

CHAPTER -V

CONCLUSION

Characteristics of business management:

One of the main reasons for which the Minerals and Metals Trading Corporation of India Limited needs to be autonomous is that the corporation has to undertake activities and to make decisions which are entirely different in nature from the activities undertaken or decisions made by the government. The machinery of government and the procedures adopted by government departments (here commerce department) which may be suitable for work done therein can not be adopted for the requirement of M.M.T.C. Government department have to observe rigidly specified rules and procedures so that decisions follow a recognisable patterns which have uniform application to or repercussion on all the citizens. In M.M.T.C., on the other hand, the emphasis is not on uniformity but on certain other accepted criteria such as profitability. Here the objectives of the policies pursued are more clearly defined and issues involved less complex in nature. Like some other public enterprises this corporation has to take into account certain social objectives of the national government which may tend to make

the objectives less clearly definable than what would have been in case of a private enterprise. Nevertheless, comparatively elaborate system of examination and consultation as required in government, are not necessary in this corporation.

Here in case of M.M.T.C. business decisions are to be taken not only quickly but as near the base of operation as possible. Inordinate delay is, of course, intolerable also in government, but as the nature of business transactions are involved, this corporation can not survive unless promptness of decisions are ensured for fruitful commercial transactions. As discussed earlier, if a large mass of data in respect of each contract to be executed with the foreign buyers, mine owners and service contracts, and finance and decisions on approvals are awaited, it is known only to the ghosts when clearance will be given to the corporation for going ahead with the business transaction.

Advantage of autonomy:

Recognition of autonomy of the corporation is advantageous as in this kind of arrangement pattern it is possible to clearly define the objectives of the organisation, job of each of the managerial personnels including

the Chairman and hold them responsible for shortfall in performance, and high performance achievement can equally be rewarded. It is possible to give a free hand to the Chief Executives or a small group and charge them with the responsibility of attaining the clearly defined objectives. On the other hand if the activities carried on the M.M.T.C. would have been done under the departmental management of the Ministry of Commerce, continuous watch would have been necessary to ensure that the functions are performed to the satisfaction of the controlling authority who may be the Minister of Commerce or the Prime Minister.

Need of autonomy:

The case for M.M.T.C. being autonomous, thus rests partly on the fact that the machinery of commerce department is neither so devised nor attuned to the requirement of the management of this corporation, but perhaps even more on the need to ensure that the decisions are taken as promptly as necessary and by the persons who have the required expertise, familiarity and experience.

It has been explicit in earlier discussions that the memorandum of association clearly defines the objectives of the corporation and articles of association generally lays down the powers and responsibility of the managerial

personnels. Based on experience of working during these years, it is possible to establish clear job relationship upon job definition, to define responsibilities and hold the management of the corporation to account for the performance of the allotted task.

Performance budgeting and performance audit system should be fully introduced so that the in-built system of monitoring gets established.

Limitation:

In case of management of this corporation in which the President of India is the sole shareholder and owner and the Parliament is the giver of public money, autonomy can not mean independence nor delegation of power can mean abdication of authority. The question is not to enlist the rights of the owner but to devise means as to how best the respective rights of the owner can be discharged. As a measure of best management, the owner must, however, accept the self-denying provisions to limit the exercise of his authority and allow the corporation to function in an autonomous manner.

In attaining the clearly defined objectives of the corporation it has to be ensured that there is conformity

with the government policies at macro level. It is thus legitimate for government to prescribe not only that the corporation makes certain profits but also that in doing so it adheres to certain norms of conduct, relating to labour policy, economic policy and public policy as a whole to subserve to the social and economic policies of the state. The corporation can not be given the freedom to optimise its own performance in pursuit of a single objective but it has to pull together the divergent demands pressed upon it from outside by those who regard themselves as having the authority to specify objectives and constraints.

Effect of clear objectives:

The articles of association and memorandum of association have laid down in a comprehensive manner the objectives and responsibilities for fulfilment thereof. Annual budget estimate, project proposals etc. are approved by the government in which the parameter within which implementation has to be made and the objectives are also specified, but after a lapse of time those objectives become obsolete and for that reason government have not only to lay down long term objectives but also to judge, on the basis of periodical reports and returns, the performance

of the corporation in the light of objectives set out. Government should not however, interfere with the day-to-day affairs of the corporation.

The prerogative power of government in issuing directives, and appointment of the Chairman, Directors of the board and general managers often results in reduction of the autonomy of the corporation. But it is for government to ensure that the senior management posts ~~and named~~ ~~manned~~ by competent persons. But nepotism should not take its place which has happened in M.M.T.C. as could be known during empirical study. It is possible that the senior management personnel will become "yes-men" of government, but at the same time good relation between the corporation and the department of government is also necessary as the corporation has to depend on the help and co-operation of government.

Demarcation of Spheres:

It is for healthy growth of the corporation that undesirable interference should be avoided and there should be clear demarcation of the spheres of responsibility of Government and of the M.M.T.C. From this angle of view the senior officer of the department of commerce, the government and the parliament require to know the limit of control and supervision to be exercised by them.

There should be an accepted definition of responsibility of government and the nature of accountability of the corporation to the government, which may, however, undergo modification with the efflux of time.

Purposeful control:

In course of empirical study it was indicated by some of the senior executives that in the past there had been too much interferences which adversely affected performances of the corporation. It should not be difficult to define what is expected of the corporation, the manner in which the objectives should be achieved, and therefore to watch the performances on the basis of such objectives and directives and take corrective measures in the event of unsatisfactory performances. Dispersed control tantamounts to undue interference which is not only harmful for the corporation but result in basic purpose of the corporation being lost. State should know the specific area of control to be exercised by them and the jurisdiction of the corporation's own responsibility.