

Vigilance Administration in Public Enterprises

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In one of the Public Sector Day celebration by SCOPE during the interaction session in reply to a question from a senior PSU Executive one of the highest functionary of the Government on dais clarified that “Government is policy driven”. He further added that Government frames various policies within which it expects to attract industry and/or investment for a larger economic and social benefits. If Government succeeded in their policy they take the credit, otherwise they move on to another policy. So the message though not intended but also led to the inferences that Government as a matter of public policy may have created one or other CPSE for specific purposes and objectives, if one or other such CPSEs fails Government will not bother and it will move ahead towards another policy decision. So the principles of survival of the fittest now aptly applies in case of all CPSEs.

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But Public Sector’s role and responsibilities have undergone a paradigmshift since 1990’s onwards. Even the various social welfare objectives of PSUs which were initially envisaged in the 2nd Five Year Plan and thereafter, got diluted with passage of time. Further reforms brought in by way of various innovative autonomy and accountability initiatives introduced by the Government for the CPSEs, and thus came the emergence of MoU, Mini-Ratna, Navratna, Maharatna, Corporate Governance, CSR, Variable Pay Structure linked with organisational as well as individual performance; and above all CPSEs have been made standalone entity and freed from Government support for generating its own resources and surpluses in open market competition under the regime of “level playing field”. Therefore from the Government role of a policy driven entity, PSUs has been transformed into a result oriented business entity, and its operation and survival depends upon commercial policies and profit motive. Maximisation of shareholders and stakeholders value is now the guiding principles.

But during all along these



journeys of changes and transformations from social and welfare development entity to commercially competitive entity, one thing which remain unchanged is the Vigilance approach. Vigilance administration orientation and its philosophy continues to see PSU as a Government Department and Vigilance is governed in the manner it has been designed and structured for Government functioning. There is a dilemma and inherent contradiction in Vigilance administration, which is mainly due to lack of proper appreciation of purpose, objective, and flexibility envisaged in CPSEs decision making process, which have certainly coggled the wheels of its delivery system. At times the adherence to the system for a particular decision is more costly in terms of manpower cost and time over-run than the cost of the decision being taken for implementation. Genuine commercial mistakes are not identifiable with precision as it is amenable to multiple opinions. So there is a tendency of fool-proof fixed jacket system of decision making. Specially organisation which are either in monopoly or virtual monopoly such as in power sector,

oil sector, or defence sector continue to survive as any delay in their system of decision making process does not ultimately affect them in big way as they continue to earn out of it sooner or later. But even in all such cases also there is inherent loss to the shareholder values and organisational overall performance which could have been much better than what they actually achieved. While in cases of those CPSEs which operates in an open competitive market, inflexible system orientation and too much of vigilance manual adherence have taken toll on product manufacturing and service sectors PSUs where majority of them have already perished, as they could not deliver on real time variable market conditions.

So Vigilance standards, its modalities, and its applications within the Government Ministries and Departments are certainly different than those of CPSEs which is a business entity and driven by commercial policies with profit motives. As the Government is the majority shareholder and thus internally a partner in the CPSEs profit motive, has to remember the principle that a partner in profit is equally a partner in loss.

The loss should not be disowned outrightly as a vigilance matter. Thus sensitisation of vigilance administration vis-a-vis the functioning of PSUs and its nuances in decision making is required to be recognised in a prominent manner.

Presently the appointment of CVOs in PSUs are being regulated in the manner as if appointments are being made within the Government Ministries / Departments. Even though Executives from CPSEs are also eligible for CVOs posts but the format and forum regulating the process de-facto debar CPSEs aspirants. It would be proper if CVOs vacancies in the Government Ministries / Departments, Autonomous Bodies and CPSEs are opened up for CPSEs executives also so that cross-dimensional aspects of Government functioning and CPSEs functioning are widely understood and assimilated in the Vigilance administration.

Vigilance should aim in developing a self-sustaining system and facilitate flexibility with accountability in proper spirits aligned with the result-oriented business objective of the CPSEs, which is different from the Policy Driven approach of the Government. Continuous innovation and experimenting new business practices are essential for sustainable growth and survival of a commercially oriented PSU. But innovation which are largely based upon Research and Development philosophy requires a high degree of tolerance for failures for its future successes as a long term strategy. But the existing system of vigilance administration does not explicitly express any provision which could address the need of tolerance for failure in

experimenting or applying new system and/or deviating from age old so called prevalent practices within the PSUs. So majority of decision making is either by way of precedents or practices, and whenever some critical issues arises then file notings are in the manner of crosswords and golf playing and no decision is ever reached without anybody to be blamed or fixed as everyone involved has played their role as game player.

The answer to safe and transparent PSUs Vigilance administration lies in making right kind of IT and digital intervention. All PSUs boast of high degree of computerisation within their organisation. But facts still remains that not many people in our work environment are comfortable with digital. They are apprehensive of computerisation, change process to e-service delivery being sabotaged, averse to CCTV in work-place, computer network frequently getting hanged or down so that manual and physical paper work delivery is continued with, etc.

Bill Gate in one of his introductory speech in the late 90's when Microsoft revolutionised the digital world stated "...If the 1980's were about quality and the 1990's were about re-engineering, then the 2000's will be about velocity. About how quickly the nature of business will change. About how quickly business itself will be transacted. When the increase in velocity of business is great enough, the very nature of business changes." Coincidentally the phases as mentioned therein matches with the changes occurred and/or required in the Indian CPSEs arena. Going by the same intent and philosophy

Vigilance administration in each PSEs should develop a digital infrastructure like the human nervous system which triggers the responsible functionaries reflexes so that he/she can react quickly to danger or need. This can begin with making an honest internal assessment by each PSEs about their existing computerisation and digital networking system by finding out how many actionable information they are able to generate on real time basis from the current IT investments?

Thus the 'Digital Nervous System' of an organisation is distinguishable from a mere network of computers by the accuracy, immediacy, and richness of the information it brings to the knowledge workers and the insight and collaboration

It is therefore the overall strategy of an organisation which can ultimately shape the Vigilance ethos in making vigilance an integral part of role and responsibility of each and every employees, otherwise vigilance gets centralised as most feared department within the company. A bad strategy will fail no matter how good your information is. And lame execution will stymie a good strategy. If you do enough things poorly, you will go out of business, even strongest form of vigilance administration will be of no help in such scenario.

made possible by the information. All PSEs as a strategy or out of CVC instructions have adopted various IT interventions/computerisation, but how many of them are able to make distinction between bonafide decisions and wrong decisions through these systems? The first step in answering any hard business question specially from vigilance angle is to take an objective and fact-based approach, which can only come out from the Corporate IQ built up in its digital network and its ability to share and flow right information just-in-time so that they can act on it quickly. In majority of cases it is this non-availability of right information at the right time either by way of file notings or approval or statistics that leads to culmination of Vigilance case.

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Vigilance has to recognise the emerging needs of the PSEs and it has to align and focus in terms of overall strategy of the Company, and enable in building a culture where ideas rule over authority for its continued success in transition and excelling in competition with private sector. ■ ■ ■