PUBLIC SECTOR IN INDIAN ECONOMY

BY

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It is not true to say that the participation of state in the production of goods and services is a very recent, in fact a postindependence, phenomenon in India. However before independence the state sector was confined only to public utilities and ordnance factories. It owned one of the largest railway networks in the world and produced arms and ammunition.

It is only after independence that the role of the public sector underwent a qualitative change. It entered the field of material production in a big way and with the passage of time its activities became diversified.

At present the public sector includes in its fold not only public utilities and both capital and consumer goods industries, but also financial institutions, trading companies and agricultural farms. It has started playing a decisive role in the economic life of the country.

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The extension of the scope of the public sector in India in the postindependence era has been the outcome of a number of considerations.

In the first place it was realised that without active state participation in the sphere of economic production the country could not develop economically at a faster rate and in the desired direction to achieve certain socioeconomic goals.

During the two hundred years of the British rule the development of Indian economy was distorted to suit the British imperialists. Consequently on the eve of independence it was colonial in character. It was by no means independent. Agriculture was the mainstay of the people and it contributed nearly half of the national product. Only one-sixth (17.1 per cent) of the national product originated in mines, manufacturing industries and small enterprises. Almost 70 per cent of the working force was engaged in agriculture while the secondary sector provided work to only 9.6 per cent.

Whatever has been said above does not mean that agricultural sector was very advanced. Far from it. It was technologically primitive and productivity was at an extremely low level. Agricultural production was almost stagnant. Actually between 1931 and 1947 it marginally declined. Notwithstanding the development of commodity production and monetisation of the economy, the agrarian sector had not come out of feudal and semifeudal relations of production. Such a situation acted as a brake on the development of productive forces in the agricultural sector. It brought about a continuous fall in the purchasing power of the rural population and seriously limited the home market.

The industrial sector was dominated by lower forms of production. It is evident from the fact that industrial activities other than organised mining and manufacturing industries accounted for about 59 per cent of the national product produced by all industries. In the sphere of manufacturing industries, consumer goods production was dominant and even among them enterprises processing agricultural raw materials like textiles, both cotton and jute, and sugar were prominent. The various light industries contributed 78 per cent of the output of the manufacturing sector. If the department II industries are taken separately, one finds that textiles accounted for 46.2 per cent and the food industry for 39.7 per cent of the gross value of output of this department.

The industries of department II were geared to meet only the prime necessities of the people. The production of other types of consumer goods was restricted by limited demand in the home market.

So far as the department I was concerned, its contribution to the gross output of the industrial sector was only 22 per cent. But there also most of the enterprises were geared mainly to meet the demands of transport and civil engineering. Consequently most of the industries in both the departments depended on imports for their machines, spare parts and other things.

On the eve of independence the toal production of steel was only around 10 lakh tonnes and that of pig iron only around 15 lakh tonnes. Heavy machines, machine-tools, aluminium, power transformers, electric motors and heavy chemicals were produced in very negligible quantities. The output of petroleum products was only 2 lakh tonnes.

Thus the industrial sector in India was not only lopsided but technically very backward. It was dependent on imported technology and knowhow which cost the country heavily. It is clear that the industrial sector of Indian economy was based on a very shaky foundation.

Another feature of Indian economy on the eve of the independence was its domination by British capital. It held strategic positions in the mills and factories, besides the mining industry. The dominance of foreign capital was to a great extent responsible for the lopsided development of Indian economy and the imbalance between the departments I and II. Foreign capital and the British government were positively against the development of an independent Indian economy. They did not like India developing those industries which would drive their own products from the Indian market. The high profitability of marketing here capital goods produced in Britain discouraged them from organising their production in India.

Thus on the eve of independence the need of the hour was to build a strong independent economy with a powerful industrial sector to strengthen the political freedom of the country and make it meaningful for the vast masses of the people by providing them opportunities for employment and income. Moreover both the production and distribution of the material wealth were to satisfy the aspirations of the common people. This was stressed by the democratic movement in the country, more emphatically by the Communist Party of India.

At that time there was unanimity on the question of the public sector playing a leading and dynamic role in the development of Indian economy. Not even the Indian bourgeoisie opposed this, only a handful of the agents of foreign capitalists did so and pleaded for 'free enterprise'.

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The Indian bourgeoisie supported the extension of the public sector and the state's active participation in industrial production for its own narrow interests.

During the first half of this century the Indian bourgeoisie transformed itself to a large extent into an industrial bourgeoisie interested not only in trading activities, banking and moneylending. It wanted more favourable conditions for accumulation of capital and development of industries. During the first five decades of this century, Indian capitalists had succeeded in making a dent in the position of British capitalists by setting up a number of their own enterprises and acquiring foreign concerns.

In spite of all this not only after independence but even during the 1930s and the early years of the 1940s the Indian bourgeoisie had clearly realised the need for active state intervention to overcome difficulties and uncertainties in the way of economic development. In certain types of industries, particularly those belonging to department I, there were so many uncertainties because of long gestation periods, nonavailability of sophisticated modern technology and technical knowhow that private Indian capital was not willing or even capable of entering them. The amount of capital required for them was so huge that a private Indian capitalist was unable to mobilise it. Besides Indian private capital was because of its background shy and timid and lacked enterprising zeal. Left to itself it would have gone into those activities where returns were much quicker and less risks were involved.

The Indian bourgeoisie therefore regarded the entry of the state in industrial sector as the necessary prerequisite for building a modern industrial economy independent of foreign capital domination. As was said in the last section, during the struggle for independence and after the working class and communist movement and the left and democratic elements inside the Congress had advocated active participation of the state in initiating and furthering the process of economic development.

However there was a basic difference between the approach of the national bourgeoisie and the left and democratic movement. While the latter wanted gradual curtailment of the role of big private capital and socialisation of major means of production in order to take to the path of noncapitalist development, the former wanted the state to enable it to develop the economy by taking to an independent capitalist path. Moreover it wanted state ownership and control in certain sectors of the economy to help 'free enterprise system', to overcome the difficulties arising out of the absence of infrastructure, deficiencies in market and lack of certain basic and heavy industries.

The Bombay plan (1944) prepared by Tata, Birla, Sri Ram and other leading Indian capitalists wanted state intervention and control to be used for furthering capitalist development and not for curbing or controlling it. The Bombay plan clearly stated: "State control appears to be more important than ownership or management. Mobilisation of all the available means of production and their direction towards socially desirable ends is essential for achieving the maximum amount of social welfare over a wide field, it is not necessary for the state to secure ownership or management of economic activity for this purpose. Well directed and effective state control should be fully adequate."

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After independence the government declared in 1948 through its industrial policy resolution that the aim was to achieve "a continuous increase in production by all possible means, side by side with measures to secure its equitable distribution". To accomplish this task there was the need for "the state to play a progressively active role in the development of industries". The resolution stressed that "for some time to come the state could contribute more quickly to the increase of national wealth by extending its present activities where it is already operating and by concentrating on new units of production in other fields".

The government declared in 1948 that on the one hand it would give increasingly greater role to the public sector in the field of industries and on the other it would regulate the development of the private sector enterprises. The intention was to counteract the anarchy of production inherent in the capitalist system and develop the economy in a regulated and coordinated manner.

The industrial policy resolution of 1948 however in reality assigned only a modest role to the public sector. It was made complementary to the private sector. In a way thus the resolution aimed at facilitating the development of capitalism with the help of the public sector. The defence and atomic industries and railways were to be "the exclusive monopoly" of the public sector. It has been rightly said that "the document simply endorsed the existing state of affairs". At that time the atomic industry was nonexistent and defence enterprises and railways were already in the public sector. In six other industries, viz coal, iron and steel, aircraft manufacture, ship-building, mineral oils and telecommunication appliances, the state was made "exclusively responsible for the establishment of new undertakings" but the already existing private sector enterprises in these industries were allowed not only to continue but also to expand. It was not thought desirable to nationalise the private sector enterprises to extend the area of operation of the public sector.

It may be added here that till the early 1950s the main concern of government efforts was to overcome the difficulties created by the second world war and the partition of the country. The first five year plan was thus directed more towards solving the immediate problems than initiating a strategy of long-term economic development.

By the end of the first plan the economy was rehabilitated, the problem of displaced persons solved and the first general election on the basis of the new constitution held. The realisation of the weaknesses and shortcomings of the first plan, the objective needs of bourgeois development, the incapability of the Indian bourgeoisie to go in for huge investments in basic and heavy industries, disillusionment with imperialist camp's promises of aid, the growth of democratic movement and the mass pressure for better economic conditions brought about a number of changes in the policies of the government. The growing influence and attraction of the socialist world and the beginning of the economic cooperation between India and the socialist world, particularly with the Soviet Union with the signing of the Indo-Soviet agreement in 1955 for building the Bhilai steel plant, made it possible for India to lay emphasis on heavy and basic industries and assign a greater role to the public sector.

The new objective conditions were clearly reflected in the industrial policy resolution of 1956, the nationalisation of the Imperial Bank of India, life insurance companies, gold fields, etc. and the adoption of the "socialist pattern of society" as the national goal.

The industrial policy resolution of 1956 explained the reasons for assigning a bigger role to the public sector or in other words making it the engine of economic development in the following words:

"The adoption of the socialist pattern of society as the national objective, as well as the need for planned and rapid development, require that all industries of basic and strategic importance, or in the nature of public utility services, should be in the public sector. Other industries which are essential and require investment on a scale which only the state, in present circumstances, could provide, have also to be in the public sector. The state has therefore to assume direct responsibility for the further development of industries over a wider area."

The industries were divided into three groups. In the first group were the industries the future development of which was to be the exclusive responsibility of the state (schedule A). The second group consisted of industries which would be progressively brought under the public sector and in which the state would generally take the initiative in establishing new undertakings (schedule B). All the remaining industries were included in the third group (schedule C) and left to the private sector to develop but the state reserved the right to regulate them.

The following industries were included in the first and second groups.

Schedule A: (i) Arms and ammunition and allied items of defence equipment, (ii) atomic energy, (iii) iron and steel, (iv) heavy castings and forgings of iron and steel, (v) heavy plant and machinery required for iron and steel production for mining, for machine tool manufacture and for such other basic industries as may be specified by the central government, (vi) heavy electrical plants including large hydraulic and steam turbines, (vii) coal and lignite, (viii) mineral oils, (ix) mining of iron ore, manganese ore, chrome ore, gypsum, sulphur, gold and diamonds, (x) mining and processing of copper, lead, zinc, tin, molybdenum and wolfram, (xi) minerals specified in the schedule to the atomic energy (control of production and use) order, 1953, (xii) aircraft, (xiii) air transport, (xiv) railway transport, (xv) shipbuilding, (xvi) telephones and telephone cables, telegraph and wireless apparatus (excluding radio receiving sets), (xvii) generation and distribution of electricity.

Schedule B: (i) all other minerals except "minor minerals" as defined in section 3 of the minerals concession rules, 1949, (ii) aluminium and other nonferrous metals not included in schedule A, (iii) machine tools, (iv) ferro-alloys and tool steels, (v) basic and intermediate products required by chemical industries such as the manufacture of drugs, dyestuffs and plastics, (vi) antibiotics and other essential drugs, (vii) fertilisers, (viii) synthetic rubber, (ix) carbonisation of coal, (x) chemical pulp, (xi) road transport, (xii) sea transport.

In spite of the fact that industrial policy resolutions of both 1948 and 1956 mentioned the need to extend the scope of the public sector, none of them accepted the idea of nationalisation for this. The entire emphasis was on the establishment of new enterprises rather than acquiring existing ones. Both the resolutions made it clear that the public sector was complementary to the private sector. In this connection we have already referred to the industrial policy resolution of 1948. The industrial policy resolution of 1956 also declared that "heavy industries in the public sector may obtain some of their requirements of lighter components from the private sector, while the private sector in turn would rely for many of its needs on the public sector".

Another significant consideration inducing the state for going in for a bigger public sector was the problem of capital accumulation. The industrial policy resolution of 1956 envisaged that public enterprises would augment the revenue of the state and provide resources for further development in new fields.

Thus the main task of the public sector was to take the country on to an independent capitalist path and facilitate the rapid development of Indian capitalism. There was no intention on the part of the ruling circles to use it to narrow down the scope of the private sector or to gradually eliminate the big bourgeoisie and the possibility of the emergence of the monopoly bourgeoisie. In other words the aim was to develop state capitalism. The prime minister admitted this unequivocally in her speech at the conference of heads of public sector undertakings on 19 July 1969:

"The public sector occupies a pivotal role in our economic strategy. From the beginning it has been recognised that the public sector would necessarily have to venture into difficult and capital intensive fields of basic industry which the private sector had shunned for long."

The spokesman of the All-India Manufacturers' Organisation, Bombay, also echoed the same view when he appeared before a parliamentary committee a couple of years ago. He said that "the role of public sector undertakings should be that of a pace setter in basic and strategic industries". In other words the public sector should steer clear the path of economic development of difficulties and obstacles so that Indian capitalism develops without any hindrance.

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India now possesses a viable public sector consisting of enterprises in the fields of both production and circulation. The domain of the public sector has extended primarily as a result of the establishment of new enterprises though nationalisation has also helped widen it. We have already referred to the nationalisation measures taken during the early years of the 1950s. From that time till the first half of 1969 nationalisation was seldom resorted to to extend the public control and ownership over the means of production.

The nationalisation measures gathered special momentum in the second half of 1969 when the infights of the monopoly and the nonmonopoly sections of the bourgeoisie culminated in an open split in the ruling party on the eve of the presidential election in 1969. The nonmonopoly bourgeois section of the Congress leadership could enthuse the masses and secure their support by nationalisation of 14 leading commercial banks, general insurance, coal mines and the takeover of the Indian iron and steel company and sick textile mills. Except for the commercial banks and general insurance, the state has taken over the private enterprises only in cases of falling output, a threat of bankruptcy or closure. In other words the state has taken upon itself the responsibility of nursing to health the enterprises bled white by the capitalists.

As a result of the nationalisation of 14 big commercial banks the public sector's share in aggregate deposits increased to 83 per cent. A few months later 64 Indian and 42 foreign general insurance companies were brought in the public sector. In 1971-72, 214 coking coal mines and 464 noncoking coal mines were nationalised. In 1973, 103 sick textile mills were taken over. Last year the government acquired 74 per cent of the shares of the ESSO.

Almost all the nationalisation measures were partial or, better to say, incomplete. For example, when the bank nationalisation measure was taken only 14 big schedule commercial banks of Indian origin were affected, smaller Indian and almost all the foreign commercial banks were untouched. Not only this but the nonnationalised Indian commercial banks were allowed to expand and grow. This has limited the scope of the state policies vis-a-vis credit management and mobilisation of investible financial resources. Similarly when the coal mines were taken over the captive mines of the Tatas and others were left untouched.

During the last quarter century the public sector registered substantial growth. This is obvious from the following table.

GROWTH OF PUBLIC SECTOR

	No. of undertakings	Total investment (Rs million)
At the beginning of the first plan	5	290
At the beginning of the second plan	21	810
At the beginning of the third plan	48	9,530
At the end of the third plan	74	24,150
1966-67	77	28,410
1967-68	83	33,330
At the beginning of the fourth plan, April 1969	85	39,020
1969-70	91	43,010
1970-71	97	46,820
1971-72	101	50,519
1972-73	113	55,710

From this table it is evident that the growth of the public sector slackened during 1967-68 and 1968-69 when there was a virtual plan holiday and a tirade was let loose against the basic and heavy industries which were blamed for inflationary pressures.

When India launched its first plan there was an overwhelming preponderance of the private sector in industrial investments. The public sector had only 4 per cent share in the total industrial investments in 1950-51. At that time the share of the public sector in the gross industrial assets was only equal to the gross assets of the Tata Iron and Steel company.

During the first plan the share of the public sector in the total investment was only 46.4 per cent which went up to 60 per cent during the fourth five year plan and the share of the public sector in the total fifth plan investment is to be raised to 65.9 per cent.

The share of the public sector in India's reproducible tangible wealth was only 15 per cent in 1950-51. It increased to 25.6 per cent and 35 per cent at the end of the second and the third plans respectively. In 1970-71 it was estimated at 43 per cent. In 1970, 282 public sector companies accounted for 48 per cent of the paid-up capital of all companies in India.

What has been said above gives sufficient indication of the importance of the public sector in India's economy.

6

In the development of the public sector enterprises in India a major role has been played by economic assistance from the socialist world in general and the Soviet Union in particular.

Beginning with the historic agreement signed on 2 February 1955 for Soviet assistance to build the Bhilai Steel Plant, the Soviet Union has assisted in building up about 80 enterprises. Leaving apart the projects to be completed under the fifth plan, the Soviet Union has provided India a credit of Rs 10,220 million for about 70 projects.

It is well known that the enterprises built up with the Soviet help form the hard core of the public sector. The Bhilai Steel Plant contributes 30 per cent of India's steel production and

Bokaro Steel Plant has been producing every year about 10 lakh tonnes of pig iron since 1973. In the field of petroleum the Soviet-aided projects contribute over 50 per cent of the crude oil produced in the country and account for 30 per cent of the refining capacity, while their contribution to power generation is around 20 per cent. In the sphere of heavy machinery the enterprises established with the Soviet assistance are responsible for 80 per cent of the total production. Besides Soviet economic assistance has enabled the public sector to enter such fields as pharmaceuticals, surgical instruments, precision instruments, coal and iron ore development, mining machinery and nonferrous metals such as aluminium and copper—some of these industries did not exist in India before.

The socialist countries in general and the Soviet Union in particular have transferred their latest technologies to India. They have given such technologies in steel production, oil exploration and oil refining, designing and production of heavy machinery; coal mining, washing and coal-mining machinery; construction of both thermal and hydroelectric power stations, and production of heavy power generation equipment; production of antibiotics, synthetic drugs, synthetic chemicals and surgical instruments; precision and pneumatic instruments; aluminium and copper production, etc.

In most of these cases they have also helped India set up research and development units and training establishments to facilitate complete transfer of technologies. Consequently India has not only acquired mastery over these technologies and fashioned them according to the needs of the Indian situation but has earned considerable foreign exchange by offering them to other countries. For instance India is offering steel technology to Iran, oil technology to Iraq and power technology to Malaysia, and pharmaceutical patents even to the USA.

As a result of the socialist countries' help the public sector has been able to enter nonindustrial fields and projects connected with seed production, animal husbandry development, mechanisation and research in new plant varieties. Six major seed farms have been set up with the Soviet assistance. The workshop established at Suratgarh farm for repair of agricultural machines is emerging as a premier training institution for

Indian cadres in the use and repair of agricultural machinery.

As a result of Leonid Brezhnev's visit to India in 1973 the possibilities for the further extension of the public sector were explored. Some of the major projects to be taken up during the fifth plan include the expansion of the Bhilai Steel Plant to 7 million tonnes, Bokaro to 10 million tonnes and the construction of the Mathura Oil Refinery with a capacity to refine 6 million tonnes of crude oil, and the copper complex in Malanjkhand.

With the expansion of Bhilai and Bokaro India will not only reach near selfsufficiency in steel but also in flat products (plates, etc.) which are now imported at a cost of nearly Rs 200 crore.

The Soviet Union has offered substantial assistance to develop the nationalised coal mines and gassification of coal to be used as a substitute for petroleum products. India has been offered modern techniques of coal mining and the necessary machines besides the design and fabrication facilities for the manufacture of mining machinery.

During the fifth plan the Soviet Union continues to assist India in mastering the technology for the production of heavy power equipment like 200 MW generators, produced only by a few countries in the world. As a result of this the Hardwar Heavy Electrical Equipment Plant will increase its production and meet half the requirements for power equipment during the fifth plan.

In the fields of drugs and antibiotics Soviet assistance will help expand the capacity of the Rishikesh Antibiotics Plant by 171 tonnes; a number of new antibiotics greatly needed in the country will be produced. It is also proposed to raise the capacity of the synthetic drug plant from 2000 to 3500 tonnes.

Before we end this section let us point out certain important features of the socialist aid to India for building up the public sector.

First, whatever assistance India has received from the socialist world is to be repaid in the Indian currency. This, besides keeping India free from worries to mobilise foreign exchange resources for repayment, boosts India's exports. The shopping list of the socialist countries invariably includes the products of the public sector enterprises established with their assistance. This enables these public sector enterprises to overcome many teething troubles, solve marketing problem and thus increase their production and achieve economies of scale.

Second, the socialist world has strictly adhered to the time schedule in the supply of machines, equipment and other requirements for the construction of mills and plants in the public sector. The same is the case with the supply of spare parts. The socialist world has never put any preconditions, political or otherwise, for assisting India.

Third, the quality of the products of the public enterprises constructed with the socialist assistance is far better than that of the similar products of other enterprises. For example it has been universally accepted that the quality of steel produced at the Bhilai steel plant is better than that of the steel produced in other enterprises in India.

Lastly, the capitalist countries of the west, particularly the USA, have never shown any enthusiasm for offering assistance for the construction of enterprises in the public sector. In fact the USA ditched India on the question of building the Bokaro Steel Plant. America went on dragging its feet for a long time and then came out with the condition that it would build it in the private sector in collaboration with the Birlas. When the government of India rejected this condition and remained firm on having the plant in the state sector, the Americans backed out. The entire episode was narrated some years ago by the present editor of **Economic Times**, Dr D. K. Rangnekar, in a pamphlet entitled **Bokaro—A Story of Bungling.** According to Dr Rangnekar the Birlas were to a large extent responsible for impressing upon the Americans that the construction of the Bokaro Steel Plant in the public sector would go against the interests of both the Indian and American monopolists. It has been rightly said by a researcher that the delay and then backing out of the commitment to grant aid by Americans for building up the Bokaro Steel Plant could not but exert a negative influence on production growth rates and aggravated the recession in the Indian economy. Ultimately India had to look to the Soviet Union which readily agreed to construct the Bokaro Steel Plant in the public sector.

Similarly when the western oil experts told the government of India that there was no possibility of finding any crude oil deposits in India, it turned to the socialist world and thanks to the efforts of the Soviet and the Rumanian experts India has discovered substantial quantities of crude oil deposits in the country.

Prime minister Indira Gandhi did not at all exaggerate when she said on 27 November 1973 welcoming Leonid Brezhnev: "After the dawn of freedom you were the first to help us in establishing gigantic industrial enterprises in the public sector, and thus began the strengthening of our relationship at another level. And that is how the meek, mute, downtrodden India of yesterday is today marching ahead along the path of progress."

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Let us now discuss in brief some of the important contributions of the public sector to India's economy and their impact on other aspects of the national life.

We begin with the industrial field. The entry of the public sector in this field has laid a strong foundation for the development of department I industries. It has helped eliminate to a large extent the shortage of such important products as iron and steel, petroleum products, heavy equipment, machine tools, fertilisers, etc., consequently the country has been able to reduce its dependence on imports of these commodities and save valuable foreign exchange. To make it clear let us take one concrete example. For the first stage of the construction of the Bokaro Steel Plant about 63 per cent of the mechanical equipment, 85 per cent of the steel structures and 96 per cent of refractory materials came mainly from the public sector enterprises. The contribution of the Heavy Engineering Corporation built with Soviet assistance to the construction of the Bokaro Steel Plant was impressive. In fact the HEC's share in the indigenous supplies would come to about 50 per cent. These consist of equipment, machines, cranes, ladles, plain castings and machine tools. Most of these items were manufactured in the country for the first time. So far as the second stage of the Bokaro Steel Plant is concerned, the dependence on the central

Engineering and Design Bureau of Hindustan Steel Ltd would be much more.

It is chiefly because of the public sector steel plants that the total production of finished steel in India has gone up from meagre 1 million tonnes to 6 million tonnes and the production of pig iron from 1.5 million tonnes to 7.5 million tonnes.

The value of the output of machine tools has increased by more than 200 times. According to the 40th report of the parliamentary committee on public undertakings, published towards the end of 1973, the Heavy Engineering Corporation Ltd produced goods worth Rs 95 crore and supplied them on the basis of landed cost of similar products from outside.

The Mining and Allied Machinery Corporation Ltd has diversified its production and taken up manufacture of material handling equipment for the ports and for the steel plants, power and fertiliser industry. The company undertook to supply conveyors, stackers, reclaimers, pumps, etc. for the construction of the first phase of the Bokaro Steel Plant. These items, it must be mentioned here, were never produced before in this country, nay their production would have remained unthinkable but for the development of the public sector.

How the increase in the production of Hindustan Machine Tools Ltd has helped India achieve selfreliance in machine tools is clear from the following facts. In 1956 India imported machine tools worth Rs 83.51 million. At that time the total production of machine tools in the country was valued at Rs 10.78 million and the contribution of the HMT to the indigenous production was only Rs 3.09 million or around 28.66 per cent. In 1970 machine tools worth Rs 183 million were imported and the domestic production was of the order of Rs 372.3 million in which the HMT's share was around 40.61 per cent, i.e. Rs 151.2 million.

In other words most of the increased demand for machine tools was met by the HMT. This resulted in saving a huge amount of foreign exchange. Besides the HMT contributed to the industrialisation of the country.

To take another example to make this point explicit—since its inception till March 1972 the Hindustan Steel Ltd produced more than 11.5 million tonnes of pig iron for sale and 26 million tonnes of salable steel valued at Rs 27,000 million. Thus the company paved the way for further industrialisation and the generation of income and employment opportunities by providing steel at the officially fixed price. Moreover the establishment of the central Engineering and Design Bureau to render consultancy services is an event of great significance. It would enable the country to achieve selfreliance in designing and engineering knowhow. It has rendered consultancy services to a number of Indian projects and also to foreign firms. It took up detailed equipment designing of rolling mill machineries also.

The Bharat Heavy Electricals Ltd has now started producing some of the sophisticated machinery produced only in a few advanced countries of the world. It has contributed to the development of selfreliance by developing manufacturing skill in the country for such power equipment and building design and engineering capabilities. The BHEL has supplied industrial boilers to a number of plants in the country. Its plants at Hyderabad and Hardwar have been meeting the requirements of various plants in the country. The Switchgear Plant has been delivering 267 air blast circuit breakers and minimum oil breakers. The BHEL has saved huge amounts of foreign exchange. According to a report published in 1973 the company's production of hydroelectric stations resulted in the saving of Rs 280 crore in foreign exchange which could otherwise have been spent on import.

Heavy Electricals, Bhopal, has developed skills for the design and manufacture of almost all categories of heavy electrical equipment necessary for the generation, transmission and utilisation of electric power in the country. It has been manufacturing power transformers of the rating of 2.50 lakh kva which are the largest so far required in the country. The total value of the products delivered by this company till 1972-73 worked out to about Rs 169 crore. This amount would have been spent on import if this enterprise had not come into existence.

Hindustan Shipyard Ltd is building ships. Till 1972-73 it had built 58 ships and its share in the country's ocean-going fleet came to about 13 per cent. Out of 56 cargo liners operating under the Shipping Corporation of India 23 were built by the Hindustan Shipyard. This enterprise now manned completely by the Indians possesses technical knowhow to build all types of ships. Its ships have been placed in the highest classification by the Lloyd's Register of Shipping.

In the matter of production and distribution of fertilisers, the Fertiliser Corporation of India has played a very important role. The corporation has achieved significant progress in the spheres of research, process design, detailed engineering in mechanical, electrical and civil, and instrumentation, fabrication techniques and execution and commissioning of fertiliser plants. The FCI has also engaged itself in fertiliser demonstrations in the farmer's field, soil testing services, etc.

An economic researcher has correctly pointed out that the establishment of new branches of industry in the public sector, such as oil extraction and refining—with decisive aid coming from the socialist countries—has testified to the growth of anti-imperialist and antimonopoly possibilities of that sector. As is common knowledge the foreign oil monopolies dominated India's national economy in this field, the country's private sector being incapable of offering any resistance to this domination. Today the public sector is in a position to limit the unrestricted plunder of India's national wealth by the imperialists.

It is mainly due to the public sector enterprises that the production of refined petroleum products has risen from a meagre 0.2 million tonnes to 17.8 million tonnes.

The Indian Oil Corporation has three refineries at Gauhati, Barauni and Gujarat, which are already in operation and the fourth refinery at Haldia is to be commissioned in the near future. The Gauhati Refinery with a processing capacity of 7.5 million tonnes per annum was built with the Rumanian technical and financial assistance. The Barauni Refinery built with the Soviet technical and financial assistance has a processing capacity of 3 million tonnes of crude oil per annum. The Gujarat Refinery set up with the Soviet technical assistance also has a refining capacity of 3 million tonnes. The Cochin Refinery has a processing capacity of 2.5 million tonnes. The Haldia Refinery will have an annual processing capacity of 2.5 million tonnes. The Mathura Refinery which is likely to be commissioned in 1978 will have a refining capacity of 6 million tonnes per annum.

The Oil and Natural Gas Commission has explored new deposits of crude oil and is at present engaged in exploring crude deposits on high seas. According to Soviet oil experts India will be selfsufficient in petroleum in the future.

In this connection it may be remembered that when India was engaged in wars with Pakistan in 1965 and 1971 the American oil companies tried to blackmail the country by refusing to refine the crude oil imported on the government account. It was also said that this was on the dictates of the US government. Had there been no public sector refineries India's war efforts would have been seriously hampered.

To get an idea of saving of foreign exchange, let us cite a few facts. The ONGC alone has saved about Rs 50 crore worth of foreign exchange. The Cochin Refinery has exported its products to Sri Lanka, Japan and Thailand and has earned substantial amounts of foreign exchange.

The contribution of the public sector in the field of transport is no less. The Air India has earned substantial amounts of foreign exchange. The public sector enterprises in transport have contributed a lot in moving passenger and goods traffic and promoting internal and external trade of the country.

As a result of the efforts of the public sector enterprise, the Indian Drugs and Pharmaceuticals Ltd, the country is today almost selfsufficient in the production of antibiotics such as penicillin, tetracycline, etc. Besides it has developed several chemicals and intermediaries required as raw materials. Hindustan Antibiotics Ltd, another public sector enterprise, is engaged in the manufacture of antibiotics. The IDPL has sufficient expertise so that the country can successfully nationalise the foreign drug and pharmaceutical firms and save large amounts of foreign exchange at present drained away from this country on various counts.

The public sector has entered the field of electronics too. In view of the fact that electronic industry occupies a key position in the development of modern science and technology and is destined to play a vital role in the field of atomic energy, communications, defence, education, entertainment and space technology and in view of its increasing importance in monitoring and control of production processes in the key industries, the entry of the state sector in this field is of farreaching significance. Already a number of notable achievements have been made by dispensing with foreign technical collaboration and developing indigenous knowhow. Whatever has been done in this country in the field of defence electronics and telecommunication is due solely to the efforts of the public sector enterprises.

The public sector enterprises in the electronics industry include Bharat Electronics Ltd (BEL), Electronics Corporation of India Ltd (ECIL), Indian Telephone Industries Ltd (ITI) and Hindustan Teleprinters Ltd.

The BEL started production in 1956. Because of the urgency it started most of its production activity by entering into foreign collaboration. Since then it has come a long way in indigenising an appreciable part of its productive effort. Out of about 40 collaboration agreements which BEL entered into with foreign agencies, about 20 have already expired and have not been renewed. Most of the rest will also come to an end in the next five years. It now produces about 30 types of communication equipment developed by it and 16 more are to be taken up for production very soon. Most of these equipment has been indigenously developed. It has also registered substantial progress in the development and production of certain types of radars. A number of electronic tubes, ceramic capacitors, crystals, etc. have also been developed and are being produced indigenously.

The BEL is trying to develop communication equipment in HF, VHF, UHF and micro-wave frequencies. It is also developing radars of better varieties. This will strengthen the defence of the country.

The ECIL is another important public sector undertaking. It went into production in 1967. It has been engaged in the production of sophisticated electronic equipment including medical instruments. The development work on automatic train control equipment is at an advanced stage of completion.

Besides the ECIL is making efforts to develop and produce indigenous computers.

The ITI and the Hindustan Teleprinters have made significant progress in manufacturing telecommunication equipments. Both these companies started some of their production programmes in collaboration with foreign parties, which they have now terminated.

The contribution of the public sector enterprise—the National Projects Construction Corporation—is well known. It has played an important role in the construction of a number of river valley projects including Chambal, Kosi, Wazirabad barrage in Delhi, Trisuli in Nepal, Farrakka barrage and upstream navigation dock in West Bengal. It also took up defence works during 1962-63.

Let us now turn our attention to the contribution of the public sector to the development of agriculture. In this connection we shall point out to the efforts of the public sector enterprises to provide irrigation facilities, power, diesel and fertilisers. The State Farms Corporation and the National Seeds Corporation have been supplying improved and high-yielding varieties of seeds. Besides the State Farms Corporation is engaged in the reclamation and development of land. Already there are 13 state farms in existence. The first one was set up at Suratgarh (Rajasthan) in August 1956 with a view to utilising agricultural machinery and equipment gifted by the Soviet Union.

Not only the production of goods but their storage is equally important. In India storage is a big problem. The Central Warehousing Corporation which has solved only 5 per cent of the problem has minimised the loss of foodgrains to the extent of Rs 8 crore per annum. The corporation has offered grading facilities. It has also started disinfection extension service. Though this service is in the initial stages, it has been extended to a number of godowns of the cooperatives, traders and others, besides individual farmers.

The contribution of the Modern Bakeries (India) Ltd to the manufacture of wholesome and nutritious bread and other baking products under hygienic conditions at reasonable prices is well known. This public enterprise has conclusively refuted the contention that the public sector will make a mess of consumer goods industries.

The State Trading Corporation has done commendable work in promoting India's external trade and increasing the export of the Indian handicrafts. It has undertaken propaganda and market research to promote the sale of Indian goods abroad.

The above brief discussion of the contribution of the public sector leads us to conclude that:

(a) the public sector has played a major role in reducing the dependence on foreign countries for the products of basic and heavy industries,

(b) it has accelerated the pace of industrialisation in the country by providing a strong infrastructure,

(c) it has helped to diversify industrial production within the country,

(d) it has developed modern technologies in the country,

(e) it has saved much foreign exchange by import substitution,

(f) it has strengthened the defence of the country by increasing the industrial production in general and the production of defence materials like electronic equipment, aircraft and other things in particular,

(g) it has helped increase agricultural production,

(h) it has promoted the trade of the country both externally and internally by increasing transport facilities and the promotion work,

(i) it has trained modern managers, engineers and other technicians and thus reduced the import of technical knowhow, and

(j) it has strengthened the country to resist the blackmail of foreign and Indian monopolists.

The regional imbalances in the economic development of India have been the result partly of the law of capitalist development and partly of the policies adopted by the British imperialists and native princes. These regional imbalances have been exploited by the vested interests to promote separatist tendencies, manifested in provincialism, regionalism, language riots and communal troubles. So long as these imbalances are not eliminated, the separatist tendencies and movements cannot be successfully fought.

It is a fact that in spite of all exhortations and concessions and facilities offered by the government, the private sector is not willing to go to backward areas to set up industries. It has always been trying to grab the facilities and concessions in the name of setting up industrial units in the backward areas without actually doing anything of the sort. With brainy advisers it has succeeded also in its efforts.

Whatever industrial units have been actually set up in backward areas are mainly in the public sector. Take for example the Bhilai Steel Plant, the Barauni Refinery and the Fertiliser Corporation's Gorakhpur Plant as samples. Before the establishment of these enterprises there was no hope of the establishment of any sizable industrial enterprise at any of these places.

Or take the case of 14 leading commercial banks which were nationalised in 1969. Till 1969 most of their offices were confined only to big and small cities and towns and the rural areas were completely neglected. This is only the partial story. Their offices and credit business were confined mostly to a few states such as Tamilnadu, Maharashtra, Gujarat and West Bengal. Their main clients were chiefly industrialists and traders. Farmers, professionals and others were completely ignored. After the nationalisation of 14 big commercial banks, the neglected states and regions have received banking facilities. The share of rural sector in the total number of bank branches is increasing. Both farmers and professionals are receiving more attention in the matter of credit facilities.

Thus the public sector has contributed a lot towards lessening the regional imbalances and as a result of this it has furthered the cause of national integration.

It is frightening to imagine the magnitude of the problem of unemployment in the country in the absence of the public sector enterprises. According to the annual report of the labour ministry, the total public sector employment rose from 11.305 million at the end of March 1972 to 11.881 million at the end of March 1973. The public sector achieved a 5.1 per cent growth rate of employment opportunities while in the private sector it was only 2.5 per cent in 1972-73 and in 1971-72 it was only 0.1 per cent. If we take only public sector undertakings the employment opportunities have been generated at the rate of 6 to 8 per cent per year. According to official figures employment in the public sector's mining and manufacturing industries and in construction increased threefold between 1956 and 1972, i.e. from 6,75,000 to 20,40,000. The operation of public sector enterprises at full capacity and their entry into new fields can help a great deal in relieving unemployment in the country.

Above we have mentioned a few major contributions of the public sector to the Indian economy, some more we shall be referring to in the next section when we come to discuss certain controversies regarding the public sector.

8

Most of the controversies about the public sector enterprises have been raised by the circles close to the monopolists, whether Indian or foreign. Because of their powerful propaganda machinery they have been able to create confusion in the minds of the misinformed or uninformed lay public. Here it must be added that till now nothing effective has been done on a large scale to counteract this mischievous propaganda.

The first controversy relates to the efficiency of the public sector enterprises. A controversy which arose in the European countries about half a century ago and was settled for ever has been revived here. It is said that by its very nature the public sector enterprises are bound to be inefficient because public ownership and initiative and efficiency do not go together. That is why the public sector enterprises are inefficient. Those who level this charge say that the losses suffered by public sector enterprises are enough indication of this inefficiency. By implication it is said that the private enterprises are efficient and they yield profits.

History has proved that this generalisation about the public enterprises is utterly untenable. The enterprises of the socialist countries are in no way less efficient than the 'best managed' companies of the advanced capitalist countries. The standards of production in socialist countries are much higher. The enterprises in the socialist countries have reduced costs of production, increased labour productivity, raised quality of products and earned surplus for accumulation and further reproduction. Hence there is no contradiction between public ownership and efficiency. In fact under public ownership there are favourable conditions for raising efficiency.

In India till 1971-72 the public sector enterprises did not earn any profit but since 1972-73 the situation has changed. In 1972-73 out of 101 running enterprises 67 earned a net profit of Rs 1044.6 million and 34 suffered a net loss of Rs 867.2 million. Thus they earned a net profit of Rs 177.4 million.

The fact that the public sector enterprises earned a profit was not a matter of chance. Actually it indicated the beginning of a trend. In 1973-74 they earned around Rs 665 million as net profits. The average rate of return on total capital came to 6.5 per cent. The contribution of the public sector becomes much higher if an estimated amount of Rs 705 million for the payment and a provision of Rs 1265 million for interest payments are also taken into account.

According to the director-general of the Bureau of Public Enterprises the net profit after the payment of taxes may be around Rs 2000 million in 1974-75. If this trend of rising profitability of public sector undertakings continues they will soon achieve the target of a 10 per cent return on the total capital employed.

According to the report of the ministry of heavy industry for 1973-74, the 14 public sector undertakings under it achieved a record production of Rs 4090 million during 1973-74. This was 95 per cent of the target. During the year 1974-75 they are expected to achieve the production target of Rs 5500 million.

Thus it is proved that inefficiency is not inherent in the public sector enterprises. At the same time it is also wrong to say that the private sector in India is more efficient than the public sector. The criterion or yardstick which is applied to measure comparative efficiency of the two sectors is that of profit. This yardstick is generally applied without any reservation. This is wrong. Let us explain this statement by quoting a passage from a recently published article by Dr P. D. Shrimali:

"The low rate of return on capital invested in the public sector is partly due to the fact that many of the public undertakings were established in hitherto unexplored branches of activity wherein initial risks were bound to be high. Besides they have so far been confined to the field of basic, capital and intermediary products, while the production of the final products is invariably left to the private sector. It means the confining of the public sector to low profitability sectors, while allowing the private sector all the benefits arising from the activity of the public sector. The price policy adopted for the public sector undertakings is also adverse to them, being one of favouring, subsidising and bolstering the private sector. Another important reason for such low returns is also the heavy burden of nonrevenue-earning expenditures on townships and other social amenities that have to be provided for the public undertakings in newly opened regions."

It is known to all that the UP Electricity Board has been supplying electricity to the HINDALCO, a Birla concern, at less than 2 paise per unit while the cost of production is around 7 times this rate. The result is that the Birlas make huge profits while the UP Electricity Board suffers enormous financial losses. This is not an isolated example but one of the numerous ones.

While the public sector undertakings supply their products at fixed prices either below the cost of production or slightly above that, the products of the private sector enterprises are not subject to any control. Moreover the private sector manipulates its production to create scarcity in the market and extort as much profit as possible.

When the public sector goes to a backward region it has to bear all the expenses on development and providing the infrastructure. Invariably soon after the establishment of the public sector enterprise a number of private enterprises come up, which reap the profits without incurring any expenses on development. Take Bhilai, Durgapur, Barauni, Rourkela or any other place where there is a big public sector enterprise and you will find this phenomenon. When one measures the efficiency of a public sector enterprise by applying the yardstick of profitability, one must keep this fact in mind. Suitable statistical adjustments must be made to account for the profits accruing to the private sector enterprises as a result of the establishment of a public sector undertaking. Secondly, the social gains will also have to be taken into account. For example public sector enterprises spend substantial amounts of money on the development of townships, providing housing, medical, educational, recreational and other facilities to their employees. These things are generally neglected by the private sector because its main concern is earning maximum profits.

There is an adequate provision for depreciation in all the public sector undertakings. To quote Dr Raj K. Nigam, a well-known expert on the working of the public sector enterprises: "... depreciation is being fully charged to revenue account in all the public sector undertakings and that interest is also being accounted for with no undertaking taking advantage of the moratorium on interest. As far as we could scrutinise the annual accounts of public sector undertakings, the statutory auditors have not qualified their reports as regards under provision of depreciation in the case of any undertaking and hence no camouflaging of working results could be alleged. There has also not been any change in the basis of depreciation which could have distorted the working results."

As against this in the private sector generally the mills and factories which are less paying are neglected and very little is done for their proper maintenance, not to speak of modernisation. Funds are diverted from them to more paying fields of activities. There are numerous examples of the private sector's complete neglect of mills and factories. Take the case of sick textile mills of which 103 are now under the Textile Corporation. These textile mills fell a prey to the criminal neglect by the monopolists. They were shut down in utter disregard of the national interests. No provisions for depreciation were ever made. The result was that production of cloth declined and thousands of workers were rendered jobless for no fault of theirs. Ultimately the government had to take over these mills and nurse them to health.

Everyone knows that profit-hungry capitalists have reduced most of the sugar factories in Bihar and UP and a number of jute factories to mere junks. They have diverted the entire earnings to other more paying fields of activities without making any provision for the replacement of wornout machines and parts.

Let us take another example. The Martin Burns controlled by one of the topmost monopolists of this country, Sir Biren Mukherjee, owned the Indian Iron and Steel Company. As a result of the utter neglect by the management the IISCO was on the verge of collapse when the government had to intervene and take it over in the national interest. Now the better management by the government has revived the IISCO and production has gone up. Similarly the government has also taken over the management of Jessops, Braithwaite, Richardson and Cruddas, and ISW-Burns and revived them.

There is another example to show the inefficiency of the private sector. This is the example of coal mines. Before their takeover by the government, there was haphazard exploitation of coal mines. The percentage of wastage was very high. The private owners did not give any attention to the application of scientific methods and rational ways of coal mining. Besides there was no safety of the life of coalminers. Often there used to occur accidents killing and injuring hundreds of miners. Who has forgotten the Dhori coal mine disaster in which a large number of miners perished?

The estimates committee of the parliament was told by the coal commissioner as far back as 1954-55 that if the coal mines were not nationalised within 25 years very little stock of good coal would be left in the country. The depletion of coking coal deposit was so fast as to pose a grave danger to the future of iron and steel industry in the country.

The private coal mine owners had neither willingness nor the means to spend on the development of coal industry for which at least a sum of Rs 1000 million was required. After the nationalisation of coal industry the work of its development and modernisation has been taken up by the coal mines authority.

Whatever has been said above leads one to the conclusion that the public sector enterprises are much more efficient than the private sector concerns. Moreover the private sector does not care for national interests but only for its own narrow gains.

There is another charge against the public sector that it is more corrupt than the private sector. Before we discuss this charge let us make it clear that the public sector is not fully above corruption, but the private sector is much more corrupt. We do not have much information about the corrupt practices in the private sector companies because they are not accountable to the people or parliament as the public sector enterprises are. The published literature about the real situation in the private sector is very meagre. Even if something about the corrupt practices of the monopolists comes to light, the press owned by them tries to suppress or distort it. Long ago when the proprietors of the **Times of India** were involved in certain scandalous activities, it did try to black out the news. But whenever some corrupt act relating to the public sector comes to light it is magnified and the entire public sector is attacked by the monopoly press.

Whatever published materials are available about the private sector in general and the monopoly houses in particular indicate that corruption is rampant. There are very few monopoly houses in this country which are above corruption and which have never been involved in scandals. The names of Mundhra, Birlas, Dalmia-Jains, Goenkas, Kapadias, Modis, Ram Ratan Gupta, etc. are notorious for corrupt practices. They have been found guilty of various acts of tax evasion, fraud, violation of foreign exchange regulations, etc. Who has forgotten the Vivian Bose inquiry commission report on the misdeeds and corrupt practices of Dalmia-Jains? The head of this family Ramkrishna Dalmia had to undergo imprisonment for years in connection with fraudulent activities and eating up public money of the Bharat Bank and the Bharat Insurance companies. Who has forgotten notorious Haridas Mundhra who cheated the Life Insurance Corporation of lakhs and lakhs of rupees? He had to go to jail.

Kapadias were involved in the blackmarketing of steel which they got for manufacturing drums and barrels. This was the subject of the inquiry by the estimates committee of parliament.

Only a few years ago Birlas' corrupt practices and bunglings with the public money were subject of a debate in parliament. The Sarkar commission was appointed to go into them and in-spite of legal difficulties created by them in its work, when its report is published many shocking details of the misdeeds of the Birlas will surely come to light.

Tax evasion and various ways of manipulation such as changing the basis of charging depreciation and donating vast sums for charity and research are supposed to be normal practice in the private sector.

Let us cite a few examples. The report of the central excise (selfremoval procedure) review committee headed by B. Venkatappiah has come to the conclusion that excise evasion is practised on a large scale in this country. According to the committee the manufacturers resort to one or more of the following devices to cheat the exchequer:

"(i) total suppression of the fact of production of excisable goods and removal of such goods without the payment of duty;

"(ii) wilful understatement or underreporting of production and removal without payment of duty of quantities in excess of the quantities accounted for or reported;

"(iii) wilful undervaluation of goods where such goods are liable to ad valorem rates of duty; and

"(iv) wilful misclassification of goods so as to attract a lower duty liability."

Each one of these acts is an illegal and dishonest practice. The committee has further remarked that "excise evasion in the eyes of the evader is part of a larger scheme of integrated evasion which embraces not only excise, but also income tax, sales tax and other taxes", because "suppression of production of excisable goods leads to suppression of sale and profits, and therefore to evasion not only of central excise duties but other taxes, both direct and indirect".

The committee has admitted frankly "the range, diversity and, in certain segments of production, almost the universality of the evasion which is practised by those who produce the goods".

It has indicted the private sector in the following words: "It has been urged before us that evasion of taxes—excise, sales tax and income tax among others—has become a way of life with significant sections of industry and trade. It has further been urged that this in turn is inseparable from a way of life which has been gaining ground in the economy over many years; it... is based on the spreading conviction that money is the key and blackmoney the master key to power and influence. We discern in this a substantial degree of truth."

It has cited a number of cases to substantiate its contention.

The monopoly houses have indulged in cheating the country of foreign exchange. Long ago Sahu Shanti Prasad Jain was arrested at Delhi airport while carrying a large amount of unauthorised foreign exchange. Only recently a scion of the Modi house was taken into custody at Delhi airport for violating foreign exchange regulations. The Birlas have been accused of indulging in foreign exchange manipulations through the United Commercial Bank before its nationalisation. The former proprietors of the Dena Bank were also arrested for corrupt and dishonest practices.

It has come to the public notice that 45 per cent of small-scale units are bogus and it is also a matter of common knowledge that most of these units are benami and set up by big capitalists to avail themselves of the concessions given by the government and sell steel, cement, etc. in the blackmarket.

According to the information supplied by the government, Gramophone Co of India Ltd, Brooke Bonds India (P) Ltd, India Tobacco Co Ltd and the Westinghouse Trading Co (Asia) Ltd have been charged with violations of the foreign exchange regulations act. Action has already been taken against the first two firms for underinvoicing.

Lack of space does not permit us to refer to more instances of the dishonest and fraudulent acts committed by private capitalists, both Indian and foreign, but we shall like to remind the readers of certain names which are enough testimony of the fact that big business in this country is thoroughly corrupt. It has no genuine claim to honesty. These names are those of Dharam Teja, Kalayan Kumar Bose and G. D. Morarka.

The monopolists whether Indian or foreign are the fountainhead of corruption in various walks of life. They are the main props of the blackmoney economy, they are responsible for adulteration (incidentally, only a few months ago a Dalmia was found guilty of selling adulterated sweets), hoarding and various kinds of manipulations.

As has been pointed out earlier the public sector enterprises are not immune from corruption, but our contention is that it is not as corrupt as the private sector dominated by the big business. Let us make it clear that there is no tax evasion or under- or over-invoicing in the public sector. No public sector enterprise has ever eaten up the wages, salaries or provident fund of its employees. Late Mohan Kumaramangalam in his book on coal industry described in great details the bunglings by coal mine owners as regards wages and provident funds. According to him records were manipulated in order to pay less than the amount of wages actually entered in registers. At the time of the takeover of coal mines by the government the coal mine owners had eaten up Rs 110 million of the provident fund of the labourers. This is not an isolated instance. This is a general practice in the private sector.

Similarly the sugar barons have been owing lakhs and lakhs of rupees to cane growers as the price of cane supplied by them. They seldom pay any interest to them.

There is no insecurity in the public sector to workers as regards the future because there are set rules and regulations to govern their service conditions. In the private sector the position of the worker is not secure at all.

Corruption in the public sector exists because India is under the capitalist system dominated by monopolies. Private property dominates and money is everything. On the amount of money possessed by a person depends his social prestige and influence. The people in the public sector also want to have money. Big business is ready to lure them to indulge in corrupt practices by offering blackmoney. The corruption in the public sector cannot be completely eradicated so long as the capitalist system in general and monopoly houses in particular exist in the country. To cite an example, in the recent past some trucks were intercepted near Bhilai. They were supposed to be carrying scraps but in fact they were loaded with steel products like rails covered with scraps. These truck-loads of steel products were being sent to a big business house in Calcutta.

In the public sector enterprises the selection and recruitment for various jobs take place through public advertisements and interviews which are governed by set rules and regulations. As against this the appointments particularly to the top posts are generally based on considerations of caste and region.

The significant section of the management of public sector enterprises has a soft corner for the big business of this country either because of emotional ties and class origins or actual ties. This section is not very enthusiastic in managing the public undertakings in an efficient manner. It sometimes indulges in activities which pollute the atmosphere of the undertakings. Not long ago a high-up in the management of a giant Soviet-aided project played an important role in fanning communal riots. This gentleman was earlier connected with a big business house of this country and always had the interests of monopoly capital uppermost in his mind.

The third controversy relates to the scope of the state sector. There is a great deal of opposition from the private sector, particularly the monopolists, to the entry of the public sector into the consumer goods industries. The argument is that in these industries the private sector can easily start units and since in these industries the amount of capital required is not very large and the technology needed is not difficult to secure, there is no necessity for the state to overburden itself. The gestation period is not long and profitability is very high, so the private sector does not hesitate to enter consumer goods production. What the private sector wants from the state includes financial resources on easy terms, the provision of infrastructure and various types of rebates and concessions.

Experience shows that the private sector has failed to increase production of consumer goods and has always tried to create a situation of scarcity by curtailing or restricting production to reap maximum profits. It is needless to add that this has been a big factor responsible for the present inflation and the misery of the people. Besides the big business has always succeeded in its tactics of blackmail to get price and distribution controls lifted. This has happened in the case of sugar, soap, vanaspati and scores of other goods.

It is now an open secret that the monopolists secure licences and sit tight on them to create a situation of scarcity to fleece the consumers. To quote Aurobindo Ghose, an economic researcher, "half or more of Indian monopoly's licensed investment did not proceed beyond a stage in the investment process, so that less than half of its licensed investment was actually implemented between 1956 and 1966". The 20 top monopoly houses created only 38.9 per cent of the production capacity for which licences were granted to them during 1956-66.

Secondly, the big business of this country does not follow the government's instructions to produce goods for the weaker sections of society, if they are to be sold at fixed prices. Take the case of cotton textile industry. The private sector mills have generally preferred not to fulfil the obligation of producing coarse cloth and other varieties for mass consumption because their prices were controlled by the government. They have rather preferred to pay fines and go in for the production of medium, fine and superfine varieties of cloth. The result is that there is scarcity of cloth for the poor people, consisting mainly of the toilers. The private sector textile mills have thus imposed an unbearable burden on the poor people by forcing them to buy medium cloth whose price is very high.

Only recently the soap manufacturers of this country, among whom Tatas and Hindustan Lever are prominent, forced the government to lift the informal price control. After the government succumbed to their pressure they increased the prices of popular brands of soaps by 50 to 100 per cent.

In the present situation it is all the more urgent that the public sector should enter the consumer goods industries. Its entry will be a great check on the blackmail tactics of the monopolists. The incidence of preemption, hoarding, adulteration and profiteering will be much reduced. The private sector sharks will not be able to create artificial scarcities and fleece the people. The entry of the public sector in the consumer goods will help fight inflation in the economy. Besides it will improve the profitability of the public sector and enable it to realise a part of the surplus value created in it but at present realised by the private sector.

In fact in all the industries which produce mass consumption goods the public sector should have a decisive role. In other words by both nationalisation of the existing units run by the monopoly houses and setting up new units, the public sector should be placed in a dominant position.

The argument that the public sector suffers from lack of flexibility and inability to adjust to changing taste, design, market, etc. which are great hurdles in its successful operation in the consumer goods industries does not hold much water. The lack of flexibility and the inability to adjust to changing situation are not a permanent feature of the public sector. In fact they are the outcome of the present bureaucratic management and can be got rid of without much difficulty.

The records of Modern Bakeries, Textile Corporation, Indian Drugs and Pharmaceuticals, etc. are in no way inferior to the private sector enterprises.

In a memorandum submitted to the parliamentary committee on public undertakings, the Administration Staff College of India, Hyderabad, pleaded strongly for the public sector going in for production of consumer goods. To quote the memorandum:

"(i) The public sector must also not hesitate to enter fields normally left to the private sector where it is found that the economy is being strangled by lack of development and growth due to paucity of expansion in the private sector. A typical example is the paper industry, where the private sector has not taken advantages offered for expansion, with the result that the country faces paper famine at very high prices.

"(ii) The public sector should also be an instrument to discipline the private sector when the latter fails to conform to the reasonable standards of social ethics. The sugar industry is a typical example.

"(iii) The public sector should not allow itself to become the means of supplying cheap processed raw materials, solely for the benefit of the private sector. The metal-forming industries in the private sector are taking full advantage of relatively cheap material available from the public sector to earn enormous profit for itself. The wide margins between the price of finished steel and of steel products is now solely benefiting the private sector. The public sector should, therefore, emerge as a powerful factor in the area of finished steel products, both in order to discipline the private sector and to absorb a significant share of the profits available for purposes of reinvestment for public purposes, rather than in private interests.

"(iv) The public sector should not be denied opportunities for investment in consumer industries which call for high levels of investments and technology not appropriate for medium and smallscale ventures, instead of leaving these areas as the sole prerogative of the private sector. Public sector investment in the manufacture of watches is certainly a step in the right direction, and is responsible for the benefits of reasonably priced watches being available in India today."

If the public sector enters the consumer goods industries in a big way, it can reduce the domination of the foreign companies which drain away huge amounts on various counts. The foreign monopolists have their hold in drugs, cosmetics and toilet goods, tyres and tubes, electronics and others.

The entry of the public sector into consumer goods industries has been demanded strongly by the trade unions, except the Jana Sangh's Bharatiya Mazdoor Sangh which always acts in the interests of the monopolists. The All-India Trade Union Congress has been in the forefront in demanding the expansion of the scope of the public sector to include consumer goods industries. The Indian National Trade Union Congress has also expressed the view that public sector "should enter into consumer goods industries, particularly of mass consumption items, such as cloth, drugs, etc. particularly industries which are labour intensive and which give quick returns on investment".

Ispat Karmachari Sangh, Ranchi, told the parliamentary committee on public undertakings that "it is a strange phenomenon of Indian economic thinking that all the profitable industries are in the private sector, while those which yield little or no profit or having long gestation period are in the public sector" and suggested taking up of the manufacture of edible oils and vanaspati industries in the public sector. It further said that "it should be the endeavour of the public sector undertakings to see that they do not become or operate as mere feeders to the private sector... It must nationalise the wholesale trade in the necessities of life... Industries like textile, sugar, pharmaceutical drugs, cigarettes, automobiles, scooters, cement must be nationalised."

The government has conceded this demand. In reply to unstarred question No 331, the minister of industrial development and science and technology stated in Lok Sabha on 21 February 1973 that "it is one of government's objectives to expand and extend the role of the public sector into new fields, including production of mass-consumption goods in which significant production gaps are likely to develop in the future".

Now the task of all the left and democratic forces in this country is to see to it that the government translates its intention into reality.

9

Our discussion of the role of the public sector undertakings in India's economy has revealed that these have been used to build capitalism in India. The public sector has acted as a catalyst and helped the growth of capitalism and monopolies in this country. It has provided infrastructure, cheap raw materials, equipment and financial resources to the private sector and thus led to the creation of favourable conditions for the emergence of monopoly houses in this country.

About 11 per cent of the total investment of the LIC has gone to the private sector, particularly the monopolists. In absolute terms the investment of the LIC in the private sector has been going up. Over 42 per cent of the total financial assistance sanctioned by the LIC during 1972-73 (August-September) went to larger business houses. Tatas were sanctioned the maximum amount of funds, Rs 257.9 million, and Birlas were allowed Rs 206.5 million. Among other big business houses, the big chunks of sanctioned assistance went to ACC (Rs 43.3m), Bangur (Rs 53.7m), ICI (Rs 62.4m), JK (Rs 26.4m), Killick (Rs 72m), Mafatlal (Rs 68.7m), Shri Ram (Rs 40m), Sahu-Jain (Rs 10.9m), Thapar (Rs 11m) and Walchand Hirachand (Rs 15m).

According to the latest government statistics, the total LIC investments in the ten largest business groups was Rs 1022.6 million or 38 per cent of the total investment in the private sector as on 31 March 1974. This share was 38.6 per cent in

1973, 38.1 per cent in 1972, 37 per cent in 1971, 36.9 per cent in 1970 and 37.1 per cent in 1969.

The same is the story with other public sector financial institutions such as Unit Trust, IDBI and nationalised banks. According to a study published by **Economic Times** (13 December 1974), 49 per cent of the borrowed funds of the public limited companies of the private sector were provided by banks and 16.3 per cent by financial institutions. Thus two-thirds of the borrowed funds of these companies are provided by the public sector financial institutions including banks.

To facilitate the growth of the monopolies, the government has been successfully pressured to allow them to enter into what was earlier the proclaimed preserve of the public sector. To name a few, the expansion of TELCO and TISCO, the establishment of Goa Fertiliser project and ministeel plants of monopoly houses have been allowed in contravention of the proclaimed policies. To quote M. J. K. Thavraj and Meena Gupta, "An argument frequently advanced is that government cannot set up these industries in the public sector due to lack of finance. This was the plea given when Birlas were allowed to set up Hindustan Aluminium Company. But an overwhelmingly large portion of finance for HINDALCO came from the public sector financial institutions. More than 50 per cent of total financial assistance from government owned financial institutions has gone to the large industrial houses."

What has been said above shows that the growth of the public sector has resulted in just the opposite of what it was to achieve. It was to be an instrument of eliminating the concentration of economic power and preventing the emergence of monopolies.

The private sector in general and monopolies in particular have been reaping a fantastic harvest of profits with the help of the public sector. The irony of the situation is that though the public sector financial institutions provided most of the investible resources to the companies controlled by monopolists, they do not have any say in the decision-making. The proposal to convert the lendings of the financial institutions into equity capital has been scuttled because it would have resulted in the virtual nationalisation of most of the companies of the monopolists, including TISCO. The concept of joint-sector is now interpreted by Tatas and others in a way that will result in the handing over all the public sector undertakings to the monopolists. They want that government should provide finances and bear the risk but the management and decision-making powers should rest solely with them.

We have already pointed out that corruption and inefficiency in the public sector is to a great extent due to the pernicious influence of the monopolists. So long as they are allowed to exist, the public sector undertakings cannot run efficiently.

There is a change in attitude of the top industrialists of this country towards the public sector. These were the people that formulated the Bombay plan and pleaded for the public sector and now they oppose its extension. When the Bombay plan was advanced these industrialists had not developed into monopolists. They were always fearful of the British monopolists. That is why they favoured the participation of the state with all its resources to create favourable conditions for their growth. In other words they wanted the state to facilitate independent capitalist development.

Now since they have emerged as monopolists they do not dread the foreign capitalists, they can now talk to and collaborate with the foreign monopolists without the fear of being devoured by them. They have enough resources and knowhow to enter even into basic and capital goods industries. That is why their attitude to the public sector has changed. They want the scope of the public sector to be limited and thus they oppose its extension. They and their henchmen including Jayaprakash Narayan are busy day and night slandering the public sector.

Here it must not be forgotten that with the emergence of a powerful public sector the state is now in a position to intervene effectively in the economy and curtail the powers of both foreign and Indian monopolists and of taking the country to a noncapitalist path of development. But these potentialities and possibilities can be realised only when the left and democratic forces in this country build up a powerful movement and force the government to realise them.

In this connection the foremost demand should be to nationalise the monopoly houses and the foreign companies operating in India. The monopolists do not play any productive or constructive role in the economy. They are just parasites and in fact the biggest hurdle in the growth of the state sector and medium and small capitalists.

In the second place, the working class must realise that its first duty is to defend the public sector enterprises with all the strength at its command. It has to see to it that the acts of sabotage including arson and communal riots fomented by the agents of foreign or Indian monopolists do not succeed.

It is also the duty of the left and democratic forces in general and workers in particular to get the management of the public sector democratised and policies changed to enthuse the workers and increase the profitability which is at present extremely low.

The management of most of the public sector enterprises is bureaucratic and workers have no say in the decision-making process. Nothing has been done to allow the workers to have a say in the management of the enterprises in which they work and have the greatest stake, so that they "feel that in practice, as well as in theory, they are partners in the undertaking". Moreover rules and regulations have been framed in such a way that quick decisions have become impossible. Not only this but there is no incentive for sincere and hard work. Seniority rather than ability and performance has been made the sole criterion for reward or promotion. Consequently dissatisfaction, frustration, cynicism, loss of interest in and lack of identification with the enterprise are found among young workers.

According to Dr Jai B. P. Sinha: "If the responsibility is clearly earmarked for the man on the spot, if rewards and punishments are swift and exemplary and if business principles govern the operations of the projects, there is no doubt that our public sector projects will emerge as a valuable avenue for resource mobilisation."

We have already pointed out that the people manning the top management positions in the public sector are either drawn from the civil service or from the private sector. They do not have any ideological commitment to the public sector, nay they have more sympathy for the cause of the monopolists. The result is that they do not make much efforts to improve the working of the public sector undertakings. For a number of years the troubles in the Heavy Engineering Corporation, Ranchi, were mainly due to the rivalries among the top executives drawn from government services.

In spite of the entry of the public sector enterprises in various spheres of activities, there is no machinery to coordinate their policies in an effective manner. Secondly, the private sector in India does not develop in any planned way. The planning in India is just an indicative one for it. So long as the major portion of the private sector remains unplanned, the public sector enterprises are bound to be affected adversely if there is any slump. The emergence of idle capacity in the public sector enterprises cannot be checked so long as the monopolies remain in dominant positions in the private sector. Hence two things are required to be done at once. First, the establishment of a machinery to coordinate policies and working of the public sector enterprises in an effective manner and second, bringing the private sector within the orbit of centralised planning and not leaving the production decisions to be based on the criterion of securing maximum profits for the capitalists by hook or by crook, and for this the monopolies have to be done away with.

The profitability of the public sector has to be improved. For this two steps are required. First, the efficiency should be improved and wastage eliminated. Along with this the pricing policies of the public sector enterprises have to be changed. The public sector enterprises cannot be run on the basis of merely "no profit, no loss" or "running without losses". The public sector enterprises have to avoid losses and make profits so that they can contribute to capital accumulation and further investment in the economy.

Second, the public sector should enter more profitable fields of trade and consumer goods industries. This will, besides checking the inflationary trends, stabilise prices and provide mass consumption items to the people and also enable the public sector to increase its profitability.

The responsibility of the workers in the public sector enterprises is immense. They have to fight the attacks on the public sector not only from the right but also from the left-sectarians who only harp on the negative features and the failures of the public sector. They have to arouse political consciousness among their fellow workers and make them realise the potentialities of the public sector in fighting the Indian and foreign monopolists. They must never forget the role played by the public sector in economic development and defence of the country. At the same time they must also not forget that the public sector is being utilised for developing capitalism. It is being used by the monopolists for increasing their profits and economic power. This must stop. But this will not stop till there is a powerful mass movement in this country to force the government to change its policies and instead of building capitalism and strengthening monopolies, the noncapitalist path of development is followed. The public sector will be a powerful instrument for freeing the country from the monopolists and making the centralised planning effective. The noncapitalist path of development backed by a powerful public sector and mass movement will ultimately pave the way to scientific socialism.

APPENDIX

Table 1

PUBLIC SECTOR OUTLAY DURING PLANS

(Rs crores)

Heads	*First Plan (1951-56)* *Actual*	%	*Second Plan (1956-61)* *Actual*	%	*Third Plan (1961-66)* *Actual*	%	*Annual Plans (1966-69)* *Actual*	%	*Fourth Plan (1969-74)* *Actual*	%	*Fifth Plan (proposed) (1974-79)* *Allocation*	%
Agriculture and allied sectors	291	15	530	11	1089	13	1167	17				
Major and medium irrigation	310	16	420	9	665	8	457	7	3466	21	7411	20
Power	260	13	445	10	1252	14	1182	18	2448	15	6190	16
Village and small industry	43	2	175	4	235	3	144	2				
Organised industry and minerals	74	4	900	20	1726	20	1575	23	3729	22	8939	24
Transport and Communications	523	27	1300	28	2112	25	1239	18	3887	23	7115	19
Social service and miscellaneous	459	23	830	18	1493	17	993	15	3244	19	7707	21
Total	1960	100	4600	100	8573	100	6757	100	16774	100	37382	100

Table II

INVESTMENT IN INDIAN ECONOMY

Period	*Total Investment*			*Investment in Industry (Organised and Minerals)*		
	Public Sector	*Private Sector*	*Total*	*Public Sector*	*Private Sector*	*Total*
I Plan (1951-56)	1560 (46.4)	1800 (53.6)	3360 (100.0)	60.0 (15.1) (3.8)	338 (84.9) (18.8)	398 (100.0) (11.8)
II Plan (1956-61)	3650 (54.1)	3100 (45.9)	6750 (100.0)	770.0 (47.5) (21.1)	850 (52.5) (27.4)	1620 (100.3) (24.0)
III Plan (1961-66)	6300 (60.0)	4100 (39.4)	10400 (100.0)	1520 (59.1) (24.1)	1050.0 (40.9) (25.6)	2570 (100.0) (24.7)
Total (1951-66)	11500 (56.1)	9000 (43.9)	20510 (100.0)	2350 (51.2) (20.4)	2238 (48.8) (24.9)	4588 (100.0) (22.4)
IV Plan (1969-74) (envisaged)	13655 (60.4)	8980 (39.6)	22635 (100.0)	3048 (57.5) (22.3)	2250 (42.5) (25.1)	5298 (100.0) (23.4)
V Plan (1974-79) (envisaged)	31400 (66.0)	16161 (34.0)	47561 (100.0)	8573 (57.8) (27.30)	6250 (42.2) (38.7)	14823 (100.0) (31.2)

Table III

INVESTMENT IN RUNNING CONCERNS

(Rs crores)

Year	*Number*	*Investment in running concerns*	*Investment in all concerns*
1968-69	61	3533.20	4301
1971-72	84	4201.87	5051
1972-73	103	5498.87	5571

Table IV

CLASSIFICATIONWISE INVESTMENT IN 1972-73

(Rs crores)

	Class of undertakings	*Total investment*	*% of investment in all categories*
	Undertakings under construction	112.85	2.02
	Running concerns		
I.	Production companies	4559.88	81.87
A.	Basic raw materials	3533.89	63.45
	(a) Steel	1839.92	33.04
	(b) Minerals & metals	666.52	11.96
	(c) Petroleum	378.35	6.79
	(d) Chemicals & pharmaceuticals	649.10	11.66
B.	Capital goods	969.57	17.40
	(a) Heavy engineering	657.38	11.80
	(b) Medium and light engg.	122.50	2.19
	(c) Transportation equipment	189.69	3.41
C.	Consumer goods	48.43	0.87
D.	Agro-based industries	7.99	0.15
II.	Service companies	897.97	16.11
	(a) Trading & marketing services	292.58	5.26
	(b) Transportation services (air, sea and road)	421.96	7.59
	(c) Contracts and construction services	15.77	0.28
	(d) Industrial development & technical consultancy services	5.99	0.10
	(e) Development of small industries	29.64	0.53
	(f) Tourist services	13.71	0.24
	(g) Financial services	58.24	1.04
	(h) Rehabilitation of sick industries	28.58	0.51
	(i) Insurance	31.50	0.56
	Total	5570.70	100.00

Table V

EMPLOYMENT POSITION

	Employment ('000)	*Salaries and wages (Rs crores)*
1968-69	597.7	254.84
1969-70	621.0	289.95
1970-71	659.2	357.23
1971-72	701.3	415.01
1972-73	804.8	508.10

Table VI

EMPLOYMENT IN MAJOR INDUSTRIAL GROUPS (1972-73)

	Number of persons employed	*% to total*	*Salaries & wages paid (Rs crores)*	*% to total*
Industrial groups				
1. Steel	149,692	18.6	103.77	20.4
2. Minerals & metals	148,413	18.4	56.28	11.1
3. Transportation equipment	77,560	9.6	48.71	9.6
4. Heavy engineering	73,896	9.2	42.57	8.4
5. Trading & marketing services	59,596	7.4	33.13	6.5
6. Medium & light engineering	58,512	7.3	36.59	7.2
7. Insurance	55,373	6.9	57.51	11.3
8. Chemicals & pharmaceuticals	51,968	6.4	31.61	6.2
9. Petroleum	38,522	4.8	20.69	4.1
10. Transportation services	37,815	4.7	53.24	10.5
Total for the above groups	751,247	93.3	484.10	95.3
Total for all public undertakings	804,792	100.0	508.10	100.0

Table VII

TOP 10 PUBLIC UNDERTAKINGS (TURNOVERWISE)

(Rs crores)

Ranking of all concerns	*1972-73 Turnover*	*Ranking of Production concerns*	*Turnover*	*Ranking of all concerns*	*Turnover*	*Ranking of Production concerns*	*Turnover*
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1. Food Corpn of India	1294.05	IOC	999.24	1. Food Corpn of India	564.33	IOC	527.94
2. IOC	999.24	HSL	594.80	2. IOC	527.94	HSL	320.38
3. HSL	594.80	Fert Corpn of India	91.66	3. HSL	320.38	Hind Aeronautics	52.32
4. STC	348.82	BHEL	75.14	4. STC	168.45	Fert Corpn of India	48.79
5. MMTC	345.88	Hind Aeronautic	73.59	5. MMTC	112.62	Cochin Refineries	41.72
6. Air India	101.08	Madras Refineries	65.30	6. Air India	59.51	NCDC	40.29
7. Fert Corpn of India	91.66	NCDC	56.88	7. Hind Aeronautics	52.32	ONGC	34.80
8. Cotton Corpn of India	84.89	HEI	52.61	8. Fert Corpn of India	48.79	Neyveli Lignite	30.43
9. Shipping Corpn of India	83.76	ONGC	50.95	9. Cochin Refineries	41.72	Bharat Electronics	27.00
10. BHEL	75.14	Indo-Burmah Petroleum Co	41.27	10. Shipping Corpn of India	41.57	HEI	23.98
Total of 10 concerns	4019.32		2101.44		1937.63		1147.65
Total of all concerns	5262.00		5262.00		2393.70		2393.70

Table VIII

TOP 10 PROFIT-MAKING PUBLIC UNDERTAKINGS

(Rs crores)

	Net profit in 1971-72	*Net profit in 1972-73*		*Net profit in 1968-69*
1. IOC	22.17	31.94	1. IOC	19.42
2. Shipping Corpn of India	8.08	8.07	2. ONGC	13.68
3. BHEL	7.40	3.03	3. Shipping Corpn of India	5.00
4. HEL	7.32	0.89	4. Fertiliser Corpn of India	4.06
5. ONGC	6.76	12.12	5. Cochin Refineries	3.49
6. Madras Refineries	6.25	3.46	6. STC	2.68
7. STC	5.93	5.24	7. Hindustan Housing Factory	2.44
8. MMTC	5.25	5.40	8. Hind Aeronautics	2.24
9. Hind Aeronautics	4.14	3.67	9. Air India	2.16
10. Bharat Earthmovers	3.15	3.29	10. Indian Airlines	1.56
Total	76.45	77.11		56.73

Table IX

LAGGARDS AMONG PUBLIC UNDERTAKINGS

(Rs crores)

		Net loss in 1972-73	*Net loss in 1971-72*			*Net loss in 1968-69*
1.	HSL	—27.80	—44.85	1.	HSL	—39.42
2.	HEC	—16.57	—15.85	2.	HEC	—14.12
3.	Neyveli Lingnite	— 9.95	—13.32	3.	IDPL	— 9.07
4.	Bokaro Steel	— 5.45	———	4.	MAMC	— 6.39
5.	IDPL	— 3.70	— 4.87	5.	HEI	— 5.87
6.	Hind Photofilms	— 2.97	— 2.65	6.	BHEL	— 3.37
7.	Bharat Coking Coal	— 2.57	———	7.	Neyveli Lignite	— 2.39
8.	NCDC	— 2.43	— 6.53	8.	Hind Photofilms	— 2.08
9.	FACT	— 2.04	— 3.82	9.	NMDC	— 1.82
10.	NMDC	— 1.12	— 3.50	10.	National Projects Cons Corpn	— 1.22
	Total	—74.60	—95.39			—85.25

Table X

FOREIGN EXCHANGE EARNINGS OF PUBLIC UNDERTAKINGS

(Rs crores)

	Export earnings of production concerns	*Fireign exchange earnings (other than through exports by service concerns)*	*Exports trading concerns*
1968-69	69.35	72.46	130.43
1969-70	84.64	85.24	148.60
1970-71	96.33	92.62	179.75
1971-72	65.51	102.47	190.73
1972-73	74.12	124.65	301.45

Appendix 2

PUBLIC SECTOR ENTERPRISES IN 1972-73

Running Concerns	*Date of Incorporation*
A. Industrial Engineering	
1. Hindustan Machine Tools Limited	7- 2-1953
2. Heavy Electricals (India) Limited	29- 8-1956
3. Bharat Heavy Electricals Limited	13-11-1964
4. Hindustan Cables Limited	4- 8-1952
5. National Instruments Limited	26- 6-1957
6. Heavy Engineering Corporation Limited	31-12-1958
7. Mining and Allied Machinery Corporation Limited	1- 4-1965
8. Tungabhadra Steel Products Limited	20- 2-1960
9. Hindustan Aeronautics Limited	1-10-1964
10. Bharat Earth Movers Limited	11- 5-1964
11. Praga Tools Limited	28- 5-1943
12. Bharat Electronics Limited	21- 4-1954
13. Hindustan Teleprinters Limited	14-12-1960
14. Indian Telephone Industries Limited	25- 1-1950
15. Electronics Corporation of India Limited	11- 4-1967
16. Instrumentation Limited	21- 3-1964
17. Triveni Structurals Limited	3- 7-1965
18. Machine Tool Corporation of India Limited	11- 1-1967
19. Bharat Heavy Plate and Vessels Limited	25- 6-1966
20. Bharat Dynamics Limited	16- 7-1970
21. Bharat Ophthalmic Glass Limited	1- 4-1972
Chemicals	
22. The Fertiliser Corporation of India Limited	1- 1-1961
23. The Fertilisers and Chemicals, Travancore Limited	22- 9-1943

24. Madras Fertilisers Limited	8-12-1966
25. Hindustan Antibiotics Limited	30- 3-1954
26. Indian Drugs and Pharmaceuticals Limited	5- 4-1961
27. Hindustan Insecticides Limited	11- 3-1954
28. Indian Rare Earths Limited	18- 8-1950
29. Uranium Corporation of India Limited	4-10-1967
30. Hindustan Salts Limited	12- 4-1958
31. National Newsprint and Paper Mills Limited	25- 1-1947
32. Hindustan Photofilms Manufacturing Company Limited	30-11-1960

Mining and Minerals

33. National Coal Development Corporation Limited	5- 9-1956
34. Neyveli Lignite Corporation Limited	14-11-1956
35. National Mineral Development Corporation Limited	15-11-1958
36. Manganese Ore (India) Limited	22- 6-1962
37. Pyrites, Phosphates and Chemicals Limited	22- 3-1960
38. Hindustan Zinc Limited	10- 1-1966
39. Bharat Coking Coal Limited	1- 1-1972
40. Bharat Gold Mines Limited	22- 3-1972

Shipping and Transport

41. Mogul Line Limited (became govt company on 16-8-1960)	2- 8-1877
42. Shipping Corporation of India Limited	2-10-1961
43. Central Road Transport Corporation Limited	6- 3-1964
44. Central Inland Water Transport Corporation Limited	22- 2-1967

Ship-building and Repairing

45. Hindustan Shipyard Limited	21- 1-1952
46. Mazagaon Dock Limited	26- 2-1934
47. Garden Reach Workshops Limited	26- 2-1934

Steel

48. Hindustan Steel Limited	19- 1-1954
49. Steel Authority of India Limited	24- 1-1973

Petroleum and Oils

50.	Indian Oil Corporation Limited	30- 6-1959
51.	Cochin Refineries Limited	6- 9-1963
52.	Madras Refineries Limited	30-12-1965
53.	Lubrizol India Limited	20- 7-1966
54.	Indo-Burmah Petroleum Company Limited (became govt company on 12- 1-1970)	8-12-1909

Construction Undertakings

55.	Hindustan Housing Factory Limited	27- 1-1953
56.	National Buildings Construction Corporation Limited	15-11-1960
57.	National Projects Constructions Corporation Limited	9- 1-1957
58.	Hindustan Steel Works Construction Limited	23- 6-1964

Miscellaneous

59.	Central Fisheries Corporation Limited	29- 9-1965
60.	Modern Bakeries (India) Limited	1-10-1965
61.	Hindustan Latex Limited	1- 3-1966
62.	Tannery and Footwear Corporation of India Limited	22- 2-1969

B. Trading and Services

63.	State Trading Corporation of India Limited	18- 5-1966
64.	Minerals and Metals Trading Corporation of India Limited	26- 9-1963
65.	Cotton Corporation of India Limited	31- 7-1970
66.	Jute Corporation of India Limited	2- 4-1971
67.	Tea Trading Corporation of India Limited	21-12-1971

C. Consultancy

68.	Engineers India Limited	15- 3-1965
69.	Water and Power Development Consultancy Services (India) Limited	26- 6-1969

D. Financial and Insurance

70.	Export Credit and Guarantee Corporation Limited	30- 7-1957

71.	Film Finance Corporation Limited	25- 3-1960
72.	Housing and Urban Development Corporation Limited	25- 4-1970
73.	General Insurance Corporation of India	22-11-1972

Promotional and Developmental Undertakings

74.	National Small Industries Corporation Limited	4- 2-1955
75.	National Industrial Development Corporation Limited	20-10-1954
76.	Rehabilitation Industries Corporation	13- 4-1959
77.	National Research Development Corporation of India	31-12-1953
78.	National Seeds Corporation Limited	19- 3-1963
79.	India Tourism Development Corporation Limited	1-10-1966
80.	National Textile Corporation Limited	1- 4-1968
81.	State Farms Corporation of India Limited	14- 5-1969
82.	Rural Electrification Corporation Limited	25- 7-1969
83.	Indian Dairy Corporation	13- 2-1970

Companies under Construction

84.	Cement Corporation of India Limited	18- 1-1965
85.	Bokaro Steel Limited	29- 1-1964
86.	Hindustan Organic Chemicals Limited	12-12-1960
87.	Hindustan Copper Limited	9-11-1967
88.	Bharat Aluminium Company Limited	27-11-1965
89.	Indian Petro-Chemicals Corporation Limited	22- 3-1969
90.	Bharat Pumps and Compressors Limited	1- 1-1970
91.	Hindustan Paper Corporation Limited	29- 5-1970
92.	Cochin Shipyard Limited	29- 3-1972
93.	Scooters India Limited	7- 9-1972
94.	Salem Steel Limited	25-10-1972

Subsidiary Companies

95.	Handicrafts and Handlooms Exports Corporation of India Limited	11- 4-1958
96.	Sambhar Salts Limited	30- 9-1964
97.	India Motion Pictures Export Corporation Limited	19- 9-1963

98.	Goa Shipyard Limited	26-11-1957
99.	Indian Oil International Limited	24-10-1969
100.	Cashew Corporation of India Limited	19- 8-1970
101.	Engineering Projects (India) Limited	16- 4-1970
102.	Projects and Equipments Corporation of India Limited	21- 4-1971
103.	Hotel Corporation of India Limited	8- 7-1971
104.	Air India Charters Limited	9- 9-1971
105.	Nagaland Pulp and Paper Company Limited	14- 9-1971

Statutory Corporations

1.	Air India	15- 6-1953
2.	Indian Airlines	15- 6-1953
3.	International Airports Authority	1- 2-1972
4.	Central Warehousing Corporation	March 1957
5.	Oil and Natural Gas Commission	15-10-1959