After Independence in 1947, India started developing her economy. The nation chose the path of democratic socialism for the rapid economic growth of the country. Progressive socialisation of the means of production and equitable distribution of wealth were the key-notes of the Industrial Policy of the Government which were enshrined in the Constitution, among the Directive Principles of the State Policy.

Public Sector was assigned a most prominent place in all the Five Year Plans that have so far been framed and executed towards the achievement of the objectives set out above. The total investment in public enterprises of the Central Government in the field of industry and commerce stood at Rs. 29 crores only in 1950-51 (beginning of the First Plan). This investment grew to a gigantic sum of Rs. 2,415 crores at the end of the Third Plan in 1965-66. Another sum of Rs. 4,000 crores is proposed to be invested during the Five years (1966-71) and the total investment of Rs. 6,400 crores will be nearly half of the total investment in organised industry and mining. Through the expansion of the public sector efforts have been made to build the necessary infra-structure for the economic development of the country.

Such rapid and phenomenal growth of the public sector has given rise to several problems in regard to form of organisation, administration, financial organisation,
industrial relations etc., etc. Of all these problems, financial organisation of public enterprises is such an important aspect that requires deep study and consideration because the entire structure of a business rests on its financial base. If this base is strong the superstructure is most likely to be sound and lasting.

An effort has been made in this study to analyse the financial organisation of public enterprises in India by examining the working of industrial and commercial undertakings of the Central Government. Although there were 74 undertakings existing at the end of 1965-66, but the study has been restricted to running concerns only whose number was 40. Undertakings which were under construction or of Promotional and Developmental or of Financial nature have been excluded.

The study has been divided into three parts. Part I deals with 'Financial Organisation' comprising (1) Philosophy of Public Enterprise and its evolution in India, (2) Project and Financial Planning, (3) Financial Control, (4) Pricing Policy, and (5) Management of Earnings. In Part II working of 40 running concerns has been studied in all its financial aspects such as major activities of each concern, its financial analysis, profitability and return on investment, etc., etc., with a view to drawing inferences from them. Part III contains main conclusions of the study.

The data for the study have been collected from the Annual published Reports and Accounts of various
public enterprises, Annual Reports published by the
Government of India, Annual Audit Reports of the
Comptroller and Auditor-General of India on the working
of Government Companies, Parliamentary Reports and
information collected personally from public enterprises.
Balance Sheets and Annual Accounts of all the forty
concerns have been analysed for the five years (1961-66)
to examine the working of these concerns. The end of
this period synchronises with the completion of the Third
Five Year Plan. No study of this type has so far been
made in India. It is hoped that it will be a contribution
to the existing literature on public enterprises in the
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