

Chapter III
PUBLIC SECTOR FIRMS

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Public Sector Firms

3.1. Introduction

The business units owned, managed and controlled by the central, state or local government are termed as public sector enterprises or public enterprises. These are also known as public sector undertakings¹. A public sector enterprise may be defined as any commercial or industrial undertaking owned and managed by the government with a view to maximise social welfare and uphold the public interest.

In this study, the term 'Public Sector Firms' is used to refer to the Public Sector Enterprises, which are otherwise called as 'Public Sector Undertakings'. Hence the terms 'Public Sector Firms' and 'Public Sector Enterprises' are used synonymously throughout the study.

A vital role was assigned to the public sector in the process of economic development of India. This role that was originally enshrined in the Industrial Policy Resolution of 1948 was further emphasised in the Industrial Policy Resolution of 1956. Public Sector was envisaged not only to control the commanding heights of the economy but also to serve as a vehicle to promote balanced and equitable growth.

Government of India has leveraged the public sector enterprises to achieve desired socio-economic objectives. Profits made by public enterprises are utilized towards financing the economic development of the country. Thus the purpose of setting up an industry in public sector is primarily for the welfare of both the workers and the society. Hence, the performance of the public sector enterprises cannot be evaluated in terms of the criteria that are used to judge the performance of private sector enterprises. The basic difference between private and public ownership is the difference in objectives, *ie.* welfare maximization by the public sector and profit maximization by the private sector.

Public enterprises' basic characteristics can be summarised as follows²:

- (a) Government Ownership and Management: The public enterprises are owned and managed by the central or state government, or by the local authority. For example, National Thermal Power Corporation (NTPC) is an industrial

organisation established by the Central Government and part of its share capital is provided by the public. So is the case with Oil and Natural Gas Corporation Ltd. (ONGC).

The government may either wholly own the public enterprises or the ownership may partly be with the government and partly with the private industrialists and the public. In any case the control, management and ownership remains primarily with the government.

- (b) **Financed from Government Funds:** The public enterprises get their capital from Government Funds and the government has to make provision for their capital in its budget.
- (c) **Public Welfare:** Public enterprises are not guided by profit motive. Their major focus is on providing the service or commodity at reasonable prices, as for example, Indian Oil Corporation and Gas Authority of India Limited (GAIL) provide petroleum and gas at subsidised prices to the public.
- (d) **Public Utility Services:** Public sector enterprises concentrate on providing public utility.
- (e) **Public Accountability:** Public enterprises are governed by public policies formulated by the government and are accountable to the legislature.
- (f) **Excessive Formalities:** The government rules and regulations force the public enterprises to observe excessive formalities in their operations. This makes the task of management very sensitive and cumbersome.

3.2. Evolution of Public Sector Enterprises in India

Post Independence, India was grappling with grave socio-economic problems, such as inequalities in income and low levels of employment, regional imbalances in economic development and lack of trained manpower, weak industrial base, inadequate investments and infrastructure facilities, etc³.

Hence, the roadmap for Public Sector was developed as an instrument for self-reliant economic growth. The country adopted the planned economic development polices, which envisaged the development of PSUs⁴.

Initially, the public sector was confined to core and strategic industries. The second phase witnessed nationalization of industries, takeover of sick units from the private sector, and entry of the public sector into new fields like manufacturing consumer goods, consultancy, contracting and transportation etc⁵.

The Industrial Policy Resolution 1948 outlined the importance of the economy and its continuous growth in production and equitable distribution. In this process, the policy envisaged active engagement of the State in development of industries.

The Industrial Policy Resolution 1956 classified industries into three categories with respect to the role played by the State.

- The first category (Schedule A) included industries whose future development would be the exclusive responsibility of the State.
- The second (Schedule B) category included industries whose initiatives of development would principally be driven by the State but private participation would also be allowed to supplement the efforts of the State.
- The third category included the remaining industries, which were left to the private sector.

The evolution of the public sector enterprises can be categorized into following distinguished phases⁶:

- Pre-independence era
- Post-independence era
- Post-liberalization era

3.2.1 Pre-independence era

Before independence, there were a few public enterprises in India, which were crucial for the interests of the British Crown in India. These included the Railways, the Posts and Telegraphs, the Port Trust, the Ordnance Factories, All India Radio, the Aircraft factories and few government managed enterprises such as salt factories, quinine factories, etc.

3.2.2 Post-independence era

India, primarily being an agrarian economy was plagued with serious concerns such as huge income disparities, high rate of unemployment, regional disparity in economic development, poor infrastructure, weak manufacturing base, inadequate capital, poor entrepreneurship base and a large unskilled labour base. Creating a 'self-reliant' economy remained a distant dream.

There was an immediate need to put in place a roadmap for long-term growth and sustainable development that was based on strong socio-economic fundamentals. Developing a thriving public sector was believed as key to achieving the desired social and economic development goals.

The Industrial Policy Resolution of 1956 identified three categories of industries:

- Reserved for the public sector.
- Permitted for the private sector with or without state participation.
- Industries for which investment would be initiated from private entrepreneurs.

Industries of basic and strategic importance, or public utility services, were classified into the public sector. Essential industries that demanded large scale investment were also assigned as the responsibility of public sector.

Strategies specific to the public sector were later defined in policy statements in 1973, 1977, 1980 and 1991.

- 1973-Industrial Policy statement identified priority industries for which investments from large industrial groups and foreign players was allowed
- 1977-Industrial Policy Statement focused on decentralization and encouragement to small-scale and cottage industries
- 1980-Industrial Policy Statement encouraged domestic market competition, and technological upgradation and modernization by encouraging foreign investment in high-technology areas.

3.2.3 Post-liberalization era

The exceptionally severe balance of payments and fiscal crisis in 1991 forced the government to revise its economic policies which resulted in disinvestment of government equity in the public sector enterprises. The government steadily paved way for level playing field and competition with the private sector and thus resulted in public sector enterprises being envisioned as revenue earning ventures of the government.

With the liberalization of India in 1991, this year became the turning point in the history of the Indian economic growth story. The new economic reforms put into place allowed the globalization of Indian economy. The key objective of liberalization was to open up the economy, encourage international trade, allow greater reliance on market factors and initiate growth of the private sector and foreign investment. In order to achieve the above objectives, several progressive reforms were introduced.

The government could disinvest up to 20 percent stake in the identified public sector enterprises to mutual funds and financial or investment institutions belonging to the public sector⁷. This move was aimed at improving management and enhancing productivity as well as efficiency of public sector enterprises. As a result of this decision, 30 individual Central Public Sector Enterprises (CPSEs) were divested to select financial institutions namely Life Insurance Corporation of India, General Insurance Corporation and Unit Trust of India in bundles.

Post 1996, sale through the global depository receipt route was also permitted and public sector enterprises capitalized this opportunity to access international financial markets.

The government introduced the concept of Maharatna, Navratna and Miniratna. The Maharatna and Navratna CPSEs could enjoy greater financial and managerial autonomy to incur capital expenditure and take part in joint ventures in domestic and foreign markets to increase their competitiveness so that they could compete well with the private sector.

On 16 March 1999, CPSEs were further classified as strategic and non-strategic. Strategic CPSEs included public sector enterprises engaged in following sectors:

- Arms and ammunition and the allied items of defence equipments, defence air-crafts and warships.
- Atomic energy (except in areas related to the operation of nuclear power and applications of radiation and radio-isotopes to agriculture, medicine and non-strategic industries).
- Railway transport.

Apart from the above mentioned sectors all the other CPSEs were recognized as non-strategic.

Between financial year 2000 and financial year 2004, there was a strategic shift in the government policies that facilitated 'Strategic Sale' or disinvestment of government stake in public sector enterprises. The process involved transfer of big blocks of shares and management control to the strategic partners that were identified through competitive bidding.

Post financial year 2005, disinvestment realizations have primarily been through the sale of small equity stakes. The government has realized an amount of INR 534.23 billion as disinvestment proceeds between April 1992 and May 2008.

In order to boost sectors such as real estate, agriculture and small enterprises, Government of India, through public sector banks, provided capital at lower interest rates. These initiatives of the Government helped firms to contain serious after effects of the economic meltdown while keeping a tab on inflation.

3.3 Role of PSEs in the Indian Economy

PSEs contributed significantly to the country's economy. As on Apr 30, 2011, of the total 247 Central PSUs and their subsidiaries only 50 were listed. Out of these, 47 were listed at the Bombay Stock Exchange (BSE) which constituted 22% of the total market capitalisation of 4,946 companies listed on the BSE.

Additionally, 28 Public Sector Banks (PSBs) including their subsidiaries and six State Level Public Enterprises (SLPEs), accounted for 6% of the total market capitalisation at BSE. The market capitalization of all PSUs taken together was ₹ 19.84 trillion, constituting 28.7% of the total market capitalisation at the BSE. The share of Central PSUs in the BSE market capitalization was 22.37% and amounted to 15.45 trillion as on Apr 30, 2011. The share of PSBs was 6.28%, amounting to 4.34 trillion and share of SLPEs in the BSE market capitalisation was less than 1%.

As per data from the BSE as on Dec 15, 2010 there were 98 unlisted Central PSUs that made profit for the previous three years, clearly indicating the importance of Central PSUs in the growth of the Indian economy. The Central PSU with the highest market capitalization is Oil and Natural Gas Corporation Ltd (ONGC).

3.4 Types of Public Enterprises

The main types of public enterprises are : (i) Departmental, i.e., managed and controlled by the Government department; (ii) Government companies constituted under Section 617 of the Indian Companies Act, 1956; and (iii) Public corporations : financially independent but partly controlled by the Government.

(i) *Departmental Form of Public Enterprises*

This is one of the most popular and traditional forms of public enterprise. This was favourably developed for activities which yielded revenue to the Government. The report of the United Nations Seminar, held in Rangoon in 1954 pointed out the following views about the departmental enterprises: "Departmental enterprises are similar to usual Government departments in matter of appropriation, parliamentary control and accountability. These enterprises are under direct control of the departmental/ministry and different from normal Government departments. These are generally of internal organisation required by the special nature of the undertaking"⁸. The departmental form of organisation suffers from a number of shortcomings. Its administrative pattern involves too much centralisation of activities and insufficient delegation of powers. Routine working in the background of rules, regulations and procedures drawn from ordinary administration creates hurdles and disincentives. "The system militates against the initiative and flexibility which are fundamental and basic for the successful operation of a business concern.

The bureaucrat's overemphasis on caution, conservative temper and, 'through the proper channel mentality' do not leave even elbow room for refreshingly bold approaches, adventure, and risk.⁹ "Under this form of organisation, public enterprises have sometimes become synonymous with red tape, delays, inadequate service, and insensitivity to consumer needs."¹⁰

With a view to improving the functioning of departmental enterprises, Professor Dimock remarked that "If sufficient improvements could be made among the departments in the direction of greater autonomy and flexibility, there would be little or no justification for public corporations at all."¹¹

Out of the firms considered for the study, Kerala clays and ceramics Ltd, Travancore titanium Ltd and Transformers And Electricals Kerala Limited are Departmental form of Enterprises.

(ii) The Government Company

This is a common form of organisation of public enterprises. It possesses the necessary freedom in finance, autonomy in administration and at the same time permits adequate control by Government. According to Section 617 of the Indian Companies Act, 1956, a Government Company means any company in which not less than fifty-one percent of the paid-up share capital is held by the Central Government or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments and includes a company which is a subsidiary of a Government Company as thus defined. This form of Company is popular particularly in India because of the ease and convenience which it offers in its functioning.

The working of various Government companies in India has not been effective, efficient, and economic. They have not been rendering satisfactory service, fulfilling needs and playing a significant role in the development and progress of the country. The Economic Commission on Asia and Far East pointed out regarding the organisation of public enterprises "as companies which only reduced their accountability to the audit authorities appointed under the constitution and to the legislature. The Commission gave the following two important reasons against the company form of organisation of public enterprises : (a) The company

device evades the constitutional responsibilities which a state controlled enterprise has in a democratic society to the government and to the parliament; and (b) The use of company form and of the law regulating commercial companies usually becomes a mere fiction because all or most of the functions normally vested in the shareholders and in the management are reserved to the Government by the statute setting up the company. The company form of public enterprises has also been vehemently criticised by the Auditor General of India, as money cannot be taken away from the Consolidated Fund for the establishment and transformation of certain concerns into private companies in the name of the President and Secretary to Government. Further, to convert a Government concern into a private company solely by executive action is unconstitutional.

Kerala State Electricity Board and Steel Complex Ltd considered for the study fall in the category of Government Company.

(iii) Public Corporation

A public corporation may be defined as a legal entity created by the Government but exterior to the Government organisation, hence financially independent, for carrying on specific activities prescribed in the law creating it. Earnest Davies described it as "a corporate body, created by public authority, with defined powers and functions and financially independent. It is administered by a Board appointed by public authority, to which it is answerable. Its capital structure and financial operations are similar to those of the public company, but its stock holders retain no equity interests and are deprived of voting and power of appointment to the Board. A public corporation comes into existence as a result of a decision taken by the legislature of a country which is embodied in the form of an Act. The Act creating the public corporation also prescribes its aims and objects, powers, duties, responsibilities, pattern of management and its relationship to Government departments and ministries. The public corporations are managed through Boards, appointed by the Government, which are autonomous within very wide limits in the management of enterprise. It is now a fairly universal feature. The same idea has been recognised in France.

The fundamental principle and the objective of a public corporation is brought out by Professor Robson. He said that the underlying reason for the creation of the modern type of public corporation is the need for a high degree of freedom, boldness and enterprise in the management of undertakings of an industrial or commercial character and the desire to escape from the caution and circumspection which is considered typical of Government departments.

Kerala State Road Transport Corporation, Kerala state SC/ ST development Corporation and Kerala State Bamboo Corporation considered for the study fall in the category of Public corporation.

3.5 Public Enterprises under State Governments

The Institute of Public Enterprises, at the request of the Planning Commission, has compiled information regarding SLPEs. As on 31 March 1986, there were 636 SLPEs functioning in 24 States, with an investment to the order of Rs. 10,000 crores. With the inclusion of State Electricity Boards and State Road Transport Corporations the total investment stood at Rs. 25,000 crores in 1986, as against Rs. 9,580 crores in 1977. The average rate of growth of investment in SLPEs during 1977-86 was of the order of 20 per cent per annum.

The above figures refer to the investment in non-departmental enterprises of the Central and State Government and do not include departmental undertaking like Railways, Posts and Telegraphs and other departments, which account for an investment of nearly Rs. 25,000 crores. If all these are included, then the total public sector investment in the entire country, in all kinds of enterprises (departmental and non departmental), at the Centre, State and local level, will be around Rs. 2,50,000 crores.

3.6 Central Public Sector Enterprises in India

The Central Public Sector Enterprises (CPSEs) have been a strategic lever for Indian economic development in both pre-independence and post-independence era. In pre-independence era there were very few CPSEs in India which were centric to Railways, the Posts and Telegraphs, the Port Trust, the Ordnance Factories, All India Radio, the Aircraft factories, etc. Over the years, CPSEs not only have grown

in numbers but also in the range of activities such as manufacturing, engineering, steel, heavy machinery, textiles, pharmaceuticals, petro-chemicals, etc. This growth in span of CPSEs is a consequence of several initiatives taken during various Five Year Plans. The number of CPSEs as on 2010 was 249, with total investment of nearly INR 5.8 lakh crores against five CPSEs with total investment of INR 29 crores in 1951.

3.6.1 CPSE's role in economy

The CPSEs investment has a multiplier effect on the economy. During the first five-year plan (1950-51 to 1955-56) there were only five CPSEs with a total financial investment (Including equity plus long-term loans) of ₹290 million, whereas in FY11, there were 248 CPSEs (including 220 operating and 28 CPSEs that were yet to commence commercial operations and excluding seven insurance companies) with a total financial investment of ₹ 6,668.5 billion as on Mar 31 2011, showing a CAGR of around 6% during the same period. The financial investment registered 15% Y-O-Y growth during FY11. In terms of sector-wise share in their total financial investment, the CPSEs in the electricity sector had the maximum share of around 37.3% as on Mar 31, 2011. This was followed by service sector with 36.1%, manufacturing with 17.9% and mining with 7.3%¹². Far from being self-sufficient, India is today amongst the fastest growing economies en route to emerging as a 'superpower'. The public sector has proved its feat at every stage of the India growth story.

Public sector enterprises in India have responded admirably to post-economic reforms and liberalization. Not only did they expand production and profits levels, but are also today an important choice of investment for global and domestic investors. Market capitalization of the public sector enterprises in India constitutes a major portion of the total market capitalization and several public sector enterprises attract huge investor interest. These enterprises are growing in size and stature, competing with the major players in domestic and international markets, by focusing on business growth and diversification as also profitability and productivity.

3.7 Public Sector Firms in Kerala

According to the report of Bureau of Public Enterprises, there were 114 public sector firms in Kerala, in the year 2012-13. Out of these, 4 were formed during 2012-13. Another 21 were not operational.

Table 3.1 New Companies formed during 2012-13

Sl No	Name of Firm
1	Kerala State Minorities Development Finance Corporation Limited
2	Kerala State Coastal Area Development Corporation Limited
3	Kerala State Welfare Corporation for Forward Communities Limited
4	Kerala Irrigation Infrastructure Development Corporaton Limited

Table 3.2 Public Sector Firms not Operational during 2012-13

SI.No.	Name of Enterprise	Status during 2012-13
1	Kerala Hitech Industries Limited	Handed over to BrahMos Aerospace, Thuvananthapuram
2	Kerala Soaps & Oils Limited	Transferred to Kerala State Industrial Enterprises Limited.
3	Kerala State Industrial Products Trading Corporation Limited	Merged with Travancore Titanium Products Limited
4	Keltron Crystals Limited	Merged with Keltron Component Complex Limited
5	Keltron Magnetics Limited	Merged with Keltron Component Complex Limited
6	Keltron Resistors Limited	Merged with Keltron Component Complex Limited
7	Keltron Power Devices Limited	Taken over by KELTRON
8	Keltron Rectifiers Limited	Taken over by KELTRON
9	Trivandrum Spinning Mills Limited	Taken over by KSTC
10	Kerala State Salicylates & Chemicals Limited	Transferred 25 acres of land to SIDCO for setting up a Telecom City.

SI.No.	Name of Enterprise	Status during 2012-13
11	The Metropolitan Engineering Company Limited	Transferred 1.26 acres of land to KSIE to establish a Hyper Super Market cum Office Complex
12	Kettron Counters Limited	Winding up in progress
13	Kerala Construction Components Limited	Liquidation in progress
14	Scooters Kerala Limited	Ownership transferred to Cooperative Academy for Professional Education (CAPE)
15	Kerala State Rural Development Board	Dissolved in July 2003
16	Kerala Garments Limited	Applied for Easy Exit Scheme on 18.01.2011
17	Kerala State Wood Industries Limited	No activity
18	Travancore Plywood Industries Limited	No activity
19	Kerala State Detergents & Chemicals Limited	No activity
20	Astral Watches Limited	No activity
21	Trivandrum Rubber Works Limited	Unit closed

Table 3.3 Sector wise classification of Public Sector Firms in Kerala

Sector No,	Sector	No. of SLPEs
1	Development & infrastructural Agencies	19
2	Ceramics and Refractories	2
3	Chemical industries	10
4	Electrical Industries	4
5	Electronics	3
6	Engineering & Manufacturing	9
7	Plantation/Agro & Livestock Based Units	12

Sector No,	Sector	No. of SLPEs
8	Textiles	2
9	Traditional Industries	7
10	Trading Units	3
11	Welfare Agencies	10
12	Public Utilities	6
13	Others	6
	Total	93

3.7.1 Ownership

Among the 93 Public Sector Firms which are functioning, eight are statutory bodies while 60 are fully owned by the Government of Kerala. Eight firms are jointly owned by the State and Central Governments. Details of the status of ownership of Public Sector Firms are indicated in the table given below.

Table 3.4 Status of Ownership of Public Sector Firms

Sl.No.	Status of Ownership	No. of Firms
1	Statutory Bodies	3
2	Wholly owned by the Government of Kerala	60
3	Joint ownership of State & Central Governments	8
4	Joint ownership of Government of Kerala & Public	9
5	Joint ownership of Government of Kerala, Financial Institutions S Public	4
6	Joint ownership of Government of Kerala a NRIs	1
7	Joint ownership Of Government of Kerala, Financial Institutions, Public & Foreign Finns	2
8	Joint ownership of Government of Kerala and Urban Local Bodies	1
	Total	33

3.7.2 Public Sector Firms under Administrative Departments

The administrative control of the active Public Sector Firms vest with 27 different government departments. Thirty eight firms (41%) are under the Industries department followed by 12 under the Agriculture department. The number of Public Sector Firms under the different departments is summarised in the table below.

Table 3.5 Public sector under Administrative Department

SI.No.	Administrative Department	No. of Firms
1	Agriculture	12
2	Coastal Shipping & Inland Navigation	1
3	Cultural Affairs	1
4	Finance	1
5	Fisheries & Ports	3
6	Food, Civil Supplies & Consumer Affairs	1
7	Forests ft Wild Life	1
8	General Administration Department	2
9	General Administration (Sainik Welfare) Department	1
10	General Education	1
11	Health ft Family Welfare	2
12	Home	1
13	Housing	1
14	Industries	38
15	Information Technology	2
16	Labour & Rehabilitation	2
17	Local Self Government	1
16	Norka	1
19	Power	2

SI.No.	Administrative Department	No. of Firms
20	Public Works	2
21	SC/ST Development	3
22	Social Justice	2
23	ST Development	1
24	Taxes	4
25	Tourism Department	3
26	Transport	2
27	Water Resources	2
	Total	93

3.7.3. Performance of Public Sector Firms

The total paid up capital of the active Public Sector Firms at the end of the year 2012-13 amounts to Rs.10,697.01croresand the capital invested totals to Rs. 28,817.71 crores. These firms have together achieved net sales of Rs. 22,858.41 crores during the year (Increase of 20.82% from previous year). The number of profit earning firms during 2012-13 has come down to51 as compared to 53 firms during the previous year and the total amount of profits earned by these 51 firms has decreased by 13.62 % to Rs. 893.76 crores as against total profit of Rs. 1034.64 crores earned by 53firms in 2011-12. Thirty Six firms have reported losses amounting to Rs. 999.17 crores as against Rs. 809.30 crores worth loss registered by 36 firms during the previous year. The net position for the year is a net loss of Rs.105.41crores against a net profit of Rs. 225.34 crores in2011-12.

The net worth of all these firms taken together amounts to Rs. 14,569.73 crores (increase of 10.75%), while the total accumulated losses as on March 2013 amount to Rs. 7,593.11crores (48 enterprises). During the year, the Public Sector Firms contributed an amount of Rs. 7,481.26 crores (12.46% increase) to the State Exchequer by way of taxes & duties and Rs. 35.87 crores was paid as Guarantee Commission. The total dividends declared/proposed for the year is worth Rs.

43.76crores (Rs. 55.99 crores during 2011-12). The major indicators for the last three years are given below:

Table 3.6 Overall Performance - 2010-11 to 2012-13

Particulars	2010-11	2011-2012	2012-2013
Paid up Share capital	9099.31	9844.35	10697.01
Capital Invested	22407.30	25119.67	28817.71
Mel Worth	11562.81	13154.94	14569.73
Capital Employed	24581.65	28072.96	32378.63
Net Assets	15897.67	17494.76	18753.15
Turnover (Net Sales)	16965.76	18920.14	22858.41
Net Profit	343.92	225.34	-105.41

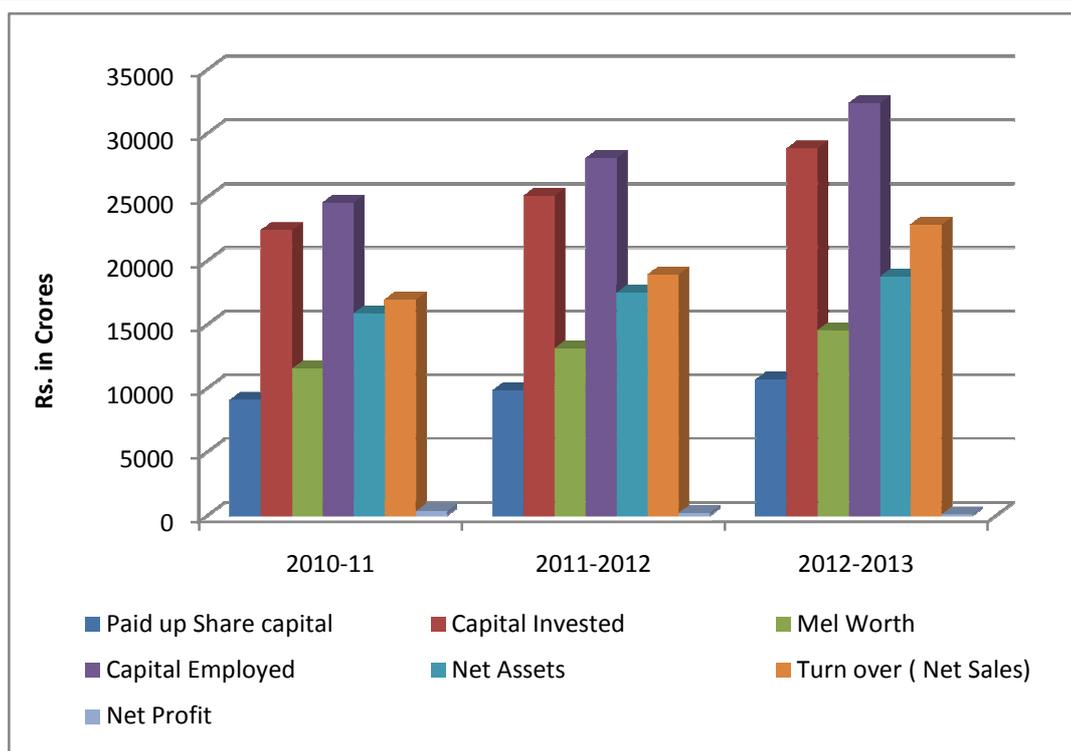


Figure 3.1 Overall performance of Public Sector Firms from 2010-11 to 2012-13

3.7.4 Source and Application of Funds

The total funds applied in the 87 working firms during 2012-13 amounts to Rs. 67,977.53 crores. The various sources of finance and application of the same in the Public Sector Firms are summarised below. As indicated, 26.66 percent of the fund applied is sourced through long term loans. The miscellaneous expenditure not written off/ adjusted at the end of the year (13.99 percent of the funds) includes accumulated loss of Rs. 7,593.11 crores.

Table 3.7 Source & Application of Funds

Particulars	Amount	Percentage
<i>Sources of Funds</i>		
Sham Capital	10,697.01	15.74
Res./Surplus	13,378.71	19.67
Long Term Loans	18,120.70	26.66
CL/Provisions	25,781.11	37.93
Total	67,977.53	100,00
<i>Application of Funds</i>		
Net Fixed Assets	18,753.15	27.58
In vestments	311.75	0.46
Current Assets	39,408.63	57.97
Misc. Exp. not Written off /Adj.	9,505.99	13.99
Total	67,377.53	100,00

3.7.5 Investment

As on March 31, 2013, the total investment (capital invested) in Public Sector Firms in the State (87enterprises) is Rs. 28,817.71 crores (14.72% increase) as compared to the investment of Rs. 25,119.67 crores during the previous year. The maximum investment is in Kerala Water Authority (Rs. 8,803.81 crores). The other enterprises with major investment (above Rs. 500 crores) are The Kerala State

Financial Enterprises Limited, Kerala State Electricity Board, Kerala State Road Transport Corporation, Kerala Transport Development Finance Corporation Limited, Kerala State Housing Board, Kerala Financial Corporation, Kerala Industrial Infrastructure Development Corporation and The Kerala State Cashew Development Corporation Limited. The top 10 Public Sector Firms in terms of Capital Invested are indicated in Table 9. The range of the investment in the SLPEs is summarised in Table 10.

Table 3.8 Top Ten Public Sector Firms in terms of Capital Invested during 2012-13

SI. No.	Name of Enterprise	Amount
1	Kerala Water Authority	8803.81
2	This Kerala State- Financial Enterprises Limited	4753. 50
3	Kerala State Electricity Board	3687. 20
4	Kerala State Road Transport Corporation	246 3. 41
5	Kerala Transport Development Finance Corporation Limited	1220-.71
6	Kerala State Housing Board	1170.43
7	Kerala Financial Corporation	11221.97
8	Kerala Industrial Infrastructure Development Corporation	820.63
9	The Kerala State Cashew Development Corporation Limited	668.69
10	Ker-ala. State Industrial Development Corporation Limited	451 .25

Table 3.9 Range of Investment

SI. No.	Investment Range (Rs. in Crores)	No. of SLPEs	% of Total Investment
1	Above 1000	7	80.58
2	Above 500 upto 1000	2	5.17
3	Above 100 upto 500	10	8.34
4	Above 50 upto 100	10	2.22
5	50 and below	58	3.69
	Total	67	100.00

3.7.6 Turnover

The turnover (net sales/service charges) achieved by the Public Sector Firms has increased by about 20.82 percent to Rs. 22,858.41 crores during 2012-13, as compared to a total turnover of Rs. 18,920.14 crores during the previous year. The highest turnover has been reported by Kerala State Electricity Board (Rs. 7509.60 crores) followed by Kerala State Beverages (M&M) Corporation Limited (Rs. 4384.64 crores) and The Kerala State Civil Supplies Corporation Limited (Rs. 2842.25 crores).

3.7.7 Profitability

Fifty one firms have reported profits during the year totalling to Rs. 893.76 crores (decrease of 13.62%) as against the total profit of Rs. 1034.64 crores earned by 53 firms during 2011-12. The remaining firms have incurred losses amounting to Rs. 999.17 crores resulting in an overall net loss of Rs. 105.41 crores for the year. Kerala Tourism Development Corporation Limited and Kerala Police Housing & Construction Corporation Limited which had incurred losses during the previous year have reported profits during 2012-13, while Kerala State Mineral Development Corporation Limited, Kerala Shipping & Inland Navigation Corporation Limited, Kerala State Drugs & Pharmaceuticals Limited, The Plantation Corporation of Kerala Limited and Kerala State Development Corporation for Christian Converts from SC & RC Limited which had earned profits during 2011-12 have incurred losses during 2012-13. The top ten profit earning and loss incurring firms are indicated in Tables given below. It is noted that several enterprises have reported reduced profits for 2012-13 as compared to the profits of 2011-12. Public Sector Firms which have reported maximum decrease in profits include The Kerala Minerals & Metals Limited, The Plantation Corporation of Kerala Limited, Malabar Cements Limited, Transformers and Electricals Kerala Limited and Travancore Titanium Products Limited. Moreover, the losses incurred by Kerala State Civil Supplies Corporation Limited has significantly gone up during 2012-13, thus resulting in overall net loss during the year.

Table 3.10 Top Ten Profit making Public Sector Firms during 2012-13

Sl. No.	Name of Enterprise	Amount of Profit
1	Kerala State Electricity Board	240.72
2	The Kerala. State Financial Enterprises Limited	115.12
3	Kerala Financial Corporation	103.70
4	Kerala State Beverages (M&M) Corporation limited	89.10
5	The Kerala Minerals & Metals Limited	73.12
6	Kerala State Industrial Development Corporation Limited	57.55
7	Malabar Yemenis Limited	31.71
8	The State Fanning Corporation of Kerala Limited	19.78
9	Kerala Transport Development Finance Corporation Limited	16.32
10	Kerala State Backward Classes Development Corporation Limited	15.95

Table 3.11 Top ten loss incurring enterprises*(Rs. in Crores)*

Sl. No.	Name of Enterprise	Amount of Loss
1	Kerala State Road Transport Corporation	495.39
2	Kerala Water Authority	296.93
3	The Kerala State Civil Supplies Corporation Limited	84.67
4	Kerala State Housing Board	19.29
5	Kerala State Textile Corporation Limited	10.05
6	Traco Cable Company Limited	7.74
7	The Plantation Corporation of Kerala Limited	762
8	Kerala Automobiles Limited	7.20
9	Kerala Electrical & Allied Engineering Company Limited	6.49
10	Autokast Limited	6.38

The range of profits earned and losses incurred by the Public Sector Firms during 2012-13 are summarised in Tables given below.

Table 3.12 Range of Profit

Sl. No.	Range of Profit (Rs. Crores)	No. of SLPEs	% of Total Profit
1	Above 200	1	26.93
2	Above 100 up to 200	2	24.43
3	Above 50 up to 100	3	24.59
4	Above 10, up to 50	9	16.52
5	Above 5, up to 10	6	4.29
6	Above 1, up to 5	12	2.42
7	Above 0.25. up to 1	11	0.63
8	0.25 and below	7	0.09
	Total	51	100.00

Table 3.13 Range of Loss

Sl. No.	Range of Profit (Rs. Crores)	No. of SLPEs	% of Total Loss
1	Above 250	2	79.34
2	Above 10, up to 100	3	11.41
3	Above 5 up to 10	7	4.70
4	Above 1. up to 5	12	3.99
5	1 and below	12	0.56
	Total	36	100.00

3.7.8 Employment

The Public Sector Firms together provided employment to 1,32,677 persons in different categories, including casual/contract employees, during 2012-13. The top ten in the list are shown in the table given below.

Table 3.14 Top Ten Enterprises in terms of Employment

Sl.No.	Name of Enterprises	No. of Employees
1	Kerala State Road Transport Corporation	35828
2	Kerala State Electricity Board	31810
3	The Kerala State: Cashew Development Corporation Limited	15777
4	Kerala "Water Authority	6908
5	The Kerala State Civil Supplies Corporation Limited	5387
6	The Kerala State Financial Enterprises Limited	5204
7	Kerala State Beverages (M&M) Corporation Limited	3525
8	The Plantation Corporation of Kerala Limited	2593
9	Kerala State Electronics Development Corporation Limited	1903
10	The Kerala Minerals & Metals Limited	1494

3.7.9 Employee Development

Thirty Nine Public Sector Firms have conducted employee development activities during 2012-13. The amount budgeted totalling to Rs. 8 crores. Against this, 45 firms, including 10 firms which had not budgeted for employee development, have spent an amount of Rs. 3.68 crores on employee development activities during the year.

3.7.10 Ranking of Public Sector Firms

The Public Sector Firms are ranked using a composite score for each firm. The scoring is based on the Capital Invested in the firm, with equal weightage for four parameters namely, ratio of Turnover to Capital Invested, ratio of Net Profit (before tax and dividend) to Capital Invested, Ratio of Net Worth to Capital Invested and Return on Investment (ratio of Net Profit before tax and dividend to Capital Employed). The Table given below provides the ranking of the Public Sector Firms for the year 2012-13.

Table 3.15 Overall Ranking of Public Sector Firms for the year 2012-13

(Rs. in lakhs)

Sl. No.	Type	Name of Enterprise	Capital Invested	Turnover	Turnover to Capital Invested		Net Profit/Loss (+/-)	Net Profit to Capital Invested		Net worth	Net worth to Capital Invested		Return on Investment (ROI)		Composite Score: 2012-13	Rank for the Year 2012-13	Rank for the Year 2011-12
					%	Rank (2012-13)		%	Rank (2012-13)		%	Rank (2012-13)	%	Rank (2012-13)			
1	T	Kerala Medical Services Corp. Ltd.	1.00	33610.27	3361027.00	1	89.98	8998.00	1	18949.43	1894943.00	1	0.47	47	1316242.12	1	1
2	T	Kerala State Beverages (M&M) Corp. Ltd.	103.00	438464.00	425693.20	2	8910.00	8650.49	2	85946.00	83442.72	2	10.37	12	129449.19	2	2
3	M	Kerala Agro Machinery Corp. Ltd.	231.57	17052.10	7363.69	3	513.86	221.90	4	10406.05	4493.70	3	5.00	28	3021.07	3	3
4	M	Kerala State Construction Corp. Ltd.	634.23	20650.58	3256.01	4	988.93	155.93	6	-414.56	-65.36	51	748.23	1	1023.70	4	-
5	M	Rehabilitation Plantations Ltd.	339.27	2850.81	840.28	7	1438.89	424.11	3	7283.03	2146.68	5	19.76	5	857.71	5	5
6	S	Kerala State Coastal Area Dev. Corp.	281.49	387.46	137.65	30	113.78	40.42	14	7923.73	2814.92	4	1.44	39	748.61	6	-
7	M	The Travancore Sugars & Chemicals Ltd.	173.84	2453.78	1411.52	5	237.96	136.88	8	591.30	340.14	15	37.56	2	481.52	7	13
8	M	The Kerala Minerals & Metals Ltd.	6829.00	54763.36	801.92	8	7312.40	107.08	9	60820.34	890.62	6	11.98	11	452.90	8	6
9	M	Kerala State Poultry Dev. Corp. Ltd.	210.47	2156.40	1024.56	6	101.22	48.09	13	738.05	350.67	14	13.46	10	359.20	9	8
10	M	Malabar Cements Ltd.	4168.35	26757.43	641.92	10	3171.46	76.08	11	23640.44	567.14	12	13.52	9	324.67	10	10
11	M	The State Farming Corp. of Kerala Ltd.	1060.92	4427.83	417.36	13	1978.02	186.44	5	6870.38	647.59	9	28.55	3	319.99	11	9
12	W	Kerala State Ex-servicemen Dev. & Rehabilitation	50.00	130.65	261.30	21	75.70	151.40	7	413.31	826.62	8	18.32	6	314.41	12	11
13	M	Oil Palm India Ltd.	1178.76	4898.41	415.56	14	1108.38	94.03	10	7105.90	602.83	10	15.82	7	282.06	13	12
14	M	Kerala Livestock Dev. Board Ltd.	732.57	1700.10	232.07	22	127.24	17.37	19	6362.90	868.57	7	2.02	36	280.01	14	14
15	S	Overseas Dev. & Employment Promotion consultants	85.78	610.73	711.97	9	14.47	16.87	20	263.05	306.66	17	5.50	26	260.25	15	-
16	S	Norka Roots Ltd.	168.82	272.39	161.35	28	1.55	0.92	46	980.64	580.88	11	0.16	50	185.83	16	19
17	T	The Kerala State Coir Corp. Ltd.	1328.43	7014.74	528.05	11	230.77	17.37	18	2445.11	184.06	22	7.77	18	184.31	17	20
18	M	The Kerala Agro Industries Corp. Ltd.	1296.89	5150.73	397.16	15	64.84	5.00	29	4022.85	310.19	16	1.34	41	178.42	18	18
19	M	Kerala Feeds Ltd.	5178.62	27306.08	527.28	12	4.33	0.08	51	6897.30	133.19	27	0.05	51	165.15	19	16
20	M	Transformers and Electricals Kerala Ltd.	4297.00	15578.00	362.53	16	233.00	5.42	27	11673.00	271.65	18	2.00	37	160.40	20	17
21	M	The Pharmaceutical Corp. (IM) Kerala Ltd.	2466.60	6830.03	276.90	20	1333.50	54.06	12	5701.75	231.16	19	23.39	4	146.38	21	22
22	M	Kerala Forest Dev. Corp. Ltd.	1438.36	1198.39	83.32	33	37.32	2.59	37	5071.64	352.60	13	0.73	45	109.81	22	21
23	PU	Kerala State Electricity Board	368719.63	750959.81	203.67	25	24071.50	6.53	26	751650.45	203.85	21	2.50	34	104.14	23	23
24	S	Kerala State Industrial Enterprises Ltd.	2071.90	3817.37	184.24	27	692.26	33.41	15	3464.30	167.20	24	14.01	8	99.72	24	15
25	T	Kerala State Horticultural Products Dev. Corp. Ltd.	997.66	3550.05	355.84	17	34.66	3.47	34	213.80	21.43	40	6.15	24	96.72	25	26
26	M	Travancore Titanium Products Ltd.	7478.52	16721.15	223.59	24	538.52	7.20	25	10190.59	136.26	26	3.33	31	92.60	26	24
27	M	Kerala Clays & Ceramic Products Ltd.	581.82	729.00	125.30	31	102.20	17.57	17	1055.19	181.36	23	6.82	22	82.76	27	7
28	M	The Travancore-Cochin Chemicals Ltd.	5783.24	16289.21	281.66	18	172.72	2.99	35	613.85	10.61	43	4.05	29	74.83	28	27

(Rs. in lakhs)

Sl. No.	Type	Name of Enterprise	Capital Invested	Turnover	Turnover to Capital Invested		Net Profit/Loss (-/-)	Net Profit to Capital Invested		Net worth	Net worth to Capital Invested		Return on Investment (ROI)		Composite Score: 2012-13	Rank for the Year 2012-13	Rank for the Year 2011-12
					%	Rank [2012-13]		%	Rank [2011-13]		%	Rank [2012-13]	%	Rank [2012-13]			
29	M	Steel and Industrial Forgings Ltd.	3260.00	4618.00	141.66	29	34.00	0.74	48	4991.00	153.10	25	0.43	48	71.98	29	25
30	S	Kerala Small Industries Dev. Corp. Ltd.	8803.96	24403.03	277.18	19	306.15	3.48	33	-406.56	-4.62	49	5.66	25	70.43	30	30
31	M	Forest Industries (Travancore) Ltd.	675.57	1541.36	228.16	23	70.00	10.36	22	183.37	27.14	38	8.52	15	68.55	31	31
32	S	Kerala State Power and Infra. Finance Corp. Ltd.	2672.93	700.96	26.22	40	557.29	20.85	36	5602.79	209.61	20	9.93	13	66.65	32	26
33	M	Keltron Electro Ceramics Ltd.	614.00	1190.80	193.91	26	26.13	4.26	31	49.42	8.05	44	7.57	19	53.45	33	28
34	S	Kerala State Industrial Dev. Corp. Ltd.	45115.40	6990.57	14.61	44	5755.35	12.75	21	60067.02	133.11	28	9.82	14	42.57	34	32
35	W	The Kerala State Dev. Corp. for SC & ST Ltd.	13066.94	2449.08	18.74	42	1113.48	8.52	24	14243.05	129.00	30	7.41	20	35.92	35	33
36	S	Kerala State Tourism Dev. Corp.	10405.25	9083.40	86.63	32	43.99	0.42	49	5194.74	53.36	33	0.61	46	35.25	36	-
37	S	Tourist Resorts (Kerala) Ltd.	3119.00	226.00	7.22	48	169.00	5.40	28	3705.00	118.41	29	8.45	16	34.88	37	34
38	S	Kerala Irrigation Infa. Dev. Corp.	21.14	6.07	28.71	38	0.39	1.84	40	21.53	101.84	31	1.81	38	33.55	38	-
39	S	Bakel Resorts Dev. Corp. Ltd.	5216.43	270.52	5.19	50	49.38	0.95	45	4870.79	93.37	32	0.95	43	25.13	39	37
40	S	Kerala Financial Corp.	112297.00	47592.00	42.38	37	10370.00	9.23	23	38376.00	34.17	36	8.21	17	23.50	40	40
41	M	Steel Industries Kerala Ltd.	4403.05	2434.79	55.30	35	121.28	2.75	36	894.86	20.32	41	7.35	21	21.44	41	42
42	M	Kerala State Electronics Dev. Corp. Ltd.	41298.16	30529.88	73.93	34	539.96	1.31	44	878.37	2.13	47	2.82	33	20.04	42	39
43	PU	Kerala State Maritime Dev. Corp. Ltd.	999.98	284.13	28.41	39	38.08	1.81	41	291.72	29.17	37	6.20	23	16.40	43	41
44	W	Kerala State Backward Classes Dev. Corp. Ltd.	42108.00	3444.00	8.18	47	1595.00	3.79	32	18846.00	44.76	35	3.03	32	14.94	44	43
45	S	Kerala Industrial Infa. Dev. Corp.	82063.10	2334.64	2.84	51	1392.92	1.70	42	43517.39	53.03	34	1.43	40	14.75	45	43
46	S	Kerala Police Housing and Construction Corp. Ltd.	3975.88	1883.23	47.37	36	15.92	0.40	50	-200.65	-5.05	50	0.42	49	10.79	46	-
47	S	Kerala Urban & Rural Dev. Finance Corp. Ltd.	5141.18	506.94	9.86	46	246.46	4.79	30	1136.56	24.05	39	3.92	30	10.66	47	44
48	S	The Kerala State Financial Enterprises Ltd.	475360.00	97075.00	20.42	41	11512.00	2.42	38	30197.00	6.35	46	2.25	35	7.87	48	46
49	W	Kerala State Women's Dev. Corp. Ltd.	4117.24	295.00	7.16	49	37.55	0.91	47	752.40	18.27	42	0.90	44	6.81	49	47
50	S	Kerala State Film Dev. Corp. Ltd.	4253.31	710.63	16.71	43	80.13	1.88	39	-2.64	-0.06	48	5.38	27	5.98	50	48
51	S	Kerala Transport Dev. Fin. Corp. Ltd.	122071.00	15710.00	12.87	45	1632.00	1.34	43	7765.00	6.36	45	1.30	42	5.47	51	45

Type of Public Sector Firms: M- Manufacturing/Engineering/Production, S- Service, T-Trading, PU - Public Utilities, W- Welfare Corporations

3.8 Public Sector Firms selected for the study

For the purpose of the study 10 Public sector firms were identified. Four criteria were used for this purpose. They are Region; Nature of the firm (Manufacturing/Service); Number of employees; and the profit/loss making nature of the firm. Public Sector Enterprises were selected from three regions (northern region, central region and southern region) of Kerala keeping in mind the number of managers and supervisors working in the firms.

Table 3.16 public sector firms selected in the study

Region		Manufacturing	Service
South	Profit making	13	24
	Loss Making	11	14
Central	Profit Making	9	3
	Loss Making	7	5
North	Profit Making	2	Nil
	Loss Making	4	Nil

Details of the firms considered for the study are given below.

3.8.1 Southern region

3.8.1.1 Manufacturing Firms

i) *Travancore Titanium Products Ltd, Thiruvanthapuram*

Profile

Travancore Titanium Products Ltd., (TTPL) is a Public Limited Company under the State Public Sector, with Government of Kerala owning 80.94 percent of the shares. Kerala State Industrial Development Corporation (KSIDC) hold 7.91 percent and the balance held by the Public. The total man power employed at present is around 800.

It was incorporated on 18th of December 1946, to produce pigment grade Titanium dioxide from ilmenite which is abundantly available as placer deposits on

beaches near Kollam, 65 Kms north of the capital city, Thiruvananthapuram in the coastal state of Kerala, India. The unit was promoted by the then princely state of Travancore in collaboration with the British Titan Products (BTP) Company Limited, U.K.(now known as Tioxide Group Limited).The administrative control of the company was with a managing agency, Indian Titan Products Company.

The Company which started production at a modest rate of 5 tonnes per day, increased its capacity in stages to the present level of 40-45 tonnes per day. Till recently, Travancore Titanium Products Ltd., was the only unit producing Anatase grade Titanium Dioxide pigment, in India. Travancore Titanium Products, became a State Public sector unit in 1960, with the Government of Kerala owning 80.94% of the shares.

Production of titanium dioxide commenced in the year 1951, and the capacity was raised to 10 tonnes per day in 1960, the year in which the management of the Company was taken over by the Govt. of Kerala. The Company also installed its own sulphuric acid plant to produce acid for captive consumption. In 1963 the capacity of Titanium Dioxide produced was further increased to 18 tonnes per day.

Subsequently, a major expansion programme was undertaken and completed in 1973, increasing the realisable capacity to 45 tonnes per day of anatase grade TiO₂. To meet the increased requirement of sulphuric acid, a third acid plant of 300 tonnes per day capacity was also put on stream.

Subsequently, a modern sulphuric acid plant was commissioned in 1996, which utilizes the tail gas recycling DCDA (Double Catalysis Double Absorption) technology. The alkali scrubbing system incorporated therein helps to keep sulphur dioxide emissions well within permissible limits and helps in maintaining a clean environment.

The total man-power employed at present is around 1300.

Commercial Production commenced in the year 1951. The capacity was raised to 10 tonnes per day in 1960.

The Company commissioned its first sulphuric acid plant along with the expansion, producing 50 tonnes of acid per day for captive consumption. In the very

same year, the management of the Company was taken over by the Government of Kerala. In 1963 the capacity of titanium dioxide was further increased to 18 tonnes per day (tpd) and a second sulphuric acid plant of 50 tonnes per day capacity was also commissioned.

A major expansion programme, undertaken exclusively with in-house capabilities was completed in 1973, taking the realizable capacity to 45 tpd of anatase pigment. To meet the increased requirement of sulphuric acid, a third acid plant of 300 tpd., was also commissioned.

Products

Titanium Dioxide is the whitest of white pigments and has replaced other less effective pigments such as Zinc Oxide, Lithopone etc. Travancore Titanium Products Limited has recently launched a Rutile Grade Titanium dioxide pigment. This product was developed in the year 2002 indigenously through the Sulphate route. TTP markets this product without surface treatment at a very competitive price.

Table 3.17 Employee details of the TTPL

Managerial staffs	107
Supervisory staffs	52
Workers	607
Others (casual/ contract)	3
Total	770

Financial details of the company

The provisional figures indicate fall in performance of the Company in 2012-13. The netsales has decreased by 9.75% to Rs. 167.21 crores as against Rs. 185.28 crores in 2011-12. Consequently the net profit has decreased from Rs. 20.71 crores to Rs. 5.39 crores during 2012-13. It is reported that the decrease in profitability is due to increase in major raw material costs.

ii) *The Plantation Corporation of Kerala Ltd, Kottayam**Profile*

The Plantation Corporation of Kerala Ltd (PCKL), the largest plantation company in public sector was formed in 1962, by the Government of Kerala with an initial share capital of Rs.750 Lakhs. The purpose of establishment the Plantation Corporation was to accelerate the agro - economic development of Kerala. The company is working under the Ministry of agriculture, Govt. of Kerala. The Managing director, under the supervision of the Chairman and the board of directors, heads the activities.

PCK concentrates all efforts on the large scale cultivation of plantation crops. The major plantations are rubber, cashew, and oil palm. In addition, some area is planted with cinnamon, arecanut, pepper, coconut, garcinia, teakwood and various other commercial trees.

Plantations of the corporations can be divided into 4. They are rubber, cashew, oil palm and other plantations. Rubber plantations are located in Kodumon, Chandanappally, Thannithode, Kallala, Adirapally, Perambra and Nilambur Estate. Cashew plantations are located in Kasargode, Rajapuram, Cheemeni, and Mannarghat Estate. Oil palm plantations are located in Eranakulam and Thrissur districts. In addition to these the corporation has otherplantaions like cinnamon, arecanut, pepper, coconut etc.

Plantation Valley Farm Resort

This is the largest project of PCK with a view to explore the eco and farm tourism situated in Thrissur district.

Factories

The company has two Latex Centrifuging factories, one Crumb Rubber factory and a rubber wood processing factory at Pathanamthitta and Eranakulam districts.

Table 3.18 Details of employees in estates of PCKL

Type of plantation	No. of employees
Rubber	Workers-1771. Office staffs- 225
Cashew	Workers- 518, Office staffs - 92
Oil palm	Workers- 55, Office staffs- 23
Others	Workers- 113, office staffs- 42
Total	2839

Products

The Company is one of the major producers of high quality concentrated latex in India. At present the company can supply 40,000 barrels of 60% concentrated latex in a year, which is expected to be doubled with the induction of tapping in remaining replanted area in few years. The latex produced from both factories maintain the standard higher than that stipulated by BIS (Bureau of Indian Standards). Latex is packed and sold in 205 litre barrels. Presently the corporation is exploring the possibilities exporting latex to overseas buyers to bring in price stability in the domestic market. To achieve this goal, efforts for ISO certification has been initiated.

Table 3.19 Employee details of PCKL

Managerial staffs	61
Supervisory staffs	117
Workers	619
Others (casual/ contract)	2197
Total	2994

Financial details of the company

It is reported that the Corporation had a decline in production and sales during 2011-12. The sales decreased by 4.78% to Rs. 12426.60 lakhs from Rs. 13050.37 lakhs in 2011-12. However there was a significant change in profitability during the year. The net profit declined from Rs. 3717.34 lakhs in 2011-12 to a net loss of Rs. 762.04 lakhs in 2012-13.

3.8.1.2 Service Firms

i) Kerala State Electricity Board

Profile

Kerala State Electricity Board (KSEB) commenced functioning on 31-3-1957. It had 5 members with Sri K P Sreedharan Nair as Chairman. All the staff belonging to the erstwhile Electricity Department was transferred to the Board. The 'Board' consisting of the Chairman and the seven Members is the Supreme Governing Body. The State Government constituted the State Electricity Consultative Council under section 16 of the Electricity Supply Act on 21-2-1958. The Council functions as consultative body and the Board is required to place before the council the annual financial statement and supplementary statements if any before submitting such statements to the State Government.

The Government of Kerala and KSE Board issued orders for the restructuring of KSE Board into profit centers in April 2002. Members head the profit centers. There is a Corporate Office to co-ordinate and control the activities of the Board. After the enactment of Electricity Act, 2003, KSEB has been functioning as the State Transmission Utility (STU) and a distribution licensee w.e.f 10.12.2004.

Over the last fifty years, the Board has grown from a total installed capacity of 109 MW to an installed capacity of 2445 MW and created Transmission and Distribution networks of over 10404 and 272480 circuit kilometers respectively. At present, the Board caters to the needs of 93 lakh consumers spread over the urban and rural areas of the State. This incremental growth in the power system brought several changes in the characteristics of the system. The input cost structure and revenue composition have undergone significant changes. Until the recent past, the hydroelectric plants owned by the Board supplied a major portion of the energy

requirement of the state. However, after the promulgation of the Forest Conservation Act in 1980, the implementation of new hydroelectric projects had been seriously affected and more costly thermal energy had to be generated / purchased to meet the increasing demand.

Table 3.20 Employee details of KSEB

Managerial staffs	4012
Supervisory staffs	802
Others (casual/ contract)	26996
Total	31810

Financial details of the company

During 2012-13, the power generated by KSEB has decreased to 5383.22 MKWH as compared to 8350.74 MKWH during the previous year. The income from sale of electricity has gone upto Rs. 7446.98 crores in 2012-13 as against Rs. 5817.82 crores during the previous year (increased by 28%). The average realisation per unit has also increased from 367.51 paise to 428.98 paise during 2012-13. It is reported that the Central Electricity Regulatory Commission has specified reckoning of 14% annual rate of return on equity (ROE), and accordingly KSEB has shown as amount of Rs. 4148.49 crores as other income & regulatory asset. Consequently, the Board has reported a net profit of Rs. 240.72 crores for the year 2012-13.

ii) Kerala State Road Transport Corporation (KSRTC)

Profile

The Travancore State Transport Department was constituted by the erstwhile Travancore Government with a view to reorganize the transport service of the State. 60 comet chassis fitted with Perkins diesel Engines were imported from England and the staff had built the body. The State Motor Service was inaugurated by His Highness Sree Chithirathirunal in 1938. Consequent on the enactment of Road Transports Corporation Act in 1950, Govt. of Kerala formulated KSRTC rules in 1965. The department was converted into an autonomous corporation in 1965.

There were 661 bus schedules and 36 lorry schedules at that time. At present the corporation has 5984 schedules and 5950 buses in October 2014. The average earnings per km (EPKM) works out to round about Rs.33.04 and the average earnings per bus (EPB) works out to 10950.60.

Table 3.21 Employee details of the company

Managerial staffs	210
Supervisory staffs	1076
Workers	26183
Others (casual/ contract)	8358
Total	35827

Financial details of the company

During the year under review, provisional figures shows an increase in gross income to the tune of 14.48% to Rs.1704.80 crores as against Rs. 1489.13 crores in 2011-12. However, the net loss has increased by 19.02% from Rs. 416.65 crores in 2011-12 to Rs. 495.89 crores in 2012-13. The net worth of the Corporation has further eroded and the accumulated loss at the end of the year amounts to Rs. 3014.74 crores. It is reported that service operation of KSRTC rose from 15.06 lakhs km. per day in 2011-12 to 15.21 lakhs km. per day in 2012-13. During 2012-13, 488 new buses were put on road.

3.8.2 Central region

3.8.2.1 Manufacturing Firms

i) Transformers and Electricals Kerala Limited (TELK)

Profile

In 1963 the Government of Kerala entered into a technical and financial collaboration agreement with M/s. Hitachi Limited, Japan with the purpose of setting up a fully fledged unit for designing and manufacturing Extra High Voltage Electrical equipments in India. The fruitful collaboration with global power giant Hitachi Ltd., Japan has enabled TELK to carve out a prominent niche in the manufacture of EHV equipments and establish itself as a quality supplier in the

transformer industry. The venture was to revolutionize the electric power equipment field. Located at Angamally, the first product rolled out from TELK in 1966. TELK first exported its products to Tanzania in 1972 by supplying two 50 MVA, 132 kV Transformers. In the 1990s TELK revamped its export activities and exported transformers to the Sultanate of Oman and 330 kV Gas Circuit Breakers to Nigeria in 1994. Starting off with power transformers, it later extended its product range to Instrument Transformers, SF6 Gas Circuit Breakers, Shunt and Series Reactors, Isolated Phase Bus Ducts, Tap Changers etc. TELK gave India, its first 400kV Class Transformer, First 315MVA Auto Transformer and Generator Transformer for India's first 500MW Thermal Unit. In 2007, TELK entered into a Business Collaboration & Shareholders Agreement with M/s. NTPC Limited, the largest Power Utility in India. TELK is aiming for a prosperous future in the wake of the Joint Venture between Government of Kerala and NTPC Limited.

Products

Different types of products manufactured by TELK are Power Transformers, Current Transformers, Voltage Transformers, Transformer Bushing and Tap Changing Gear. The range of Power Transformers offered is from 20MVA to 315 MVA (3 phase) / 825 MVA (Single phase bank). These products are conforming to IEC, ANSI, IS, BS and other international standards. Various types of On Load & off Load Tap changers are offered to suit the number of taps, current rating, step voltage and number of poles.

Table 3.22 Employee details of the company

Managerial staffs	19
Supervisory staffs	176
Workers	477
Others (casual/ contract)	136
Total	808

Financial details of the company

TELK has reported a reduction in gross income to the tune of 19.66% (Rs. 165.27 crores as against Rs. 205.72 crores in 2011-12). The net profit has also come

down to Rs 2.33 crores as against of Rs. 19.27 crores during the previous year. The company has not paid any dividend during the year 2012-13. The capacity utilization of the company has come down to 107% during the year 2012-13 as against 129% during the year 2011-12.

ii) Kerala State Bamboo Corporation Ltd.

Profile

Kerala State Bamboo Corporation Ltd., established in 1971, is fully owned by Government of Kerala. Its main objectives are, to develop & promote industries based on bamboo, reed, cane and rattan, to undertake manufacture and trading of bamboo, reed, cane and rattan products, provide financial, technical, marketing or any other assistance and guidance etc.

Bamboo/Reeds industry is one of the age-old traditional industries of our state. Since inception KSBC is endeavouring for the upliftment of the socially and economically backward classes of the society by generating employment and reasonable income for them.

Products

‘Ochalandra Travancoricareedi’ or simply reeds is a rare species of bamboo found abundantly in the forests of Kerala. Bamboo mats woven from reeds is very popular in the state and so is bambooply, the resin bonded bamboo mats, which are a good substitute for wood/plywood based applications. As a natural, renewable resource, bamboo is regaining its popularity in the modern world.

Bamboo Board Factory was established in 1985, to produce value added products using Bamboo mats as the main raw material.

Commercial production started in 1990, in single shift and by 1993, due to increased market demand for Bambooply, there was additional production over and above the targeted production. The Hi Tech Bamboo Flooring Tile Factory was set up in 2011 to manufacture Hi-Tech Bamboo Flooring Tiles using Bamboo as the main raw material.

The Tiles are produced mainly in the size of 0.96metres x 0.096 metres and thickness of 15mm and 18 mm. Using the bamboo waste at the flooring tile factory,

by products such as Tooth Picks, Window Blinds and Incense Sticks are being manufactured at Feeder Units of Kadampuzha, Palakkad, and Nadapuram respectively and also at the main Flooring Tile Factory at Nallalam, Kozhikode. The Corporation has taken initiatives for starting up community mat weaving centers in various parts of the state. In 2007 mechanized community mat weaving centres were started.

Table 3.23 Employee details of KSBCL

Managerial staffs	6
Supervisory staffs	10
Workers	251
Others (casual/ contract)	48
Total	315

Financial details of the company

Bamboo Corporation has improved its performance marginally during the year 2012-13. The net sales of the Corporation has increased by 7.35% to Rs. 1187.88 lakhs during 2012-13 as against Rs. 1106.53 lakhs in 2011-12. The net loss during the year has decreased by 6.23% to Rs. 494.02 lakhs in 2012-13 year as compared to Rs. 526.87 lakhs in the previous year.

3.8.2.2 Service firms

i) Kerala State Financial Enterprises Ltd

Profile

KSFE was created by the Government of Kerala on 6th November 1969. The Paid up capital then was Rs. 2 Lakhs. Total number of employees at the start was 45. At the beginning, there were 10 branches. The Head Office of KSFE is placed in Thrissur, the hub of Chitty business in Kerala. The objective was to provide an alternative to the private chit promoters in order to bring in social control over the chit fund business. KSFE pays to the Government of Kerala crores of rupees every year by way of: Guarantee Commission, Service Charges and Dividend. Total

number of employees is 5203. The number of branches is 504. The number of customers is more than 31 Lakhs.

Products

Chitty is the main product of KSFE. The instalment per month for chitties range from Rs. 1,000 to Rs. 5,00,000 and the usual duration of chitties are 30 months, 40 months, 50 months, 60 months and 100 months. Other Schemes Offered by the company are loans and advances, deposit schemes, fee based activities and securities.

Table 3.24 Employee details of KSFE Ltd

Managerial staffs	591
Supervisory staffs	1258
Workers	3354
Total	5203

Financial details of the company

KSFE has reported significant growth in performance during the year 2012-13. The gross income has increased by 22.35% to Rs. 1042.05 crores as against Rs. 851.68 crores in 2011-12. Consequently the net profit during the year has also increased by 18.29% from Rs. 97.32 crores in 2011-12 to Rs. 115.12 crores in 2012-13. KSFE has paid service charges and guarantee commission to the tune of Rs. 58.12 crores and Rs. 18.61 crores respectively to Govt. of Kerala during 2012-13. KSFE has opened 73 new branches during 2012-13. The Company has also paid an amount of Rs. 315 crores so far as income tax to Central government.

ii) *The Kerala State Development Corporation for Scheduled Castes & Scheduled Tribes Ltd.*

Profile

The Kerala State Development Corporation for Scheduled Castes & Scheduled Tribes Ltd. (KSDC-SCST Ltd) came into being in 1972, as a Company incorporated under the Indian Companies Act 1956, as a part of the policy initiatives taken by the Govt. of Kerala to bring the most downtrodden and impoverished

SC/ST masses to the main stream of national development. The Corporation with Registered Office at Thrissur functions through its 14 District Offices throughout the State by implementing various income generating and other welfare programmes designed to suit the varying needs and aspirations of enterprising and resourceful members from SC/ST communities.

Table 3.25 Employee details of KSDC-SCST Ltd

Managerial staffs	17
Supervisory staffs	17
Workers	127
Others (casual/ contract)	17
Total	178

Financial details of the company

The activities of the Corporation during the previous year has resulted in higher income. The gross income has increased by 26.79% to Rs. 24.49 crores in 2012-13, as compared to Rs. 19.32 crores in 2011-12. The net profit earned by the Corporation during the year also has gone upto Rs. 11.13 crores as against Rs. 9.85 crores during 2011-12 (increase of 13.07%).

3.8.3 Northern Region

3.8.3.1. Manufacturing firms

i) Kerala clays and ceramics products Ltd

Profile

Kerala Clays & Ceramics Products Ltd., (KCCPL) is an Undertaking of the Govt. of Kerala. It has mines rich in China Clay suitable for Ceramic, Rubber, Pesticides, and Ultramarine, located at Payangadi, Kannapuram and Nileshwar. It also has a production manufacturing unit at Mangattuparamba, a wire cut brick making unit at Kannapuram in Kannur district and an Aluminious Laterite mine at Karindalam in Kasaragod District.

Table 3.26 Employee details of (KCCPL)

Managerial staffs	11
Supervisory staffs	7
Workers	279
Others (casual/ contract)	9
Total	306

Financial details of the company

During the year 2012-13, the sales revenue of the Company has decreased to Rs. 686.07 lakhs from Rs.785.24 lakhs, due to shortage of materials. Consequently the net profit has decreased from Rs.224.24 lakhs in 2011-12 to Rs. 102.20 lakhs in 2012-13 (decrease of 54.42%). This is mainly due to increase in cost of production, royalty rate, employee cost, etc. The Company has paid dividend worth Rs. 22.41 lakhs (17%) during the year under review. It is reported that government released a sum of Rs. 450 lakhs as investment loan for setting up of new Mine and China Clay Beneficiation Plant at Erikkulam. The expansion of Ceramic division located in Mangattuparamba is in progress.

*ii) Steel Complex Ltd**Profile*

SAIL-SCL Kerala Limited (SAIL-SCL) is the only mini steel plant in Kerala. The company was originally promoted in the joint sector between the Kerala State Industrial Development Corporation Ltd. (KSIDC) and a private entrepreneur in 1969. Company set up its mini steel plant in 1972 with installed capacity of 37,000 tons per annum. The Company commenced commercial production in September 1973. KSIDC raised its shareholding in the Company to more than 50% and thus Company became the subsidiary of KSIDC in 1979. In 1983 Company undertook expansion scheme by adding the third electric arc furnace, by which the production capacity was raised to 55,000 tons per annum. The operation of the company then improved and earned substantial profits during 1984-86.

Steel making by melting various grades of good scrap, hot briquetted iron, Iron ore and pig iron and refining the same in electric arc furnace is adopted in SAIL-SCL. The company has three electric arc furnaces of 10/12T capacity each and a twin-strand continuous casting machine designed by Concast-AG, Zurich. Besides these, the company has various auxiliary equipments like 25/5T EOT Cranes, Water Treatment Plant, 110/11KV substation, full-fledged metallurgical laboratory, etc. The steel produced here is strictly conforming to BIS Specification falling under Mild, Medium Carbon and Spring Steel qualities and is cast into 100mm sq. Billets. The billets are further rolled and converted in to constructional steel of various sections at rolling mills and marketed by SAIL-SCL. Being a holder of 'A' grade BIS License, the Company is authorized to issue certificate conforming to BIS specifications.

Table 3.27 Employee details of the SAIL-SCL

Managerial staffs	17
Supervisory staffs	18
Workers	69
Others (casual/ contract)	44
Total	148

Financial details of the company

The Steel Complex has reported a decline in production and sales during the year 2012-13. The net sales has decreased by 14.46% to Rs. 3246.56 lakhs from Rs. 3795.18 lakhs in 2011-12. However, the net loss during the year 2012-13 has come down by 20.24% to Rs. 467.21 lakhs from Rs. 585.76 lakhs during the previous year.

3.9 Conclusion

This chapter detailed the profile of ten public sector firms which were considered for the study. The data pertaining to Public Sector Firms discussed in this chapter were based on the report of BPE during the year 2012-13. An attempt is made here to give an overall picture about ownership, performance, source and

application of funds, investment, employment, profitability and turnover of Public Sector Firms in Kerala. A detailed description of salient features of Public Sector Firms selected for the study is also included in this chapter.

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