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ABSTRACT

Government of India has leveraged the public sector enterprises to achieve desired socio-economic objectives. Profits made by public enterprises are utilized towards financing the economic development of the country. Thus the purpose for which an industry in public sector is set up is primarily for the welfare of both the workers and the society. Hence, the performance of the public sector enterprises cannot be evaluated in terms of the criteria used to judge the performance of private sector enterprises. The basic difference between private and public ownership is the difference in objectives, *viz* welfare maximization by the public sector and profit maximization by the private sector. Hence, based on the critical role played by these enterprises, time and again there is a need to understand the status of the public sector enterprises in the country. Thus, the paper aims to present a picture of the public sector enterprises in India based on the secondary literature available. Different issues related to the performance of the public sector enterprises is discussed on the backdrop of their contribution to Indian economy. The paper helps in creating an understanding of the role played by public sector enterprises in the economic development of the country.

Keywords:
Public sector enterprises, Government of India, Economic development, Economic reforms

INTRODUCTION

The two hundred years of colonial rule had completely crushed the Indian industry and exhausted the resources at the dawn of the independence. It was felt that political freedom would not be of much use if economic independence was not achieved. Most private entrepreneurs had neither the vision nor the capability to undertake heavy investments in core sector industries having long gestation periods. Moreover, state political leadership had the ideological conviction that an equitable and socialistic society could be built only by adopting a mixed pattern. It was under these circumstances that the Indian government had to enter into the business. The main objective of doing so, were to build a base for solid infrastructure, bring about a planned development of the entire country and improve living condition of the masses. In many ways, the public enterprises were used as extended arms of the government for development (Rama Prasad Rao). Public enterprise without a plan can achieve something; a plan without public enterprises is likely to remain on paper (Hanson, 1954). According to Minhas (1974), securing rapid economic growth and expansion of employment, reduction of disparities in income and wealth, prevention of concentration of economic power, and creation of the values and attitudes of a free and equal society have been among the objectives of all the plans of Indian government. Agriculture & other activities of the economy were the two limbs of Indian economy which was characterised by central planning for development and minimum of foreign participation. The economic reason for the desirability of reforms is that it raises the long run growth rate of the economy. In the early stages of development planning, the government was viewed as the principal actor in the development, exercising strict control over private investment and ensuring a dominant role for the Public Sector in all important industries. Trade policy tended to be inward oriented focusing on industrial development through import substitution which was encouraged through a tight control over the imports and maintenance of high tariffs. Reforms are means to achieve the ultimate goal of economic development of the country and the well-being of its people (Kumar, 2000).Though the economic reforms in India have started in 1980s, but it has got logically consistent shape only since 1991. The package of economic reforms in India consists of (Singh & Kaur, 2003):

1. Deregulation and liberalisation of all markets,
2. Increasing competitiveness in all spheres of economic activities, and

3. Living with in the means or a strong budget constraint on all economic agents.

The Central Public Sector Enterprises (CPSEs) comprise enterprises established by the Government of India (GOI) as Government companies under Section 617 of the Companies Act, and wherein the equity holding of the GOI is more than 50 per cent. It also includes statutory corporations constituted under specific statutes of the Parliament. The CPSEs do not, however, include departmental undertakings, banking institutions and enterprises where equity holding of the GOI is 50% or less (Department of Public Enterprises, 2007).

EVOLUTION OF PUBLIC SECTOR IN INDIA

Historically, public sector undertakings (PSUs) have played an important part in the development of the Indian industry. At the time of independence, it was felt that political independence without economic self-reliance would be detrimental to the country's sovereignty and autonomy in policy-making (Department of Public Enterprises, 2008).Prior to Independence, there were few public sector enterprises in the country. These included the Railways, the Posts and Telegraphs, the Port Trusts, the Ordinance Factories, and All India Radio, and few enterprises like the Government Salt Factories, Quinine Factories, etc. were departmentally managed (Narain, 1994). At the time of independence, India was basically an agricultural economy with weak industrial base, low levels of savings and investment and lacks infrastructure. A vast majority of population was extremely poor. There were considerable inequalities in income, employment opportunities were low, serious regional imbalances were noticeable in economic attainments. It was felt that if the country was to speed up its economic growth and maintain in the long run at a steady level, a big push with state initiative as an essential pre-requisite (Gupts, 1975). Private enterprises lead to vast inequalities in the distribution of wealth which are not desirable on social grounds and also on economic grounds to the extent they are result of unearned incomes (Trivedi, 1986).

Public sector enterprises have been playing a dominant and unique role in industrial growth and development of Indian economy. In order to dismantle the accumulated problems of unemployment, disparities of rural and urban, inter-regional and inter-class disparities and technological backwardness and to set up a socialistic pattern of society in the country, establishment of public enterprises have been conceived (Reddy, 1994). In view of this type of socio-economic set up, Indian visionary leaders drew up a roadmap for the development of Public Sector as an instrument for self-reliant economic growth. This guiding factor led to the passage of Industrial Policy Resolution of 1948 and followed by Industrial Policy Resolution of 1956.

Pandit Jawaharlal Nehru laid the foundations of modern India. His vision and determination have left a lasting impression on every facet of national endeavour since Independence. It is due to his initiative that India now has a strong and diversified industrial base and is a major industrial nation of the world. The goals and objectives set out for the nation by Pandit Nehru on the eve of Independence, namely, the rapid agricultural and industrial development of the country, rapid expansion of opportunities for gainful employment, progressive reduction of social and economic disparities, removal of poverty and attainment of self-reliance remain as valid today as at the time Pandit Nehru first set them out before the nation. Any industrial policy must contribute to the realisation of these goals and objectives at an accelerated pace (Rao, 1979).

In 1948, immediately after Independence, GOI introduced the Industrial Policy Resolution. This outlined the approach to industrial growth and development. It emphasised the importance to the economy of securing a continuous increase in production and ensuring its equitable distribution. The Industrial Policy Resolution, 1948 laid down that the manufacturer of arms and ammunition, the production and control of atomic energy and ownership and management of railway transport should be the exclusive monopoly of the central government. By doing so, it has sown the seeds for the growth of public sector (Planning Commission of India, 1951). Owing to the small size of the First Plan, insufficient funds and greater urgency of agriculture development because of serious shortages of food, the First Plan did not make any big provisions for industrial development. However, it aimed at building up the basic services like power and irrigation so that industrialization may be facilitated. The Public Sector Outlay on Power, Transport communication and Industry were ` Rs. 260 crores and Rs. 120 crores respectively (Chalam, 1988).

After the adoption of the Constitution of India and the socio-economic goals, the Industrial Policy was comprehensively revised and adopted in 1956. To meet new challenges, from time to time, it was modified through statements in 1973, 1977 and 1980. The Second Five Year Plan envisaged the public sector in accordance with the socialist pattern of society as the guiding political philosophy. Further, the public sector is expected to work as an instrument for checking concentration of economic power (Pani, 2011). The Second Plan argued that India should create a base in heavy industries which was interpreted to include not just physical assets but also the development of technical manpower (Planning Commission of India, 1969). Hence, the 1956 Industrial Policy Resolution gave primary role to the state to assume a predominant and direct responsibility for industrial development. The Fourth Plan talked about the establishment of a social and economic democracy. It stated the broad objectives of planning defined in terms of rapid economic development accompanied by continues progress towards equality and social justice. The Industrial Policy Statement of

1973, inter alia, identified high-priority industries where investment from large industrial houses and foreign companies would be permitted.

The Industrial Policy Statement of 1977 laid emphasis on decentralisation and on the role of small-scale, tiny and cottage industries. Charan Singh, an ardent supporter of the Gandhian model of economic growth, states that no medium and large-scale enterprise shall be allowed to come into existence in future which will produce goods or services that cottage or small-scale enterprises can produce and no small scale industry shall be allowed to be established which will produce goods or services that cottage enterprise can produce (Venkitaramanan, 2006). The Industrial Policy Statement of 1980 focussed attention on the need for promoting competition in the domestic market, technological up-gradation and modernisation. The policy laid the foundation for an increasingly competitive export-based and for encouraging foreign investment in high-technology areas. This found expression in the Sixth Five Year Plan which bore the distinct stamp of Indira Gandhi. It was Indira Gandhi who emphasised the need for productivity to be the central concern in all economic and production activities.

These policies created a climate for rapid industrial growth in the country. Thus on the eve of the Seventh Five Year Plan, a broad-based infrastructure had been built up, basic industries had been established. A high degree of self-reliance in a large number of items, raw materials, intermediates, finished goods had been achieved. New growth centres of industrial activity had emerged, as had a new generation of entrepreneurs. A large number of engineers, technicians and skilled workers had also been trained. The Seventh Plan recognised the need to consolidate on these strengths and to take initiatives to prepare Indian industry to respond effectively to the emerging challenges. A number of policy and procedural changes were introduced in 1985 and 1986 under the leadership of Rajiv Gandhi which are aimed at increasing productivity, reducing costs and improving quality. The accent was on opening the domestic market to increased competition and readying our industry to stand on its own in the face of international competition. The public sector was freed from a number of constraints and given a larger measure of autonomy. The technological and managerial modernisation of industry was pursued as the key instrument for increasing productivity and improving our competitiveness in the world. The net result of all these changes was that Indian industry grew by an impressive average annual growth rate of 8.5% in the Seventh Plan period.

Post 1991 a series of initiatives were taken by the GOI towards economic reforms. GOI gradually disbanded the system of licensing and controls and opened up almost all sectors of economy to private investment, including foreign private investment. With the opening of Indian economy in early 90s, private sector started operations in almost all sectors of economy that were earlier reserved for CPSEs. Post 1991, private sector has grown at far rapid rate than the Public Sector. With the entry of MNCs, the rate of growth of private sector further increased. This growth in private sector has led to large demand for technical and managerial talent from the private sector.

GLOBAL PERSPECTIVE

The concept of Public Sector Enterprises germinated around 'Great Depression' and came in full bloom by the World War II. When the countries headed by the Soviet Union formed the communist bloc, thereby giving birth to the centrally planned economy. While Karl Marx was laying the foundation of a socialist system, the capitalist system failed to respond to the needs of the people during the great depression of the 1930's and thus opened the eyes of the economists and statesmen to it intrinsic weaknesses (Rangarajan, State and Market, 2003).

The rapid shrinking of colonial rule at almost the same time helped the emergence of the concept of mixed economy.

The Fifties were probably the heydays of government intervention. One can discern three streams of thought and developments culminating in this situation. The first was clearly the process of putting Keynesian macroeconomics into action. The second was the success story of the command economies under the socialist regimes of the USSR and Eastern Europe. The third was the birth of planning in the newly independent third world economies (Department of Disinvestment, 2001). Thus, Britain nationalised its core industries, such as coal mines, iron and steel, electricity, gas, ports and shipbuilding. In post war France, the economy was divided into three segments the private, the controlled and the nationalised. Public utilities, core and strategic sectors, telecommunications, airlines, and automobiles were all either nationalised or brought under majority ownership and control. In the developing countries too, public sector came to acquire a major role. Here, the state intervention was fuelled by other considerations also. It was thought that the social welfare objectives could be best achieved through comprehensive state intervention. This trend continued throughout 60s and 70s, in several countries (Department of Disinvestment, 2001). The reversal of the trend, pursuant to disenchantment with public sector started in 1970s. It was observed in many countries that the performance of the public enterprises was far below the expectations and often worse than that of the private sector. The public sector seemed to perform well only when protected through government created monopolies, entry reservations, high tariffs and quotas etc. The problems got further accentuated due to pre-emption of massive resources by the underperforming public sector which left little money for more urgent social needs and public welfare. These problems were brought in sharp focus after the second oil shock of 1979, when it became clear that the experiments with government ownership of commercial activities were not succeeding (Department of Disinvestment, 2003).

During the 1980s, the disillusionment witnessed in the socialist economies added to the disenchantment with the public sector in the mixed economies in the world. USSR started the economic reforms under Perestroika, which swept the economies of Eastern Europe. China also introduced far reaching economic reforms and it was recognized that public sector did not optimise efficiency and productivity of capital. It was realized that the large number of public enterprises working under mixed economies were plagued by over-centralization in decision-making and excessive bureaucratisation (Department of Disinvestment, 2003). A new trend of global integration began to emerge and countries all over the world, whether developed or developing, capitalist or socialist, started undergoing vast economic changes, witnessed by the decline in the role of the state in commercial activities and increasing privatisation of state owned enterprises. In 1980s, privatisation had started in real earnest in several parts of the world. This was facilitated by the gradual integration of the world economies, which ensured that capital and goods flowed more freely to countries suffering from lack of resources. Foreign capital became freely available to finance large infrastructure projects, for want of which the domestic private parties were hitherto unable to come forward, and state support was necessary. Acceptance of the WTO regime by most of the countries has since led to gradual abolition of quantitative restrictions and reduction in duties and removal of restrictions on inter-country trade. As a result, the relevance of the state in providing resources for various commercial activities and protecting the interests of consumers has considerably reduced (Ministry of Industry, 1991).

POLICY ON PUBLIC SECTOR

The Industrial Policy Resolution of 1956 has been the guiding factor, which gave the public sector a strategic role in the economy. Massive investments have been made over the past five decades to build the public sector. Many of these enterprises successfully expanded production, opened up new areas of technology and built up a reserve of technical competence in a number of areas. Nevertheless, after the initial concentration of public sector investment in key infrastructure areas, Public enterprises began to spread into all areas of the economy including non-infrastructure and non-core areas.

GOI announced on 24th July 1991 the ‘Statement on Industrial Policy’ which inter-alia included statement on Public Sector Policy (Standing Conference on Public Enterprises). The statement contains the following decisions:

- Portfolio of public sector investments will be reviewed with a view to focus the public sector on strategic, high-tech and essential infrastructure. Whereas some reservation for the public sector is being retained, there would be no bar for areas of exclusivity to be opened up to the private sector selectively. Similarly the public sector will also be allowed entry in areas not reserved for it.
- Public enterprises which are chronically sick and which are unlikely to be turned around will, for the formulation of revival/rehabilitation schemes, be referred to the Board for Industrial and Financial Reconstruction (BIFR), or other similar high level institutions created for the purpose. A social security mechanism will be created to protect the interests of workers likely to be affected by such rehabilitation packages.
- In order to raise resources and encourage wider public participation, a part of the Government's shareholding in the public sector would be offered to mutual funds, financial institutions, general public and workers.

- Boards of public sector companies would be made more professional and given greater powers.
- There will be a greater thrust on performance improvement through the Memoranda of Understanding (MOU) systems through which managements would be granted greater autonomy and will be held accountable. Technical expertise on the part of the GOI would be upgraded to make the MOU negotiations and implementation more effective.
- To facilitate a fuller discussion on performance, the MOU signed between GOI and the public enterprise would be placed in Parliament.

Objectives for Setting up Public Sector Enterprises

The main objectives for setting up the public sector enterprises as stated in the Industrial Policy Resolution of 1956 were:

- To help in the rapid economic growth and industrialisation of the country and create the necessary infrastructure for economic development;
- To earn return on investment and thus generate resources for development;
- To promote redistribution of income and wealth;
- To create employment opportunities;
- To promote balanced regional development;
- To assist in the development of small-scale and ancillary industries; and
- To promote import substitutions, save and earn foreign exchange for the economy.

ECONOMIC REFORMS IN INDIA

It is well known that from 1951 to 1991, Indian policy-makers stuck to a path of centralized economic planning accompanied by extensive regulatory controls over the economy. The strategy was based on an ‘inward-looking import substitution’ model of development. This was evident from the design of the country's Second Five-Year Plan (1956-61), which had been heavily influenced by the Soviet model of development (Harris, 1987). Several official and expert reviews undertaken by the GOI recommended incremental liberalization of the economy in different areas, but these did not address the fundamental issues facing the economy. India's economy went through several episodes of economic liberalization in the 1970s and the 1980s under Prime Minsters Indira Gandhi and, later, Rajiv Gandhi. However, these attempts at economic liberalization were half hearted, self-contradictory, and often self-reversing in parts (Venkitaramanan, 2006). In contrast, the economic reforms launched in the 1990s were much wider and deeper (Wadhya, 1994) and decidedly marked a U-turn in the direction of economic policy followed by India during the last forty years of centralized economic planning (Rangarajan, 2011).

The year 1991 is a landmark in the post-independence economic history of India. The country faced a severe economic crisis, triggered in part by a serious balance of payments situation. The crisis was converted into an opportunity to effect some fundamental changes in the content and approach to economic policy (Wadhya, 1994). India suffered a major economic crisis in 1991, due largely to the effects of oil price shocks (resulting from the 1990 Gulf War), the collapse of the Soviet Union (a major trading partner and source of foreign aid), and a sharp depletion of its foreign exchange reserves (caused largely by large and continuing Government budget deficits). The economic crisis led India, under the Indian National Congress, to cut the budget deficit and implement a number of economic reforms, including sharp cuts in tariff and non-tariff barriers, liberalization of FDI rules, exchange rate and banking reforms, and a significant reduction in the GOI's control over private sector investment (by removing, licensing requirements). These reforms helped boost economic growth and led to a surge in FDI flows to India in the mid-1990s.

The 1990s reforms transformed the investment climate, improved business confidence and generated a wave of entrepreneurial optimism. This has led to a gradual improvement in competitiveness of the entire corporate sector, resurgence in the manufacturing sector and acceleration in the rate of investment (Ministry of Finance, 2012). India's exports began to climb, its foreign exchange reserves, which for decades had hovered around 5 billion dollars, rose exponentially after the economic reforms and in little more than a decade had risen to 300 billion dollars. Indian corporations that rarely ventured out of India were suddenly investing all over the world and even in some industrialized countries. When, in 2009, the Group of 20 (G-20) was raised to the level of a forum for leaders, India was a significant member of this global policy group. The globalization of India has given rise to new opportunities but it has also brought with it new challenges and responsibilities.

STATE LEVEL PUBLIC SECTOR ENTERPRISES

The State Level Public Sector Enterprises (SLPEs) form an important part of state economies and have played a very important role in the development of different states after Independence. The Constitution of India has also bestowed the responsibility of infrastructure sectors, such as, roads, power & energy, irrigation, etc., upon the state governments. Due to large capital investment required and lack of private initiative, the state governments have had to step in to set up these infrastructure projects/public utilities in their respective states. Besides the public utilities, the SLPEs have been set up in areas, such as, mining, public distribution/trading and marketing, warehousing, tourism, handicrafts and handloom development, forest and fisheries development, financial services and housing etc. While a number of SLPEs have been set up as 'statutory corporations' through the Acts enacted in the State Legislatures, a larger number of them have been set up as joint stock companies under the Companies Act, 1956. A number of SLPEs in some states have been set as co-operatives under the Societies Act, 1912 with majority shareholding by the state governments (Ministry of Finance, 2012).

Overview of SLPEs

As per the CAG Reports on various states, there were around 837 working SLPEs in the country as on 31.3.2007 (Department of Public Enterprises, 2009) (Table 1). The total investments in all these SLPEs stood at Rs. 3,33,441 crores (as on 31.3.2007). The main components of this investment have been paid up capital (Rs. 1,15,658 crores) and long term loan (Rs. 2,17,783 crores); the share of long term loan being 69% of the total compared to 31% share of paid up capital. Investment in SLPEs amounts to 79% of total investment in the 246 CPSEs. The total number of people employed in these SLPEs (> 18 lakh employees), exceed the total number of employees in CPSEs (15.70 lakh employees as on 31.03.2007).

Table 1 about here

CENTRAL PUBLIC SECTOR ENTERPRISES

There were altogether 248 CPSEs under the administrative control of various ministries/departments as on 31 March 2011 (Department of Public Enterprises, 2012). Out of these, 220 were in operation and 28 were under construction. Public sector enterprises have been set up to serve the broad macro-economic objectives of higher economic growth, self-sufficiency in production of goods and services, long term equilibrium in balance of payments and low and stable prices. While there were only five CPSEs with a total investment of Rs. 29 crores at the time of the First Five Year Plan, there were as many 248 CPSEs (excluding 7 Insurance companies) with a total investment of Rs. 6,66,848 crores as on 31st March, 2011. A large number of CPSEs have been set up as greenfield projects consequent to the initiatives taken during the Five Year Plans. CPSEs such as

National Textile Corporation, Coal India Ltd., (and its subsidiaries) have, however, been taken over from the private sector consequent to their nationalization. Industrial companies such as Indian Petrochemicals Corporation Ltd., Modern Food Industries Ltd., Hindustan Zinc Ltd., Bharat Aluminium Company and Maruti Udyog Ltd., on the other hand, which were CPSEs earlier, ceased to be CPSEs after their privatization. Along with other Public Sector majors such as State Bank of India in the banking sector, Life Insurance Corporation in the insurance sector and Indian Railways in transportation, the CPSEs are leading companies of India with significant market-shares in sectors such as petroleum, (e.g. ONGC, GAIL and Indian Oil Corporation), mining (e.g. Coal India Ltd. and NMDC), power generation (e.g. NTPC and NHPC), power transmission (e.g. Power Grid Corporation Ltd.), nuclear energy (e.g. Nuclear Power Corporation of India Ltd.), heavy engineering (e.g. BHEL), aviation industry (e.g. Hindustan Aeronautics Ltd. and Air India Ltd.), storage and public distribution system (e.g. Food Corporation of India and Central Warehousing Corporation), shipping and trading (e.g. Shipping Corporation of India Ltd., and State Trading Corporation Ltd.) and telecommunication (e.g. BSNL and MTNL). With economic liberalization, post-1991, sectors that were exclusive preserve of the Public Sector Enterprises were opened to the private sector. The CPSEs, therefore, are faced with competition from both domestic private sector companies (some of which have grown very fast) and the large multi-national corporations. The turnover of CPSEs like Cotton Corporation of India, ITI Ltd., Mazgaon Dock Ltd., MSTC Ltd., STC Ltd., ONGC, Videsh Sanchar Nigam Ltd., and Bharat Sanchar Nigam Ltd., declined significantly during 2010-11. CPSEs like Air India Ltd., Bharat Sanchar Nigam Ltd., Mahanagar Telephone Nigam Ltd., Hindustan Photofilms & Manufacturing Co. Ltd., and Indian Drugs & Pharmaceuticals Ltd., suffered losses during 2010-11.

Investment in Central Public Sector Enterprises

The aggregate real investment in CPSEs measured in terms of 'Gross Block' went up from Rs. 11,29,983 crores in 2009-10 to Rs. 12,63,665 crores in 2010-11, showing an increase of Rs. 1,3,682 crores or a growth of 11.83 per cent over the previous year. In terms of share in 'Gross Fixed Capital Formation' (GFCF) of the country, however, the share of gross block in CPSEs declined over the previous year, which came down from 7.53 per cent in 2009-10 to 5.76 per cent in 2010-11(Table 2).

Table 2 about here

Growth in Financial Investment

The aggregate financial investment in CPSEs (comprising paid-up share capital, share application money pending allotment and long term loans) grew from Rs. 29 crores in 5 enterprises in 1951-52 to Rs. 6,66,848 crores in 248 enterprises in 2010-11 (Table. 3). Moreover, the financial investment during 2010-11 over 2009-10, increased by Rs. 86,064 crores or by 14.8 percent.

Table 3 about here

Aggregate Balance Sheet of CPSEs

Table 4 provides information on sources of funds (capital available and their utilization (application of funds) by CPSEs at the aggregate level during the last three years. There was further improvement in 2010-11 as the funds available with CPSEs went up to Rs. 15,79,942 crores in 2010-11 from the earlier levels of Rs. 14,11,184 crores in 2009-10 and Rs. 12,79,447 crores in 2008-09. While reserve and surplus showed an increase of 9.88 per cent over the previous year, long term loans increased by 18.29 per cent during 2010-11 over

2009-10. In absolute terms, reserves and surplus went up to Rs. 6,65,488 crores in 2010-11 from the earlier levels of Rs. 6,05,637 crores in 2009-10 and Rs. 5,36,212 crores in 2008-09. Long term loans went up to Rs. 5,09,453 crores in 2010-11 from the earlier levels of Rs. 4,30,669 crores in 2009-10 and Rs. 3,71,384 crores in 2008-09.

In terms of application of funds there was a growth of 11.43 per cent in ‘Gross Block’ and a reduction of 3.14 per cent in net current assets in 2010-11 over 2009-10. ‘Financial Investment’ by the CPSEs in mutual funds (loans and equity), fixed assets and similar instruments has had the highest increase of 46.03% under application of funds followed by increase in ‘Net Block’ (11.43%) and capital–work in progress (15.37%). Net current assets and deferred revenue expenditure and deferred tax assets decreased in 2010-11 in comparison to the previous year by 3.14% and 13.76% respectively. During 2010-11, accumulated loss of CPSEs furthermore increased by 4.23% compared to the previous year. There has, however, been very little change during the three years in respect to the share of Net Block of the total under application of funds (Table 4).

Table 4 about here

Plan of Investment in CPSEs

A good deal of investment of CPSEs in recent years has been made from internal resources (IR). Plan outlay in CPSEs constituting internal resources, extra–budgetary resources (EBR) and budgetary support (BS) showed a continuous increase in absolute terms. Plan outlay in CPSEs has accordingly gone up from Rs.59189.79 crores in 2002-03 to Rs.167494.58 crores in 2010-11. The respective shares of IR, EBR and BS have, nevertheless, undergone a change. The share of IR has increased from 55.51 per cent of plan outlay in 2002-03 to 64.00 per cent in 2010-11 and the share of budgetary support come down from 8.98 per cent in 2002-03 to 2.46 percent in 2010-11. The share of extra budgetary resources decreased marginally from 35.51 percent in 2002-03 to 33.54 percent in 2010-11 (Table 5).

Table 5 about here

Investment Pattern in Terms Gross Block

Table 6 below shows group–wise aggregate real investment in CPSEs during the last two years, as measured in terms of gross block. The share of manufacturing CPSEs in gross block was the highest at 27.83 percent followed by electricity (25.16%), services (23.20%) and mining (22.99%). In terms of growth in investment over the previous years, the highest growth (other than CPSEs under construction) was registered by manufacturing sector (12.31%) and agriculture sector (8.18%), stood at 11.83 per cent in 2010-11 over the previous year.

Table 6 about here

Top Ten Enterprises in Terms of Gross Block

Gross block in top ten enterprises amounted to Rs. 8,70,431 crores as on 31.3.2011. This was equal to 68.88 percent of the total grass block in all CPSEs. Oil & Natural Gas Corporation Ltd., Bharat Sanchar Nigam Ltd., and NTPC Ltd., are the top three CPSEs amongst the top ten in terms of gross block during the year 2010 – 11 (Table 7). The share of these 3 CPSEs alone was 37.92% of the total gross block of all the CPSEs as on 31.3.2011.

Table 7 about here

Share of Select Items in Domestic/National Production

Table 8 shows the industries in which CPSEs have a major market share. The CPSEs continue to have complete monopoly in nuclear power generation. The other sectors (and industries) where they have a major share in domestic and national output (including imports) are coal, petroleum, telecommunication, power generation and fertilizers. In comparison to 1998-99, however, the share of CPSEs in these industries has been significantly coming down over the years (except power generation).

Table 8 about here

Aggregate Profit and Loss of CPSEs

The profits of profit making CPSEs stood at Rs. 1,13,770 crores in 2010-11 compared to Rs. 1,08,434 crores in 2009-10. The loss of loss making CPSEs on the other hand, was Rs. 21,693 crores in 2010-11 compared to Rs. 16,231 crores in 2009-10. At the aggregate level, the net profit of all CPSEs (aggregate net profit-aggregate net loss) stood at Rs. 92,077 crores in 2010-11 compared to Rs. 92,203 crores during 2009-10 cognate group. The best results were achieved by the mining sector with 22.32 percent growth in profit over the previous year. This was followed by 12.97 percent growth in profits achieved by electricity sector. The services sector suffered a loss of Rs. 7,639 crores during 2010-11, which was higher than the loss of Rs. 3,279 crores in 2009-10. This was mainly due to the loss suffered by Air India Ltd., in both these years. In other industries, CPSEs belonging to transport, telecommunication and consumer goods were equally under stress, and their losses increased during 2010-11. However, the manufacturing sector, steel, petroleum and textile showed a decline in profits. CPSEs belonging to medium and light engineering industries, suffered losses during the year in comparison to profit in the previous year. CPSEs in the chemicals & pharmaceuticals sectors, on the other hand, reduced their losses during 2010-11.

Top Ten Profit Making CPSEs

Table 9 provides the list of the top ten profit making CPSEs. Oil & Natural Gas Corporation Ltd., NTPC Ltd., and Indian Oil Corporation Ltd., have ranked first, second and third, respectively, amongst the top ten profit making CPSEs. All the top ten profit making companies are, more or less same in 2010-11 as in 2009-10 (with ranking slightly changed) except for Power Grid Corporation that has replaced the Power Finance Corporation.

Table 9 about here

Top Ten Loss Making CPSEs

Table 10 provides the list of top ten loss making CPSEs (exclusive of extra ordinary items and prior period adjustment). Amongst the loss making companies, Air India Ltd., BSNL and MTNL, were the top three loss making enterprises during 2010-11. The top ten loss making Companies covered nearly 92.55% of the total loss made by all the CPSEs (62) during the year. The top three CPSEs namely Air India Ltd., BSNL and MTNL alone have incurred a loss equal to 74% of the total loss of all CPSEs in 2010-11. Intense price war and cut-throat competition from new entrants, increase in salary & wages and increase in operating cost as well as increase in interest cost contributed to greater losses during the year. While the loss of Air India and MTNL have gone up by 24% and 54% respectively, the loss of BSNL increased by 145% in 2010-11 over 2009-10.

Table 10 about here

Contribution to GDP

Gross Value Addition by CPSEs

The share of 'gross value addition' in CPSEs (net value addition + depreciation) in GDP (at current market price) stood at 5.96 per cent in 2010-11 against a share of 6.44 per cent in

2009-10. If, however, the under-recoveries of oil marketing companies (amounting to Rs. 37,190 crores in 2010-11 and Rs. 29,951 crores in 2009-10) are included, then the share of all CPSEs in GDP goes up to 6.45 per cent in 2010-11 and 6.75 per cent in 2009-10.

Components of Net Value Addition

In terms of 'net value addition' (excluding depreciation) generated by CPSEs in 2010-11, the share of profit was the highest at 31.75 per cent followed by indirect tax and duties (30.84%), salary & wages (23.20%) and interest payment (9.41%) (Table 11). A comparison between the respective shares of each of these items during 2009-10 and 2010-11 shows a very little change during these two years.

Table 11 about here

Contribution to the Central Exchequer

CPSEs contribute to the Central Exchequer by way of dividend payment, interest on government loans and payment of taxes & duties. There was, however a significant increase in the total contribution to Central Exchequer during the year, which increased from Rs. 1,39,918 crores in 2009-10 to Rs. 1,56,124 crores in 2010-11. This was primarily due to increased contribution towards custom duty and excise duty which increased from Rs. 6,896 crores and Rs. 52,627 crores in 2009-10 to Rs. 14,151 crores and Rs. 62,713 crores respectively in 2010-11. There was significant increase in contribution from corporate taxes as well, which went up from Rs. 38,134 crores in 2009-10 to Rs. 43,369 crores in 2010-11 (Table 12). There was, however, a decline in other duties and taxes and sales tax and dividend tax during the year as compared to the previous years.

Table 12 about here

Revival of Sick CPSEs

The condition of sick CPSEs (i.e. CPSEs whose accumulated losses have exceeded their net worth) has been improving over the years. The number of sick CPSEs, which were 105 in March, 2003 came down to 64 in March 2011. The CPSEs were brought under the purview of Sick Industrial Companies (Special Provision) Act, 1985, which was subsequently amended in 1991 and made effective from 1992. Out of the 64 CPSEs registered with Board for Industrial and Financial Reconstruction (BIFR) till 30.6.2011, the BIFR has already disposed of 48 cases of CPSEs either through sanctioning revival schemes (15 cases), or declaring ‘no longer sick’ (2 cases) or dropping due to net worth becoming positive (5 cases) or dismissing the cases as non-maintainable (4 cases) or deregistered with the cases as non-maintainable (4 cases) or deregistered with BIFR/ others (2 cases) or recommending winding up (19 cases) or winding up notice issued (one case). The BIFR is yet to take further view on 16 cases of CPSEs.

The GOI subsequently set up the Board for Reconstruction of Public Sector Enterprises (BRPSE) in December, 2004 for taking measures to restructure/revive, both industrial and non-industrial CPSEs. Out of the 43 CPSEs, 13 have been declared as turnaround companies as they have been in profits (profit before tax) continuously for three years and more. Up to October 2011, cases of 67 sick CPSEs have been referred to BRPSE, out of which the Board has made recommendation in respect of 62 cases. Remaining 5 cases were remitted to the concerned administrative Ministers. Out of these 62 cases, as on 31.10.2011, the GOI has approved revival proposals in respect of 43 cases of CPSEs (Department of Public Enterprises, 2012).

Board Structure of CPSEs

The CPSEs are categorized in four Schedules namely ‘A’, ‘B’, ‘C’ and ‘D’ based on various quantitative, qualitative and other factors. The pay scales of Chief Executives and of full time Functional Directors in CPSEs are determined as per the Schedule of the concerned CPSE. Proposals from various administrative Ministries/Departments for initial categorization/up-gradation of CPSEs in appropriate schedule, personal up-gradation, creation of posts in CPSEs, etc are considered in Department of Public Enterprises (DPE) in consultation with the Public Enterprises Selection Board (PESB). There are 60 Schedule As, 71 Schedule Bs, 46 Schedule Cs, 4 Schedule Ds and 67 uncategorized CPSEs as on 31.3.2011. One CPSE (THDC India Ltd.) has been upgraded from Schedule B to Schedule A, one CPSE (Hindustan Prefab Ltd.) has been upgraded from Schedule D to C, one CPSE (Orissa Mineral Development Corporation) has been categorized as a Schedule B and one CPSE (Bisra Stone Lime Company Ltd) has been categorized as a Schedule C.

Professionalization of Boards

In pursuance to the policy on public sector enterprises being followed since 1991, several measures have been taken by the DPE to professionalize the Boards of public enterprises. The guidelines issued by DPE in 1992 provide for induction of outside professionals on the Boards of CPSEs as part time non-official Directors. The revised guidelines provide that the number of functional Directors should not exceed 50% of the actual strength of the Board of Directors (BOD) and the number of government nominee Directors on the BOD should not exceed two. In the case of listed CPSEs with an Executive Chairman, the guidelines provide that the number of non-official Directors shall be at least 50% of the board members. In the case of CPSEs with a Non- Executive Chairman, at least one-third of the board members will have to be non-official Directors. The Functional

Directors including the Chief Executive of the CPSEs are appointed by the concerned administrative ministers on the recommendation of the PESB. It has been decided that the candidates from SLPEs and the private sector will also be considered as non-internal candidates besides the candidates from CPSEs for selection to the post of the Functional Directors in CPSEs subject to the eligibility criteria (Business Line, 2011). The Standing Conference of Public Enterprises (SCOPE), an apex organisation of PSUs, has initiated a move to grade the degree of professionalism of the boards of PSUs, as part of its initiatives to further professionalize the functioning of PSU boards (Department of Public Enterprises, 2012).

Wages/ Salaries and Employees Welfare

The DPE functions as the nodal department in the GOI, inter-alia, in respect of policy relating to wage settlements of unionized employees, pay revision of non-unionized supervisors and the executives holding posts below the board level and executives at the board level in CPSEs. The CPSEs are largely following the Industrial Dearness Allowance pattern scales of pay. In some cases, Central Dearness Allowance pattern of scales of pay is followed in CPSEs.

Employment

As on 31.3.2011, the 248 CPSEs employed over 14.44 lakh people (excluding casual workers) (Table 13). One-fourth of the manpower belongs to managerial and supervisory cadres. The CPSEs have thus a highly skilled workforce, which is one of their basic strengths.

Table 13 about here

Memorandum of Understanding (MOU) System in CPSEs

The Memorandum of Understanding (MOU), as applicable to public sector enterprises, is a negotiated document between the GOI and the management of the enterprise specifying clearly the objectives of the agreement and the obligation of both the parties.

The main purpose of the MOU system is to ensure a level playing field to the public sector enterprises vis-à-vis the private corporate sector. The management of the enterprise is, nevertheless, made accountable to the GOI through promise for performance or performance contract. The GOI, nevertheless, continues to have control over these enterprises through setting targets in the beginning of the year and by performance evaluation at the end of the year. Performance evaluation is done based on the comparison between the actual achievements and the annual targets agreed upon between the GOI and the CPSE. The targets constitutes of both financial and non-financial parameters with different weights assigned to the different parameters. In orders to distinguish 'excellent' from 'poor' performance during the year is measured on a 5-point scale (Department of Public Enterprises, 2012) (Table 14).

Table 14 about here

International Operations of CPSEs

The CPSEs are increasingly into international trade in goods and services, which has a bearing on the balance of payments of the country. During the year 2010-11, as many as 140 CPSEs, out of 220 operating CPSEs, either had foreign exchange earnings (FEE) or foreign exchange expenditure (FEE). As many as 39 CPSEs are net foreign exchange earners. Out of these 39 CPSEs, 10 CPSEs, namely, ONGC, VSNL, Air India Ltd., National Aluminium Company Ltd., Airports Authority of India Ltd., Bharat Heavy Electronics Ltd., Shipping Corporation of India Ltd., Kudremukh Iron Ore Company Ltd., IRCON International Ltd., Cochin Shipyard Ltd., and RITES Ltd., earned net foreign exchange of more than Rs. 200 crores during 2010-11 (Department of Public Enterprises, 2012).

CONCLUSION

Public sector enterprises have laid a strong foundation for the industrial development of the country. Public sector units are 'the temples of modern India.' Since India's independence, public sector enterprises have contributed significantly towards the growth of the Indian economy. All the private companies had either cut down on production or went slow on their investment plans during the economic slowdown. CPSEs did not cut back on production and went ahead with their investment plans. Public sector enterprises had helped the country in maintaining the growth momentum during the economic slowdown. In terms of corporate social responsibility, the role played by CPSEs was enviable; CPSEs performed well in terms of resource efficiency.

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Table 1: Overview of SLPEs

S. No.	Particulars	2006-07
1.	Number of SLPEs	837
2.	Investment (*in Rs. Crores*)	333441
	(a). Paid Up Capital	115658
	(b). Long Term loan	217783
3.	Employment	1871805

Source: Comptroller & Auditor General (Government of India), State Audit Reports, (Civil / Commercial), Various Issues.

TABLE 2: GROWTH IN REAL INVESTMENT/GROSS BLOCK

Year	Accumulated Gross Block @ in CPSEs (Rs. Crores)	Gross Block During the year (Rs. Crores)	Growth over the previous year (in %)	GFCF^, in the economy during the year* (Rs. Crores)	Gross Block in CPSEs, as of % GFCF (3)/(5) *100
(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**
2002-03	525301	34903	7.12	584366	5.97
2003-04	596727	71426	13.60	687150	10.39
2004-05	649245	52519	8.80	896774	5.86
2005-06	715108	65863	10.14	1109160	5.94
2006-07	782668	67560	9.45	1343843	5.03
2007-08	862240	79572	10.17	1630513	4.88
2008-09	978167	115927	13.44	1838499	6.31
2009-10	1129983	151816	15.52	2016186	7.53
2010-11	1263665	133682	11.83	2322097	5.76

Note: @including capital work in progress: ^Gross Fixed Capital Formation.
**Source Central Statistical Organization.*

TABLE 3: GROWTH IN (FINANCIAL) INVESTMENT #

Particulars	Total Investment (Rs. Crores)	Enterprises (No.s)
At the commencement of the 1st Five Year Plan	29	5
At the commencement of the 2nd Five Year Plan	81	21
At the commencement of the 3rd Five Year Plan	948	47
At the end of 3rd Five Year Plan	2410	73
At the commencement of the 4th Five Year Plan	3897	84
At the commencement of the 5th Five Year Plan	6237	122
At the end of 5th Five Year Plan	15534	169
At the commencement of the 6th Five Year Plan	18150	179
At the commencement of the 7th Five Year Plan	42673	215
At the end of 7th Five Year Plan	99329	244
At the commencement of the 8th Five Year Plan	135445	246
At the end of the 8th Five Year Plan	213610	242
At the end of 9th Five Year Plan	324614	240
At the end of 10th Five Year Plan	420771	247
At the end of first year of Eleventh Five Year Plan	455554	242
At the end of Second Year of Eleventh Five Year Plan	513532	246
At the end of third year of Eleventh Five Year Plan	580784	249
At the end of fourth year of Eleventh Five Year Plan	666848	248

***Note:** # As in the Balance Sheet (i.e. paid capital +pending share application money + long term loan)*
Source: Government of India, Public Enterprises Survey, (2010-11).

TABLE 4: AGGREGATE BALANCE SHEET OF PUBLIC SECTOR ENTERPRISES

(in Rs. crores)

Particulars	2008-09	2009-10	2010-11
SOURCES OF FUNDS			
(i).Shareholders fund (a+b+c)	822883.24	755752.49	678168.69
a. paid – up Capital	155432.62	148367.06	138734.40
b. Share application Money	1962.90	1748.42	3222.01
c. Reserves & Surplus	665487.72	605637.01	536212.28
(ii).Long Term Loans	509452.53	430668.54	371576.04
(iii).Deferred Tax Liability	55047.18	48392.50	49201.20
(iv).other Funds	192559.31	176370.07	180500.80
Total (i+ii+iii+iv)	**1579942.26**	**1411183.60**	**1279446.73**
APPLICATION OF FUNDS			
(i).Gross Block	1034059.26	930966.02	815249.32
(ii).Less: Depreciation	500850.17	452459.67	407654.19
(iii). Net Block	533209.09	478506.35	407595.19
(iv).Capital Work in Progress	229605.59	199016.61	162918.03
(v).Investments (financial)	291278.17	199461.75	224286.86
(vi). Net Current Assets	417240.32	430778.50	385644.98
(vii).Deferred Revenue Expenditure	3044.42	3530.29	3694.62
(viii). Deferred Tax Asset	8854.17	7104.87	8118.79
(ix). Profit & Loss Account (DR)	96710.50	92785.23	87188.26
Total (iii to ix)	**1579942.26**	**1411183.60**	**1279446.73**

Note: DR = Debit Balance / Accumulated losses from previous year
Source: Government of India, Public Enterprises Survey, (2010-11).

TABLE 5: PLAN INVESTMENT IN CPSES (2002-03 TO 2010-11)

(in Rs. crores)

Year	Internal Resources	Extra Budgetary Resources	Budgetary Support	Plan Outlay
2002-03	32858.83 (55.51)	21017.05 (35.51)	5313.91 (8.98)	59189.79 (100)
2003-04	31103.29 (49.39)	26855.66 (42.65)	5014.46 (7.96)	62973.41 (100)
2004-05	32222.46 (50.89)	26006.52 (41.07)	5090.24 (8.04)	63319.22 (100)
2005-06	42143.53 (51.31)	35723.30 (43.49)	4271.70 (5.20)	82138.53 (100)
2006-07	58984.57 (60.86)	32676.47 (33.71)	5263.75 (5.43)	96921.80 (100)
2007-08	68140.97 (62.18)	38692.82 (35.31)	2745.80 (2.51)	109579.59 (100)
2008-09	72815.68 (55.06)	75807.99 (43.71)	1629.64 (1.23)	132253.31 (100)
2009-10	84980.15 (54.80)	65633.85 (42.32)	4458.75 (2.88)	155072.75 (100)
2010-11	107199.31 (64.00)	56174.62 (33.54)	4120.65 (2.46)	167494.58 (100)

Source: Government of India, Public Enterprises Survey, (2010-11).

TABLE 6: PATTERN OF INVESTMENT IN TERMS OF GROSS BLOCK (2009 -10 AND 2010-11)

(in *Rs. crores)*

S. No	Sector	Investment in terms of Gross Block as on		Growth rate over the previous year	Gross block as % of total (as on 31.03.2011)
		31.03.2011	31.03.2010		
1.	Agriculture	119110	8.18	0.01	0.01
2.	Mining	290600	257173	13.00	13.00
3.	Manufacturing	351634	306297	14.80	27.83
4.	Electricity	317908	283059	12.31	25.16
5.	Services	293167	277352	5.70	23.20
6.	CPSEs yet to Commerce Operations	10237	5992	70.88	0.81
	Total	1263665	1129983	11.83	100.00

Source: Government of India, Public Enterprises Survey, (2010-11).

TABLE 7: GROSS BLOCK TOP TEN ENTERPRISES, AS ON 31.03.2011

(in *Rs. crores)*

S. No.	CPSEs	Investment in terms of Gross Block*	Share in total Gross Block (%)
1.	Oil & Natural Gas Corporation Ltd.	195770	15.49
2.	Bharat Sanchar Nigam Ltd.	172338	13.64
3.	NTPC Ltd.	111026	8.79
4.	Indian Oil Corporation Ltd.	105785	8.37
5	Power Grid Corporation of India Ltd.	76976	6.09
6.	Steel Authority of India Ltd.	60489	4.79
7.	NHPC Ltd.	39997	3.17
8.	Air India Ltd	37337	2.95
9.	Nuclear Power Corporation Ltd	37265	2.94
10.	Hindustan Petroleum Corporation Ltd	33447	2.65
	Total Top Ten (CPSEs)	870431	68.88
	Total Gross Block	1263665	100.00

Gross Block inclusive of Capital – work – in progress.

Source: Government of India, Public Enterprises Survey, (2010-11).

TABLE 8: CPSES SHARE IN DOMESTIC OUTPUT IN SELECT ITEMS

S. No.	Selected Item	Units	Domestic production / Output		Total Output by CPSEs		Share of CPSES to Domestic Output	
			1998-99	2010-11	1998-99	2010-11	1998-99	2010 - 11
1.	**Coal**							
1.1	Hard Coal (Non – coking Coal)	Million Tonnes	253.326	483.543	223.474	390.219	88.216	80.70
1.2	Coking Coal	Millions Tones	44.414	49.533	37.201	42.496	83.760	85.80
2	**Petroleum Products @**							
2.1	Crude Oil	MMT	32.7	37.68	29.7	27.90	90.8	74.0
2.2	Natural Gas	BCM	27.4	52.22	24.5	25.45	89.4	48.7
2.3	Refineries Throughput	MMT	68.5	196.5	68.5	115.1	100.0	58.5
3	**Power Generation**							

3.1	Thermal	GWh	353662	665008	135423	273775	38	41.2
3.2	Hydro	GWh	82690	114257	25339	46049	31	40.3
3.3	Nuclear	GWh	12015	26266	12015	26266	100	100.0
4	**Telecommunication Services**							
4.1	Wired lines	Nos. (In cr.)	1.78	3.47	1.78	2.87	100	82.70
4.2	Wire Less	Nos. (in. cr)	0.09	81.16	0.09	9.73	100	11.99
4.3	Total	Nos .(in. cr)	1.87	84.63	1.87	12.60	100	14.89
5.	**Fertilizers**							
5.1.	Nitrogenous	Lakh MT	100.86	121.57	31.76	31.67	31.49	26.05
5.2	Phosphoric	Lakh MT	29.76	43.23	7.26	2.27	24.40	5.37

Notes: MMT: Million Metric Tonnes, MCML: Million Cubic Metres @Figures repeated for previous year
Source: Government of India, Public Enterprises Survey, (2010-11).

TABLE 9: TOP TEN PROFIT MAKING CPSES 2010-11
(in *Rs. crores)*

S. No.	Name of the CPSEs	Net profit	% share of total Net Profit
1.	Oil & Natural Gas Corporation Ltd.	18924.03	16.63
2.	NTPC Ltd.	9102.59	8.00
3.	Indian Oil Corporation Ltd.	7445.48	6.54
4.	NMDC Ltd.	6499.22	5.71
5.	Bharat Heavy Electricals Ltd.	6011.20	5.28
6.	Steel Authority of India Ltd.	4904.74	4.32
7.	Coal India Ltd.	4696.10	4.13
8.	GAIL (India) Ltd.	3561.13	3.13
9.	Oil India Ltd.	2887.73	2.54
10.	Power Grid Corporation of India Ltd.	2696.89	2.37
	Total Profit	66729.11	58.65
	Net Profit of profit making CPSEs	113769.88	-

Source: Government of India, Public Enterprises Survey, (2010-11).

TABLE 10: TOP TEN LOSS MAKING CPSES (2010-11)
(in *Rs. crores)*

S. No.	Name of the CPSEs	Net Loss	(% share of total Net Loss)
1.	Air India Ltd.	(-) 6865.17	31.65
2.	Bharat Sanchar Nigam Ltd.	(-) 6384.26	29.43
3.	Mahanagar Telephone Nigam Ltd.	(-) 2801.91	12.92
4.	Hindustan Photo Films Manufacturing Co. Ltd.	(-) 1156.65	5.33
5.	Indian Drugs & Pharmaceuticals Ltd.	(-) 621.83	2.87
6.	Hindustan Cables Ltd.	(-) 607.39	2.80
7.	Fertilizer Corporation of India Ltd.	(-) 508.51	2.34
8.	Air India Charters Ltd.	(-) 391.22	1.80
9.	Hindustan Fertilizer Corporation Ltd.	(-) 382.28	1.76
10.	ITI Ltd	(-) 357.75	1.65
	Total Loss	**(-) 20076.97**	**92.55**
	Net Loss of loss making CPSEs	**(-) 21693.31**	**---**

Source: Government of India, Public Enterprises Survey, (2010-11).

TABLE 11: COMPONENTS OF NET VALUE ADDITION IN CPSES

(in *Rs. crores)*

S. No.	Net Value Addition	2010-11	Share (%)	2009-10	Share (%)
1.	Profit before Tax& EP (PBTEP)	131627	31.75	123951	33.12
2.	Interest	38997	9.41	36059	9.63
3.	Indirect Taxes & Duties (net of subsidies)	127861	30.84	109854	29.35
4.	Salaries & Wages	96210	23.20	87792	23.45
5.	Rent, royalty and Cess	19919	4.80	16647	4.45
	Total	**414614**	**100.00**	**374303**	**100.00**

Source: Government of India, Public Enterprises Survey, (2010-11).

TABLE 12: CONTRIBUTION TO THE CENTRAL EXCHEQUER (2008-09 TO 2010-11)

(in *Rs. crores)*

S. No	Particulars	2010-11	2009-10	2008-09
1.	**Investment in CPSEs**			
2.	1.Divided	21900.70	19910.59	19387.36
3.	2.Interest	501.77	387.44	558.79
4.	**Total (1)**	**22402.47**	**20298.03**	**19946.15**
5.	**Taxes and Duties (Central)**			
6.	1.Excise Duty	62713.29	52627.02	63261.89
7.	2.Cutoms Duty	14151.23	6896.04	8704.53
8.	3.Corporate Tax	43369.31	38133.97	35338.55
9.	4.Dividend Tax	5140.02	9501.08	4211.67
10.	5.Sales Tax	2312.68	2665.58	2546.79
11.	6.Other Duties & Taxes	6035.49	9796.2	17533.62
	Total (II)	**133722.02**	**119619.89**	**131597**
	Grand Total (I+II)	**156124.49**	**139917.92**	**151543.20**

Source: *Government of India, Public Enterprises Survey, (2010-11).*

TABLE 13: EMPLOYMENT AND AVERAGE ANNUAL EMOLUMENTS

Year	Employees (In Lakh) (Excl. casual & Daily rated workers)	Total Emoluments (Rs. in Crores)	Per Capita Emoluments (Rs.)
2006-07	16.14	52586	325869
2007-08	15.65	64306	410898
2008-09	15.33	83045	541716
2009-10	14.90	87792	589210
2010-11	14.44	96210	666276

Source: Government of India, Public Enterprises Survey, (2010-11).

TABLE 14: SUMMARY OF THE PERFORMANCE OF MOU SIGNING CPSES (NUMBERS)

Rating	2006-07	2007-08	2008-09	2009-10	2010-11
Excellent	46	55	47	73	67
Very Good	37	34	34	31	42
Good	13	15	25	20	24
Fair	06	08	17	20	24
Poor	00	00	01	01	02
Total	102	112	124	145	159

Source: Government of India, Public Enterprises Survey, (2010-11).