Welfare are some of the organizations structured on the principle of persons to be served.

## **Merits**

This system of organization simplifies the relationships of the groups concerned with the administration. It facilitates coordination of several services provided for the beneficiary groups. It develops the capacity of understanding and solving whole problems instead of dealing with them in a fragmentary way. It develops the beneficiaries.

## **Demerits**

This basis of the organization can not be applied universally. It is not easy to define the proper jurisdiction of such departments. The staff of this organization will develop into jacks of all trades but master of none. This is because they will have to

deal with heterogeneous problems of limited groups. The pressure groups may make the organizations to serve their own interests at the cost of the interest of the other groups.

### **Place**

When an administrative organization is structured on the basis of area principle then the basis of that organization is place base organization. The department of Foreign Affairs, the Police Department, the Department of Post and Telegraphs, the Department of Railways are organized on the principle of places to be served.

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### **Merits**

The place basis of an organization is suitable where long distance and subsequent facilities of communication are involved. It facilitates the greater adoption of policies to the needs of the places concerned. It is suitable to a better expression of needs and aspirations of the people of the various regions.

### **Demerits**

This system stands in the way of uniformity of administration. It is incapable of universal or general application. It encourages localism at the cost of nationalism. It gives birth to regional interest and pressure groups to the detriment of the national interest.

It is evident from the above discussions that the four bases can be regarded as absolutely the best. Each of them has both its advantages and disadvantages. Therefore, the choice of the basis of the organization should be governed by the circumstances to be dealt with in each individual case.

## **3.2 Units of Organization**

According to Luther Gulick and Lyndal Urwick every organization can be divided into three units or agencies. They are:

1. Line Agency,
2. Staff Agency and
3. Auxiliary Agency.

The words line, staff and auxiliary have been borrowed from the military vocabulary. In army, line officers command the troops in the field of war. They do the actual works of fighting. The staff and auxiliary units supply food, medicines, arms, ammunitions, etc. The staff and the auxiliary units do not fight in the war but help the fighters to achieve the main purpose for which army is created. Let us discuss in this unit about the three units of the organization.

#### **Check Your Progress Questions**

1. What are the bases of Organisation?

## **Line unit**

Line unit is concerned with the provision of service for the people. It is organized on the basis of major substantive purpose. It is concerned with the primary purpose for which it exists. A single line of command runs from top to bottom. The activities of the line agency are primary in nature. For example, the primary activity of the Home Department is to maintain peace and order in the country. The line unit exercises authority or command. The main task of line agency is to run the services. It comes in direct contact with the people. It issues orders down the line. In India and other countries the line unit is found in the form of Department, Public Enterprise and Independent Regulatory Commission.

## **Staff Unit**

The staff unit generally consists of general staff, technical staff and auxiliary staff. The general staff provide general advice to the line unit. The technical staff provide technical services to the line agency. The auxiliary staff provide necessary services to the general staff and technical staff so that they can provide general and technical services to the line agency. Thus, the staff agency is not the main agency. It exists to assist the line agency. It provides necessary advises and assists the line agency. It remains behind the curtain. It does not have power to issue orders.

Pfiffner has mentioned the following functions as the functions of the staff unit. They are:

1. Advising, teaching and consultation,
2. Coordination and winning over opposition to the decision taken,
3. Fact finding and research,
4. Planning,
5. Contact and liaison with other organizations and individuals to know what is going on,
6. Assisting the line by working with it, but without infringing its authority and
7. Sometimes, exercising specially delegated authority from the true commander,

L.D. White has mentioned certain functions as the functions of the staff unit. They are:

1. To assure that the Chief Executive is adequately and correctly informed,
2. To assist him in foreseeing problems and planning future programmes,

3. To ensure that matters for his decision reach his desk promptly and to help in setting them intelligently and without delay,
4. To exclude every matter that can be settled elsewhere in the organization,
5. To protect his time and
6. To secure means of ensuring compliance by subordinates with established policy and executive direction.

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Thus, the main functions of the staff agency are to advise and assist the line agency. The staff agency does not go beyond the scope of advice and assistance. It does not try to take the executive power in its hands while discharging the primary activities. The staff agency stands outside the line agency. Its function is not to command but to advise. It is not part of the main executive.

### **Auxiliary Unit**

Auxiliary unit carries out certain functions common to the various administrative departments. It serves the line agency. Formerly every department maintained its own accounts, handled its own funds, purchased all its supply and recruited its own personnel. However, today, it is realized that these functions should be organized under separate agency serving commonly to all the departments. Such an agency is called an auxiliary agency.

### **Difference between Staff and Auxiliary Agencies**

1. The auxiliary agency performs operating service such as purchase of material, recruitment of personnel, storing and issue of supply, etc. On the other hand, staff agency is only thinking, observing, planning and advising agency. It does not perform any operating functions. It merely advises the line agencies.
2. The auxiliary agency is concerned with the maintenance of the existing departments and their activities. It does not deal with policies, whereas the staff agency is concerned itself with the reforms in the organization and methods of departments. It suggests improvements in the existing policies and plans for the future.

Some thinkers are of the opinion that the distinction between staff and auxiliary is hardly tenable. Both of them are centralized units close to the Chief Executive. Therefore, they prefer to place the auxiliary under the staff unit along with general staff and technical staff.

### 3.3 Kinds of Organization

Literally, the word Department means a part or a portion of a larger whole. Sometimes it denotes part of the administrative structure. In France, the name Department is given to each of eighty-nine territorial subdivisions into which the country is divided for administrative purposes. In Public Administration the word Department means, the biggest block into which the work of the Government is divided. Therefore, a Department is a fundamental organizational unit of administration.

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The structure of Departments varies from country to country and from Department to Department within the same country. However a general pattern is followed in broad outline by Departmental organization.

### 3.4 Departmental Organization in India

In India, the work of the Central Government is divided into a number of Ministries. A Ministry may consist of a single Department or a number of Departments. The top of each Department has a political head known as the Cabinet Minister. He is assisted by a Minister of State and a Deputy Minister. They are at their posts on the strength of their position in party in power and not by reason of any technical qualification. The reason for selecting of layman as the Minister is that he will be able to see the Department as a whole. Since the Minister is a leading politician, he serves as a link between the administration and the Legislature that consists of the representatives of the people.

#### Functions of the Political Head of the Department

The Political head of the Department performs three important functions. They are:

1. He makes policies in respect of the Department,
2. He supervises and controls the implementation of policies by the officials working in the Department,
3. He answers to the questions put by the members of the Legislature for the omissions and the commissions in the Department.

The Minister as it is pointed out earlier, is a layman. He heads the Department so long as his party enjoys majority in the Legislature. His portfolio also may be changed. Generally he does not have technical qualification to manage the affairs of the Department. In order to help him and advice him in the performance of his functions, a Secretariat Department has been created in the Secretariat. There are number of Ministries/Departments in the Secretariat. These Ministries/Departments assist and advice the concerned Minister in the performance of his functions.

#### Check Your Progress Questions

2. Explain the function of Auxiliary Agency.

The head of the Secretariat Department is called the Secretary. He is assisted by Joint Secretaries, Deputy Secretaries, Assistant Secretaries/Under Secretaries, Section Officers, Assistants, Junior Assistants, Typists and Peons.

The important functions of the Secretariat Department are:

1. To help and advice the Minister in the formulation of a detailed policy,
2. To help the Minister in the supervision and control of the implementation of policies,
3. To gather information regarding omission~ and commissions in the Department and hand them over to the Minister so that the will be able to answer to the questions put by the Members of the Legislature.

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In India, as it is mentioned earlier, a Ministry may consist of a single Department or a number of Departments. For example, the Ministry of Finance has three Departments. They are:

1. Department of Expenditure,
2. Department of Economic Affairs and
3. Department of Revenue and Banking.

Each Department is headed by a Secretary and controlled by him. Each Department is divided into Divisions. For example, the Department of Expenditure is divided into six Divisions. They are:

1. Establishment Division
2. Defense Division,
3. Cost Accounts Division,
4. Plan Finance Division,
5. Special Division and
6. Bureau of Public Enterprises.

Department of Economic Affairs is divided into six Divisions.

They are :

1. Budget Division,
2. Internal Finance Division,
3. External Finance Division,
4. Economic Division,
5. Administrative Division and
6. Insurance Division.

Department of Revenue and Banking is divided into two Divisions. They are:

1. Revenue Division and
2. Banking Division.

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The Ministry of Finance carries out a number of functions with the help of the officers working in the different Divisions, and assisted by a number of officials. Sometimes in each Department, there are Attached Offices, Subordinate Offices and Executive Departments to help the Secretariat Department in carrying out the different functions. For example, in the Department of Revenue, there are two Executive Departments. They are:

1. Central Directorate of Direct Taxes and
2. Central Directorate of Indirect Taxes

Each Executive Department, Attached Office or Sub-ordinate Office is headed by a Director General and assisted by Directors, Joint Directors, Deputy Directors, Assistant Directors, Section Officers, Assistants, Junior Assistants, Typist and Peons. These organizations help the Secretariat Department in carrying out the different functions.

### **Public Enterprise**

A Public Enterprise means an organization endowed with a legal personality and set up by or under the provisions of a statute for undertaking on behalf of the Government of India. The Public Enterprise may be of industrial, commercial or financial nature or special service in the public interest and possessing a large measure of administrative and financial autonomy. A Public Enterprise according to Khera means the industrial, commercial and economic activity carried on by the Central Government or by a State Government or jointly by the Central Government and State Government and in each either solely or in association with private enterprise is managed by self-contained management.

Public Enterprises are engaged in a wide range of activities. They are :

1. Advancing loans,
2. Regulating trade,
3. Organizing promotional and development activities,
4. Manufacturing heavy machinery and machine tools,
5. Drilling for oil and refining crude oil,
6. Operating air, sea, and road transports,

#### **Check Your Progress Questions**

- 3 Explain the functions of the Political Head of the Department.

7. Mining of coal and mineral ores,
8. Smelting and casting of steel and other metals,
9. Production and distribution of milk, trading, hotels, markets, etc.

### **Growth of Public Enterprises in India**

There were five Public Enterprises during 1951 and the total investment was 29 crores rupees. By 2008 there were 243 Public Enterprises with a total investment of 10 lakhs crores rupees.

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### **Objectives of Public Enterprises**

The promotion and development of Public Enterprises are guided by certain economic and social objectives. The various objectives of Public Enterprises may be summarized under two main heads. They are:

1. General objectives and
2. Specific objectives.

#### **General objectives**

General objectives include accelerated economic growth, and social objectives like avoidance of concentration of wealth, reduction in disparity of income, help the underprivileged and development of industrially backward regions.

#### **Specific Objectives**

Specific objectives are not common to all countries. They are specific to different countries. The specific objectives of Public Enterprises in India are the following:

1. Resuscitate private enterprises,
2. Facilitate aid and trading with East European countries,
3. Provide fair treatment to labour,
4. Control the commanding height of the economy,
5. Augmenting revenue of the state,
6. For rapid industrialization,
7. Competing with private enterprise,
8. Provide employment and avert unemployment,
9. Implementing some specific schemes,
10. Enhance production of essential goods,
11. Conserve foreign exchange, etc.,

## **Forms of Public Enterprises**

Public Enterprises in India are organized into three major forms. They are:

1. Departmental form of Public Enterprises,
2. Corporation form of Public Enterprises and
3. Company form of Public Enterprises.

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### **3.5 Departmental form of Public Enterprise**

The Railways and the Post and Telegraphs are the two major Departmental form of Public Enterprises. Besides, All-India Radio, Doordarsan, Defence Production Units, Atomic Power Projects, Government Printing Press, etc. are also organized as Departmental form of Public Enterprises.

#### **The characteristics of a Departmental form of Public Enterprise**

The important characteristics of the Departmental form of Public Enterprise are the following:

1. The investment is wholly made by the Government,
2. It is financed by annual appropriation from the Treasury. Also all its revenues or a major part of it are paid into the Treasury,
3. It is subject to budget, accounting and audit control which are applicable to other Government Departments,
4. Its permanent staff consists of civil servants. Also their methods of recruitment and service conditions are ordinarily the same as other civil servants.
5. It is generally organized as a major sub-division of one of the departments of the Government and is subject to direct control of the head of the department,
6. It possesses sovereign immunity of the State and cannot be sued without the consent of the Government,
7. It is accountable to the Parliament through the concerned Minister,
8. It is created by an executive resolution. Prior approval of the Parliament is not required to create it.

#### **Advantages of Departmental form of Public Enterprise**

There are number of advantages in the Departmental form of Public Enterprise. They are:

1. It provides for a minimum degree of control by a Minister who is politically responsible to the Parliament.
2. It facilitates a clear relationship with other parts of the Governmental structure.
3. It enables the Government to have better control over its funds. Thus it prevents the public money from being misappropriated and misused.
4. It is a well-known form of organization, having fixed rules and standard patterns.
5. It is most suitable for those enterprises which are set up for special reasons like defence, strategic importance, national security, economic control, financial control safeguarding public interest, and so on.

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### **Disadvantages of the Departmental form of Public Enterprises**

There are number of disadvantages in the Departmental form of Public Enterprise. They are:

1. It directly negates the requirements of autonomy due to excessive control.
2. It militates against initiative and flexibility of the enterprise.
3. It leads to rigid financial and budgetary control.
4. It has rigidity of rules and regulations and red tape leading to delays.
5. It does not facilitate sufficient delegation of authority due to over centralization.

The Departmental form of Public Enterprise is not used for economic and financial enterprises in recent times because of its rigidity and delay.

### **3.6 Corporation Form of Public Enterprise**

A Corporation form of Public Enterprise was developed in the second half of 20<sup>th</sup> century. W.A. Robson said, "Public Corporation is the most important invention of the twentieth century in the sphere of Government institutions."

#### **Important Public Corporations of the Central Government**

The important Public Corporations of the Central Government are:

1. Reserve Bank of India (1935)
2. Damodar Valley Corporation (1948)
3. Industrial Finance Corporation of India (1948)
4. Air India International (1953)

## **Important Public Corporations of the State Government**

The important Public Corporations of the State Government are:

1. State Road Transport Corporation,
2. State Financial Corporation,
3. State Electricity Board,
4. State Land Mortgage Bank.

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## **Important Characteristics of Corporation form of Public Enterprise**

1. It is wholly owned by the State, that is, its entire capital is provided by the Government.
2. It is created by a special law of the Legislature. This special law defines its objectives, powers, duties and privileges and also prescribes the form of management and its relationship to the Government Departments. The State Legislatures can create State Corporations only under the enabling Acts of the Parliament.
3. It has a separate entity for legal purposes and can sue and be sued, enter into contracts and acquire property in its name.
4. It is usually independently financed except for appropriations to provide capital or to cover losses. It obtains its funds from borrowing and from revenues derived from the sale of its goods and services. It is authorized to use and reuse its revenues.
5. It is generally exempted from most regulatory and prohibitory statutes applicable to the expenditure of public funds.
6. It is ordinarily not subject to budget, accounting and audit laws and procedures which are applicable to non-corporate agencies.
7. Its employees are not civil servants and are recruited and remunerated under terms and conditions which are determined by the corporation itself. It enjoys functional autonomy and is not subject to direct control of the head of the department in its normal operations. Except for the formal policy directions issued to it by a Minister, it is guided by the statute which created it. It is managed by a Board of Directors appointed by the Government. One of the Directors is appointed as the Chairman of the Board.

### **3.7 Company form of Public Enterprise**

The Company form of Public Enterprise is created under the Indian Companies Act, 1956. This form of Enterprise is also known as Government Company. The Government Company means any Company in which not less than 51 % of the paid

up share capital is held by the Central Government or by any State. Government or Governments or partly by Central Government and partly by one or more of the State Governments and includes Company which is a subsidiary of a Government Company as thus defined.

### **Characteristics of a Government Company**

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A Government Company has the following main features:

1. It has most of the features of private limited Company.
2. The Central Government or the State Government holds at least 51 percent of the paid up share capital of the Company either singly or jointly with other State Government or Governments.
3. It is a body corporate incorporated under the Companies Act and therefore may sue or be sued in its own name.
4. It is created by an executive decision without a specific charter of its own as approved by the Parliament.
5. The Company is managed by a Board of Directors. The Government nominates the majority of the Directors on the Board of Directors of the Company either in proportion to its equity holding or by a special agreement to that effect with the outside shareholders.
6. Its funds are obtained from the Government, if it is fully owned and also from private shareholders if it is not fully owned.
7. Its employees (excluding those who are on deputation from other Departments) are not civil servants. Its personnel policies are regulated by its Articles of Association.
8. It is exempted from the accounting and audit laws and procedures applicable to the Government Departments.

There are number of advantages in the company form of public enterprises.

They are :

1. Advantages of Company form of Public Enterprises at par with Private Enterprise: When a Government wants to conduct a business enterprises, it is reasonable that it puts itself on par with a private enterprise.
2. Facilitates taking over private concern: This form of organization facilitates the taking over of a running private concern by the Government only by acquiring more than 50% of its paid up equity share capital.

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3. **Private Participation in Government Companies :** This form facilitates participation of private persons or enterprises in Government Companies.
4. **No need of Special Act:** Government Companies are registered under the common law of the country. Hence it needs no special Act for the establishment of the Company form of Public Enterprise.
5. **Advantages of the Corporation form of Public Enterprise:** Company form of Public Enterprise enjoys all other advantages available to Corporation' form of Public Enterprise.

### **Disadvantages of the Company form of Public Enterprise**

The Principal defects generally attributed to the Company form of Public Enterprise are:

1. **It Evades Constitutional Responsibility:** This form evades the constitutional responsibility that a state-owned enterprise should observe. It is created by executive action without specific approval of the Parliament. Parliament also does not discuss the reasons for the setting up a Government Company or its Constitution.
2. **Concept of Limited Liability:** The concept of limited liability in itself is confusing as the Government holds the majority shares.
3. **Political Interference:** The Government being the sole shareholder in most cases, the autonomy of the undertaking is always at stake and very much depends upon the controlling Ministries which drafts and can revise its Articles of Association. The managers of some Government Companies feel that they are autonomous only in name and operate as adjuncts to their Ministries. In this sense, autonomy is meaningless.
4. **Constitution of Board of Directors:** The Constitution of the Board of Directors and Appointment on it are naturally reserved to the Government. In many cases, the constitution of the Board changes with the change of party in power and appointments on the Board are made on political considerations.
5. **Inefficient Management:** The Government Company also suffers, like any other public unit, from inefficient working on account of the following reasons

- a) Salaried and nominated directors cannot take personal interest in managing the affairs of the Company,

**Check Your Progress Questions**

4. Bringout the merits of Corporation type of organisation.

- b) Official domination reduces any incentive for economy and efficiency,
- c) Full Government control, hence no flexibility. It is not run on business principles in practice.

### **Suitability of Company Form of Public Enterprise:**

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The Company form of organization is suitable for the following types of Public Enterprise:

1. When it is an industrial and manufacturing concern, or
2. Where the concern is financed by more than one Government, or
3. Where the public has also subscribed to the share capital of the concern along with the Government, or
4. When the industry has been nationalized, or
5. When the Government has no time to get the special Act of Parliament passed, or
6. When the Government wants to start a new business in collaboration with private enterprise.

### **Problems of Public Enterprises:**

The performance of Public Enterprises is not satisfactory. The following are some reasons.

1. ***No Systematic Criteria for Investment Decision:*** The Government's investment decisions relating to Public Enterprises are often not preceded by a detailed evaluation of the nature of potential demand, import content, availability of technical and executive personnel and cost-benefit analysis. Most of the investment decisions are taken under political pressures from different quarters. Hence they prove wrong later and undesirable consequences ensue. No systematic criteria has been evolved for investment decisions in Public Enterprises.
2. ***Unduly long Gestation Period:*** The projects in most of the cases take more time than they require. This is because of the faulty or inadequate planning or project reports. The personnel attached with the project are also not in a hurry and to make worry for the timely completion of the project. This has resulted in rising cost and longer delays in the supply of goods and services. It adds some additional burden on the profit of the public enterprise.

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3. **Poor Management:** Undoubtedly, the management of Public Enterprises in our country is very poor. Some of the responsible factors are:
  1. The Chief of Public Enterprise is not free to work. He is under bureaucratic control of the administrative ministry, and can do nothing at his own,
  2. Most of the Public Enterprises are manned by the Civil Servants who are not professionals and therefore are not fit to hold a managerial position in a Public Enterprise,
  3. Ministerial control and interference are found even in day to day affairs of the units,
  4. The appointments of Chief Executives are not for long. Hence they take little interest in the performance and growth of the organization which they are supposed to manage,
  5. Absence of scientific administrative policies and control methods are other reasons for poor management of Public Enterprises.
4. **Political Interference:** On the face of it, Public Enterprises serve the good but it is not so in reality. Various studies show that there is too much political interference. The top executive and the members of the Boards of Directors are appointed by the Government not on merit but on political considerations. The interference of the ministry in day to day functioning of the firm is not-rare. Most of the decisions taken in the Board meetings are backed by political considerations and not by economic considerations.
5. **Over-Capitalization:** Indian Public Enterprises suffer from over capitalization because money is made available to the Public Enterprises by the Government just for asking. Many projects like Trombay Fertilizer Project, Heavy Engineering Corporation, etc. are over-capitalized, making capital output ratio unduly unfavorable. Locking up of precious capital is a waste of national resources from the community point of view and is the result of faulty planning, faulty locational decisions and incurring avoidable expenditure on the installation of surplus machines and capacity.
6. **Unscientific Personnel Policies:** It is a matter of common knowledge that almost every Public Enterprise is over-staffed because of the

political consideration. Moreover, there is no scientific recruitment, training, promotion and other personnel policies. There is no accurate estimate of manpower requirements. As a result, excess labour is often employed. A person once appointed cannot be removed due to strong trade unions and adequate job security. Vacant posts of chief executive and the members of the Board are kept for long because the person of required caliber are not available easily.

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7. ***Under-utilization of Installed Productive Capacity:*** Low capacity utilization is one of the important reasons of unsatisfactory performance of our Public Enterprises. The unutilized installed capacity results in locking up of our scarce resources. It is mainly due to wrong estimate of future demand, and various bottlenecks in production following the nonavailability of power or of an important component of machinery, or of trained personnel or labour trouble.
8. ***Large Social Overhead Expenditure:*** Large overhead expenditure is generally incurred in social overheads, such as building of townships, schools, hospitals and theatres.
9. ***No Proper Price Policy:*** The main purpose of public undertakings is to attain various socio-economic objectives. They are not guided by profit motive. In other words, no profit policy is announced so far. The consequence of absence of price policy is that even to day, prices of the commodities and services are fixed by public sector undertakings arbitrarily and not on the basis of cost benefit analysis.
10. ***Lack of Incentives:*** One of the vital problems of the Public Enterprise is lack of incentives to lower level workers and to managerial class. Without incentive to work, nothing good can be done. The personnel in Public Enterprises are governed by rules, regulations and conventions in the matters of pay scales, promotions and fringe benefits. Merit or good performance of the person is not a criteria for his advancement.
11. ***Lack of Research and Development:*** Yet another aspect that needs proper attention is research and development. Lack of proper research and development makes the goods and services uncompetitive in the international market. Proper research facilities in Public Enterprise may help achieve better productivity, quality control, product diversification, lower production costs, etc. all with a view to attaining international competitiveness.

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12. ***Lack of Coordination among Various Public Undertakings:*** There is hardly any coordination among the various Public Enterprises which are directly or indirectly dependent upon each other. Greater efficiency and higher returns on investments can not be achieved unless there is a proper coordination among them.
13. ***Unsuitable Audit System:*** The audit of accounts and other activities of public undertakings are done by the auditors appointed under the instructions of the Comptroller and Audit General of India. Consequently, the audit work is not done on commercial expediency.

### **Suggestions to Improve the Efficiency in Public Enterprises**

To improve their performance, following suggestions may help:

1. Political interference in public undertakings should be avoided at least in routine matters. Sufficient autonomy should be provided in day to day functioning. The Government should be concerned only with the productivity.
2. The top executive of the Board of Directors should be given clear-cut objectives and complete freedom to function accordingly thereafter. They should be empowered to take decisions in matters which are fully under their authority.
3. The top executive should also know the 'penalty' or 'negative actions against him' that might have been paid or taken for inefficient functioning.
4. Special care should be taken to utilize the unutilized production capacity.
5. Proper incentive should be given to efficient workers and managerial personnel.
6. The personnel policies regarding recruitment, promotion, training, executive development etc. should be properly and sufficiently defined and should be made known to every body concerning them.
7. Civil servants as chief executives of Public Enterprises should not be appointed unless it is necessary. The services of trained and experienced managerial personnel should be made available to the Public Enterprises.
8. Efficient cost accounting and control system should be instituted in Public Enterprises so that the cost of production and cost per unit may be found out easily and controlled effectively.

9. The Public Enterprises should handle their financial problems independently. The Government should provide only the initial investment and thereafter they should be set free from all financial control of the Government except audit controls.
10. Statistical quality control devices should be used widely in the Public Enterprises to keep proper control over the quality of products manufactured by them Public Enterprises.
11. Exhaustive internal and external market surveys should be conducted before commencing the production with a view to have a correct estimate of demand and supply.
12. There must be proper cooperation and coordination between the private and the public sector and among various public sector undertakings.

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### **3.8 Independent Regulatory Commissions**

The Commission form of organization has been extensively employed in the administration of public affairs, though generally speaking, unitary control of administrative services is now increasingly favoured. The commissions in India may, be classified into three broad categories from the point of view of their source of origin.

#### **Three categories of commission**

The Constitution of India mentions a few of such organizations. They are the Election Commission, the Union Public Service Commission, etc. These organizations are, thus backed by constitutional sanctity.

Secondly, Boards and Commissions may be set up by Acts of the Parliament. The University Grants Commission, the Railway Board, the Central Board of Revenue, the Oil and Natural Gas Commission, the Atomic Energy Commission, the Flood Control Board, etc., have been set up under statutes passed by the Indian Parliament.

Thirdly, the Commissions may be brought into being by an executive resolution of the Government. The Central Social Welfare Board, Planning Commission the Handicrafts Board, the Handloom Board, the Central Water and Power Commission, etc., may be cited as examples of Boards and Commissions created by the resolutions of the Government.

It is appropriate to point out here that the Indian Commissions are not like the Independent Regulatory Commissions of the United States. The former are not Independent in the sense in which it is understood in the U.S.A. In that country, the

Commissions are virtually free from the Presidential control. The Commissions in India do not enjoy such a degree of Independence.

### **Independent Regulatory Commissions in the U.S.A.**

The Independent Regulatory Commissions are characteristically American device to undertake public regulation of private economic activities. At present there are nine Independent Regulatory Commissions in the Federal Government of the U.S.A. They are:

1. Inter-State Commerce Commission,
2. Civil Aeronautics Board,
3. Federal Power Commission,
4. Federal Communications Commission,
5. Federal Trade Commission,
6. National Labour Relations Board,
7. Securities and Exchange Commission,
8. Board of Governors of the Federal Reserve System of Banks popularly called the Federal Reserve Board and
9. Traffic Commission.

### **Functions of Independent Regulatory Commissions**

Broadly speaking, the Regulatory Commissions perform two sets of functions.

First, they set up standards and rules to govern the behaviour of a particular industry in future.

Secondly, they also enforce these standards and rules and prosecute the defaulters. The Commissions are, thus engaged in administrative legislation and administrative adjudication.

### **Features of Independent Regulatory Commissions**

These bodies are marked by three features. They are:

1. These Commissions are manned by experts and are relatively small.
2. They are collegial, consisting of a group of men discussing and arriving at decisions by majority vote.
3. They are relatively independent of the Chief Executive, i.e., the President.

### **Organization of the Independent Regulatory Commission**

A Commission is set up under a statute passed by the Congress laying down its constitution and functions. Though, the Members of the Commission are appointed

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#### **Check Your Progress Questions**

5. Where the Independent Regulatory Commissions are available.

by the President with the approval of the Senate, they are not responsible to him. The overlapping of terms of the Members also strengthens their independence of the President in the statute creating the Commission. The Members of the Commission are not to be treated like the civil servants who can be removed by the President at his will. This position was established in the famous Humphery case. It may, nevertheless, be stressed that the independence of the Regulatory Commissions is relative, not absolute.

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### **Judicial control over Independent Regulatory Commissions**

Their actions are subject to judicial review, which means judicial control in three principal aspects. They are:

1. In assuring the use of correct procedures in administrative action;
2. In preventing action in excess of powers conferred by the legislature; and
3. Where administrative action depends on the factual record in making sure that the evidence in the record is sufficient,

### **Congressional control over Independent Regulatory Commissions**

Further the Commissions are subject to Congressional control. They receive annual appropriations from the Congress, which may order an investigation into the operations of the Commission, amend its constitution, and even abolish it. Moreover, in personnel administration, the Regulatory Commissions are controlled by the Civil Service Commission. Lastly, their budgets are subject to review by the Office of Management and Budget.

### **Disadvantages**

Despite these advantages, Independent Regulatory Commissions have been subjected to varied criticisms. They are:

In the first place, the system of independent Regulatory Commissions has created a 'headless fourth branch' in the U.S. Government, violating the accepted tripartite separation of powers. They are 'headless' as they are not subordinate to the President.

They lie outside the administrative system headed by the President, and may be called 'islands of autonomy' within the United States administrative organization. Consequently, the later has become 'disintegrated', resulting in the diminution of the President's effectiveness as the Chief Executive.

Secondly, the combination of the functions of law making, prosecution, and decision has been inherently unfair and is likely to lead to arbitrariness, endangering thereby the rights of individuals.

Thirdly, it is argued that the Commission device has not been an effective one, either in protecting the public interests, or in assuring the long-run progress of the industry. This is because the Commissions act through case-by-case procedure, and they are separated from one another.

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Fourthly, the Regulatory Commissions are subject to the charge that they have been unduly lax. This slackness is engendered partly because the Commissions, being relatively free from executive supervision, are liable to drift into condition of dependence upon the interest with which they deal, partly because "in practice, the Commissions are not responsible to the legislative body in any orderly way holding out the possibility of various forms of interference and partly because of the Commissions' fear of being reversed by the Courts".

Fifthly, the Regulatory Commissions have been criticized on the score that the Commission type of organization is inherently weak.

### **Attempts of Reforms**

The Independent Regulatory Commissions have been the subject of study and investigation by individuals as well as commissions.

The Independent Regulatory Commissions confront any scheme of federal administrative reorganization as a challenging problem. In the words of Robert E. Cushman, they are areas of unaccountability outside the sphere of Presidential direction and responsibility. How can they be made to fit into the broad pattern of the United States Government?

There are four alternatives. They are :

1. Integration of the Regulatory Commissions into the executive branch of the Government making them subordinate to the President;
2. Strengthening of the Congressional control of the Commissions;
3. Strengthening of the judicial review of the Commissions 'activities' or
4. Segregation of the legislative, administrative and judicial work of the Commissions, each phase of work to be appropriately performed.

### **3.9 SUMMARY**

The first is the analysis of the bases of organization. The bases only help to achieve the purpose of organization. All the four bases best suited for organisations. Each one has its own merits and demerits. The base is decided on the basis of individual case. The last phase of discussion in this unit is the study of agencies of the organization. The three agencies are line, staff and Auxiliary. The three agencies play an important role in the organization.

In this unit we have studied the Department, Public Corporation and Public enterprises. This unit discusses the organization of a Department, the pattern of secretariat Department, who are all subordinate to the secretary are discussed in the unit. In other words how a department is organized is the theme of the unit. Public Enterprise is also another form of organization. It's objective both general and specific are studied. The Departmental, corporation and company are the three forms of Public Enterprises. The characteristics and advantages are given in full detail in this unit. The suggestions are given for improving the efficiency in the working of public enterprises. An American device is Independent Regulatory Commission It undertakes public regulation of private economic activities. These commissions have been subject of study. The studies have suggested reforms of Independent Regulatory commission.

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### **3.10 KEY WORDS**

Attached Offices - Legal Personality - Bureau of Public Enterprises - Public Corporations - Esprit de corps - Limited liability - Over capitalisation - Independent Regulatory commission.

### **3.11 ANSWERS FOR CHECK YOUR PROGRESS QUESTIONS**

- For Question No.1 ... Refer Section No. 3.1  
Question No.2 ... Refer Section No. 3.2  
Question No.3 ... Refer Section No. 3.4  
Question No.4 ... Refer Section No. 3.6  
Question No.5 ... Refer Section No. 3.8

### **3.12 BOOKS FOR FURTHER READING**

1. C.P. Bhambri, **Administration in a Changing Society: Bureaucracy and Politics in India**, Delhi, Vikas, 1991.
2. M. Bhattacharya, **Public Administration: Structure, Process and Behaviour**, Calcutta, The World Press, 1991.
3. S.R. Nilgam, **Principles of Public Administration**, Allahabad, Kitab Mahal, 1980.

### **3.13 MODEL QUESTIONS**

1. Explain the departmental organization in India.
2. What are the objectives of Public Enterprises?
3. Examine the corporation form of public Enterprise.
4. Analyse the characteristics of a Government company.
5. Explain the problem of public enterprise.
6. What are the features of Independent Regulatory Commission?
7. Bring out the Advantages and Disadvantages of Independent Regulatory commission.

## UNIT - 4

# LEADERSHIP - COMMUNICATION - MOTIVATION - DECISION MAKING - ORGANIZATION AND METHODS

(Space for Hints)

### INTRODUCTION

Administration must be very efficient. The efficiency needs effective utilization of man-power resources. A leader is very much needed for proper utilization of man in the organization. We will be discussing, who is a good leader, what are the qualities of a leader, the theories of leadership, in this unit. With the leadership, another point of analysis is communication. Communication is the inter change of ideas between two or more persons. Communication is the nervous system of organization. In this unit we will be studying the definitions and characteristics of communication. Every personnel in organization needs motivation. Motivation only will increase the interest of the individual in the functioning of organization. So organization needs the study of motivation. This unit explains the nature, importance as well as Maslow's theory of Motivation. Decision – making is another important issue in the study of organization. Decision making only decides the future growth of organization. Whatever the decision taken must be rational and logical. This unit brings out the basis of decision-making, phases of Decision-making and so on. Organization and methods is a division which is used to achieve the purpose of the organization. It is very popular in USA. It suggests management techniques and reforms. This unit explains the functioning of O and M in India.

### OBJECTIVES

- To know how far the leadership can be effective in the utilization of resources?
- To know about the styles of leadership
- To understand the role of communication in organization
- To know what are the barriers of effective communication
- To study the nature and importance of motivation
- To analyse the features of Abraham Maslow, Herzberg and Mc Gregor's theory of motivation.
- To understand the different phases of Decision making
- To study the objectives of organization and methods.

# UNIT STRUCTURE

## Leadership

Meaning of Leadership

Need for Leadership

Styles of Leadership

Theories of Leadership

Communication

Meaning of communication

Need for Effective communication

Kinds of communication

Media of communication

Barriers of Effective communication

Essentials of Effective communication

Nature of motivation

Abraham Maslow's Theory

Herzberg's theory of motivation

Mc Gregor's theory of motivation

Decision Making

Phases of Decision Making

Bounded Rationality Model

Organization and methods

Objectives of O and M

Contribution of the organization and methods

Effective utilization of resources is possible by a supervisor in an organization through two methods. They are:

1. By the exercise of authority or
2. By winning the support of the people working in the organization.

Between these two methods the second method has lasting effect. Therefore, the supervisor should try to achieve the purpose of the organization by winning the support of the people. Good leadership is required to achieve the desired results in an organization.

## 4.1 Meaning of Leadership

Leadership is defined in terms of totality of functions performed by executives as individuals and groups.

### Leadership and Headship

Leadership is not associated with the headship of an organization. Leadership can be found in the executives at different levels. If an executive carries out his

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functions having in mind the totality of the functions that need to be carried out in an organization, in him leadership is found.

### **Leaders and Managers**

We consider managers as leaders. But there are certain differences between leaders and managers. They are:

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1. Leaders are those who lead the organization, Whereas the managers are those who manage the organization.
2. Managers have to function within the organizational framework. Whereas leaders function even going outside the organizational framework.
3. Managers confine themselves with managerial functions, such as planning, organizing, staffing, directing, coordinating and control, whereas the Leaders confine themselves to the function of directing alone.

### **4.2 Need for Leadership**

Leadership is necessary in an organization for three important purposes. They are:

1. To motivate the employees,
2. To create confidence and
3. To build morale among the employees.

### **4.3 Styles of Leadership**

Scholars of Public Administration have identified three styles of leadership. They are:

1. Autocratic style of leadership,
2. Participatory style of leadership and
3. Democratic style of leadership.

### **Autocratic style of Leadership**

If a leader tries to achieve the purpose of the organization autocratically, his style of leadership is known as autocratic style of leadership. The scholars of Public Administration have identified three autocratic styles of leadership. They are:

1. Strict autocratic style of leadership,
2. Benevolent autocratic style of leadership and
3. Incompetent autocratic style of leadership.

If a leader enforces the rules and regulations strictly to achieve the purpose of the organization, his style of leadership is known as strict autocratic style of leadership. If a leader behaves autocratically towards the subordinates to bring about benefits for them, his style of leadership is known as benevolent autocratic style of leadership. If a leader behaves autocratically to hide his incompetence, his style of leadership is known as incompetent autocratic style of leadership.

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### **Participatory style of Leadership**

If a leader allows the subordinates to take part in making decisions in the organization and thereby if he tries to achieve the purpose of the organization, his style of leadership is known as Participatory style of leadership.

### **Style of Leadership**

If a leader tries to achieve the purpose of the organization by giving complete freedom to his subordinates for carrying out different works in the organization, his style of leadership is known as Democratic style of leadership.

According to scholars of Public Administration integration of all the three types of leadership is necessary to achieve the desired result in an organization.

## **4.4 Theories of Leadership**

Scholars of Public Administration have developed certain theories of leadership. The important theories of leadership are:

1. Traits theory,
2. Behavioural theory,
3. Situational theory and
4. Eclectic theory.

### **Traits Theory**

According to this theory, leaders having certain traits could be able to provide proper leadership.

These traits can be broadly classified into two kinds. They are:

1. Innate traits and
2. Acquired traits,

The innate traits are intelligence and personality. The persons who possess these traits could provide proper leadership according to some scholars of Public Administration. These scholars believe that the leaders are born and are not made.

Some other scholars say that certain traits could be acquired through experience and training. When they acquire these traits they could be able to provide proper leadership. The acquired traits are:

#### **Check Your Progress Questions**

1. Explain the need for Leadership.
2. Pointout the different Styles of Leadership.

(Space for Hints)

1. Emotional stability,
2. Empathy,
3. Human relations,
4. Objectivity,
5. Motivating skills,
6. Social skills,
7. Technical skills and
8. Communication skills.

When an executive acquires the above traits through experience and training, he could be able to provide proper leadership according to some scholars of Public Administration.

### **Behavioural Theory**

In an executive is able to behave properly with the subordinates, he can provide proper leadership according to behavioural theory.

### **Situational Theory**

There are differences in cultural settings of the organizations. There are differences between individuals working in an organization. There are differences between the jobs that the individuals hold in the organization. There are differences between organizations. According to situational theory if an executive is able to adjust to the above differences, he could be able to provide proper Leadership.

Douglas McGregor has given four assumptions for situational theory.

1. Employees can view work as being natural as rest or play.
2. People will exercise self-direction and self control if they are committed to the objectives of the organization.
3. The average persons can learn to accept or even seek responsibility,
4. The ability to make innovative decision is widely disbursed throughout the population and is not necessarily the sole province of those management positions.

According to Douglas McGregor, if there are employees should be provided with non-financial incentives to motivate them to better performance.

Motivation is quite necessary in every organization. The efficiency and productivity of an organization depend upon motivation. Therefore, every organization should take steps to motivate the employees to better their performance.

## **Eclectic Theory**

According to eclectic theory if an executive has certain leadership traits, behaves properly with subordinates and adjusts to the different situation, he will be able to provide proper leadership.

A proper leadership is quite necessary if any organization has to achieve its purpose without difficulty. For this, executives should try to achieve the purpose of the organization by winning the support of the individuals working under his control.

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### **Model questions for guidance.**

1. Define Leadership. Explain the different styles of leadership.
2. Examine the different theories of leadership.
3. Explain the meaning, nature and importance of motivation.
4. Explain Abraham Maslow's theory of motivation.
5. Examine Herzberg's theory of motivation.
6. Analyze Douglas McGregor's theory of motivation.

Communication is quite necessary in every organization. Without communication an organization cannot function. Therefore, communication is defined as the blood stream of administrative organization. Communication is also defined as nerves of the Government. Some scholars of Public Administration consider communication as the heart of management.

## **4.5 Meaning of Communication**

Communication is a process through which information are received, stored and made use of in an organization.

### **Essence of Communication**

The essence of communication is not just passing of information, from one individual to another individual. The essence of communication is to enable the receiver of the communication to understand the information. Therefore, communication is defined as shared understanding of the shared purpose.

## **4.6 Need for Effective Communication**

Effective communication is necessary for various reasons. They are:

1. To understand and achieve the objectives of the organization,
2. To promote co-operation, participation and team work,
3. To impart knowledge,
4. To transmit information,
5. For interchange of thought and
6. For participation and sharing.

## **4.7 Kinds of Communication**

There are different kinds of communication. They are:

1. Internal Communication,
2. External Communication,
3. Upward Communication,
4. Downward Communication and
5. Lateral Communication.

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Communication that takes place within the organization is called internal communication. Communication that takes place between the organizations and organization and people are called external communication. The external communication is also known as public relations. Communication that takes place from bottom to top is known as upward communication. The communication that takes place from top to bottom is known as downward communication. Communication that takes place between the people holding equal positions is known as lateral communication.

## **4.8 Media of Communication**

There are three media of communication. They are:

1. Audio media,
2. Visual media and
3. Audio-visual media.

Communication that takes place in the form of face-to-face talk or by phone is known as audio media communication. Communication that takes place formally through pictures and symbols is known as visual media of communication. Communication that takes place through face-to-face talk and through formal writings, pictures and symbols is known as audio-visual media of communication. Communication through Conference. Communication through conference is becoming popular because of various reasons. They are:

1. It helps to understand the problems of the organization.
2. It helps to solve the problem of the organization.
3. It helps to promote a sense of unity among the individual working in an organization.
4. It helps to encourage the exchange of information between the individual working in an organization.

## 4.9 Barriers of Effective Communication

Scholars of Public Administration have identified few barriers of effective communication. They are :

1. Noise barrier,
2. Poor timing,
3. Poor choice of channel of communication,
4. Inadequate information,
5. Physical distractions,
6. Organizational structure,
7. Overload of information,
8. Lack of will to communicate and
9. Complexity of language used in communication.

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## 4.10 Essentials of Effective Communication

The scholars of Public Administration have identified various means of effective communication. They are:

1. One should inform him fully before he communicates to others.
2. The communicator should establish mutual trust with the receiver of the communication.
3. The communicator should make use of mutually known words.
4. The communicator should give due regard for the context of the communication.
5. The communicator should secure and hold receiver's attention before he communicates the information.
6. The communicator should use examples and visual aids in communication
7. The communicator should practice delaying tactics during communication.

As it has been already mentioned, communication is quite necessary in every organization. The stability of an organization very much depends upon effective communication. Therefore, every organization should avoid the barriers of communication so that communication could be more effective in the organization.

### Check Your Progress Questions

3. Point out the different kinds of Communication.
4. What are the Barriers of Communication.

Motivation is necessary to induce the people working in an organization to better their performance. People have certain desires in an organization. By fulfilling their desires, the organization should try to motivate the employees to better their performance. Individuals in the organization can be motivated by providing certain incentives.

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#### **4.11 Nature of Motivation**

Motivation is an unending process. If an employee is to be motivated in an organization continuously, there should be opportunities for him to fulfil his various desires. Motivation is a psychological concept. A factor that can motivate an employee cannot motivate another. The whole individual has to be motivated. Frustrated individual cannot be motivated. If the individuals have to be motivated, they should have certain goals. Because goals are main motivators.

#### **Importance of Motivation**

Motivation is quite necessary for various reasons. They are:

1. For proper utilization of human resources,
2. To build up good relations,
3. To develop co-operation,
4. To improve skills and knowledge,
5. To induce people to better their performance and
6. To develop human relations.

#### **Incentives**

By providing certain incentives to the individuals working in the organization, they can be motivated to better their performance. These incentives can be broadly classified into two categories. They are:

1. Financial incentives and
2. Non-financial incentives

#### **Financial Incentives**

The financial incentives include the following:

1. Fair salaries,
2. Good allowances,
3. Monetary rewards,
4. Bonus, etc.

## **Non-financial Incentives**

The non-financial incentives include the following:

1. Recognising the good services of the employees,
2. Providing job satisfaction,
3. Extending training facilities,
4. Offering promotion on the basis of merit,
5. Satisfying social and egoistic needs, etc.

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### **4.12 Abraham Maslow's Theory of Motivation**

According to Maslow, a person works in an organization because it satisfies his needs. If he thinks that the organization can no longer satisfies his needs, he will not be motivated to better his performance.

If a person is to be motivated in an organization a hierarchy of needs should be satisfied. They are:

1. Basic physiological needs,
2. Safety and security needs,
3. Social and love needs,
4. Esteem needs and
5. Self actualisation needs.

According to Maslow, a satisfied need is no longer a motivating factor. Therefore, the organization should be in a position to satisfy a variety of needs to the individuals working in the organization. Otherwise the will not be motivated to better their performance.

In short, according to Maslow, in order to motivate an employee to better his performance, there should be opportunities for him to satisfy different kinds of need, which are explained in the hierarchy of needs.

### **4.13 Herzberg's theory of Motivation**

Herzberg has identified certain factors of Motivation. He has grouped these factors into two categories. They are:

1. Hygiene factors and
2. Motivational factors.

## Hygiene actors

According to Herzberg the hygiene factors are:

1. Good company policy,
2. Proper supervision,
3. Handsome salary,
4. Good interpersonal relations and
5. Proper working conditions.

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If these hygiene factors are available, the workers will be satisfied. But they will not be motivated to better their performance. If the hygiene factors are not available the workers will be highly dissatisfied.

## Motivational factors

Herzberg has identified certain factors as motivational factors. They are:

1. Opportunity for achievements,
2. Recognition of the services,
3. Work itself,
4. Responsibility and
5. Opportunity for advancement.

If the motivational factors are not available in an organization, the workers will not be dissatisfied. If these factors are available, the workers will be motivated to better their performance.

## 4.14 Douglas McGregor's theory of Motivation

Douglas McGregor has developed theory X and theory Y to explain his theory of motivation.

Theory X is based on four assumptions. They are:

1. Employees inherently dislike work and whenever possible will attempt to avoid it.
2. Since employees dislike work, they must be coerced, cajoled or threatened with punishment to achieve the goals,
3. Employees will shirk responsibilities and seek formal direction whenever possible.
4. Most workers place security above all other factors associated with work and will display little ambition.

### Check Your Progress Questions

5. Explain the Maslow theory of Motivation.

According to Douglas McGregor if there are employees as explained in theory X, they should be provided with financial incentives to motivate them to better their performance.

Theory Y is based on four assumption. They are :

1. Employees can view work as being natural as rest or play.
2. People will exercise self-direction and self control if they are committed to the objectives of the organization.
3. The average persons can learn to accept or even seek responsibility,
4. The ability to make innovative decision is widely disbursed throughout the population and is not necessarily the sole province of those management positions.

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According to Douglas McGregor, if there are employees as assumed in theory Y, they should be provided with non-financial incentives to motivate them to better their performance.

Motivation is quite necessary in every organization. The efficiency and productivity of an organization depend upon motivation. Therefore every organization should take steps to motivate the employees to better their performance.

#### **4.15 Decision making**

Decision making is one of the essential functions of the management. No organization can be run without taking decisions. In a simple sense, a decision is a choice among alternatives. An administrative decision usually involves something more complicated than a single choice among a set of alternatives. According to Barnard, an understanding of when “not to decide” is an essential character of the good manager. When we do make decisions, we are often unaware that a choice or commitment has been made. As Barnard points out, (“most executive decisions produce no direct evidence of themselves and knowledge of them can only be derived” from the accumulation of indirect evidence”). Policy discussions at top management levels sometimes end in a vote or in an explicitly stated choice. Normally, administrative decisions really consist of a series of choices and commitments that have been made in sequence.

The Webster dictionary defines the term decision making as “the act of determining in one’s own mind upon an opinion or course of actions”. Of course, decisions are not static. They are constantly being made or remade in response to changing requirements. We can very well note the policy changes of the organization. The reason, is that the policy itself is the result of the decision. For Simon, management is equivalent to decision making and his major interest has been an analysis of how

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decisions are made and how they might be made more effectively. Renesis Likert observes that “decision making is widely done throughout the organization through group processes. It is integrated, into the formal structure. In the organization there are number of overlapping groups with each group linked to the rest of the organization by means of persons who are members of more than one group. This is otherwise called as participative group management. This kind of organization produces high” productivity, greater involvement of individuals, and better labour management relations.

#### **4.16 Phases of Decision Making.**

There are different phases in decision making. Terry has identified seven phases of decision making. They are:

1. Determine what the problem is
2. Acquire general background information and different view points about the problem.
3. State what appears to be the best course of action.
4. Investigate the proposition and tentative decisions.
5. Evaluate the tentative decisions.
6. Make the decisions and put it into effect; and
7. Institute follow up and, if necessary, modify decision in the light of results obtained.

Herbert A. Simon has identified three phases of decision making. They are:

1. Intelligence activity,
2. Design activity and
3. Choice activity.

#### **Intelligence activity**

The intelligence activity is the first phase of decision making process. It involves finding occasion for making a decision. Simon says that the executives should spend a large fraction of their time surveying the economic, technical, political and social environment to identify new conditions that call for new actions.

#### **Design activity**

The design activity is the second phase in the process of decision making. This activity consists of inventing, developing and analyzing possible courses of action. They are:

1. Finding alternatives,
2. Spending an even larger fraction of time individually are with the associate,
3. Seeking to invent and design and
4. Develop possible courses of action for handling situation where a decision is needed.

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### Choice activity

The choice activity involves selecting a particular course of action from the given alternatives. Simon opined that the executives spend small fraction of their time in choosing among alternative action to meet an identified problem. As a result the executives do not take good decisions.

The decisions taken by the executives through the above three phases are called rational decisions. According to Herbert A. Simon, rationality in decision making is essential. Simon calls the rational decisions as maximizing decisions. Total rationality is impossible to take maximizing decision. Therefore, Herbert A. Simon has developed a bounded rationality model which is concerned with taking satisfying decisions. Satisfying decision imply that decision makers choose an alternative which is satisfactory or good enough.

### 4.17 Bounded Rationality Model

A number of factors are responsible for bounded rationality leading to satisfying decision. They are:

1. Dynamic nature of organizational objectives,
2. Imperfect information,
3. Limited capacity to process the available information,
4. Time and cost constraints,
5. Environmental factors,
6. Alternatives cannot be always quantified,
7. Decision maker may not aware of all behavioural alternatives,
8. Personal factors such as preconceived notions, habits, etc. and
9. Organizational factors such as procedures, rules, channel of Communication, etc.

Since decision-makers face with complex problems while taking decisions, they respond by reducing the problems to a level which they can readily understand and take satisfying decisions.

#### Check Your Progress Questions

6. Bringout the Phases of Decision Making.

Decision making is the major purpose of the organization according to Herbert A. Simon. Decision making pervades the entire organization. Therefore, Simon equates administration with decision making. Decisions are taken by the executives at all levels in the organization. Therefore, Simon calls an organization as a structure of decision making.

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On what basis does the administrator make his decisions? The traditional theory of the economists assumed complete rationality. The model was that of an 'economic man who deals with real world' in all its complexity and who selects the rationally determined best courses from among all those available to him in order to maximize his returns. But clearly this model is from reality. We know that there is a large non-rational emotional and unconscious element in man's thinking and behaviour. The need for an administrative theory is precisely felt because there are practical limits to human rationality. These limits to rationality are not static but dependent upon the organization environment in which the individual's decisions takes place. It then becomes the task of administration, says Simon, "to design this environment so that the individual will approach as close as practicable to rationality (judged in terms of the organization goals) in his decisions.

In place of the "economic man" Simon proposes a model of "administrative man". While economic man maximizes (i.e. selects the best course from those available to him) administrative man "satisfies", he looks for a course of action that is satisfactory or "good enough". In this process he is content with gross simplifications, taking into account only those comparatively few relevant factors which his mind can manage to encompass. Most human decision-making, whether individual or organizational, are concerned with the discovery and selection of satisfactory and selection of optimal alternatives. Most decisions are concerned not with searching for the sharpest needle in the haystack but with searching for a needle sharp enough to sew with. Thus administrators can make decisions without searching for all possible alternatives and can use relatively simple rules of thumb. In business terms he does not look 'for maximum profit' but adequate profit; not optimum price but "fair price". This makes his word much simpler.

Three aspects are suggested by Millet to understand the decision-making process. First, we must observe the personal differences among men and women which enable some to be decisive and which make others indecisive. Common experience reveals that some individuals are willing to make choices and to abide by the consequences. Others prefer to avoid clear-cut choices, to temporize, to postpone, to hope that somehow, someday circumstances will intervene to make a choice unnecessary. We do not know why there should be these differences among individuals or how extensive such differences may be. Second, there is the role which knowledge

plays in decision-making. The careful accumulation of detailed facts, their analysis and interpretation, the use of broad concepts of human and physical behaviour to predict future developments all these elements in the use of knowledge enter into decision making in varying degrees. And third, we realize that there are limitations which circumscribe decision making in varying degrees. And third, we realize that there are limitations which circumscribe decision making by management; these limitations are both institutional and personal. On the one hand decision making must consider the aspirations, traditions and attitudes of the agency administering government work. On the other hand, there are personal predictions among administrators which also limit decision-making.

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It is generally believed that good decision makers, like good athletes, are born, not made. The belief is about the same half-truth in the one case as it is in the other. Human beings came into the world endowed unequally with biological potential, intelligence, cheerfulness and many other characteristics of potentialities. They developed vigour and some capacity for interacting with fellowmen by dint of practice, learning and experience develops that endowment into a matured skill.

The decisions can be divided into two according to the nature of decisions. Simon makes a distinction between two types of decisions - programmed and non-programmed decisions. These are not mutually exclusive but rather make up long stretch from highly programmed decisions at the one end, to a highly non-programmed decisions at the other. Decisions are programmed to the extent that they are repetitive and routine or a definite procedure has been worked out to deal with them. They thus do not have to be considered afresh each time they occur. Examples would be the decisions involved in processing a customer's order determining an employee's sickness benefit or carrying out any routine job.

Decisions are non-programmed to the extent that they are new and unstructured or where there is no cut and dried method for handling the problems. This may be either because it has not occurred before, or because it is particularly difficult or important. Examples would be decisions to produce a new product make substantial staff redundancies or move to a new-location. All these decisions would be non-programmed because organization would have no detailed strategy to govern its responses to these situations and it would have to fall back on whatever general capacity it had for intelligent problem-solving.

Human beings are capable of acting intelligently in many new or difficult situations but they are likely to be less efficient. The approach of decision making in the programmed and non-programmed decisions is very different. The traditional techniques of, programmed decision making are habit, including knowledge and

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skills, clerical-routines and standard operating procedures and the organization's structure and culture, i.e. its system of common expectations, well defined informational channels, established sub-goals etc. The traditional techniques for dealing with non-programmed decisions rely on the selection and training of executives who possess judgement, intuition and creativity. These categories of techniques have been developed over thousand years. Nowadays the above mentioned techniques of decision-making are very limited in scope.

In the present times, Operations Research, Electronic Data processing and computer programmes etc. are some of the new techniques of decision making in use. Mathematical orientation and measurement of quantitative approach is the modern approach. The computer was conceived as means of exploring through numerical analysis the properties of mathematical system too large or too complex to be treated by known analytic methods. So decision-making will have to be modified to consider the following development:

1. An increase in the influence of men who know how to use the new equipment and to fit it into company operations. At least temporarily pending further development of both managers and computers, an organization must have men who can translate manager's intuitions into a language which the computer understands and who can define for management the limits to what the computer will do.
2. The already well-developed applications of computers to aid human decision-makers particularly in recording, storing, finding and interpreting information and in preparing analysis for use in reaching decisions.
3. The use of computers to replace human decision makers, at a level ranging from routine production scheduling or inventory management to such complex decisions as the scheduling of non-competitive operations, the long range allocation of capital funds etc.
4. The ability of computers to learn from the outcomes of their decisions and to improve the programmes which govern their operations without intervention by human operations. A theory of decision-making will have to cover not only the programmes initially given to computers, but the rules by which programmes modify and improve themselves.

Decision making is a limited process. There are many factors limiting the decision-making process. Anthony Downs itemizes the following inherent limitations of human decision-making:

1. Each decision maker can devote only a limited amount of time to decision making.
2. Each decision maker can mentally weigh and consider only a limited amount of information at one time.
3. The function of most officials require them to become involved in more activities than they can consider simultaneously; hence they must normally focus their attention on only part of their major concerns, while the rest remain latest.
4. The amount of information initially available to every decision maker about each problem is only a small fraction of all the information potentially available on the subject.
5. Additional information bearing on any particular problem can usually be procured, but the costs of procurement and utilization may rise rapidly as the amount of data increases.
6. Important aspects of many problems involve information that cannot be procured at all, especially concerning future events; hence many decisions must be made in the face of some ineradicable uncertainty.

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In addition to the above, the internal restraints such as social constraints, leadership styles, etc. of an organization may also change.

1. ***Cognitive near Sightedness:*** This is the tendency to make decisions satisfy immediate needs. But the long term effects of the decisions are not considered, Expediency goes hand with cognitive near sightedness.
2. ***Over simplification:*** The tendency to deal with symptoms, not its causes is prevalent, under this. For many people, the effective solution for the riots short and long range-is to suppress them and insist on “law and order”. Once riots break out, they must of course be brought under control in the interests of all society. But the fundamental need is to eliminate injustice that lead to the outbreaks. The decision maker is satisfied with the suppression of riots.
3. ***Over reliance on personal experience:*** Generally the experienced person can be able to take better decisions than the inexperienced one but the past success of decision making is in no way a guideline. There are changes and also no two solutions are exactly alike. That is why shared decision making produces wiser decisions.

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4. ***Preconceived notions:*** Decisions are made on the basis of available facts or findings. If these facts contradict the ideas of the decision makers, these facts are very often ignored. The decision maker decides the conclusions first and then facts are searched to justify -the conclusions.
5. ***Reluctance to decide:*** Some people try to avoid making a decision even after the possession of adequate facts. The reason is that the situation in the organization is such that he is discouraged. The reasons for reluctance to decide are fear, evading responsibility etc.

#### **4.18 Organization and Methods**

O and M is popularly known as Organization and Methods. Every organization makes use of certain methods to achieve their purpose. Some of the methods adopted in the organization have become outdated. The purpose of the Organization and Methods Division is to evolve suitable methods in the organization so that it could achieve its purpose without much difficulty.

O and M in America is called as organization and Management. In America, the purpose of Organization and Methods Division is not only to evolve suitable methods but also to suggest reforms in the management techniques in the organization so that the organization could be able to achieve its purpose more efficiently and effectively.

In India, O and M stands for Organization and Methods Division. Paul H. Appleby recommended for the creations of Organization and Methods Division in India. On the basis of his recommendation, Organization and Methods Division was set up in India in 1954.

#### **4.19 Objectives of OSM**

The primary objectives of the Organization and Methods Division in India are:

1. To supply leadership and drive and
2. To build up a common fund of information by a co-operative effort, experience and competence in the O and M work.

The Organization and Methods Division carries out a number of activities. In India, the Organization and Methods Decision carries out the following activities:

1. To ascertain the actual condition of the Government offices and to detect defects and deficiencies in their working processes.
2. To lay down a common system of procedures in place of the falling in disuse; and

3. To make all concerned conscious of the need for introduce improvements in Government offices.

The O and M Division situated in the Cabinet Secretariat headed by a Director and assisted by the officers such as Joint Directors, Deputy Directors, Assistant Directors, Section Officers, Assistants, Junior Assistants, Typists and Peons. The functions of the Division are the following:

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1. To arrange joint meeting of the Organization and Methods Officers of the various Ministries and Departments;
2. To keep constant watch on the working of the rules, regulations and procedures;
3. To suggest improvements;
4. To publish Organization and Methods pamphlets and books;
5. To serve as a reference unit to the Departments on specific administrative road blocks; and
6. To conduct training classes in the technique of work-study for the benefit of selected Section Officers from different Ministries and Departments.

Organization and Methods cells have been set up in each Ministry or Department. It is headed by a Deputy Secretary, assisted by an under Secretary, a Section Officer and the subordinate staff. The functions of these organization and Methods cells are:

1. To invite reports from the various sections regarding the nature of cases being dealt with by them;
2. To conduct inspection of the various sections with a view to simplifying the procedure of work and to distributes the workload among subordinates in the section;
3. To see that the dealing Assistants and Clerks maintain diaries in which they are required to record cases being dealt with by them,
4. To see that the Typists maintain log books in which they record the number of pages typed by them each day; and
5. To keep themselves in regular touch with the Organization and Methods Division in the Cabinet Secretariat.

#### **4.20 Contribution of the Organization and Methods Division**

The Organization and Methods Division and Organization and Methods Cells have done quite useful works by effecting efficiency in the working of administration. They are:

**Check Your Progress  
Questions**

7. What is O & M?

(Space for Hints)

1. The Organization and Methods Division has paid special attention to work simplification and work flow for the purposes of speedy disposal of cases;
2. It has suggested changes in the timings of the receipts of tapals in the section, classification of receipts of primary and subsidiary and emphasized the importance of personnel discussed to settle matters rather than adopting the lengthy procedure of noting and counter nothing of the files;
3. It has emphasized the delegation of powers particularly in the financial field to give more autonomy to the spending Departments in the matters of incurring expenditures,
4. It has started training programme in collaboration with the Staff Inspection Unit of the Ministry of Finance for the purpose of training selected Section Officers in technique of work study.
5. It has emphasized quality along with quantity in the disposal cases and it has instituted "Quality Control Drive".
6. It has published several pamphlets for ready reference of officers, popular among them being the Manual of Office Procedures.

The Organization and Methods Division in India has been doing useful work with a view to improve the working of the Governmental organizations and thereby has helped to improve the efficiency of Public Administration.

#### **4.21 SUMMARY**

This unit shows a proper and efficient leader is necessary to achieve the purpose of the organization. Communication is very much essential for the good functioning of the organization. Communication is the blood stream of organization. The strength of the organization depends on the effective communication. At the same time communication must avoid barriers. Motivation is another essential feature of organization. Every individual in organization needs motivation. Production will get affected if there is no motivation. Decision making is a limited process. Who decides when and what and How is the questions what are the internal restraints? There are interesting factors which are discussed in this unit. Organization and methods which is very popular in USA is analysed, with concentration on India's O and M.

#### **4.22 KEY WORDS**

Autocratic style of leadership - Free rein style of leadership - Trait theory - Eclectic theory - Lateral communication - Visual Media - Incentives - Physiological needs - Hygiene factors - Choice Activity - Economic Man - Fair price - Operation Research - Cognitive near sightedness - Qualitative control

## **4.23 ANSWERS FOR CHECK YOUR PROGRESS QUESTIONS**

- For Question No.1 ... Refer Section No. **4.2**  
Question No.2 ... Refer Section No. **4.3**  
Question No.3 ... Refer Section No. **4.7**  
Question No.4 ... Refer Section No. **4.9**  
Question No.5 ... Refer Section No. **4.12**  
Question No.6 ... Refer Section No. **4.16**  
Question No.7 ... Refer Section No. **4.18**

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## **4.24 BOOKS FOR FURTHER READING**

1. C.P. Bhambri, **Administration in a Changing Society: Bureaucracy and Politics in India**, Delhi, Vikas, 1991.
2. M. Bhattacharya, **Public Administration: Structure. Process and Behaviour**, Calcutta, The World Press, 1991.
3. S.R. Maheshwari, **Administrative Theories**, New Delhi, Allied, 1994.

## **4.25 MODEL QUESTIONS**

1. Define leadership Bring out the different types of leadership.
2. Explain the different theories of leadership.
3. Examine the barriers of effective communication.
4. What are the essentials of effective communication?
5. Explain the meaning, nature and importance of motivation.
6. Examine Herzberg's theory of motivation.
7. Define Decision making. Explain the different phases of decision making.
8. What are the constraints of decisions-making?
9. Write an essay on organization and methods.
10. Bring out the difference between Administrative Responsibility and Accountability.

## **UNIT - 5**

# **A NOTE ON ADMINISTRATIVE RESPONSIBILITY AND ACCOUNTABILITY**

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### **INTRODUCTION**

In the modern era, the goal or purpose of the government is welfare of all. So the public servants must take care of all the functions. The government officials should implement the policies and programmes. So they should have proper responsibility. They are accountable for all their activities. There must be control over the administration to have efficiency in the organization. We will discuss the internal and external control of Public Administration in this unit. Executive, legislature and judicial control over Public Administration is analysed.

### **OBJECTIVES**

- To know about the responsibility of the Public servants.
- To understand the internal control over Public Administration
- To know the need for legislative control over Public Administration
- What are the means of legislative control?
- How the chief executive exercises control over Public Administration?
- The important role played by Judiciary to control the Public Administration.

### **UNIT STRUCTURE**

- Administrative Responsibility and Accountability
- Control over public Administration
- Internal control over public Administration
- Budgetary control
- Personnel Management control
- Legislative control over Public Administration
- Need for Legislative control
- Means of Legislative control
- Control Through Delegated Legislation
- Executive control over Public Administration
- Means of Executive control over Public Administration
- Judicial control over Public Administration
- Methods of Judicial control
- Suits against Public officials
- Extra ordinary Remedies

## 5.1 A note on Administrative Responsibility and Accountability

In a Welfare State like India, the administrative officials exercise numerous powers and discretion in the discharge of their duties. Though, the Government officials are mainly intended to implement the policies and programmes within the framework of the laws, they are also involved in the framing of rules within the broad framework of laws passed by the Legislature and influence the political authorities in making judicial decisions. Thus, the Government officials have usurped the Legislative, Executive and Judicial powers. The administrative officials should be responsible for their official actions. This responsibility of the administrative officials is called administrative responsibility. Administrative responsibility is defined as the liability of the officials to give a satisfactory account of the exercise of the powers or discretion vested in them to someone to whom it is due, failing which some kind of punishment may follow.

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L.D. White defines administrative responsibility as the sum total of the constitutional, statutory, administrative and judicial rules and precedents and the established practices by means of which public officials are held accountable for their official actions.

Pfiffner has made a distinction between administrative responsibility and administrative accountability. Administrative accountability refers to the formal and specific location of responsibility whereas administrative responsibility is a highly personal moral quality and is not necessarily related to formal status of power. Administrative responsibility refers to public servants responsiveness to public while administrative accountability denotes the specific methods and procedures to enforce the public servant's responsibility. Administrative responsibility is therefore, subjective and works from within while the administrative accountability is objective and works from without. If the administrative officials have to be made responsible and accountable for their actions, certain effective control over them become necessary.

## 5.2 Control over Public Administration

Two types of administrative control are exercised over the administrative officials to be made responsible and accountable for their actions. They are:

The internal controls and

1. The Internal controls
2. The external controls

The Internal controls are fitted within the administrative machinery and work automatically. The external controls operate from outside and are in the form of

<b>Check Your Progress Questions</b>
1. What is Administrative Responsibility?

accountability of administrative officials to the Legislature, the Executive, the Judiciary and the public.

### **5.3 Internal Controls Over Public Administration**

The internal controls over the administrative officials are exercised through different ways. They are

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1. Budgetary Control,
2. Personnel Management Control,
3. Efficiency Survey Systems,
4. Professional Morality Control and
5. Administrative Leadership.

#### **Budgetary Control**

The Parliament by passing the budget authorizes the Government to raise funds and to incur expenditure for the various services. The administrative officials are entrusted with powers by the Government to raise funds and incur expenditure. By enabling the officials to raise the required funds and to spend on various services within the financial year, the Heads of the various Departments exercise control over the subordinate officials. This control exercised by the Heads of the Department over the officials is called budgetary control.

#### **Personnel Management Control**

Governmental Departments are hierarchically organized. Each official in the different levels has duties and responsibilities to perform. By effective supervision and control by the officials at different levels over the subordinates, these duties and responsibilities are effectively discharged. The control exercised by the officers over the subordinates in the discharge of their duties and responsibilities is called personnel management control.

#### **Efficiency Survey System**

Every official in the Government is expected to discharge certain duties faithfully and to the satisfaction of the superior officers. It is very difficult to fix up the quantity and quality of the work that need to be carried out by every official. It is very difficult to provide uniform yardstick to measure the efficiency of the officials. Some sort of yardstick to the different Departments should be earmarked and incentives to the officials should be made on the basis of the performance of the work of the officials. This efficiency survey system will enable the officials to discharge their duties faithfully and to the entire satisfaction of the superior officials.

## **Professional Morality Control**

In the Civil Service, a code of morality called "Administrative Ethics" has been evolved. It consists of high tradition of loyalty to the nation, devotion to the work and a very high sense of integrity and public good. This code of morality should be followed by the officials automatically for the pride of it. If not, formal checks by the officers over the subordinates enable the Government officials to abide by the code of morality. This control is called professional morality control.

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## **Administrative Leadership**

Providing proper administrative leadership, internal control can be effectively exercised. If the superior officials are honest, persons of integrity, then the subordinates dare not resort to corruption, negligence, etc. Therefore, there is need for imposing administrative leadership to enable the officials to carry out their duties honestly and efficiently.

## **5.4 Legislative Control Over Public Administration**

External controls over Public Administration is exercised through various means. The important means of external control are exercised through:

1. The Legislature,
2. The Executive,
3. The judiciary and
4. The Public

Let us discuss how the legislature exercises control over Public Administration.

### **Need for Legislative Control**

The Legislature is the source of administrative authority. It lays down the public policy. It decides the nature and scope of administrative activity. It lays down the methods and a procedures of work. It makes available the necessary funds for carrying out the policy into practice. It supervises, directs and controls the administration. Therefore, control of the Legislature over the administrative officials is quite necessary.

### **Nature of Legislative control**

The Legislative control, over the administrative officials in India is not direct. It exercises control over the administrative officials through the Ministers. The political head of an administrative department is a Cabinet Minister or a Minister of state with an independent charge. He is responsible to the Legislature for the omissions

and commissions in the Department and not the administrative officials. Therefore, the Legislative control over administrative officials in India is not direct but indirect.

### **Means of Legislative Control**

The Legislature exercises control over administration through different ways.

They are:

1. Question Hour,
2. Debates and Discussions,
3. Resolutions and Motions,
4. Budgetary control,
5. Control Through Delegated Legislation,
6. Audit and Report and
7. Controls Through Parliamentary Committees.

### **Question Hour**

Question Hour is a powerful technique of Parliamentary control over administration. In India, Question Hour is the opening hour of the Parliament meetings. During the Question Hour, the Members of the Parliament can put questions for seeking information regarding any matter. The Minister is expected to give proper reply. If the answer to the question is not satisfactory, supplementary questions may also be asked. If the answer given to a question is not satisfactory, the Member of the Parliament may ask for Half an Hour Discussion in the Question Hour. If the Speaker allows Half an Hour Discussion, the Member of the Parliament may extract more information on a matter of public policy from the Government. Formally, the object of the question is merely to elicit information about something. But in practice, it is used to draw the attention to the failures and abuses of administrative officials and to keep the whole of the administrative officials on their toes.

### **Debates and Discussions**

The inaugural address by the President and the budget speech by the Finance Minister are followed by General discussions. The introduction of a bill or amendment to the existing laws, provide opportunities for debates and discussions. During debates and discussions, the Government policies and working of the Government Departments are thoroughly discussed and debated and thus administrative officials through their Ministers are made accountable for their actions.

### **Resolutions and Motions**

During voting of demands for grants, the Members of the Parliament are allowed to move cut motions and can ask for Half an Hour Discussion before demands are voted. The cut motions are of three kinds. They are:

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#### **Check Your Progress Questions**

2. Point out the means of Legislative control.

1. Token Cut Motions
2. Policy Cut Motions
3. Economy Cut Motions

Token Cut Motion is moved to ventilate the grievances. Policy Cut Motion is moved to criticize the policies. Economy Cut Motion is moved to bring about economy. If the Speaker allows for Cut Motions and Half an Hour Discussion, during voting of demands for grants, the Member of the Parliament will have sufficient time to criticize and set right the performance and competence of the administrative officials.

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### **Budgetary Control**

The Legislature is the fund raising and fund granting authority. No money can be raised or spent without previous sanction by the Legislature. Debates and discussions precede the demands of grants made by the Executive. These debates and discussions provide an excellent opportunity to the Members of the Legislature to criticize the Government and to bring it on to the track.

### **Control through Delegated Legislation**

The Legislature makes laws in a broad framework. The details of the laws are filled through the rules made by officials within the broad framework of the laws. These rules have the forces of laws. The power of the Government officials to frame rules within the broad framework of the laws is called delegated legislation. When the Legislature delegates powers to the administrative authorities, it is its responsibility to see that the rules are made within the broad framework of the laws passed by it. By doing so, the Legislature exercises control over the administrative officials.

### **Audit and Account**

There is an Accountant General of India appointed by the President to see that the different Departments maintain proper accounting system. The accounts of the Government Departments are audited by the Comptroller and Auditor General of India. While auditing the accounts of the Government Departments he examines:

1. Whether the Government funds have been spent only for the appropriated purposes sanctioned by Government.
2. Whether the Government funds have been spent economically and faithfully;
3. Whether the administrative officials have misappropriated the funds

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If the Comptroller and Auditor General of India finds any financial irregularities, he points out them in a Report prepared by him and submits it to the President. The President submits the Report to the Parliament and the Parliament to the Public Accounts Committee. The Public Accounts Committee scrutinizes and reviews the Report and summons the officials responsible for financial irregularities and call for explanations. If the explanations are not satisfactory, the Public Accounts Committee in its Report points out the mistakes committed by the officials. The Parliament recommends actions against them. Thereby, the financial irregularities committed by the officials are set right.

### **Controls Through Parliamentary Committees**

There are number of parliamentary committees in India. These committees summon the administrative officials to appear before them to explain the reasons for the mistakes committed by them. When their explanations are not satisfactory, they point out the mistakes committed by the officials in their Reports. On the basis of the Reports, the Parliament takes actions and thereby mistakes committed by the officials are set right.

Sometimes the Ministers during question hour or debates and discussions give assurances regarding certain matters. The Committee on Assurance sees to it whether the assurances given by the Ministers have been carried out within a reasonable time and to their satisfaction or not report these matters to the Legislature from time to time. This control over administration has greatly strengthened the Legislative control over the administration.

In modern democratic countries, people exercises control over administration through their representatives, who constitute the Legislature. The control of the Legislature over administration is very much necessary. In India the Legislature exercises control over administration through the Ministers by various means and thereby the mistakes committed by the officials are set right through the Ministers. Thus, the Legislature in India exercised control over administration very effectively and thereby the administrative officials are made accountable and responsible for their actions.

## **5.5 Executive Control Over Public Administration**

### **Meaning**

By the Executive control over Public Administration means, the control exercised by the Chief Executive over administration. The Chief Executive in India is the President of India. He is only a nominal head. The real head of the administration is the concerned Minister. He is assisted by the Secretariat Departments and Executive

Departments consisting of the administrative officials in the implementation of policies and laws of the government because he is responsible for the actions of the government officials to the Legislature.

### **Means of Executive Control Over Administration**

The Executive exercises control over administration through different means.

They are :

1. Control through policy making,
2. Control through budgetary system,
3. Control through recruitment system and
4. Control through Executive law making.

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### **Control through Policy Making**

The Executive plays a very important role in policy making. Ministers make broad policies. The details of the policies are filled by the Government officials. In fact the detailed policies are made by the officials of the government. It is the responsibility of the Ministers to see whether the details of the policies are within the broad framework of the policies made by the officials. By doing so, the Ministers exercise control over the administrative officials.

### **Control through Budgetary system**

It is the Executive that prepares the budget. It determines the sources of income and provides various amounts of expenditure to the Departments. The officials should raise funds from the different sources as sanctioned by the Legislature and spend on various programmes as sanctioned by the Legislature within the financial year. By doing so, the Executive exercises control over the administrative officials.

### **Control through Recruitment System**

The Executive lays down the general principles for recruitment of the Government officials. The Executive makes recruitment to the higher posts in the Departments itself. The Ministers select their own Secretaries to run the Government. Thus the Ministers exercise their control over administration through recruitment system.

### **Control through Executive Law-Making**

The Legislature makes laws in a broad framework. The details of the laws are filled through the rules framed by the officials. The Executive gives broad guidelines through which the details of the laws should be filled up by the Government officials. By doing so, the Executive exercises control over Public Administration.

The Chief Executive also gives orders in the form of ordinances. It is the responsibility of the Ministers to see that the executive orders are carried out faithfully by the administrative officials. By doing so, the Executive exercises control over the administration.

## **5.6 Judicial Control over Public Administration**

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Judicial Control over Public Administration is not automatic. Courts cannot interfere in the administrative activities on their own accord. The Courts can intervene only when they are invited to do so by any person, who feels that his rights have been abrogated or are likely to be abrogated as a result of some action of the Government official. The Courts can intervene in administrative cases only on certain grounds.

They are:

1. Lack of Jurisdiction
2. Error of law,
3. Error of fact finding,
4. Abuse of authority and
5. Error of procedure.

### **Lack of Jurisdiction**

Every Government official has to carry out the different functions within the jurisdiction of his powers and within a specified geographical area. If he goes beyond his powers or acts outside the geographical limits of his authority, his acts can be challenged in the Courts and they will interfere.

### **Error of Law**

Sometimes the Government officials may misinterpret the law and impose upon citizen's duties and obligations which are not required by law. A citizen, who has suffered on account of this, has the right to move the Courts for damages.

### **Error of Fact Finding**

The Government officials may wrongly interpret the facts, ignore them and thus may act on wrong presumptions. This may affect the citizens adversely. The affected person may go to the Courts and they will intervene in support of the citizens.

### **Abuse of Authority**

If the Government officials use their authority vindictively to harm some persons, they may go to the Courts and they will intervene by punishing them if they are found guilty.

## **Error of Procedure**

The Government officials have to act according to certain procedures as laid down by the laws and if they do not follow the prescribed procedures and take actions, the inflicted persons can move to the Courts. The Courts have the right to question the legality of their action.

## **Methods of Judicial Control**

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The Judiciary exercises control over Administration through the following methods of techniques.

### **Judicial review**

It is the power of the courts to examine the legality and constitutionality of administrative acts. On examination, if they are found to be violation of the Constitution, they can be declared as illegal, unconstitutional and invalid by the courts. The scope of judicial review in the USA is much wider than in Britain. India falls in between the two to the constitutional and statutory limitations.

### **Statutory Appeal**

The parliamentary statute may itself provide that in a specific type of administrative act, the aggrieved citizen will have the right of appeal to the courts. Under such circumstances, the statutory appeal is possible.

### **Suits against Government**

In India, Article 300 of the Constitution governs the suability of the state. It states that the Union Government and State Government can be sued, subject to the provisions of the law made by the Parliament and the state Legislature respectively. The State is suable in contracts. This means that the contractual liability of the Union Government and the State Governments is same as that of an individual under the ordinary law of contract. However, in case of torts, the position is different. In this regard, a distinction is made between the sovereign and non-sovereign functions of the State. The state, for the tortuous acts of its servants, can be sued only in case of its non-sovereign functions but not in case of its sovereign functions.

In Britain, there has been traditional immunity of the state from any legal liability for any action. Suits against Government in contract or tort were severely restricted. Such restrictions were relaxed and the situation was improved by the Crown Proceedings Act of 1947. The present position in Britain is that the State can be sued for the wrongful acts of its officials whether in contracts or torts, with some exceptions.

In the USA, subject to a few exceptions, the state cannot be sued in cases pertaining to torts. In other words, the State is immune from the tortuous liability of its servants, except in few cases.

In France, where the system of 'Droit Administration prevails', the State assumes responsibility for the official actions of its servants and compensate the citizens for any Loss suffered by them. The aggrieved citizens can directly sue the state in the 'administrative courts' and get the damages awarded.

### **Suits against Public Officials**

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In India, the President and the State Governors enjoy personal immunity from legal liability for their official acts. During their term of office, they are immune from any criminal proceedings, even in respect of their personal acts, they cannot be arrested or imprisoned. However, after giving two months' notice, civil proceedings can be instituted against them. The ministers do not enjoy such immunities and hence they can be sued in ordinary courts like common citizens for crimes as well as torts. Under the Judicial Officer's Protection Act of 1,850, the judicial officers are immune from any liability in respect of their acts and hence cannot be sued.

The civil servants are conferred personal immunity from legal liability for official contracts by the Article 299 of the Constitution of India. In other cases, the liability of the officials is the same as of any ordinary citizen. Civil proceedings can be instituted against them for anything done in their official capacity with prior permission from the Government.

The Monarch in Britain and the President in the USA enjoy immunity from legal liability. The legally accepted phrase in Britain is, 'The king can do no wrong'. Hence they cannot be sued in any court of law.

### **Extraordinary Remedies**

The Courts shall interfere in the acts of the officials if they are satisfied that the Government officials have acted beyond their jurisdiction of powers, have committed error of law, have erred in fact finding have abused their authority and have not followed procedures as laid down by the laws and declare the actions of the officials not valid. The Courts also have the power to issue writs against excesses committed by the Government officials. They are:

1. Writ of Habeas Corpus,
2. Writ of Mandamus,
3. Writ of Prohibition,
4. Writ of Injunction,
5. Writ of Certiorari, and
6. Writ of Quo-Warranto

## **Writ of Habeas Corpus**

Habeas Corpus means, to produce the body of. The Court issues this writ in the nature of an order calling upon the person who has detained another to produce the latter before it in order to let it know on what grounds he has been confined, and to set him free if there is no legal jurisdiction for his confinement. The purpose of this writ is to determine whether the person is legally detained or restrained in his liberties. In other words, this writ is a powerful safeguard of the liberty of the citizens. The writ of Habeas Corpus is granted as a matter of right and not at the discretion of the Court.

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## **Writ of Mandamus**

Mandamus literally means “a command”. It is a writ issued to a public official to do a thing which is part of his official duty but which he has so far failed to do. This writ cannot be claimed as matter of right. Its issue is entirely a matter for the discretion of the Court and it will not be granted if the Court is satisfied that there is an alternative remedy.

## **Writ of Prohibition**

Writ of Prohibition is a judicial writ issued by a superior court to an inferior Court for the purpose of preventing it from usurping jurisdiction with which it is not vested. This writ is claimed as a matter of right.

## **Writ of Injunction**

Injunction writ is issued by the Court requiring a person to do or refrain from doing a thing. It is called “mandatory” when it requires the defendant to do a thing and “preventive” when it requires the defendant to refrain from doing it.

## **Writ of Certiorari**

Certiorari literally means to be certified or to be made certain. The writ of certiorari means the direction of a superior Court to an inferior Court for transferring records of proceedings of a case pending with it for the purpose of determining the legality of the records of the proceedings and for giving more satisfactory effects to them could be done in inferior Court concerned.

## **Writ of Quo Warranto**

Quo Warranto means, “by what authority”. The purpose of this writ is to try a claim to the public office. This writ is issued by the Court to inquire into the legality of the claim which a party asserts to an office and to oust him from its enjoyment if the claim be not well founded or to have the same declared forfeited. The conditions necessary for the issue of the writ are that:

### **Check Your Progress Questions**

3. Explain the writ of Mandamus.

1. The office under the dispute must be a public office;
2. The tenure of the office must be permanent;
3. The persons proceeded against must in actual possession; and
4. It is not necessary that the petitions should be the legal claimants.

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Judiciary has been very active in pronouncing historic judgements on the acts of omissions and commissions of higher civil servants, especially those involved in various scandals and scams on petitions preferred by Public Interest Litigation promoters. It has been the greatest safeguard against the abuse of authority by the administration and the protector of the rights of the individuals.

### **5.7 SUMMARY**

Administrative Responsibility of officials is a key factor in the organization. Responsibility should not be evaded. It should not be transferred to others shoulders. Administrative responsibility is subjective where as the Administrative Accountability should be objective. Administrative Control is very much essential for the proper functioning of organization. Parliament exercises its control over Public Administration. Parliamentary control over Public Administration is very much necessary to make the officials Accountable and responsible. Judiciary provides safeguard to the people against the authoritativeness of officials. This unit analysed the above features.

### **5.8 KEY WORDS**

Efficiency Survey systems - Delegated Legislation - Question hour - Token cut - Error of law - Error of procedure - Judicial Review - Statutory appeal - Writ of Habeas corpus

### **5.9 ANSWERS FOR CHECK YOUR PROGRESS QUESTIONS**

For Question No.1 ... Refer Section No. 5.1

Question No.2 ... Refer Section No. 5.4

Question No.3 ... Refer Section No. 5.6

### **5.10 BOOKS FOR FURTHER READING**

1. A. Avasthi and S.R. Maheswari, **Public Administration**, Agra, Lakshmi Narain Aggarwal, 1996.
2. C.P. Bhambhri, **Administration in a Changing Society: Bureaucracy and Politics in India**, Delhi, Vikas, 1991.
3. S.R. Maheshwari, **Administrative Theories**, New Delhi, Allied, 1994.

### **5.11 MODEL QUESTIONS**

1. Bring out the importance of Administrative Responsibility and Accountability.

## **UNIT - 6**

# **ADMINISTRATIVE LAW - ADMINISTRATIVE TRIBUNALS - DELEGATED LEGISLATION**

### **INTRODUCTION**

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Administrative Law and the constitutional Law are the two branches of Public Law. Because of complexity of administrative tasks the administrative technique to achieve them also is becoming more exact. Objectives are achieved spontaneously. But some of the objectives can be achieved only through the applicability of set of rules and orders. These administrative orders and rules are called by the following names, Administrative law, Administrative Tribunals, and Delegated Legislation. Dicey, an English, identifies the Administrative law in his work 'Droit Administrative.' This unit analyses Dicey's views on Administrative Law is also studied. Another topic of analysis is Administrative Tribunals. These tribunals determines the questions of a quasi judicial nature by Administrative agencies. Further it studies the difference between Administrative Adjudication and Judicial Process. The growth of Tribunals traced. Delegated Legislation is delegating Law-making to the executive. The meaning and causes for the Growth of Delegated Legislation, its advantages and disadvantages all are analysed in the unit.

### **OBJECTIVES**

- To know about the Administrative Law and Rule of Law
- To understand the views of Dicey on Administrative Law
- To study the features of Administrative Law.
- To know the difference between Administrative Adjudication and Judicial Process
- To bringout the Advantages and disadvantages of Administrative Tribunals
- To trace the reasons for the growth of Delegated Legislation.

### **UNIT STRUCTURE**

- Administrative Law
- Dicey and Administrative Law
- Criticisms of Dicey's views
- Sources of Administrative Law
- Scope of Administrative Law
- Features of Administrative Law
- Meaning and Definition of Administrative Tribunal

Difference Between Administrative Adjudication and Judicial process  
Growth of Administrative Adjudication  
Reasons for the Growth of Administrative Tribunals  
Advantages and disadvantages of Administrative Tribunal  
Meaning and Definition of Delegated Legislation  
Reasons for the Growth of Delegated Legislation  
Advantages of Delegated Legislation  
Disadvantages of Delegated Legislation  
Safeguards in Delegated Legislation

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## **6.1 Administrative Law**

Administrative Law is one of the two branches of Public Law, the other being the Constitutional Law. Whereas the latter is the highest law of any country. It is concerned with the composition of the machinery of the government, the former studies the organization, powers and duties of administrative authorities, rules, regulations and procedures, etc., for the smooth running of that machinery. According to Sir Ivor Jennings, "Administrative law is the law relating to the administration. It determines the organization, powers and duties of administrative authorities." F.J. Goodnow broadened the definition to encompass, "that part of the public law which fixes the organization and determines the competence of the administrative authorities and indicates to the individuals remedies for the violation of his rights." Administrative law can thus be defined both in narrow and in a broad sense. In the narrow sense, Administrative Law is a law which determines the amount of discretion and its limitations permitted to the administrative agencies in running the wheels of administrative machinery. In other words, it is a law which determines the power and responsibilities of the officials in the discharge of their official duties. In the broader sense, administrative law is the law relating to the whole of public administration. It is the sub-total of the principles according to which public administration enforces public policy. In this sense, administrative law includes all the statutes, charters, resolutions, judicial decisions, rules, regulations, procedures and orders relating to the structure of the administrative authorities, their powers and responsibility, their officials and their finances, etc. The French conceived administrative law in the wider sense so as to mean the totality of legal rules regulating the relations between public authority and the citizens. They have an extremely developed system of administrative courts which interpret and decide cases involving citizens and administration according to administrative law. Dicey has best described the French administrative law or 'droit administratif' as a law which determines

1. The position and liabilities of all State officials,
2. The civil rights and liabilities of private individuals in their dealings with, officials and representatives of the State, and
3. The procedure by which these rights and liabilities are enforced.

## 6.2 Dicey and Administrative Law

Deeply steeped in the tradition of the common law Dicey, in his book "Law of Constitution", totally misinterpreted the administrative law as developed in France. He identified the French "droit administratif" with that part of the law which provided for special courts for the trial of civil servants when in conflict with the ordinary citizens of the country. He believed that this system of separate courts, one for the citizens and the other for the officials, was nothing but the perpetuation of injustice and the rights and liberties of the French citizens were in danger. This, he felt, violated the fundamental rules of equality between government and citizens as they are implicit in the common law tradition. Wrong as he was, his ideas had a very powerful influence and helped to retard the development of administrative law as a science in the common law world for decades.

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In sharp contrast to the French administrative law, Dicey gave classical formulation to the concept of the "rule of law". According to him, "rule of law" means three things:

1. "It means, in the first place, the absolute supremacy or predominance of regular law as opposed to the influence of arbitrary power, and excludes the existence of arbitrariness, of prerogative, or even of wide discretionary authority on the part government. Englishmen are ruled by the law and by the law alone; a man may, with us, be punished for breach of the law, but he can be punished for nothing else." It means that the executive has no arbitrary powers over the individual who cannot be deprived of life, liberty or property without the sanction either of Parliament or of the common law. Nor can he be detained or arrested except for a definite breach of law duly proved in the court of law. The presence of these rights reduces the possibilities of executive arbitrariness, and oppression to the minimum.

2. "It means again, equality before the law, or the equal subjection of all classes to the ordinary law of the land administered by the ordinary law courts." It means that there are no special courts and every one is subject to the ordinary law and ordinary courts. All public officials, high or low, are under the same responsibility for every act done in their official capacity. Dicey while elaborating the equality of all before law says, "With us every official, from the Prime Minister to a constable or a collector of taxes, is under the same responsibility for every act done without legal justification as any other citizens."

3. "The rule of law lastly, may be used as a formula for expressing the act that with us the law of the constitution, the rules which in foreign countries naturally form part of the constitutional code, are not the sources but the consequences of the rights of individuals, as defined and enforced by the courts it means that the

main principles of the constitution, such as the right of personal liberty or of public meeting, have been set up on the foundation of the old common law and not as things derived from any general constitutional theory.”

### 6.3 Criticism of Dicey’s Views

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The Diceyan concept of ‘rule of law’ is now subject to serious limitations. With the phenomenal rise in the economic and social activities of the State, it has become essential to equip the administrative authorities with more and more discretionary powers. “The keynote of 19<sup>th</sup> century thought was individualism. Judges and politicians agree that the maintenance of order both within and outside the country was the only legitimate function of government... A new and irresistible urge for social security has been born; freedom from want has become more important than freedom of property; the extension of franchise to the working classes by the Reforms Act resulted in the formation of Administrations which introduced unemployment, sickness, and old age benefits. In short, the old policy of laissez faire has now been given up and the adoption of the social service or welfare State had led to a very great increase in the number of activities of the various administrative agencies. Consequently, public administration affects the rights and liberties of the individuals in all spheres of life.” In the words of Griffith and Street, “today the Welfare State primarily endeavours to invest the administrator with almost unlimited discretion to fulfil social needs through the accomplishment of legislative policies by the method of trial and error.” Therefore, the central issue is not “no discretion” but “how much discretion” to the administrative authorities.

Even on his own premise, Dicey was wrong when he said that there was no administrative law in England. As W.A. Robson says, there was always a special body of law applicable to the activities of administrative authorities only and giving them special rights, powers, duties and liabilities entirely different from those of the citizens. As long as 1909 in a case in which the Board of Agriculture authorized the compulsory sale of farm, Justice Darling found the Board to be “no more impeachable than Parliament itself.” The decision was perfectly right in view of the fact that the Parliament had already given the board the power to make rules and regulations. After the passage of Crown Proceedings Act, 1947, there remain certain privileges and immunities which are open to public authorities and their officers. The Trade Disputes Act, 1906, prohibits the bringing of any action against a trade union in respect of a tort. Like many other countries of the world, England, too, gives immunities to the persons and property of other States, their rules and diplomatic agents. To cap this all, “the King can do no wrong” has always conferred a special status on the King in relation to citizens and even today, when the Britons have taken

**Check Your Progress Questions**

1. Explain Dicey’s view on Administrative Law.

to democratic set-up, the King still enjoys certain special privileges commonly known as “royal prerogatives”. Today the trend in authorizing officials by statutes to decide disputes between their departments and private citizens is no less visible in England as in other countries. Acts of Parliament, such as Acts dealing with Factories, Trade Boards, Public Health or with Town and Country Planning, are examples of the kind of enactments that bestow special powers upon administrative agencies. So to say that there is perfect equality between the administrative authorities and the ordinary citizens is not borne out by facts. Again, Dicey was wholly correct when he said that the constitution instead of being the source of citizen’s rights is their result because the bulk of the English Constitution is founded on customs, traditions, and statutory enactments.

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From what is discussed so far, it is clear that Dicey was wrong not only in his concept of the rule of law but he also overlooked the significance of the administrative law. In France, the “droit administratif” and French administrative tribunals, in particular the “counsel d’Etat” staffed with highly qualified lawyers, experts in administration and government service - had built up, in the words of Fridmann, “a system of jurisprudence that gave more powerful protection to the citizen against the arbitrary actions of government than the common law system. English law, at least in Dicey’s time and for many years after, fell very seriously short of the noble concept of equality of governors and governed, since it gave the government immunity from liability in tort and in contract; a concept which goes back to feudalism: The King can do no wrong, the King cannot be sued in his own courts. This archaic conception is now on the way out - though not yet entirely in this country, and certainly only incompletely in the United States, but such a notion of the relations between government and citizens was long ago thrown out by the administrative jurisprudence developed by the administrative courts of France and of other continental countries. Indeed in some significant respect administrative courts developed remedies against the government on behalf of the citizens which the civil courts refused. A celebrated example is the doctrine of the so-called “improvisation” which broadly means the occurrence of unforeseen circumstances. World War I and the inflations following it had profoundly shaken the value of currencies not only in Germany but also in France and therefore, had greatly undermined the fairness of the conditions, neglected in long-term contracts between governments or other public authorities and supplies: for example, suppliers of gas, electricity or road constructions. But the civil courts of France, led by the Cour de Cassation had consistently held that a contract is contract and that no adjustment could be made. It was left to the administrative (i.e., the Conseil d’Etat) to develop a different doctrine and to introduce into French administrative law, the equitable adjustment of obligation in contracts between

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government and private citizens, where the circumstances had altered so much that the equilibrium of the contract was disturbed. This is roughly the equivalent of the doctrine of frustration in the common law, but the significant fact is that here the administrative courts developed a remedy for the citizens that the civil courts - to Dicey the only proper courts - had refused." Referring to the Diceyan myth of equality between the governors and the governed, he said: "In this form, I humbly submit that the phrase is sheer nonsense. What is, I think, essential is that the inequalities between governors and governed should be inequalities based on principles and not of an arbitrary character. This means that they should be inequalities of function and service and not be based on discriminations between one citizen and another.

### **Universality of Administrative Law**

Administrative Law is now a universal phenomenon although we may or may not recognize it as a separate branch of public law. Wherever there is public administration, there must be administrative law and the greater the scope of public administration, the greater is the scope of administrative law. Now-a-days the government must enjoy wide discretionary powers on account of the increasing horizons of the State. This is essential for the dynamic and flexible functioning of the administration. In fact, "discretion is the essence of government (today), but the principles governing the proper limitations of discretion are the essence of administrative law." Therefore, administrative law as regulating the constitution, functions, procedure, and powers of administrative authorities is all-pervasive of the modern governments. It exists side by side the rule of law if by the latter we mean the absence of arbitrary powers.

### **Origin of the Administrative Law**

The Administrative Law first found its origin in France as a result of historical circumstances and political beliefs of the time. Before the French revolution, there was a general repugnance to the judicial control exercised over the administrative authorities. Those persons who were actively associated with the revolutionary movement were of the opinion that if judges were allowed to decide conflicts between the State and its administrative authorities on the one hand, and private individuals on the other, it would result in judicial interference with the normal operations of the government thereby impairing the efficiency of the administration. Montesquieu's theory of the separation of powers was also in the forefront in those days and had a great ideological appeal. The result was that immediately after the Revolution; many laws were passed preventing the judiciary from interfering in the work of administration. Even punishment was provided in the Penal Code for the judges who would try to interfere in the administrative functions.

This resulted in a very unsatisfactory situation in France. The administrative authorities could act as they pleased and there was no relief to the citizens suffering on account of their arbitrariness and oppressive actions, except that an appeal could be made to political representatives. According to revolutionary ideas, appeal to political representatives was a sufficient safeguard against the abuse of power but it could not be so because administration possessed a dominant position and practiced domination. An inevitable chain of protests set in and after many developments, government thought of improving the situation. The first step in this direction was taken by Napoleon Bonaparte who established councils of juris consults. A Council of State - Counsel d'Etat - was set up at the national level, and in the various departments, the Prefectorial Councils were constituted. With the passage of time, the system has grown and has spread to other countries as well.

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#### **6.4 Sources of Administrative Law**

Administrative law consists of large number of statutes, charters, rules, regulations and procedures as also those resolutions, orders, decisions etc., which are meant for running smooth administration. In fact, administration is both a child and parent of administrative law. There are rules and regulations which govern it and there are others by which it is governed. The Chief sources from which administrative law flows are:

1. The statutes, acts, resolutions, etc., passed by the legislature of the country;
2. Charters, local Bodies Acts granted and enacted by the legislature;
3. Ordinances, rules, regulations, resolutions, orders, directions and decisions etc., issued by the administrative authorities;
4. Customs and conventions; and
5. Judicial decisions of the courts.

#### **6.5 Scope of Administrative Law**

Administrative law, in its broader sense, covers the whole of public administration and governmental powers in relation to the citizens. Taken in this sense the scope of administrative law would be in direct proportion to the scope of public administration. This is the chief reason why public administration has been largely studied under the name of administrative law in the continental countries. The Committee on Public Administration of the Social Research Council, USA, mentioned the following outlines as the scope of administrative laws. Problems of public personnel; Problems of fiscal administration; Legal conditions in administrative discretion; Administrative law and administrative courts; Administrative regulation;

Administrative examination; Government contract; Claims against government; Remedies against administrative action; Law relating to the status and recognition of professional associations; and legal rules governing actions of plural: headed administrative bodies.

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James Hart bifurcates the scope of administrative law into

1. Law of internal administration, and
2. Law of external administration.

Under the law of internal administration, he includes such topics as legal qualifications for office, legal disqualifications for officers, legal aspects of the hierarchical form of the departmental organization, the legal relation of the administrative superior to the subordinate, and the legal relation between the power of removal and of administrative management. Under the Law of external administration, Hart includes

1. Powers and duties of administrative authorities related directly to private interests,
2. The scope and limits of such powers,
3. Sanctions (i.e., means of enforcement) attached to official decisions, and
4. The remedies against official action.

A briefer and more systematic outline of the scope of administrative law would be to divide it into two parts and under these two titles M.P. Sharma includes:

**(1) Law of Official Powers:**

- (a) Non-coercive,
- (b) Semi-coercive-Inspection, licensing etc.,
- (c) Coercive - sanctions, legal and extra legal,
- (d) Delegated legislation, administrative orders,
- (e) Administrative adjudication.

**(2) Law of Administrative Responsibility:**

- (a) To the executive,
- (b) To the legislature,
- (c) To the electorate,
- (d) To the Law courts,
- (e) Judicial review of administrative acts,
- (f) Claims against administrative authorities,
- (g) Remedies against administrative acts.

**Check Your Progress  
Questions**

2. Mention the Sources of Administrative Law.

In France, the scope of administrative law has been constantly growing. It has been enlarged so as to include

- (a) Contractual and delictual relations between the government and the citizens and
- (b) Concepts like the “risque cree”.

Referring to the contractual relations and their importance in the administrative law world, Friedmann said, “The field of government contract is an extremely important one. One could write a whole treaties today about government contracts. The French have also regarded this as an eminently important aspect of administrative law. They have sought to distinguish contracts where the government faces a citizens as an equal, where it is more or less like an ordinary purchaser or supplier and therefore subject to the civil courts, from other contracts where the government - for instance as a buyer of uniforms - acts as a governments. The latter is called administrative contract, a genuine contract subject to legal remedies but distinct from the civil contract, in so far as it gives the government a power of unilateral termination in the interest of the country subject to indemnification.” Referring to the concept of “risque cree” he said the French courts, “have imposed upon the State absolute liability regardless of fault by developing the concept of the “risque’ cree”. The government must, for instance, have the power to establish ammunition dumps, or to contract nuclear reactors. But in undertaking dangerous operation in its governmental function for the benefit of the nation as a whole, the government is liable for the risks created, even if there is no fault because in many of the situations the fault of the particular individual officer cannot be proved. The Conseil d’Etat has seen that a proper adjustment between the necessary functions of government in undertaking such operations and the danger to the public from them demands compensation regardless of fault.” This shows how the courts have been anxious to develop administrative law in that country.

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Referring to the growth of public corporations in India, Friedmann pledged for the study of these enterprises as part of the study of administrative law. He said: “Needless to say, it (public corporations) is considered as a proper and important part of administrative law in the continental systems, and I think that it should be treated as such in this country, where the public corporation, owing to the importance of governmental enterprise in the mixed economy, plays a very important part. .... It seems to me that an analysis of the status and function, the powers, privileges, duties, and liabilities of the corporation is a very important part of administrative law.” From what has been said, it is clear that the scope of administrative law would continue to grow with the coming in of the new types of organizations in public administration.

## **6.6 Features of Administrative Law**

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(1) In the words of Robson, administrative law subordinates the common law, rights of personal freedom and private property to the conception of social or common good. It seeks to reconcile freedom and justice for the citizens with the necessities of a modern government having responsibilities for the promotion of far-reaching social and economic policies. To secure the latter, it places necessary restriction on individual rights and freedoms. It gives priority to social interests over individual interests.

(2) As the object of the administrative law is the enforcement of social policies, it lays down certain flexible standards to be applied to cases instead of cut and dried legal rules or precepts to be followed. This is on account of the fact that most of the legislation enacted by the legislatures today is in the skeleton form and the details are left to be filled in by the executive authorities. Thus an Act may state that the transport rates should be reasonable or that unfair practices should be checked in certain trades or traffic restrictions should be placed to secure safety of the bridge and so on. Now what is reasonable rate of transport or what constitutes unfair practices or what should be the nature of traffic restrictions are the questions about which the Acts makes no mention. Rather it leaves the whole issue to be decided by the adjudicator. This makes for flexible interpretation of the administrative law.

(3) As many of the standards established by administrative law relate to highly technical matters as discussed above, their interpretation and application is left to the administrative tribunals especially constituted for the purpose. They are staffed by technical experts who have the knowledge both of administration and law. These tribunals award cheap, expeditious and expert decisions on administrative matters.

(4) Administrative law places public authorities in an advantageous position over the private individuals. As we studied previously, discretion is the sense of the government and administrative law duly permits it. As such, the administrative authorities get a privileged status as against private citizens. It is possible that these discretionary powers may be misused or used to the advantage of a few selected persons to the disadvantage of many other, and possible it is, as it usually happens, that there may be no proper channels for redress against such misuse of authority. This is the reason of administrative law having had to face scathing criticism from several quarters. Lord Hewart even identified administrative law as 'organized lawlessness'. The Times of India, once in its editorial observed: "In any case, in our view, administrative law with its creature administrative tribunals, is, like martial law, the negation of law."

(5) Administrative law is not codified and, is essentially, in an experimental and dynamic condition. Some of the rules have been established by the decrees issued from time to time, while the most important and by far the largest part of it depends upon the decisions of the administrative courts. As Frankfurter and Devison say, "We are dealing with law in the making... Administrative law is growing; it necessarily is still crude and empirical. It is dealing with new problems calling for new social inventions or fresh adaptation of old experience.... In a field as vast and unruly we must be wary against : generalization law "somewhat resembles the common law which has been slowly built up in the regular courts by one decision after another."

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It may be mentioned that administrative law does not endanger rights of the citizens if only it is well developed and well applied by the administrative tribunals. In the light of the French experience, it can be safely said that, far from fortifying the arbitrariness of government towards the citizens, administrative law enhances individual freedom. The French Council of State has established admirable traditions of impartiality and justice. According to Zink, "Access to the Council of State and to the regional tribunals is easy and inexpensive. The French people take full advantage of this system and bring many thousands of cases every year to the regional and central tribunals. Experience shows that administrative courts in no way jeopardise popular rights and liberties in practice. Rather, they afford the individual almost perfect protection against arbitrary administrative actions. In the words of Graner, "there is no other country in which the rights of the private individuals are so well protected against administrative abuses and the people so sure of receiving reparation for injuries sustained for such abuses," as in France.

In the end, we may say that if the administrative law and administrative tribunals are developed on the lines of the French experience, there is certainly no danger to individual freedom. Unfortunately, the common law world has been so far too tradition bound as to make use of the French experience with the result that there has been no systematization of administrative justice and administrative law has been predominantly preoccupied, as in the USA, with grievance procedure and the methods by which the citizens can obtain redress from government. What is, therefore, needed is the recognition of a more, systematic conception of administrative justice. Administrative law is a 'must', it has come to stay and any modern State which wishes to preserve a balance between the powers of government and the protection of the citizen's legitimate interest must need have a system of administrative justice.

## **6.7 Meaning and Definition**

Administrative adjudication means the determination of questions of a quasi-judicial nature by administrative departments or agencies or administrative tribunals

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especially established for the purpose. According to L. D. White, it means “the investigation and settling of a dispute involving a private party on the basis of law and facts by an administrative agency.” Dimock defines it as “the process by which administrative agencies settle issues arising in the course of their work, when legal rights are in question.” The definition given by Dimock is wider than that of L.D. White. According to White the presence of a dispute or controversy to be decided is an essential feature of administrative adjudication. Dimock uses the word “issue” instead of “disputes” and holds that administrative adjudication is possible even in those matters in which there may be no dispute between two parties but which still affects the rights of some individual. For example an application for a licence, which may be uncontested and therefore, involves no dispute, does involve a decision by the authority granting it concerning the fulfillment by the applicant of the conditions or possession by him, of the qualifications required for the licence.

### **6.8 Difference between Administrative Adjudication and Judicial Process**

Administrative adjudication is quasi-judicial and thus is distinct from the purely judicial process. The literal meaning of quasi is “not exactly”, “seemingly” or “half-almost”. Quasi-judicial, therefore, means that it is almost judicial but not actually judicial because an order is not judicial if it is issued not by a law court but by an administrative agency or administrative tribunal and is therefore termed as not a judicial act but an act of administrative adjudication. The following are the points of difference between administrative adjudication and judicial process:

1. Justice in courts is administered according to the formal rules of law, e.g., evidence is to be taken in a prescribed way, legal counsels are to be heard according to a set procedure. But administrative adjudication is not guided by definite legal principles, but by certain statutory standards of ‘common good’, ‘public interest’ and ‘public convenience’,
2. The judge applies the law and is bound by it, while the administrative agency applies ‘policy’ and has sufficient discretion in doing so.
3. Justice in courts is administered by judges who are independent in their position and cannot be held legally responsible in respect of their position and cannot be held legally responsible in respect of their judicial functions. The administrative agency, however, has no such protection or immunity.
4. Administrative adjudication is sometimes predisposed in favour of administrative policy and is thus not free from official bias. On the other hand justice in the court is free from every bias, official or personal whatsoever.

5. The judge cannot delegate his power of justice to someone else. He administers justice personally. But in case of administrative adjudication, delegation is possible. For example Minister may ask the Secretary to decide an issue.

6. The court gives reasoned arguments for its judgment, while administrative tribunal may simply announce its decision without stating the reasons on which it is based. Some critics, however, believe that apart from the fact that administrative justice is administered by administrative agencies instead of regular courts, there is not much else to differentiate it sharply from justice, administrative adjudication should be subjected to similar safeguards which characterize the true judicial proceedings.

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## 6.9 Growth of Administrative Adjudication

The main reasons for the growth of administrative adjudication are:

1. The activities of the modern welfare states have increased to cope with which legislation of unprecedented volume has to be made which results in the increase of number of disputes involving highly technical issues in all the spheres - industrial, social and economics. These disputes could not be fairly and speedily settled by the law courts because, firstly, the judges were not well acquainted with the technicalities of administration and secondly, its procedure was dilatory and costly while the disputes needed speedy and cheap decision. Even a week's delay in the adjudication of all industrial dispute may paralyse the business of the whole country.

2. Law Courts are already overburdened with work, and the additional work of wholly a new type would have affected seriously the organization and working of law courts.

3. The judges, preoccupied with the individualistic concepts of the old time law as they are, are unwilling to follow the new spirit of the modern legislation. It is only the administrative agency which can give due weight to the considerations of the social or economic policy and appreciate the exigencies of administration.

### Advantages and Disadvantages of Administrative Adjudication

The advantages of administrative adjudication are:

1. It is much cheaper and speedy as compared to justice by courts. A mere application without any court fee puts the adjudication machinery into motion. There are no pleadings to instruct, no pleadings to print and no affidavits to swear. The applicant gets not only cheap justice but also justice without delay. The freedom which enables the adjudicators to abandon intricate trial procedure and waive vexatious rules of evidence results in saving of time and quick decision.

#### Check Your Progress Questions

3. Distinguish between Administrative Adjudication and Judicial Process.

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2. Administrative tribunals that can be manned by officials possessed of special experience and training can give better decisions on issues which require technicalities and specialized knowledge. Judges on the other hand are mostly conservative and hostile to new socio-economic policies of administration.

3. Administrative tribunals give wider discretion and freedom to adjudicators and they can operate with greater flexibility than the law courts. They are not bound to follow precedents and may break away from a previous ruling for administrative convenience.

4. The ordinary courts cannot go outside the evidence produced before them by the parties, but the administrative tribunals can make use of sources of information other than the evidence which has been produced before them and thus arrive at good decision.

1. As regards the disadvantages of administrative adjudication it is said that it does not inspire public confidence because oral hearing, lack of uniform and settled law of procedure, absence of publicity, secret proceedings all are not in consonance with the principles of fair and natural justice.

2. It is alleged that to rely on unsworn statements, unsupported by verbal testimony subject to no cross-examination, is not a judicial way to reach true facts.

3. The opportunity for adequate judicial review under administrative adjudication is restricted. This may result in is carriage of justice.

4. The combination of power to make rules, to investigate alleged violations thereof, to prosecute offenders, and to render decision, all in a single agency violates the spirit of the theory of separation of powers.

### **Administrative Tribunals**

The system of administrative adjudication has come to stay and the number of administrative tribunals is constantly on the increase almost all the countries of the world. To some extent, administrative tribunals have become indispensable because of the phenomenal increase in the activities of the State. Besides the power of making subordinate legislation, the legislature has to give to the executive the power of adjudication in disputes that arise in the course of enforcement of policy. The modern Welfare States have to embark on new experiments in social welfare and as consequence to these experiments, legislation on a large number of subjects is an absolute necessity. Such legislations generally give rise to more litigations, and

more restrictions on the liberty of the individual. Sometimes, statutes provide the settlement of such disputes as give rise to litigation by the administrative tribunals with or without the right of the individual to appeal to the law courts. As a natural corollary to this, individual freedom is compromised in so far as it lies at the mercy of these tribunals, which more often than not are manned by expert civil servants. But it is not always that administrative tribunals award unfair justice to the individuals, rather they safeguard, if they are well organized, as in France, individual liberty. In fact the main aim or object of Administrative Tribunals is and should be, to affect reconciliation between individual freedom and the authority of the administration as promoter of public interest. The administrative authority must as Franks Committee on Administrative Tribunals and Enquiries said, "satisfy the general body of citizens that it is proceeding with reasonable regard to the balance between the public interest which it promotes and the private interest which it disturbs."

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### **6.10 Reasons for the Growth of Administrative Tribunals**

Administrative tribunals have become a permanent part of the administrative machinery of every country. As the Franks Committee in England, pointed out: "The continuing extensions of government activity and responsibility for the general wellbeing of the community has greatly multiplied the occasions on which an individual may be at issue with the administration, or with another citizen or body, as to his rights and the postwar years have therefore seen substantial growth in the importance and activities of Tribunals. In some cases new - policies or regulatory legislation have meant new tribunals in other cases, Tribunals now perform functions previously carried out by the courts .... Reflections on the general social and economic changes of recent decades convince us that Tribunals as a system for adjudication have come to stay. The tendency for Tribunals is likely to grow rather than diminish."

Prof W.A. Robson observes, "One of the most striking developments in the British Constitution during the past half century has been the acquisition of judicial power by the great departments of State and various other bodies and persons outside the courts of law." With the extension, during the nineteenth and twentieth centuries, of the functions of government to one new field after another, with the progressive limitation of the rights of the individual in the interests of the health, safety and general welfare of a community as a whole, with the development of collective control over the conditions of employment, and manner of living and the elementary necessities of the people, there has arisen a need for a technique of adjudication better fitted to respond to the social requirements of the time than the elaborate and costly system of decision provided by litigation in the courts of law." Administrative Tribunals are those tribunals which are meant to award socially-oriented justice or

public good oriented justice. The law courts apply or interpret law in its most-static form. The Administrative Tribunals mostly go case-by-case and decide with social end in view.

The factors which have contributed to the growth of Administrative Tribunals may be discussed as under:

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1. With the increase in the activities of the modern governments the administration has to handle cases of very complex and technical nature. The ordinary courts are not in a position to understand these complexities and technicalities of administration. For example, they cannot exactly understand as to what is “adequate compensation” or “a fair rent” or “reasonable care in driving”. Judges are trained in law which is not administration. In order to decide a particular technical case that may come to them, they have to rely on expert witnesses of the subject. But, expert witnesses, as Robson remarks, “are only too often hired assassins of the truth, and even if they were just men made perfect”, the assimilation of technical facts at short notice through the testimony of another individual is a different thing from a first-hand knowledge of the ground-work based on personal experience of training.” It is, therefore, necessary in the interest of justice that technical and complex issues should be left to be settled by the administrative tribunals.

2. Modern States are welfare States and in order to promote “greatest good of the greatest number”, legislative acts have to be passed subordinating individual interests to social interest. Administrative Tribunals are a means to award a socially-oriented justice which the ordinary courts cannot, because they are meant to interpret and apply law in its most liberal and static form.

3. Administrative Tribunals give quick justice because they are not bound to follow the procedures of ordinary courts. They follow simple and quick procedures to arrive at decisions.

4. They award inexpensive justice. In some cases, even there is no need for legal counselors.

5. It is really a poor man’s boon. They relieve the ordinary courts of law of a great amount of work. In our courts cases remain pending for years simply because the courts have no time to look to them administrative tribunals share their burden and give them relief.

Administrative Tribunals are becoming a permanent part of the constitutional machinery of various countries. In the USA there are many administrative agencies which act in a judicial capacity. These are:

1. Independent administrative courts, such as the Tax Court, Court of Claims, Court of Customs and Patent Appeals. The members of these courts are called judges and perform only adjudicator functions.

**Check Your Progress  
Questions**

4. Reason for the  
Growth of Adminis-  
trative Tribunals.

2. Department heads who are empowered to hear complaints and settle disputes;

3. Administrative Tribunals within executive departments or special administrative courts such as the Food and Drug Administration (Health, Education and Welfare) and the Patent Office (Commerce).

4. Independent Regulatory Commissions which exercise quasi-legislative, quasi-judicial and administrative powers.

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In the United Kingdom, there are Industrial Tribunals, National Health Service Tribunal, National Insurance Adjudicator, Pensions Appeal Tribunal, Rent Tribunals, Transport Tribunal, etc. In India some of the important Tribunals are: Income-tax Appellate Tribunal, Railway Rates Tribunal, Labour Courts, Industrial Tribunals, National Tribunals, Wages Boards, Election Tribunals, Central Board of Revenue, Board of Excise and Custom, Central Administrative Tribunal (CAT) etc. It is estimated that about one hundred Administrative Tribunals, besides about three hundred administrative bodies exercising quasi-judicial functions are operating in our country. The composition and functions of a few of these Tribunals may be discussed briefly. These are: The Income Tax Appellate Tribunal, The Railway Rates Tribunal and the Central Administrative Tribunal (CAT).

### **The Income-tax Appellate Tribunal**

The Income-tax Appellate Tribunal set up by the Income-tax Act, 1922, empowers the Central government as per amendment made in 1949 to appoint "as many members of it as it thinks fit". A statute passed in 1953 prescribes that a judicial member, should be a person who has held a civil judicial post or has been an Advocate of a High Court for at least 10 years of Experience and an accountant member should have been in the practice of accountancy as a chartered accountant for at least 10 years but this qualification can be waived if the government is satisfied that a person has other qualifications and is of a character suitable for appointment of the Tribunal.

Formerly, the recruitment was made on the recommendations of the Union Public Service Commission but this practice has now been given up in favour of selection by a Special Committee constituted by the Central Government. The Tribunal has the power to hear and decide appeals; to state a case to the High Court on any question of law arising out of the order at the instance of the appellants; to state a case when so required by the High Court in the event of its refusal to accede to the appellant's prayer. It has the same powers as ordinary courts in the matter of discovery and inspection; enforcing the attendance of persons; compelling the production of accounts and documents. It can impose penalty, confirm, reduce,

enhance or set aside the assessment or remand the matter to the lower authority. It is the final court of appeal except that on questions of law, an appeal against its decision can lie, first to the High Court, and then to the Supreme Court of India. Its procedure provides for open hearing, representation by counsel and statement of reason for decisions.

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The working of the Tribunal has been severely criticized. It is alleged that its approach is not fair, impartial and free from bias. The Law Commission has vividly pointed out its defects as follows:

“We are constrained to observe that men of the requisite caliber and independence are not being recruited for discharging so heavy a responsibility as that of the final fact finding authority under the new pattern of taxation. There are many complaints that the disposal of appeals by the Appellate Tribunal is very unsatisfactory for a variety of reasons. Often, the judicial and independent approach, which is necessary in the final fact finding authority, is not displayed by the Tribunal. In several cases, the determination of complicated questions of fact and law is done in a very perfunctory manner. Very often, the Tribunal does not clearly record its findings of fact or its reasons for arriving at its findings. In a number of cases, factual or legal contentions raised by the parties are not dealt with at all resulting in applications for rectification being made subsequently ... to give satisfaction to the large number of assesses. There is considerable delay in disposal of the appeals and very often it is said that the Tribunal spares very little time for the appellate work with which alone they are concerned. Very often, the members of the Tribunal attend the sitting at any time they choose, thereby not conforming to regular office hours, for the disposal of the work. To remedy these defects, necessary reforms need to be carried out. Recruitment of members should be made by independent authority like the Supreme Court of India so as to ensure that the right type of persons are selected, the members should be appointed for a fixed term so as to enable them to work without fear or favour from any quarters; and the Tribunal should work under the control of the Supreme Court to enable it to work more independently.

### **The Railway Rates Tribunal**

The Railway Rates Tribunal was constituted in 1949 comprising of three members - one President and two other members - all of whom were persons qualified to be judges of the High Court to deal with certain complaints of undue preferences and unreasonable rates and other minor matters relating to Railway Administration vs. Consumers. The Mudaliar Committee set up in June 1955 had observed that it did not work expeditiously and the average time taken per case was roughly eleven months as against three months taken by the British Transport Tribunal and four-

and-a-half months taken by the Inter-State Commerce Commission in the USA. It awarded very expensive justice as the parties involved would employ the best legal brains warranted by the legalistic procedure of the Tribunal.

On the recommendations of the Mudaliar committee, the Tribunal was reconstituted in December, 1957. As at present, the Tribunal consists of a Chairman, who, at the time of appointment, is or has been a judge of the Supreme Court and two other members "who have special knowledge of commercial, industrial or economic, conditions of the country or of the commercial working of the railway." The appointment is made for a period not exceeding five years, with ineligibility for extension of tenure or reappointment. The powers of the Tribunal have been considerably curtailed after 1957 and it is now limited to adjudication only where complaints are received that : Railway Administration is contravening the provision of Section 28 (prohibiting railway from giving in undue preference to anybody or causing an undue prejudice to anybody); it is charging for the movement of a commodity between specific points by goods trains a rate which is unreasonable; and it is levying a charge (other than a rate) which is unreasonable.

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On reference from the Central Government, the Tribunal can advise in respect of classification or reclassification of any commodity; fixation of shortage and demurrage charges (including conditions attached to such charges); scale of charges by the Railway Administration for the carriage of passengers and their luggage, parcels, military traffic and traffic in railway materials and stores.

### **Central Administrative Tribunal (CAT)**

The Central Administrative Tribunals are set up in our country under the Administrative Tribunal Act, 1985 with the responsibility of adjudication of service disputes of civil servants employed in the Government or Corporations owned or controlled by the Government as they could not get speedy and inexpensive justice from the judicial courts, heavily over-worked as they were with backlog of thousands of cases and their time consuming and expensive procedures. Earlier, the administrative Reforms Commission (1966) had also recommended the setting up of such Tribunals to function as the final appellate authority in respect of government orders inflicting major penalties of dismissal, removal from service and reduction in rank. A Committee headed by Justice J.C. Shah (1969) had also recommended that in view of the large number of pending writ petitions of the employees in regard to their service matters, an independent Tribunal should be set up to exclusively deal with the service matters.

The Act provides for the establishment of one Central Administrative Tribunal and State Administrative Tribunals for each State and a joint Administrative Tribunal

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for two or more states. The Central Administrative Tribunal has its principal Bench at Delhi and other benches at Allahabad, Bombay, Calcutta, Madras, Ahmedabad, Hyderabad, Jodhpur, Patna, Cuttak, Jabalpur, Ernakulum and Chandigarh to adjudicate disputes and complaints with respect to recruitment and other service matters pertaining to the members of the All India Services or other services of the Union. The State Administrative Tribunals can be set up by the Central Government on the request of the State Government concerned to decide the service cases of State government Employees and they have been set up in Andhra Pradesh, Tamil Nadu, Himachal Pradesh, Karnataka, Orissa and Punjab.

The Tribunals consist of a Chairman, such number of Vice-Chairman, judicial and administrative members as the appropriate government may decide. The Chairman / ViceChairman should have been a judge of a High Court, or a Secretary to the Government for at least two years in a financial matter, a judge of a High Court, or a Member of the Indian Legal Service or a Reader of the Indian Legal Service for at least three years and an administrative member, Administrative Secretary to the Government of India for two years and a Joint Secretary or equivalent post for at least three years.

The President of India makes the appointment of Chairman and Vice-chairman and members of the Central Administrative Tribunal and in the case of State or Joint Administrative Tribunal in consultation with the Governor of the State concerned. But the Chief Justice of India shall be consulted by him while making appointment of Chairman, Vice-Chairman and Judicial Members of the Tribunals. The Chairman and Vice-Chairman hold the office till the age of sixty-five years and members till the age of sixty-two years. They can resign on their own or can be removed by the President on the grounds of proven misbehaviour or incapacity after an inquiry has been made by a judge of the Supreme Court and after giving them a reasonable opportunity of being heard in respect of those charges. Their salaries, allowances and other conditions of service will be determined by the Central Government and cannot be revised to their disadvantage after appointment.

The Act vests the Tribunals all the jurisdiction, powers and authority exercisable by all the courts except the Supreme Court of India. There is no hierarchy of Tribunal in India as there is in France and therefore, one cannot appeal against the decision of the Tribunal to an Appellate Tribunal except to the Supreme Court under Article 136 but not as a matter of right, as it is the discretion of the court to grant or not to grant special leave to appeal. The Tribunals have the authority to issue writs. They have the power to regulate their own procedure including the fixing of the time and place of its enquiry and deciding whether to sit in public or private. They are

guided by principles of natural justice in disposing of the cases. They also have the power and authority exercised by the High Courts in respect of 'contempt'.

An aggrieved employee makes an application to the Tribunal for the redressal of his grievance in a prescribed form with relevant documents and evidence and a fee to be prescribed by the Tribunal but not exceeding Rs. One hundred, after he has exhausted all the remedies available to him under the relevant service rules.

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The Administrative Tribunals have thus proved to be most appropriate, effective, inexpensive and expeditious means of administrative justice. But they suffer from certain disabilities such as

1. They do not follow uniform procedures which might result in arbitrary and inconsistent decisions,
2. The administrative members may not possess any background of law or judicial work,
3. The absence of any hierarchy in Tribunals denies an opportunity to the employee against the judgment of a Tribunal;
4. Appointments to the Tribunals are not made for a considerable period, sometimes, for years together, resulting in backlog and arrears of cases causing enormous delay in their disposal.

## **6.11 Advantages of Administrative Tribunals**

The main advantages of the Tribunals are

1. They award inexpensive, quick and simple justice. They are not bound by the technical rules of evidence and their procedure is characterized by informality and simplicity. Sir Eric Bowyer appearing as a witness before the Franks Committee describes how tribunals work in the most simple way. He said:

“The Chairman and two members of the Tribunal were seated at a table ... on one side. The claimant and the claimant's friends, who might be trade union members, were seated opposite them, the Insurance Officers on this side, they were all very close together. The question put to the Chairman by the members were addressed in conversational tones. The proceedings were of course controlled by the Chairman. It was quite clear to me that to the task of helping the claimant to make his or her case, in the questions asked. In general it seemed to be completely informal. The public were not there.”

2. They are more flexible, adaptive and responsive to rapidly changing social conditions. Ordinary courts, on the other hand, are more rigid, less elastic and somewhat unresponsive to the changing environments around.

3. They are somewhat a necessity for dealing with technical and complex cases. The cases arising under modern regulatory and social legislation often present problems of novel and non-legal character and it is very essential that subject matter experts should be given the powers to make decisions on such matters.

4. They give relief to the ordinary courts. The Permanent Secretary to the Lord Chancellor testified before the Franks Committee: "It is plain, I think, that if all the disputes now determined by administrative tribunals had to be transferred to the ordinary courts, such a transfer should necessarily involve the creation of large number of additional judges many of the disputes in question do not warrant, at least in my judgement, the services of a highly remunerated judge ... I believe that it is essential for the administration of justice as a whole that the Bench should be of the highest possible quality, any proposals for dilution jealously regarded ... These are some of the reasons why I believe, with others, that the system of administrative Tribunals as it has grown up in this country has positively contributed to the preservation of our ordinary judicial system."

The main merits of the administrative tribunals may be summarized as cheapness of justice, accessibility of claimants, freedom from technicality and subject-matter expertise. In the words of Prof. W.A. Robson "The advantages of administrative Tribunals are ... the cheapness and speed with which they usually work; the technical knowledge and experience make available for the discharge of judicial functions in special fields; the assistance which they lend to the efficient conduct of public administration; and the ability they possess to lay down new standards and to promote a policy of social improvement." Similarly, Blachly and Oatman write: "Administrative Courts not only relieve the ordinary courts of a great bulk of work, but also serve purposes foreign to the latter. One of these is the decision of cases according to law, but by means of particular set of values, in which the public interest is emphasized and old individualistic common law conceptions of legal relationships are minimized, at the same time that the rights of the individual are protected by the fact that the administration is compelled to act within law. The informal and inexpensive procedure before most administrative courts or in chambers are generally considered very desirable. Another valuable feature is the securing of information relevant to suit through agencies connected with the administrative courts, thus enabling the decisions to be made on the basis of more complete information than is likely to be obtained from testimony.

In view of their distinct advantages over the ordinary court of justice, administrative courts are necessarily and increasingly important part of modern government.

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## **Disadvantages of Administrative Tribunals**

Despite the advantages of the administrative Tribunals mentioned above, they have been subjected to severe criticism. Lord Hewart called their growth as “organized lawlessness” and a “New Despotism”. K.M. Munshi observed that although these Tribunals were indispensable in modern welfare governments, the serious problem in democratic welfare state is “how to invest the justice dispensed by the Tribunals with impartiality, certainty and predictability”. He added, “As students of administrative law we have to recognize that Tribunals and administrative procedures are essential to modern India. At the same time it would undermine the democratic structure if administrative methods of adjudication are considered convenient alternatives to the courts of law.” The Franks Committee too, does not favour indiscriminate setting up of administrative Tribunals. It observed, “As a matter of general principle we are firmly of the opinion that a decision should be entrusted to a court rather than to tribunal more suitable.” The main points of criticisms against administrative Tribunals are:

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**1. *The Violate Rule of Law* :** It is said that administrative Tribunals are the negation of the Rule of Law which provides that everyone should be equal before law and that no man should be privileged to have a separate code of law for his conduct. But the administrative Tribunals do not regard the parties at dispute as equals.

**2. *They Violate the Principle of Natural Justice* :** Which are - no man should be a judge in his own case; no party should be condemned unheard; and reasons for the decisions must be disclosed to the party involved. The administrative tribunals hardly follow these principles. The quality of their investigation into the question of facts is very poor as they rely on unsworn written statements, even unsupported by verbal testimony; the parties may not be heard in person and the reasons for taking decisions may not be disclosed under the so-called clause of “Public interest”.

**3. *Lack of Publicity*:** The rules & procedures of the Administrative Tribunals may not provide for the publicity of proceedings; their reports of the decided cases may not be published; and where published, they may not state the reason for taking the decisions. “Without publicity”, as Robson has said” “It is impossible to predict the trend of future decisions and an atmosphere of autocratic bureaucracy is introduced by the maintenance of a secrecy which in the ordinary course of events is quite unnecessary. There is no inherent reason why these disadvantages should attach to administrative justice. There can be no objection to permitting the public to attend hearings when they are given or to requiring all administrative agencies which perform judicial functions to publish reports of their decisions, at regular intervals, giving

reasoned arguments for the conclusion ... in this way it would be possible to obtain a body of informed criticism on the work of the tribunal which would have a beneficial effect not only on those sections of the public coming under its jurisdiction, but also of the Tribunal itself.

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**4. *Tribunals are not Impartial* :** The Tribunals do not award fair and impartial justice. Neither the persons constituting Tribunals are trained judicially nor do they have the cold neutrality of a judge. The Franks Committee admitted : “The assert that openness, fairness and impartiality are essential characteristics of our subject-matter is not to say that they must be present in the same way of this issue for adjudication may give good reason for difference in the degree to which these three general characteristics should be developed and applied. Again, the method by which a Minister arrives at decision after a hearing or enquiry cannot be the same as that by which a tribunal arrives at decision ... The Minister ... is committed to a policy which he has been charged by Parliament to carry out. In this sense, he is not and cannot be impartial.”

**5. *Arbitrary and Inconsistent Decisions* :** The administrative Tribunals award arbitrary and inconsistent decisions because they do not follow any uniform procedure of arriving at them. There are no fixed standards which they must follow and apply. The United States has done well by judicialising their procedure under the Administrative Procedure Act, 1946.

**6. *Finality of Decisions* :** The greatest drawback of administrative adjudication is the finality attached to their decisions with no right to appeal to the ordinary courts. And even if sometimes appeals are allowed, they are from the lower tribunals to the higher one and not to the public law courts. This is manifestly unfair as this practice does not create confidence and faith of the public in the working of these tribunals. The Law Commission of India has also pointed out: “There is also a vast field of administrative action in which an administrative authority may contravene the law without opportunity to the injured citizen to obtain redress from any judicial authority for the unlawful action of the authority.”

The above defects of administrative adjudication have created a hostility in the minds of the general public to the acceptance of administrative justice as part of the constitutional machinery of the country. In view of the failings in the system it is essential that indiscriminate recourse to administrative tribunals should be avoided. The Committee has observed, “we are firmly of the opinion that decision should be entrusted to a court rather than to a tribunal in the absence of special considerations which make a tribunal more suitable.” Lord Greene has summed up, “It is only certain classes of questions’ which are suitable for submission to a special tribunal

to the exclusion of the courts. In deciding whether a case falls within these classes, it is relevant to consider the necessity or otherwise of providing speedy and expensive procedure; whether the questions likely to arise are predominantly questions of fact, and expert knowledge and experience are desirable for their decision; and the extent to which the jurisdiction is to be based on discretion rather than on fixed rules and precedents. In all cases, there should be a right of appeal to the courts on questions of law. In no circumstance, should the power of the courts to restrain a special tribunal exceeding its jurisdiction be taken away. The unfortunate aspect of the whole issue is that even if judicial review is available against the decisions to these tribunals, it is so strictly restricted that an ordinary citizen, wronged by the decision of the tribunal finds it extremely difficult to steer clear of these restrictions.

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In India, though there are several Acts which must the jurisdiction of the courts - The Opium Act, 1857, Explosive Act, 1884, Trade Marks Act, 1940, Mines Benefit 1941, Foreign Exchange Regulation AC, 1947, Representation of the People's Act 1950, and so forth - and seek to make the decisions of the administrative agencies or Tribunals final. But remedies exist under various Articles of the Constitution, Articles 32 and 226 enable the Supreme Court and the High Courts respectively to issue writs for the enforcement of fundamental rights. Article 136 gives plenary powers to the Supreme Court to hear appeals against the decisions or order of any Tribunal in the territory of India excepting those established under armed forces laws. Article 227 confers the powers of superintendence in the High court over all courts and tribunals within their jurisdiction. These articles are constitutional guarantee to the citizens against the arbitrariness of the executive of any other authority.

## **6.12 Meaning and Definitions**

Delegated legislation means the delegating of the law making function by the legislature to the executive. It is true that legislation is the responsibility of the legislative branch of Government and not of administrative, yet due to important social, political and economic changes, the legislature has found itself obliged to delegate a good deal of its legislative power to the administrative authorities, who exercise this power through rule-making. Since the rules made by the executive have the force of law and are enforced by the courts of law, this rule making power is known as "Delegated Legislation", "Executive Legislation or "Subordinate legislation". The Committee on Ministers, Powers mentioned as by subordinate authorities and bodies in pursuance of statutory authority given by the Parliament itself. Delegated Legislation thus means the exercise by subordinate authority, such as a Minister of the legislative power delegated to him by Parliament. Parliament passes an Act in general terms and delegates the authority of rule-making power

under the Act to the Minister concerned. Because this authority of rule making is in pursuance of statutory authority and not an original power of the executive in its own right, delegated legislation is strictly subordinate to the statute under which it is made. If a rule is inconsistent with the statute, it is void.

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The power of delegated legislation is granted to the Union or State governments in India and to the departments or regulatory bodies or to other important agencies. It is also granted to local bodies, statutory corporations, universities and professional representative bodies. It is to be noted that the power of delegated legislation is granted only to very high responsible authorities and no such authority is allowed to sub-delegate its power to its subordinate authority.

### **6.13 Reasons for the Growth of Delegated Legislation**

The phenomenon of delegated legislation has become widespread almost in every country. In the United States during the first decade of the federal government, as L.D. White points out, there were only nineteen instances of delegated rule-making power. Since 1890 the authority to issue rules has grown by leaps and bound. In 1936 it had been vested in 115 federal agencies, on the basis of 964 statutory and 71 executive orders and proclamations. The published rules and regulations cover about eight or ten times as many pages as the Acts passed by the Congress. The main reasons for its growth are following:

1. In modern times, the functions of welfare states have increased tremendously touching almost every aspect of citizen's life resulting in the enormous increase in the functions of the legislature obliging it to delegate some of its powers to the executive. The legislatures of today over-burdened as they are with work, are unable to find adequate time to perform it efficiently else so that it may devote itself to major policy matters. Thus pressure of work and lack of time on the part of the legislature are the first reason for the growth of delegated legislation.

2. Secondly, the average member of the legislature is not an expert but a lay man. The legislature by its very nature is not in a position to deal with too technical matters which can be handled efficiently only by experts. Therefore, it lays down only the general principles and leaves the technical details to be filled up by the departments which are possessed of the expert and technical knowledge. For example, the Parliament may by law place restrictions on the sale of poisonous substances, but it will have to leave the compilation of poisonous substances to the experts in the Medical and Health Departments.

3. Thirdly, law may require alterations with the change of times and circumstances. Parliament, being not always in session is not in a position to make instant changes to meet the changing conditions. It has therefore to leave to the executive to make rules and provide alterations in them whenever necessary.

6. It is better to clothe the administrative agencies with the necessary discretion to deal with the possible contingencies which may arise in the application of law since the legislature is unable to foresee and provide for all of them.

7. The administrative legislation permits a definite statement of police without litigation or compulsion; the order necessarily implies compulsion upon an individual or corporation and can be challenged by it only in formal proceeding. The avoidance of litigation as far as possible is a definite gain.”

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### **6.15 Disadvantages of Delegated Legislation**

Delegated legislation however, is criticized on several grounds:

1. The first charge against delegated legislation is that so wide a discretion given to the official may lead to despotism and turn a democracy into an arbitrary rule. Some English and American jurists are very much alarmed at the development of this new form of despotism. Lord Hewart in his book entitled “New Despotism” published in 1929 argued that the characteristic feature of the old time despotism was a combination of all powers-executive, legislative and judicial - in the hands of the monarch. Constitutional government separated these powers into the hands of distinct organs to safeguard the liberty of the individuals. Growth of delegated legislation and administrative adjudication has again combined the three powers into the hands of administration and thus a “New-Despotism” has come into being,
2. The advantage of flexibility in law may bring about instability and chaos by too frequent changes in rules,
3. The arrangements for publication of the rules may be inadequate and unsatisfactory with the result that the average man may be ignorant of them,
4. Rule-making by administrative officers may overlook what is politically feasible,
5. A great power of rule making into the hands of officials may corrupt the administration and ultimately the whole society. Rule makers may be subjected to political pressure and turn the rules to special or private instead of public purposes,
6. Delegation may be in such terms as to exclude the control of the courts. Moreover, even where the courts have the power to protect the citizens, he may find it difficult to avail himself of judicial remedy on account of the procedural difficulties, cost and delay involved,

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1. The constitutional law which is the highest law of the land and overrides both the ordinary and delegated legislation.
2. The ordinary laws made by the Parliament which overridid delegated legislation of all types, and
3. The delegated Legislation in the form of rules and regulations, etc., which are lowest in authority and subject to validity only if consistent with the above two classes of law. It may also be noted that the ordinances issued by the President or Governors in India are not delegated legislation, because their power to issue ordinances is original, i.e., conferred by the Constitution itself. Similarly orders-in-council England are not delegated legislation because they are in virtue of the original authority vested in the Crown as a part of royal prerogative.

### **6.14 Advantages of Delegated Legislation**

The advantages of delegated legislation are

1. Delegated legislation saves time of the Parliament. The type of activities that are now falling under the governmental sphere are so complex and voluminous that the legislature has neither the time nor the capacity to make laws for their regulation. Therefore, it delegated some of its powers to the executive, frees itself from the burden of details and thus saves its time to devote it to more important issues of policy.
2. Delegated legislation makes flexibility. Statutes create rigidity in administration, while administrative legislation is more adaptable to changing circumstances. It is specially useful in those branches or administration which are liable to occasional changes and where rapid technical developments are taking place.
3. Prior consultation with the interests likely to be affected is necessary consultation with the interests likely to be affected is necessary to make legislation effective. Delegated legislation drafting of the rule permits conference between government and the concerned parties and agreement thus reaches ensures voluntary compliance.
4. The rules under delegated legislation are drafted by experts in the appropriate department who are familiar with the actual conditions. The details can thus be much better worked out by them than by the lay members of the legislature.
5. Making of experiments is possible through delegated legislation in such fields as town planning, etc. "In entering new fields the first administrative rules may be relatively innocuous, with gradual stiffening until the full intent of the statute is achieved.

6. It is better to clothe the administrative agencies with the necessary discretion to deal with the possible contingencies which may arise in the application of law since the legislature is unable to foresee and provide for all of them.

7. The administrative legislation permits a definite statement of police without litigation or compulsion; the order necessarily implies compulsion upon an individual or corporation and can be challenged by it only in formal proceeding. The avoidance of litigation as far as possible is a definite gain.”

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5. A great power of rule making into the hands of officials may corrupt the administration and ultimately the whole society. Rule makers may be subjected to political pressure and turn the rules to special or private instead of public purposes,
6. Delegation may be in such terms as to exclude the control of the courts. Moreover, even where the courts have the power to protect the citizens, he may find it difficult to avail himself of judicial remedy on account of the procedural difficulties, cost and delay involved,

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7. Lastly, the legislature may not maintain a balance between its own constitutional powers and the powers of the administration and thereby jeopardize the freedom of the citizens. It may, for example, give such powers as the imposition of taxes or prescribing of penalties or, worst of all, to amend Acts of the Parliament, to the Administration this type of delegation of powers cuts at the very roots of democracy. In India, such an alienation of powers on the part of Parliament is not uncommon. For example, the Local Government Act, 1948, of Madhya Pradesh contains, what is commonly known as Henry VIII Clause, empowering the government to modify or to add the Act, to obviate difficulties in its operation.

To conclude, it may be said that whatever dangers of delegated legislation the fact remains that 'the easy talk of' conspiracy and the 'bureaucracy triumphant' in which Lord Hewart and C.K. Allen have indulged, not only shrank to nothing at the first serious analysis but revealed the more important fact that administrative law is well settled in the general respect of the public. It is directly related to Acts of Parliament, related as child to parent of strain of over work and capable of attending to minor matters while the parent, manages the main business." In the words of Laski, " .... there is everything to be said for, and little effective to be said against the process of delegated legislation. Anyone who examines the kind of subject matter with which it deals, will find that it saves a good deal of valuable Parliamentary time which can be better used for other matters."

### **6.16 Safeguards in Delegated Legislation**

Howsoever inevitable and in-escapable delegated legislation may be, it cannot be allowed to operate unchecked. Certain safeguards need be provided to obviate ill dangers. The Select Committee on Minister's Powers appointed by the British Parliament in 1931, while declaring administrative rule-making as an essential part of public administration, formulated following principles to safeguard the individual's rights

1. That the legislative power should be delegated to a trustworthy authority which commands general confidence and not to some officer of inferior status who is unfit to exercise the powers;
2. That the limits within which the delegated power is to be exercised ought to be definitely laid down;
3. That if any of particular interests are to be affected specially, the authority should consult them before making its laws;

4. That adequate measures should be taken to ensure publicity to rules; and
5. That there should be means of amending or revoking delegated legislation.

In addition the following safeguards may also be suggested:

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**1. Publication and Publicity** : Subordinate legislation must be published and given adequate publicity through press, broadcasts, Govt. gazettes etc.,

**2. Consultation** : The procedure of rule-making should invariably provide for the consultation of those persons or parties or interests affected by that rule and public criticism and suggestions should be invited before a rule is actually enforced.

**3. Well-defined Limits** : Delegation of the legislative power by the parliament should always be subject to well-defined limits,

**4. Normal Purpose** : The power to impose taxes, or to prescribe penalties or to amend the provisions of Acts are abnormal powers and should not be delegated.

**5. Judicial Review** : Delegated legislation should not be exempted from judicial review.

## 6.17 SUMMARY

In this unit we have discussed the definition and growth and features of Administrative Law. The concept of Administrative Law according to Dicey is subject to severe criticism also. The Administrative Law is found its origin in France. How was the situation in France? Sources and scope of Administrative Law, is also brought out. Administrative Tribunals meaning and definition are studied. The main reason for the growth of administrative adjudication are explained. The factors contributed to the growth of Administrative Tribunals are discussed. A few of the tribunals organizations, and functions are brought out. Delegated Legislation has become indispensable in the modern welfare state which have undertaken multivarious functions. Delegated Legislation refers to the law making power vested with the executive. There are taught in this lesson.

## 6.18 KEY WORDS

Constitutional Law - Droit Administrative - Rule of Law - Royal Prerogative - Jurisprudence - Cour de cassation - Judicial decisions - Coercive power - *risque cree* - fair rent - court of customs and patent Appeals - New Despotism - Natural Justice

## **6.19 ANSWERS FOR CHECK YOUR PROGRESS QUESTIONS**

- For Question No.1 ... Refer Section No. **6.2**  
Question No.2 ... Refer Section No. **6.4**  
Question No.3 ... Refer Section No. **6.8**  
Question No.4 ... Refer Section No. **6.10**  
Question No.5 ... Refer Section No. **6.12**

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## **6.20 BOOKS FOR FURTHER READING**

1. A. Avasthi and S.R. Maheswari, **Public Administration**, Agra, Lakshmi Narain Aggarwal, 1996.
2. M. Bhattacharya, **Public Administration: Structure. Process and Behaviour**, Calcutta, The World Press, 1991.
3. S.R. Nilgam, **Principles of Public Administration**, Allahabad, Kitab Mahal, 1980.

## **6.21 MODEL QUESTIONS**

1. Explain the meaning, nature and scope of Administrative Law.
2. Examine the meaning, nature and importance of Administrative Tribunals.
3. Examine the meaning, nature and significance of Delegated Legislation.

## **UNIT - 7**

# **PUBLIC PERSONNEL ADMINISTRATION**

### **INTRODUCTION**

For Public Administration the most essential element is Public Personnel. The policies will remain in paper, if the personnel are not there to execute it efficiently. No activity can be performed without the help of Public Personnel in the modern welfare state. So this unit deals with nature and scope of personnel administration. Modern governments needs thousands of employees for the performance of all functions. To facilitate salary, responsibilities and positions, position classification is used. Recruitment is a process through which suitable candidates are selected for the different positions in the organization. So this unit analyses the recruitment policy, problems of recruitment, location of authority, Qualifications and other factors of recruitment. The civil service commission is the recruiting agency, its role in U.K. and U.S.A and India is discussed. The efficiency of an organization depends on the capability of personnel. This capability is motivated through training programmes. There are different training programmes for the personnel which will be discussed. Promotions are very much essential for the upliftment of personnel in the hierarchy of organization. This will give encouragement to the personnel to work well. The promotion rules should be just and fair. This unit explains the principles of promotion, Promotion system in India and so on. Retirement is an essential feature of personnel administration. Because men cannot work efficiently after a certain age. Because of agedness be becomes old and weak. Retirement policy needs certain objectives because public service is a life career. This feature will be studied. Every organization both public and private has rules and regulations governing the behavior of its employees. Essentials of code of conduct and Rules of Integrity and civil service, code of conduct is studied. Morale is another feature which needs an understanding. How the group pull on together in the organization is the study. The public servants are not different people, they are also basically citizens. So they must enjoy rights and duties. Whether all the rights can be enjoyed by the personnel equally with the people is studied in this unit. In the modern welfare state people depend more on the government servants. It will give rise public grievances. How the public grievances are redressed? These will be discussed in this unit.

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### **OBJECTIVES**

To know the objectives of public personnel Administration.

To trace how the public personnel are recruited.

To study the need for training to public personnel as well as promotion system and retirement.

How far proper retirement system will attract efficient candidates?

To know about the factor responsible for the maintenance of Morale.

Whether the civil servants has the right to have Rights and Dulies.

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## **UNIT STRUCTURE**

Meaning of public personnel Administration.

Objectives of Personnel Administration.

What is position classification

Position classification in India

Recruitment in Earlier Days

Methods of Recruitment

Recruitment of officers Belonging to All India Services and central services  
class I and class II

Civil Service Commission

Meaning and Definition of Training

Kinds of Training

Meaning of Promotion

Kinds of Administrative Promotion.

Principles of Promotion

Need for Retirement system

Classification of Retirement system

Essentials of code of conduct

Types of Disciplinary Action

Factors responsible to Build up morale.

Rights of the civil servants

Ombudsman

Personnel Administration is an important area in the study of Public Administration. It is called by different names such as Personnel Management, Manpower Management, Labour Management, Labour Relations, Industrial Relations, Employees Relations Human Resource Management, etc. This study of Personnel Administration became popular from 1930s. Let us discuss in this unit the meaning, nature and scope of Public Personnel Administration.

### **7.1 Meaning**

Personnel Administration is concerned with the proper use of human resources in an organization. It focuses on such areas like recruitment, training, promotion, transfer, conduct, discipline, morale, motivation, retirement and retirement benefits, etc.

O.Glenn Stahl, says that Personnel Administration is an attitude compounded of understanding both the forces which shape manpower needs, supply and problems and at the same time the importance of human will and personality.

According to S.L. Goel. "Personnel Administration is that branch of Public Administration which can help an organization in the management of personnel resources with the use of well thought out principles, practices and nationalized techniques in selecting, retaining and developing personnel for the fulfilment of organizational objectives systematically and scientifically. It is the art and science of planning, organizing, implementing and evaluating the personnel resources in. any organization to ensure their best use for the achievement of the objectives, goals and targets of an organizations".

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According to Edwin. B. Flippo, "the personnel function is concerned with the procurement, development, compensation, integration and maintenance of personnel of an organization for the purpose of contributing towards the accomplishment of that organizations major goals and objectives. Therefore, Personnel Management is planning, organizing, directing and controlling of the performance of those operating functions".

According to Paul Pigours, and Charles A. Myers, "Personnel Administration is line responsibility and a staff function. It is basic management in all organizations. Personnel specialists help line managers in providing advice, counsel, services and various types of contracts to secure uniform administration of personnel policies design to achieve organizational objectives".

An analysis of the above definitions shows that Public Personnel Administration is concerned with the

1. Systematic recruitment and maintenance of the labour force,
2. Employees compensation,
3. Job analysis and job description,
4. Training of the employees,
5. Keeping personnel records and
6. Personnel welfare.

In short, Public Personnel Administration is concerned with the entire human aspects of management.

## **7.2 Objectives of Personnel Administration**

R.K. Chopra, in his book, "Management of Human Resources" has mentioned the specific objectives of Personnel Administration. They are:

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1. To achieve and maintain good human relationships within an organization,
2. To enable each person to make his maximum personal contribution to the effective working of the organization.
3. To ensure respect for human personality and the well-being of the individual,
4. To ensure maximum development of personnel and
5. To ensure satisfaction of various needs of individuals for achieving their maximum contribution towards organizational goals.

### **Nature of Public Personnel Administration**

The features of Public Personnel Administration form the nature of Public Personnel Administration. The important features of Public Personnel Administration are:

1. It is concerned with human element in an organization. It deals with people at work. It relates to the basic function of management of getting better results with the co-operation of the people.
2. It is an integral part of management. Every manager whatever his job or level has to deal with the people, has to get maximum out of them and has to win their co-operation in getting the task done. Therefore, he must possess human relation skills.
3. Personnel Management is the responsibility of the management. This responsibility can not be completely left to the Personnel Agency created within the organization because that agency performs only operative functions like recruitment, training, development, etc.
4. Personnel Management is a pervasive function. It is inherent in all enterprises. It is a basic management function performed at all levels and in all areas of management such as production management, financial management, etc.
5. It is a continuous function, which every manager has to perform. It cannot be practiced only one hour each day or one day week. Personnel Management requires a constant alertness and awareness of human relations and their importance in every day operations.

### **Scope of Public Personnel Administration**

The subject matter, with which Public Personnel Administration concerns, forms the scope of Public Personnel Administration. W.R. Spiegel has identified six categories of functions as the scope of Public Personnel Administration. They are:

1. Employment,
2. Promotion, Transfer and Termination,
3. Training,
4. Wages and other incentives,
5. Service activities and
6. • Collective bargaining and employees representation.

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### **Employment**

Employment is an important function of a Personnel Department. It should cultivate and maintain adequate source of labour supply. It should get recommendation regarding job requirements and prevailing wage rates. It should recruit suitable persons for particular positions through the effective use of application forms, tests, physical examination, interviews and checking references and records. It should also maintain the records of prospective employees, present employees and former employees. It should introduce new policies to the new employees. It should introduce new policies to the new employees suited to modern requirements.

### **Promotion, Transfer and Termination**

There should be suitable opportunities for promotion in the governmental organization. The Personnel Department should lay down the principles of the promotion. It should also regulate the transfers of the employees by taking into consideration of the organization and the employees. It should lay down the policies regarding termination. When it doesn't follow the rules framed by the governmental organization in termination, it should also maintain proper records for the cause of termination.

### **Training**

The employees should be provided with training. The Personnel Department should formulate necessary policies to conduct training programmes to the employees working in the organization. It should also supervise certain aspects of the training programmes.

### **Wages and Other Incentives**

The Government employees should be provided with good salaries and incentives. The Personnel Department is responsible to formulate the wage plans of the employees. The employees should participate in the formulation of policies governing payment of salaries, pension plans, profit sharing programmes - mutual saving programmes, insurance plans, hospitalization, insurance loans to employees as advances on wages and the sale of the product of the organization to the employees.

## **Service Activities**

The Personnel Administration is concerned with the service activities in an organization. It should look after and supervise the restaurant and recreation clubs situated in the organisation. Sometimes, the staff members, might have some problems. The problems should be solved through counseling. The Personnel Administration should also look into the publication of magazine, which contain organizational news. It should also engage in activities to improve the morale of the Government employees.

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## **Collective Bargaining and Employee Representation**

The employees used to have lot of grievances. These grievances of the employees should be properly handled. In handling grievances, the Personnel Department should play a major role. It should make arrangements to conduct negotiations with the unions. It should bring about cooperation between the employees and the authorities.

Personnel Administration has a major role to promote the optimum utilization of the human resources available in an organization through proper recruitment, training, job evaluation, wages and other incentives, service activities, collective bargaining and employees representation.

## **Significance of Public Personnel Administration**

The importance of Public Personnel Administration has increased in recent times due to several reasons like rapid advancement in technology requiring continuous development in human resources, large size of modern organization in the age of liberalization and globalization, long range need of man power, high wage bills requiring optimum use of man power and recognition of human aspects of organization.

## **POSITION CLASSIFICATION**

Modern Governments employ thousands of individuals for the performance of manifold functions. The individuals differ in nature of their duties and responsibilities. There should be equal pay for equal work and there should be equal treatment for equals. This will be possible only when positions are classified into classes and grades on the basis of the nature of duties and responsibilities.

### **7.3 What is Position Classification?**

It is a grouping of positions on the basis of similarities of duties and qualification requirements. Position classification means the allocation of positions to classes on the basis of duties performed. Classification is of position and not of person holding it. For the purpose of recruitment and other personal matters, all the

#### **Check Your Progress Questions**

1. What are the Objectives of Personnel Administration?

positions in an organization which involve closely similar duties and responsibilities, are grouped together. Thus in an organization all the clerks are grouped under clerical cadre, the typists under typist cadre and the administrative officials under administrative cadre.

### **Features**

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1. All positions involving almost the same character of employment are grouped into a position,
2. A title suggestive for each class of position on the basis of duties performed is given,
3. The allocation of position is classified on the basis of class definition and duties attached and
4. A written statement of qualification which an individual must possess to perform his duties is given.

### **Merits**

1. Thousands of posts are grouped into a dozen classes. It simplifies the problems of Personnel Administration.
2. The requisite qualification for each post is presented. It helps the recruiting agencies to prepare the eligible list.
3. Position classification helps the employees to know the lines of promotion.
4. It leads to uniformity of treatment in promotion.
5. It leads to spirit of cooperation.
6. And it facilitates the work of budget making

### **Defects**

Though Position Classification has certain merits, it also has certain defects.

They are:

1. Position Classification promotes class-consciousness. It is likely to prove detrimental to democratic equality, unity and good will.
2. It is argued that duties and responsibilities of different posts cannot be clearly identified or measured in developing societies.
3. The duties and the responsibilities of the Government employees undergo change with change in the society.
4. And exact job specification requires considerable skill, which is lacking in developing societies.

## 7.4 Position Classification in India

The earliest Position Classification in India was done by the East India Company. It classified the positions into:

1. Covenanted and
2. Uncovenanted services.

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Aitchison Commission recommended a three-fold classification into:

1. Imperial service,
2. Provincial service and
3. Subordinate service.

The Islington Commission recommended the amalgamation of Imperial and Provincial Service into two classes. They are:

1. Indian or Central Services Higher and Lower and
2. Subordinate Services.

Another classification of Services in India is into

1. Gazetted and
2. Non-gazetted Services

There are three main classifications in India. They are

1. The Service,
2. The Class and
3. The Grade

The Service is the broader division and is divided into classes and grades.

Indian Civil Service Rules, 1930 divided and Service into the following:

1. All India Service - Class I
2. Central Service - Class II
3. Subordinate Service - Class III
4. Inferior Service - Class IV

At present positions are classified in India into

1. All India Services,
2. Central Services - Class I, II, III and IV
3. State Services - Class I, II, III and IV
4. The Specialist Services and
5. The Central Secretariat Services.

In India the Positions are not classified on Scientific principles. For example

High School Teachers with B.Ed qualification, Assistants in the State Services, Sub

### Check Your Progress Questions

2. Bring out the merits of Position Classification?

Inspectors in the Police Department are grouped in the same cadre. These officers differ in their duties and responsibilities. Positions should be classified on the basis of the similarities of duties and qualification requirements so that it would be based on scientific principles. The Government should take steps to classify the positions on scientific principles that is, on the basis of duties and responsibilities and qualification requirements.

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Position classification promotes class-consciousness among the officials. The officials at different levels try to build an empire among themselves and don't try to understand the problems of the subordinate. This defect could be removed if the positions are classified on scientific principles.

Position Classification according to scholars of Public Administration in India is not comprehensive enough to include different positions in the fivefold classifications. The Position Classification in India should be comprehensive enough to include the different positions in India.

## **RECRUITMENT AND CIVIL SERVICE COMMISSIONS**

### **Meaning of Recruitment**

Recruitment is a process through which suitable persons are selected for particular positions in the Government.

### **Recruitment and Selection**

The term recruitment and selection are used in same meaning. But they have different meanings. Recruitment is a process through which selection is made. Thus, recruitment is a mean and selection is the end.

### **Importance of Recruitment**

Recruitment is an important issue in Public Personnel Administration. The efficiency of Public Administration very much depends upon the personnel who serve in the Government. If they are recruited properly, there would be more efficiency in Public Administration. If they are not recruited properly there would be inefficiency in Public Administration. Therefore, recruitment is considered an important issue in Public Personnel Administration.

### **7.5 Recruitment in Earlier Days**

Three types of recruitment were followed in earlier days. They were:

1. The sale of office system,
2. The patronage system and
3. The spoils system.

### **The Sale of Office System**

This system of recruitment was practiced in France. The Government offices in France were sold to the highest bidder. Now this system has been replaced by merit system in France.

### **Patronage System**

This system was prevalent in England. The highest positions in the Government Services were provided to the members of the noble family as a favor by the monarch. Though, this system has been replaced by the merit system, in a small way even today this system is practiced in England.

### **Spoils System**

Under this system public offices were distributed to the men of the party in power. When a new party came to power, it dismissed all employees appointed by its predecessor and filled the vacancies by its own functionaries. This system was popular in America. The main advantage of this system was that the Government could put its policies into operations with maximum effectiveness, because, the employees would be in active sympathy with the political program.

Abraham Lincoln made use of the spoils system in order to build up the Republican Party. The spoils system has been replaced by merit system in America by the Civil Service Act passed in 1883.

### **Merit System**

Under this system appointment and conditions of service of the Government employees are wholly determined by the merit. Merit includes technical and educational qualification. Under this system recruitment is made through open competitive examination. Merit is the only basis for selection. There is equal opportunity for all citizens. Government servants remain neutral in politics. Promotion takes place on the basis of merit. There exists proper retirement system and retirement benefits to the Government Servants.

Since the merit system gives practical effect to the democratic principle of the equality of opportunity and equality of treatment for all, the merit system has been practiced in China since 186 B.C.

### **Problems of Recruitment**

The scholars of Public Administration have identified five problems of recruitment. They are:

1. Location of Recruiting authority,
2. Methods of recruitment,

3. Qualification of the employees,
4. Methods of determining the qualification and
5. Administrative machinery that determines the qualification.

### **Location of Recruiting Authority**

Whether to locate the recruiting authority in the people or in an autonomous body is the problem. If the authority to recruit the Government servants is vested with the people, then they have to be recruited through the process of election. When the Government servants are recruited through the process of election, efficient persons may not be recruited to the Government service. Favoritism and nepotism will enter in the process of recruitment. The Government servants recruited through election will not be able to provide continuity to the Government service. Therefore, all the Governments in the world have located the recruiting authority not in the people but in an autonomous body. If the Government servants are recruited through the autonomous body efficient persons may be recruited to the Government service. Favoritism and nepotism will not enter in the process of recruitment. The Government servants recruited through an autonomous body will be able to provide continuity to the Government service.

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### **7.6 Methods of Recruitment**

Whether the Government servants should be recruited from within the Department or outside the Department is the problem. At one level the Government servants have to be recruited from outside the Department only. At other levels, whether the Government servants should be recruited either from within the Department or outside the Department is the problem. For example, in England there is recruitment from outside the Department only at Constable level in the Police Department. All other positions are filled from within the Department. In India there is recruitment from outside the Department not only at Constable level but also at Sub Inspector level and Assistant Superintendent of Police level. Now the problem is whether there should be recruitment from outside the Department at Constable level only or at different levels. The recruitment from within the Department is called promotion. In promotion there are advantages. They are :

1. It brings experienced persons to higher positions whose working efficiency is well known.
2. The cost of recruitment through promotion is less. The Government has just to send circulars to the eligible persons for promotion to appear for a test. They also need not be given long term training to fit into the higher positions.

<p><b>Check Your Progress Questions</b></p>
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- |                                  |
|----------------------------------|
| <p>3. What is Spoils System?</p> |
|----------------------------------|

3. Recruitment from within the Department would rise the morale of the employees.
4. It serves as an incentive for the employees to work more efficiently, because this method provides enough opportunities for advancement to the employees.

There are certain disadvantages also in recruitment from within. They are :

1. Recruitment from within the Department is against the democratic principle. It does not allow all the eligible persons to apply for higher positions from outside the Department.
2. Young and talented persons are denied entry to higher positions.
3. The experienced persons who are promoted to higher positions may not be able to adjust to the changes in the organization and the society.

Recruitment from without is called direct recruitment. There are certain advantages in direct recruitment. They are :

1. Direct recruitment is in accordance with the democratic principle. It allows all eligible persons to apply for higher positions.
2. Young talented persons are able to have entry at higher positions.
3. They young recruits at higher positions are easily able to adjust to the changes in the organization and the society.

There are certain disadvantages in direct recruitment. They are :

1. Direct recruitment is very costly. Vacancies have to be advertised in the newspapers, applications have to be collected and scrutinized. Entrance examination has to be held to them. After that main examination has to be held. They have to be called for oral interview. After direct recruitment they have to be provided with long-term training. Thus, the cost of direct recruitment is very high.
2. In direct recruitment the working efficiency of the employees cannot be determined. Thus, directly recruited employees at higher positions may not be highly talented and suitable persons.
3. In direct recruitment young persons may be able to get into higher positions. When experienced persons are made to work under young officers, a feeling heart burning would develop among them.

Since there are advantages and disadvantages in both promotion and direct recruitment, all the Governments in the world have adopted both the systems of recruitment. But the proportion of direct recruitment to promotion differs from country

to country. In developed countries nearly 80% of the employees are directly recruited and only 20% of the employees are promoted within the Department. In the developing countries like India above 50% the positions is filled through direct recruitment and other 50% through promotion.

### **Qualifications of the Employees**

The qualification of the employees required for entering into the Government service can be broadly classified into two kinds. They are

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1. General qualification and
2. Special qualification

General qualifications required for the persons to enter into the Government service are

1. Age,
2. Citizenship,
3. Sex,
4. Marital status and
5. Residential qualification

#### **Age**

Age is an essential qualification for entering into the Government service. When young persons are recruited at lower levels, they would be eager to learn things and when they are promoted to higher positions after 15 to 20 years of service, they would be able to effectively supervise and control the employees working under them.

#### **Citizenship**

Citizenship is an essential general qualification for all the employees working in the Government service. In the Government service secrecy has to be maintained. The employees have to be loyal to the country. It is believed that the citizens of a country would maintain secrecy and loyalty to the country. Therefore, citizenship qualification for entering into the Government service has been made as an essential qualification in almost all the countries of the world.

#### **Sex**

Whether an employee should be a male or female is the problem. In India constitutionally there is no bar for both men and women to enter into the Government service. In the same way marital status and residential qualification are not insisted for entering into the Government service in India.

## **Special Qualification**

Scholars of Public Administration have identified three qualifications as a special qualification. They are

1. Education,
2. Experience and
3. Technical qualification.

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## **Education**

For entering into the Government service the applicants should possess certain educational qualification. For example in India for entering into All India Services an applicant should be a graduate.

## **Experience**

Experience is an essential special qualification for the employees to rise up to higher positions. For example, in India the Government employees become eligible for promotion after 3 to 8 years.

## **Technical Qualification**

The modern Governments carry out a large number of functions to promote the welfare of the people. Therefore, the services of the technical experts like agricultural scientists, horticulturists, veterinary doctors, engineers with different specialization and doctors with different specialization have become necessary. Therefore, technical qualification as an essential qualification is insisted on to enter into the Government service.

## **Methods of Determining Qualification**

Different methods are adopted to determine the qualification. They are :

1. Personal judgement of the appointing authority,
2. Certificates of character and conduct,
3. Records of previous experience and
4. Examinations

## **Personal Judgement of the Appointing Authority**

One method of determining the qualification is on the basis of the personal judgement of the appointing authority. Under this system the person vested with authority, on his personal judgement would recruit the candidates for suitable positions.

### **Check Your Progress Questions**

4. Bring out the different Methods of Recruitment.

## **Certificates of Character and Conduct**

Another method of determining qualification is through the certificate of character and conduct. Under this system persons vested with authority to recruit the employees would select from the eligible candidates with suitable qualifications on the basis of conduct and character.

## **Records of Previous Experience**

Another method of determining qualification is through the records of previous experience. Under this system higher position in an organization is filled from the candidates who have good records of previous experience. The records of previous experience of the employees are determined by the references given by the employees and the testimonials produced by them from the officers under whom the employees worked.

## **Examination**

The examination is an important method of determining the qualification. Under this system, the employees are recruited on the basis of competitive examination conducted by the Public Service Commission, that consists of preliminary examination, main examination and oral interview. It is proper under this topic to discuss separately on how the officers belonging to the All India Services and Central Services Class-I and Class-II are recruited.

## **Administrative Machinery that Determines the Qualification**

The administrative machinery that determines the qualification should be an independent body and could recruit the candidates purely on the basis of merit without any political interference. In India, power to recruit the Government employees is vested in the Union Public Service Commission and State Public Service Commissions. They are independent bodies and recruit the Government employees on the basis of merit without any political interference. Let us discuss in a separate section about the organization and functions. of Public Service Commission.

## **Recruitment of Officers Belonging to All India Services and Central Services Class I and Class II**

The vacancies for the All India Services and Central Services Class I and Class II are identified by the Central Government through the circulars sent to the Government Departments. Once the Government has identified the number of vacancies, it asks the Union Public Service Commission to recruit the suitable candidates. The Union Public Service Commission advertises in the newspapers about the number of vacancies available in the All India Services and Central Services Class I and Class II asking the suitable candidates to apply for the vacancies during the month of December.

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The Union Public Service Commission receives the applications; scrutinizes them and permits the suitable candidates to appear for the preliminary examination. The Union Public Service Commission conducts the preliminary examination during the month of June every year. The preliminary examination consists of two papers. They are

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1. General Knowledge and
2. Optional subject.

### **General knowledge**

The General knowledge paper carries 150 marks. All questions are of objective type. The questions from different subjects such as Physics, Chemistry, Biology, Mathematics, History, Civics, Geography, Economics and Current Events at 12<sup>th</sup> standard level are framed as objective type questions.

### **Optional Subject**

Optional subject carries 300 marks. The Union Public Service Commission has listed about 25 subjects as optional subjects. The candidates have to select one of the optional subjects for the preliminary examination. Like general knowledge paper, all the questions would be of objective type. The questions framed in the optional subject are at Master Degree standard.

On the basis of the marks secured by the candidates in general knowledge paper and optional subject, merit list is prepared. In proportion of 10 candidates for each vacancy, candidates are allowed to write the main examination. For example, if there are 400 vacancies in proportion of 1:10, 4000 candidates who have secured more marks in the merit list are allowed to appear for the main examination.

The main examination consists of 9 papers. They are

Paper 1	-	English
Paper 2	-	Indian Language
Paper 3	-	Essay
Papers 4&5	-	General Studies
Papers 6&7	-	Optional Subject - 1
Papers 8&9	-	Optional Subject - 2

### **English**

English paper is a compulsory paper. It carries 300 marks. The candidates should pass the paper. The marks secured in this paper will not be taken into account in the preparation of the final merit list.

## **Indian Language**

The Constitution of India has identified 18 languages as Indian languages. The candidates should get through the paper like the English paper and the marks scored will not be taken into account in the preparation of final merit list.

As it has been already mentioned, the candidates should have got through both the papers. If they have failed in anyone of these papers, the other papers will not be taken up for evaluation.

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## **Essay**

The Satish Chandra Committee was appointed in 1988 by the Union Public Service Commission to recommend possible changes in the Civil Services examination. This Committee recommended to introduce essay paper carrying 200 marks from 1993. The candidates appearing for the civil service main examination are asked to write an essay in this paper. This paper was introduced to test the analytical capabilities of the candidates.

## **General Studies**

In general studies there are two papers. Each paper carries 300 marks. Like essay paper, papers on general studies are also compulsory to the candidates.

## **Optional Subject 1 & 2**

Optional subjects 1 & 2 carry two papers each. Each paper carries 300 marks. The candidates appearing for civil service examination should choose two optional subjects from among the subjects listed as optional subjects by the Union Public Service Commission.

## **Option to Write in anyone of the Indian Languages Except English Paper**

The Satish Chandra Committee has recommended that the candidates can write all the papers in anyone of the Indian Languages recognized by the Indian Constitution except English paper. If the Candidates want to write all the papers in anyone of the Indian Languages, they should write all the papers in one language except English. The candidates are not allowed to write few papers in English or Hindi & other papers in one of the languages recognized by the Union Public Service Commission.

On the basis of the marks secured in the Main Examination, the Union Public Service Commission prepares a merit list. In proportion of 2 candidates for 1 vacancy, the candidates are allowed to appear for the viva voce examination.

The Kothari Committee appointed by the Union Public Service Commission to suggest suitable changes in the scheme of examination of the All India Services

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and the Central Services, recommended that a viva voce examination should be conducted after the main examination and the viva voce examination should carry 250 marks. The Satish Chandra Committee recommended only the introduction of essay paper as it has been already mentioned but also recommended to increase the marks for viva voce examination from 250 to 300. The viva voce examination is conducted in the Union Public Service Commission premises at New Delhi. The experts and the members of the Union Public Service Commission interview the candidates and award marks. The Viva voce examination is recorded in the video so that if the candidates find fault with viva voce examination, the affected candidates can appeal to the court and the video recording could be shown as evidence before the Court. After the viva voce examination each candidate is asked to write a resume, that should consist of the questions asked by the examiners and the answers provided by the candidates. The total marks awarded by the examiners are added with the marks secured in the resume to calculate the total marks secured in the viva voce.

On the basis of the total marks secured by the candidates in the main examination and viva voce examination, a final merit list is prepared. The candidates are allocated to the different services on the basis of the total marks secured, priority given to the services and reservation. The Union Public Service Commission after allocating the different positions to the candidates on the basis of final merit list, the list is handed over to the Government. The Heads of the Departments on behalf of the President of India appoints the candidates to the different positions on the basis of the recommendations made by the Union Public Service Commission.

## **7.8 Civil Service Commission**

The power to recruit the Government servants can be vested either with the people or with an autonomous body. If the power to recruit the Government employees is vested with the people, the Government employees have to be recruited through the process of election. The efficient persons can not be recruited to the Government service. Favouritism and nepotism will enter in the selection of the candidates. The Government servants recruited through the process of selection can not be able to provide continuity to the Government service. Since there are lot of defects when the authority to recruit the Government servants is vested with the people, the power to recruit the Government employees is vested with an autonomous body known as Civil Service Commission. Let us discuss in this unit the organization, powers and functions of the Civil Service Commission.

### **The Civil Service Commission in Britain**

In Britain the power to recruit the Government servants is vested with the Civil Service Commission. It consists of three Commissioners appointed by the British

Crown. These Commissioners hold office during good behaviour. The strength of the Civil Service Commission has varied from time to time. In 1953 there were six Commissioners of whom two were part time Commissioners. In Britain there are no special safeguards provided to protect the independence of the Civil Service Commission. But long tradition and public opinion have provided enough safeguards to protect the independence of the Civil Service Commission. Therefore, the British Civil Service Commission has a worldwide reputation for its impartiality and independence.

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### **The Civil Service Commission in the U.S.A.**

The Federal Civil Service Commission was first constituted in the U.S.A. in 1883, to recruit the Government employees. The Federal Civil Service Commission consists of three Commissioners. They are appointed by the President with the consent of Senate. The Law requires that the Federal Civil Service Commission to be bipartisan. It means all the Commissioners should not belong to the same political party. In practice, out of the three Commissioners two Commissioners should belong to one political party and one Commissioner to another political party. The President is empowered to remove a Commissioner at any time. But the vacancy must be filled with the consent of the Senate as usual. There are an Executive Director and Chief Examiner to assist the Commission in its administrative work. There is a large staff who work under the Executive Director and the Chief Examiner to carry out the detailed work in connection with Commissioners' activities. The Federal Civil Service Commission enjoys a high reputation for integrity and fairness. There are fifty States in the U.S.A. Each State has its own Civil Service Commission organized on similar lines.

### **The Civil Service Commission in India**

The Government of India Act 1919 provided for the creation of the Central Public Service Commission. But the Central Public Service Commission was created only in the year 1926. The Central Civil Service Commission consisted of five Members including the Chairman. The Members and the Chairman were appointed by the Secretary of State for India. The Government of India Act 1935 provided for the creation Provincial Public Service Commission. The Constitution of India has provided for the Union Public Service Commission at the Centre, Joint Public Service Commission if two or more States jointly want to have and a State Public Service Commission for each State. So far no Joint Public Service Commissions have not been created because two or more States have not come forward to have a Joint Public Service Commission. In India at present there is a Union Public Service Commission at the Centre and State Public Service Commission in each State.

## **Organization of the Union Public Service Commission**

The Union Public Service Commission consist of a Chairman and other Members appointed by the President. The Constitution of India has not fixed the strength of the Commission. The strength of the Union Public Service Commission is determined by the President of India. One half of the Members of the Commission should have served under the Government of India or of a State atleast for ten years in the executive positions. The Chairman and the Members of the Union Public Service Commission are appointed for a term of six years or until they complete the 65<sup>th</sup> year whichever is earlier. But a Member may be terminated earlier if he resigns his office in writing to the President or he may be removed from office by the President if he is adjudged as insolvent or engages in an paid employment outside the duties of his office or in the opinion of the President the Member is infirmity of mind or body. He can not be removed from the office on any other ground except if the supreme court finds him guilty of proved misbehaviour on a reference made to it by the President.

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In order to enable the Union Public Service Commission to function independently certain safeguards has been provided to the Members and the Chairman. They are:

1. The Members are ineligible for any further employment either under the Government of India or of a State after retirement.
2. The salaries and allowances are drawn directly from the consolidated fund of India.
3. The salaries and allowances can not be reduced to their disadvantage during their tenure of office.
4. The Chairman and the Members cannot be removed form office very easily.

These safeguards have enabled the Union Public Service Commission to function independently without any political interference.

## **Organization of State Public Service Commission**

The State Public Service Commission is composed of a Chairman and Members appointed by the Governor. The strength the State Public Service Commission is decided by the Government. One half of the Members should have served as executives under the Government of India or of a State atleast for ten years. They are appointed for a term of six years or until they complete 62nd year whichever is earlier. In order to enable the State Public Service Commission to function independently, similar safeguards as in the case of Union Public Service

### **Check Your Progress Questions**

5. Describe the function of Civil Service Comission.

Commission have been provided to the Chairman and Members of the State Public Service Commission.

### **Functions of the Civil Service Commission**

The functions of the Civil Service Commission are classified into four categories. They are Regulatory functions, Executive functions, Quasi Judicial functions and other functions. The functions of the Union Public Service Commission have been specified under Articles 318, 320, 321 and 323 of the Indian Constitution.

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#### **Regulatory Functions**

The Union Public Service Commission has the power to advise the Government in matters relating to methods of recruitment, the principles to be followed in making appointments, promotions and transfer from one service to another service form the regulatory functions.

#### **Executive Functions**

On the basis the request made by the Government to recruit the officers belonging to the All India Services and Central Services Class I and Class 11, the Commission advertises in the news papers about the vacancies available for the above services, collects the application forms scrutinizes them allows the eligible candidates to appear for the preliminary examination, main examination, conducts viva voce and prepares the final merit list and hands it over to the Government. These functions of the Union Public Service Commission form the executive function.

#### **Quasi Judicial Functions**

The Government consults the Commission on all disciplinary actions affecting a Government employee such as censure, withholding of increments or promotion, removal or dismissal from service, cleance for reimbursement of costs incurred by an employee in legal proceedings instituted against him in respect of the Acts done in the execution of his duties. These functions of the Union Public Service commission are called quasi judicial functions.

#### **Other Functions**

Under Article 321 of the Indian Constitution the Parliament through a Law passed by it can confer additional functions to the Union Public Service Commission pertaining to the services of the Union or the States. The Parliament if necessary can place the personnel system of any local authority, corporate body or public institution within the jurisdiction of the Commission. According to Article 318 and 320 of the Indian Constitution the Central Government through certain regulations and orders can entrust certain functions to the Union Public Service Commission. The Commission also discharges certain functions which are entrusted through

conventions. The President of India may seek the advice of the Union Public Service Commission in matters relating to the recruitment of officers to the important positions in the Government. The Union Public Service Commission is bound to provide necessary advice when the President seeks its advice. These functions form the other functions of the Union Public Service Commission.

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### **State Public Service Commission**

The State Public Service Commission, which has been created in each State of India carries out the above functions as far as the State Government is concerned.

### **The Staff Selection Commission**

The Staff Selection Commission is responsible to recruit to Group III non-technical services like Clerks, Stenographers, Inspectors, etc., The Staff Selection Commission which was set up in 1975 has six regional offices located at Allahabad, Mumbai, Kolkatta, Delhi, Guwahati and Chennai and two sub regional offices located at Raipur and Bangalore. It has now taken charge of almost all the middle and subordinate level and non technical recruitment to the Central Government. Lately, the Commission has taken up new function such as advising on recruitment qualification, job specification, special recruitment drives and pre recruitment training programme for Schedule Caste and Schedule Tribe.

Thus the Union Public Service Commission, the State Public Service Commissions and the Staff Selection Commissions have been performing a number of functions to recruit and retain the best employees in the Government Service.

## **TRAINING**

The efficiency of an organization depends directly on how capable its personnel are and how they are motivated to work and the type of training they receive. While the personal capability of the Government servants is evaluated through proper selection procedure, the training is taken care of by the organization after they are employed by the organization. In Indian organization, training and development activities have assumed high importance in recent years because of their contributions to the achievement of organizational objectives.

### **7.9 Meaning and Definition**

According to Flipno training is “the act of increasing the knowledge and skills of an employee for doing a particular job”.

According to William G. Torpey training is “the process of developing skills, habits, knowledge and aptitude in employees for the purpose of increasing the effectiveness of employees in their present Government positions as well as preparing for future Government positions”.

The term training is concerned with imparting specific skills for particular purposes. Training is an unending process. Even for the aged workers, they need to be refreshed, to enable them to suit to the changing environment. Thus training is inevitable to any organization.

### **Role of Training**

Governmental functions have increased manifold. In order to run the organization more efficiently and effectively training has become an integral part in any governmental organization. Thus, training is necessary for different reasons.

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They are :

1. To increase the efficiency of the personnel,
2. To increase the morale of the employees,
3. To bring about better human relations,
4. To reduce supervision and
5. To increase organizational viability and flexibility.

### **Need for Training**

The basic aim of training is to induce a suitable change in the individuals to better their performance. Training is essential to the employees because of the following reasons

1. To keep oneself fit for the job.
2. To keep abreast of the latest developments in the Government organization.
3. To keep adjusted to the changes in the Government organization and the society.

### **7.10 Kinds of Training**

The training available to the Government servants can be broadly classified into five kinds. They are

1. Pre-Service Training,
2. Post-Entry Training,
3. Promotional Training,
4. Refresher Training and
5. Specialized Training

Pre-Service training and Post-Entry training are also called longterm training because these training are given for more than one year. Promotional training, refresher training and specialized training are called short-term training because the above training are offered for less than six months. The above training are also called in-service training because these training are offered to the Government servants when they are in service.

## **Pre-Service Training**

The training that is available to the Government servants before entering into the Government jobs is called pre-service training. Pre-service training is offered in the form of institutional training or practical training or institutional and practical training. The training that is offered to the Doctors in the form of House Surgeonship is called pre-service practical training. The apprenticeship training that is available to the Engineers before entering into the regular jobs is called pre-service practical training. The Government servants working in the Co-operative Departments generally get one year institutional training in the Co-operative Training College before they are regularly appointed in the Co-operative Department. The B.Ed. training available to the teachers working in the Government schools consists of both institutional training and practical training.

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## **Post-Entry Training**

The training that is available to the Government servants as soon as they are posted to the Government service is called post-entry training. This training consists of both institutional training and practical training. As soon as the candidates are posted to the Indian Administrative Service they get four months foundational course training in Sri Lal Bahadur Shastri National Academy of Administration situated at Mussoorie. After the foundational course training is over they are given six months institutional training in the Academy. After that, they are sent to the District headquarters to get practical training under the control of District Collector. During the practical training they learn the work by doing it. After the practical training is over, they get another six months institutional training at Mussoorie. After that they are regularly appointed as Sub-Collectors in Revenue Division or as Assistant Secretaries in the State or Central Secretariat. In the same way, the officers recruited to other All India Services, Central Services Class I and Class II get institutional and practical training immediately after their posting.

## **Promotional Training**

The training that is available to the Government servants immediately after promotion is called promotional training.

Since promotional training is available to the Government servants while they are in-service, this training is called in service training. Since this training is given to the Government servants for less than six months, this training is also called short-term training.

When a person is promoted from one position to another higher position his duties and responsibilities increase. If he has to discharge his new duties and

responsibilities properly promotional training is necessary. In India, Government servants are provided promotional training immediately after promotion.

### **Refresher Training**

The Government provides training to the Government servants to refresh their knowledge so that they could discharge their duties and responsibilities properly. This training is called refresher training. When a person is promoted, he gets promotional training. A person becomes eligible for promotion between 3 to 8 years in Government Services. Sometimes a person has to remain in the same positions for 15 or 16 years, though he is eligible for promotion. For such persons to reorient and refresh their knowledge, refresher training is given. Refresher training is also called in-service training and short-term training.

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### **Specialized Training**

When a person is transferred from one position to another specialized position, he is given training. This training is called specialized training. This training is also called in-service training or short-term training. For example, in the Police Department there is direct recruitment only for Law and Order Division and Armed Police Division. There are number of specialized divisions in the Police Department. The Police belonging to Law and Order Division and Armed Police Division are transferred to other specialized divisions after specialized training. This training is necessary for the Government servants to discharge their specialized functions more efficiently.

1. Though, the different kinds of training are quite necessary for all the Government servants, unfortunately the different kinds of training are not available to all the Government servants. Since the different kinds of training are necessary to all the Government servants, the Government should take necessary steps to provide different kinds of training to all the Government servants.

2. In India most of the training institutions are not provided with sufficient infra structural facilities. Some training institutions do not even have the basic facilities such as proper class rooms, library etc., The Government should take necessary steps to provide sufficient infra structural facilities to all the training institutions.

3. The syllabi prescribed to train the Government servants are not in tune with the changes in the Government service. The syllabi should be updated taking into consideration of the changes in the Government service.

4. It is generally complained that there is no linkage between the training offered and the job the Government servants take up. As a result the Government

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6. Describe the need for Training.

servants find it difficult to perform their duties immediately after appointment. The Government should take steps to provide training taking into consideration of the jobs the Government servants have to take up.

5. There is another complaint that more emphasis is given to institutional training than the practical training in the post-entry training. The Government should take steps to give more emphasis on practical training rather than the institutional training.

6. The scholars of Public Administration say that the training is not continuous. Since lot of changes are taking place in the administrative machinery, the Government servants should be provided continuous training to keep in tune with the changes in the administrative machinery.

## PROMOTION

Promotion means advancement to a position of leadership. It is a prime motivating factor in the civil service. It has a direct bearing on the individuals and group performance. A sound policy of promotion conducive to the growth of a healthy atmosphere of competition, confidence and efficiency is appreciated. Its absence is marked by the state of complacency, frustration and low morale. In the interest of achieving efficiency, it is essential to make proper use of promotion to activate and energize the civil servants. Promotion rules therefore, must be just and equitable and conducive to morale and efficiency in the civil service. There should be no doubt in any quarter that promotion can take place of account of favouritism, nepotism and pressures exerted by influential quarters. In short, promotion rules should not only be just and fair but also appear to be so.

### 7.11 Meaning of Promotion

According to L.D. White, "Promotion means an appointment from a given position to a more difficult type of work and greater responsibility, accompanied by change of title and usually an increase in pay". Promotion is distinguished from advancement or administrative promotion. In administrative promotion there is an increase in compensation. Therefore, promotion is confused with administrative promotion. But administrative promotion is different from promotion proper in as much as it does not entail any change in status, duties or responsibilities. It is merely advancement in emoluments, which is usually automatic.

### 7.12 Kinds of Administrative Promotion

Administrative promotion has been divided into three types depending on the length of the service in position and the efficiency of the employee. They are :

1. The automatic administrative promotion,
2. The conditional administrative promotion and
3. The semi automatic administrative promotion.

### **The Automatic Administrative Promotion**

Under this system, an employee gets increment on the completion of year's service. This system of automatic administrative promotion minimizes the chances of personal jealousy because the employee is ensured of his regular increment.

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### **The Conditional Administrative Promotion**

Under this system, efficiency of the employee is the sole criterion for administrative promotion. Increments are given to the civil servants on the basis of the certificate provided by the head of the organization to the employee that there is definite improvement in his quality of work and conduct.

### **The Semi Automatic Administrative Promotion**

Under this system an employee gets his regular increment on the completion of year's service provided he has put in good work to the entire satisfaction of the head of the organization. This system strikes a middle course and is a compromise between the first two systems. Though, the head of the organization can misuse his power in granting increment, he cannot act arbitrarily because he is required to give reason for his action to be affected employee.

### **Promotion and Transfer**

Promotion is also confused with transfer. It should be distinguished from transfer. An employee is transferred from one place to another place in the same position whereas promotion upgrades him with heavier and greater responsibilities. Though, an employee may be transferred when he is promoted, it should be rightly called as transfer on promotion or promotion and not transfer.

### **Grounds of Transfer**

Transfer is not only effected on promotion but also on different grounds. They are:

1. On the request of the employee,
2. Routine transfer,
3. Transfer for training of the employee,
4. Transfer to avoid retrenchment and
5. Transfer as punishment.

## **On the Request of the Employee**

Under this system, when an employee, makes request to the head of the organization that he may be transferred to a particular station/because of certain conveniences provided he can be adjusted and a vacancy exists at the station of his choice.

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### **Routine Transfer**

Under this system, the organization do not prefer very long stay of officials at a particular station as they believe that transfer gives an employee a change of working condition, refreshes his mind and increases his efficiency.

### **Transfer for Training of the Employees**

Under this system, transfer is effected to give all around training to the employees in the different aspects of the Department work by rotating the employees for equipping with different types of works in the Department.

### **Transfer to Avoid Retrenchment**

Under this system, inter departmental transfers are resorted to avoid retrenchment of employees and to save the employees from unemployment.

### **Transfer as Punishment**

Under this system, when an employee is ill suited for the Government job or when he becomes a headache to his immediate superior he is transferred from one station to another station.

### **This is critically speaking a step in demotion**

Thus, though an employee may be transferred when he is promoted as it has been discussed above transfer is a matter of individual or departmental adjustments.

### **Importance of Promotion**

A proper promotion system is vital for attracting talented persons to public services and preventing them from migrating to private ones. A good promotion system keeps the employees interested in the job. A proper promotion system helps to retain the service of the most talented employees and give them a impetus to improve their capacities and qualification. Lack of promotion system will enable the capable, ambitious and intelligent persons to leave the job. The employees will remain discontent. It will have discouraging effect on recruiting. It will discourage the employees from entering upon courses of training calculated to prepare them for increased usefulness in public employment. A good promotion system helps to secure the best possible incumbents for the higher position in the civil service. It also helps the head of the organization to fill the higher posts from among the experienced

persons. Thus, a good system of promotion is very important to build up efficiency and morale in civil service.

### **Essential of Promotion System**

Promotion system must be on sound lines. A badly planned Promotion system would have an adverse effect on recruiting. Capable persons would not like to enter Public Services. It would affect adversely the efficiency of administration. It would lower the moral standards of the civil servants, which would make maintenance of discipline difficult among them. A sound Promotion system should fulfill certain conditions according to W.F. Willoughby. They are:

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1. Adopting of standard specifications setting forth the duties and qualifications required for all promotions in the Government service,
2. The classification of these positions into distinct services, classes and grades,
3. The inclusion within this classification of all the higher administrative positions except those having a political character,
4. The adoptions as far as possible of the principle of recruitment from within for filling up higher post,
5. The adoption of the principle of merit in determining the promotion of employees and
6. The provision of adequate means for determining the relative merits of employees eligible for advancement.

### **Departmental, Inter-Departmental Promotion**

Normally, promotion systems are made Departmentally. When a vacancy arises in a Department for a higher post, it is filled from among the employees of that Department. However, inter-departmental Promotions take place in the following cases:

1. The higher posts such as Secretaries or Heads of Departments are filled through inter departmental promotions.
2. When no suitable candidate is available in the Department to fill a particular post, the suitable candidate is selected from other Departments.
3. When a new Department is created or an old one is expanded, suitable candidates are selected inter-departmentally.

It is desirable to have inter-departmental promotion to provide equality of opportunity for advancement of the civil servants.

## **7.13 Principles of Promotion**

There are three main principles of promotions. They are:

1. Seniority,
2. Merit and
3. Seniority cum merit.

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### **Seniority**

In the seniority principle the length of service would determine the promotion. According to this principle, the employee having higher service would receive the promotion. The seniority principle has certain advantages. They are :

1. Under this system the length of service determines the promotion and hence in turn strife for advancement can be eliminated.
2. Since there are little chances of favouritism, it promotes general morale a the civil service.

The seniority principles suffers from a number of drawbacks. They are:

1. It does not lead to the selection of the best among the eligible.
2. There is no guarantee that the senior man will be more efficient than the juniors.
3. There are chances for less competent person to become the head of organization.
4. If seniority alone is the basis of promotion, the civil servants would not make any effort for self-improvement.

### **Merit**

According to this principle promotion would be made on the basis of qualification and achievements of the civil servants irrespective of their length of service. The bestqualified person would be selected for promotion. This principle would provide proper incentive for hard working employees. There are three methods of judging the merit of the civil servants. They are :

1. Personal judgement of the Head of the Department,
2. Promotional Examination and
3. Service Rating

### **Personal Judgement of the Head of the Department**

Under this system, merit for promotion is determined on the personal judgement of the Head of the Department. Since the Head of the Department has

been in close contact with the civil servant, he would be in the best position to know about their qualities. This system is simple and comprehensive. But there are certain limitations in this system. They are:

1. It can work only in small organizations. Modern organizations are quite big. Therefore, it would not be possible for the Head of the Department to know the qualities of the employees working under his control.
2. This system is highly subjective; favouritism and nepotism will prevail over merit. Thus, meritorious candidates would not have a chance for promotion.

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### **Promotional Examination**

Promotion is also made on the basis of a written examination. The written examination may be an open competition or a limited competition or merely a pass examination. In open competition all the eligible candidates for a position are allowed to write the competitive examination and to get into higher positions. This system widens the range of selection. This system can bring in new blood and fresh ideas.

In a limited competition, examination is allowed for those who are already in service. This system is also known as “closed system”. This system is followed in employees of lower grades.

Promotion on the basis of merely a pass examination gives a proof to the minimum attainments. An employee would be promoted only when he had passed the pass examination.

It is felt that the examination method of the Department of the promotion would eliminate favouritism, corruption and arbitrary promotions. This, system is quite objective. This system suffers from certain drawbacks. They are:

1. Examination method cannot test the personality of employees.
2. A written examination cannot judge an employee’s initiative, tact judgement, which are required in higher positions. Therefore, examination system is not generally used for determining the merits of the employees for promotion except in those cases where technical knowledge is an important requisite for promotional post.

### **Efficiency Rating**

The qualification of employees for promotion is also judged on the basis of efficiency rating which is also called service records. The service records, which are maintained by the Government Departments, furnish the data on the basis of which

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7. Explain the main Principles of Promotion.

efficiency may be evaluated. At present Government Departments are so large, that no officer can remember the efficiency of the employees working in his Department. Therefore, written records of the service of each employee and his performance are recorded in their service books. The service records furnish a valuable aid in judging the merits of the employees at the time of promotion.

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### **The Promotion Making Authority**

There are two views about who should have the authority to make promotion. According to one view promotion like recruitment should be in the hands of Public Service Commission. According to the second view the Head of the Department should be given the power of making promotion. Under the first system possibility of favouritism, prejudice or victimization in promotion would be eliminated. Against this system it is argued that an outside agency would not be competent to determine the merits of the employees. And if an outside agency is given the power to determine promotion, it would destroy service discipline of the subordinates. He should be vested with the power of making promotion. The risks of favouritism and prejudice would be avoided by suitable procedures and machinery of promotion.

### **Promotion System in India**

In India, seniority and merit are the governing principles of promotion. But these principles are not followed uniformly in India. In some administrative Departments seniority is given more weightage and in others, merit is given more weightage. The First Central Pay Commission recommended that promotion to higher posts should be on merit and to the lower posts seniority should be the consideration for promotion.

The Second Pay Commission recommended those employees belonging to Class II and Class III services should be given Central Services Class I to provide an incentive to the employees of the lower classes.

The Estimates Committee of the Lok Sabha in its 9<sup>th</sup> report has laid down certain principles of promotion. They are:

1. Promotion should be solely on the basis of merit regardless of the seniority.
2. The officer who has watched the work and conduct of the employees over a period should judge the promotion.
3. Promotion should be made on the recommendation of the Promotion Committee.
4. If an employee was warned in his work and conduct and if he did not show any improvement, he should be warned again.
5. If no warning was given to a person, it should not be presumed that the reports on him would justify his promotion.

In India, the Head of the Department concerned is the Promotion making authority. But Promotion to higher posts is made in consultation with the Public Service Commission.

The highest administrative post such as Secretary, Joint Secretary, Deputy Secretary are filled from a "pool" which consists of candidates selected by a Selection Committee appointed by the Government with the consultation of the Service Commission. The Ministers make appointments to the highest administrative posts from the pool.

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Promotion to other posts is made by a Departmental Promotion Committee consisting of a member of Public Service Commission as the Chairman and senior officers of the Department as the Members. The recommendations of Departmental Promotion Committee are ratified by the Service Commission. The Head of the Department makes promotion according to the confirmed list.

Sometimes promotion from State Civil Service to the All India Service is also made. It is done by a Special Committee constituted in each State with a Member of the Union Public Service Commission as a Chairman and other senior IAS officers as Members. The Committee prepares the list of officers of the State Civil Service suitable for the promotion to the All India Service on the basis of merit. After the approval by the Union Public Service Commission, promotions are made from the approved list.

### **Criticism of Promotion System in India**

The promotion system in India has been criticized on several grounds. They are:

1. The Head of the Department is given too much importance in recommending names out of which selection is to be made.
2. The system of evaluating the efficiency of employee is not satisfactory.
3. Promotion Committees do not exist in all administrative Departments.
4. There is no declared policy of promotion in India as to the basis on which regular promotions have to be made.

Therefore, it is desirable to declare a promotion policy for India, which should be based on certain principles of promotion. They are

1. There should be written policy of promotion.
2. The basis of promotion should be seniority and merit.
3. Confidential report should be examined before promotions are made.

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4. A scientific procedure should be evolved for promoting the Government employees.
5. Promotion Committee should be constituted in every administrative Department.
6. The supervisor should recommend the promotion.
7. Vacancy should be notified for all the eligible employees.
8. A promotion should not be forced on the employees.
9. Promotion should be made on probation.
10. Recognized labour unions should be consulted during promotion.
11. Promotion should be closely associated with the training program.
12. It should specify the grades, salaries, perks, duties and responsibilities associated with the promotion.

A proper Promotion system is necessary to each employee in the Civil service. It is a continuous incentive to efficient work on the part of the employee. In the absence of promotion, intelligent and capable people would not stick to the job. Hence, there is a need for finding out some valid principle for promotion, which could be possible by evolving suitable policy promotion.

### **RETIREMENT AND RETIREMENT BENEFITS**

Retirement is the back bone of Public Administration. It is an integral part of Public Personnel Administration. As an employee grows in age, his efficiency decreases. In the interest of efficiency of civil service and of their own health, the civil servants have to retire from their service on reaching the prescribed age. Several thousands of rupees are paid to the civil servants after retirement for which the Government does not receive any corresponding service from them. Proper Retirement System will attract efficient persons to the Government service. All the countries have therefore, adopted Retirement System and provide Retirement benefits.

#### **7.14 Need for Retirement System**

Retirement system is quite necessary for various reasons. They are:

1. According to L.D. White, "a Retirement System for civil employees is primarily designed to facilitate the termination of employment of men and women whose power have failed on account of age or disability by granting allowances for past service, to provide benefits to dependents in case of death and to improve the morale of services by creating sense of economic security".
2. The retirement system helps to eliminate the employees from civil service who are unable to discharge their duties adequately. This is necessary in the interest of economy and efficiency in the civil service.

3. Retirement of employees from senior position is essential to provide opportunities for promotion. As the number of higher posts is limited, if the people at the top do not retire, the employees on the lower ranks can not be promoted to the higher posts. In the absence of opportunity for promotion the civil servants would not put their heart and soul in their work.
4. To inject new blood and bring in fresh ideas in civil service, it is necessary that older employees should retire providing room for new entrants. This will be possible only when vacancies occur and the vacancies occur only when there is Retirement system.
5. Unless there is a Retirement System, talented employees would not be attracted to the civil service.
6. A Retirement System is quite necessary to retain the best-qualified persons in Government service.
7. It is desirable on humanitarian grounds that employees who have become less efficient or incapacitated for work as a result of physical or mental disabilities upon advancing age should not be dropped from service without any provision for their financial needs. Thus Retirement System is quite necessary for all the employees of the civil service after reaching the retirement age.

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### **Retirement Age**

The retirement age varies from country to country. The age of retirement is generally fixed by the law passed by the legislature. Sometimes, the retirement age is also fixed by the Constitution. For example, the age of retirement of judges of the Supreme Court and the High Courts is fixed by the Constitution. The Supreme Court Judge is appointed for a term of six year or until he completes the sixty fifth year whichever is earlier. The age of retirement for the employees varies from country to country. In India it is between 55 and 60 years, in Britain it is between 60 and 65 years, and in the United States of America it is between 65 and 70 years. This variation of retirement is due to the climatic conditions and the average expectations of longevity of life.

### **7.15 Classification of Retirement System**

The scholars of Public Administration have classified the Retirement System into five kinds. They are

1. Compulsory retirement,
2. Voluntary retirement,
3. Retirement on the grounds of disability,
4. Retirement on the abolition of office and
5. Forced retirement.

## **Compulsory Retirement**

An employee is asked to retire on reaching the fixed age. This is called compulsory retirement. On exceptional cases, an employee may be retained in service after the age of retirement. As it is already stated, the retirement age is fixed by the laws passed by legislature and sometimes by the Constitution. The age of compulsory retirement varies from country to country.

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## **Voluntary Retirement**

If an employee has completed a specified age of service, he can voluntarily retire from service. This type of retirement is called voluntary retirement. If an employee has completed 20 year of service he can voluntarily retire from the service.

## **Retirement on the Grounds of Disability**

If a civil servant becomes disabled physically or mentally he is allowed to retire on the grounds of disability. This Retirement System is called retirement on the grounds of disability.

## **Retirement on the Abolition of Office**

If the office in which a Government employee is working is abolished, he has to retire from service. This retirement is called retirement on the abolition of office.

## **Forced Retirement**

A civil servant is forced to retire from service on charges of inefficiency, misconduct and insolvency. This type of retirement is called forced retirement.

## **Retirement Benefits**

Since the Government servants have spent their entire life career in the service of the Government, they should be provided with certain benefits after the retirement. These retirement benefits are available to the Government servants through various schemes. They are

1. Pension,
2. Provident fund and
3. Gratuity.

## **Pension**

Pension is paid in monthly installment. It is given in recognition of long and meritorious services of the Government servants. There are three forms of pension paid to the Government servants. They are :

1. Non contributory,
2. Partly contributory and
3. Wholly contributory

## **Non-Contributory Pension**

Under non-contributory pension system, the entire pension amount paid to the Government servants is borne by the Government.

## **Partly Contributory Pension**

In the partly contributory pension system Government would contribute a part and the employees will contribute the rest.

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## **Wholly Contributory Pension**

Under the wholly contributory pension system, the entire amount payable as pension after retirement would be contributed by the Government servants during their tenure of service. In India non-contributory pension system is followed.

## **Kinds of Pension**

The pension payable to the Government servants can be broadly classified into five kinds. They are

1. Superannuation pension,
2. Retiring pension,
3. Invalid pension,
4. Compassionate pension and
5. Compulsory pension

## **Superannuation Pension**

Superannuation pension is paid to the Government servants on reaching their fixed age prescribed by the Government. If the Government servants have put in 30 years of service, they are eligible for full pension. If the Government servants have put in less than 30 years of service, they are provided with pension in proportion to the years of service rendered by the Government servants.

## **Retiring Pension**

Retiring pension is paid to the Government servants when they voluntarily retire from their service after fulfilling a specified years of service prescribed by the Government. In India, the Government servants are allowed to retire voluntarily after completing 20 years of service and they are paid retiring pension in proportion to the service rendered by the Government Servants.

## **Disabled Pension**

When the Government servants retire from the service on the grounds of disability, they are paid disabled pension. In order to eligible for disabled pension, the Government servants should have served at least for 10 years. The disabled

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8. Classify the Retirement System.

pension is paid to the Government servants in proportion to the service rendered by the Government servants.

### **Compassionate Pension**

When the Government servants are asked to retire from service on the abolition of office they are paid compassionate pension. In order to be eligible for compassionate pension, the Government servants should have served in the Government service at least for 10 years. The compassionate pension is paid to the Government servants in proportion to the service rendered by the Government servants.

### **Compulsory Allowance**

When the Government servants are forced to retire on the grounds of misconduct, inefficiency and insolvency, they are paid compulsory allowance. As in the case of Disabled pension and compassionate pension, in order to be eligible for compulsory allowance, the Government servants should have served in the Government service at least for 10 years and the quantum of pension would be decided in proportion to the years of service rendered by the Government servants.

### **The Quantum of Pension**

The quantum of pension as we have already explained, is decided on the basis of total years of service put in by the Government servants and last pay drawn by them. If a government servant has served for 30 years, he is eligible for full pension, if he has served for more than 10 years and retires from service on the various grounds mentioned above, he is paid pension in proportion to the years of service he has put in the Government service.

### **Provident Fund**

Provident fund is paid as a lump sum amount after the retirement.

There are:

1. Contributory provident fund
2. Partly contributory provident fund and
3. Wholly contributory provident fund

### **Contributory Provident Fund**

In this system, the entire amount payable as provident fund would be contributed by the Government.

### **Partly Contributory Provident Fund**

Under this system, the amount payable as provident fund would be contributed by the Government servants partly and by the Government partly.

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## **Wholly Contributory Provident Fund**

Under this system, the entire amount payable as provident fund would be contributed by the Government servants.

In India the wholly contributory system is practiced.

## **Gratuity**

Gratuity is also paid as a lump sum amount after retirement. The amount of gratuity is decided on the basis of the total number of years of service put in by the Government servants. Half a month salary and allowances are given for one year of service. If a person has put in 30 years of service in the Government, he would be paid 15 months salary plus allowances. The amount of gratuity paid to the Government servants should not exceed four lakhs and fifty thousands. If it exceeds four lakh fifty thousands, he will be paid Rs. 4,50,000 only.

As we have already mentioned, several thousands of rupees are paid to the Government servants after retirement for which the Government does not receive any corresponding service from them. The provision for retirement benefits has been made in the Government to attract the efficient persons to the Government service. All the countries of the world have adopted the retirement system and provide retirement benefits to the Government servants.

## **CONDUCT AND DISCIPLINE**

Government officials are given certain powers over the life and activities of the people. It is necessary to prevent the misuse of powers by the officials for their personal ends. A high moral standard among the Government servants must be ensured so as to set an example to the people at large. Every Governmental organization has certain rules and regulations and certain prescribed code of conduct for its employees. This is mainly to maintain order and discipline in Public Service. If the conduct and discipline of the employees are good, the administration also will be efficient. Good Conduct and Discipline thus lead to the efficiency of the governmental organization. For this the Government formulates and enforces a code of conduct.

### **7.16 Essentials of Code of Conduct**

A code of conduct is quite essential for a number of reasons. They are :

1. To maintain good behaviour of the employees towards their superiors,
2. To maintain integrity in the Governmental service,
3. To maintain discipline in the service,
4. To ensure neutrality in the Government service and
5. To enable the employees to observe certain code of conduct in the private life.

## **Rules of Integrity**

Rules of integrity are the main parts of code of conduct. They are:

1. Every employee should maintain integrity and devotion to duty;
2. An employee of public service should not employ his son, daughter or relatives in an organization with which he has official contacts;
3. An employee should not accept any gifts, contributions and presentations from any person;
4. An employee should not also allow his son, daughter or relations to accept any gifts, contributions from any person;
5. An employee should not engage himself directly or indirectly in trade or business or any other employment;
6. An employee should not lend money without the previous sanction of the Government;
7. An employee should not borrow or should not allow his wife, son, daughter or any member of his family to borrow money;
8. An employee should observe official secrecy;
9. An employee should be punctual in attending to his work;
10. An employee should maintain cordial relations with his co-employees or subordinates;
11. An employee should obey the official orders of his superior, and
12. An employee should think of general interest and not personal interest while discharging his duties.

## **Civil Service Code of Conduct**

Different categories of Government servants are governed by separate but substantially similar sets of conduct rules. In India certain sets of conduct rules are followed. They are:

1. All India Services (Conduct) Rules, 1954;
2. Central Civil Services (Conduct) Rules, 1955;
3. Railway Services (Conduct) Rules, 1956.

The most and important rules of civil service code of conduct may be briefly summarized as follows:

1. The first and the most imperative duty of the civil servant is to carry out his functions in accordance with the constitution and the laws of the country.

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2. Secondly, he has to obey the official orders of his superiors, as far as possible they should not contradict the law;
3. The civil servant must carry on his duties with sincerity and probity with impartiality and integrity and with industriousness and care. He should not think of his personal, communal or political interests while discharging his official duties;
4. Civil servants have to be truthful in their official dealings, even when they are under a charge;
5. Courtesy towards subordinates and politeness to the public are among other obligations of the civil servants;
6. Safeguard and maintenance of the dignity and respect of service is another obligation of the civil servants. They should not allow an insult howsoever slight, to the office to pass unnoticed;
7. Even in their unofficial and private life, civil servants are not followed to behave that could affect the dignity, confidence and respect of their office. For example, they should not lead irregular life, indulge in gambling and sensuous pleasure or contract debts;
8. Civil servants are whole-time workers for the State. They therefore cannot take any additional office or employment other than their official ones. Even official's dependence require not to take up such trade or vacation that is likely to cause suspicion upon the official's integrity and impartiality or which is likely to result in the degradation of his official dignity;
9. The civil servants must observe official secrecy; and
10. Civil servants have to be punctual in their work, as punctuality is the essence of efficiency.

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### **Disciplinary Action**

The civil servants are expected to act according to the established rules. The civil servants are given punishment for violating the rules of conduct. This is known as disciplinary action. L.D. White gives the causes for disciplinary action against the civil servants. They are

1. Inattention to duty, laziness, carelessness, breakage or loss of property etc.,
2. Inefficiency,
3. Insubordination i.e. violation of laws or rules,
4. Immorality,
5. Intoxication, appearing in public intoxicated condition,

6. Lack of integrity, i.e. bribery, corruption etc., and
7. Violation of recognized code of ethics, failure to pay debts etc.

### **7.17 Types of Disciplinary Action**

Disciplinary action may be informal or formal. Informal disciplinary action doesn't result in over punishment but conveys to the guilty official the displeasure of his superior. The informal disciplinary action is taken in different forms. They are

1. Through cold relation,
2. Reassignment of less desirable work,
3. Closer supervision,
4. Withholding of privilege
5. Failure of consultation in relevant matter,
6. Rejection of proposals, etc.

The reason for taking informal disciplinary action may be, those offences are too slight or too subtle or too difficult to prove, to warrant direct and formal action.

Formal disciplinary action follows where the offence is serious and can be established. A formal disciplinary action includes the imposition of both minor and major penalties. The minor penalties are

1. Censure,
2. Withholding of increments or promotion, including stoppage at the efficiency bar,
3. Reduction to a lower post or time scale or to a lower stage in time scale and
4. Recovery from pay of the whole or part of any pecuniary loss caused to Government by negligence or breach of orders.

The major penalties imposed on the Government servants are

1. Suspension,
2. Compulsory retirement,
3. Removal from service and
4. Dismissal from service

### **Essentials of Disciplinary Action**

The procedure for the imposition of minor penalty is brief. The Government servant is given an opportunity to make a representation against the imposition of minor penalty. There is no need of any regular enquiry while imposing minor penalties. On major penalties, disciplinary proceedings and actions should conform to certain principles. They are:

(Space for Hints)

- A. The principles of natural justice must guide all disciplinary inquiries and actions. These imply that:
1. The person should not be a judge in his own case,
  2. A reasonable opportunity of hearing to the other side be given and
  3. The order must be a speaking order i.e. based on logic.
- B. The principle of impartiality and consistency should be observed.
- C. The principle of impersonality i.e. disciplinary authority should not develop a sense of triumph against the employee.

(Space for Hints)

### Procedure of Disciplinary Action

Before penalties are imposed on the employees certain procedural requirements should be followed. They are :

1. Calling for an explanation from the employees to be subjected to disciplinary action,
2. If the explanation is not forthcoming or is unsatisfactory, framing of charges,
3. Suspension of the employee if his / her remaining in the service is likely to prejudice the evidence against him / her,
4. Hearing of the charges and giving opportunity to the employee to defend himself / herself,
5. Finding and report,
6. Giving another opportunity to the employee to defend himself / herself against the proposed punishment,
7. Punishment order or exoneration and
8. Appeal if any.

### Power to Hear Appeal

As regards the power to hear appeal, an employee appointed by the president has no right to appeal from an order passed by the President himself. A member of the All India Service may appeal from the order of a State Government to the president. A member appointed by the President may appeal to the Governor from an order passed by the State Government. All employees of lower grade services may appeal to the authority, which made the rule to which the order under appeal relates. Appeal can be preferred only if :

1. It is permissible under rules,
2. It is not defective in form and preferred through proper channel,

#### Check Your Progress Questions

9. Examine the different types of disciplinary action.

3. It is preferred within six months after the date of the communication of the order,
4. It is not a repetition of a previous appeal to the same authority and
5. It is addressed to an authority to which appeal lies under the rules.

### **Constitutional Safeguards of Civil Servants**

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The Constitution of India has provided certain safeguards while taking disciplinary action to avoid possible victimization. They are:

1. No employee shall be dismissed by an officer below the rank to one who had appointed him,
2. No employee shall be punished except for a cause,
3. An employee should be given reasonable opportunity to prove himself,
4. An employee should be informed of the charge leveled against him and
5. The Board of Enquiry should consist of two or more senior officers, among whom one member should be an officer of the service of which the employee belongs.

We have seen that there are certain procedures to initiate disciplinary action against the erring civil servants. These procedures are unfortunately cumbersome and many corrupt bureaucrats escape from the clutches of procedural law. The close nexus between the politicians and the civil servants in corrupt activities have made them to easily evade law and destroy the evidences. The Vohra Committee has recently highlighted the nexus between the politicians, the criminals and the civil servants. There are many honest and hardworking civil servants who have set an example for others to follow. In the context of rapid development there is a need for strict vigil over the nefarious activities of few civil servants. Otherwise, they will plague the entire system of administration. The present rules and regulations, if followed stringently, we can easily set right the behaviour of erring civil servants.

### **MORALE**

According to L.D. White, "Morale is both an index of a sound employment situation, and a positive means of building up an efficient organization".

In the words of Alexander Leighton, "Morale is the capacity of group of people to pull together persistently and consistently in the pursuit of a common purpose".

According to M.C. Shukula "Morale is a readiness to co-operate firmly in the task and function of a given group of organization. It is a mutual process often

subtle but once started it permeates in the entire group which result in the formation of a common attitude”.

L.D. White says that morale reflects a socio-psychological situation, a state of mind in which men and women voluntarily seek to develop and apply their full powers to the task upon which they are engaged, by reason of intellectual of morale satisfaction which they derive from their own satisfaction, the achievements in their chosen field and their pride in the service. A high standard of morale indicates a shining outcome. Morale adds for a force and energy, which make for achievement. More than this, morale fights indifference and even without conscious vigilance maintains safeguards against the endless variety of small incidents which enmassed may scuttle good administration. A wholesome morale stimulates loyalty, co-operation and teamwork of all which are so essential for the smooth coordination of many individuals in a single organization.

(Space for Hints)

In short, morale stimulates loyalty, co-operation and teamwork which are essential for the success of an organization. It prepares them for best efforts. It is thus a highly essential factor in the efficiency of any administration. Its presence leads to all round efficiency and success and its absence leads to inefficiency and failure. Thus morale is to public service what good health is a body.

One of the secrets of the outstanding success of the British Civil Service is the high morale build up by the civil service itself. Morale is self stimulating incentive created within the minds and hearts of the employees. The presence of morale leads to all round efficiency and success. Therefore, it is necessary that Public Administration to be efficient should build up a high morale among the civil servants.

### **7.18 Factors Responsible to Build up Morale**

There are several factors, which go to build up high morale among the Government servants. They are:

1. Knowledge of organization, its purposes and objectives,
2. Confidence in the integrity of superiors,
3. Share in policy making,
4. Stimulating leadership,
5. Loyalty,
6. Collaboration between the authorities and public employees union,
7. Good working conditions and
8. Financial and non-financial incentives.

## **Knowledge of Organization, its Purposes and Objectives**

The employees working in an organization should have the knowledge of the organization, its purposes and objectives, then only they will give their best to achieve the purpose of the organization. When the employees don't have sufficient knowledge of the organization, its purposes and objectives, they may not be able to know in what way their services going to help the organization. If the employees have the knowledge of the organization, purposes and objectives, they will know in what way they are helping the organization. This will enable them to participate effectively in the organization and also will build up good morale among the employees.

(Space for Hints)

## **Confidence in the Integrity of the Superiors**

Governmental organizations are organized on the principle of hierarchy. Employees at different levels are responsible to the immediate superiors. These employees should have confidence in the integrity of their superiors. If the employees suspect that the officers show favouritism and they are corrupt, the subordinates will get demoralized. For building up good morale among the subordinates the superior officers should not succumb to low practices, corruption and undesirable political influences.

## **Share in Policy Making**

Policies in the Governmental organization are framed by political authorities. The officers at top of the organizations help and advice the Ministers in framing the policies. They are ultimately implemented by the employees in the rank and file. They only know the problems involved in implementing the policies. When the political authorities make policies with the help of the higher officials, some of the policies may not be effectively implemented because sometimes the policies themselves may not have relevance to the local needs. Therefore, the higher administrative authorities should consult the employees in the rank and file, before helping the political authorities in framing the policies. When the policies are made by the political authorities in consultation with the subordinates, the policies may have more relevance and they can be effectively implemented. Again when the superior officers consult the employees in making policies, the employees will have a feeling that they contribute something to the organization. This feeling would stimulate a sense of belongingness among the employees in the organization and would promote morale among the employees.

## **Stimulating Leadership**

Proper leadership provided by the officers at different levels may stimulate morale among the employees. Several theories of leadership have been developed in the field of Public Administration. They are

**Check Your Progress  
Questions**

10. What is Morale?

1. Traits theory,
2. Behavioural theory,
3. Situational theory and
4. Eclectic theory.

According to Traits theory, officers having certain traits would be able to provide proper leadership and improve the morale of the employees.

(Space for Hints)

According to Behavioural theory, officers who are able to behave properly with their subordinates would be able to provide proper leadership and promote morale among the employees.

According to Situational theory, an officer who is able to adjust to the different situations will be able to provide proper leadership and stimulate morale among the employees.

According to Eclectic theory, officers who have certain traits, who could behave properly with their subordinates and who could adjust to the different situations would be able to provide proper leadership and improve morale among the employees.

Thus proper leadership would promote morale among the employees.

### **Loyalty**

Essence of loyalty that has been developed among the employees would promote morale among the employees. The officers at different levels try their best to inculcate loyalty and devotion among the employees. The officers should make the employees feel that they are working in the important Government organization and contributing to the development of the country. Once a feeling of loyalty is evoked among the employees, morale among them would automatically improve.

### **Collaboration between the Authorities and Public Employees Union**

In every Governmental organization there are unions. The Government should not consider the unions as dangerous to management. Every union has been created to take care of the welfare of its members. The problems of the employees are expressed through the unions. When the Government collaborates with the unions it would be able to understand the problems of the employees and would be able to solve them. Once their problems are solved and certain measures are taken to promote their welfare, the morale of employees would improve.

### **Good Working Conditions**

If the employees have to give their best to the organization, the Government should take steps to improve their working conditions by providing better facilities to the employees. The morale of the employees can not improve if six or seven

persons are made to work in a small room without proper ventilation, lighting and other facilities. They would not have a mind to work hard to achieve the goals of the organization.

### **Financial and Non Financial Incentives**

(Space for Hints)

The morale of the employees can be improved by providing financial and non-financial incentives. The financial incentives include good salary, allowances, monetary rewards and bonus. The non-financial incentives include recognition, promotion, status, non monetary rewards etc. Scholars of Public Administration say that by providing the financial and non financial incentives to the employees, they would not only be motivated to better their performance but also would help to improve their morale.

Public Administration to be efficient should build up a high morale among the employees. Its presence leads to all around efficiency and success in Public Administration. Therefore, the Government should take adequate steps to promote morale among the employees by creating knowledge of an organization, its purposes and objectives, creating confidence among the employees in the integrity of superiors, providing a share to the employees in policy making, providing stimulating leadership by the officers, creating loyalty among the employees, bringing collaboration between the Government and Public employees union, providing good working conditions and providing financial and non-financial incentives for the good work done by the employees.

### **7.19 Rights of the Civil Servants**

The civil servants are basically citizens. They enjoy certain rights. Indian Constitution has guaranteed certain fundamental rights. One of the fundamental rights provided to the citizens is the right to form association. This right is quite necessary for the Government servants. If the Government servants have certain problems and if they represent their problems individually their problems can not be taken care of by the Government. If the Government servants represent their problems through an association, their problems not only can be considered by the Government but also get their problems solved. Since the right to form association is a fundamental right guaranteed to the citizens and the Government servants are basically the citizens the right to form association should be given to the Government servants, this right has been provided to the Government servant of the different countries of the world. In India, the Government servants are provided with the right to form association except those are engaged in essential services. Let us discuss in this unit about the right to form association in detail.

## **Rights Associated with the Right to Form Association**

When the Government servants are allowed to form association, the question arises whether they can be provided with other rights associated with the right to form association. They are:

1. The right to associate with the outside trade unions,
2. The right to arbitration,
3. The right to collective bargaining and
4. The right to strike.

(Space for Hints)

## **Right to Associate with the Outside Trade Unions**

The Government employee's associations are not allowed to associate with outside trade unions for various reasons. They are :

1. The Government employees' associations consist of white-collar people, whereas the trade unions consist of workers.
2. The Government employees' association make use of persuasive methods to achieve their ends. Whereas the trade unions make use of violent methods to achieve their ends.
3. The right to collective bargaining is not provided to the Government employees' associations, whereas these rights have been granted to the trade unions.
4. The right to strike is not permitted to the Government employees' association whereas this right has been extended with certain limits to the trade unions.

Since the Government employees' associations and the Trade Unions basically differ in the compositions, approaches and objectives, the Government employees' associations in most of the world are not allowed to associate with the outside trade unions.

## **The Right to Arbitration**

When there are problems between the Government and the Government employees' whether these problems can be tried through an impartial judge, is the problem. Since this right of the Government servants is quiet reasonable, this right has been extended to almost all the Government employees' associations of the different countries of the world.

## **The Right to Collective Bargaining**

This right is a basic right extended to the trade unions. Most of the problems of the employees in private organizations are solved through collective bargaining

by the trade unions. Since this right will endanger the discipline in the Government service, the Government employees' associations, in most of the countries are not provided this right.

### **The Right to Strike**

The right though, extended to the trade unions in a limited way, this right has not been extended to the Government employees' associations as this right when given will affect the discipline in the Government service. There is a view that unless the Government employees indulge in strike through their association their problems are not solved. Unfortunately this right to strike is not allowed to the Government servants and therefore, the Government employees involved in strike are penalized. If there is a machinery to solve the problems of the Government servants, there would not be any need for the Government servants to have associations and to indulge in strike which is not allowed in most of the countries of the world. In England, the Government employees are allowed to form whitley councils to set right their problems. Let us discuss briefly about the composition and powers of the Whitley Councils and the way in which the Whitley Councils help to solve the problems of the Government servants.

### **Industrial Councils**

During the First World War, the workers in the private Industries went on strike. As a result, production in the Industries suffered. In order to increase the production in the private Industries and to resolve the problems of the workers in the private industries, the British Government recommended to have an Industrial Council in each Industry consisted of representatives from the management and the workers. Half of the members in the Industrial Council would be from the management side and the other half from the workers side. The Chairman would be from the management side and the Vice-Chairman from the workers side. If there were problems for the workers in the Industry, they represented their problems to the Industrial Council.

The Industrial Council after examining the problems of the workers recommended certain measures to set right their problems. The management immediately implemented the recommendation and the problems of the workers were solved.

### **Whitley Council**

The employees of the British Government wanted to have a machinery like the Industrial Council to set right their problems. The British Government appointed a Committee under the Chairmanship of Whitley to consider the demands of the Government employees.

Whitley recommended to have a council at National level, a council in each Department and a Council in each District Office. On the basis of Whitley's recommendations, a council at the National level and a Council in each Department and a Council in each District Office Were created. Since the constitution of the Councils was recommended by Whitley, the Councils were called Whitley Councils.

### **Organization of the Whitley Councils**

(Space for Hints)

There are 88 Whitley Councils at National Departmental and District Offices levels. The half of the Members in the Whitley Council was from the management side and another half was from the employees' side. The Chairman was from the management side and the Vice-Chairman was from the workers side. The strength of the Whitley Council was decided on the basis of the number of employees at the National, Departmental and the District Offices levels. If there were problems to the Government employees, they would represent their problems to their concerned Whitley Council. The Whitley Council would consider the problems of the employees and would make recommendations. These recommendations were put into effect immediately by Government. As a result the problems of the Government employees were solved and there was no need for the employees to go on strike.

### **Powers of the Whitley Councils**

The Whitley Councils have been provided with lot of powers. They are:

1. To suggest measures to improve the efficiency of the Government organization,
2. To suggest measures to improve the relations between the officers and the employees,
3. To suggest measures to improve the working conditions of the employees,
4. To suggest measures in matters relating to their conditions of service such as salaries, allowances, medical facilities, educational facilities, leave facilities etc.,
5. To suggest measure in matters relating to Personnel Management such as recruitment, training, promotion, transfer, motivation, morale, conduct, discipline, retirement and retirement benefits, position classification and compensation plan.
6. To prepare a Bill to improve their conditions of service, working conditions etc., and ask the Members of the Parliament to introduce the Bill and enact it into an Act so that their problems could be set right.

Since the Whitley Councils have been provided with lot of powers and their recommendations are put into effect by the Government immediately, as it has been already mentioned, the problems of the Government servants have been solved and there has been no need for the Government servants to go strike.

### **Staff Councils**

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A.D. Gorwala and Paul. H. Appleby recommended to have a machinery like Whitley Council in each Department. On the basis of their recommendations Staff Councils were created in each Department. Half of the members in the Staff Council were from the officers' side and half of the members were from the employees' side. These Staff Councils were provided with only limited powers. They were:

1. To suggest measures to improve the efficiency of the Government organization,
2. To suggest measure to improve the relations between the officers and the employees and
3. To suggest measures to improve their working conditions.

The Staff Councils made lot of recommendation within the limited powers. But their recommendations were not put into effect by the Government. As a result the problems of the Government servants were not solved and they had to go on strike to get their problems solved.

### **Three-Tier Machinery**

In 1960s the Government of India in order to set right the problems of the employees without going on strike, wanted to create a threetier machinery consisting of

1. National Council,
2. Departmental Councils and
3. District Councils.

A Bill was introduced in the Parliament to have the three-tier machinery and the Bill was enacted into an Act. The three-tier machinery has been constituted at National, Departmental and District levels. But even after the creation of the three-tier machinery, the problems of the Government servants have not been solved. Because the powers that are vested in the Whitley Councils are not vested in the three-tier machinery. For example matters relating to the conditions of service and Personnel Administration are considered by the Public Service Commission and not by the three-tier machinery.

As it has been already mentioned, the Government servants are basically citizens. They have lot of problems. If they have to perform their functions properly, their problems should be solved. Right to form association has been provided to the Government servants to set right their problems. Even when their problems are represented to the Government through the association, their problems are not solved. Therefore, they have to go on strike to set right the problems. In Britain the Whitley Councils had been created to set right the problems of the Government servants. After the creation of the Whitley Councils the problems of the Government servants had been solved and there had been no need for the Government employees to go on strike. A.D. Gorwala and Paul H. Appleby recommended a machinery like Whitley Council to set right the problems of the Government servants. On the basis of their recommendation the Staff Councils were constituted in each Department.

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Since the Staff Councils were provided with limited powers, and their recommendations were not put into effect by the Government, the problems of the Government employees were not solved and they had to go on strike to set right their problems. In 1960s the Government of India created a three-tier machinery on par with Whitley Councils to set right the problems of the Government servants. The three-tier machinery was also not vested with enough powers as that of the Whitley Councils. As a result the Government servants had to go on strike to set right their problems. The constitution of India and the laws passed by the legislatures do not permit the Government servants to go on strike. If the problems of the Government servants have to be solved without going on strike, the three-tier machinery should be vested with enough powers as that of the Whitley Councils and the recommendations of the three-tier machinery should be put into effect so that there will not be any need for the Government servants to go on strike and the right to form association is also not necessary for the Government servants.

### **REDRESS OF PUBLIC GRIEVANCES**

Government servants are basically the servants of the public. Instead of acting as servants of the public, they act as masters of the public and create all sorts of problems to the public. This tendency of the Government servants towards the public is the British legacy. During the British rule, the Government servants had to be loyal only to the British Government and need not be responsible to the public. This attitude of the Government servants continues even today. At present, Government servants owe loyalty to the party in power, rather than the public as a whole. Since the Government is implementing lot of programmes for the benefit of the public, and the public has to depend more on the Government servants, this problem has gained great momentum in the context of Public Administration.

## **General Grievances**

The general grievances of the public are the following :

1. Public are not treated well by the civil servants.
2. Civil servants make the people to walk several times before solving their problems.
3. They make lot of delay in the disposal of files.
4. They are not responsible to the public demands.
5. Their attitude towards public is despotic.
6. They do not try to understand the problems of the public and try to set right their problems.
7. The most important problem of the public towards the civil servants is corruption. Unless the public bribes the Government servants, they do not take up the files for the consideration.

(Space for Hints)

### **7.20 Ombudsman**

These are the important problems of the public. These problems of the public are not only found in India but in every country. In the 19th century the Swedish Government created an institution called Ombudsman to set right the problems of the public were solved. The neighbouring Scandinavian countries also have created institutions like Ombudsman to set right the problems of the Public. Now let us see the organization and working of Ombudsman.

#### **Organization of the Ombudsman**

In Sweden the Ombudsman is elected by the Members of the Parliament in a joint sitting. The Ombudsman is elected for a term of five years. Though, the Parliament elects the Ombudsman, it does not interfere in the working of the Ombudsman. The Ombudsman is appointed in the position of the Supreme Court Chief Justice. He is provided with the position, status, salaries and allowances similar to the Supreme Court Chief Justice. Once elected by the Parliament, he can not be removed from office very easily.

#### **Powers of the Ombudsman**

The Ombudsman is provided with certain powers. They are:

1. To investigate,
2. To criticize and publicize and
3. To recommend for certain actions.

The above powers of the Ombudsman make it clear that it cannot take any action. It can only recommend to the Government for certain actions against the Government servants. The Government can only take actions against the Government servants on the basis of the recommendations of the Ombudsman. The Ombudsman has an office headed by the Director and assisted by a number of officials. The main function of the Ombudsman's office is to help the Ombudsman in the performance of his functions.

(Space for Hints)

If the people have got certain problems against the Government servants, they will write their problems in brief in a postcard and send the complaints to the Ombudsman. The Ombudsman will collect all the complaints in the post card and will select few complaints for investigation. The Ombudsman's office will process the complaints and select the cases in such a way that there is one case in each office. The office people investigate their cases and if the Government servants had committed mistakes they would be criticized and publicized in the mass media. If the Government officials had committed grave mistakes, the Ombudsman after proper investigation will recommend certain actions against them. The Government immediately put into effect the recommendations of the Ombudsman, which is publicized in the mass media. When other Government servants come to know the fate of their colleagues, they would try to correct their mistakes and become responsible to the public. Thus, after the creation of the Ombudsman, the grievances of the public have been redressed.

## **7.21 Administrative Reforms Commission**

### **Lok Pal and Lok Ayukta**

The Administrative Reforms Commission in 1966s recommended to create an institution like Ombudsman in India to set right the problems of the public. A Lok Pal, Lok Ayukta Bill was introduced in the Lok Sabha to create two-tier machinery consisting of Lok Pal and Lok Ayukta to set right the problems of the public. Since in the Rajya Sabha, the Lok Pal-Lok Ayukta Bill could not be passed, the Lok Pal-Lok Ayukta Bill could not be enacted into an Act and the two-tier machinery could not be created. After that attempts were made to introduce the Bill in the Parliament and to pass it into an Act. The Janata Government in 1977 wanted to increase the jurisdiction of the powers of the Lok Pal and Lok Ayukta and wanted to pass the Lok Pal Lok Ayukta Bill into an Act. But before it could enact the Bill into an Act, it was dissolved. Therefore, the Lok Pal and Lok Ayukta institutions could not be created. Subsequent Governments wanted to create the Lok Pal-Lok Ayukta institutions. But they could not create the twin institutions. The BJP coalition Government is interested to create the Lok Pal and Lok Ayukta with the increased powers. But so far these

twin institutions have not been created to set right the problems of the public. If Lok Pal was created he would have the status and position of the Supreme Court Chief Justice and the Lok Ayukta would have the status of High Court Chief Justice.

(Space for Hints)

Both Lok Pal and Lok Ayukta would have the powers as that of the Ombudsman. The Lok Pal would deal with cases relating to the Ministers, M.Ps, and the high officials and the Lok Ayukta would deal with cases relating to lower order officials.

### **Lok Ayukta**

In India Fifteen State Governments have come forward to create the Lok Ayukta institution. Unfortunately the recommendations of the Lok Ayukta institution have not been put into effect by the State Governments. As a result the problems of the public have not been redressed.

### **Corruption**

The important problem of the public towards the civil servants is corruption. To set right this problem, the Central Government has created Central Vigilance Commission at the center, the State Vigilance Commission in each State and Vigilance cell in each Government department to wipe out corruption. But unfortunately even after the creation of the vigilance machinery, corruption has not been reduced. The vigilance machinery will take actions only on the receipt of the petitions from the public. The vigilance machinery should catch hold of the corrupt officials red handed while accepting bribes. This process has made it difficult for the vigilance machinery to wipe out corruption.

If the grievances of the public including corruption have to be redressed, it is not just sufficient to create Lok Pal-Lok Ayukta machinery alone. They should be armed with the powers as that of the Ombudsman and the recommendations of the two-tier machinery should be put into effect by the Government, so that the grievances of the public can be redressed.

## **7.22 SUMMARY**

The importance of Public personnel Administration has increased in modern era. Personnel Administration has a major role to provide the optimum utilisation of human resource available. The study concludes that the position classification in India should be comprehensive enough to include the different positions in India. The different factors of recruitment and organization of Public Service Commission is studied. The How far training is essential for a public servant is brought out and also different kinds of training is explained A proper promotion system is necessary to every public servant because it is a continuous incentive. Retirement and

**Check Your Progress  
Questions**

11. Who is Ombudsman?

Retirement benefits are enjoyed by the Government servants. The amount spent by Government is heavy on retirement benefits. But to attract the efficient persons to government service, it is essential. The conduct rules and regulations helps to set right the behaviour of civil servants. To have the efficient public Administration the working conditions must be good. High morale must be built up among the employees. Another important feature of this unit is the rights and duties of public servants. What are the rights need by them? There are essential things analysed grievances of the public including corruption should be redressed. The office of Lok Pal and Lok Ayukta is studied. This unit is of interest to know about the role of public servants.

(Space for Hints)

### 7.23 KEY WORDS

Job analysis Job description - Human Resource - Personnel Agency - Government services -Gazetted - The spots system - Patronage system - The staff selection commission - Refresher Training - Service Rating - Gratuity - Compassionate pension - Traits Theory - Whitley council - Ombudsman

### 7.24 ANSWERS FOR CHECK YOUR PROGRESS QUESTIONS

- For Question No.1 ... Refer Section No. 7.2  
Question No.2 ... Refer Section No. 7.3  
Question No.3 ... Refer Section No. 7.5  
Question No.4 ... Refer Section No. 7.6  
Question No.5 ... Refer Section No. 7.8  
Question No.6 ... Refer Section No. 7.9  
Question No.7 ... Refer Section No. 7.13  
Question No.8 ... Refer Section No. 7.15  
Question No.9 ... Refer Section No. 7.17  
Question No.10 ... Refer Section No. 7.18  
Question No.11 ... Refer Section No. 7.20

### 7.25 BOOKS FOR FURTHER READING

1. E.N. Gladden, **The Essentials of Public Administration**, London, Staples Press, 1958.
2. O. Glenn Stahl, **Public Personnel Administration**, New York, Harper & Brothers, 1956.
3. D. Waldo (ed), **Ideas and Issues in Public Administration**, New York, McGraw Hill, 1953.

### 7.26 MODEL QUESTIONS

1. Bring out the meaning, nature and scope of Public Personnel Administration.
2. What is Position Classification? Explain the features of Position Classification.

(Space for Hints)

3. Evaluate the Position Classification in India.
4. What is recruitment? Explain the problems of recruitment.
5. Explain the organization and the functions of the Union Public Service Commission.
6. Evaluate the different kinds of training available to the Government Servants.
7. Distinguish between promotion, advancement and transfer.
8. Examine the principles of promotion followed in the Government service.
9. Examine the different kinds of retirement and retirement benefits.
10. Explain the conduct rules of the Government Employees.
11. Examine the essentials of disciplinary action.
12. Define Morale. Explain the different factors responsible for the promotion of morale among the employees.
13. Write a critical essay on the Rights of the Civil Servants.
14. Examine the organization and functions of the Whitley councils in England.
15. Explain the steps taken by the Government to solve the problems of the Government servants and to protect their rights.
16. What are public grievances? How their grievances can be solved?
17. Explain the steps taken by the Government of India to redress the grievances of the public.

## UNIT - 8

# PLANNING COMMISSION – NATIONAL DEVELOPMENT COUNCIL

### INTRODUCTION

(Space for Hints)

Planning is preparation for action. Every aspect of governmental action to be planned. The planning is 'a rational process characteristic of all human behaviour'. Planning alone can deliver goods to the people. Apart from definition of planning, this unit discusses the different kinds of planning. Tracing the origin of planning commission in India, it was set up in 1938 by the India National congress. The functions and the organization of planning commission will be studied. Another feature of study in this unit is the National Development Council. It is a high level policy co-ordination body. This unit will discuss the above details.

### OBJECTIVES

- To know about the importance of planning.
- To understand the different kinds of planning
- To know how the planning is carried out in India
- To study the organization of the planning commission
- To understand the functions of National Development council

### UNIT STRUCTURE

- Planning
- Kinds of Planning
- Objectives of Planning
- Planning in India
- The functions of the Planning Commission
- Organization of the Planning Commission
- National Development Council

#### 8.1 Planning

Planning is the preparation for action. It is necessary for each and every one of them. It applies not only to the individual but also to the institutions. So, planning is an essential one for all. Planning is, the conscious process of selecting and developing the best course of action to accomplish a define objective. The main objective of planning today is to build up economic prosperity in administration. The context of Planning is different. LD. White defines it as Planning begins where general policy stops; it is concerned with the means by which ends can be brought to success.

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Planning is a rational process of human behaviour. The systematic analysis of each and every action is witnessed in the planning process. Planning is not a single activity. It is a comprehensive one which involves a series of steps namely determination of the objective, consideration of possible courses of action to achieve the objective and the selection of the possible course of action. The constant review of activities in the plan are subject to changes to meet the requirements or to fulfill the demands of the situation. Planning is a dynamic one. In simple words, Planning means to act after proper thinking.

Every plan has two aspects namely physical aspect and financial aspect. In the first place, every plan sets physical targets of production for industries, agriculture, transportation etc., with/the aim of utilizing the available resources of the country to the maximum advantage. Secondly, every plan measures the value of commodities or goods produced in terms of money. Further every plan has to secure enough finance to carry out its scheme.

## **8.2 Kinds of Planning**

On the basis of the plan period, planning may be divided into Short term planning, Medium term planning and Long term planning. If the plan period is within two years they are known as Short term plans. If the plan period is between four and ten years, that type of plan is called Medium term Plan. Our Indian planning is a medium term plan. If the plan period exceeds ten years that is known as long term plan. This long term plan is also called as perspective plan.

We can divide the plans into three types according to the nature of the plans. They are, Physical Planning, Socio-Economic Planning and Administrative Planning.

### **Physical Planning**

This type of planning is adopted in democratic countries. Under this type Socio-economic activities are not centralized but state selects the main objectives only to a limited extent. The example of this type are City and Town Planning and the planning on natural resources of the country.

### **Socio-Economic Planning**

This type of planning was, first adopted in U.S.S.R. in 1928. It is concerned with the all round development of country. It implies regulation of national economy by the state. It aims at better production and equitable distribution of wealth. It also aims at full employment, improvement of standard of living and promotion of national selfsufficiency.

## **Administrative Planning**

It means both policy planning and programme planning. Policy planning is the determination of objectives for administrative activity. Programme Planning means drawing up of a programme of operations in advance and provision of the requisite organization, personnel and procedures for carrying it out. It aims at better organization and better methods with a view to promote efficiency and economy in administration.

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Planning itself consists of series of steps which are called as Planning process. Seckler Hudson suggests six steps in systematic planning namely:

1. A careful definition and limitation of the problem to the extent possible.
2. The exploration of all available information pertaining to the problem.
3. The posing of possible alternative solutions or methods of handling the problem.
4. The testing of one or more tentative solution through actual operations.
5. The evaluation of results in the light of experience, continuous research and new developments and
6. Reconsideration of the problem and the results and redecision if justified.

### **8.3 Objectives of Planning**

The objectives of the plan may be classified into three, namely

Political (e.g. defence, offence and peace), Economic (eg. Agriculture, industries, employment, wages, profits and fair prices) and social (eg. Equality, education and social security). The important feature of planning is the choice of Priority. In India, Planning has the following objectives:

1. To raise the standard of living of the Indian People.
2. To reduce the inequalities of income, wealth and opportunities.
3. To provide employment, education and security of life.
4. To establish the socialistic pattern of society.
5. To secure rapid industrialization with particular emphasis on the development of basic and heavy industries.

These objectives are inter-related and have to be pursued in a balanced way. Our five year plans envisage the emergence of welfare state in India.

## 8.4 Planning in India

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In any social system, Planning is a major instrument in the service of the basic values and objectives held by the Community. Ours is an under developed economy with heavy pressure of population on land and underdeveloped natural resources. Rigidity in the social structure and non-economic constraints come in the way of technological advance. Planning seeks ways of breaking these social limitations at many points. Planning brings greater stability of the developing society and reduces its dependence on foreign countries.

In India, M. Visvesvaraya Plan 1933 is considered as the starting period for Indian Plans. Then at the instance of Indian National Congress party, a National Committee was set up with Jawaharal Nehru as its chairman in 1938. In 1941, the Government of India appointed a committee for Planning. Indian leaders had urged the necessity of co-ordinated action in the economic field as means to the economic development of the country. The interim Government appointed an Advisory Planning Board in 1946. The Board suggested the setting up of a Single Planning Commission, directly responsible to the cabinet. This recommendation was accepted and the Planning Commission was established by a resolution of the Government of India, on March 1950.

Free India was inherited a poor economy from its foreign rulers. There were serious lags in education system, health services, agrarian system, industries, managerial resources etc. Therefore in each direction fresh paths had to be laid so that these various paths could meet and enlarge the total effort and pave the way for more rapid changes. This could be done through planning both for the present and the future. The objectives of India's Planning and its social promises are derived from the 'Directive principles of state policy' set forth in the constitution. The Constitution of India has two fundamental features namely parliamentary type of democracy both at the Centre and in the States and federal nature in which functions have been constitutionally divided between the Union Government and the States. So an important question arose here as what specialized machinery should be entrusted with the work of plan formulation and evaluation of plan implementation. This question is solved by establishing a specialized planning commission on the recommendation of Advisory Planning Board of 1946.

### Check Your Progress Questions

1. Explain the meaning of Planning.
2. What are the objectives Planning?

The Planning Commission is a supreme organ of planning in India. It has emerged as a powerful and effective staff agency. This Commission commenced its work on 28<sup>th</sup> March 1950.

## **8.5 The functions of the Planning Commission are :**

1. To make an assessment of the material, capital and human resources of the country including technical personnel and investigate the possibilities of augmenting such of those resources as are found to be deficient in relation to the nation's requirements.
2. To formulate a plan for the most effective and balanced utilization of the country's resources.
3. To indicate priorities as between projects and programmes accepted in the plan.
4. To indicate the factors that retard economic development and to determine conditions which should be established for the success of the plan.
5. To determine the nature of the machinery to secure the successful implementation of the plan.
6. To appraise from time to time the progress of the plan and to recommend the necessary adjustments of policy and measures.
7. To make recommendations either for facilitating the discharge of its duties or for a consideration of the prevailing economic conditions, current policies, measures and development programmes; or for an examination of problems referred to it for advice by Central or State Governments.
8. Perspective Planning.

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## **8.6 Organization of the Planning Commission**

From the very inception of the Commission there was a controversy going on about the membership and status of the commission. The government has also been changing the pattern of membership of the Commission. The Prime Minister has always been the chairman of the Planning Commission. He provides the needed close relationship with the central Government. The composition of the planning commission underwent a substantial change and a number of Union Ministers were appointed as part time members of the commission.

The Administrative Reforms Commission in April 1967, recommended that the Planning Commission should work purely as an expert advisory body. Secondly, it suggested that no minister should be made as part time member. Thirdly, the Commission should submit an annual report to the Government on plan performance.

The chairman of the Planning Commission, the Prime Minister attends only the most important meetings. The day-to-day work of the commission is looked

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after by the Deputy Chairman. There are different views regarding the appointment of the deputy Chairman. One view has been that minister should be the deputy Chairman of the whole time Deputy Chairman. It was also suggested that both the Chairman and the Deputy Chairman need not be political leaders. It should be purely some kind of an expert body and therefore the Deputy Chairman who attends to the day-to-day work should be an expert.

Economic Planning has political implication and therefore economic planning cannot be left only to the economic experts. A planning body should discuss economic issues in the context of political climate of the society. Experts and Ministers should sit together for the formulation of Plans. The Planning Commission, therefore, should have both the Ministers and experts as its members.

The Planning Commission consists of one Chairman, Deputy Chairman and 6 members. In addition to the members, Finance, Defence and Planning Ministers are also members.

### **Internal Organization of the Planning Commission**

There are three types of branches in the planning commission. They are : General Branches, Subject Branches and Housekeeping Branches. The General Branches and the Subject Branches are of primarily technical nature whereas the Housekeeping Branches are of administrative or secretarial nature.

#### **General Branches**

They carry out studies relating to plan as a whole but not to any particular sector. It coordinates the work of the various subject branches. There are twelve general branches, namely Perspective Planning, Statistics and surveys, Economic, SocioEconomic Research, Plan Co-ordination, Programme Administration, Multi-level Planning, Employment and Man power planning, Monitoring and Information, Project Appraisal, Scientific Research and Plan Information and Publicity.

Among the general branches the perspective planning branches are responsible for the formulation of long term plans. The other branches are concerned only with the work relating to the five year or annual plans. Programme Administration branch is also responsible to provide assistance to the Advisors in their day to day work regarding the co-ordination of the planning efforts of the states with those of the Central Government.

#### **Subject Branches**

These branches maintain close contact with their counterparts in various ministries and the state governments. In the words of S.R. Sen, the subject branches are responsible for collecting, processing and analyzing all relevant informations

required for the formulation, processing and evaluation of the policies and programmes included in the plan. They also organize various research studies which are deemed necessary for the purpose of planning in their respective fields either on their own or through competent technical organizations in the country. There are fourteen subject branches like Agriculture, Land Reforms, Irrigation, Education, Communications, Power Transport, Employment and Manpower, etc.

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### **Housekeeping Branches**

The main branches are Administration, General, Co-ordination and Organization and Methods. These branches are staffed mainly by administrative or secretariat personnel.

### **Technical Divisions**

The main functions of planning commission are carried out in a number of technical division. The technical divisions perform the following functions:

- a) Scrutinize and analyse various schemes and projects to be incorporated in the plan.
- b) Conduct technical studies and research on plan project and programmes
- c) Prepare study materials and report on the plan and
- d) Follow up the progress of the plan projects.

There is a chief to each Technical Division who is a subject specialist. Each Division is staffed by both senior and junior research staff. The smaller ones among the Divisions are called sections.

There are four categories of Divisions namely, Co-ordination Divisions, General Divisions, Subject Divisions and Divisions concerned with the specific development programmes. Programme Administration Division and plan co-ordination section are the examples for Co-ordination Division. Economic, Finance and Research Division, Perspective Planning Division, Employment and Social planning Division, are some of the Divisions which come under the General Divisions. Agriculture Divisions and Education are some of the Plan Information unit and Publication Branch Division are some of the Divisions which come under the Divisions concerned with the specific development programmes.

The plan evaluation work is carried out in the programme Evaluation Organization. It is guided by the programme evaluation Board. The programme evaluation organization is headed by a chief director.

#### **Check Your Progress Questions**

3. Explain the function of Planning Commission.

## **Advisory bodies**

To advise the Planning Commission on technical and general matters there are a number advisory committees. A number of technical committees called 'Panels' are there in the Planning commission. These Panels have representation both from officials and non officials having special knowledge and experience in the respective fields. These Panels provide technical advice. Besides the Panel of technical experts there is also a panel of economists and scientists.

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The other important advisory committees functioning in the Planning Commission are the Committee on Plan Project and Research Programme Committee.

The committee on Plan Projects was established in the year 1956 under the chairmanship of the Union Home Minister. The Minister for Finance is also a member of the committee. The Prime Minister in the capacity of chairman of the National Development council nominates two Chief Ministers as the members of the committee. The Union Minister concerned with a project under investigation is also a member of the committee. This committee from time to time sets up teams composed of technical personnel and eminent public men to undertake project studies.

Research Programmes Committee was set up in 1953 to initiate and encourage search on economic, social, administrative and political aspects of development.

### **8.7 National Development Council**

For Co-ordination of policies and plans of the central and state governments a central organization namely, the National Development council was established. It is a high level policy co-ordination body comprising the Prime Minister as the chairman and the Chief Minister of the States and members of the Planning Commission as Members. The Secretary of the Planning Commission acts as the Secretary of the council. The Ministers of the central government also participate in its deliberations and it makes recommendations to the central as well as the state government.

The meeting of the council are held atleast twice a year : but its standing committees meet frequently. The Council has been evolved as an administrative agency to achieve the fullest co-operation and co-ordination between the central and state government.

Strictly, from a legal point of view; the National Development Council like the Planning Commission is essentially an advisory body. But the council enjoys a reputation of being a "super cabinet". The National Development Council consists of the "Policy makers in power" whose opinion cannot be ignored by the Planning Commission and the cabinet.

**The main functions of the National Development Council are**

- a) To prescribe guidelines for the formulation of national plan including the assessment of resources for the plan;**
- b) To consider the national plan as formulated by the planning commission;**
- c) To consider important questions of social and economic policy affecting national development and**
- d) To review, the working of the plan from time to time and recommend such measures as are necessary for achieving the aims and targets set out in the national plan.**

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The Administrative Reforms Commission was very critical of the functioning of the National Development Council. The ARC observed that, on the whole its National Development Council contribution to planning has not been of the order of high quality which could be expected of this highest council on planning". The ARC suggested a redefinition of the functions of the National Development Council. They were as follows:

- a) To prescribe guidelines for the formulation of the National plan,**
- b) To consider the National plan as formulated by the Planning Commission,**
- c) To assess the resources required for implementing the plan and to suggest ways and means for raising them,**
- d) To consider important questions of social and economic policy affecting development and**
- e) To review the working of the plan from time to time and to recommend such measures as are necessary for achieving the aims and targets set out in the National Plan.**

The National Development Council gives its advice at various stages of the formulation of a plan and it is only after its approval has been obtained that a plan is presented to the Parliament for consideration. Generally the National Development Council act as a critical body of the plan as formulated by the Planning Commission for two reasons. First if the governments of the centre and states are of the same political party, the Chief Ministers of the states agree with the broad framework of the plans because both the governments belong to the same party and common political orientations. Secondly, if the states have Planning Commission of their own, then they can question the technical aspects of the plan as formulated by the Planning

Commission. In the absence of the State Planning Commissions, the National Development Council cannot question the technical aspect of the plan.

### **Planning Cells in Ministries**

Some of the Ministries concerned with development programmes had technical experts and some other Ministries had separate planning cells for the purpose. The ARC has strongly suggested the establishment of a separate cell in each Ministry for planning work. The cell has to assist the Ministry and through it the Planning Commission. It has to undertake the necessary preparatory work to get the required studies and research needed for the formulation of the plan programmes. It has to collect and maintain economic and statistical data relating to development, and to provide necessary technical and other assistance for plan formulation. It would also keep in touch with the plan schemes and programmes.

The ARC had also recommended the setting up of an internal standing committee for planning in each ministry. This committee would consist of Secretary, Heads of departments and other senior Technical administrative officers of the Ministry. This committee would give guidance to the cell in its work concerning the formulation of plan programmes.

### **Planning Machinery at the State Level**

In addition to the national plans, there are also separate State Plans. These are formulated simultaneously with the National Plan and by very similar methods. The state has to produce its own draft plan for submission both to Planning Commission and to its own legislature. The final state plan is inevitably the product of a compromise between States and Centre. The plans of State governments become binding only after acceptance by the States Cabinets and approval by the State Legislatures. The responsibility for implementation also rests with the State governments.

Every state has some kind of planning machinery in the form of State Departments. In the beginning, few states had specific whole time agencies for planning. In course of time, most of the states came to establish special departments in charge of planning while most States have small plan evaluation organizations. No attempt has been made by the Planning Commission to have similar types of organizations. The States are free to do their planning as they like. The State Planning Machinery in most cases still remains at a somewhat rudimentary level. The States are apparently not convinced of the necessity of having any elaborate planning set up.

#### **Check Your Progress Questions**

4. What are the function of National Development Council

## 8.8 SUMMARY

A planning machinery is very much essential to all the states Because planning is very much need of the day. The main objective of planning is to build up economic prosperity in the cortege where as the National Development council has been quite successful in linking the Union government the planning commission and the various state governments. It is a good form for discussion. NDC is a device for the sharing of responsibility between the states and union governments. The state planning machinery is generally at a rudimentary level even today.

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## 8.9 KEY WORDS

Physical aspect - Administrative planning - Natural resources - Administrative Reforms Commission - House-keeping Branches - Super Cabinet

## 8.10 ANSWERS FOR CHECK YOUR PROGRESS QUESTIONS

- For Question No.1 ... Refer Section No. 8.1  
Question No.2 ... Refer Section No. 8.3  
Question No.3 ... Refer Section No. 8.5  
Question No.4 ... Refer Section No. 8.7

## 8.11 BOOKS FOR FURTHER READING

1. A. Avasthi and S.R. Maheswari, **Public Administration**, Agra, Lakshmi Narain Aggarwal, 1996.
2. S.R. Maheshwari, **Administrative Theories**, New Delhi, Allied, 1994.
3. L.D. White, **Introduction to the Study of Public Administration**, New York, Macmillan, 1955.

## 8.12 MODEL QUESTIONS

1. Explain the organization and the functions of the National Planning Commission.
2. Examine the organization and the importance of the National Development Council.

## **UNIT - 9**

### **PUBLIC RELATIONS AND PUBLICITY**

#### **INTRODUCTION**

(Space for Hints)

The importance of cultivating a relationship between the citizens and administration. Now we are in a welfare state. The relation ship between the citizen and the administration is servant and master. The rise of democracy has changed the old concept of Police State into a welfare state. There must be cordiality of relation between the public and the officials. The main aim of public relations is to disseminate to the public information about the government policies as well as the work. The reaction of public to the policies of the government must be studied. Public Relations elements are studied in this unit. We will study the Agencies of public relations also in this unit.

#### **OBJECTIVES**

To know the meaning and purpose of Public Relations.

To study about the Agencies of Public Relations.

#### **UNIT STRUCTURE**

Meaning

The purpose of Public Relations

Public Relations and Publicity

Agencies of Public Relations

Public Relations in India

Public relations aim to disseminate information about Government policies and work and to know the reactions of the people to the policies and the act of the Government.

#### **9.1 Meaning**

Public relations are aimed at knowing what the public expects and explaining how administration meeting these desires.

#### **9.2 The Purpose of Public Relations**

The purposes of public relations are

1. To inform the public regarding the nature and scope of services available from the Government and
2. To develop in the public mind an attitude of confidence in the administrative agency that the staff are competent, fair and devoted to public interest.

Therefore, the functions of public relations are not only to inform the public and to know what public wishes but also to buildup popular good will about the administrative agency.

The good will for the administrative agency is necessary to get the co-operation and support of the people and it can be buildup by showing courtesy and sympathy to the people according to L.D. White.

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### **Importance of Public Relations**

Good public relations are quite necessary for various reasons. They are :

1. Public relations enable the Government to inform the public about its activities.
2. The Government cannot perform the duties without the co-operation of the public for which public relations are quite necessary.
3. Public relations help to win the co-operation and the sympathy of the people.
4. Public relations help to adjust activities in accordance with the public opinion.

### **9.3 Public Relations and Publicity**

Public relations and publicity are considered as two sides of the same coin. Publicity is the art of dealing with mass. Public relation is an art of dealing with the individuals. Conveying information to the people is called publicity. Approaching the individual to convey information is the purpose of public relation. Thus public relations and the publicity are considered as two sides of the same coin.

### **9.4 Agencies of Public Relations**

There are different agencies of public relations. They are

1. Press,
2. Platforms,
3. Radio,
4. Films,
5. Advertising,
6. Government employees, and
7. Public opinion polls.

### **Qualities of Good Public Relations officer**

Public relations officer are appointed through out the country to inform the public about the activities of the Government and to find out the reactions of the people about the activities of the Government and report to the Government. The public relations officer should posses certain good qualities. They are:

1. They should have frequent contact with the people.
2. They should have power of tolerance and agility
3. They should be responsible to public attitudes.
4. They should be prompt in correspondence.
5. They should have select behaviour.

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## 9.5 Public Relations in India

Public Relations in India is carried out through various agencies. They are:

1. All India Radio,
2. Doordarshan,
3. Press Information Bureau,
4. Publications Division,
5. Directorate of Advertising and Visual Publicity,
6. Films Division,
7. Research and Reference Division.
8. Directorate of Field Publicity.

### All India Radio (Prasar Bharati)

It comprises the entire broadcasting system of the country and also includes television service. All India Radio's Network comprised 179 broadcasting centers consisting of 172 full-fledged stations, 3-relay centers, auxiliary centre and 3 exclusive Vividh Bharati Commercial centers. The national coverage was 89.7 percent by area and 97 percent by population. All India Radio has become more autonomous after the Prasar Bharati Bill was passed.

### Doordarshan

Television started in India as an experimental service in September 1959. The regular service began in 1965. In 1976, Television was delinked from All India Radio to form an independent organization. Doordarshan witnessed an unprecedented growth and Doordarshan reached more than 95% of the population through a network of 700 terrestrial transmitters.

With the introduction in 1975 of satellite technology for Doordarshan, television has received a boost. The provision for cable television in the nineties has really brought about information revolution in India,

### Press Information Bureau

The Press Information Bureau serves the Indian Press and correspondents of the Foreign Press stationed in India with new material and photographs concerning the activities of the Government of India. The Bureau acts as a link between the

#### Check Your Progress Questions

1. What is Public Relation?
2. Explain the meaning of Publicity.

Government and the public through the Press informing the public about Government activities and policies and keeping the Government in touch with main trends of public opinion as reflected in the Press. The Bureau's services are made available in English, Hindi and other languages. To serve newspapers in all parts of the country, the Bureau has a network of regional offices which are connected with headquarters; by teleprinter circuits. The Press Information Bureau distributed its Press material to over 8,000 Newspaper establishments all over the country.

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In addition to daily news releases, the Bureau provides feature - articles, background material, and reference and record material, and in the form of texts of communiques, policy statements, printed reports, etc. Bureau officers in charge of publicity for the activities of the various Ministries, discuss subjects of current interest with correspondents, answer their queries, and arrange interviews for them with authoritative policy - sources. The Bureau also arranges Press Conferences for Ministers and high officials to explain to the Press, the scope and purpose of important Government decisions or policy statements.

### **Publications Division**

The Publications Division in the Ministry of Information and Broadcasting is responsible for the compilation, production, distribution and sale of popular pamphlets, books, journals, albums, etc. for providing - authentic information about the country's cultural heritage, the activities of the Government, the progress of development programmes and places of tourist interest. It also advises the various Ministries and Departments of the Government on the preparation and production of publicity literature relating to their specific activities. Publications are brought out in English, Hindi and regional languages. The Departments of Information and Publicity perform a similar role in the State.

### **Directorate of Advertising and Visual Publicity**

While in the States, advertising and visual publicity is undertaken by the Department of Information and Publicity at the Centre -this responsibility rests with the Directorate of Advertising and Visual Publicity. The Directorate functions as the central organization of the Government of India for the execution of its advertising and visual publicity requirements. It is responsible for the planning, production and release of display advertisements to newspapers and periodicals, the designing and production of printed publicity materials and the issue of classified advertisements on behalf of the various Ministries and Departments. For visual and outdoor publicity, the Directorate utilizes various media, like posters, folders, broad sheets, pamphlets, handbills, calendars, display panels, cinema slides, neon signs, models and charts, and also organizes exhibitions.

## **Films Division**

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The Films Division is responsible for the production and distribution of Government of India newsreels and documentary films for the general information and education of the public. The subjects for documentaries are selected at the beginning of each financial year in consultation with the Ministries of the Government of India, State Governments, the Film Federation of India, the Film Advisory Board and other organizations especially interested in documentary films. While the Films Division undertakes the bulk of this production programme through its own unit, a number of Films are assigned each year to approved private producers. These films produced under the guidance and supervision of the Films Division. A list of approved producers, for this purpose, is prepared every year on the recommendation of a committee consisting of officials of the Government and representatives of the industry.

For production of weekly newsreels, the Films Division arranges coverage of important and topical news items depicting the life and progress of the country and its international relations through its staff cameramen stationed at important centers in the country. Besides, items covered by State Film Units, as also foreign news items received under exchange arrangement are included in the news reels.

The documentaries and news reels are distributed all over India for commercial and non-commercial exhibition through the distribution offices of the Division. In addition, wide publicity abroad is secured for important events in India through films screened in cinemas and on television under exchange or other arrangements in foreign countries.

## **Research and Reference Division**

This Division functions as the central pool of current and background information for the media units of the Ministry. Its functions are:

1. To undertake basic research on matters of publicity;
2. To provide guidance and background notes on current and other topics;
3. To build up a compendium of knowledge on important subjects, and to prepare publicity material for the use of various media units of the ministry.

### **Check Your Progress Questions**

3. Explain the role of All India Radio.

In addition, the Division undertakes investigations on various topics referred to it from time to time by the information Ministry or other Ministries. Since 1953, the Division has been compiling annually a standard authoritative work of reference of

India under the title “India-A Reference Annual” which provides information on the diverse of national life and activities.

### **Directorate of Field Publicity**

For purposes of Plan Publicity, the country has been divided into 14 regions with nearly 1000 mobile units spread over the country. Each Unit has to look after a number of districts. As detailed coverage of such a large area is not possible, the activities of the field units are concentrated primarily in large fairs, festivals, and on special occasions and central places at which large number of people collect. In addition, in the rural areas, regular publicity activities are organized in collaboration with the district and the block authorities. Publicity is carried on through all media, viz., film shows, camps, exhibitions, talks, discussions, debates etc. Full cooperation is extended to the State Governments in their Plan publicity efforts. Besides providing general information on the Plan, attention is also given to special aspects of the Plan, e.g., Small Savings, Family Planning, Metric System of Weights and Measures, Panchayats and Cooperatives.

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Public relations, in the ultimate analysis, are nothing but personal contacts between public officials and individual members of the public. The average citizen judges the quality of administration by his contact with the petty officials. Hence, the emphasis on smart-looking receptionists, a broad smile on the face, habitual use of phrases like ‘Thank You’, ‘May I help you’, and ‘Any service for me’, etc. Courtesy weeks, so often celebrated in our country, aim at similar results. One of the great demands on public officials in free India is, meeting the constant stream of visitors. Political executives have to carry even a heavier burden on this score.

## **9.6 SUMMARY**

By Public Relations we mean personal contacts between public officials and members of the public. Generally the public judges the quality of administration by his own experience with officials. This office of Public Relations has emerged from private sector. The public expects a courteous reception from the officials.

## **9.7 KEY WORDS**

Publicity - Public opinion polls - Public attitude - Visual publicity

## **9.8 ANSWERS FOR CHECK YOUR PROGRESS QUESTIONS**

For Question No.1 ... Refer Section No. 9.1

Question No.2 ... Refer Section No. 9.3

Question No.3 ... Refer Section No. 9.5

## **9.10. BOOKS FOR FURTHER READING**

1. A. Avasthi and S.R. Maheswari, **Public Administration**, Agra, Lakshmi Narain Aggarwal, 1996.
2. S.R. Maheshwari, **Administrative Theories**, New Delhi, Allied, 1994.
3. L.D. White, **Introduction to the Study of Public Administration**, New York, Macmillan, 1955.

(Space for Hints)

## **MODEL QUESTIONS**

1. Examine the significance of publicity and public relations.

## UNIT - 10

# PUBLIC FINANCIAL ADMINISTRATION

### INTRODUCTION

Financial administration refers to the study of budget preparation, principles of budget and control over the Finance. In other words every act of Government in respect of management of finance is financial administration. The financial administration is decentralized in a federation. Again we are living in a welfare state so the government needs finance to implement the programmes. We will analyse the different agencies of Public Financial Administration. Principles of Budget is another topic of importance in this unit. In a democratic country we must know how a budget is prepared, enacted and executed, which we will study in this unit. Again in a democracy, Parliamentary supremacy is there. We will analyze how effectively parliament controls finance. The role of three parliamentary committees will be studied in this unit.

(Space for Hints)

### OBJECTIVES

To know about the principles of Budget.

To go through the steps in the preparation, enactment and execution of Budget.

To understand how the parliament exercises control over public finance.

### UNIT STRUCTURE

Nature of Public Financial Administration

Scope of Public Financial Administration

Agencies of Public Financial Administration

Meaning of Budget

Principles of Budget

Various stages involved in the preparation of the Budget.

Enactment of the Budget

Execution of Budget

Estimates committee

Public Accounts Committee

The committee on public undertakings

Modern States are Welfare States. The Welfare States implement lot of welfare programmes for the benefit of the people. These welfare programmes are implemented through the Government. The Government requires finance to implement the welfare

programmes. Without finance the welfare programmes cannot be implemented by the Government. Therefore, it is said that Government is finance.

It is also said that finance is like a fuel to the engine of Public Administration. In Public Administration thousands of people are employed to carry out the functions of the Government. If the employees employed in Public Administration have to perform their functions, they should be provided with salaries, and other service benefits. Otherwise they will not perform their functions. Therefore, it is said that finance is like a fuel to the engine of Public Administration.

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### **10.1 Meaning of Public Financial Administration**

The available financial resources with any Government are very much limited. That is why almost all the Governments in the world prepare deficit Budget. With the available scarce financial resources, the Government has to carry out a large number of functions. How to carry out a large number of functions by the Government with its limited financial resources is the concern of the study of Public Financial Administration.

#### **Nature of Public Financial Administration**

India has a mixed economy. It has allowed both private and governmental enterprises to operate. They raise funds and spend on various programmes to take care of welfare of the people, Public Financial Administration is not concerned with how private organizations raise funds and spend on various programmes to take care of the welfare of the people. The nature of Public Financial Administration is concerned with how governmental organizations raise funds and spend on various programmes to take care of the welfare of the people.

### **10.2 Scope of Public Financial Administration**

In raising funds and spending on various programmes by the Government to take care of the welfare of the people, the Government involves in a number of activities. These activities form the Scope of Public Financial Administration. They are:

1. Preparation of the Budget,
2. Enactment of the Budget,
3. Execution of the Budget and
4. Accounting, Audit and Control over the Budget.

### **10.3 Agencies of Public Financial Administration**

A number of agencies are involved in the various activities of Public Financial Administration. Let us briefly explain their roles.

Accountant General of India is responsible for the preparation of Budget forms. He is also responsible to see that the different Departments maintain accounts as shown in the Budget forms. The Accountant General of India prepares the Budget forms in consultation with the Estimates Committee. The Estimates Committee also makes recommendations to the various Departments in the preparation of the estimates. The Accountant General of India submits the budget forms to the Finance Ministry. The Finance Ministry submits these forms to the different Department Heads on the basis of their requirements. The Finance Ministry is also given the power to see that the different Departments carry out the functions on the basis of allocation made by the Parliament.

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The different Departments prepare the Budget estimates and send one copy to the Accountant General of India and another copy to the Finance Ministry. The Accountant General of India verifies whether the Budget has been prepared on the heads stipulated by him. If they are not prepared in accordance with his stipulations, he makes remarks on the Budget prepared by the different Departments and hand it over to the Finance Ministry. The Finance Minister scrutinizes and reviews the Budget estimates prepared by the different Departments on the basis of the remarks made by the Accountant General of India. He has also been given the power to make changes in the Budget estimates prepared by the different Departments in order to bring out the economy and efficiency in Public Financial Administration.

The Finance Minister after making certain changes in the Budget estimates submits it to the cabinet. Once the cabinet has approved the Budget, the preparation of the Budget is over. The Finance Minister introduces the Budget in the Parliament. The Parliament passes the Budget in both the houses with the approval of the President. Once the Parliament has approved the Budget estimates the Revenue Department Starts raising revenue and the spending Departments start spending on the various programmes approved by the parliament.

There are more than 300 Treasuries and Sub Treasuries through out India. These Treasuries are responsible to keep custody of the Government funds and to disburse them on the basis of receipts and vouchers produced by the spending Departments. It is necessary that a systematic account should be kept by the each Department. The Departmental Heads see to it that the Departments keep proper accounting which could conform to the columns provided in the Budget estimates.

The Comptroller and Auditor General of India is responsible for auditing the Government accounts. While auditing the accounts he should verify that funds are spent only for appropriate purposes and there are no financial irregularities. If the funds are not spent for the appropriate purposes or if there are any financial

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irregularities, he would point out them in his report. This report is submitted to the President. The President submits this report to the Parliament. The Parliament submits this report to the Public Accounts Committee. It scrutinizes and reviews the report submitted by comptroller and the Auditor General of India and invite the Officers responsible for financial irregularities and explain. If the explanation of the officers are not satisfactory, the Public Accounts Committee in its report, submitted to the Parliament point out the Officers responsible for financial irregularities. The Parliament recommends actions against Officers responsible for financial irregularities. The Government takes actions against them and thereby the mistakes are corrected.

## PRINCIPLES OF BUDGET

### 10.4 Meaning of Budget

The term Budget is derived from the French word 'Bougette' which means a leather bag. The Finance Minister of England is known as Chancellor of Exchequer. The Chancellor of Exchequer used to carry a leather bag containing the files relating to the estimates of revenue and expenditure for the ensuing year to present before the Parliament. In course of time the Budget did not refer to the leather bag. Rather it referred to the files relating to the estimates of revenue and expenditure for the ensuing year. Thus in England, Budget means the estimates of revenue and expenditure for one year. In India Budget is called as Annual Financial Statement.

### 10.5 Principles of Budget

Budget is a very important document. It has to be very carefully prepared. The scholars of Public Financial Administration view that Budget should be prepared on ten important principles. They are:

1. Balanced Budget,
2. Cash Budget,
3. Closed Budget,
4. Rule of lapse,
5. Annularity of the Budget,
6. Single Budget,
7. The chief executive should be made responsible for the preparation of the Budget,
8. Budget should be prepared on gross income basis and not on Net income basis.
9. Forms of Accounts should correspond to the forms of Budget estimates and
10. Revenue and capital parts of the Budget should be kept separate.

#### Check Your Progress Questions

1. Explain the scope of Public Financial Administration.

## **Balanced Budget**

Budget should be a balanced Budget. It should be neither a surplus Budget, nor a deficit Budget. If income shown in a Budget is more and expenditure less, it is called surplus Budget. If income shown in a Budget is less and expenditure more, it is called deficit Budget. If a country prepares a surplus Budget, it means all the available resources are not properly utilized. If a country prepares deficit Budget, for lack of funds, some of the programmes, which have to be completed, cannot be completed for want of sufficient funds. Therefore, Budget should be neither a surplus Budget, nor a deficit Budget, it should be a balanced Budget. A Budget is called balanced when the amounts of expenditure and revenue in the Budget are equal or nearly so.

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## **Cash Budget**

The Budget should be prepared on the basis of the actual amount the Government could receive and not on anticipated income. If the Budget is prepared on anticipated income and the anticipated income is not forthcoming, then some of the programmes which have to be completed cannot be completed for want of funds. Therefore, the Budget should be prepared on the actual amount the Government could receive.

## **Closed Budget**

The amount allocated to the various programmes in the Budget should be as exactly as possible. It should be neither more nor less. If the amount allocated is more in a particular programme, the excess amount cannot be transferred and spent on other programmes. Thus, the excess amount becomes waste. If the amount allocated is less in a programme in the Budget estimates, for lack of sufficient funds, the programme cannot be completed. Therefore, the amount allocated to the various programme should be as exactly as possible.

## **Rule of Lapse**

The unspent amount within the financial year should be allowed to lapse and it should not be carried over to the next year to complete the unfinished programme. If it is carried over to the next year, the amount allocated in the previous year could not be sufficient to complete the unfinished programme because of the increase in prices of the various commodities in the next year. Therefore, if a programme is not completed a fresh allocation should be made in the Budget estimates to complete the programme in the next year. Further, if the unspent amount is carried over to the next year, accounting and auditing also could become difficult. Therefore, the unspent amount in the financial year should be allowed to lapse and should not be carried out to the next year .

## **Annularity of the Budget**

The Budget should be prepared for only one year. It should not be prepared for more than one year. If the Budget is prepared for more than one year and prices of things go up beyond anticipation in the second or third years, some of the programmes which have to be completed in the second and third years will not be able to be completed for want of sufficient funds. Therefore, Budget should be prepared for one year only.

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## **Single Budget**

There should be only one Budget for the entire country. If there is only one Budget for the entire country, the funds available with the country could be made use of on the basis of priorities of the problems and thereby overall development can be brought about in the country. In India we have two kinds of Budget. They are

1. The General Budget
2. Railway Budget

These two kinds of Budget do not allow the country to make use of the funds on the basis of priorities of the problems. Therefore, there is lopsided development in our country. In order to have overall development in the country, there should be only one Budget for the entire country.

## **The Chief Executive should be made responsible for the preparation of Budget**

The Chief Executive in India is the President. He should be made responsible for the preparation of the Budget. But he is only a nominal head. The real head on financial matters is the Finance Minister. The Finance Minister should be made responsible for the preparation of the Budget. Because the Finance Minister knows the overall financial position of the country and the overall problems the country faces. He could be able to allocate funds on the basis of the priorities of problems and could be able to bring about all round development in the country. Therefore, the Finance Minister should be made responsible for the preparation of the Budget. In India the Finance Minister on behalf of the President is responsible for the preparation of the Budget.

## **Budget should be prepared on gross income basis and not on net income basis**

If the Budget is prepared on the gross income basis, the Government can have control over the entire finances of the country. If the Budget is prepared on the net income basis, the Government cannot have control over the finances between gross and net income. Therefore, in order to have control over the entire finances of the country, the Budget should be prepared on gross income basis and not on net income basis.

### **Check Your Progress Questions**

2. What is Rule of Lapse?

## **Forms of account should correspond to the forms of Budget estimates**

Every Department maintains accounts. The forms of accounts maintained by the different Departments should correspond to the forms of estimates. If they do not correspond with each other, auditing could become a problem. In order to ease the problem of auditing, the forms of accounts maintained by the Government Departments should correspond to the forms of Budget estimates.

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## **Revenue and capital parts of the Budget should be kept separate**

Revenue parts of the Budget are prepared for one year and amount allocated in the revenue parts of the Budget should be spent within the financial year. The capital parts of the Budget are prepared for a number of years and for the creation of assets. If both revenue and capital parts of the Budget are not kept separate, accounting and auditing could become a problem. In order to ease the problem of accounting and auditing, the revenue and the capital parts of the Budget should be kept separate.

Since, Budget is a very important document, it has to be prepared very carefully. If the Budget is prepared on the basis of ten principles, as they are explained above, it could become an integral and indispensable tool of administration.

## **PREPARATION, ENACTMENT AND EXECUTION OF BUDGET**

There are four phases of Budgeting. They are

1. Preparation of the Budget,
2. Enactment of the Budget,
3. Execution of the Budget and
4. Accounting, Auditing and control over the Budget.

Let us discuss in this unit about the preparation of the Budget.

Four different organs are involved in the preparation of the Budget.

1. The Finance Ministry,
2. The Administrative Ministries,
3. The Planning Commission and
4. The Comptroller and Auditor General of India.

The Finance Ministry has the over all responsibility for the preparation of the Budget. It also provides the required leadership and direction. The Administrative Ministries have detailed knowledge of administrative requirements.

The Planning Commission facilitates the incorporation of the plan priority in the Budget. In other words, the Finance Ministry remains in close touch with the Planning Commission in order to incorporate the plan priorities in the Budget. The

Comptroller and Auditor General of India provides the accounting skills which are necessary for the preparation of the Budget estimates.

### **10.6 Various stages involved in the preparation of the Budget**

There are various stages in the preparation of the Budget. They are:

1. Preparation of estimates by the Disbursing Officers,
2. Scrutiny and Consolidation of Estimates by the Department and Ministries,
3. Scrutiny by the Finance Ministry,
4. Settlement of Disputes,
5. Consolidation by the Finance Ministry and
6. Approval by the Cabinet

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#### **Preparation of Estimates by the Disbursing Officers**

The financial year in India starts on April 1<sup>st</sup> and ends on 31<sup>st</sup> March. The Budget should have been enacted before 31<sup>st</sup> of March. If the Budget has to be enacted before the 31<sup>st</sup> of March, then the preparation of the Budget should start about six months before the end of the financial year. Thus, the preparation of the Budget in India starts during the month of September. As a first step in the preparation of the Budget, the Finance Ministry dispatches the forms of Budget estimates to the Heads of the Administrative Ministries. The Administrative Ministries in turn pass on these forms to the Disbursing Officers. The Disbursing Officers prepare the preliminary Budget. Budget forms contain six columns. They are

1. Actual figures of the previous three years,
2. Sanctioned Budget estimates for the current year,
3. Revised estimates of the current year,
4. Proposed estimates for the next year,
5. Actuals of the Current year available, and
6. Actuals for the corresponding periods of the previous year.

The information provided in the Budget forms enable the Disbursing officers to prepare the preliminary Budget estimates without difficulty.

#### **Scrutiny and Consolidation of Estimates by the Departments and Ministries**

The Heads of the Departments receive the preliminary Budget estimates prepared by the Disbursing Officers. They scrutinize and consolidate them for the entire Department and submit them to the Administrative Ministry. The Administrative Ministry scrutinizes the Budget estimates prepared by the different Departments in

the light of the general policy of the Government and submits them to the Finance Ministry.

### **Scrutiny by the Finance Ministry**

The Finance Ministry is given the power to scrutinize the Budget estimates prepared by the Administrative Ministries to bring about economy and efficiency in the public expenditure. There are three types of expenditures involved. They are:

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1. Recurring expenditure,
2. Expenditure on ongoing schemes and
3. Expenditure on new schemes.

The Finance Ministry does not scrutinize and make changes in the recurring expenditure. It scrutinizes and makes abrupt cuts on ongoing schemes and new schemes and approves the expenditure of the Administrative Ministries.

### **Settlement of Disputes**

If there is a difference of opinion between the Finance Ministry and the Administrative Ministries, the Administrative Ministries will refer the Budget estimates to the Cabinet. The Decision of the Cabinet is final in this regard.

### **Consolidation by the Finance Ministry**

The Finance Ministry consolidates the Budget estimates on the expenditure side. Based on the estimated expenditure the Finance Ministry prepares the estimates of revenue in consultation with the Central Board of Direct Taxes and the Central Board of Indirect Taxes.

### **Approval by the Cabinet**

The Finance Ministry places the consolidated Budget before the Cabinet. Once the Cabinet has approved the Budget estimates submitted by the Finance Ministry, the preparation of the Budget is over.

## **10.7 Enactment of the Budget**

There are different stages in the enactment of the Budget. They are:

1. Presentation of the Budget,
2. General Discussion,
3. Voting on Demands for Grants,
4. Passing of Appropriation Bill and
5. Passing of Finance Bill.

Let us discuss in this unit the various stages in the enactment of the Budget.

## **Presentation of the Budget**

On the last working day of February, the Finance Minister of India presents the General Budget on behalf of the President of India. As soon as the Budget is presented, the Finance Minister makes a speech. This speech is known as the Budget speech. In the Budget speech the Finance Minister explains how the Budget is going to help the different sections of the people. At the end of the Budget speech in the Lok Sabha, the Budget is laid before the Rajya Sabha, which can only discuss it and has no power to vote on the demand for grants. The Finance Minister also presents to the Lok Sabha a number of documents along with the Budget. They are:

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1. An explanatory memorandum on the Budget,
2. An Appropriation Bill,
3. A Finance Bill containing the taxation proposals,
4. Annual reports of the Ministries and
5. Economic Classification of the Budget.

## **General discussion**

The general discussion on the Budget usually begins a week after the presentation of the Budget. It takes place in both the houses of the Parliament and lasts for 3 to 4 days. During the general discussion the Lok Sabha can discuss the Budget as a whole or on any question of a principle involved therein. But no motion shall be moved nor shall the Budget be submitted to the vote of the House. The Finance Minister replies suitably to the criticisms made by the Members of the Parliament at the end of general discussion.

## **Voting on Demands for Grants**

After the general discussion on Budget is over, the Lok Sabha takes up voting on demands for grants. The demands are presented Ministry wise. The demand becomes a grant after it has been duly voted. During voting on demands for grants, there used to be discussion, criticisms, and reply before a demand is voted for grant. The general Budget has totally 109 demands (103 for civil expenditure and 6 for defense expenditure). Each demand is voted separately by the Lok Sabha. During voting on demands, the Members of the Parliament can move three kinds cut motions.

They are:

1. Policy cut motion,
2. Economy cut motion and
3. Token cut motion.

Policy cut motion is moved to represent the disapproval of the policy underlying the demand. It States that the amount of the demand be reduced to Re. 1.

### **Check Your Progress Questions**

3. Mention the different stages of Budgeting.

Economy cut motion is moved to bring about economy in expenditure. This motion states that the amount of demand be reduced by a specified amount. Token cut motion can be moved by the Members of the Parliament to ventilate a specific grievance, which is within the sphere of responsibility of the Government of India. It states that the amount of the demand be reduced by Rs. 100.

During voting on demands for grants, the Members of the Parliament can also ask for half an hour discussion. If the Speaker allows the Members of the Parliament to move cut motions and half an hour discussion, all the 109 demands cannot be voted within 26 days which are allotted for the voting on demands for grants. Under such circumstances the Speaker puts all the remaining demands together and puts to vote without any discussion. This practice is called Guillotine.

In order to avoid the practice of Guillotine and to enable the Members to have discussion criticisms and reply before voting on demands for grants, the British Government introduced vote on account system. The purpose of voting on account is to allow the Government to spend and to raise funds by the Parliament on certain accounts approved by it. In India though vote on account system is practiced, it is not to avoid the practice of Guillotine. Whenever the Government is unable to pass the Budget in time, the Parliament passes the vote on account and not to avoid the practice of Guillotine.

### **Passing of Appropriation Bill**

The Constitution states that “no money shall be withdrawn from the Consolidated Fund of India except under appropriation made by law” Accordingly, an Appropriation Bill is introduced to provide for the appropriation out of the consolidated Fund of India all money required to meet.

### **The grants voted by its Lok Sabha**

The expenditure charged on the Consolidated Fund of India.

1. The grants voted by its Lok Sabha.
2. The expenditure charged on the Consolidated Fund of India.

No such amendment can be proposed to the Appropriation Bill in either House of the Parliament which will have the effect of varying the amount or altering the destination of any grant voted, or of varying the amount of any expenditure charged on the Consolidated Fund of India.

After voting on demands for grants, the speaker introduces the Appropriation Bill in the Lok Sabha. This Bill is passed in the Lok Sabha in five stages and in three readings. As soon as the Appropriation Bill is passed in Lok Sabha, the Speaker

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#### **Check Your Progress Questions**

4. What do you mean by General Discussion.

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certifies the Bill as Money Bill. Once the speaker has certifies a Bill as a Money Bill the Rajya Sabha should pass the Bill within fourteen days in five stages and three readings. If Rajya Sabha fails to pass the Bill within fourteen days, on the fifteenth day it is sent to the President for signature. Once the President has signed the Bill, the Appropriation Bill becomes the Appropriation Act. By passing this Act, the Parliament allows the Administrative Ministries to spend on various programmes approved by the Parliament.

### **Passing of Finance Bill**

Under Rule 219 of the Lok Sabha, the 'Finance Bill' means the Bill ordinarily introduced in each year to give effect to the financial proposals of the Government of India for the next following financial year, and includes a Bill to give effect to supplementary financial proposals for any period. Like the Appropriation Bill, the Finance Bill also introduced by the Speaker in the Lok Sabha. It is passed in five stages and three readings. As soon as the Finance Bill is passed in the Lok Sabha the Speaker certifies the Bill as Money Bill. Once the Speaker has certified the Bill, as Money Bill the Rajya Sabha should pass the Bill within fourteen days. If it does not pass the Bill within fourteen days, on the fifteenth day the Bill is sent to the President for signature. Once the Bill is signed by the President, it becomes the Finance Act. By passing the Finance Bill into the Finance Act, the Parliament allows the Government to raise funds through various sources as approved by the Parliament.

Once the Appropriation Bill and the Finance Bill are passed the Budget is enacted.

### **Other Grants**

The Parliament is also authorized to provide various other Grants under extraordinary or special circumstances. These Grants include

1. Supplementary Grant
2. Additional Grant,
3. Excess Grant,
4. Vote on Credit,
5. Exceptional Grant and
6. Token Grant.

Supplementary Grant is granted when the amount authorized by the Parliament through the Appropriation Act for a particular service for the current financial year is found to be insufficient for the purposes of that year.

Additional Grant is granted when a need has arisen during the current financial year for additional expenditure upon some new service not contemplated in the Budget for that year.

Excess Grant is granted when money has been spent on any service during a financial year in excess of the amount granted for that service in the Budget for that year. It is voted by the Lok Sabha after the financial year. Before the demands for excess grants are submitted to the Lok Sabha for voting, they must be approved by the Public Accounts Committee of Parliament.

Vote on credit is granted for meeting an unexpected demand upon the resources of India, when on account of the magnitude or the indefinite character of the service the demand cannot be stated with the details ordinarily given in a Budget. Hence, it is like a blank cheque given to the Executive by the Lok Sabha.

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Exceptional Grant is granted for a special purpose and forms no part of the current service of any financial year.

Token Grant is granted when funds to meet the proposed expenditure on a new service can be made available by re-appropriation. A demand for the grant of a token sum is submitted to the vote of the Lok Sabha and it is assented funds is made available.

Supplementary, Additional, Excess and Exception grants and vote on credit are regulated by the same procedure, which is applicable in the case of a regular Budget.

## **10.8 Execution of the Budget**

Once the Parliament has enacted the Budget, it approves the Government to collect revenue as authorized by the Finance Act and to spend the Grants as authorized by the Appropriation Act. The execution of the Budget involves a number of operations. They are

1. Assessment of Funds,
2. Collection of Funds,
3. Custody of Funds and
4. Disbursement of Funds

### **Assessment of Funds**

Assessment means the act of determining as to how much amounts is to be collected from different individuals and associations in terms of the authority given by the Legislative assessment.

Therefore, it involves the preparation of a list of persons liable to pay the tax and also determining how much each has to pay according to the prescribed rates. The Executive has to devise a suitable machinery and procedure for assessing the amount that is due to the Government from an individual or an association.

## **Collection of Funds**

Having made the necessary adjustment, the Officers of the Government proceed to collect the amount due to the Government. The mode of collection varies according to the nature of the tax. In certain cases, for example, of customs, payment has to be made on the spot. In others, bills may be sent to the assessee and he may be asked to pay the amount in the nearest treasury. In some cases deduction of the tax may be made at the source as is done in the case of income tax which is deducted from the pay of the salaried employees. Lastly, in some cases the agents or officials of the Government may approach the tax payer directly and demand payment from him and the collection thus made may be deposited in the treasury.

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It is debatable whether the tasks of assessment and collection of revenue should be entrusted to the same officials or to different sets of officials. The protagonists of the former view that there would be more of honesty and fair play under the system. It will ensure greater control over collection of money. It will also facilitate the work of audit, because when the same service has the duty of assessing and collecting the taxes, it becomes easy to check one of these operations against the other. But the system is criticized because the two activities are different in nature and hence need different forms of organizations. Moreover, if the same officials are to do both the jobs they shall be heavily burdened. The system of two independent service is also objectionable because such a system will be more expensive and it shall involve unnecessary duplication of records etc. it will therefore, be appreciated if both the functions are concentrated in a single service, with two different sections to deal with the two phases of problem, as is done in India wherein the Center as well as in the States, there is a Revenue Department under the charge of the Finance Minister. There are also Boards under the Minister and they carry on the functions of assessment, supervision of collection and adjudication of revenue disputes.

## **Custody of Funds**

All revenue that is collected has to be placed in safe custody. In the past huge stocks of public money were deposited in the Treasury in specially constructed strong rooms. But with the development of the Banking system there is little need for the Government to keep treasury for the custody of its funds, Moreover, it is not necessary to carry on all the financial transaction through cash money as these can be done through cheques. The Payment by cheque minimizes the chances of foul play and embezzlement. In most countries, the Central Bank carries all the money transactions on behalf of the Government, as does the Bank of England in London. But in a country like India where the Banking facilities are not adequate, it is not possible to have such a Centralized system for receiving money and for making payments on behalf of the Government.

The Reserve Bank of India, and where it has no branch, the State Bank of India conducts the treasury business of the Government. Where the branches of these Banks do not yet exist, the Government has to maintain sub-treasuries and district treasuries.

Disbursement is the process of withdrawal of money from the treasury for payments of various liabilities. Every care should be taken in the work of disbursement against illegal and inaccurate withdrawals or payments. Particular control is, therefore, exercised by the Ministry of Finance over expenditure. The legislature makes the grants to the Government as a whole, technically to the President and not to individual Departments. The Ministry of Finance designates the Head of each Administrative Department as a controlling Officer in respect of the expenditure occurring in his Department. These Officers in turn allocate grants to the Disbursing Officers - Heads of Offices working under them. The work of communicating grants to the controlling and Disbursing Officers is taken up immediately after the enactment of the Budget. 'Expenditure against appropriation is controlled by dividing grants into primary units of appropriation, for example, the pay of Officers, establishment, contingencies etc. The basic unit of expenditure control is the sub-head.

The Disbursing Officer alone can withdraw money from the treasury. A great responsibility falls on him. He has to satisfy himself before withdrawing the money that the expenditure has been sanctioned by a general or special order of the Authority competent to sanction such expenditure and that the expenditure to be incurred is within the limits of the appropriation granted by the Legislature. He has also to keep the accounts of the various transactions and to make a report about them to the Head of the Department and to the Accountant General. The Treasurer, i.e., the Officers in-charge" of the Treasury, is also to be equally vigilant while making the payments. He has to see whether the warrants of payment, the chalan or a cheque is signed by a competent authority or not and further he has to keep a record of all receipts and payments.

The power of control of expenditure of the Head of the Department is not finished with allocation of money grants to the Disbursing Officers. He exercises continuous control over the expenditure in his Department. The Disbursing Officers are required to submit monthly accounts to the controlling Officers of their Departments. The controlling Officer gets these accounts classified and consolidated under the various sub-heads and can thus get an accurate and up-to-date picture of the financial position of his Department as a whole. He also sends a copy of these accounts to the Accountant General's office and Finance Ministry. The Departmental accounts are reconciled with those of the Accountant General on the basis of fortnightly accounts received by him from the treasuries.

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**Check Your Progress  
Questions**

5. How budget is implemented?

## **PARLIAMENTARY CONTROL OVER PUBLIC FINANCE**

The Parliament exercises control over finance through three important financial committees. They are:

1. The Public Accounts Committee
2. The Estimates Committee and
3. The Committee on Public undertakings.

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Let us discuss in this unit the composition, the powers, functions of the above Committees and how these Committees exercise control over finance.

### **10.9 Estimates Committee**

In 1921 it was proposed to create the Estimates Committee. But the proposal was not materialized. In the place of Estimates Committee, Standing Finance Committee was constituted in 1921. The functions of the Committee were purely advisory in nature. John Mathai, the Finance Minister of India suggested to create an Estimates Committee in India. On the basis of his suggestion, the Estimates Committee was constituted. It is a Standing Committee. Initially it consisted of 25 Members all from the Lok Sabha. At present it consists of 30 Members from Lok Sabha. Ministers are not allowed to become the Members of the Estimates Committee. The Members are elected for a term of one year on the principle of proportional representation on a simple transferable vote. The Chairman of the Estimates Committee is appointed by the Speaker from among its Members. Usually a senior Member from the ruling party is appointed as the Chairman of the Estimates Committee. If the Deputy Speaker is a Member of the Estimates Committee, he is automatically considered for the position of Chairman by the Speaker.

The committee is revived every year. One third of its Members are allowed to retire and the two-third of the Members is allowed to continue in order to have continuity.

The functions of the Estimates Committee are

1. To suggest reforms and improvements in Budget estimates prepared by the Administrative Ministries in consistent with the policy of the Government.
2. To suggest alternative policies to bring about economy and efficiency in Administration.
3. To examine whether the money is well laid out between the different Administrative Ministries within the policy of the Government.
4. To suggest forms in which estimates should be prepared by the Administrative Ministries.

irregularities are asked to appear before the Public Accounts Committee and explain the reasons for financial irregularities. If the explanation provided by the Government officials is not satisfactory, the Public Accounts Committee in its report points out the Government officials responsible for the financial irregularities. This report is submitted to the Parliament. The Parliament recommends certain actions against the officials responsible for financial irregularities. The Government takes action against the officials responsible for the financial irregularities and thereby the mistakes committed by the officials are rectified.

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The Public Accounts Committee has provided some useful services. They are:

1. It has detected cases of misappropriation of funds by the Government officials.
2. It has suggested economy,
3. It has pointed out the financial irregularities, and
4. It has pointed out the loss of Public money.

Thus, the Public Accounts Committee by providing useful services acts as the guardian of public funds. Thus it has justified its existence.

### **10.11 The Committee on Public Undertakings**

The Committee on Public Undertakings was constituted in 1964. When it was constituted it consisted of 10 Members from the Lok Sabha and 5 Members from the Rajya Sabha. They are elected for a term of one year from among its Members on the principle of proportional representation on a single transferable vote. The Chairman of the Committee on Public Undertaking is appointed by the Speaker. If the Deputy Speaker is one of the Members of the Committee on Public Undertakings he is automatically appointed as a Chairman by the Speaker.

The Functions entrusted to Committee on Public Undertakings are:

1. To examine the reports and accounts of Public Undertaking specified in the Fourth Schedule to the 'Rules of Procedure and Conduct of Business in Lok Sabha',
2. To examine the reports of the Comptroller and Auditor General of India on Public Undertakings,
3. To examine, in the context of autonomy and efficiency of the Public Enterprises, whether the affairs of the Public Undertakings are being managed in accordance with sound business principles and prudent practices.

necessary by the Parliament over the Public funds. The Parliament is a huge body. It cannot exercise proper control over the Public funds. The Public Accounts Committee helps the Parliament to exercise proper control over the public funds. In this unit let us discuss about the origin, composition, functions, operations and the utilities of the Public Accounts Committee.

(Space for Hints)

In 1867 the Chancellor of Exchequer, Gladstone created the Public Accounts Committee in the British Parliament to exercise proper control over public accounts. In India the Public Accounts Committee was created in 1921. Article 118(1) of the Indian Constitution provides for the creation of the Public Accounts Committee at the Central Government. Article 208 (1) provides for the creation of Public Accounts Committee in each State.

The Public Accounts Committee consisted of twelve Members when it was constituted in 1921. In 1951 it consisted of 15 Members from the Lok Sabha. In 1953, the strength of the Public Accounts Committee was increased to 22 Members. It consisted of 15 Members from the Lok Sabha and 7 Members from the Rajya Sabha. Inclusion of Rajya Sabha Members is a departure from British practice. Since the function of Public Accounts Committee is purely investigative in nature both the Houses of the Parliament have to play role. Therefore, the Members from the Rajya Sabha also have been included in the Public Accounts Committee. Members are elected for a term of one year on the principle of proportional representation on a single transferable vote. The Chairman of the Public Accounts Committee is appointed by the Speaker. If the Deputy Speaker is a Member of the Public Accounts Committee he is appointed as a Chairman by the Speaker. Now a convention has developed to appoint a leading Member of the opposition party, who is one of the Members of the Public Accounts Committee, as the Chairman of the Public Account Committee.

The important functions of the Public Accounts Committee are to examine:

1. Whether funds have been spent only for the appropriate purposes approved by the Parliament.
2. Whether there has been any misuse of funds by the Government officials or

The Comptroller and Auditor General of India after auditing the accounts of the Government submits his report to the President. The President in turn submits the report to the Parliament.

The Parliament submits the report to the Public Accounts Committee for detailed scrutiny. The Comptroller and the Auditor General of India helps the Public Accounts Committee in investigations. The officials responsible for financial

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Questions**

6. Explain the composition of Estimates Committee.

irregularities are asked to appear before the Public Accounts Committee and explain the reasons for financial irregularities. If the explanation provided by the Government officials is not satisfactory, the Public Accounts Committee in its report points out the Government officials responsible for the financial irregularities. This report is submitted to the Parliament. The Parliament recommends certain actions against the officials responsible for financial irregularities. The Government takes action against the officials responsible for the financial irregularities and thereby the mistakes committed by the officials are rectified.

(Space for Hints)

The Public Accounts Committee has provided some useful services. They are:

1. It has detected cases of misappropriation of funds by the Government officials.
2. It has suggested economy,
3. It has pointed out the financial irregularities, and
4. It has pointed out the loss of Public money.

Thus, the Public Accounts Committee by providing useful services acts as the guardian of public funds. Thus it has justified its existence.

### **10.11 The Committee on Public Undertakings**

The Committee on Public Undertakings was constituted in 1964. When it was constituted it consisted of 10 Members from the Lok Sabha and 5 Members from the Rajya Sabha. They are elected for a term of one year from among its Members on the principle of proportional representation on a single transferable vote. The Chairman of the Committee on Public Undertaking is appointed by the Speaker. If the Deputy Speaker is one of the Members of the Committee on Public Undertakings he is automatically appointed as a Chairman by the Speaker.

The Functions entrusted to Committee on Public Undertakings are:

1. To examine the reports and accounts of Public Undertaking specified in the Fourth Schedule to the 'Rules of Procedure and Conduct of Business in Lok Sabha',
2. To examine the reports of the Comptroller and Auditor General of India on Public Undertakings,
3. To examine, in the context of autonomy and efficiency of the Public Enterprises, whether the affairs of the Public Undertakings are being managed in accordance with sound business principles and prudent practices.

4. To exercise such other functions vested in the Public Account Committee and the Estimates Committee in relation to Public Undertakings as are not covered by clauses (1), (2) and (3) above and as may be allotted to the Committee by the Speaker from the time to time.

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The Committee, however, shall not examine and investigate any of the following aspects namely:

1. Matters of major Government policy as distinct from business or commercial functions of the Public Undertakings,
2. Matters of day to day administration,
3. Matters for the consideration of which machinery is established by any special statute under which a Public Undertaking is established.

The term of the Committee does not exceed one year. However the Chairman who is appointed by the Speaker amongst the Members of the Committee, in practice, is appointed for another term of one year.

The Committee selects from time to time specific Public Enterprises or such subjects relating to Public Enterprises, as it deems fit. It asks, the Ministries/ Departments to submit necessary information relating to Public Enterprises chosen or the subject taken up. The Committee often visits the enterprises so chosen, for formal discussion with the personnel of the undertakings. After the study tours and after receiving formal memoranda and other information from concerned parties non-official and official witnesses are invited to give evidence at formal sittings of the Committee held at Parliament House, New Delhi. The Committee may also give public notice inviting grievances, complaints and observations from those connected with or affected by the enterprises under its study. This was done for the first time in 1977 under Janata regime.

The Committee, having gone through the enterprises, submits its report covering important aspects of their working. The recommendations of the Committee are to be replied by Government. Replies to the recommendations of the committee are published in the 'Action Taken Report' which in addition to a chapter highlighting the main points of the report, contains for chapter entitled:

1. Recommendations that have been accepted by the Government,
2. Recommendations which the Committee does not desire to pursue,
3. Recommendations in respect of which replies of the Government have not been accepted by the Committee, and
4. Recommendations in respect of which final replies are still awaited.

For categories 3 and 4 above, the issue may be taken up again at the time the next report regarding that enterprise, and, if necessary, the Committee may reiterate its recommendations.

The usefulness of the Committee may be seen in the following facts :

1. The Committee provides a whole lot of rich and useful information of Public Enterprises operation. The enterprises are studied in detail covering important matters relating to their working and with view to making on evaluation of their performance. The report (along with its appendices) contains useful information not otherwise available.
2. As the Government replies to the recommendations of the Committee, they indicate the Government's viewpoint on various matters of policy and the working of Public Enterprises. The M.Ps working on the Committee acquire an insight into the problems and operations of Public Enterprises.
3. It is a yearly Committee. Many M.Ps get informed about these enterprises and this would, in turn, raise the level of discussion on the floor of the House.
4. A great advantage of this Committee is that the managerial personnel of Public Enterprises get an opportunity to put their own case before the committee Members i.e. direct to M.Ps which is not otherwise available to them.

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The Committee on Public Undertakings had played an important role in making the parliamentary control on Public Enterprises more effective but there are certain limitations too of the Committee, which should be removed to make it more effective. These limitations are :

1. Only a few Public Enterprises have been covered under its jurisdiction.
2. The Members on the Committee are experienced, able and efficient, it is not only factor that can maintain its supremacy. It is also necessary to have better parliamentary control on Public Enterprises that the Members should devote more time to know something factual about Public Enterprises. Members fail to study the problem of the public enterprise under investigation in detail before visiting the public enterprise for discussion with the managers.
3. In some cases, Committee recommendations are contradictory in its reports.

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4. The Committee, which combines the work of the Public Account Committee and the Estimates Committee, takes follow up action only on a few of the audit reports presented to Parliament by the Comptroller and the Auditor General of India. The study shows that 85% of the audit paras and reviews have not at all been pursued by the Committee.
5. The Committee submits a number of recommendations in its reports, the follow up action their implementation is not possible on all of them.

The Committee can examine the reports and accounts of Public Enterprises specified in the fourth schedule to the 'Rules of Procedure and Conduct of Business in the Lok Sabha. The schedule covers the following Public Undertakings in three parts:

1. Damodar Valley Corporation,
2. Industrial Finance Corporation,
3. Indian Airlines Corporation,
4. Air India,
5. Life Insurance Corporation,
6. Central Warehousing Corporation,
7. Oil and Natural Gas Commission and
8. Food Corporation of India.

The above Corporations are those which have been established under Central Acts.

Part II - Covers all Government companies incorporated under the Companies Act of 1956, which are required to submit their reports to the Parliament under Sec. 619 A (1) of the Companies Act. Part III - Covers only four industrial undertakings :

1. Hindustan Aeronautics Ltd., Bangalore,
2. Bharat Electronics Ltd., Bangalore
3. Mazgaon Dock Ltd., Bombay and
4. Garden Reach Workshops Ltd., Calcutta.

The Committee had produced more than 300 reports. It can be concluded that not even half of the enterprises were covered during 20 years of its existence. With the increasing number of Public Enterprises, it has become necessary to speed up the work of Committee on Public Undertakings so that every enterprise is covered within a period of 7 to 10 years. However, the work done by the Committee on

Public Undertakings, as the remarked by the Administrative Reforms Commission, is commendable and has thrown much light on the problems of the Public Enterprises.

The Committee also undertakes in-depth study of a particular aspect of all Public Enterprises. Such studies are called Horizontal Reports. Nine such reports have been produced so far taking up various problems relating to Public Enterprises.

Six reports deal only with audit-paras relating to certain companies and three special reports deal with some specific issue investigated by the Committee.

A rapid increase in the number of Public Undertakings makes it difficult to make an in-depth study of each individual enterprise.

Administrative Reforms Commission has suggested horizontal studies for the group of industries. The Committee has presented nine such studies as has been pointed out earlier.

## 10.12 SUMMARY

Finance plays an important role in the administration of a country. We have seen in India the parliament plays a central role. We have seen in this unit the preparation, enactment and execution of Budget. The few principles of budget is studied. The three committees namely. The Estimates committee, The Public Accounts committee, the committee on public undertakings are studied in this unit. These committees form the basis of parliamentary control over finance.

## 10.13 KEY WORDS

Deficit Budget - Treasury - Bougette - Rule of lapse - Recurring expenditure - Token cut - Guillotine - Excess grant - Performance Budget

## 10.14 ANSWERS FOR CHECK YOUR PROGRESS QUESTIONS

- For Question No.1 ... Refer Section No. 10.2  
Question No.2 ... Refer Section No. 10.5  
Question No.3 ... Refer Section No. 10.6  
Question No.4 ... Refer Section No. 10.7  
Question No.5 ... Refer Section No. 10.8  
Question No.6 ... Refer Section No. 10.9

## 10.15 BOOKS FOR FURTHER READING

1. C.P. Bhambri, **Administration in a Changing Society: Bureaucracy and Politics in India**, Delhi, Vikas, 1991.
2. M. Bhattacharya, **Public Administration: Structure. Process and Behaviour**, Calcutta, The World Press, 1991.
3. S.R. Nigam, **Principles of Public Administration**, Allahabad, Kitab Mahal, 1980.

## **10.16 MODEL QUESTIONS**

1. Explain the meaning and scope of Public Financial Administration.
2. Define Budget and explain the principles of budget.
3. Explain how the budget is prepared, enacted and executed.
4. Explain how the Parliament exercises control over public finance.
5. Explain the organization and the working of Public Accounts Committee.

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