ABSTRACT

CONTRIBUTION OF PUBLIC SECTOR UNDERTAKINGS IN UTTAR PRADESH TO THE DEVELOPMENTAL PROCESS
A B S T R A C T

Development can be defined as the dynamic change of a society from one state of being to another. The goals, values and strategies of change may vary but there is a generic process through which agreement on goals is reached and plans, process and programmes are formulated and implemented. In a way the developmental process involves developmental strategies and developmental administration to achieve the target laid down for development.

In this perspective we have to examine the impact of developmental strategy of Uttar Pradesh. The present study entitled, "Contribution of Public Sector Undertakings in Uttar Pradesh to the Developmental Process", attempts to make a detailed, comprehensive and systematic analysis of public Sector Undertakings of U.P. within the national framework, with a view to make this sector economically more viable. The basic philosophy for setting up these State Enterprises was to bring about a result oriented cost benefit approach to the developmental activities, accelerate growth in different sectors of the economy through specialized agencies and finally to ease the burden
on State financial resources through use of institutional finance. Setting up of these numerous enterprises reveals the Government's desire and intention to bring about a rapid all round growth of the State with its meagre resources.

Uttar Pradesh covers an area about 8.9 per cent of the total geographical area of India. But since it has the highest 16.5 per cent share in the total population of India, the State occupies the first place in the country in terms of population.

According to 1991 Census, there were a total of 448.61 lacs workmen in the State. Out of these, 413.42 lacs were main workmen and 35.19 lacs marginal workmen. Thus, the share of workmen in the total population was 32.27 per cent. Agriculture is the mainstay of the State's economy. According to 1991 Census, of the main total workmen, 72.1 per cent were agricultural workmen, and the contribution of 44.5 per cent increase from farm and animal husbandry sector to total State income in 1990-91 at 1980-81 fixed prices was the highest. In this background, all possible efforts are being made by the State Govern-
ment for the all round development of the State's agricultural sector.

Besides these sectors, new industries are also coming up and developing in the State. For an idea of the total progress in the industrial sector, the industrial production index is an appropriate yardstick. The industrial production index (1970-71 = 100) in the State was 276.6 in 1984-85. This went up to 421.2 during the Seventh Five Year Plan period (1985-90) registering an increase of 52.3 per cent. In the next year, with an increase of 5.9 per cent, it rose to 445.9. This gives an indication of the expansion and progress in the State's industrial sector.

The rate of industrial growth in the State, which was 2.3 per cent in the first Five Year Plan, touched the level of 12.5 per cent in the Seventh Plan. Up to March 1992, as many as 2.80 lakh small units with an investment of over ₹ 1670 crores, had been set up in the State, providing employment to 17.11 lakh persons. Till then, 1125 medium and heavy industries had also been set up in the State with an investment of ₹ 9287 crores which
provided employment to 4.66 lakh persons. Consequently, the rate of industrial growth went up from 2.3 per cent to 12.5 per cent. Simultaneously, while the share of income from agriculture and allied sector to gross internal product came down from 60.2 per cent in 1970-71 to 38.3 per cent in 1986-87, the contribution of income from industry and allied sector rose from 14.4 per cent to 22.1 per cent.

As a result of it the per capita income in the State as per 1989-90 estimates is ₹ 3,072 as against the national per capita income of ₹ 4,252. As yet the credit deposit ratio of commercial banks in the State is 46.2 per cent against the national average of 63.5 per cent. This indicates that there is need to increase the contribution of industrialization in the State's economic development. Special attention has been paid by the Government towards industrialization for strengthening the State's economy and improving the level of its development. The Eighth Five Year Plan of U.P. (1992-97) has not made a separate mention of the industries as public and private sector ventures.
OBJECTIVES OF THE STUDY:

So far as the developmental activities are concerned in many cases the same activities are undertaken by public, private and Co-operative sector. Uttar Pradesh State Public Sector is an example of the same. While establishing new enterprises the Government takes into account the question of balanced regional development, in order to reduce regional disparities.

In India and Uttar Pradesh also where before the wave of liberalization the public enterprises were playing a crucial role in various segment of the economy, the need to have a clear understanding of the effective and efficient functioning of them at the micro and macro level requires serious attention. The present work is a study of the contribution of public sector undertakings in Uttar Pradesh to the developmental process, as well as the impact of the New Economic Policy on their present and future.
METHODOLOGY:

In order to conduct the present study following steps were taken:

1) Primary data was collected by conducting a survey at Bureau of Public Enterprises of Uttar Pradesh at Jawahar Bhavan, Lucknow.

2) Secondary data related to the topic was collected from the different organization's published and unpublished reports.

3) Finally, the data was classified, tabulated, analysed and edited.

SCHEME OF CHAPTERIZATION:

The entire study has been divided into five chapters.

The first chapter "Public Sector in India", deals with the general idea of Public Sector, its genesis in India and the main organizational patterns as they operate in the country. It also examines in brief the deficiencies of Public Sector, as well as the New Industrial Policy – the logical result of these deficiencies.
The analysis of growth of the public sector in India in general, reveals that in the last few years a huge investment has been made in public enterprises and a large number of capital goods industries have been established. The growth of the capital goods industries is important in the sense that they work as growth centres around which further development takes place. The purpose of establishing these industrial projects was to check the concentration of economic power, to make a thrustful move towards rapid and diversified industrial development to take the country towards self-sufficiency in the industrial production and create surplus earnings for the further balanced regional development. But there cannot be two opinions about the fact that their performance has not been upto the mark. Gross domestic product (GDP) growth rate declined in 1990-91 along with "a steep decline" in the public sector savings, while the household and private corporate sector savings went up. So far as the achievement of socio-economic objectives of progressive reduction of social and economic disparities is concerned the public sector has not been able to make much of a dent in the problems of poverty, unemployment, illiteracy and mal-
nutrition. The New Industrial Policy Statement admits frankly that, "many of the public sector enterprises have become a burden to the Government. Far from being an engine of growth, the public sector has become a drag on development in two ways. Firstly, it begins imposing an increasing burden on the budget for its investment needs, primarily because of its failure to generate adequate resources of its own. Secondly, due to overall inefficiency, the basic inputs that public sector enterprises produce, for example, steels, coal and power, have had to be priced high, thus escalating cost of production all along the line." It is criticised that the public sector is overstaffed, overfed and pampered beyond belief. It has been a major cause of the deficits of Government both at the centre and at the State level.

The Second chapter "Performance Evaluation of Public Sector and New Economic Policy", deals with the performance of Public Sector in detail, the main features of the New Economic Policy and what is the impact of this policy on the Public Sector. The recent changes introduced in the country both at the national and State level have placed a question mark on the future of this Sector.
No doubt liberalization is expected to bring a new wave of economic strength to the country, but it has also its pains. We are now talking less of the economic miracles of Japan, Korea, Thailand, Taiwan and other countries to which India has been looking with a degree of envy and awe. In raising foreign capital and putting it to good use, India despite the many weaknesses of infrastructure, told the world that it has the ability to be at least as good as many others. But India got lost in finding out how this resurgence could merge with the hard realities of life in the country. The admiration for liberalization is so widespread in certain strata that this country almost forgot that it was so poor that whatever happened it would take years before the poorest could be reached. We feel proud at the sight of foreign industrialists coming to find ways of investing in India. But forget that life getting harsher for the poor, jobs are not there for all. And whatever is left for them is in fact shrinking because subsidies were getting reduced. The prices of rationed items and wheat are rising and so also sugar, buying clothes is getting difficult, and medicines are getting costlier. The foreign investors can
not relieve the difficulties of the poor, they have their own objective to capture the Indian market in all respect through liberalization. It may be a planning for the glorious future, but poverty has to be tackled now. Therefore, it is necessary to give the New Economic Policy a human face.

The Third chapter "An Overview of Public Sector Undertakings in Uttar Pradesh", covers all the Public Sector undertakings in the State in general. It provides a brief picture of these undertakings, classified into eight groups and examines their structure, capital and employment by them to the people.

The public enterprises in Uttar Pradesh too occupied a place of pride during the recent past, with their proliferation at a rate which is unique and unprecedented in the economic history of the State. It has set the pace of economic development in the right direction. These State Enterprises are mainly functioning in the area of developmental and promotional activities unlike the Central Public Sector units which are predominantly manufacturing and trading in nature.
The public sector in Uttar Pradesh has served effectively, particularly in the field of service sector and construction sector. It plays an important role in providing fresh job opportunities for both skilled and unskilled labourers. Further, by putting an additional investment in the backward areas to bring them at par with the developed ones; public undertakings represent a landmark in the transformation of a predominantly rural State into an industrial one. Though the financial audit may rate them low but from social audit point of view they are the need of the day, particularly, to achieve some specific objectives in certain directions. Under the changed situations the State Government has taken major steps in policy orientations, new incentives and creating new industrial climate. Consequently the number of public sector enterprises in the State has decreased continuously. Presently the fifty Corporations are working under the Uttar Pradesh Government.

The Fourth chapter is "Uttar Pradesh Public Sector Undertakings as a Means of Development". On the basis of available statistical data, it is an attempt of detailed analysis of some selected Public Sector undertakings in
order to evaluate their impact on developmental activities in the State.

A proper analysis of the public sector in order to find out the performance of the present fifty enterprises taking into consideration, the data from 1988-89 to 1991-92, justifies a shift in the economic policy of the State.

Although there is a strong rhetoric in favour of privatization, but in reality it is becoming increasingly difficult to push through all proposals of privatization. The Government had to withdraw both the proposals of Scooters India and the Uttar Pradesh State Cement Corporation to be handed over to the private sector in view of the strong resistance by the Trade Unions. Later on, the present Uttar Pradesh Government had decided to handover the 5 sick units of the State enterprises, namely, U.P. State Sugar Corporation Limited, U.P. Textile Corporation, U.P. Agro Industries Corporation, U.P. Food & Essential Commodities Corporation and U.P. Cement Corporation to the private sector, but had to assure that the employees of these Corporations will not be overthrown, they might be transferred from earlier to other government departments.
In short on the basis of detailed analysis it can be concluded that the socio-economic and political development of the State still needs public sector although in some selected fields for achieving specific objectives and not in an unplanned way as it has developed in the past. In spite of wave of liberalization they have a place in the economy of the State and the country, as well.

The fifth chapter, "Conclusion", is based on Observations and Suggestions.

It is generally believed that public sector is credited with the social welfare function. As against it, the private sector has the image of exploitative efficiency. The two sectors, therefore, by their very nature suffer from different kinds of weaknesses. The private sector needs to be made more humane and the public sector which is humane has to be made more efficient. The public sector still has its utility in the country - but one thing is clear that it can no longer be treated as a "holy cow." Though deprived of
its dominant role, it has still to play an important role both at the Central as well as at the State level, if the economic development has to have a human face. Hence, revamping of the system and streamlining of its functioning needs serious attention.

I have ventured to suggest some reforms for the same, namely, distribution of more than 20% of the Government's share-holdings in some of the public sector institutions between general public and the workers, referring chronically sick public sector units to the Board of Financing and Industrial Reconstruction, as also envisaged by the New Industrial Policy, the necessity of a national pricing policy of the public sector enterprises with the twin objectives of higher prices in case of industry producing goods - no profit consideration in case of public utilities and services, an efficient management board equipped with suitable personnel, necessary changes in the method of selection of the top-executives in the undertakings, careful planning of material and financial management, proper assessment of labour requirements, selection of the site of projects relating to the demand analysis of the finished products, continuous appraisal of the market trends and the tactful
handling of industrial relations etc., which I am sure, will be helpful in the attainment of the desired objectives.

Now to sum up, with a minimum government presence leading to emergence of autonomous leadership, better management of resources and increase in productivity and emergence of a new, dynamic joint sector can really change the face of the public sector in the country.