Chapter IV

KARNATAKA STATE PUBLIC SECTOR ENTERPRISES
- A PROFILE

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4.1 INTRODUCTION

This chapter is an attempt to study and understand the profile of public sector enterprises in Karnataka. This chapter provides the brief introduction of Department of Public Enterprises in Karnataka, profile of different sectors in Karnataka State Public Enterprises and brief profile of sample companies visited.

Classification of Karnataka State Public Sector Enterprises:

Government of Karnataka, Department of Public Enterprise have classified the enterprises into 10 categories by coding I to X, which includes manufacturing, electricity, mining, construction, transportation, trading, financial companies/corporations, social sector/section 25 companies, loss making/disinvestment/restructuring/revival enterprises and new enterprises.

However the Audit Report of Public Sector Enterprises as on 31st March 2012 has categorized the Karnataka State Public Enterprises into 7 sectors based on the nature of operations which includes agriculture and allied sector, financing sector, infrastructure sector, manufacturing sector, power sector, service sector and miscellaneous sector. The present study also considers these 7 categories.

Financial Performance of Karnataka State Public Sector Enterprises:

The total investments in these Public Sector Units is said to be around 80,000 crores in rupees and it is estimated to make profit of over 1000 crores in rupees as per the information given by Department of Public Enterprise.

Evolution of Department of Public Enterprise, Government of Karnataka:

In the back light of strengthened Central Public Sector Undertaking which is identified as Mini-Ratnas, Ratnas and Maha-ratnas the Government of Karnataka took initiative to establish Department of Public Enterprise by setting Karnataka State Bureau of Public Enterprises in July 1980. The functions of the Bureau included preparing the annual reports of State Level Public Enterprises and involving in conducting management development training programmes.

The Karnataka Government had set up Padmanabhan Committee headed by Sri. P. Padmanabhan, IAS officer for developing the PSU’s and to study the performance of PSU’s. As per the committee recommendations the separate nodal agency was created to serve the purpose. Later in the year 2002, the Karnataka State
Bureau of Public Enterprises was renamed as Department of Disinvestment and Public Enterprise Reforms (DDPER). The functions of new department included to solve the problems relating to disinvestments, amalgamation, closure, privatization issues.

The Department of Disinvestment and Public Enterprise Reforms (DDPER) was later identified as full-fledged and separate department as Department of Public Enterprises in the year 2005. The Department of Public Enterprises has now been identified with duties and responsibilities with respect to working of State Public Sector Enterprises. The self-reliant of the state and country is possible by development of Public Sector Enterprises. The Department of Public Enterprise is been evolved in such direction.

**Chart 4.1**

**Pie Chart Showing Sector wise Population classification of Karnataka State Public Sector Enterprises**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Population Classification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture and Allied Sector</td>
<td>17%</td>
</tr>
<tr>
<td>Financing Sector</td>
<td>18%</td>
</tr>
<tr>
<td>Infrastructure Sector</td>
<td>12%</td>
</tr>
<tr>
<td>Manufacturing Sector</td>
<td>26%</td>
</tr>
<tr>
<td>Power Sector</td>
<td>15%</td>
</tr>
<tr>
<td>Service Sector</td>
<td>9%</td>
</tr>
<tr>
<td>Miscellaneous Sector</td>
<td>3%</td>
</tr>
</tbody>
</table>

*Source: Secondary Data Analysis*

The chart 4.1 shows the pie chart showing sector wise classification of Karnataka State Public Sector Enterprises. The study has considered 7 sectors, which include agriculture, and allied sector which constitutes 17 percent, financing sector (18%), infrastructure sector (12%), manufacturing sector (26%), power sector (15%), service sector (9%) and miscellaneous sector (3%).
Chart 4.2
Bar Graph Showing Sector Wise Sample Frame Distribution

![Chart 4.2](chart.png)

Chart 4.2 describes the sector wise sample frame distribution. The sample frame was considered based on the strength of the employees in each units belonging to the sector. The strength of the employees included 500 or more employees in the unit. Out of 13 units only one unit has been considered in agriculture and allied sector, 2 out of 14 in financing sector, 4 out of 9 in infrastructure sector, 6 out of 20 manufacturing units, 4 out of 11 power sector units, and 3 out of 7 service sector units. The table below describes the sector wise list of sample frame units.

Table 4.1
Table Showing Sector Wise Working & Non-Working Karnataka State Public Enterprises

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Sector</th>
<th>Working</th>
<th>Non-Working</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Agriculture and Allied Sector</td>
<td>Government Company: 12, 17.1%</td>
<td>Statutory Corporation: 1, 16.67%</td>
</tr>
<tr>
<td>2</td>
<td>Financing Sector</td>
<td>Government Company: 13, 18.6%</td>
<td>Statutory Corporation: 1, 16.67%</td>
</tr>
<tr>
<td>3</td>
<td>Infrastructure Sector</td>
<td>Government Company: 9, 12.9%</td>
<td>Statutory Corporation: 0</td>
</tr>
<tr>
<td>4</td>
<td>Manufacturing Sector</td>
<td>Government Company: 20, 28.6%</td>
<td>Statutory Corporation: 0</td>
</tr>
</tbody>
</table>
According to Department of Public Enterprise Government of Karnataka, there were 105 Public Sector Units in Karnataka, which has been now reduced to 80 Public Sector Units. However the Audit Report 2012 has identified 76 working Public Sector Enterprises in Karnataka out of total 90, remaining 14 are identified as non-working. The present study considers the working units only.

4.2 BRIEF PROFILE ON SECTORS IN KARNATAKA STATE PUBLIC ENTERPRISES

Agriculture and Allied Sector:

The agriculture and allied sector constitutes nearly 17% of the total working Karnataka State Public Sector Enterprises. And it includes 12 government companies which constitute 17% of overall working government companies and 1 statutory corporation which constitutes 16.67% of overall statutory corporation existing in Karnataka State Public Sector Enterprises. The government companies include Karnataka State Agro Corn Products Limited (KSACPL), Karnataka State Agricultural Produce Processing and Export Corporation Limited (KAPPEC), Karnataka Togari Abhivriddhi Mandali Limited (KTAML), The Karnataka Fisheries Development Corporation Limited (KFDC), Karnataka Sheep and Wool Development Corporation Limited (KSAWDCL), Karnataka Compost Development Corporation Limited (KCDCL), Karnataka Cashew Development Corporation Limited (KCDC), Karnataka Forest Development Corporation Limited (KFDCL), The Karnataka State Forest Industries Corporation Limited (KSIFIC), Karnataka State Seeds Corporation Limited (KSSCL), Food Karnataka Limited (FKL), Karnataka State Mango Development and Marketing Corporation Limited (KSMDMCL). The statutory corporation includes the Karnataka State Warehousing Corporation (KSWC). There are 5 non-working units in Agriculture Sector. The employee strength in agriculture and allied sector is 1985 as per the audit report of PSU’s as on 31st March 2012.
Financing Sector:

The financing sector constitutes 18.4% of the total working Karnataka State Public Sector Enterprises. And it includes 13 government companies which constitute 18.6% of overall working government companies and 1 statutory corporation which constitutes 16.67% of overall statutory corporation existing in Karnataka State Public Sector Enterprises. The government companies includes The Karnataka Handloom Development Corporation Limited (KHDCL), Karnataka State Handicrafts Development Corporation Limited (KSHDCL), D.Devaraj Urs Backward Classes Development Corporation Limited (DUBCDCL), Karnataka State Women's Development Corporation Limited (KSWDC), Dr. B.R Ambedkar Development Corporation Limited (BRADCL), Karnataka Scheduled Tribes Development Corporation Limited (KSTADC), The Karnataka Minorities Development Corporation Limited (KMDC), Karnataka State Industrial Investment and Development Corporation Limited (KSIIDC), Karnataka Urban Infrastructure Development and Finance Corporation Limited (KUIDFC), Sree Kanteerava Studios Limited (KSL), Karnataka Asset Management Company Private Limited (KAMCPL), Karnataka Trustee Company Private Limited (KTCPL), Karnataka Thanda Development Corporation Limited (KTDCL). The statutory corporation includes Karnataka State Financial Corporation (KSFC). The employee strength of financing sector includes 3198 as per the audit report of PSU’s as on 31st March 2012.

Infrastructure Sector:

The infrastructure sector constitutes 11.8% of the total working Karnataka State Public Sector Enterprises. And it includes 9 government companies which constitute 12.9% of overall working government companies existing in Karnataka State Public Sector Enterprises. The government companies includes Karnataka State Construction Corporation Limited (KSCCL), Karnataka Rural Infrastructure Development Limited (KRIDL), Karnataka State Police Housing Corporation Limited (KSPHCL), Rajiv Gandhi Rural Housing Corporation Limited (RGRHCL), Karnataka Road Development Corporation Limited (KRDCL), Krishna Bhagya Jala Nigam Limited (KBJNL), Karnataka Neeravari Nigam Limited (KNNL), Cauvery Neeravari Nigam Limited (CNNL), Bangalore Airport Rail Link Limited. The employee strength of infrastructure sector is 9368 as per the audit report of PSU’s as on 31st March 2012.
Manufacturing Sector:

The Manufacturing sector constitutes 26.3% of the total working Karnataka State Public Sector Enterprises. And it includes 20 government companies which constitute 26.3% of overall working government companies existing in Karnataka State Public Sector Enterprises. The government companies includes Dr. Babu Jagjivan Ram Leather Industries Development Corporation Limited (LIDKAR), Karnataka Soaps and Detergents Limited (KSDL), Karnataka State Coir Development Corporation Limited (KSCDCL), Karnataka State Small Industries Development Corporation Limited (KSSIDC), The Mysore Paper Mills Limited (MPM), Karnataka Vidyuth Karkhane Limited (KAVIKA), The Mysore Electrical Industries Limited (MEI), NGEF (Hubli) Limited, Karnataka State Electronics Development Corporation Limited (KEONICS), Karnataka Silk Industries Corporation Limited (KSIC), Karnataka Silk Marketing Board Limited (KSMB), Karnataka State Textile Infrastructure Development Corporation Limited (KSTIDCL), Mysore Minerals Limited (MML), Karnataka EMTA Collieries Limited (KECL), The Hutti Gold Mines Company (HGML), The Mysore Sugar Company Limited (MYSUGAR), The Mysore Paints and Varnish Limited (MPVL), Karnataka State Beverages Corporation Limited (KSBCL), Mysore Sales International Limited (MSIL), Marketing Consultants and Agencies Limited (MCA). There are 9 non-working units in manufacturing sector. The employee strength of manufacturing sector is 13204 as per the audit report of PSU’s as on 31st March 2012.

Power Sector:

The power sector constitutes 14.5% of the total working Karnataka State Public Sector Enterprises. And it includes 11 government companies which constitute 15.7% of overall working government companies existing in Karnataka State Public Sector Enterprises. The government companies includes Karnataka Power Corporation Limited (KPC), Karnataka Renewable Energy Development Limited (KREDL), Karnataka Power Transmission Corporation Limited (KPTCL), Bangalore Electricity Supply Company Limited (BESCOM), Hubli Electricity Supply Company Limited (HESCOM), Mangalore Electricity Supply Company Limited (MESCOM), Chamundeshwari Electricity Supply Company Limited (CESCOM), Gulbarga Electricity Supply Company Limited (GESCOM), KPC Bidadi Power Corporation Private Limited (KPCB), Power Company of Karnataka Limited (PCKL), Raichur
Power Corporation Limited (RPCL). The employee strength of power sector is 47,686 as per the audit report of PSU’s as on 31st March 2012.

Service Sector:

The service sector constitutes 9.21% of the total working Karnataka State Public Sector Enterprises. And it includes 3 government companies which constitute 4.29% of overall working government companies and 4 statutory corporations which constitute 66.67% of overall statutory corporations existing in Karnataka State Public Sector Enterprises. The government companies include Karnataka Food and Civil Supplies Corporation Limited (KFCSCL), Karnataka State Tourism Development Corporation Limited (KSTDC), Jungle Lodges and Resorts Limited (JLR). The statutory corporations include Karnataka State Road Transport Corporation (KSRTC), Bangalore Metropolitan Transport Corporation (BMTC), North Western Karnataka Road Transport Corporation (NWKTC), and North Eastern Karnataka Road Transport Corporation (NEKTC). The employee strength of service sector is 1,10,256 as per the audit report of PSU’s as on 31st March 2012.

Miscellaneous Sector:

The miscellaneous sector constitutes 2.63% of the total working Karnataka State Public Sector Enterprises. And it includes 2 government companies which constitute 2.86% of overall working government companies existing in Karnataka State Public Sector Enterprises. The government companies include Karnataka Vocational Training and Skill Development Corporation Limited (KVTSDCL), and Karnataka Public Lands Corporation Limited (KPLCL). The employee strength of miscellaneous sector is 49 as per the audit report of PSU’s as on 31st March 2012.

4.3 BRIEF PROFILE OF SAMPLE COMPANIES VISITED

THE KARNATAKA FOREST DEVELOPMENT CORPORATION LIMITED (KFDCL):

Karnataka Forest Development Corporation Ltd., (KFDCL) is a Government Company fully owned by state of Karnataka. It was established in the year 1971 under the provisions of Companies Act, 1956. It belongs to Agriculture and Allied Sector, Department of Forest Ecology and Environment. The paid-up capital is 9.31 crore and the employee strength is 683 as per the audit report of PSU’s as on 31st March 2012.
THE HUTTI GOLD MINES COMPANY (HGML):

Hutti Gold Mines Company Limited (HGML) is a Government of Karnataka Undertaking. The capital is held by Karnataka state government and others. It was established in the year 1947 under the provisions of Companies Act, 1956. It belongs to Manufacturing Sector, Department of Commerce and Industries. The paid-up capital is Rs 2.96 crore and the employee strength is 3712 as per the audit report of PSU’s as on 31st March 2012.

KARNATAKA SOAPS AND DETERGENTS LIMITED (KSDL):

Karnataka Soaps and Detergents Limited (KSDL) is a Government Company fully owned by the state of Karnataka. It was established in the year 1916 by the Maharaja of Mysore Nalwadi Krishna Raja Wodeyar and Diwan Sir, M. Visvesvaraya under the provisions of Companies Act, 1956. It belongs to Manufacturing Sector, Department of Commerce and Industries. The paid-up capital is Rs 31.82 crore and the employee strength is 792 as per the audit report of PSU’s as on 31st March 2012.

MYSORE SUGAR COMPANY LIMITED (MYSUGAR):

Mysore Sugar Company Limited (MYSUGAR) is a Government of Karnataka Undertaking. The capital is held by Karnataka State Government and others. It was incorporated in the year 1933 under the provisions of Companies Act, 1956. It belongs to Manufacturing Sector, Department of Commerce and Industries. The paid-up capital is Rs 17.76 crore and the employee strength is 828 as per the audit report of PSU’s as on 31st March 2012.

THE MYSORE PAPER MILLS LIMITED (MPM):

The Mysore Paper Mills Limited, (MPM) is a Government of Karnataka Undertaking. The capital is held by Karnataka State Government and others. It was founded by Sri.Krishnaraja Wodeyar Bahadur in 1937 the Maharaja of erstwhile Mysore State and was incorporated in the year 1936 under the provisions of Companies Act, 1956. It belongs to Manufacturing Sector, Department of Commerce and Industries. The paid-up capital is Rs 224.92 crore and the employee strength is 3693 as per the audit report of PSU’s as on 31st March 2012.
THE MYSORE MINERALS LIMITED (MML):

Mysore Minerals Limited (MML) is a Government of Karnataka Undertaking. The capital is held by Karnataka State Government and others. It was incorporated in the year 1966 under the provisions of Companies Act, 1956. It belongs to Manufacturing Sector, Department of Commerce and Industries. The paid-up capital is Rs 6 crore and the employee strength is 1230 as per the audit report of PSU’s as on 31st March 2012.

KARNATAKA SILK INDUSTRIES CORPORATION LIMITED (KSIC):

Karnataka Silk Industries Corporation Limited (KSIC) is a Government Company fully owned by the state of Karnataka. It was incorporated in the year 1980 under the provisions of Companies Act, 1956 and founded by the Maharaja of Mysore. It belongs to Manufacturing Sector, Department of Commerce and Industries. The paid-up capital is Rs 58 crore and the employee strength is 741 as per the audit report of PSU’s as on 31st March 2012.

CHAMUNDESHWARI ELECTRICITY SUPPLY COMPANY LIMITED (CESCOM):

Chamundeshwari Electricity Supply Company Limited (CESCOM) is a Government Company fully owned by the state of Karnataka. It was incorporated in the year 2004 under the provisions of Companies Act, 1956. It belongs to Power Sector, Department of Energy. The paid-up capital is Rs 263.01 crore and the employee strength is 5249 as per the audit report of PSU’s as on 31st March 2012.

KARNATAKA POWER CORPORATION LIMITED (KPC):

Karnataka Power Corporation Limited (KPC) is a Government Company fully owned by the state of Karnataka. It was incorporated in the year 1970 under the provisions of Companies Act, 1956. It belongs to Power Sector, Department of Energy. The paid-up capital is Rs 2906.97 crore and the employee strength is 6042 as per the audit report of PSU’s as on 31st March 2012.

KARNATAKA POWER TRANSMISSION CORPORATION LIMITED (KPTCL):

Karnataka Power Transmission Corporation Limited (KPTCL) is a Government Company fully owned by the state of Karnataka. It was incorporated in
the year 1999 under the provisions of Companies Act, 1956. It belongs to Power Sector, Department of Energy. The paid-up capital is Rs 1675.32 crore and the employee strength is 9179 as per the audit report of PSU’s as on 31st March 2012.

**BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED (BESCOM):**

Bangalore Electricity Supply Company Limited (BESCOM) is a Government Company fully owned by the state of Karnataka. It was incorporated in the year 2002 under the provisions of Companies Act, 1956. It belongs to Power Sector, Department of Energy. The paid-up capital is Rs 546.92 crore and the employee strength is 10574 as per the audit report of PSU’s as on 31st March 2012.

**BANGALORE METROPOLITAN TRANSPORT CORPORATION (BMTC):**

The Bangalore Metropolitan Transport Corporation (BMTC) is statutory Corporation fully owned by the state of Karnataka. It was incorporated in the year 1997 under the provisions of Road Transport Corporation Act 1950. It belongs to Service Sector, Department of Transport. The paid-up capital is Rs 157.72 crore and the employee strength is 32953 as per the audit report of PSU’s as on 31st March 2012.

**KARNATAKA STATE ROAD TRANSPORT CORPORATION (KSRTC):**

The Karnataka State Road Transport Corporation) is statutory Corporation owned by both Central Government and Karnataka State Government. It was incorporated in the year 1961 under the provisions of Road Transport Corporation Act 1950. It belongs to Service Sector, Department of Transport. The paid-up capital is Rs 291.89 crore and the employee strength is 36448 as per the audit report of PSU’s as on 31st March 2012.

**KARNATAKA FOOD AND CIVIL SUPPLIES CORPORATION LIMITED (KFCSCL):**

Karnataka Food and Civil Supplies Corporation Limited (KFCSCL) is a Government Company fully owned by the state of Karnataka. It was incorporated in the year 1973 under the provisions of Companies Act, 1956. It belongs to Service Sector, Department of Food Civil Supplies and Consumer Affairs. The paid-up capital is Rs 3.25 crore and the employee strength is 1279 as per the audit report of PSU’s as on 31st March 2012.
KARNATAKA STATE FINANCIAL CORPORATION (KSFC):

Karnataka State Financial Corporation (KSFC) is a statutory corporation. The capital is held by Karnataka State Government and others. It was incorporated in the year 1959 under the provisions of State Financial Corporation Act, 1951. It belongs to Financing Sector, Department of Finance. The paid-up capital is Rs 831.35 crore and the employee strength is 1110 as per the audit report of PSU’s as on 31st March 2012.

KARNATAKA STATE HANDLOOM DEVELOPMENT CORPORATION LIMITED (KSHDCL):

The Karnataka State Handloom Development Corporation Limited (KSHDCL) is a Government undertaking owned by both Central Government and Karnataka State Government. It was incorporated in the year 1975 under the provisions of Companies Act, 1956. It belongs to Financing Sector, Department of Finance. The paid-up capital is Rs 51.88 crore and the employee strength is 831 as per the audit report of PSU’s as on 31st March 2012.

KARNATAKA NEERAVARI NIGAM LIMITED (KNNL):

Karnataka Neeravari Nigam Limited (KNNL) is a Government of Karnataka Undertaking. The capital is held by Karnataka State Government and others. It was incorporated in the year 1998 under the provisions of Companies Act, 1956. It belongs to Infrastructure Sector, Department of Water Resources. The paid-up capital is Rs 12258.16 crore and the employee strength is 3308 as per the audit report of PSU’s as on 31st March 2012.

KRISHNA BHAGHYA JALA NIGAM LIMITED (KBJNL):

Krishna Bhagya Jala Nigam Ltd (KBJNL) is a Government of Karnataka Undertaking. The capital is held by Karnataka State Government and others. It was incorporated in the year 1994 under the provisions of Companies Act, 1956. It belongs to Infrastructure Sector, Department of Water Resources. The paid-up capital is Rs 7110.28 crore and the employee strength is 2282 as per the audit report of PSU’s as on 31st March 2012.
CAUVERY NEERAVARI NIGAMA LIMITED (CNNL):

Cauvery Neeravari Nigama Limited (CNNL) is a Government of Karnataka Undertaking. The capital is held by Karnataka State Government and others. It was incorporated in the year 2003 under the provisions of Companies Act, 1956. It belongs to Infrastructure Sector, Department of Water Resources. The paid-up capital is Rs 5914.70 crore and the employee strength is 2264 as per the audit report of PSU’s as on 31st March 2012.

KARNATAKA RURAL INFRASTRUCTURE DEVELOPMENT LIMITED (KRIDL):

Karnataka Rural Infrastructure Development Limited (KRIDL) is a Government company, fully owned by Karnataka State Government. It was incorporated in the year 1974 under the provisions of Companies Act, 1956. It belongs to Infrastructure Sector, Department of Rural Development & Panchayat Raj. The paid-up capital is Rs 12.25 crore and the employee strength is 1003 as per the audit report of PSU’s as on 31st March 2012.