
UNIT 33 LINE AGENCIES

Structure

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33.0 OBJECTIVES

After studying this unit you should be able to:

- define line agencies
- explain the structure and features of government departments
- explain the bases for the formation of departments
- describe the features of public corporations; and distinguish between departments and corporations.

33.1 INTRODUCTION

In Unit 32 you have learnt that the chief executive constitutes the topmost point of the administrative structure of a government and is helped by some organisations or agencies in his work. These organisations or administrative agencies are divided into three categories namely (i) line agencies, (ii) staff agencies, and (iii) auxiliary agencies, depending upon the nature of work performed by them. Those administrative agencies or units, which directly carry out the function of achieving the very purpose of the government organisation, make decisions, and direct, supervise and command are called "line agencies". Those agencies which help, advise and assist the line agencies in carrying out their work are called "staff agencies" and those which provide common, house-keeping services to all other agencies are called as 'auxiliary agencies'. You have already read in Unit 32 that the Departments of Health, Defence, Education, Railways, etc., are examples of 'line' agencies of the government of India. The Planning Commission and Union Public Service Commission are examples of 'staff' agencies.

This distinction between 'line' and 'staff' agencies was developed first in military administration. In military, right from the Commander-in-Chief to the soldier who are directly involved in the military operations are called 'line' units. But there are other units which supply food, clothing, arms and ammunition, carry on spying operations, build bridges and roads, and provide medical and nursing aids, but who do not take part in actual fighting with the enemy, are called 'staff units'. This distinction of 'line' and 'staff' has been borrowed from military administration and applied usefully in civil or Public Administration. In this unit we will study two types of the line agencies, i.e., Government Departments and Public Corporations. In the next unit we will study the 'staff' and 'auxiliary' agencies,

33.2 LINE AGENCIES—FEATURES

Before we proceed to study the departments and corporations, let us understand the meaning of line agencies or 'line units'. In the Government of India, Ministry of Railways is a major Department. Its primary function is to run the passenger or goods

trains between different points. Right from the Railway Minister to the engine driver all those who are involved in the running of trains are 'line' agencies. But to carry out this primary task, it is necessary to build railway stations, recruit the personnel, lay down and protect the railway tracks, purchase rolling stocks, keep accounts and perform a number of other activities. These activities are secondary functions and are carried out by the 'staff' units like Railway Recruitment Board, Railway Training College, Railway Police Service, Railway Construction Division, etc. Primary functions are an end in themselves whereas the secondary functions are the means to achieve the primary functions/objectives. Primary functions are carried out by 'line' agencies and secondary ones by 'staff' agencies.

In order to carry out the major primary functions of the Government a number of departments or administrative agencies are established in every administrative system. These agencies are called 'line agencies' because they are directly concerned with the execution or fulfilment of the primary objectives of the Government. In order to implement the programmes sanctioned by the legislative authorities they make all important decisions and issue orders. They are responsible for controlling, regulating, directing and commanding the administration. They come frequently into direct contact with the people, deal with the citizens and provide services to the community. They have the power and authority. The basic responsibility of carrying out the functions of the Government lies on them. These agencies are, therefore, called 'line' agencies. Department of Education and Department of Health, Indian Airlines Corporation, Life Insurance Corporation, Central Board of Customs and Excise are some examples of the line agencies of the Government of India. They are directly responsible for carrying out specific primary objectives of the Government in their own sphere.

Features of Line Agencies

We have seen that 'line agencies' are those administrative units or organisations which are directly carrying out the major/primary functions of the Government. In order to understand the concept of line units more clearly let us see what are their salient features.

Carries Out the Major or Primary Objective of Organisations

Firstly, line agencies/units are carrying out the major, primary or substantive objectives for which an organisation is established. For example imparting education through teaching is the major function for which any university is established. Teaching Departments are directly carrying out this objective and therefore, they are the 'line units' of a University. But accounts department, examination department or library are not directly teaching or imparting education and therefore they may be termed as "staff" or "auxiliary" units and not line units.

Authority to make Decisions

Secondly, line units have the power and authority to make decisions, issue orders and control, direct and command the administration under them. They are in one chain of command. For example in the Police Department right from the Inspector General of Police to the police constable all are involved directly, with the maintenance of law and order. They are all in one line of command. But the Police Training College is not a line unit because it is outside the line of command and therefore, it is a 'staff' unit of the Home Department.

Responsible for Execution of Government Programmes

Thirdly, line units are responsible for the execution of government policies and implementation of programmes sanctioned by the legislative or executive authorities. Entire policy execution is finally their responsibility. They make decisions, issue orders and command and direct the administration.

Directly in Contact with People

Fourthly, line agencies directly deal with the people, come into contact with the citizens and provide them the services e.g. a teacher teaches the students, a policeman protects a citizen, a doctor looks after the health of the citizen etc. Similarly in the government, the Education Department, Health Department or Agriculture Department directly provides services to the concerned people.

Directly under the control of **Chief Executive**

Fifthly, **line agencies** are directly under the line of control and supervision of the chief executive. They are also responsible to the chief executive and to the legislature, e.g., Head of a Government Department is a Minister who is directly responsible to the Prime Minister and also to the Parliament. Similarly the Board of Directors of a Public Corporation is directly responsible to the government and Parliament.

In general, there are three types of line agencies which mainly carry out the work of administration in most countries of the world. They are Government Departments, Public Corporations and Independent Regulatory Commission (I.R.C.). The I.R.C. are mainly established in America due to its special constitutional set up and political ideology. The departments and corporations are found everywhere, in India, in U.K., in U.S.S.R. and in almost all countries of the world. In the next part of this unit you will study about the departments and public corporations.

33.3 GOVERNMENT DEPARTMENTS

Dictionary meaning of the word 'department' is 'a part or a portion of a larger whole'. In administration the whole work of a government is divided into different parts and carried out through very big units of administration which are called 'departments'. For example, there is a Department of Education, Department of Defence, Department of Health, etc. Most of the work of the Government is carried out by different departments. We can, therefore, say that the departments are the most important and primary units of the administrative system of a country. Generally the departments are very big. They work directly and immediately under the control of the chief executive.

In all the countries of the world, the major work of a Government is done through 'departments'. It is the oldest system of doing the work of a Government. In ancient and medieval times also the kings used to divide their work into departments and entrust each department to different officials e.g. a 'Senapati' incharge of the defence forces or a 'Faujdar' incharge of Police force or a 'Khajanchi' incharge of 'Khajana' or Treasury or 'Bhandar' incharge of the 'Bhandar' (stores and supplies work). In order to effectively carry out the entire work of any government it is necessary that the work must be divided into different parts or sections. When the work is divided, then different areas of work have to be carried out by different agencies and therefore, automatically the departmental system comes into existence. In modern times the work of the government is increasing and, therefore, the departments are becoming more and more important as units of administration.

Who establishes a Department?

We have seen that the Departments are immediately below and directly responsible to the chief executive. But the organisation or reorganisation of the Departments is not always the responsibility of the chief executive. For example, in America the departments are created and established by the legislature i.e., the Congress; in Russia the establishment or reorganisation of the departments require an amendment to the Constitution. But in England and India the chief executive i.e., the Prime Minister can establish and reorganise the departments as per his/her will or convenience,

Types of Departments

All departments are equally important in administration but according to their nature of work, size and internal structure they can be divided into different types.

1) Large and Small Departments

On the basis of the size of the departments, we can say that there are some large departments and some small departments. Department of Railways, Department of Finance or Department of Defence are examples of large size departments whereas the Department of Atomic Energy is a small department.

2) Old and New Departments

In any government, some Departments are very old, that is the Departments which have been existing for a very long time like the Treasury Department of U.K. or the

Finance Department in India. But there are some new departments established due to new activities of the Government like Civil Service Department in U.K. or Human Resource Development Department in India.

3) **Single-Function or Multi-Function Departments**

There are some departments which are built around a single compact function like the Department of Defence or Education. There are other departments which have many sub-divisions carrying many different functions like the Department of Home Affairs or the Department of Food, Agriculture and Cooperation.

4) **Operating or Coordinating Departments**

Depending upon the nature of work performed, the departments which carry out actual operational duties, like Postal Department are called Operating Departments; whereas those departments which have only coordinating duties like Panchayati Raj Department or General Administration Department are called 'coordinating departments.'

Similarly there are some departments like the Finance Department which have most of their work concentrated at the headquarters only whereas there are other departments like Post and Telegraph Department which have to work through subordinate and field offices spread all over the country.

Salient Features of the Departments

Departmental system is the oldest and most important method of doing the government work. For thousands of years most of the work of the government is done by the departments only. Following are the important features of a Government Department.

- Generally, the departments are the largest units of administration.
- Departments are oldest and most traditional units of administration.
- Departments are just below the chief executive in the administrative hierarchy.
- Departments are directly responsible to the chief executive or the nearest to him.

Each department is under the direct control and supervision of the head of the department, who is in charge of the day-to-day administration of his department. In India, each department is under the control of a Minister, who is appointed by and responsible to the Prime Minister.

Departments are responsible to both the Executive and Legislature. Its day-to-day administration is controlled by a Minister and its policies are decided by the Cabinet and Parliament. Thus through the Parliament, the departmental administration is responsible and answerable to the people.

In the Departments, the head of the department is a Minister (politician) who represents the will of the people. Below him there are civil servants who are experts and experienced administrators. They have to carry out the decisions and orders. Thus in the departments politicians and civil servants jointly carry out the administration of the country. In a department there is both popular public control over administration as well as control is by trained, skilled and specialist civil servants. But these elements are very well combined in a department.

Departmental system is simple, convenient and easy to understand for the common people. It also ensure public control over administration. Therefore, most of the countries prefer departmental system of administration only.

33.4 BASES OF DEPARTMENTATION

We have seen that departments are the largest, oldest and most important units of administration through which most of the work of the government is carried out. Let us now study how a department is formed and what the bases or principles of the formation of departments are.

In order to carry out the administration efficiently it is necessary to divide the work of government. Greek philosopher Aristotle had suggested two alternatives for division

of work namely, according to, persons or classes and **according** to services to be provided.

According to **Luther** Gulick, in the modern times we can observe that there are four principles or bases of the formation of departments **about** which you have read in some earlier units. They are purpose, process, persons and place. Luther Gulick calls it “**4 P**” formula. We will discuss about each in brief.

purpose

In many countries a department is formed for a particular purpose or function of the government. There are many functions which the governments have to perform. These functions have to be identified and for each function a separate department is established. For example 'to defend the country', a **Defence Department** is established, to look after the health of the people, a separate Health Department is established and to provide education to the people' an Education Department is established. In many countries maximum number of departments are established on the basis of purpose only. It is the easiest and most common and efficient principle of the formation of departments. It avoids **duplication** and overlapping of work and it is simple to understand. Common citizens can easily say which work is being done by which Department if they are **formed** for specific purpose and for **performing** specific functions.

Process

Process **means** a technique or skill or a profession of a specialised nature. For example accounting, typing, **stenography**, engineering, legal advice etc. are some of the processes which are commonly needed in all government organisations. All organisations need typing and stenography, buildings, legal advice, or accounting. These processes cut across all departments and other government agencies. In some countries, therefore, separate departments are established on the basis of different processes. For example a Law Department, or a Public Works Department, or an, Accounts **Department** is established which can serve all the other departments and fulfil their specialised needs. But there are **only** a few departments which are based on 'process' If the departments are **established** on the basis of process then, specialisation and **uptodate** technical skill can be made available to all, **there** will be maximum economy and better coordination and uniformity in administration. At the same time there would be arrogance and superiority complex and narrow **mindedness** amongst the staff of the process-based departments. In any case there are few departments which are formed on the basis of 'process' in all countries.

Persons

In every society there are some persons or groups which have special and distinct problems and they need some special services. For example there are refugees, tribals, scheduled castes **and** backward classes, handicapped people or pensioners etc. In some countries a few government departments are specially established for looking after all the problems of some specific group or persons, The Rehabilitation Department, Tribal Welfare Department, Pensioner's Department or Social Welfare Department, Labour Department etc. are **examples** of those departments which are established on the basis of 'persons'. It becomes very easy and simple for the concerned group or persons to approach such departments and these departments can also efficiently provide all types of services to them in a systematic and coordinated way, But due to the **establishment** of special departments for special group of people these groups develop vested interests in them and work as a 'pressure group' in administration. In many countries a few departments are, however, created on the basis of groups or persons.

Place

In every country there is some area, territory or **region** which needs some special attention, some specific service from the government because there are some specific or distinct problems of each such area or place. Therefore special area or place is taken as basis of formation of a department for that particular area. The **best** example of such a Department before Independence was the 'Department of Indian Affairs' in the British Government. And even now there is a department dealing with Scotland, another dealing with Ireland in Britain. Foreign Affairs Department of the Government of India is one example of such departments. Many of the departments are divided into divisions which look after different geographical areas or regions. For

example the Railway Department has several regional divisions like Western Railway, Central Railway, Southern Railway, South Central Railway etc. In India we have very few departments created for some specific area or place.

We have thus seen that there are four principles or bases namely purpose, process, persons or place, which are used for establishment of departments. Each one of the principles has some advantages and disadvantages. The natural question which arises is that which basis should be considered as the best for formation of a department? It is very difficult to give an answer to this question. In fact, the departments are not formed on any one single principle. All the four principles are used in the formation of departments. Keeping in view administrative convenience, socio-economic and political conditions, the departments are established by making use of all the four principles of departmentalisation. No one principle is the best. All the four bases are complementary to each other and all are used in all the countries for the formation of departments.

Check Your Progress 1

Note: i) Use the space below for your answers.
ii) Check your answers with those given at the end of the unit.

1 Explain the terms 'line' and 'staff'

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2 What are the features of line agencies?

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3 What are the features of departments?

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4 Law Department is based on which of the following 4 Ps.

- i) Purpose
- ii) Place
- iii) Process
- iv) Persons

33.5 PUBLIC CORPORATIONS

Public Corporation is the second type of line agencies. We have seen that departments are the oldest, largest and most popular units of administration throughout the world. But when the departments are not useful for the execution of many new functions of the modern governments then corporations are created. In recent years modern governments have to undertake many economic, financial and commercial functions. Departments are not suitable to carry out such new functions and, therefore, public corporations are established in many countries. Public Corporations are **institutional** inventions of the 20th century. The necessities and complexities of the modern age has given birth to public corporations. Let us see why public corporations have become necessary.

33.5.1 Reasons behind the Rise of Public Corporations

Increase in Welfare Functions of the State

The modern state is welfare state. They have to look after the welfare of all the people. State has to work in all aspects of human life, political, social and economic. As a result the welfare functions of modern state have tremendously increased. All the functions cannot be carried out by the departments. New administrative institutions have to be created to carry out new functions. Therefore public corporations are established for some special purposes.

Result of Industrialisation

In modern times industrialisation and urbanisation is rapidly taking place. Even in our own country we see that new industries are coming up in places around us and cities are growing at rapid speed. In such a situation it becomes necessary for the government to regulate the industries and business. Sometimes the state has to take up some of them directly into its own hands. This is done to provide good services to the people at reasonable prices. For such business and industrial activities the Public Corporations are established. Both for the development of industries and also for running the government industries the public corporations like Industrial Finance Corporation or Industries Development Corporation etc. are established.

To provide Basic Services to the People

In all the countries governments have to provide some basic services to the people at reasonable prices. One example is that of bus service. This basic transport service is taken up by the government for the benefit of the people. This function of running a transport system requires business skill, flexibility and quick decision making. For such functions public corporations are established. We have Road Transport Corporations in all the states like Maharashtra State Road Transport Corporation or Andhra Pradesh State Road Transport Corporation etc. We also have Electricity Supply Corporations in many states.

Due to Nationalisation

If some business or industry is not working in the public interest then, government takes over its ownership. This is Nationalisation. Nationalisation is considered as a step towards socialism. Our objective is to have a socialistic pattern of society. Insurance Business, Air Services etc. were nationalised by Prime Minister Jawaharlal Nehru and the Banks were nationalised by Mrs. Indira Gandhi. In order to run these nationalised industries or business Public Corporations like Life Insurance Corporation, Air India and Indian Airlines Corporation etc. have been established.

We have seen that modern governments have to undertake new, economic, commercial or industrial functions for the welfare and service of the common people. Many times industries are nationalised and run by the government. Government departments are not suitable for carrying out these new functions. Because these functions should be run like it is run by a businessman or an industrialist. It requires business skill, quick decision making, flexibility and autonomy. These things are not possible in a departmental system. Therefore public corporations are established. Corporations can run these functions better, because they have altogether a different structure from the departments. They have more freedom in decision making and more flexibility in the day-to-day working than the departments. Let us now try to understand the origin and salient features of the public corporations.

Origin of Public Corporations

A Public Corporation is normally established when government undertakes business industries or commerce. A public corporation is owned by the government. Its management is like a private corporation. Only difference is that a private corporation is owned by private shareholders whereas public corporations are owned by the government. In fact the idea of public corporation has been borrowed by the successful working of privately owned corporations only. In private corporations money is invested by shareholders and individuals but the management is done by a Board of Directors. This Board is elected by the shareholders and it is the responsibility of the Board to manage the corporation effectively, make day-to-day decisions and earn profit for the shareholders. It is ultimately responsible to the shareholders and it has to submit annual reports to them. But in the day-to-day administration of the corporation the Board has a lot of freedom. Shareholders do not interfere in the daily routine work of the Board. This is known as autonomy of the Board of Directors. In western countries the private corporations are very successful in doing the business. Therefore, this idea was taken up by the governments of western countries, when they wanted to undertake business type of functions. Public Corporations first came into existence in England and then they were established in other European countries. When government of India nationalised Life Insurance business, it established the Life Insurance Corporation. Similarly Indian Airlines Corporation, Food Corporation of India, Damodar Valley Corporation, Industrial Finance Corporation, Central Warehousing Corporation and a number of other Corporations were established. State governments have also established corporations for a number of activities like Road Transport, Industrial Development, Electricity Supply, Development of tribals and backward classes and backward regions etc. For example in Maharashtra, there are as many as 27 public corporations, they are established from time to time by the state government.

33.5.2 Features of Corporations

We have seen that today there are many public corporations established by central and state governments in our country. Let us try to understand the special features of the public corporations which make it so useful for business type of functions of the government.

Ownership of Government

Public Corporations are owned by the government, which invests money and establishes them for some specific purpose. Money invested in public corporation is public money. That is why they are called 'public corporations'.

Management by a Board

Each public corporation is managed by a Board of Directors. The Chairman and members of the Board are appointed by the government. The Board is responsible for the day-to-day management of the corporation. It makes the routine decisions and implements those decisions. It has autonomy in the day-to-day administration, but the broad policy directions are given by the government from time to time. Board has freedom within those broad policy directives. It has to submit annual reports, audited accounts etc. to the government. Board is thus responsible to the government and Parliament. We can say that indirectly the Management Board is responsible to the people because the money invested in the corporations is public money. But ordinary citizens or the government do not interfere in the day-to-day functioning of the public corporations. It is the responsibility of the Board of Directors only.

Established by Law

Public Corporations are established by law or statute passed by Parliament or Legislature. The purpose of the corporation, composition of the Board of Directors, their number, tenure, powers and responsibilities etc. are all laid down in the law. In order to make any change in them it is necessary to amend the law. Each corporation has a separate law and is governed strictly by the provisions of that law.

Has a 'Corporate Status'

Each Public Corporation has a 'corporate status'. It means, in the eyes of law, a corporation has a status like an individual. It can hold and dispose off property. It can

enter into contract with any other agency or person. It can sue (file a case against) anybody or can be sued by anybody. Although a public corporation is an administrative agency of the government but in the eyes of law it has an independent status like a citizen, This is called 'corporate status' of the public corporation. Because of this a corporation owns property in its own name and not in the name of the government. In courts, a case can be filed against the corporation and not against the government.

Created for Specific Purpose

Each public Corporation is established by a separate law for some specific purpose. It cannot do anything else. It is limited by the law. For example Life Insurance Corporation (L.I.C.) can take the insurance of the life of an individual but cannot undertake the insurance of property or vehicles etc. The L.I.C. Act itself prevents it from doing so.

Has Financial Autonomy

Autonomy means freedom in a limited sphere. A Public Corporation has autonomy in the financial matters. It can raise funds, invest them in the manner in which it wants, purchase and sell goods and property, make contracts etc. The strict government rules and regulations are not applicable to public corporations. In matters like expenditure, accounting, budgeting, audit etc. the public corporations have autonomy. Government laws and rules are normally not applicable to them. But broad policies of the government are binding on them in this matter.

Has Autonomy Regarding the Staff

Normally the servants of the public corporation are not civil servants. They are recruited by the corporation and not by the Public Service Commissions. Their pay scale and conditions of service are different from those of the government servants. They, however, have to follow certain broad policy guidelines (e.g. regarding 'reservation policy' etc.) issued by the Government. Otherwise public corporations enjoy freedom in the matter of personnel (staff).

Autonomy in day-to-day Management

We have seen earlier that the public corporations are managed by a Board of Directors. This Board has autonomy in day-to-day management. Government issues only some policy guidelines. It does not interfere in daily routine matters of management. This freedom of operation is very important for the successful working of the corporations. Rigid and unsuitable government regulations and control are not applicable to the public corporations in their day-to-day working. This freedom is necessary to run a business-type of activity.

Accountable to Government

It is true that public corporations have financial, personnel and managerial autonomy but at the same time they are responsible and accountable to the government. They have to work according to policy guidelines given by the government from time to time. They have to submit the annual report and other documents to the government. Board members are appointed by the government and they can also be removed by the government. Also in some matters, approval of government is necessary. Thus we can say that public corporations are accountable to the government.

Responsible to Parliament/Legislature

Public Corporations are created by law. They have to work according to the provisions of the law. There are discussions on the working of these corporations in the **Parliament**. Members of Parliament may ask questions about them and the concerned minister has to give answers to them. Annual reports of the corporations are submitted to the Parliament. Parliamentary Committee on Public Undertakings can enquire about the working of the public corporations. We can thus say that public corporations are responsible to **Parliament/Legislature** also.

In conclusion we can say that the idea of public corporation is borrowed from private business corporations. The only difference is that in private corporations the money is invested by the shareholders but in public corporations money is invested by the government. Government is the owner of public corporations. Its management is not carried out by a minister or politician. For this purpose, an independent Board of Directors

is appointed. This board has a Chairman, Managing Director and other full-time and part-time members, who have expert knowledge and experience in that particular field. The board is non-political in character. The powers, functions and responsibilities of the corporation are laid down in law. Corporations work strictly according to the provisions of the law. They have financial, personnel and day-to-day managerial autonomy. At the same time they are responsible and accountable to the government and Parliament. In the words of American President Franklin D. Roosevelt, "Public Corporation is clothed with the power of government but possessed by the flexibility and initiative of a private enterprise". Thus in the public corporation there is a combination of business flexibility and public responsibility. This is the best form to adopt when government wants to enter into the field of business.

Some Problems of Public Corporations

Public Corporation is the best agency when Government wants to do business because, it has freedom in financial, personnel and operational spheres, it has business flexibility and efficiency and it is free from direct political control and interference. At the same time it has limitations imposed by the law and policy guidelines of the government.

These limitations are:

- i) In the working of the organisations it becomes difficult to draw a clear line between the general policy and day-to-day policies. As a result there is too much governmental interference in the day-to-day matters of corporations. This leads to conflict between the government and the public corporations.
- ii) Another problem is how to have a balance between autonomy and responsibility. If too much freedom is given to corporations, then they can get out of control. If there is too much control, they cannot function effectively. Thus a balance between freedom and control is necessary.
- iii) Public Corporations are useful only for the functions like business, banking, transport, credit, financing etc. But it is not useful for traditional governmental functions of defence, law and order, justice etc., for these only departments are useful.
- iv) There are no well knit schemes of incentives and disincentives in public corporations, so managerial motivation is very weak, this adversely effects the work in corporations.

33.5.3 Distinction between Departments and Corporations

So far in this unit we have studied government departments and public corporations. Let us now make a distinction between the departments and corporations. Both of them are line agencies of the government but they are different in many ways.

DEPARTMENTS

- 1. Department is headed by a Minister, who is a politician. He is assisted by one or more Deputy Ministers.
- 2. In a department both policies and day-to-day administration is the responsibility of the Minister.
- 3. Departments have strict financial control over them.
- 4. Departmental staff is recruited by Public Service Commission and governed by strict rules, regulations of the government.
- 5. In the department system, usually routine procedures of administration are followed. There is no scope for experimentation and there is no flexibility.
- 6. Departments are large, traditional organisations useful for routine government functions.

CORPORATIONS

- 1. A Corporation is headed by a Board of Directors, who are experts in their fields.
- 2. In a Corporation general policies are determined by the Government and routine day-to-day matters are decided by the Board of Directors.
- 3. Corporations have financial autonomy.
- 4. Corporations have autonomy in the personnel matters and have their own rules and regulations regarding the staff matters.
- 5. In corporation system there is scope for experimentation and there is flexibility in making decisions.
- 6. Corporations are useful for new economic and commercial functions of the government.

7. There is direct political control over the departments through the Minister.

7. There is no political control and less political interference in public corporations.

Thus we have seen some of the differences between **government** departments and **public corporations**. Both of them are the line agencies of the government. It is true that most of the major functions of the government are carried out by the departments and only those functions which require business skills, commercial efficiency and freedom from political interference are entrusted to public corporations. But in modern times the number of public corporations is rapidly increasing.

Check Your Progress 2

Note : i) Use the space below for your answers.

ii) Check your answer with those given at the end of the unit.

1 What factors led to the establishment of corporations?

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2 What are the salient features of corporations?

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3 What factors distinguish corporations from departments?

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33.6 LET US SUM UP

Formal organisations are divided into line and staff agencies. In this unit you examined the definitions and features of line agencies, features of government departments and the bases of their formation. You have also studied the need and significance of corporations, their features and the distinction between departments and corporations. In the next unit you will study about staff agencies.

33.7 KEY WORDS

Audit : It means to ensure that in the process of spending government funds, all rules and regulations which govern expenditure are adhered to. To see that expenditure has been incurred by the authority which is empowered to incur it.

Autonomy : Management of a Public Undertaking having full charge and authority to run the enterprise on sound business practices and commercial principles, to take decisions independently without any interference by the government.

Independent Regulatory Commission (I.R.C.) : The I.R.C. is a peculiarly American variety of administrative unit born of the special constitutional set-up of the U.S.A. These are completely independent of the chief executive, that is, the President, they perform administrative, quasi-judicial and quasi-legislative functions e.g. Inter State Commerce Commission, Federal Trade Commission etc.

33.8 SOME USEFUL BOOKS

Avasthi, A. and Maheshwari, S.R., 1984. *Public Administration*; Laxmi Narain Agarwal: Agra.

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Pfiffner, J.M., and Sherwood, F., 1968. *Administrative Organisation*; Oxford IBH. Publishing Company : New Delhi.

33.9 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

Check Your Progress 1

- 1 See Sec. 33.1
- 2 See Sec. 33.2
- 3 See Sec. 33.3
- 4 (iii)

Check Your Progress 2

- 1 See Sub-Sec. 33.5.1
- 2 See Sub-Sec. 33.5.2
- 3 See Sub-Sec. 33.5.3