

## CHAPTER SEVEN

### PERFORMANCE OF ENTERPRISES RENDERING SERVICES

The public enterprises rendering services cover important groups like trading and marketing, contract and construction, transport, Industrial development, tourist and financial services. As the nature of service differs from Group to Group, it is better to examine the performance of enterprises according to the nature of service.

#### 7.1 PERFORMANCE OF SERVICE ENTERPRISES- TRADING AND MARKETING.

Seventeen enterprises are operating (in the sample,) in the group, i.e., trading and marketing. The enterprises in this group showed the best performance except two enterprises i.e., Central Fisheries Corporation Limited and Tea trading Corporation Limited. The average returns of the enterprises as shown in the Table VII.1 are given below.

	<u>Average return on Capital employed. Percentages.</u>
1. Cashew Corporation of India Limited	94.15
2. Central Ware Housing Corporation Limited	8.45
3. Cotton Corporation of India Limited.	20.54
4. Electronics Trade & Technology Development Corporation	15.23
5. Food Corporation of India.	15.23
6. HMT International.	37.39
7. Handicrafts & Handlooms Export Corpora- tion.	10.17

8.	Indian Motion Pictures Export Corporation.	10.53
9.	Jute Corporation of India Limited	9.06
10.	Metal Scrap trading Corporation of India Ltd.	36.43
11.	Mica Trading Corporation.	9.28
12.	Minerals and Metal Trading Corporation Ltd.	38.17
13.	Project Equipment Corporation Limited.	8.29
14.	SAIL International.	119.31
15.	State Trading Corporation Limited	58.40

Fifteen enterprises out of 17 have shown positive returns and 5 enterprises may be called the best performers, i.e. Cashew Corporation of India Limited, HMT International, Metal Scrap Trading Corporation of India Limited and Minerals and Metal Trading Corporation Limited.

Cashew Corporation of India Limited incorporated in 1970, a subsidiary to state trading corporation, showed a down ward trend in returns during the period 1970-71 to 1977-78, and the return on capital employed declined from 104.71 P.C. to 37.48 P.C. during the same period.

HMT international established in 1974 commenced its business in 1975. The return on capital employed was reduced to 9.21 P.C. in 1977-78 from 60.44 P.C. in 1975-76.

Metal Scrap Trading Corporation of India Limited, Incorporated in 1964, was taken over by the department of steel in 1972. In the initial two years 1972-73, 1973-74, the returns were negligible. The return on capital employed

increased to 81.08 P.C. in 1976-77 from 44.83 P.C. in 1974-75. The average return during the entire period was 36.43 P.C.

Minerals and Metal Trading Corporation Limited incorporated in 1963, showed positive returns except one year 1968-69, during which the return was -3.17 P.C. The ROCE reached 83.66 P.C. maximum in 1976-77 during the entire period.

The State Trading Corporation incorporated in 1956, showed fluctuating returns during the period under consideration. During the period of recession 1966-67 to 1967-68, the returns were low i.e., 12.36 P.C. and 4.68 P.C. and during the rest of the years the ROCE ranged from 13.58 P.C. to 80.41 P.C. and average return was 58.40 P.C. The co-efficient of variation was 132.43 P.C.

SAIL International showed high returns during the four years i.e., 1974-75 to 1977-78, ranging from 87.83 P.C. to 165.17 P.C., under the study.

Tea Trading Corporation experienced negative returns during the initial two years and showed positive returns during the rest of the period. The average return was -3.88 P.C. per year during the period.

Central Fisheries Corporation earned Profits only one year 1973-74, and experienced losses throughout the period, and the average return was -59.61 P.C. It appears to be seriously sick.

The overall performance of this Group is the best in all Groups.

Table VII.1

Return on Capital EmployedTrading and MarketingPercentages

Year	Cashew Corporation of India Limited.	Central Fisheries Corporation Limited.	Central Warehousing Corporation.	Cotton Corporation of India Limited.	Electronics Trade & Technology Development Corporation.	Food Corporation of India.
1967-67	-	-12.20	3.47	-	-	10.91
1967-68	-	-37.24	4.83	-	-	4.25
1968-69	-	-50.81	8.27	-	-	4.10
1969-70	-	-41.48	9.80	-	-	7.27
1970-71	104.71	-89.76	8.59	-	-	4.81
1971-72	167.32	-100.86	7.86	4.08	-	6.17
1972-73	153.60	-145.00	8.54	4.69	-	7.77
1973-74	94.27	25.00	7.62	35.79	-	6.57
1974-75	82.55	-210.00	8.05	30.12	23.95	5.50
1975-76	71.36	+715.00	8.77	14.50	7.63	4.94
1976-77	41.93	-128.00	11.82	44.19	7.79	7.79
1977-78	37.48	0	13.78	10.43	21.53	21.53
Mean.	94.15	-59.61	8.45	20.54	15.23	15.23
S.D.	41.14	75.93	2.60	14.85	7.56	7.56
C.V.	43.70	127.38	30.77	72.30	49.64	49.64

Source - BPE - Annual Reports.

S.D. = Standard deviation.

C.V. = Co-efficient of Variation.

Percentages.

(0) indicates losses and zero capital employed.

Table VII.1  
Return on Capital Employed  
Trading and Marketing  
Percentages

Year	H.M.T. Inter- national Limited.	Handi- crafts & Hand- looms Export Corpora- tion Limited.	Indian Motion Pictures Export Corpora- tion Limited	Jute Corpora- tion of India Limited	Metal scrap Trading Corpora- tion of India Limited.	Mica Trading Corpora- tion limited.
1966-67	-	-3.52	-	-	-	-
1967-68	-	-27.75	-	-	-	-
1968-69	-	63.18	9.45	-	-	-
1969-70	-	7.18	14.08	-	-	-
1970-71	-	6.72	10.24	-	-	-
1971-72	-	0.19	17.32	16.88	-	-
1972-73	-	8.35	3.95	2.88	0	-
1973-74	-	9.21	-66.67	6.32	4.55	-
1974-75	-	15.16	-12.50	13.02	44.83	12.37
1975-76	60.44	13.87	20.00	20.68	47.06	6.55
1976-77	42.52	13.85	20.00	13.51	81.08	10.45
1977-78	9.21	15.65	100.00	9.86	41.03	7.74
Mean	37.39	10.17	10.53	9.06	36.43	9.28
SD	21.23	19.67	36.79	9.53	27.51	2.28
CV	56.78	193.41	349.38	105.19	75.51	24.57

Source - BPE - Annual reports.

SD = Standard deviation

CV = Co-efficient of variation.  
Percentages

Table VII.1

Return on Capital Employed.Trading and MarketingPercentages

Year	Minerals & Metal Trading Corpora- tion limited.	Project & equipment Corpora- tion limited.	Sail Interna- tional.	State Trading Corpora- tion limited.	Tea Trading Corpora- tion limited.
1960-61	-	-	-	26.15	-
1961-62	-	-	-	34.29	-
1962-63	-	-	-	42.97	-
1963-64	-	-	-	21.12	-
1964-65	10.35	-	-	45.30	-
1965-66	8.40	-	-	34.95	-
1966-67	35.25	-	-	12.36	-
1967-68	9.47	-	-	4.68	-
1968-69	-3.17	-	-	36.77	-
1969-70	15.40	-	-	42.12	-
1970-71	52.31	-	-	13.58	-
1971-72	73.78	2.84	-	70.24	-
1972-73	37.36	4.59	-	48.36	-11.11
1973-74	76.26	6.47	-	50.63	-62.00
1974-75	46.40	6.51	91.67	45.26	12.20
1975-76	40.99	10.10	87.83	42.75	15.61
1976-77	83.66	14.05	132.56	69.32	12.16
1977-78	47.98	13.44	165.17	80.41	9.86
Mean	38.17	8.29	119.31	58.40	-3.88
SD	26.57	4.02	31.76	77.34	27.43
CV	69.61	48.49	26.62	132.43	706.96

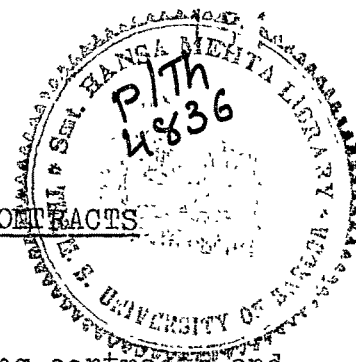
Source - BPE - Annual reports.

SD = Standard deviation.

SV = Co-efficient of variation.

percentages.

7.2 PERFORMANCE OF ENTERPRISES ENGAGED IN CONTRACTS  
AND CONSTRUCTION SERVICES.



Five enterprises are engaged in rendering contracts and construction services in the sample. They are Hindustan Housing Factory Limited (now called Hindustan Prefab Limited), Mineral Exploration Corporation Limited, National Building Construction Corporation Limited, National Project Construction Corporation Limited and Hindustan Steel Works Construction Limited. The average returns presented in Table VII.2 are shown below.

	<u>Average return</u> <u>on capital</u> <u>employed.</u> <u>Percentages.</u>
1. Hindustan Prefab Limited	2.40
2. Mineral Exploration Corporation Limited	-5.79
3. National Building Construction Corporation Limited.	-1.09
4. National Projects Construction Corporation Limited.	1.32
5. Hindustan Steel Works Construction Ltd.	42.91

One out of five enterprises has shown the best results.

Hindustan Steel Works Construction Limited has shown high returns except one year 1967-68, during which the return was 6.18 P.C., during the entire period under consideration.

The overall performance of this Group has not been satisfactory.

Table VII.2  
Return on Capital Employed  
Contracts and Construction  
Percentages

Year	Hindustan Housing Factory Limited.	Mineral Explora- tion Corporation Limited.	National Building Construc- tion Corpora- tion Limited	National Projects Construc- tions Corpora- tion limited.	Hindustan Steel Works Construction Limited.
1960-61	7.90	-	-35.00	-	-
1961-62	14.18	-	- 0.91	-	-
1962-63	6.18	-	-15.07	8.24	-
1963-64	6.35	-	-18.02	11.29	-
1964-65	8.24	-	- 6.61	6.67	-
1965-66	16.96	-	- 4.52	5.54	213.18
1966-67	9.01	-	- 5.82	3.02	50.25
1967-68	18.71	-	- 0.43	-2.85	6.18
1968-69	16.15	-	- 1.27	-15.13	17.27
1969-70	22.28	-	- 3.60	-11.02	14.89
1970-71	17.09	-	- 0.83	-17.56	84.84
1971-72	25.35	-	13.45	-14.91	47.58
1972-73	9.92	-18.44	9.35	0	29.94
1973-74	1.91	- 6.76	7.59	11.82	15.44
1974-75	-21.43	-14.78	7.20	15.18	12.47
1975-76	-15.89	-8.67	17.47	6.71	19.94
1976-77	-47.71	7.80	7.43	6.76	22.66
1977-78	-52.04	6.11	9.98	7.47	23.14
Mean	2.40	-5.79	-1.09	1.32	42.91
SD	21.75	9.80	12.26	10.17	53.20
CV.	906.25	169.26	1124.77	770.45	123.98

Source - BPE - Annual Reports.

SD = Standard deviation

CV = Co-efficient of Variation.

Percentages.



### 7.3 PERFORMANCE OF ENTERPRISES RENDERING TRANSPORT SERVICES.

This Group consists of Air India, Air India Charters Limited, Indian Airlines Corporation, International Air Port Authority, Mogul lines Limited, Shipping Corporation of India Limited and Central Road Transport Corporation, engaged in rendering transport services by Air, Sea and Road. The average returns during the entire period as shown in Table VII.3 are given below.

	<u>Average return on Capital employed. Percentages.</u>
1. Air India	7.29
2. Air India Charters Limited	-194.45
3. Indian Air Lines	4.89
4. International Airport Authority	14.71
5. Mogul Lines Limited.	8.67
6. Shipping Corporation of India Limited	7.31
7. Central Road Transport Corporation	-22.77

Five enterprises out of seven have shown positive returns, during the period under the study.

Air India, as a Corporation was incorporated in 1953, and its inter country air services extend to nearly 30 countries including U.S.A. and U.K. Air India has a fleet of nine Boeing 707s and five Boeing 747s as on 31st March 1978. Air India has shown continuously positive returns through-out the period except in 1974-75, during which it showed -1.94 P.C. return. Indian Airlines incorporated in 1953, operates air services

within the country. It has 48 Air Crafts as on 31-3-1978 including 3 Air buses. Indian Airlines has shown fluctuating returns. During the years 1966-67, 1970-71 and 1971-72, it experienced negative returns.

Air India charters Limited, has shown negative returns in four years out of 6 years of its operation. The International Air Port Authority has shown encouraging returns. It showed upward trend in returns.

Mogul lines operates (Sea transport) Passenger-cum-Cargo services also. It has 17 ships, 5 Romanian bulk carriers, 3 Spanish carriers, and one polish bulk carrier as on 31-3-1978. It showed some what downward trend in returns. The ROCE was -3.32 in 1977-78.

Shipping Corporation of India Limited incorporated in 1961, the largest Shipping Company in India, operates services to all the important sea trade routes of the world. It consistently showed positive returns.

Central Road Transport Corporation, set up in 1964, to maintain movement of essential supplies to Assam, was wound up, in later part of 1976. It incurred continued losses for longer period of its operation. The average return was -22.77 P.C.

The general performance of this group has been found to be satisfactory.

Table VII.3  
Return on Capital Employed  
Transport (Air, Sea, Road)  
Percentages

Year	Air India	Air India Char- ters limited	Indian Airlines Corpora- tion.	Interna- tional Airport Authority	Mogul lines Limited.	Shipp- ing Corpora- tion limited	C.R.T.C.
1960-61	4.77	-	0.61	-	17.12	3.96	-
1961-62	3.03	-	0.58	-	17.90	5.28	-
1962-63	8.28	-	3.65	-	17.46	6.26	-
1963-64	3.71	-	5.22	-	21.14	3.27	-
1964-65	8.31	-	8.98	-	15.50	5.97	1.34
1965-66	3.12	-	1.29	-	20.29	6.28	5.96
1966-67	9.77	-	-5.69	-	5.38	11.13	-19.20
1967-68	11.97	-	3.70	-	4.94	11.62	-31.08
1968-69	9.99	-	8.02	-	6.12	9.02	-112.56
1969-70	8.63	-	7.14	-	7.05	8.29	- 14.91
1970-71	5.49	-	-2.51	-	4.16	9.80	-17.73
1971-72	1.43	-	-1.38	-	2.09	9.00	-22.13
1972-73	3.94	100.00	6.71	NA	5.29	7.02	-46.27
1973-74	4.87	-233.33	5.90	1.49	7.01	8.82	-52.17
1974-75	-1.94	-266.67	6.32	3.19	5.71	12.70	-59.26
1975-76	7.89	33.33	13.47	17.75	0.31	5.57	-230.70
1976-77	14.49	-500.00	14.19	15.79	1.89	5.30	-
1977-78	16.57	-300.00	11.86	25.33	-3.32	2.20	-
Mean	7.29	-194.45	4.89	14.71	8.67	7.31	-22.77
SD	4.54	204.05	5.30	7.75	7.27	2.85	38.50
CV.	62.28	104.94	108.38	52.69	84.24	38.99	169.08

Source - BPF - Annual reports

SD = Standard deviation

CV = Co-efficient of variation

percentages

CRTC = Central Road Transport Corporation, woundup in 1976.

7.4 PERFORMANCE OF ENTERPRISES ENGAGED IN INDUSTRIAL  
DEVELOPMENT AND TECHNICAL CONSULTANCY SERVICES :

The enterprises in this Group are rendering important services in the Country. This group ~~is composed~~ is composed of six enterprises, i.e., Engineers (India) Limited, Engineering Project (I) Limited, Metallurgical Engineering Consultants (I) Limited, National Industrial Development Corporation, Rail India Technical and Economic Services Limited, and Water and Power Development Consultancy Services Limited. The mean returns of these enterprises during the period under the study as shown in Table VII.4 are given below.

	<u>Average return on capital employed.</u>
	<u>Percentages.</u>
1. Engineers (India) Limited	36.14
2. Engineering Project (I) Limited	-21.05
3. Metallurgical & Engineering Consultants (I) Limited.	96.51
4. National Industrial Development Corporation.	6.79
5. Rail India Technical & Economic Services Limited	21.64
6. Water & Power Development consultancy Services.	15.37

Five enterprises out of six have shown positive returns and two enterprises may be called the best performers whose average returns exceed 30 P.C. per year.

Engineers India Limited incorporated in 1965 to provide consultancy services for the development of Petroleum, Petro Chemicals, Fertilisers and allied industries, one of the best performers in Central Government undertakings, has shown high returns during the entire period except one year in the beginning 1966-67 during which it experienced negative returns i.e. -169.39 P.C.

Metallurgical and Engineering Consultants (India) Limited incorporated in 1973, to provide consultancy and Engineering Services for the development of ferrous and non-ferrous metallurgical enterprises, has produced high returns during the period under consideration, but the ROCE appears to be down ward.

Other enterprises National Industrial Development Corporation, Rail India Technical and Economic Services and Water and Power Development Consultancy services Limited, experienced fluctuating returns.

Engineering Project (I) Limited has shown negative returns during the first two years, but the ROCE improved in subsequent years. In 1976-77, the company showed a little over one percent return. The performance of this company is likely to improve in future years.

The overall performance of this group may be called good, during the period under the study.

Table VII.4

Return on Capital Employed.Industrial Development Technical Consultancy  
Services. Percentages

Year	Engineers (India) Limited.	Engineer- ing Pro- ject (I) Limited.	Metallur- gical & Engineer- ing Con- sultants (I) Ltd.	National Indus- trial Develop- ment Corpora- tion.	Rail India Techni- cal & Econo- mic servi- ce Limited.	Water & Power De- velopment Consultancy Services Limited.
1966-67	-169.39	-	-	5.94	-	-
1967-68	88.84	-	-	5.85	-	-
1968-69	60.88	-	-	4.19	-	-
1969-70	85.04	-	-	8.83	-	-5.32
1970-71	79.50	-88.21	-	8.85	-	-11.18
1971-72	37.19	-145.00	-	8.84	-	8.11
1972-73	28.57	20.00	-	10.53	-	0
1973-74	43.30	20.73	150.00	10.00	-	12.50
1974-75	43.47	8.86	130.43	4.10	-20.00	11.43
1975-76	37.97	6.64	69.51	5.01	27.78	53.06
1976-77	51.00	1.08	36.08	2.80	57.14	38.98
1977-78	47.38	5.53	NA	NA	NA	NA
Mean.	36.14	-21.05	96.51	6.79	21.64	15.37
SD	64.82	57.37	45.81	2.53	31.79	21.34
CV	179.36	272.54	47.47	37.26	146.90	138.84

Source - Bureau of Public Enterprises - Annual reports.

SD = Standard deviation.

CV = Co-efficient of Variation

Percentages.

7.5 PERFORMANCE OF ENTERPRISES RENDERING SERVICES  
FOR THE DEVELOPMENT OF SMALL INDUSTRIES :

This group is composed of two Enterprises, National Small Industries Corporation Limited and Delhi State Industrial Development Corporation Limited. These two enterprises have shown positive returns as indicated in Table VII.5. The average returns of these two enterprises widely differed. The National Small Industries Corporation Limited showed 3.39 P.C. and Delhi State Industrial Development Corporation earned 8.45 P.C. average returns during the period under consideration.

The National Small Industries Corporation setup in 1955 to aid, counsel, assist, finance, and protect and promote the interests of Small Industries in India, has shown positive returns ranging from 1.37 P.C. to 7.10 P.C. except one year in 1968-69, in which the company experienced negative returns -0.99 P.C. The ROCE recorded erratic movements throughout the period under the study.

Delhi State Industrial Development Corporation was handed over to Delhi Administration Authority in 1978.

The General performance of the Group is satisfactory. (Now only one enterprise is operating in 1977-78).

Table VII.5  
Return on Capital Employed  
Development of Small Industries  
Percentages

Year	National Small Industries Corporation Limited.	Delhi State Industrial Development Corporation Limited.
1966-67	4.93	-
1967-68	4.38	-
1968-69	-0.99	-
1969-70	3.66	-
1970-71	1.75	-
1971-72	2.37	-
1972-73	7.10	4.92
1973-74	3.54	16.24
1974-75	1.37	4.49
1975-76	6.23	5.00
1976-77	3.59	11.58
1977-78	2.74	NA
Mean	3.39	8.45
SD	2.10	4.70
CV	61.95	55.62

Source - BPE - Annual Reports.

SD = Standard deviation.

CV = Co-efficient of Variation

Percentages.

Delhi State Industrial Development Corporation  
 Ltd. was handed over to Delhi Administration  
 Authority in 1978.



#### 7.6 PERFORMANCE OF ENTERPRISES RENDERING TOURIST SERVICES :

This group consists of two enterprises engaged in the promotion of tourism. Hotel Corporation of India has shown negative average returns i.e., -15-10 P.C. during the period of 1973-74 to 1977-78 while India Tourism Development Corporation Limited has shown 5.70 P.C. return during the period as indicated in Table VII.6.

The Hotel Corporation of India Limited registered under the companies Act in 1971, under the management of Air India, has hotels operating, the Centraur Hotel Bombay, flight kitchens and Air Port catering, Tourist Resort at Bangaram-Lakshadweep Islands, Andaman Beach Resort Project (under construction) and Indian Restourant in Paris. During the last two years i.e. 1976-77 to 1977-78, the company earned positive returns.

The Indian Tourism Development Corporation of India Limited incorporated in the year 1966, is engaged in a number of activities like accommodation, publicity, Transport, Shopping and entertainment to promote tourism in the country. During the entire period under consideration, the company showed positive returns ranging from 1.52 P.C. to 10.48 P.C.

The overall performance of this group is not satisfactory, in terms of the returns.

#### 7.7 PERFORMANCE OF ENTERPRISES ENGAGED IN FINANCIAL SERVICES:

These enterprises are engaged in financial services for the promotion of films, housing and rural electrification. All

Table VII.6  
Return on Capital Employed  
Tourist Services  
Percentages

Year	Hotel Corporation of India Limited.	Indian Tourism Development Corporation Limited.
1966-67	-	7.14
1967-68	-	2.73
1968-69	-	1.52
1969-70	-	2.00
1970-71	-	8.21
1971-72	-	4.93
1972-73	-	4.96
1973-74	=85.00	5.34
1974-75	= 6.21	7.10
1975-76	-11.05	5.78
1976-77	9.24	8.25
1977-78	7.50	10.48
Mean	-15.10	5.70
SD.	36.43	2.60
CV.	241.26	45.61

Source - BPE - Annual Reports

SD = Standard deviation.

CV = Co-efficient of Variation

Percentages.

= indicates Negative values both  
Gross Profits and  
Capital employed.

the three enterprises namely films Finance Corporation Limited, Housing and Urban Development Corporation and Rural Electrification Corporation Limited have shown positive returns as indicated in Table VII.7 during the period under consideration.

The Film Finance Corporation setup in 1960, to help the development of Indian Cinema, has become the canalising agency for export of films from February, 1977. The Corporation plans to embark on a scheme of financing low cost theatres throughout the country. The company showed positive returns ranging from 3.03 P.C. to 14.55 P.C. The company experienced the highest fluctuations, the co-efficient of variation was 146 P.C., the highest in the group.

The returns in Housing and Urban Development Corporation Limited showed upward trend. It earned 8.34 P.C. returns on capital employed as against 4.36 P.C. in 1972-73. HUDCO setup in 1970, sanctioned 179 suchemes for the construction of 141963 houses by 1976. The company provides loans at low interest rates i.e., 5 P.C. for the construction of houses for economically weaker sections as against  $11\frac{1}{2}$  P.C. interest rates on the loans for the construction of houses for high income group.

The Rural Electrification Corporation setup in 1969, extends financial assistance to State Electricity Boards, and Rural Electric Co-operative Societies for the Projects approved by the Government. The company sanctioned 275 area

Table VII.7  
Return on Capital Employed  
Financial Services  
Percentages.

Year	Film Finance Corporation Limited.	Housing & Urban Development Corporation Limited.	Rural Electrification Corporation Limited.
1966-67	-	-	-
1967-68	-	-	-
1968-69	-	-	-
1969-70	3.27	-	0.49
1970-71	3.03	-	1.64
1971-72	3.47	-	2.20
1972-73	4.17	4.36	3.13
1973-74	10.58	4.98	3.72
1974-75	5.45	5.44	3.43
1975-76	14.55	4.38	4.20
1976-77	5.45	8.37	4.53
1977-78	11.21	8.34	4.39
Mean.	4.45	5.98	3.08
SD	6.50	1.72	1.30
CV	146.07	28.76	42.21

Source - BFE - Annual reports

SD = Standard deviation

CV = Co-efficient of variation

Percentages.

electrification projects. The REC earned returns ranging from 0.49 P.C. in 1969-70 to 4.53 P.C. in 1976-77. It showed 4.39 P.C. returns in 1977-78.

The overall performance of this group is satisfactory according to the nature of services.

#### 7.8 REASONS FOR POOR PERFORMANCE OF OFFICIAL EXPLANATIONS:

People tend to ask for reasons of the poor performance of public enterprises. It is difficult to answer all questions raised in the press or at public meetings about the public enterprises showing poor returns. The official explanations may satisfy some people to some extent. The review of official explanations helps us to appreciate the difficult conditions under which the public enterprises are operating. The official reasons are noted below for some of the losers in services Group.<sup>1</sup>

##### 7.8.1 Central Fisheries Corporation Limited.

Not shown.

##### 7.8.2 Hindustan Housing Factory Limited on (Hindustan Prefab):

- (a) The capacity for Railway Sleepers department remained idle for major part of the year.
- (b) The construction work done at various sites both in Delhi and outside Delhi decreased to Rs. 148.15 lakhs against Rs. 172.67 lakhs.

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1. Bureau of Public Enterprises - Annual Report, 1977-78, Vol.II. P. 145.

- (c) No new construction works were undertaken during the year because of the expectation that site works would help in reducing the over heads of the factory did not come true. The capacity in R.C.C. and Vayutan departments remained under utilised due to lack of orders.
- (d) At one of the major sites in Bihar there was hardly any progress of work because of non-availability of clear site from the clients.

### 7.8.3 Central Road Transport Corporation Limited.<sup>2</sup>

- (a) Absence of adequate working funds.
- (b) Over 60 P.C. of the company's vehicles are more than 8 years old. Operations of such vehicles were obviously costly.
- (c) Higher cost of operation on account of steep rise in the cost of tyres, fuels, spares etc.

The company was wound up in the latter part of 1976.

### 7.9 GENERAL REASONS FOR POOR PERFORMANCE :

It is not necessary to search for reasons for poor working results in respect of other Central Government undertakings engaged in rendering services. It is logical to conclude that that similar reasons might be responsible for the poor results.

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2 Bureau of Public Enterprises - Annual Report, 1975-76.  
Vol.II - P. 155.

Lack of demand appears to be a dominant factor in this group for poor results. High operating cost is another factor causing poor results. The price regulation by the government might be one of the factors affecting the working results of the enterprises rendering services.

#### 7.10 SUMMARY :

The public enterprises rendering services cover important economic sectors like Trading and Marketing, transport, tourism and industrial development. It is better to assess the performance of enterprises group because nature of service differs.

The overall performance of enterprises engaged in trading and marketing is considered the best. Fifteen enterprises out of Seventeen in the sample, have shown positive average returns ranging from 8.29 P.C. to 119.31 P.C.

The enterprises rendering contracts and construction services have not produced satisfactory results.

The general performance of enterprises in the sample rendering transport services by sea and air, has been found to be satisfactory.

The overall performance of enterprises engaged in providing services including technical consultancy for the industrial development, is found to be good.

The performance of only one enterprise (presently) in the sample, providing services for the development of small

Industries has been found to be satisfactory during the period under consideration.

The overall performance of enterprises rendering services for the promotion of tourism has not been found to be satisfactory in terms of returns on capital employed.

The enterprises engaged in financial services for the promotion of Films, housing, and rural electrification, have produced satisfactory returns.

An element of bias is to be tolerated in judging the performance of enterprises according to the nature of service.

The reasons are abound for the poor performance of enterprises in the public sector. The official explanations will enable us to appreciate the difficulties faced by the enterprises showing poor returns. It is not necessary to search for reasons for poor performance of individual Central Government undertakings. The general causes for the poor performance of the public enterprises in the sample appear to be lack of adequate demand, high operating cost, and mismanagement etc. Some of the enterprises showing poor working results are likely to improve the performance in future.