A high rate of capital formation is a sine quo non for the economic development of the developing countries. Unfortunately, the poverty of the people prevents them from saving more and the shortage of domestic savings available for investment is the most important single hurdle in the way of capital formation of the developing countries including India. Hence, due to the insufficiency of voluntary savings, other means such as taxation, borrowings and foreign assistance are resorted to in order to raise the additional finances. But all these methods of finance have their own limitations and revenues from these sources cannot be drawn indiscriminately. Since, the expenditure of the Government has enlarged on account of multipurpose developmental activities, the public enterprise in India was assigned heavy responsibility of mobilizing the resources for the developmental activities of the economy.

Although, in the initial stages, the potentialities of public undertakings for generating resources for the economic development were not realized as the consensus was in favour of making 'no-profit - no-loss' from these institutions. This was mainly due to the fact that the public enterprise was in the primary stage and, as such, was confined mostly to the public
utilities to provide the basic services for the people. But gradually, with the rise of investment in the public sector during the plan period, the public enterprise spread its net. In consequence, the surplus expected from public enterprises has assumed great importance. The Industrial Policy Resolution of 1956 stated that 'it is to be expected that public enterprises will augment revenues for the further development in fresh fields. In the First Plan, earnings of public enterprises were not mentioned in plan outlay separately but were added to the budgetary resources. In the Second Five Year Plan, public enterprises contributed Rs.150 crores, i.e., 3.2 per cent of the total outlay. During the Third Plan period, public enterprises made the margin to the extent of Rs.435 crores, or 5.1 per cent of the total plan outlay. Public enterprises contributed Rs.1135 crores for the Fourth Plan which is nearly 7 per cent of the plan outlay. Surplus from public enterprises for the Fifth Plan is estimated at Rs.5938 crores or 16 per cent of the plan outlay.

The purpose of the present study is to make an analytical study of the role of public enterprise in the context of resource mobilization. The study deals with the growth of public enterprise since 1960-61 to 1969-70. However, this 10 year period is not without reasons. Firstly, this period covers the real time of public sector development in India because in spite of the emergence of public enterprise with the introduction of planning, its organized development occurred after the First Five Year Plan and
its large-scale achievements came into being only after the Second Five Year Plan. Secondly, statistical inadequacies have made this task difficult. Hence, the period selected in this study is, by and large, enough to give us a clear understanding of the role of public enterprise as a resource creator in the Indian economy.

The subject matter has been discussed in six Chapters.

Chapter I makes a study of the causes of emergence of public ownership. It has been divided into two sections. Section I reveals the philosophy of public ownership in general, while Section II deals with the public ownership in India before and after Independence and examines the importance of the public enterprises in the national economy.

Chapter II which deals with public enterprise as a source of resource mobilisation is divided in two sections. Section I deals with the requirements of capital formation to meet the expenses incurred in various developmental activities. Section II reveals the extent to which the Government collects its finances for the plan outlay in India through various means such as taxation, borrowings, external assistance and the deficit financing. It also lists various limitations in drawing finances for development programmes through these sources. A critical study is also made to work out their limitations and to emphasise the importance of public enterprise in mobilization of resources.

Chapter III reveals the growth of public enterprises in India during the plan period. It is based on the available
statistical data and tries to answer the following questions: (a) What has been the numerical strength of the concerns during the plan period? (b) Which type of enterprises has been developed and encouraged? (c) What is the pattern of investment and asset of these enterprises? (d) What are the profit and profitability ratios of these enterprises? and lastly (e) How they succeeded in achieving the goal of capital formation? The study is meant as a background for understanding the various aspects of public enterprises to reveal the scope as regards the resource mobilisation.

Chapter IV discusses the impact of public enterprise on resource mobilisation through their multiple activities. The Chapter makes a study of shortcomings of the public enterprises in the mobilization of resources for the economic development.

Chapter V attempts to analyse, in detail, the various factors which inhibit the efficient working of public enterprises in India. The study is made with reference to pricing policy of public enterprises, managerial and administrative deficiencies, industrial relations and the lack of autonomy etc.

Chapter VI makes an overall appraisal of public enterprises and shows that due to the defective working, they have not played an effective role in the creation of resources. Management and the labour did not pay due attention to their duties. Also, the interference of the Government in the day-to-day working created the lack of confidence among the administrative machinery, which consequently, checked the efficient working of public enterprises.
Finally, therefore, I have ventured to suggest some reforms, namely, the reorientation of pricing policy of public enterprises, proper preliminary planning, effective materials and financial management and the tactful handling of industrial relations etc., which I am sure, will be helpful in the attainment of the desired objectives.

I do not claim any originality in the discussion. However, in making an analytical study of the role of public enterprises in the context of resource creation, in this thesis, I hope to have thrown new light on the problems facing the public enterprises and have given certain useful suggestions to make them an effective instrument for creating the resources for the economic development. Most of the data have been taken from the Government publications and Reports.

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AKBAR ALI SIDDQUI
DEPARTMENT OF ECONOMICS
ALIGARH MUSLIM UNIVERSITY
ALIGARH.