CHAPTER VIII

SUMMARY AND CONCLUSIONS

Public sector has attained a pivotal position in Indian economy. The origin of public enterprises in India can be traced through the various Industrial Policy Resolutions, Five Year Plans and other documents of government of India. The Industrial Policy Resolution of 1948 envisaged a greater role for the state in the economic development of the country. However, it stated that in view of the limited resources at the disposal of the government, it should concentrate on the expansion of units of production already under its control and the setting up of new industries rather than on nationalising existing units in the private sector. The Industrial Policy Resolution of 1956 stated that all industries of basic and strategic importance, or in the nature of public utility services, should be in the public sector. Other industries, which are essential and require investment on a scale which only the state, in the present circumstances, could provide, have also to be in the public sector. The state has, therefore, to assume direct responsibility of the future development of industries over a wider area. The Industrial Policy Statements of 1973, 1977, 1980 and 1985 and Five Year Plans re-emphasised the role of
public sector in the economic development of the country. However, the New Industrial Policy of 1991 of government of India is in tune with market forces. Due to resource crunch and conditionalities of World Bank and International Monetary Fund combine, the government of India has been forced to bring drastic changes in its economic policy. However, the effects of these changes on public enterprises would be felt with the passage of time.

Indian Constitution is federal in character. Hence, both centre and states have been setting up public sector undertakings. In the recent past, only the central level public undertakings have been the focus of the researchers and the state level public enterprises have been neglected. No doubt some attempts have been made but the working of state level public enterprises has not been properly analysed. This is particularly so in case of Haryana. It is in this background that the present study has been initiated.

Objectives of the study:-

The main objectives of the study include:

(a) to analyse the growth and performance of public sector enterprises in Haryana;

(b) to examine the organisational structure and working of Haryana Agro-Industries Corporation;

(c) to study financial performance of Haryana Agro-Industries Corporation;
(d) to analyse physical performance and level of satisfaction of customers towards the goods and services being provided by the Corporation; and

(e) to suggest privatisation and non-privatisation reforms to improve the performance of Haryana Agro-Industries Corporation.

Hypotheses:

The following hypotheses have been tested during the course of study:

1. The performance of public sector enterprises in Haryana is not satisfactory.
2. The organisational structure of Haryana Agro-Industries Corporation is not conducive for good performance.
3. The financial performance of Haryana Agro-Industries Corporation is not satisfactory.
4. The physical performance of Haryana Agro-Industries Corporation is poor.
5. Customers of the Corporation are not satisfied with the goods and services provided by the Corporation.

Methodology

The performance evaluation of public enterprise is a complex task. Though, there is an agreement that the criteria to evaluate the performance of public enterprise should be linked with their objectives, the difficulty lies in the
operationalization of these objectives. Public enterprises are asked to pursue social objectives along with commercial objectives, the evaluation criteria has to be a mixture of indicators measuring these diverse aspects. Thus, an ideal performance evaluation system must include the following aspect; (a) The financial performance; (b) The economic performance; and (c) Social performance. As the present study has been initiated with the twin objectives of (a) to evaluate the performance of state level public enterprises in Haryana and Haryana Agro-Industries Corporation in specific, the performance of the public sector has to be linked with objectives. The major objectives of public sector in Haryana include: (a) resource mobilisation for development purposes, (b) balanced regional development, (c) provision of goods and services on subsidised rates, (d) The surplus generation, (e) social justice through income redistribution, and (f) employment generation. As a matter of fact, the performance of public sector in Haryana has to be evaluated in the light of the above mentioned objectives. However, due to data constraint, this study confines to only the following objectives: (a) resource mobilisation for development purposes, (b) generation of surpluses, and (c) employment generation.

In developing countries like India, capital is very scarce and it is one of the important objectives of public sector to mobilise resources for investment. The growth of
investment in public sector overtime indicates the extent of resources mobilised by it for development purposes. An effort has been made to see how much has been done in this direction by the state level public enterprises in Haryana. Secondly, the public sector is expected to generate surpluses which is possible if it is run on commercial lines. In order to evaluate the organisations on this front, the following indicators have been used: (a) profit/loss position; and (b) rate of return. Lastly, the public sector is expected to generate employment opportunities. In this context, an attempt has been made to analyse the performance of public sector in terms of growth of employment in Haryana.

In case of Haryana Agro-Industries Corporation, the various indicators which have been used to analyse the financial performance are as follows: profit/loss position; various ratios such as return on capital employed; return on assets employed; profit as percentage of sales and costs; etc.. The financial position of an enterprise does not depend entirely on the profitability. It is determined by its financial structure i.e. by the debt-equity ratio and also by the structure of debt. Therefore, a very important criterion for the evaluation of financial performance is the liquidity which can be analysed with the help of following ratios such as debt-equity ratio, interest coverage ratio, current ratio and quick ratio. In addition, while analysing the financial performance, one has to have in mind, the internal resources
generated and the other effects which a public enterprise has on the budget such as payment of taxes and the like.

The second aspect in the evaluation system of public enterprise is the economic performance. While analysing the economic performance, there is need to develop input output ratio keeping in mind the character of the public enterprise. In case of Haryana Agro-Industries Corporation, as the undertaking is engaged in the trading, manufacturing and servicing activities, there is need to have a different set of indicators for each activity. The trading activity can be analysed with the help of the following: growth of overall sales of the Corporation; sales to capital employed ratio; sales to fixed assets ration and sales per employee. In the case of manufacturing activities, the following indicators can be used: the level of value of production; value of production to total assets ratio; value of production to net worth ratio; value of production to capital employed ratio; the extent of capacity utilisation; the level of inventory and its relationship with gross sales; inventory in terms of number of months of consumption and inventory in terms of number of months of cost of production. In case of servicing activities due to inadequacy of data, the analysis is done on the basis of user's perceptions only.

The public enterprise are expected to pursue certain social obligations which are in the term of national goals
adopted by the state. Each enterprise which function in different economic sectors responds to these obligations differently. The nature of their activities make them capable of promoting some social obligations but not others. The Corporation under study was created with the twin objectives of assisting the farmers and promoting agro-based industries in the state. The following objectives of the Corporation are in tune with social obligations: (a) providing agricultural inputs such as fertilizers, pesticides, tractors, seeds, agricultural implements, spare parts, tyres, tubes, etc. to the farmers on subsidised rates; and (b) employment generation. Efforts have been made to examine what has been done by the Corporation on these fronts.

The study depends upon both primary and secondary data. Secondary data has been obtained from the published documents of the government of Haryana like Five Year Plans, Statistical Abstracts and Reports of Accountant General, Haryana. The data relating to Haryana Agro-Industries Corporation has been obtained from the office files, documents brochures and annual reports of the Corporation. Primary data has been collected with the help of two different schedules. One schedule was administered to the employees of the Corporation to know their level of satisfaction with respect to some aspects of personnel management. The second schedule was administered to the customers of the Corporation in order to examine the level of
satisfaction towards the goods and services being provided by the Corporation. To obtain aforementioned information, random sampling method was adopted. A sample of 89 employees was taken by employing Tippett's Random Tables. In case of customers, firstly, all the sixteen Farmers Service Centers were categorised into dry belt and green belt Farmers Service Centers. Later on, one center from each belt was selected on random basis. Secondly, a sample of 48 customer's were selected from Ambala Centre (green belt) and a sample of 42 customers was selected from Gurgaon Centre (dry belt).

The period covered in the study range from 1979-80 to 1992-93 in case of Haryana Agro-Industries Corporation and from 1984-85 to 1990-91 for public sector in Haryana as a whole. The selection of the period is governed by the availability of data.

**Major Findings**

After detailed analysis of public sector undertakings in Haryana in general, and Haryana Agro-Industries Corporation in particular the following are the major findings:

Government of Haryana, after getting the status of separate state in November, 1966, created six public sector undertakings, three in the form of government companies and three statutory Corporations. The number of government companies has increased to fourteen whereas the number of
statutory corporations remained three up to the year 1990-91. There has been considerable growth of investment in state level public sector undertakings in Haryana. It was Rs. 125401.41 lakhs in the year 1984-85 and increased to Rs. 255348.38 lakhs in the year 1990-91 registering a compound growth rate of 12.45 percent. Sectorwise analysis indicates that investment was highest in power sector followed by irrigation sector, financial sector, industrial sector, agricultural sector, social and other services and tourism. Investment wise, top five undertakings namely Haryana State Electricity Board, Haryana State Minor Irrigation and Tubewell Corporation, Haryana Financial Corporation, Haryana State Industrial Development Corporation and Haryana Seeds Development Corporation accounted for 96.08 percent of the total investment in all the sixteen public sector undertakings in Haryana during the year 1984-85. The same five public sector undertakings accounted for 96.46 percent of total investment in the year 1990-91.

The state level public sector undertakings have been making losses overtime in Haryana. During the year 1984-85, the losses were to the tune of Rs. 828.94 lakhs and increased to Rs. 14385.79 lakhs in the year 1989-90. Sectorwise analysis reveals that during the year 1984-85 in the power sector alone, the losses were 77.35 percent of the total losses incurred by the public sectors in Haryana followed by industrial sector (11.42 percent), irrigation
sector (7.96 percent) and social services sector (3.26 percent). In the year 1989-90, the share of power sector in total losses increased to 96.40 percent. The share of irrigation and social services sector has declined to 2.86 percent and 0.62 percent respectively. The position of industrial sector has improved rapidly from a loss making sector to a profit making sector. In case of profit making sectors, the agricultural sector was at the top (61.41 percent of the total profits) followed by financial sector (37.25 percent) and tourism (1.35 percent) in the year 1984-85. Further, the share of agricultural sector and tourism has improved (70.99 percent and 2.70 percent respectively) in the year 1989-90. On the other hand, the share of financial sector declined (21.09 percent). The share of industrial sector was 5.20 percent. Top five loss making enterprises were Haryana State Electricity Board, Haryana Agro-Industries Corporation, Haryana Minor-Irrigation and Tubewell Corporation, Haryana Dairy Development Corporation and Haryana Women and Weaker Sections Kalyan Nigam. These undertakings accounted for 96.93 percent of all the losses made by the public sector in Haryana in the year 1984-85. During the year 1989-90, the top five loss making enterprises were Haryana State Electricity Board, Haryana Minor Irrigation and Tubewell Corporation, Haryana Women and Weaker Sections Kalyan Nigam, Haryana Dairy Development Corporation and Haryana Harijan Kalyan Nigam. These organisations
constituted 99.83 percent of the total losses. The state level public sector undertakings in Haryana have accumulated losses overtime. In the year 1984-85, the accumulated losses were to the tune of Rs.1308.10 lakhs and increased to Rs. 72683.85 lakhs during the year 1989-90. The accumulated losses to paidup capital ratio reveals that during the year 1984-85, the accumulated losses were 23.06 percent of the paidup capital and increased to 151.57 percent in the year 1989-90. It indicates that the managements of state level public sector undertakings have not been able to keep their networth intact. The major reasons for the losses include ambiguous objectives and non-priorotisation of objectives, dominance of bureaucratic rather than commercial culture in the functioning of public enterprises, delays in project commissioning resulting in increase in project costs; very high debt-equity ratio; low capacity utilisation; poor marketing management and overstaffing. Top five profit making public sector undertakings were Haryana Warehousing Corporation, Haryana Financial Corporation, Haryana State Industrial Development Corporation, Haryana Small Industries and Export Corporation and Haryana Tourism Development Corporation and accounted for 99.83 percent of the total profits made by the public sector in Haryana. In the year 1989-90, top five profit making undertakings were Haryana Agro-Industries Corporation, Haryana Warehousing Corporation, Haryana Financial Corporation, Haryana Tourism Development
Corporation and Haryana State Industrial Development Corporation and accounted for 98.74 percent of the total profits.

The rate of return has been negative over the period of study. It was 0.66 percent in the year 1984-85 and declined further to -6.27 percent in the year 1989-90. The sectorwise analysis reveals that this ratio was positive in agricultural sector, financial sector and tourism and negative in power sector, irrigation sector and social service sector. However, in industrial sector it was negative during the base year and improved to positive in the terminal year of the study.

The state level undertakings in Haryana have generated employment to the tune of 41973 persons in the year 1984-85 and increased to 46119 during the year 1986-87 (figures after this year are not available). Sectorwise analysis reveals that in the year 1984-85, power sector alone contributes 79.21 percent of the total employment generated followed by irrigation sector (6.8 percent), agricultural sector (5.14 percent) and industrial sector (4.50 percent) tourism (2.6 percent), social services (0.8 percent) and financial sector (0.7 percent). During the year 1986-87, the share of power sector increased to 80.24 percent. In the irrigation sector and industrial sector it declined to 5.8 percent and 4.31 percent respectively. The share of agricultural sector has increased to 5.37 percent. However, the share of tourism,
social services and financial sector remained constant around 2.6 percent, 0.8 percent and 0.7 percent respectively. Employmentwise, top five undertakings were Haryana State Electricity Board, Haryana State Minor Irrigation and Tubewell Corporation, Haryana Warehousing Corporation, Haryana Agro-Industries Corporation and Haryana Dairy Development Corporation in the year 1984-85 and accounted for 91.00 percent of the total employment generated by all the public sector undertakings. During the year 1986-87, the top five employment-wise public sector undertakings were Haryana State Electricity Board, Haryana Minor Irrigation and Tubewell Corporation, Haryana Warehousing Corporation, Haryana Dairy Development Corporation and Haryana State Small Industries and Export Corporation and accounted for 91.11 percent of the total employment generated by the public sector in Haryana.

After having an overview of public sector enterprises in Haryana, an indepth study of Haryana Agro-Industries Corporation was undertaken. The major conclusions in this regard are as under:

Haryana Agro-Industries Corporation was established in the year 1967. The major objectives of the Corporation include: (a) undertaking, assisting and promoting agro-industries in the state; (b) manufacturing agricultural implements, agricultural machinery and other materials and
equipments required for agro-industries; (c) managing repair shops or workshops of all descriptions; (d) employing distributors and commission agents for sale of products manufactured by the Corporation; and (e) purchasing and selling implements, machinery, equipment, appliances, tools, on subsidised rates particularly to the small and marginal farmers. At the time of inception, the authorised share capital of the Corporation was Rs. 2 crores which was later increased to Rs. 6 crores in the year 1990. The Corporation has its four manufacturing units which include a Cattle Feed Plant at Jind, Fertilizers and Chemical Plant at Shahbad; Food and Fruit Processing Plant at Muruthal; and Agro-Engineering Workshop at Nilokheri. The Corporation had solvent Extraction Plant at Kaithal which was closed down recently due to heavy losses. The Corporation also has sixteen Farmers Service Centres (FSCS) in the state namely Ambala, Jagadhri, Ladva, Bheva, Nilokheri, Karnal, Panipat, Sonipat, Palval, Gurgaon, Rohtak, Jind, Bhiwani, Hisar, Sirsa and Narnaul.

The Corporation is headed by a policy making Board. The members of the Board are appointed by the Governor who are not to be less than two and more than twelve in number. At present, the Board consists of twelve members. It has been observed that the dominance of bureaucrats on the Board is on the increase. During the year 1979-80, the total number of directors were twelve, except two, all others were non-IAS
officers. In the year 1992-93, the total number of directors remained twelve, however, the strength of IAS officers increased to six. It is felt that the Board is unnecessarily loaded with busy I.A.S. officers from different departments concerned with the affairs of the Corporation. They neither have time nor the skill required for a director of an undertaking like Haryana Agro-Industries Corporation. The Corporation, it is suggested should have a mixed Board comprising of members from within as well as from outside the Corporation. From within the organisation, along with the Chief Executive, two senior managers controlling the various functions may be appointed as Board members. From the outside, it is a well accepted practice to have a representative from finance and administrative ministry. As in the present case, central government is also contributing equity capital, representatives from central government are also necessary. Apart from these, the state government must nominate their representatives with due care.

The Board of Directors have been assigned general and specific powers. General powers include the overall responsibility to manage the business of the company and a long list of specific powers have been mentioned in the articles of association of the Company. It is felt that as the Board meetings are convened once in three months that too for a short period, most of the items on agenda do not get adequate time and attention. Thus, it is suggested that in
order to handle the responsibilities in a business like manner, the setting up of the following sub-committees along with their functions can be considered: (1) A finance committee to look into budget, accounts, audit reports, investments, loans, etc. (2) A contracts committee to scrutinize contracts and tenders above Rs. 20 lakhs. (3) A personnel committee to screen appointments, wage and salary structure, recruitment and promotion system, incentives and welfare schemes.

These committees would provide a link between the Board and the managers. It could be convened at short notice which would result in expediting the decision making process and would provide adequate time and attention required for items on agenda.

The Corporation has a Chairman who presides over the meetings of the Board of Directors. Generally, the government has been appointing a politician as Chairman of the Corporation. This system is used to accommodate those politicians who have not been adjusted elsewhere by the ruling party. It results in political interference in the day to day functioning of the Corporation. In addition to this, as the Corporation has a full time Managing Director also, the minimum condition of successful co-existence of full time Chairman and Managing Director is clear demarcation of their respective functions which is not done in the
present case. Thus, it is recommended that the practice of accommodating a politician to the post of Chairman should be stopped immediately and if at all, it is necessary, a serious attempt should be made to clearly specify the functions of the Chairman and the Managing Director.

The Chief Executive of the Corporation is the Managing Director who is appointed by the Governor subject to the approval of the state government. So far, the Corporation has enjoyed the services of forty-seven Managing Directors, present being the forty-eighth. All the Managing Directors belonged to Indian Administrative Services cadre. These officers have administrative experience but they do not possess the skills, aptitude and attitude required for managing business. A long term solution to this problem lies in the professionalisation of the cadres of the Corporation. The Corporation has had management experience of more than two decades and should be given an opportunity to provide their own leadership.

The average tenure of the Managing Director has been a little over five months in the Corporation. Frequent changes at the top level breaks the continuity in policy and most of the time is wasted in the process of re-education and familiarization with the organisation. The average tenure of the Chief Executive should be five years.

The Managing Director is assisted by General Manager
(Technical), Chief Accounts Officer, Chief Administrative Officer and a Company Secretary in performance of his duties. At the headquarter level, each one of these officers (except Company Secretary) are incharge of a separate branch and are assisted by other employees in performance of their duties. In the manufacturing plants, each plant is headed by a Deputy General Manager/Assistant Engineer who is assisted by the subordinate staff. The farmers service centres are looked after by a District Manager who is assisted by other staff lower down in the hierarchy.

There were 673 employees in the Corporation in the year 1984-85. Their number declined to 533 in the year 1990-91. In the year 1988-89, services of about 115 employees were terminated. A high degree of resentment prevails among the staff on the retrenchment of such a huge number of staff members.

The Corporation does not have any well organised Personnel policy. For the purpose of recruitment, the Corporation adopts different methods for different categories of employees. In the category-I, the most prevalent practice is direct recruitment through advertisement in the newspapers. In the category-II, majority of the employees are recruited from employment exchanges and in category-III, from employment exchanges and personal contacts and friends. It is observed that most of the employees in the sample were
not recruited on permanent basis. However, in general, employees are satisfied with the selection procedure. The Corporation promotes the employees on the basis of seniority. The analysis of the results shows that majority of the employees in all the three categories are not satisfied with the promotion policy. The frequency of training period is fifteen days to one month. The study reveals that in the sample population, a small number of employees in category I and II were imparted training and no employee in category III got training. With regard to salary, the rules of Haryana government apply and majority of the employees in category I of the sample population are satisfied. However in category II and III the number of dissatisfied employees exceeds the number of satisfied employees. The Corporation provides fringe benefits like house rent, medical allowance and conveyance allowance. It is observed that dissatisfaction prevails among majority of the employees in this regard in all the categories of employees. However, employees in category II have shown satisfaction towards medical facilities. Further, the Corporation does not provide welfare measures like group insurance, subsidy on food/snacks etc. contrary to the expectations of the employees. Finally, it has been found that in the category I, fifty percent employees are satisfied, twenty percent are neutral and thirty percent are dissatisfied with the job. In the case of category II, forty seven percent are satisfied with the job.
Neutral comprise ten percent. The employees who are
dissatisfied are forty three percent. In category II, fifty
one percent are satisfied, thirteen percent are neutral and
dissatisfied are thirty six percent.

There are certain organizational factors which are
affecting the performance of the Corporation. These factors
include lack of clearcut specification and prioritization of
objectives; governmental interventions; dominance of
bureaucracy; lack of specialisation; centralisation and poor
marketing management.

The evaluation of financial performance reveals that the
capital structure of the Corporation comprise of equity and
loans. Both equity and loans have increased over the period
of study but the loans have increased at a faster rate than
equity capital. The contribution of reserves and surpluses
has declined over the period of study. The contribution of
Haryana government and government of India in the equity
capital was 50:50 in the base year and remained so till the
year 1989-90. In the year 1990-91, the contribution of
government of Haryana and government of India has increased
but not in the same proportion. The contribution of
government of Haryana was more than that of government of
India.

The Corporation was borrowing from the state government,
its agencies and banks. These borrowings are in the form of
unsecured and secured loans. In the year 1979-80, the majority of the unsecured loans came from the state government (93.64 percent) followed by others (3.96 percent) and banks (2.39 percent). However during the year 1990-91, the state government's contribution declined to 92.05 percent. The share of others increased to 7.95 percent. In the case of secured loans category, all the loans are contributed by the nationalised banks during the year 1979-80 and 1990-91.

The debt-equity ratio of the Corporation was 1.96:1 during the year 1979-80 and increased to 6.31:1 in the year 1990-91. In the intervening period, it was more than the accepted standard of 2:1. The interest coverage ratio was negative (i.e -0.2) in the year 1979-80 and remained so till 1987-88 (when it was -1.1). Subsequently, it became positive and it was only 0.14 in the year 1990-91 showing interest coverage of almost nil. Thus, it is observed that the capital structure of the Corporation is highly leveraged. The Corporation is hardly able to bear the mounting load of interest on long term loans. Had there been less dependence on interest bearing capital, either the negative earnings of the Corporation would have been turned into profits or the amount of loss would have been substantially reduced.

The size of the working capital revealed an erratic trend due to fluctuations in current assets, loans and
advances from 1979-80 to 1983-84. From the year 1984-85 to 1986-87, there was continuous decline in the current assets and increase in current liabilities. Which resulted in negative working capital. From the year 1987-88 onwards, the current assets have improved consistently whereas the current liabilities have revealed erratic trend.

The Corporation has a good current ratio relating to period from 1979-80 to 1983-84 and 1989-90 to 1990-91 indicating good coverage of their liabilities by maintaining sufficient current assets. The position of working capital was smoother in these years. From the year 1984-85 to 1988-89, the position of working capital was very difficult. The quick ratio of the Corporation was more than unity suggesting a sound position from the year 1979-80 to 1983-84 with regard to working capital. However, from the year 1984-85 to 1990-91 (except 1989-90), the position of working capital was very bad as quick assets were much less than the current liabilities indicating that the Corporation needed additional mobilisation of working capital during these year.

The Corporation remained in loss from the year 1979-80 to 1987-88. The Corporation had accumulated losses to the tune of Rs. 164.16 lakhs in the year 1980-81 and kept on increasing till the year 1988-89 when it was Rs. 1050.94 lakhs. Subsequently, it started declining and finally, in the year 1990-91, it was Rs. 453.41 lakhs. The net worth of the
Corporation was completely eroded during the period of study. It was Rs. -4.96 lakhs in the year 1979-80 and further declined to Rs. -22.30 lakhs during the year 1990-91. The major reasons for losses are: lack of clarity of objectives; bureaucratic rather than business culture; imbalanced capital structure; carrying out of unviable and uneconomic activities; low capacity utilisation and poor marketing management. The Corporation earned profits in the year 1988-89 for the first time. The major contributory factors are: closing down of certain activities such as customers hiring of tractors, repair workshops and solvent extraction plant at Kaithal and by taking up trading activities of electric motors, mono-blocks, pumping sets, diesel engines, tyres, tubes, etc. Another important reason for making profit is taking up of wheat procurement in a big way. The Corporation has also taken up wheat procurement in a big way. In addition, the Corporation reduced the total strength of the staff by terminating the services of around one hundred and fifteen employees.

The profitability ratios of the Corporation was negative over the majority of the period of study. The gross profit margin ratio was -1.00 percent during the year 1979-80 and deteriorated further to -4.31 percent in the year 1987-88. Finally it was 4.89 percent in the year 1990-91. The return on assets was -0.90 percent in the year 1979-80 and declined to -5.80 percent during the year 1987-88. In the year 1990-
91, it was 11.98 percent. The return on capital employed was -1.58 percent, -30.79 percent and 21.53 percent during the year 1979-80, 1987-88 and 1990-91 respectively. The internal resource generation in the Corporation has declined over the period of study. It was 4.62 percent of the total funds in the year 1979-80 and declined to 0.70 percent in the year 1990-91. The contribution of both reserves and surpluses and depreciation has declined over the period of study. The Corporation did not declare dividend in any of the year under study. Its contribution to the state exchequer in the form of taxes and interest has increased overtime.

The sales turnover of the Corporation was Rs. 693.64 lakhs in the year 1979-80 and increased to Rs. 1453.31 lakhs in the year 1982-83. Later on it started coming down and kept on declining till 1986-87 when it was only Rs. 437.01 lakhs. It increased again in the year 1987-88 to Rs. 2183.48 lakhs and finally in the year 1990-91, it was Rs. 11036.16 lakhs. The itemwise analysis reveals that during the base year of the study, the distribution of fertilizers constitute 46.48 percent of the overall sales of the Corporation. It was followed by distribution of agricultural implements, batteries, tyres, tubes, engines, motors, etc (14.56 percent) and sale of cattle feed (12.06 percent). The procurement of wheat was nil during the base year of the study. However, during the terminal year, the procurement of wheat was on top (55.40 percent) followed by distribution of
tractors (16.75 percent) and distribution of fertilizers (13.32 percent) distribution of pesticides (9.26 percent) and distribution of agricultural implements, batteries, tyres, tubes etc. (2.43 percent). This indicates that the Corporation has deviated from its primary objective of supplying inputs to the farmers and promotion of agro-based industries. Instead, the focus has shifted to profit making activity i.e. wheat procurement.

The sales per employee increased over the period of study from Rs. 1.27 lakhs in the year 1984-85 to Rs. 22.29 lakhs in the year 1990-91. The analysis of sales to capital employed and sales to fixed assets has also shown an upward trend over the period of study.

The value of production was Rs. 197.21 lakhs in the year 1979-80 and it kept on increasing till the year 1984-85 when it was Rs. 355.80 lakhs. It declined to Rs. 178.26 lakhs and 154.50 lakhs in the year 1985-86 and 1986-87 respectively. It increased again in the year 1987-88 when it was Rs. 295.00 lakhs and finally it was Rs. 1215.58 lakhs in the year 1990-91. The ratio of value of production to total assets was 25.61 percent during the base year and increased to 26.97 percent in the terminal year of the study. The ratio of value of production to net worth gave a distorting picture due to very high negative value of networth. The value of production to capital employed ratio reveals that it was 44.46 percent
in the year 1979-80 and increased to 48.27 percent in the year 1990-91. Production per employee was Rs. 0.54 lakhs in the year 1984-85 and increased to Rs. 2.45 lakhs in the year 1990-91.

The Corporation has failed to utilise fully the installed capacity of its production units. In the year 1986-87, the capacity utilisation of the Cattle Feed Plant, Jind was 56.83 percent of the total installed capacity and declined 38.45 percent in the year 1990-91. In the case of Fertilizers and Chemical Plant, Shahbad, the capacity utilisation was only 5.41 percent of the total installed capacity during the year 1986-87 and increased marginally to 6.19 percent in the year 1990-91. Food and Fruit Processing Plant, Muruthal utilised 7.51 percent of its total installed capacity in the year 1987-88 and increased to 11.93 percent in the year 1990-91. In the case of Agro-Engineering Workshop, no information is available in this regard.

The Corporation was carrying inventory to the tune of Rs. 241.73 lakhs in the year 1979-80 and increased to Rs. 2840.52 lakhs in the year 1990-91. The finished goods were 53.36 percent of the total inventory, raw material 33.89 percent, stores and spares 11.79 percent, work in progress 0.59 percent and goods in transit 0.29 percent in the year 1979-80. In the year 1990-91 the finished goods increased to 92.62 percent of total inventory, raw material were 3.28 per
cent, goods in transit were 2.31 percent, stores and spares were 1.70 percent and work in progress was 0.065 percent. It indicates that the Corporation is carrying too heavy inventory in the form of finished goods reflecting poor marketing management in the Corporation. The inventory to gross sales indicates that inventory was 286 percent of the sales in the year 1979-80 and increased to 388 percent in the year 1990-91. It was all time high during the year 1989-90 when it was 25.38 percent. The reason for this high ratio during these years has been a lower amount of sales and accumulation of stocks of finished goods.

The Corporation is providing agricultural inputs such as fertilizers, tractors, agricultural implements, machinery parts, seeds, pesticides, spray pumps, metallic bins and after sale service, etc. to the farmers on subsidised rates through its net work of Farmers Service Centres in the state. The Farmers Service Centre, Ambala lack adequate infrastructure. The workshop of the centre is underdeveloped. The staff at the centre is inadequate. There is no provision of public amenity viz. toilet, drinking water, canteen etc.. The sale of tractors was nil during the year 1986-87 and increased to Rs. 83.38 lakhs in the year 1992-93. The centre is selling fertilizers to the farmers through two dealers appointed by the Corporation and two sales point centre one at Panchkula and another at Naraingarh. The majority of the sales is through dealers because lack of initiative and non-
availability of credit at the sales point centres of the Corporation. The sale of fertilizers was nil during the year 1986-87 due to the exceptional glut of DAP fertilizers and non-availability of subsidy on NPK grades produced at the fertilizers and chemical plant of the Corporation. However, later on the sale of fertilizers picked up and consistently increased till the year 1992-93 when it was Rs. 217.96 lakhs. The sale of pesticides, seeds sprayers, metallic bins, diesel engines, tyres and tubes has also showed an upward trend.

The Farmers Service Centre Gurgaon has better infrastructure comparatively. There is a petrol pump station being run by the Corporation. However, there is no provision of public amenity viz. toilet, drinking water. The centre is engaged in the sale of fertilizers, tractors, tyres and tubes, diesel engines, pesticides, seeds, sprayers, thrashers, metallic bins and petroleum products such as diesel, petrol and other lubricants. The Gurgaon centre is selling fertilizers to the farmers through three sales point centres (Tauru, Punana and Ferozepur Zirkha) and two dealers (Nuh and Tauru). The sale of fertilizers, tractors, diesel engines, spray pumps, pesticides, seeds, metallic bins and petroleum products has increased over time. However, the sale of tyres and tubes has shown downward trend.

The customers are satisfied with the quality, availability and prices of the products of the Corporation.
They are also satisfied with the mode of payment. With regard to the location of the showroom, in case of Ambala, majority (eighty seven percent) of the customers are satisfied. In Gurgaon, all the customers were satisfied in this regard. Public amenities were non-existent at both the farmers service centres and majority (eighty one percent at Ambala and seventy six percent at Gurgaon) of the customers were dissatisfied on this account. Customers were satisfied with the availability of salesman and his behaviour at both the centres. All the customers were satisfied with the size of packing of the products, packing material and quantity as same as specified on the label at both the centres of the Corporation. After sale service was poor at both the centres. In case of Ambala, sixty eight percent were dissatisfied. At Gurgaon, fifty seven percent were dissatisfied with the after sale service of the Corporation. Lastly, all the customers expressed their dissatisfaction with regard to the statement: "Does the Corporation provide any facility for the customers to express their dissatisfaction/complaints"? at both the centres of the Corporation.

There is need to initiate drastic reforms at the state level public sector undertakings in order to improve their performance. Keeping in view the scope of the study, the present discussion confines to the reforms to be introduced in Haryana Agro-Industries Corporation. The following measures can be considered for improving the performance of
the Corporation:- (a) granting greater amount of autonomy to the management and enforcing accountability through Memorandum of Understanding (MOU) (b) restructuring of the viable and potentially viable units; and (c) disinvestment in the non-strategic and unproductive units through equity dilution.

In order to provide fair amount of autonomy alongwith corresponding accountability for results and to bring transparency in the relationship between government and the Corporation it is felt that there is need to sign Memorandum of Understanding (MOU) between the Government of Haryana and Haryana Agro-Industries Corporation.

The second reform measure may be initiated in the form of restructuring of viable and potentially viable units. Fertilizers and Chemicals plant, Shahbad, Agro-engineering workshop and Farmers Service Centres spread throughout the state can be categorized into viable and potentially viable units of the Corporation. The working of Fertilizers and Chemical Plant, Shahbad reveals that although the performance of this plant has improved over-time, there is great scope of improvement in the future. The products of the plant are in great demand within as well as outside the state. The performance can be improved by initiating the following measures; firstly, the Corporation should sign MOU with the employees of the plant in order to achieve the objectives of
MOU signed between the government of Haryana and Haryana Agro Industries Corporation. Secondly, the Corporation should strengthen the distribution network of the Corporation within as well as outside the states like Punjab, Himachal Pradesh and Rajasthan. A marketing campaign should be launched on large scale to promote the products of the plant. A scientific system of marketing intelligence should also be evolved. An in depth study of the working of Agro-Engineering workshop reveals that if the Corporation exploits the market fully, the unit will not only become viable but will also yield handsome profits. There is need to strengthen the marketing wing for the purpose. Efforts should be made by the Corporation to take up the matter with the Director General Supplies and Disposals (DG&SD) Haryana for declaring Haryana Agro-Industries Corporation as an approved source for supply of agricultural implements and doing fabrication work for various government department. Farmer Service Centres were in losses upto 1987-88. The Corporation took some measures to make these centres viable most of the activities, which had social relevance were closed in the name of unviable activities and procurement of wheat and sale of tractors were taken up in a big way. The distribution of fertilizers mainly has been done through private dealers. It is felt that although these Farmers Service Centres have shown profits but after drifting away from its basic objectives. The setting up of these centres was to meet social
obligations by providing agricultural inputs to the small and marginal farmers of the state at concessional rates. They should strive hard to achieve maximum profits keeping in mind their basic objectives. It is felt that the Corporation should restructure its Farmers Service Centres and along with wheat procurement and sale of tractors, the Centres should strengthen their distribution channel of fertilizers at the village level. The Corporation should make efforts to get it declared as an approach centre for sale of monoblocks, diesel engines, tyres, tubes, etc., to the government departments. The Corporation can help economically weaker farmers by providing mini kits consisting of fertilizers seeds and agro-chemicals at concessional rates.

Apart from these, the Corporation has Food and Fruit Processing Plant, Muruthal and Cattle Feed Plant, Jind. These two plants of the Corporation are functioning in non-strategic areas and are in losses for the last so many years. There is no need for the government to continue in a sector in which private sector has excelled and performing well. Keeping this in view, it is argued that the Corporation should sell these plants to the private sector. However, as the plants are in losses and private sector may be hesitant in coming forward. To begin with, these plants may be converted into joint ventures and run them with the help of private sector companies. The creation of joint ventures would provide following advantages: (a) a substantial amount
of money to the government; (b) improvement in the quality of goods and services due to the presence of private sector; (c) revenue generation in the form of profits; (d) foreign exchange benefits to the country if collaborations are made with foreign companies; and (e) exports promotion.