ABSTRACT

The Public Sector Undertakings in India achieved special recognition from the onset of the Second Five year Plan. They made giant leap forward with major chunk of investments laying greater emphasis on the development of core sector. The significance of steel industry was recognised as it had to play a steller role in building up a strong and vibrant core sector. The Government made massive and increased investment in the steel industry through successive Five Year Plans. However, with the passage of time, it was found that everything was not going well with the industry. Low return, declining profitability and productivity became the permanent features of the industry which persisted through the decade of 80's.

With the advent of the economic liberalisation in 1991 the total scenario underwent a sea change. The economic reforms made tremendous impact on the performance of SAIL. SAIL is now geared up to meet the challenges head on. It has greatly enhanced its sales and market share by bringing about substantial reduction in cost components, increasing production and productivity and has infused a great deal of professionalism in marketing and management.

SAIL is the tenth largest steel maker in the world and one of the big industrial enterprises in the country.
SAIL has, under its aegis, six integrated steel plants with 166 allied steel industries. It performs a host of activities in different disciplines. SAIL chartered the modernisation strategy in two phases - the first was completed under the earlier corporate plan and the current phase would be completed under "corporate plan 2005". SAIL's production facilities are completely integrated from the basic raw material stage to the finishing mills, providing the mills with substantial economies of scale making SAIL one of the lowest cost steel producer in the world. SAIL modernisation programme, has among others, induction of modern technology which has started yielding benefits in terms of overall growth and development of the industry. Apart from capacity increase in terms of saleable steel, the modernisation has also led to improvement in productivity of coke rate, energy consumption yield, imported technology, optimum utilisation of installed capacities and better environmental pollution control.

To make its presence felt consistently in the international market, SAIL has been laying considerable emphasis on increasing its exports. It exported 903 thousand tonnes of mild steel valued at Rs. 628.60 crore in 1994-95 representing an impressive growth of 12 percent over the previous year. The company has been focussing on exporting to quality conscious markets
including USA, Japan, Europe, Australia as well as to neighbouring countries like Indonesia, Korea, Nepal, Taiwan and Thailand. Simultaneously, new products have also been introduced in the global steel market.

Research and Development in an organisation is crucial for improving the quality of its products for the customer. SAIL has a well equipped R & D Centre for iron and steel (RDCIS) as a part of Plant Performance Improvement Projects (PPIP) to increase and improve yield, productivity, profitability, value addition and quality of products. Developed R & D also reduces input cost and specific consumption of energy and materials.

In the present thesis the problem of determining the social cost benefit has been undertaken by the Researcher to know as to whether the steel industry which has achieved so much on the commercial front, has also been able to achieve the social objectives of developing and promoting the social aspect. The Research feels that the analysis and appraisal of social cost benefits in Steel Authority of India Ltd. over a long period of time would provide a clear vision to the extent of attainment of socio-economic objectives by this industry. The study also undertakes to analyse the social cost benefits in TISCO for making a comparison with SAIL to highlight the approach and perception of Private and Public Sector
Enterprises towards the promotion of the social sector.

From the comprehensive review of literature on the varied aspects and concepts of social cost benefit analysis, it has been observed by the Research Scholar that the definition given by UNIDO and OECD is more appropriate in measuring the social cost benefit in an organisation like SAIL. As a matter of fact, in the past, companies did incur some expenditure on society but it was not reported in the proper format. Practically, there was no method of measurement till 1970. However, now-a-days companies are gradually realising that they are not only responsible for economic performance but also for social performance.

The definition of Social Cost Benefit Analysis evolved by UNIDO and OECD advocate that the social cost benefit analysis in an organisation like SAIL should be measured in terms of social cost benefit to employees, social benefit and cost to community and social cost and benefits to general public. In the present study these parameters have been applied in terms of employment potential, capital-output ratio, cost benefit ratio, lost of labour etc.

The analysis of social cost benefit in SAIL based on the parameters has revealed that it recognises its responsibilities with all seriousness to the community in
which it operates. From the analytical study, it has been observed by the Researcher that SAIL has been laying great emphasis on social development. During the period under review in the present study SAIL seems to have exerted continued efforts towards facilitating the organisation to meet the challenges of new business realities in the changing economic scenario.

Thrust also continued on optimum utilisation of human resources to achieve higher productivity and to establish a work culture where the focus is on the customer service. The steel giant has also accorded due importance to manpower rationalisation and utilisation. It has all along put great emphasis on the training of different categories of employees especially executives who have been trained abroad under various agreements. SAIL has undertaken various welfare measures for the benefit of employees like free medical services (including extending mediclaim scheme to retired employees and their spouses) housing, education for children, facilities of cooperative societies as well as providing avenues for socio cultural activities.

SAIL has been playing a crucial role in the promotion and development of schedule castes and schedule tribes by giving relaxation and concessions in their recruitment, selection and promotion. The organisation has
also undertaken peripheral developments through various measures like providing drinking water facilities, health care programme, educational facilities, recreational facilities etc. for the people living in the villages surrounding the steel plants and units with a view to protect environment and maintain ecology. Environment management continued to form a thrust area for company's operations.

To conclude, SAIL has been carefully fulfilling its responsibilities towards the development of social sector including employees, customers, community and the public at large. In providing all these social amenities and benefits, SAIL has been spending substantial amounts of money. However, the analysis in the present study has revealed that social income far exceeds the social cost resulting in net social income.

The comparative study of social cost benefit in TISCO and SAIL reveals that these companies have been rendering social benefits to their employees in various forms like provident fund schemes, enhanced salaries and wages, provision of free power and fuel and so forth. The analysis has brought forth that TISCO seems to have been adjusting its price index mechanism whereas SAIL has not done so because of the bureaucratic hindrances, political interference and lack of autonomy.
Both the steel giants under the present study have been spending enormous amount of money on social amenities. However, on account of dissimilarity in nature, size and pattern of ownership, their performance on social development front has not been similar. The Steel Authority of India Limited, being a Government organisation has to follow Government Directives and Rules-Regulations regarding its expenditures on various social cost components and amenities. The result is that TISCO has exceeded in many items of social cost benefits because it enjoys much freedom in decision-making as compared to the SAIL.

However, TISCO does not seem to have taken much care of the weaker sections specially SCs/STs and OBCs although it did deploy a sum funds for the social welfare of the Tribals. SAIL has taken enough care for the growth and development of the socially backward class of the people including SCs/STs and OBCs adhering to the central Government directives with regard to the reservation, relaxation and concession for them in the sphere of recruitment, training and selection. So far as the other socio-cultural welfare activities are concerned, both the organisations have fully recognised their responsibilities to the community, environment management and pollution control. Out-dated pollution causing processes are being
replaced by modern technology in both the concerns.

In a nutshell, it may be concluded that both these companies, although different in nature, size and ownership, have increased productivity, effective utilisation of materials and manpower resources and continued application of modern scientific managerial techniques in keeping with the national aspirations. Both of them are quite mindful of social and moral responsibilities towards consumers, employees, shareholders, society and the local community.

The liberalisation measures undertaken five years ago have drastically transformed the face of Indian economy. Disinvestment PSU Sectors, liberal entry of TNCs and MNCs have thrown new challenges before the Indian Corporates in general and the PSUs in particular. In view of the changing scenario it has now become imperative that the government should come out with a clear-cut policy formulation with respect to the deployment of specific percentage of profit of the Public and Private Sector Undertakings including the foreign concerns towards the growth and development of social sector.

The Planning Commission's decision to include social rate of return in the feasibility studies for the Public Sector Projects is a welcome step in this
direction. In future, the government should accord
Priority to socially beneficial projects in the Private
Sectors. For such kinds of projects, the Government should
grant liberal licences and speedy approvals etc.

In India, up to now, preparation of social cost and
social benefits account is not legally compulsory.
Nevertheless, some companies, in both Public and Private
Sectors, have been giving social costs and social benefits
resulting from their operations by means of supplementary
information. SAIL and TISCO are included among them.
However, the parameters applied by them to prepare social
costs and social benefits statement are dissimilar. It is,
therefore, suggested here that parameters evolved by UNIDO
and OECD to measure the social cost and benefit in a
specified social account format be standardised. It is
also now necessary in view of the globalisation of Indian
economy that the preparation of Social Accounts by Public
and Private sectors, including foreign conglomerates be
made mandatory. It will go a long way not only in the
assessment of their financial performance but also in
evaluating their role in discharging a number of social
obligations towards the Indian Society.
The thesis is divided into six Chapters. The First Chapter deals with the historical prospective of Steel Industry in India from the ancient to the modern times. The smelting of iron ore in crude furnaces had been commonly adopted throughout the sub-continent around 3000 years back. But during the Nineteenth century the establishment of British rule in India and technological innovations in Europe caused these furnaces to disappear rapidly. After independence, in accordance with the IPR of 1984, Iron and Steel Industry was placed under the category of 'Key industries' where the establishment of new undertakings was to be the responsibility of the state and other public authorities. A number of public sector Steel Plants were set up and ultimately taken over by the SAIL in 1973. All these things have been discussed here in great details.

The Second Chapter dwells upon the research design and methodology including the objectives of study. The data and information have been collected from various sources such as, the SAIL and TISCO Annual Reports, Journals, periodicals and professional and general Dailies. The study also warranted a number of trips to the SAIL and TISCO offices. No formal questionnaire was drafted for collecting primary information. However, fruitful discussions were held with a number of company
and Government and their viewpoints have been included in the test without mentioning their names.

The Third Chapter gives a comprehensive conceptual review of the social benefit. The definition provided by the UNIDO and OECD has been found to be more appropriate and accordingly adopted by the SAIL. Both the international bodies have advocated that social cost benefit in an organisation should be measured in terms of social cost benefit to the employees, community and the general public.

The Fourth Chapter examines the social cost benefit exclusively in SAIL in accordance with the parameters laid down by UNIDO and OECD and adopted by the Steel Authority of India Ltd. The Fifth Chapter gives details of social cost benefit in TISCO in comparison with SAIL. How far a private company is free in taking decisions and implementing them vis-a-vis a public sector undertaking has been fully discussed in this Chapter.

The Sixth Chapter is, as usual, the final Chapter of the thesis and summarises the findings and conclusions of the dissertation. The suggestions put forward, if implemented, I am sure, will go a long way in providing social gains to the employees, community and the general public. If the work rouses further thinking on the subject and evokes interest in the researchers I shall feel amply rewarded.