Inspira-Journal of Commerce, Economics & Computer Science (JCECS)
ISSN : 2395-7069, Impact Factor: 5.660, Volume 08, No. 01, Jan.-March, 2022, pp. 71-75

CENTRAL PUBLIC SECTOR UNDERTAKINGS: AN OVERVIEW OF PERFORMANCE

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ABSTRACT

The Central Public Sector Enterprises (CPSEs) provide a substantial contribution to the Indian e conomy. The CPSEs have been established with the goal of obtaining control of the nation's commandin g heights and supporting essential development in terms of social gains, strategic value, and resources.T his paper is an attempt to analyze the overall growth of eight core CPSE's. It attempts to give an overview on the performance of 8 core industries and their functions. The objective of the paper is to deeply analyze the functions performed by these eight core industries, and how they've changed over the last five years. It also examines their impact to the nation's progress. The Index of Eight Core Industri es (ICI) tracks monthly output growth in eight core industries, including coal, crude oil, natural gas, refiner y products, fertilisers, steel, cement, and electricity. The overall weight of these eight industries in the Ind ex of Industrial Production is roughly 40.27 percent (IIP).

***KEYWORDS**: Central Public Sector Enterprises, Social Gains, Strategic Value.*

Introduction

When India achieved independence in 1947, it was primarily an agricultural country with a weak industrialbase.Only eighteen Indian Ordnance Factories remained in the country, which the British had es tablished for their own commercial interests and to control the subcontinent with force.

The national consensus was in favour of rapid economic industrialization, which was considered as the route to economic development, improved living standards, and economic independence.

The first Industrial Policy Resolution, announced in 1948, built on the Bombay Plan, which noted the need for government intervention and regulation. It laid out the broad contours of the industrial devel opment strategy. Following that, in March 1950, the Planning Commission was founded by cabinet resolu tion, and in 1951, the Industrial (Development and Regulation) Act was approved, with the purpose of em powering the government to regulate industrial development.

His vision was carried forward by Dr. V. Krishnamurthy known as the "Father of Public sector undertakings in India". Indian statistician Prashant Chandra Mahalanobis was instrumental to its formulation, which was subsequently termed the Mahalanobis Model. This led to the foundation of government owned enterprises which are termed as Public Sector Undertakings(PSU's)

A Public Sector Undertaking (PSU) or a Public Sector Enterprises are the companies that are owned by the central government of India or any one of the states or both. In public sector undertaking majority of stock is owned by the government. PSUs strictly may be of two categories as central public sector enterprises (CPSEs) or state level public enterprises (SLPEs). In 1951 there were just five enterprises in the public sector in India, but in March 1991 this had increased to 246.Till October 2019 the total number of public sectors undertaking in India was 3481

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CPSEs are companies in which the Central Government or other CPSEs own 51 percent or more of the stock. The Ministry of Heavy Industries and Public Enterprises is in charge of them.The establishment of PSUs was primarily motivated by the need to expedite the expansion of essential s ectors of the economy, to meet the equipment needs of strategically vital sectors, and to create jobs and income. The government took over a substantial number of "sick units" from the private sector. I n addition, in 1969, Indira Gandhi's government nationalised fourteen of India's largest private banks , followed by six more in 1980.

This government-led industrial policy, with corresponding restrictions on private enterprise, was the dominant pattern of Indian economic development until the 1991 Indian economic crisis. After the crisis, disinvestment was done to raise capital and improve performance efficiency of the public sector undertakings.

PSU Classification by Government

Maharatna PSUs: Maharatna is a status conferred on top public sector businesses, allowing the m to make foreign investments of up to Rs 5,000 crore without seeking government clearance.

To be considered Maharatna, a corporation must have a net profit of above Rs. 5,000 crores per year, a net value of Rs. 15,000 crores, and a turnover of Rs. 25,000 crores for the previous three years. SAIL, ONGC, NTPC, CIL, IOCL, BHEL, GAIL, BPCL, ONGC, NTPC, CIL, IOCL, BHEL, GAIL, BPCL, BP CL, BPCL, BPCL, BPCL, BPCL, BPCL, BPCL, BPCL, BPCL.

Navratna PSUs: Navratna status is conferred to the companies by the Department of Public Enterprises. To be qualified as a Navratna, the company must obtain a score of 60 out of 100.Score basedNet profit to net worth, total labour cost to total cost of production or cost of services, PBDIT (Profit before depreciation, interest and taxes) to capital employed, PBDIT to turnover, EPS (Earnings per Share), and intersectoral performance are the six parameters used to calculate the score. Before becoming a N avratna, a corporation must first become a Miniratna and have four independent directors on its board of directors. The Navratna classification confers financial and operational autonomy, as well as the ability to invest up to Rs. 1000 crores, or 15% of their net worth, in a single project without requiring government a pproval.

In a year, these companies can spend up to 30% of their net worth not exceeding Rs. 1000 crores. They will also have the freedom to enter joint ventures, form alliances and float subsidiaries abroad.

Miniratna PSUs: Enterprises that had made profits continuously in the previous three years and earned a profit of over 500 crore in one of the three years are categorised as Miniratna Iand whose profits are over 250 crores are categorised as Miniratna II.

The government owns the vast majority of these businesses' equity. These are classified as Central Public Sector Undertakings (CPSU, CPSE), which are owned entirely or partially by the India n government, or State Level Public Sector Undertakings (SLPSU, SLPSE), which are owned entirely or partially by state or territorial governments.

Main Content

The Index of Industrial Production (IIP) is a measure of the growth of numerous industries in Indi a, including mineral mining, energy, and manufacturing. The allIndia IIP is a composite indicator that mon itors shortterm changes in the volume of output of a basket of industrial products through time in compari son to a base period.

It is prepared and released six weeks after the reference month ends by the National Statistics Office (NSO), Ministry of Statistics and Programme Implementation. The magnitude of the Index of Indust rial Production (IIP) level shows the status of production in the industrial sector for a certain period of time as compared to the reference period.

The eight-core sectors of the Indian economy are:

- Electricity
- Steel
- Refinery products
- Crude oil

- Coal
- Cement
- Natural gas
- Fertilisers

These industries have a huge impact on country's economic activities.They also affect the industrial activity as they are directly or indirectly related to other sectors.

Electricity

The Ministry of Power is a government ministry in India. Raj Kumar Singh is the current Union C abinet Minister. The ministry is in responsible of overseeing power generation, transmission, and delivery , as well as maintenance projects.

Total Installed Capacity (As on 31.12.2021) - Source : Central Electricity Authority (CEA)
INSTALLED GENERATION CAPACITY (SECTOR WISE) AS ON 31.12.2021

Table 1

Sector	MW	% of Total
Central Sector	98,547	25.1%
State Sector	1,04,384	26.5%
Private Sector	1,90,459	48.4%
Total	3,93,389	100.0%

Various power plants are as follows:

- National Thermal Power Corporation (NTPC) ...
- National Hydroelectric Power Corporation (NHPC) ...
- Rural Electrification Corporation (REC) ...
- North Eastern Electric Power Corporation (NEEPCO) ...
- Power Finance Corporation (PFC) ...
- Power Grid Corporation of India (POWER GRID) ...
- SJVN – A Mini Ratna Company.

Steel

Steel has a critical role in India's growth and future, according to a paper published by the Natio nal Council of Applied Economic Research (NCAER). Its findings indicate that India's steel sector has a s trong potential for contributing to the country's overall growth. Indeed, it is the only commodity with a wide range of applications across several economic sectors.

It is used in the construction of houses, the manufacture of automobiles, the manufacture of eve ryday goods, and packaging. Packaging, manufacturing, and engineering industries such as power gener ation, petrochemicals, and fertilisers are increasingly using special steels.

Another aspect that cannot be overlooked is that steel plants create a lot of jobs, especially in Ti er III cities. Steel has a 6.8x employment multiplier effect, but only a 1.4x production multiplier effect. In a ddition, India has surpassed Japan as the world's second largest producer of crude steel, generating over 100 MT per year. Steel presently accounts for around 2% of India's GDP and employs approximately 6 l akh people directly and another 20 lakh indirectly.

Refinery Products, Crude Oil and Natural Gas

The crude oil production during the year2018-19 is at 34.20 Million Metric Tonnes(MMT) as against production of 35.68MMT in 2017-18, showing a decline of.15%. Around 71% of crude oil-production is by ONGC and OIL from ONGC and OIL from nomination regime-and remaining17% of natural gas-production is by Private/Vs companies-from PSC regime. Natural gas production-during April-December, 2019 was 23.82BCM. Shortfall in production in some fields-was mainly due to decline of production-from old and-marginal fields, shutdown of-plants of-major customers, underperformance of wells, issues and resistance-from local groups for development projects-in on-land areas and unplanned shutdown-of wells, processing platforms/ plants.

India with refining capacity of 249.366MMTPA is the fourth largest in the world-after the United States, China and Russia. Crude Oil processed for the year 2018-19 is257.20 MMT as against 251.93 MMT in2017-18. Refinery capacity utilisation is103.9% for the year 2018-19.

Cement & Fertiliser

The fundamental goal of the Indian fertiliser industry is to ensure that primary and secondary nut rients are available in sufficient quantities. According to the context of environmental discussions, the Indi an fertiliser industry is the most energy demanding sector.

It would be desirable to combine economic, environmental, and social development objectives a s productivity increases through the use of competent and pollution-
free technology in the industrial sector.

The Indian fertiliser business has expanded in size and prominence over the last 50 years, and i t now ranks third in the world.

In the cement industry, output reached 329 million tonnes (MT) in FY20, with 381 MT predicted by FY22. Consumption, on the other hand, was 327 MT in FY20 and is predicted to increase to 379 MT b y FY22. Cement production capacity is planned to reach 550 MT by 2020.

The cement industry in India has a lot of highquality limestone reserves all around the country, t herefore it has a lot of room to grow.

Coal

The Ministry of Coal is in charge of formulating policies and strategies for the exploration and de velopment of coal and lignite deposits, as well as sanctioning major highvalue projects and resolving any connected difficulties.

These major functions are carried out by the Public Sector Undertakings, namely Coal India Ltd. and its subsidiaries, and Neyveli Lignite Corporation India Limited, which are both under the administrati ve supervision of the Ministry (NLCIL). The Ministry of Coal also has a joint venture with the Government of Telangana named Singareni Collieries Company Limited, in addition to Coal India Ltd. and Neyveli Lig nite Corporation India Ltd. The Telangana government owns 51 percent of the company, while the Indian government owns 49 percent.

Now addressing the elephant in the room, we will be going through the reports which show the contribution of these eight sectors

Table 2 : Growth of Index of Eight Core Industries (in per cent)

Sector	Weight	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	Apr- Nov 2020-21*
Coal	10.3335	3.2	1.0	8.0	4.8	3.2	2.6	7.4	-0.4	-2.6
Crude Oil	8.9833	-0.6	-0.2	-0.9	-1.4	-2.5	-0.9	-4.1	-5.9	-6.0
Natural Gas	6.8768	-14.4	-12.9	-5.3	-4.7	-1.0	2.9	0.8	-5.6	-12.1
Refinery Products	28.0376	7.2	1.4	0.2	4.9	4.9	4.6	3.1	0.2	-14.9
Fertilizers	2.6276	-3.3	1.5	1.3	7.0	0.2	0.03	0.3	2.7	3.8
Steel	17.9166	7.9	7.3	5.1	-1.3	10.7	5.6	5.1	3.4	-19.4
Cement	5.3720	7.5	3.7	5.9	4.6	-1.2	6.3	13.3	-0.9	-19.5
Electricity	19.8530	4.0	6.1	14.8	5.7	5.8	5.3	5.2	0.9	-4.7
Overall Index	100.0000	3.8	2.6	4.9	3.0	4.8	4.3	4.4	0.4	-11.4

*Source: Office of the Economic Adviser, DPIIT * provisional*

Coal, Crude Oil, Natural Gas, Refinery Products, Fertilizers, Steel, Cement, and Electricity are a mong the eight key sectors monitored by the Index of Eight Core Industries (ICI)

The overall weight of these eight industries in the Index of Industrial Production is roughly 40.27 percent (IIP). IIP is issued 12 days after ICI is launched. Table 2 shows the growth rates of eight core ind ustries from 2012 to 2013. The Index of Eight Core Industries grew by 0.4 percent in the 201920 fiscal year.

Refinery Products, Fertilizers, Steel, and Electricity all saw good output growth, whereas Coal, C rude Oil, Natural Gas, and Cement all saw negative growth.The Index of Eight Core Industries fell by (-11.4 percent in the current fiscal year 2020-21 (April-November). With the exception of Fertilizers, all Core sectors had a decrease in output growth. The slowdown is ascribed to the spread of the COVID19 pandemic and early containment measures (national lockdown).

However, a proindustry policy climate combined with increased consumer demand has provided these industries a moderate boost.

Conclusion

In November 2021, the aggregate Index of Eight Core Industries was 131.7, up 3.1 percent (pro visional) from November 2020. In November 2021, the output of Coal, Natural Gas, Refinery Products, F ertilizers, Steel, and Electricity increased compared to the same month the previous year.

The final growth rate of the Index of Eight Core Industries for August 2021 has been updated fro m 11.6 percent to 12.2 percent. ICI grew at a pace of 13.7 percent (P) from April to November 2021-22, compared to the same period last year.

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