

P R E F A C E

The second half of the twentieth century witnessed active interest and direct participation of the Government in the economic activities of our country. This has been necessitated because of the changed economic role perceived by the Government in fostering industrial development of the country and the limited role being played by the private entrepreneurs in this regard.

After attaining independence in 1947, India wedded herself to democratic socialism. It has been constantly felt that an organised and efficient growth of public sector is a sine-qua-non for the achievement of this goal. Besides, providing a vital infra-structure for the development of the economy, the growth of public sector provides the base on which the financial edifice of a country is built.

In the pre-independence era much reliance had been placed on the growth of private sector whereas it has been increasingly felt by the 'State' in the post-independence period that the growth of private sector alone was tremendously inadequate for meeting the over-expanding

and diverse needs of economic development and social justice. As per the perception, the public sector has grown exponentially and has assumed large proportions and a great variety of activities.

The growth of public sector was not confined to the four walls of the Central Government only. Various State Governments also started showing a keen interest in the development and growth of such enterprises in their respective States, particularly in the industrial field. Punjab, though, a late comer in this field, could not remain a silent spectator. Punjab State Industrial Development Corporation (PSIDC) which was incorporated by the State Government in 1966 was entrusted with the task of developing industrial projects in the State on behalf of the Government. As on 30 June 1980 the Capital cost of 17 industrial projects (initiated through PSIDC) in the public sector was to the tune of Rs 4,623.87 lacs. In addition, two units involving an amount of Rs 256 lacs were under construction and six units having a capital cost of Rs 6,882.62 lacs were under active implementation on this date. Such a rapid growth brings in its train many problems regarding form of organisation, administration, financial organisation and industrial relations etc etc. Of all these problems, financial organisations of public enterprises is such an

important issue which requires deep study and consideration because the entire structure of a business unit rests on its financial base. Finance is said to be the circulatory system of an enterprise making possible the needed co-operation between diverse units of activity. The resources being limited at the disposal of the 'States' they are not in a position to initiate all the desired projects. Moreover, in the competitive market, only viable projects should be taken in hand.

In this perspective the present study is an attempt to examine the position of financial organisation of 'Punjab State Industrial Undertakings'. Originally nine units were proposed to be taken up for the purpose of present study based on the fact that these units were either engaged in production in 1977 or were likely to commence production in the said year. One unit namely, 'Punjab Breweries Limited', has been excluded from the study because the shares held by PSIDC (Government) had been sold to private promoters in 1978. 'Punjab Tractors Limited', in which the share of the State Government (held by PSIDC) was reduced below 51 per cent in 1973, was not dropped from the present study because it still continues to operate in the public sector, majority of the shares being held collectively by

'The All India Financial Institutions',* Hindustan Machine Tools (A Government of India Undertaking) and PSIDC (Government of Punjab). The present study is an attempt to examine the following eight units: (Upto the financial year ending 1979)

- (i) Punjab Footwears Limited, Jullundur City.
- (ii) Punjab Nylo-Transmissions Limited, Jullundur City.
- (iii) Punjab Saltpetre Refinery Limited, Ferozepur City.
- ~~(iv)~~ Punjab Semi-Conductor Devices Limited, SAS Nagar (Mohali).
- (v) Punjab Scooters Limited, Nabha.
- (vi) Punjab Tanneries Limited, Jullundur City.
- ~~(vii)~~ Punjab Tractors Limited, SAS Nagar (Mohali) .
- ~~(viii)~~ Punjab Wireless Systems Limited, SAS Nagar (Mohali).

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*IDBI, ICICI,IFCI,LIC and UTI.

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