A direct sequel of the first Industrial Policy Statement of India on April 6, 1948, was the emergence of public sector as a distinct segment of the Indian economy. As a result, Commercial and Industrial undertakings under the ownership and control of the Government began to be established in India, one after another, right from the initiation of the First Five Year Plan (1951-52). This development was not restricted to the Central Government alone. The movement gradually spread among the State and the Union Territories as well, under the Federal Republic of India.

Over the decades since 1951-52, many Commercial and Industrial Undertakings had been established under the ownership and control of the State Government and the Union Territories. The State of West Bengal naturally could not be an exception. By the end of 1989-90, there were as many as seventy Commercial and Industrial undertakings under the ownership and control of the State Government of West Bengal with the avowed objective of generating surplus, in terms of profit, for having a self-propelled economy, among many other objectives.
An analysis of the working of the State-owned and State-controlled Commercial and Industrial undertakings in the State of West Bengal at the end of 1989-90 revealed that out of seventy State-owned and State-controlled operating units only eight of them were running at a profit. And there were, in fact, thirty-seven companies in which the cumulative loss stood at ₹1156.58 crores.

Profitability of Commercial and Industrial undertakings depends on many factors of which efficiency and effectiveness of the management of working capital is one. In recent years, though a lot of works have been done on the Financial Management of public sector undertakings in India, especially of the Central Government, there has been hardly any work on the management of working capital under the ownership and control of the Government of West Bengal. In the situation, it appears to me that there is an ample scope to undertake a study covering this aspect of the financial management of the State-owned and State-controlled Commercial and Industrial undertakings in the State of West Bengal. The present thesis is the outcome of this effort. For the purpose of the study only five companies have been selected on the basis of availability of complete data. Since the dissertation is an exploratory one by nature, a limited number of companies have been chosen for the study.
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