



ROLE OF CPSEs IN POST INDEPENDENTS ERA WITH REFERENCE TO NATIONALISM

Abstract

After independence that the democratic set up rule in the hands of Indians saw the need of the process of development. Planning on the basis of socialistic pattern was adopted for development. It was felt that establishment basic industries were essential and was the key for this process. Public sectors have had to enter to take up the responsibility to form the foundation for making the planning process a success so that private sector would also have the initiative to advance. Thus the key industries pertaining to oil, steel, mining heavy engineering, electronics, cement, paper, chemicals, pharmaceuticals. The investment in such industries is very high and have a very long period and the returns or low. They have to exist for initiative for benefit of society and some enterprises to keep the society's tempo so as to create entrepreneurs. It was 1948 when first industrial policy was resolute and pointed out the role of public sector. It was "to achieve greater production and proper distribution" of wealth. This was reiterated in the 1956 industrial policy resolution. The Resolution made it clear that the public sector was to develop (i) basic industries, (ii) strategically important industries, (iii) industrial infrastructure and (iv) public utility services.

Key Words: *Performance, Productivity, Ratio Index, Trend, Entrepreneurs, Corporate social Responsibility.*

1. Introduction

State participation industry has become foremost economic feature in many countries, particularly leaning towards socialistic pattern of adopting planning as a system for economic development. It was after the First World War that the ruins of the Second World War and a bite from the 1929 global depression made it a characteristic of the modern nation-state.

The history suggests that its emergence, in the sixteenth and seventeenth centuries, was in response to new geographical discoveries and as a result commercial opportunities made the European to fight the battles for gains. This gave a rise to a new entity, i.e. nation state that had to defend itself against other entities. Therefore it strengthened itself militarily created a sense of nationalism and made its identity with a permanent structure of administration. The later effort created the modern bureaucracy that gave organizational continuity and stability to the modern nation state. Even though monarchy had been ending in many states and nations, the existence of bureaucracy had its own place in administration and was never questioned. Measures were also undertaken to reform, strengthen the bureaucracy to suit the new system.

Accordingly to Max Weber¹, a bureaucratic organization is characterized by its technical efficiency. Elliot Jaques recommended suitable structuring of bureaucratic set up.

2. The Role of Public Sector in Developing Countries

In many countries the public sector is the progeny of pre-independence foreign owned industries and the colonial infrastructural network. There are historical examples of it. The philosophy of public intervention and the character of organization of public sector enterprises have also to a great extent been the supplied theory and adaptations of organizational practices from the west. With a commanding private sector and a dominant trading and manufacturing classes in the mother countries, the colonial powers planted a particular type of public intervention philosophy and given a certain role to the public sector. Most of the third world countries have also come to inherit the patterns of organization, be it departmental type or public corporations as evolved in colonial

¹ Gerth H H and Mills Wright (1948) (eds.) From Max Weber: Essays in Sociology (London), Elliot Jaques (1976) A General Theory of Bureaucracy (London) p.19

period and subsequently, as advised by bands of foreign advisers. With this kind of beginning and steeped in remarking post independence problems and upheavals, several newly independent countries have come to develop hesitant policy approaches towards the public sector and its organization. The imprint of the givens and subsequently, the received elements was clear enough. It is therefore, that some rudimentary network of public sector, as for instance, water transportation is commonly known to all third world countries. The nationalization of foreign owned industries and estates, the creation of public financing institutions, the state entry into critical sectors of the economy in the third world are in fact, extended liberation movements in order to gain the essential minimum economic autonomy from external (foreign capital to ownership) and internal vested interests. In this sense, it is more particularly a non-ideological proposition for nations in the early stages of development. The question of which particular activities, from railways, aircraft industry, electricity, steel, petroleum, fertilizers, coal, chemicals down to hotels, opera houses, and bookshops, leading towards the road of development.

It is well known that the expansion of public sector enterprise is a complex cause for most countries, irrespective socio-politico or ideology preferences of one types or the other, expansion has become a functional necessity. In the context of many changes in the concept of state, it shall be more consistent if public enterprises as a whole are taken up as a regular branch of state system. In this case, two issues may arise, one reconciliation of public interest and social objectives with commercial objectives or profit making public enterprises and the western view considering public enterprise as the last resort.

For countries like India the public sector is a value as much as it is necessity. In fact if they are necessary instruments for the achievement of a truly moral living where life is bit sturdy, harsh and short nor men are not mere spectators, the need for large scale public units is not only important necessary but essential for progress of the society and national economy as a whole. Such countries internal disparities of haves and have-nots where rich are minority in number and poor in majority. Thus the privacy of objectives or goals that the government for economic attainment growth of public sector is not only the need for masses alone it is the political set up to survive would be difficult for without public sector enterprises. Public enterprises have become a common economic feature of modern economic system and play a vital role in the developing countries of the world. State intervention in economic or business activities is now regarded to be an inescapable part of the obligation of present day governments overcome disparities, to safeguard the masses for their interest and welfare and to plan for the progress and prosperity for the vital needs of the country. The future of the developing nation and to reach the expectations of the people and reduction in poverty and increasing the standard of living standard, today depends upon role of the public sector assigned to them by the respective government.

Today public sector has become a universal and exist in all the countries whether capitalist developed or underdeveloped. In the developing countries a large number of public sector enterprises have come under the government wings viz ownership, control due to socio-political, economic pressures. They have come up mainly for industrializing the economy in the developing countries.

3. Public Sector and Autonomy in Developing Countries

A relatively developed Asian country with a good industrial, scientific and technological base and a more mature political system takes a big leap into the public policy declaration to the effect that the role of the public sector is to assist and facilitate the private sector development. In the light of such fleeting conditions and equally variant public policy approaches any attempt to make generalizations is likely to be highly hazardous. A feeble effort is nevertheless made to identify the kind of nomothetic elements which might help us in our understanding.

Hence by this time, clear that there is a big public sector leap in most Third World Countries. Public sector is expanding rapidly, irrespective of the quality of performance and who really is benefitted by them can be known by respective citizens.

There is almost common yearning in the Third World countries for the promotion of economic and social justice and existence of the conditions of the poor majorities. In fact, they are the necessary instruments for the achievement of a truly moral living where life is neither 'nasty, brutish and short' nor humans are mere noble savages. Indeed there is no way of dissociating value directions in the march of civilization from considerations such as place and role of public sector in society, more particularly, for the Third World specifically country like India.

The precedence of social objectives over profit making as such will be inescapable for a long time to come. It is a common place experience that most public enterprises in most developing countries are either losing propositions or showing profitless balance sheets. At the same time, profit without jeopardizing public interest and with an explicit recognition of primary social objectives is unquestionable. But profits for organizational aggrandizement at the cost of contribution to public good is equally a worthless proposition.

4. Growth and Performance of Public Enterprises in India

After independence and the advent of planning, expansion in the scope of the public sector has been progressive. The socialistic pattern set up as a goal, further enlarged the scope of public sector. Capital was scarce, labour abundant, technical knowhow was meager, financial institution at minor stage and status were few. Government was compelled to make a choice for mixed economy leading increased number of public sector undertakings to achieve the goal of rapid industrialization and accelerate economic growth at a faster rate and with social justice.

As a result, public enterprises have emerged as an important propeller of activity and growth leader not only in the field of production and manufacturing industries, but also in trade, commerce as also transport and energy infrastructure. The trend that it followed deserve appreciation. It is not the multifold growth that it has lend to the economy but more important is the composition of industries over which the public sector has proliferated. They have flourished in the core sector, laying the foundation having influence over the national industrial scenario.

4.1 Investment in Public Sector Enterprises

Accepting planning as the process of development, it was necessary and important that core industries which would be useful for creating infrastructure for economic and social progress should be under the ownership and control of the central government. The need for basic industries like steel, coal, electricity, cement, chemical, fertilizers, oil and gas industry, heavy engineering and the industry that needed heavy investments and had a longer lag period with least or no profits have had to be started by the public sector.

With the mission of organized employed and increasing the standard of living investment in central public sector enterprise was made to help the process of development. Though profit is the sign of better performance and efficiency of a manufacturing unit to override the private monopolistic companies, it was the public sector to take care of the economy for higher welfare of the people. Thus it was necessary for such enterprises to make profits, which in turn may be useful for further investments for the planned targets.

Table 1 Investment in Public Sector Enterprises as on 31st March (Rs. In crores)

Year	Operating Enterprises	Total investment in Rs
1951	5	29
1961	47	950
1980	179	18150
1990	244	99330
2000	232	302947
2001	242	349209
2007	217	661338
2008	220	723719
2009	215	793026

Source: Government of India, Public Enterprises Survey, 2011-12

Table 1 shows investment in central government enterprises (CPE). In 1951 there were five CPSEs established by the centre with total investment of Rs.29 crores which rose to Rs.349290 crore. In the year 2009 there were 215 enterprises with the investment of Rs.793096 crores. Private sector had a better share after 1990-91 when the government of India lessened the regulations over the private sector and the economy in economic terms was liberalized i.e. from license raj to open market operations, privatization and expansion, provided the opportunity to the private sector to expand its operation through investment whereby private industrialists in this period have flourished. Information technology internet and knowledge has played an important role in it.

4.2 Public Sector fixed capital formation

Higher the needs higher are the demand. More is the demand higher shall be the production. More is the demand and production both for public goods with price and even public good with no price investments shall increase year after year. More shall be the returns in terms of capital formation as a share in GDP. Same has been the case of public sector. In 1950-51 as seen for capital formation was Rs.259 crores with 2.6 share in GDP in 1981 it rose to Rs.12920 crores at 1999-2000 prices. In 1990-91 it was 34899 crores with 9.6% share in GDP. It was 8.5% of GDP with Rs.486698 (2004-05 prices) and in 2010-11 and 2011-12 with Rs.606245, 7.8% GDP and 7.4% to GDP with capital formation of Rs.662698 crores

Table 2 Public Sector Fixed Capital Formation (at current prices)

Year	Value in Rs. Crores) (1999-200 prices)	Percentage of GDP
1950-51	259	2.6
1960-61	1172	6.7
1970-71	2690	5.8
1980-81	12920	8.9
1990-91	32899	9.6
2000-01	135699	6.5
	(2004-05 Prices)	
2004-05	224108	6.9
2008-09	480698	8.5
2009-10	543883	8.4
2010-11	606245	7.8
2011-12	662698	7.4

Source: CSO National Accounts Statistics (2009 and Economic Survey 2012-13)

4.3 Public Sector and the Gross Domestic Product (GDP)

On the other side from 2001 onwards the change in industrial policy and further decrease in regulation and structural change in tax policy, allotment of imports for business and in certain productivity cases, government sanction was also overridden – specifically for the industry providing the country to export its produced goods. Thus employees in service sector, transport, construction (though have the global effect on real estate) growth, retailing and wholesale even in electricity, mining and quarrying and agriculture in particular – private sector appears to have fared well in the millennium decade. In doing so i.e. increased in the organized employment share, in which private sector doing well, brought a relief to the public sector and the government in particular, as even in the days of depression looking global economic situation both the sectors the public sector as well as the private sector is doing well. It is in the interest of the business men too that public sector plays its role well – it would create strategically impasse in the international market and the openness of market shall provide both investment in terms of foreign direct investment (FDI) which would function as equity for the corporates – foreigners particularly the NRIs showing trust in the business and commerce of the Indian entrepreneurs. The other form of foreign i.e. foreign institutional investments is generally a short term investment made to make profits, by taking the advantage of the market. India after China is the most beneficiary hub country, getting the advantage of FDI and FII. BSE share market is the proof, which shows the saturation strength of various commodities product. Second aspect, for financial trust is the FOREX reserve with the RBI which was Rs.1581000 crores (\$295.29 bn) dollars as on 26 October 2012. This shows how and to what extent sector-wise

growth could shape as is noticed today by the growth of public sector as well as private sector growth rate is the envy even to the western world. GDP growth rate is second to China's growth rate and the time is not far when India would rule the toast in development with the existing skilled and semi-skilled workers, along with the technological changes that are taking place shall put the Indian economy as a leader of democratic values and policies.

Table 3 Share of Public Sector in GDP (at current Prices)

1	Gross Domestic Product	1999-00	2000-01	2009-10
2	A. Administrative Depts	23.6	23.2	21.2
	B. Departmental units	8.7	10.1	9.5
	C. Non-Dept. Units	11.9	9.9	8.4
	D. Autonomous units	-	-	0.8

Source: CSO, National Accounts Statistics 2011 Note: 2009-10 Autonomous Units separately given

Table 3 points out at the share of public sector in GDP. In 1999-00 share of administrative departments had been to the extent of 23.6% in 1999-00, it was 23.2% in 2000-01 and 21.2% in 2009-10. Similarly departmental units share in GDP in the same period was 8.7%, 10.1% and 9.5% respectively and non-departmental units share in GDP was 11.9%, 9.9% and 8.4% respectively autonomous units share was 0.8 in 2009-10 only.

4.4 Organized Employment at Different Stages of Government

There are mainly three segments that provide organized employment is the public sector. The state is a better beneficiary in providing employment at organized level. But compared to central organized sector's units they are small in nature but are very useful for the economy.

Table 4 Stage-wise Employment in organized Sector Industry

End March Employment	Public Sector				Private sector	Grand Total
	Centre	State	Quasi	Total		
1981	3.2	5.7	4.6	15.5	7.4	22.9
1999	3.4	7.1	6.2	19.1	7.7	26.7
2001	3.3	7.4	6.2	19.1	8.7	27.8
2005	2.9	7.2	5.8	18.0	8.5	26.5
2010	2.6	7.4	5.9	17.9	10.8	28.7

Table 4 shows the organized employment trend – stage-wise. Centre state and quasi governments. The stage-wise organized sector industries are found in municipalities and village panchayats, nagar panchayats, etc. Centre provide jobs to 32 lakhs, states 57 lakhs and quasi governments out of the total of 15.5 million persons in jobs under public sector. Private sector provided jobs to 74 lakhs making the final total 22.9 million persons in job. Marginal total jobs range between 26.5 in 2005 million jobs to 28.7 million jobs in 2010 and in 1991 and 2001 the figures show total jobs provided by both the sectors account for 26.7 million and 27.8 million respectively.

In 2001 centre provided 3.3 million people jobs, states, 74 lakhs jobs, quasi governments 62 lakhs totaling it to 19.1 million jobs were provided by the public sector whereas in 2007 private sector provided 8.7 million jobs out of the grand total employees of 27.8 million persons. Again from the total of public sector as job provider, the number had been decreasing in 2001 and thereafter i.e. from 19.1 million in 1001 to 18.0 in 2005 and in 2010 to 17.9 million. On the other hand private sector shows the increasing trend in provision of jobs from 7.4 million in 1981 and 1991 to 8.7 million in 2001 to 10.8 million in 2010.

All this may be due to the total workforce of 65% between the age group of 15 to 40 years who can do jobs. Out of this 65 population of young person education level too is above 85% i.e. by 2011 the education among the youth 15 to 40 years is 85% plus.

4.5 Growth of Central Government Enterprises

Any business or manufacturing company's financial position of productivity trade or commerce can be known from the financial statement/balance sheet. In the case of central government large enterprises it becomes the accountability of such CPEs to inform the stakeholders

including, management, government, shareholders, employees and other financial institutions or investors and above all the society as a whole, for whom the social responsibility known as the corporate social responsibility falls on the large CPEs. For such core industries functioning is discussed below.

Table 5 depicts growth of central government enterprises for the period 1980-81 to 2010-11. In 1980-81 there were 163 units functioning in which the capital employed was Rs.18207 crores having the turnover of Rs.28635 crores. These companies paid interest of Rs.1399 crores. The profit after tax was Rs.-203 crores. Profit after tax to turn over percentage was 5.0% while PAT to capital employed was 7.8%.

In the year 1990-91 and 1999-00 there were 236 and 232 CPEs respectively and their turnover was Rs.102084 crores and Rs.302947 crores respectively. The turnover in the same period was Rs.11867 crores and Rs.389199 crores. Profit after tax to turnover percentage-wise for the stated period was 9.4% and 3.7% and percentage against PAT to capital for these years it was 10.9% and 4.7% respectively. The interest that these companies had to pay was Rs.7601 crores and Rs.20233 crores respectively, while profit after tax was Rs.2278 crores and Rs.14331 crores respectively in the said period.

After 2000 i.e. in the new millennium CPEs have shown their status both financial, social along with its responsibility towards government and sectors accountability as a whole to the nation and society in general. In 2001-02 to 2010-11 these enterprises number was 217, 214, 213, 217 and 220 respectively. Capital employed in the stated years was in the tune of Rs.6.61 lakhs crores PAT was 7.8% in 2006-07. Rs.7.24 lakh crores PAT at 80% in 2007-08, Rs.7.92 lakh crores in 2008-09, Rs.9.48 lakh crores in 2009-10 and Rs.9.49 lakh crores respectively. The turnover was better and impressive for the period shown above. Turnover and was Rs.9.65 lakh crores in 2006-07, Rs.10.94 lakh crores PAT at 7.3% in 2007-08, Rs.12.72 lakh crores PAT at 4.5% in 2008-09, Rs.12.45 lakh crores OAT 6.7% in 2009-10 and Rs.14.63 lakh crores PAT at 5.9% in 2010-11.

Table 5 Growth of Central Government Enterprises*

	1980-81	1990-91	1999-00	2006-07	2007-08	2008-09	2009-10	2010-11
Functioning Enterprises	163	236	232	217	214	213	217	220
Capital employed	18207	102084	302941	661338	723719	792032	908007	949499
Turnover	28635	118676	389199	964890	1094484	1271529	1244805	1473319
PBIT**	1418	11102	42270	139008	52687	142395	160017	170625
Less interest	1399	7601	20233	27481	32200	39300	36060	38998
Profit before tax	19	3501	22039	111527	120489	103095	123957	131627
Profit after tax	-203	22786	14331	77175	79748	69267	83939	86324
PA to TO (%)	5.0	9.4	3.7	8.0	7.3	5.4	6.7	5.9
PAT to capital	-	-	-	-	-	-	-	-
Employed (%)	7.8	10.9	4.7	11.7	11.0	8.7	9.2	9.1

*excluded banks, insurance companies and financial institutions ** profit before tax

Source: Prepared by researcher from different CPSEs publication of various years

Interestingly profit after tax for the period 2006-07 to 2010-11 had been in the form of Rs.77175 crores in 2006-07, Rs.79748 crores in 2007-08, Rs.69207 crores in 2008-09, Rs.83939 crores in 2009-10 and Rs.86324 crores in 2010-11. So far payment towards interest in the same period was Rs.27481 crores in 2006-07, Rs.32200 crores in 2007-08, Rs.39300 crores in 2008-09, Rs.36060 crores in 2009-10 and Rs.38998 crores in 2010-11. Figures in terms of profits before tax show that public sector in no way is behind the private sector, so far their operating aspects of the companies are concerned. It is the will and thrust that is needed among the employees, management of the companies and trusted politicians is the need of the hour that such enterprises can function effectively – if higher autonomy is provided to these enterprises.

4.6 Public Sector's Share in Total Industrial Production

Industries produce not only consumers' utility product, they produce items that are used both for consumers product and to run machinery and other productions, there are multiple use products mainly used in industrial production. Such items are used as inputs and for the country like it industrial production is not only necessary or important but essential products to keep the industrial sectors on continuous wheels. Both infrastructure like railways, transportation civil aviation, textile mills, big corporates companies, electricity units depend on such facilitating products.

Table 6 Public Sector's Share in Total Industrial Production

	Public sector production			% of National Production		
	2008-09	2010-11	1998-99	2008-09	2010-11	1998-99
Coal (Mn tonnes)	380.9	432.7	266.7	83.3	81.3	87.6
1. Petroleum Products						
Crude oil (Mn tonnes)	28.8	27.9	29.7	84.5	74.0	90.8
Natural gas (BCM)	24.7	25.5	24.5	76.2	48.7	89.4
Refineries output (Mn tonnes)	112.2	115.1	68.5	71.9	58.6	100.0
2. Power Generation						
Thermal (GWH)	245961	273775	135423	440	412	38.3
Hydro	43359	46049	25339	35.1	40.3	30.6
Nuclear	14713	26266	12015	100.0	100.0	100.0
3. Fertilizers						
Nitrogenous (Mn tonnes)	28.9	31.7	31.8	26.5	26.1	31.5
Phosphate (Mn tonnes)	1.6	2.3	7.3	4.2	5.3	24.4

*Central Public Sector Enterprise (Includes cooking and non-cooking coal)

Table 6 depicts public sector's share in industrial production for the year 1998-99, 2008-09 and 2010-11. Coal production in 1998-99 was 260.7 mn tonnes the production in 2008-09 was 380.9 mn tonnes and 432.7 tonnes in 2010-11. This shows that in 2008-09 compared to 2004-05 coal production it increased to 146% and in 2010-11 it rose to 165.98% which shows that in a decade period mine exploitation from coal mine was 50% or more. This was also the majority share by the public sector percentage wise of national production of coal i.e. 87.6% in 1998-99, 83.3% in 2008-09 and 81.2% in 2010-11. Crude oil's share was also in majority terms in the said period accounting for 90.8% in 1998-99, 84.5% in 2008-09 and 74% in 2010-11. The decrease in the crude oil can be mainly said to be is the private sector share viz. Reliance and Adani group both in crude oil and gas. Their entry in the sphere of public sector production have raised the eyebrow of many private sector/ government bowing to the corporate wishes for prices, quantity and share of private sector to the government.

Natural gas production was 24.5 BCM in 1998-99 and 25.5 BCH in 2010-11 percentage wise public sector's production share in natural gas had been 89.4% in 1998-99, 76.2% in 2008-09 and 48.7% in 2010-11. It appears the Krishna Godhavari gas exploration by Reliance and Adanis, Jamnagars (private sectors) capacity utilization from the shore is overtaking the public sector is taking the lead over public sectors' production. Though it is a matter of happiness, that private sector

is taking the lead over public sector Kayali, Bombayhigh products in refinery products of 68.5 mn tonnes in 1998-99 and 115.1 mn tonnes in 2010-11 and public sector share in refinery output shows 100.0 in 1998-99 this sector have been made open end in 2008-09 the share of private sector had been 28.1% against 71.9% share of the public sector and in 2010-11 public sector share in refinery output have further gone down to 58.6%. Though from layman view point it is a matter of dismay but for a student of commerce or commercial person would appreciate the situation.

Focusing on power generation figures: thermal, hydro and nuclear power generation in 1998-99, 2008-09 and 2010-11 it was 1.35 lakh GWH, 2.46 lakh GWH and 2.74 GWH. Its share percentage-wise of national production to 38.3% in 1998-99, 40.0% in 2008-09 and 41.2% in 2010-11. Again it is the entry of big corporates that have caused the effect. Hydro and Nuclear power generation percentage in national production had been 30.6%, 35.1% and 40.3% respectively whereas nuclear power generation in all the years had been cent percent by PSEs.

4.7 Investment and Employment in Central Public Enterprises

For accelerating the growth rate, and overall development of the economy, India has accepted the socialistic pattern planning process to keep up the pace to achieve the goals of the planning. Thus this would create organized employment for which heavy investment is needed.

Table 7 Investments and Employment in Central Public Enterprises in Gross Block (on 31-3-2012)

Sr. No.	Sector	Investment (gross block)	Real investment %share in total	Employment in lakhs
1	Agriculture etc.	869	0.06	4.77
2	Mining & Quarrying	323120	23.52	10.90
3	Manufacturing	388895	28.31	10.16
4	Electricity	351936	25.62	8.21
5	Services	295837	21.54	1.70
6	Community social & personal	-	-	90.95
7	Enterprise	12867	0.94	22.84
8	Finance and real estate	-	-	13.61
9	Construction	-	-	8.47
	Total	1373526	100.00	172.71

Table 7 focuses on investments and employment in central public enterprises as on 31 March 2012 sector-wise.

In agriculture (gross block) investment was to the extent of Rs.869 crores making its share 0.6 in the total amount of Rs.13.74 lakh crores and 4.77 workers were employed in this sector.

Mining and quarrying accommodated 10.90 lakh workers and investment in this sector was Rs.3.23 lakh crores. Manufacturing and electricity were the better beneficiary sectors with the investment of Rs.3.89 crores in manufacturing and Rd.3.52 lakh crore in electricity followed by service sectors investment was Rs.295 crores and enterprises cornered by communication, social and personal services – investment was Rs.12867 crores.

Interestingly 10-16 lakh employees were accommodated by manufacturing 8.21 lakh persons by electricity sector. 1.70 lakh by services. 90.95 lakhs by communications, social and personal services 23.84 lakh were accommodated by construction 8.47 lakh, 13.61 by finance and real estate making the total employment to the extent of 172.71 lakh workers. The investment pertaining to different sectors comes to the extent of Rs.13.74 lakh crores as on 31-3-2012.

5. Suggestions and Policy Implications

5.1 Suggestions

- 1) Public sector enterprises should operate on private sector scale, ways and should be managed to gain the upper hand of the given objectives and evaluating the performance from time to time.
- 2) Competition among internal (domestic) public sector units and other commercial viability cum

private sector corporates the performance should be based on functional autonomy and harmony as well as relationship with the ruling party government. Reduction among disparities through reduction in costs and compensating the labour for their work in the process of manufacturing.

- 3) Reduction of wastage, losses if at all they occur, due to efficiency of labour, faulty decisions of management let the wearer know to whom and where the shoe pinches the cure shall automatically follow. Productivity through cost structure utilization of apparatus as machineries and other resources liquidity and usage of loans and other liabilities should be followed strictly.
- 4) Targets fixed should be achieved; bureaucratic conditions should be motivated for both achievement, productivity, reducing the inequalities and creating an environment of self-respect, creating a tendency of oneness avoiding criticism.
- 5) Labour representation participation in administration and a seat or two in the management member representation fixing of certain responsibility on workers, fixing targets and achieving them and in this process hailing their work by award and or appreciation at intervals.
- 6) Providing the training, specifically when advance technology is a part in use in the respective undertakings. Giving promotion to the deservers and linking the achievement of higher targets with extra payments, appreciation by the management at the time of meetings, get together attendees, provision of higher level of facilities as cozy living, free kids education, free health services, transportation, entertainment, etc.

5.2 Policy Implications

The solidarity with the society public sector corporate have to play an important role towards social responsibility. This would provide the lead to the public companies to support the society through various schemes and projects. If the society that is to demand products, the public sectors predominant position, price policing becomes an important aspect to meet the populous desire of fair reasonable prices, thereby directly supporting the government along with uplifting the welfare of the masses.

Government policies that are well understood to support and properly implemented productivity increase is not reducing cost or exploiting the labour. It is how best resources are being used for continued efficiency and effectiveness whereas capabilities and flexibility increases ability to produce. Incentives should help to focus on competition and through regulation that would remove distortions or effects on business of maximizing effectiveness. Flexibility should improve the market operations. This can be made possible by reforms in taxation, removing licence raj, approval and sanctions should be under a single roof. Structural changes are noticed, when we talk about increase in productivity labour and capital movement among different industries and activities. Services sector is the propeller of economic growth and so far India is concerned, it is not behind as the share of service sector in production and employment accounting for the highest value added or highest share in India's GDP, providing employment to more than 4.5 crore. Thus productivity increase in such service industries, hence going in this aspect and knowing them well shall increase the policy decisions quality.

6. Conclusion

High productivity has always been the expectation of the government. This would lead to higher incomes of the citizens connected with such units taking the society toward higher living standard. Complementary policies are the root supporting productivity. Though productivity appears to be a simple concept but it is difficult to measure, not only that the measurement is due to which causes is hard to know. Still it is the government policies that provide a better environment through better infrastructure and policies pursuing the support to productivity growth. Information technology a fast and far reaching programs, regular evaluation of the performance and accountability both in terms of keeping regular transparent accountancy as well whose responsibility, accountability have made it possible to achieve the goals both effectively and efficiently. The existing market structure as well as the environment created by the reforms in financial field, there is a need further to look in social aspects through strategic decision in maintaining the pro market openers' conditions. In doing so it would provide the private sector an extra impetus in sharing the burden of the governments' public sector responsibilities. This would create a pro public and country environment,

leading to better trade and professional opportunities. Today India with population below 35 years age 60% plus population is building stronger India of the future, the need for higher productivity in all fields of production is not only important but essential for stable and sustainable growth model economy.

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