

Introduction

Background:

The financial health of the State Public Sector Enterprises (PSEs) is intricately linked to the financial performance of the States. The increasing number of such enterprises coupled with the increasing capital (equity and loans) and revenue (grants and subsidies) participation of the states have further increased the interdependence of the two. Historically, the financial performance of the PSEs has been poor thereby resulting in a drain on the resources of the states. Acknowledging this, various Finance Commissions have prescribed qualitative and quantitative norms to ensure better financial performance of the PSEs thereby ensuring improved fiscal and financial performance of the state. The Tenth Finance Commission had, inter alia, recommended a cap on the number of PSEs and phased disinvestment. The Eleventh Finance Commission advocated autonomy, professionalism and transparency in management of such enterprises. It also recommended closure, disinvestment, merger of the PSEs and rationalisation of staff to reduce losses and consequently the fiscal burden on the States. The Twelfth Finance Commission also recommended similar measures and also stated that by the end of 2009-10, all states should have a small but viable set of PSEs. The Tenth Finance Commission stipulated a rate of return of 6 per cent, 4 per cent and 1 per cent respectively for Commercial, Commercial cum promotional and Promotional enterprises. The quantitative norm of the Eleventh Finance Commission stated that profit making PSEs should pay a dividend of 5 per cent to the states on the

equity. On loans, 9 per cent interest should be paid. The Twelfth Finance Commission stipulated a 5 per cent return on equity and 7 per cent rate of interest on loans for the PSEs.

Scope of Study:

The Terms of Reference (ToR) of the Thirteenth Finance Commission states that "In making its recommendations, the Commission shall have regard, among other considerations, to –

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The need for ensuring the commercial viability of and public sector enterprises through various means, including levy of user charges and adoption of measures to promote efficiency." Based on this mandate the ToR for this study is as follows:

- i) Compile state-wise specific reform measures in regard to State Public Enterprises (SLPEs) (other than power related enterprises) introduced by different states in the period 2002-07 and categorise the SLPEs in terms of reform types such as winding-up, merger and voluntary retirement scheme;
- ii) Bring out the impact of the reform measures on the broad aggregates of the balance sheet of the SLPEs;
- iii) Estimate the quantum of explicit and implicit subsidy together and separately under different heads covering both revenue and capital budgets (issues such as budget support for equity and loan, returns on the equity, interest payment on loan, conversion of loan into equity may be covered);

- iv) Identify the specific measures for enhancing/reducing user charges and the corresponding implications on revenue.

Methodology

The study had been divided into four sections. Section I gives a state-wise snapshot of the PSEs as on 31st March 2007. The information for this section is mainly from the CAG Report of the respective states for the year 2006-07 (the latest available), and the topic notes (37 & 38) provided by the states to the Commission. Based on the information provided in Section I, Section II gives an aggregate picture of all the states as on 31st March 2007. Section III details the performance of two specific categories of PSEs, (viz. the State Road Transport Corporation (SRTC) and State Police Housing Corporation)). The information for this section is based on those provided by the respective states to the Commission through the statements (41 & 42) and topic notes (37 & 38). Section IV gives an overview of the financial transactions of the states vis-à-vis the PSEs. The last section (Conclusion) lists the suggested steps to improve the performance of the PSEs.

Limitations

Availability of comparable/uniform and reliable data has been a major problem for the study. At an aggregate level reliable (Audited) and uniform information is available in the CAG report of the States. However, the data is based on the audited accounts of the PSEs, which in several cases have a considerable backlog in terms of time. The data provided by the States to

the Commission are incomplete in several cases and are also provisional for various years. In several cases the states have either not furnished some items of the information called for and/or have not given the information at all for various PSEs. It may also be mentioned that the study is confined to companies and statutory corporations existing in the state and does not include co-operatives/boards/ commissions and other forms of enterprises.

Section I – State Profile

A. Special Category States

Arunachal Pradesh

- As on 31st March 2007, the state had 5 government companies (3 working and 2 non-working) and no statutory corporations.
- The total investment in the working PSEs was Rs. Rs.16.18 crore (equity Rs.9.04 crore and long term loan: Rs.7.14 crore).
- The total investment in the 2 non working PSEs was Rs. 3.15 crore.
- The total investment in working government companies comprised 55.87 per cent equity and 44.13 per cent loans. For statutory corporation the ratio is 20.00:80.00
- As per the latest finalized accounts of 3 working Government companies, all the 3 companies had incurred an aggregate loss of Rs.3.87 crore.

Finalization of accounts

- None of 3 working government companies finalized their accounts for the year 2006-07. The accounts of all the 3 working companies were in arrears for periods ranging from one to 13 years.

Policy Measures for Restructuring & Reforms

- There is no proposal for privatization of APFCL, HPDCAPL & APIDFC. But one of Subsidiary Unit of APIDFC (Arunachal Horticulture Processing Industries, Nigmoi) has been leased out since 2002.
- In view of the restrictions imposed by the Supreme Court on timber operations since 1996, the activities of APFCL has been reduced substantially. The Corporation introduced a VRS in 2003 which was availed by 379 employees at a cost of Rs.10.18 crore. This scheme was financed by taking a loan of Rs.12 crore from the Axis Bank (formerly known as the UTI Bank) which was guaranteed by the State Government. A second phase of the VRS was floated in December 2005 in which 45 more employees retired. The cost incurred for this phase was Rs.2.06 crore. Another 53 employees have been given compulsory retirement on 31st December 2005 with same compensation as granted to the employees who opted for VRS. A grant of Rs.5 crore was provided by the State Government for implementation of the 2nd phase of VRS and maintain skeletal staff in the organization.
- APIDFC has also introduced a VRS in 2007 (22nd June 2007 to 31st August 2007) as a part of corporate restructuring . 46 employees have availed VRS and an amount of Rs.1.70 crore has been spent till date.

Assam

- The state has 45 Government companies (35 working companies and 10 non-working companies) and 4 statutory corporations (all working).
- The total investment as on 31st March 2007 in the working PSEs was Rs.2622.86 crore (Equity Rs.1259.60 crore, Loans Rs.1363.26 crore).
- The total investment in the 12 non working PSEs (as on 31st March 2007) was Rs.83.01 crore.
- The sector wise investment (equity and long term loans) in the working PSES was as follows:

	(Rs. In crore)
Power	1635.52 (62.36)
Transport	332.7 (12.68)
Finance	24.16 (0.92)
Agriculture	188.92 (7.20)
Industry & Engineering	300.61 (11.46)
Textile	29.64 (1.13)
Development of economically Weaker Sections	48.41 (1.85)
Drugs and Chemicals	13.31 (0.51)
Others	49.59 (1.89)

Note: (Figures in brackets indicate percentage of investment)

- The total investment in the working Government companies comprised 44.99 per cent of equity capital and 55.01 per cent of loans. For statutory corporation the ratio is 61.87:38.13.
- As per the latest finalized accounts, 25 companies and all the 4 statutory corporations had incurred an aggregate loss of Rs.1068.94 crore. 6 companies had earned an aggregate profit of Rs.36.82 crore. Thus the aggregate loss was to the tune of Rs.1032.12 crore.

Finalization of accounts

- None of 35 working government companies and 4 statutory corporations finalized their accounts for the year 2006-07. The accounts of all 35 working Government companies and 4 statutory corporations were in arrears for periods ranging from 1 to 22 years. For non-working companies the arrear was for a period ranging from 6-24 years.

Policy Measures for Restructuring & Reforms

- The state has taken various steps to reform the PSEs by availing financial assistance from the Asian Development Bank (ADB) under the Assam Governance & Public Resource Management – Sector Development Programme (AGPRM-SDP).
- To improve the power scenario the Assam State Electricity Board (ASEB) has been reorganised into five companies, one each in generation and transmission and three in distribution. Funds have been invested to modernize the machineries and equipments and augment the transmission lines and ensure supply of quality power to the consumers.
- Assam State Transport Corporation (ASTC) took help of the private transport operators as co-partner to provide better transport system & to cut the operational cost.
- No strategy for disinvestment has so far been formulated. The State Government has decided to close 13 unviable Public Enterprises and

2 units of another Public Enterprise under the ADB's Assam Governance & Public Resource Management – Sector Development Programme (AGPRM-SDP). The Cabinet has approved Rs.448.46 crore out of which the Government has already released Rs.136.24 crore for payment of liabilities of 13 closed companies and 2 units. State Government has also taken up liquidation of the outstanding loans drawn by the PSEs under the Government guarantee from the Financial Institutions/Banks under One Time Settlement (OTS) scheme. Further such proposals are under active consideration for which ADB assistance is likely to be received.

- Availing of a loan from the ADB under the AGPRM-SDP scheme , the State Government notified a uniform VRS in 2006.Under the VRS policy so far 4537 employees of 13 closed PSUs and 2 units of another PSU have been released at a cost of Rs.136 crore
- In addition to above VRS policy, State Government also released employees of following SLPEs on different VRS out of State plan budget funds.

Himachal Pradesh

- As on 31st March 2007, there were 18 Government companies (16 working and 2 non-working companies) and 3 statutory corporations (all working).

- The total investment in the working PSEs was Rs.3, 886.32 crore (equity: Rs.749.04 crore, long-term loans: Rs.3, 136.86 crore and share application money: Rs.0.42 crore).
- The total investment in the 2 non-working PSEs was Rs. 4.79 crore.
- The Sector-wise investment (equity and long term loans) in the working PSEs as on 31st March 2007 is as follow :

	(Rs. In Crore)
Agriculture	84.13 (2.16)
Transport	437.07 (11.25)
Finance	253.25 (6.25)
Forest	172.83 (4.45)
Power	2400.95 (61.78)
Others	538.09 (13.84)

Note: (Figures in brackets indicate percentage of investment)

- The total investment in the working Government companies comprised 19.60 per cent of equity capital and 81.40 per cent of loans. For the statutory corporation ratio is 19.20:80.80.
- According to the latest finalized accounts, 6 Government companies and 1 Statutory Corporation earned aggregate profit of Rs. 11.94 crore. 9 companies and 2 corporations had incurred an aggregate loss of Rs. 71.62 crore. Thus the aggregate loss was to the tune of Rs.59.68 crore.

Finalization of accounts

- 7 out of 16 working government companies and all 3 statutory corporations finalized their accounts for the year 2006-07. The

accounts of remaining government companies and corporations were in arrears for a period ranging from 1 to 3 years. 1 out of 2 non-working companies one has finalized account for the year 2006-07.

Policy Measures for Restructuring & Reforms

- Merger of Himachal Pradesh Housing Board & Nagar Vikas Pradikaran was carried out. There is a proposal to merge Mahila Vikas Nigam, H.P. Minorities Finance & Development Corporation in Backward Classes Finance & Development Corporation.
- A voluntary retirement scheme has been implemented since November 1993 in Public Sector Undertakings. Till 31st March 2008 750 employees have availed of this scheme and the expenditure incurred is Rs.24.59 crore.
- Besides this, surplus employees of some corporations have been adjusted in different Government departments.
- For some corporations loans and interest were converted into equity.

Jammu & Kashmir

- As on 31 March 2007, the state had 20 Government companies (17 working and 3 non-working) and 3 statutory corporations (all working).

- The total investment in the working PSEs was Rs.4420.88 crore (equity: Rs.398.58 crore; long term loans Rs.4022.30 crore).
- The total investment in the 3 non-working PSEs was Rs. 3.40 crore.
- The sector wise investment (equity and long term loans) in the working PSEs as on 31st March 2007 is as follow:

	(Rs. In Crore)
Agriculture	71.54 (1.62)
Construction	50.07 (1.13)
Cement	3.58 (0.08)
Development of Economically Weaker Section	52.90 (1.20)
Finance	790.26 (17.88)
Forest	84.25 (1.91)
Handloom & Handicraft	98.22 (2.22)
Industry	366.50 (8.29)
Mining	251.69 (5.69)
Power	2162.25 (48.90)
Tourism	51.59 (1.17)
Transport	438.03 (9.91)

Note: (Figures in brackets indicate percentage of investment)

- The total investment in working Government companies comprised 5.80 per cent equity capital and 94.20 per cent loans. For statutory corporations the ratio is 27.87:72.13.
- As per the latest finalized accounts, 7 companies and 1 corporation earned an aggregate profit of Rs. 281.02 crore. 9 companies and one statutory corporation had incurred aggregate losses of Rs. 129.33. Thus the overall aggregate profit was Rs. 151.69 crore.

Finalization of accounts

- 1 Government company out of 17 working government companies and 3 statutory corporations finalized their accounts for the year 2006-07. The accounts of all the remaining working companies and corporations were in arrears for periods ranging from 2 to 19 years.

Manipur

- As on 31 March 2007, the state had 15 Government companies (8 working and 7 non-working).
- The total investment in the working PSEs was Rs.39.37 crore (equity: Rs.29.34 crore; long term loans Rs.10.03 crore).
- The total investment in the 7 non-working PSEs was Rs. 72.74 crore.
- The sector wise investment (equity and long term loans) in the working PSEs as on 31st March 2007 is as follow:

(Rs. In Crore)

Industry	19.05 (48.37)
Electronics	3.76 (9.55)
Handloom & Handicraft	13.26 (33.67)
Development of Economically Weaker Section	0.88 (2.24)
Construction & miscellaneous	0.08 (0.2)
Sugar	2.35 (5.97)

Note: (Figures in brackets indicate percentage of investment)

- The total investment in working Government companies comprised 74.52 per cent equity capital and 25.48 per cent loans.

- As per the latest finalized, 3 companies had incurred an aggregate loss of Rs.0.55 crore, 3 companies earned an aggregate profit of Rupees 1 crore. Thus the overall aggregate profit was Rs.0.45 crore.

Finalization of accounts

- None of 8 working government companies finalized their accounts for the year 2006-07. The accounts of all the working companies were in arrears for periods ranging from 10 to 24 years. For non-working companies the arrear was for a period ranging from 7 to 20 years.

Policy Measures for Restructuring & Reforms

- As per memorandum of Understanding (MOU) signed on 20.6.2002 between Government of India and the Government of Manipur, the State Government decided to retain 5 Government Companies only in view of their importance in the State economy and their capabilities of managing with or without Government assistance. The 5(five) PSUs the State Government had decided to retain under the MoU signed with the Govt. of India are:-
 1. Manipur Handloom and Handicrafts Development Corpn. Ltd.
 2. Manipur Electronics Development Corpn. Ltd.
 3. Manipur Tribal Development Corpn. Ltd.
 4. Manipur Film Development Corpn. Ltd.
 5. Manipur Police Housing Corpn. Ltd.

- However, as on date the State Government has not been able to disinvest any of the remaining 10 PSUs as there are no takers for them in the private sector.
- With a view to increase efficiency of the PSUs in the State, the State Government initiated the Voluntary Retirement Scheme so that excess/redundant manpower could be shed and thereby cut down on the unit cost of output. A total of 147 employees from Manipur Electronics Development Corporation and Manipur Handloom and Handicrafts Development Corporation availed of this scheme and an amount of Rs.7.88 crore was spent on account of this. The amount was provided through budgetary support.
- In addition to this scheme, 1031 employees of different PSUs that were declared sick and unviable have been retrenched and an amount of Rs 26.99 crores was paid as compensation to the employees.
- The PSUs have been given a greater degree of autonomy with regard to organizational, operational, investment and financial decisions.
- Budgetary support to PSUs has been largely done away with and they are expected to raise their own financial requirements and make their operations self sustaining. Budgetary support was given to Manipur Film Development Corporation in 2007-08 when a major fire incident occurred in its office.

Meghalaya

- The state has 10 Government companies (all working) and 3 statutory corporation (all working).
- The total investment as on 31 March 2007 in the working PSEs was Rs.1290.34 crore (equity: Rs.389.90 crore; long term loans Rs.892.37 crore and share application money of Rs.8.07 crore).
- The sector wise investment (equity and long term loans) in the working PSEs is as follow:

(Rs. In crore)

Cement	31.09 (2.41)
Tourism	10.52 (0.82)
Transport	66.03 (5.12)
Industrial development & financing	88.96 (6.89)
Power	1065.96(82.61)
Others	27.78 (2.15)

Note: (Figures in brackets indicate percentage of investment)

- The total investment in working Government companies comprised 81.75 per cent of equity capital and 18.25 per cent of loans. For statutory corporation the ration is 23.86:76.14.
- As per the latest finalized accounts, 8 working Government companies and 2 statutory corporations had incurred an aggregate loss of Rs.100.24 crore. 2 companies and 1 corporation earned an aggregate profit of Rupees 0.89 crore. Thus the aggregate loss was to the tune of Rs.99.35 crore.

Finalization of accounts

- None of 10 working government companies and 1 out of 3 statutory corporations finalized their accounts for the year 2006-07. The

accounts of the remaining government companies and corporation were in arrears for a period ranging from 1 to 15 years.

Policy measures for restructuring and reforms

- Meghalaya Industrial Development Corporation (MIDC), Meghalaya Tourism Development Corporation (MTDC), Meghalaya Government Construction Corporation Ltd.(MGCC) have already introduced the VRS. 7 employees in MIDC have availed of this scheme and the amount spent is Rs.1.11 crore. MTDC is yet to release any employee though many have shown interest in this scheme. In MGCC 76 employees have availed of this scheme and an expenditure of Rs.3.90 crore has been incurred.
- Forest Development Corporation has proposed to the state government for transfer of the amount of royalty to the corporation and also transfer of the forestry activities relating to removal of all wind fallen and marked trees from the Reserve Forest of East and South Garo Hills District, East Khasi Hills and Ri-bhoi District to the corporation.
- There is no disinvestment policy in any of state PSEs.

Mizoram

- The state has 5 Government companies (all working).
- The total investment as on 31 March 2007 in the working PSEs was Rs.89.23 crore (equity: Rs.46.29 crore; long term loans Rs.33.47crore and share application money of Rs.9.47 crore).

- The sector wise investment (equity and long term loans) in the working PSEs is as follow:

	(Rs. In crore)
Industrial development & financing	53.57 (60.03)
Food processing	17.06 (19.12)
Handloom & Handicraft	8.27 (9.27)
Agriculture & Marketing	4.41 (4.94)
Electronics development	5.92 (6.64)

Note: (Figures in brackets indicate percentage of investment)

- The total investment in working Government companies comprised 62.49 per cent of equity capital and 37.41 per cent of loans.
- As per the latest finalized accounts, all the working Government companies have incurred an aggregate loss of Rs.5.19 crore.

Finalization of accounts

- None out of 5 working government companies finalized their accounts for the year 2006-07. The accounts of all the companies were in arrears for a period ranging from 1 to 8 years.

Policy measures for restructuring and reforms

- Introduction of VRS in two PSEs (Mizoram Food and Allied Industries Corporation Ltd. (MIFCO) and Mizoram Agricultural Marketing Corporation Ltd. (MAMCO)) are contemplated.

- Reduction of administrative expenditure, upgradation of manpower and machinery are some of the other measures taken by the PSEs to improve profitability.

Nagaland

- As on 31 March 2007, the state has 6 Government companies (5 working and 1 non-working) and nine departmentally managed Government commercial and Quasi-commercial undertakings.
- The total investment in the working PSEs was Rs.59.74 crore (equity: Rs.21.05 crore; long term loans Rs.36.35 crore and share application money of Rs.36.35 crore).
- The paid-up capital in one non-working Government company was Rs.4.96 crore.
- The sector wise investment (equity and long term loans) in the working PSEs as on 31st March 2007 is as follow:

(Rs. In crore)

Industries & Commerce	58.14 (97.32)
Geology & Mining	1.60 (2.68)

Note: (Figures in brackets indicate percentage of investment)

- As on 31 March 2007, the total investment in working Government companies comprised 39.15 per cent of equity capital and 60.85 per cent of loans.
- As per the latest finalized accounts of 5 Government companies, 3 companies had incurred an aggregate loss of Rs.1.63 crore.

Finalization of accounts

- None of 5 working government companies finalized their accounts for the year 2006-07. The accounts of all the companies were in arrears for a period ranging from 9 to 26 years.

Policy Measures for Restructuring & Reforms

- None of these PSUs have been privatized till now.
- VRS was implemented in National Handloom and Handicraft Development Corporation Ltd. in 2007-08. 6 employees have availed of this scheme and an expenditure of Rs.39.15 lakh has been incurred on this account.
- The Nagaland Mechanised Brick Corporation Ltd. is likely to be closed down. A VRS scheme is under process and all the 81 employees have applied for VRS. The estimated outgo is around Rs.2.38 crore.
- A VRS scheme was also implemented by Nagaland State Mineral Development Corporation – however no one availed of this scheme.
- Nagaland Industrial Raw Materials and Supply Corporation Ltd. is also implementing a VRS scheme. 6 employees have availed of this scheme and an expenditure of Rs.16.15 lakhs has been incurred.
- Nagaland Industrial Development Corporation is also contemplating a VRS scheme.

Sikkim

- The state has 12 Government companies (9 working and 3 non-working) and 3 Statutory Corporations (all working).
- The total investment as on 31 March 2007 in the working PSEs was Rs.158.96 crore (equity: Rs.81.89 crore; long term loans Rs.77.07 crore).
- The total investment in the 3 non-working PSEs was Rs. 3.43 crore.
- The sector wise investment (equity and long term loans) in the working PSEs as on 31st March 2007 is as follow:

(Rs. In crore)

Consumer	26.63 (16.75)
Tourism	7.05 (4.44)
Financial	29.11 (18.31)
Welfare	25.38 (15.97)
Power	53.41 (33.60)
Others	17.38 (10.93)

Note: (Figures in brackets indicate percentage of investment)

- The total investment in working Government companies comprised 47.04 per cent of equity capital and 52.96 per cent of loans. For the statutory corporation the ratio is 81.95:18.05.
- As per the latest finalized accounts, 1 company and 2 statutory corporations earned aggregate profit of Rs.3.05 crore. 6 companies and 2 corporations incurred an aggregate loss of Rs.7.10 crore. Thus the aggregate loss was to the tune of Rs.4.05 crore.

Finalization of accounts

- None of 9 working government companies and 1 statutory corporation out of 3 finalized their accounts for the year 2006-07.

The accounts of all the remaining Government companies and corporations were in arrears for a period ranging from 1 to 5 years.

Policy Measures for Restructuring & Reforms

- A committee has been set up to look into the details of PSEs and recommend measures to improve the efficiency of the PSEs.
- The State Government is considering the proposal for disinvestment of the sick units. The following PSEs have been closed:
 - Sikkim Mining Corporation
 - Sikkim Live Stock Development Corporation
 - Chandmari Car workshop & Automobiles Limited
 - Sikkim Flour Mills Limited
- One time VRS has been introduced for the employees of various PSEs during 2003-04. Funds earmarked for the scheme was Rs.7.00 crores.

Tripura

- The state has 10 Government companies (9 working and 1 non-working) and 1 working Statutory Corporation.
- The total investment as on 31 March 2007 in the working PSEs was Rs.345.59 crore (equity: Rs.337.71 crore; long term loans Rs.7.88 crore).
- The total investment in 1 non-working PSEs was Rs. 4 lakh.

- The sector wise investment (equity and long term loans) in the working PSEs as on 31st March 2007 is as follow:

(Rs. In crore)

Agriculture	1.52 (0.44)
Forest	9.20 (2.66)
Industry	189.59 (54.86)
Power	9.55 (2.76)
Primitive group programme	4.58 (1.33)
Transport	131.15 (37.95)

Note: (Figures in brackets indicate percentage of investment)

- As on 31 March 2007, the total investment in working Government companies comprised 96.44 per cent of equity capital and 3.56 per cent of loans. For the statutory corporation the ratio is 99.81:0.19.
- As per the latest finalized accounts, 2 companies earned aggregate profit of Rs.4 crore. 6 companies and 1 corporation incurred an aggregate loss of Rs.20.33 crore. Thus the aggregate loss was to the tune of Rs.16.33 crore.

Finalization of accounts

- None of 10 working PSEs finalized their accounts for the year 2006-07. The accounts of all the Government companies and corporations were in arrears for a period ranging from 1 to 13 years.

Policy Measures for Restructuring & Reforms

- No Privatization is being done in any of the PSUs.
- No Voluntary Retirement Scheme (VRS) has been introduced till date.

Uttarakhand

- The state has 20 Government companies (16 working and 4 non-working) and 2 Statutory Corporations (both working).
- The total investment in the working PSEs was Rs.2724.78 crore (equity: Rs.679.19 crore; long term loans Rs.1950.91 crore and share application money of Rs.94.68 crore).
- The total investment in 4 non-working PSEs was Rs. 0.39 crore.
- The sector wise investment (equity and long term loans) in the working PSEs as on 31st March 2007 is as follow:

(Rs. In crore)

Power	2386.35 (87.57)
Sugar	75.11 (2.76)
Area development	25.74 (0.94)
Transport	96.92 (3.56)
Finance	34.50 (1.27)
Development of economically weaker sections	16.69 (0.61)
Industry	79.52 (2.92)
Electronics	8.95 (0.33)
Miscellaneous	1.00 (0.04)

Note: (Figures in brackets indicate percentage of investment)

- As on 31 March 2007, the total investment in working Government companies comprised 26.51 per cent of equity capital and 73.49 per cent of loans. For statutory corporation the ratio is 79.69:20.31.
- As per the latest finalized accounts, 4 companies earned aggregate profit of Rs.17.87 crore. 11 companies and 1 corporation incurred an aggregate loss of Rs.93.73 crore. Thus the aggregate loss was to the tune of Rs.75.86 crore.

Finalization of accounts

- None of the 16 working companies and 1 statutory corporation finalized their accounts for the year 2006-07. The accounts of all the Government companies and corporations were in arrears for a period ranging from 1 to 20 years.

Policy Measures for Restructuring & Reforms

- The State PSUs have not introduced VRS scheme; there is no proposal of any disinvestment also.

B. General Category States

Andhra Pradesh

- As on 31 March 2007, the state has 53 Government companies (35 working and 18 non-working) and 3 Statutory Corporations (all working).
- The total investment in the working PSEs was Rs.33195.02 crore (equity: Rs. 6811.18 crores, share application money: Rs.202.11 crores and long-term loans: Rs.26181.73 crores).
- The total investment in 18 non-working PSEs was Rs. 263.34 crore.
- The sector wise investment (equity and long term loans) in the working PSEs as on 31st March 2007 is as follow:

	(Rs. In Crore)
Power	21541.91 (65)

Mining & Construction	8240.48 (25)
Agriculture, Sugar & Forest	447.22 (1)
Industry & Engineering	237.59 (1)
Others	2727.82 (8)

Note: (Figures in brackets indicate percentage of investment)

- The total investment in the working Government companies comprised 22 per cent of equity capital and 78 per cent of loans. For the statutory corporations the ratio is 12.00:88.00.
- As per the latest finalized accounts, 20 companies and 2 corporations earned an aggregate profit of Rs.501.66 crore. 9 companies and 1 corporation incurred an aggregate loss of Rs.406.35 crore. Thus the overall profit was Rs. 95.31 crore.

Finalization of accounts

- 11 Out of 35 working government companies and 2 out of 3 statutory corporations finalized their accounts for the year 2006-07. The accounts of the remaining government companies and statutory corporation were in arrears for periods ranging from 1 to 10 years.

Policy Measures for Restructuring & Reforms

- The state set up an "Implementation Secretariat" in 1998 to undertake various public sector reforms.
- The reforms were implemented in two phases viz. Phase I spanning the period from January 1999 to December 2003 and Phase II from 2002-03 to 2005-06. Total number of enterprises covered under Phase I and Phase II were 19 and 68 respectively.

- Under Phase I, 8 enterprises were privatized, 6 were closed and 4 were restructured.
- Under Phase II, 4 were privatized, 9 disinvested, 19 closed and 23 restructured.
- 18446 employees working in 42 PSUs Relieved under VRS scheme and a total amount Rs. 322.37 crore has been released towards VRS in two Phases in the following manner:

	Phase I	Phase II
Total No. of PSUs	19	24
Total No. of Employee	17385	8848
No. of Employees Relieved under VRS	13984	4462
Amount Released Towards VRS (Rs. In crore)	199.48	122.89

Bihar

- As on 31 March 2007, the state has 51 Government companies (17 working and 34 non-working) and 4 Statutory Corporations (all working).
- The total investment in the working PSEs was Rs.7929.91 crore (equity: Rs. 463.08 crores. Share application money: Rs.9.86 crore and long-term loans: Rs.7456.97 crores).
- The total investment in 34 non-working PSEs was Rs. 718.03 crore.
- The sector wise investment (equity and long term loans) in the working PSEs as on 31st March 2007 is as follow:

	(Rs. In Crore)
Power	7007.23 (88.36)
Finance	450.74 (5.68)
Economically Weaker Sections	71.28 (0.90)
Agriculture	37.29 (0.47)
Electronics	11.61 (0.15)
Mining	9.97 (0.13)
Construction	4.03 (0.05)
Others	337.76 (4.26)

Note: (Figures in brackets indicate percentage of investment)

- The total investment in the working Government companies comprised 20.88 per cent of equity capital and 79.12 per cent of loans. For the statutory corporations the ratio is 2.79:97.21.
- As per the latest finalized accounts, 5 companies and 2 corporations earned aggregate profit of Rs.32.93 crore. 10 companies and 2 statutory corporations have incurred an aggregated loss of Rs.154.59 crore. Thus the aggregate loss was to the tune of Rs.121.66 crore.

Finalization of accounts

- None of 17 working government companies and 2 statutory corporations finalized their accounts for the year 2006-07. The accounts of all the government companies and statutory corporation were in arrears for periods ranging from 1 to 19 years.

Policy Measures for Restructuring & Reforms

- Government has decided to wind up 17 companies (5 working and 12 non-working) having a total government investment (in equity and loans) amounting to Rs.548.49 crore. Out of these 13 companies

have filed petition for winding up in the Patna High Court and of these, winding up order has been passed in respect of 2 companies.

- The state government has not undertaken any disinvestment and has not implemented any VRS scheme in the PSEs.

Chattisgarh

- As on 31 March 2007, the state has 8 Government companies (all working) and 2 Statutory Corporations (both working).
- The total investment in the working PSEs was Rs.2320.17 crore (equity: Rs. 39.01 crores, share application money: Rs.4crores and long-term loans: Rs.2277.16 crores).
- The sector wise investment (equity and long term loans) in the working PSEs was as follows:

	(Rs. In Crore)
Energy	2263.16 (97.54)
Industry	0.15 (0.01)
Agriculture	0.50 (0.02)
Mining	1.00 (0.04)
Social welfare	4.00 (0.17)
Finance	21.80 (0.94)
Forest	26.66 (1.15)

Note: (Figures in brackets indicate percentage of investment)

- As on 31st March 2007, the total investment in the working Government companies comprised 33.73 per cent of equity capital and 66.27 per cent of loans. For the statutory corporations the ratio is 1.07:98.93.

- As per the latest finalized accounts, 4 Government companies and 2 corporations earned an aggregate profit of Rs.149.10 crore. 3 companies incurred an aggregate loss of Rs.11.62 crore. Thus the overall profit was Rs. 137.48 crore.

Finalization of accounts

- None of 8 working government companies and 2 statutory corporations finalized their accounts for the year 2006-07. The accounts of all the government companies and statutory corporation were in arrears for periods ranging from 1 to 5 years.

Policy Measures for Restructuring & Reforms

- Presently, State has not announced policy for disinvestment in any of the state's PSUs.
- VRS has been implemented in 2 companies. As per the latest available information 22 employees have availed of the scheme for which an amount of Rs.34.07 lakhs has been paid as ex-gratia.

Goa

- The state has 15 Government companies (all working) and one Statutory Corporation (working).

- The total investment in the working PSEs was Rs.476.29 crore (equity: Rs. 192.60 crores. Share application money: Rs.27.68 crore and long-term loans: Rs.256.01 crores).
- The sector wise investment (equity and long term loans) in the working PSEs as on 31st March 2007 was as follows:

(Rs. In Crore)

Area Development	315.13 (66.16)
Transport	70.58 (14.82)
Tourism	22.35 (4.69)
Industries	12.98 (2.73)
Electronics	11.86 (2.49)
Agriculture & Allied	6.23 (1.31)
Development of economically weaker sections	8.63 (1.81)
Others	28.53 (5.99)

Note: (Figures in brackets indicate percentage of investment)

- The total investment in the working Government companies comprised 42.89 per cent of equity capital and 57.11 per cent of loans. For the statutory corporations the investment was 100 per cent equity based.
- As per the latest finalized accounts, 5 Government companies earned an aggregate profit of Rs.14.16 crore. 9 companies and 1 statutory corporation incurred an aggregate loss of Rs.12.80 crore. Thus the overall profit was Rs.1.36 crore.

Finalization of accounts

- 2 Government companies out of 15 working government companies and none of statutory corporation finalized their accounts for the year 2006-07. The accounts of the remaining government companies

and statutory corporation were in arrears for periods ranging from 1 to 6 years.

Policy Measures for Restructuring & Reforms

- There is no disinvestment policy in state PSEs.
- VRS has been implemented in some of the PSEs. However, the response to the scheme has been lukewarm.

Gujarat

- As on 31st March 2007, the state has 53 government companies (41 working and 12 non-working) and 4 statutory corporations (all working).
- The total investment as on in the working PSEs was Rs.46169.13 crore (Equity Rs.13753.79 crore, Loans Rs.22309.64 crore and share application money of Rs.5138.85 crore).
- The total investment in the 12 non working PSEs was Rs.838.71 crore
- The sector wise investment (equity and long term loans) in the working PSES is as follows:

	(Rs. In Crore)
Power and Water Resources	41624.33(90.16)
Finance	1651.40(3.58)
Mining, Construction and Industry	1156.45(2.50)
Agriculture, Handloom, Forest and Miscellaneous sectors	195.11(0.42)
Area development, Economically Weaker Section	155.21(0.34)

Development, Public Distribution and Tourism	
Transport	1386.33 (3.00)

Note: (Figures in brackets indicate percentage of investment)

- As on 31st March 2007, the total investment in working government companies comprised 57.61 per cent equity and 42.39 per cent loans. For statutory corporation the ratio is 33:67.
- As per the latest finalized accounts, 30 government companies and 2 statutory corporations earned aggregate profit of Rs.1421.32 crore. 6 companies and 2 corporations incurred aggregate loss of Rs.177.86 crore. Thus the overall aggregate profit was Rs.1243.46 crore.

Finalization of accounts

- 18 out of 41 working government companies and 1 statutory corporation out of 4 finalized their accounts for the year 2006-07. The accounts of the remaining government companies and corporations were in arrears for a period ranging from 1 to 3 years. For non-working companies the arrear was for a period ranging from 1 to 8 years.

Policy Measures for Restructuring & Reforms

- The state has initiated Public Sector Restructuring Programme (PSRP).
- The state government has wound up certain PSEs whose business operation has been discontinued and employees have been given VRS.

- Till date 21924 employees have availed of VRS and an expenditure of Rs.490.18 crore has been incurred.

Haryana

- As on 31 March 2007, the state has 26 Government companies (19 working and 7 non-working) and 2 Statutory Corporation (both working).
- The total investment as on 31 March 2007 in the working PSEs was 12,172.08 crore (equity: Rs. 2388.01 crores. Share application money: Rs.1449.59 crore and long-term loans: Rs.8334.48 crores).
- The total investment in 7 non-working PSEs (as on 31st March 2007) was Rs. 139.32 crore.
- The sector wise investment (equity and long term loans) in the working PSEs as on 31st March 2007 is as follow:

(Rs. In Crore)

Power	10947.17 (89.94)
Engineering & Construction	478.59 (3.39)
Industry	329.12 (2.70)
Finance	255.62 (2.10)
Agriculture	24.29 (0.20)
Others	137.29 (1.13)

Note: (Figures in brackets indicate percentage of investment)

- As on 31st March 2007, the total investment in the working Government companies comprised 31.86 per cent of equity capital and 68.14 per cent of loans. For the statutory corporations the ratio is 16.70:83.30.

- As per the latest finalized accounts, 11 companies and 2 corporations earned an aggregate profit of Rs.104.65 crore. 7 companies incurred a loss of Rs.365.50 crore. Thus the aggregate loss was to the tune of Rs.260.85 crore.

Finalization of accounts

- 5 government companies out of 19 working government companies and 1 statutory corporation out of 2 finalized their accounts for the year 2006-07. The accounts of the remaining government companies and statutory corporation were in arrears for periods ranging from 1 to 6 years.

Policy Measures for Restructuring & Reforms

- The state has closed down 6 PSEs and has retrenched the staff with compensation.
- VRS was implemented in one PSE (Haryana Minerals) which is already closed.
- The state has also stipulated that all PSEs should pay a dividend of 4 per cent to the government – however this is not being followed.

Jharkhand

- As on 31 March 2006, the state had 5 Government companies (all working) and 1 Statutory Corporation (working).

- The total investment as on 31 March 2006 in the working PSEs was 2473.87 crore (equity: Rs. 7.55 crores. Share application money: Rs.0.25 crore and long-term loans: Rs.2466.07 crores).
- The sector wise investment (equity and long term loans) in the working PSEs as on 31st March 2006 is as follow:

(Rs. In Crore)

Power	2460.82 (99.47)
Construction	2.00 (0.08)
Forest & Environment	0.05 (0.01)
Tourism	0.75 (0.03)
Agriculture	10.25 (0.41)

Note: (Figures in brackets indicate percentage of investment)

- As on 31st March 2006, the total investment in the working Government companies comprised 60 per cent of equity capital and 40 per cent of loans. For one statutory corporation the investment was made 100 per cent as a loan.
- As per the latest finalized accounts, 2 companies earned an aggregate profit of Rs.1.97 crore. 1 company and 1 corporation incurred a loss of Rs.49.62crore. Thus the aggregate loss was to the tune of Rs.47.65 crore.

Finalization of accounts

- 1 government company out of 5 working government companies and 1 statutory corporation finalized their accounts for the year 2004-05. The accounts of the remaining government companies and a statutory corporation were in arrears for periods ranging from 1 to 4 years.

Karnataka

- As on 31st March 2007, the state has 76 government companies (59 working and 17 non-working) and 6 statutory corporations (all working).
- The total investment as on 31st March 2007 is Rs.43968.73 crore (Equity Rs.13753.79 crore, Loans Rs.22309.64 crore and share application money of Rs.5138.85 crore).
- The total investment in 17 non working companies was Rs.593.79 crore..
- The sector wise investment as on 31st March 2007 is as follows:

(Rs. In Crore)

Power	10178.72(23.15)
Industry	498.06(1.13)
Construction	2161.34(4.92)
Finance	2818.77(6.41)
Transport	1485.10(3.38)
Social Welfare	494.22(1.12)
Irrigation	25766.41(58.60)
Others	566.11(1.29)

Note: (Figures in brackets indicate percentage of investment)

- The total investment in working government companies comprised 49.86 per cent equity and 50.14 per cent loans. For statutory corporation the ratio is 23.88:76.12.
- As per the latest finalized accounts, 40 government companies and 5 statutory corporations earned aggregate profit of Rs.1019.58 crore.

11 companies and one corporation incurred aggregate loss of Rs.84.86 crore. Thus the overall aggregate profit was Rs.934.72 crore.

Finalization of accounts

- 46 out of 59 working government companies and all the 6 statutory corporations finalized their accounts for the year 2006-07. The accounts of the remaining government companies were in arrears for a period ranging from 1 to 3 years. For non- working companies the arrear was for a period ranging from 1 to 4 years.

Policy Measures for Restructuring & Reforms

- In order to upgrade the managerial and professional skills of the SPE managers and staff the state has tied up with various reputed organizations to impart training.
- Every PSE has to execute a MoU with the State Government for achieving certain milestones in a phased manner.
- Decision has been taken for merger of 2 PSEs.
- 18 PSEs are either closed or non-functional.
- An integrated VRS scheme has been implemented since 2001.

Kerala

- As on 31st March 2007, the state has 109 government companies (84 working and 25 non-working) and 5 statutory corporations (all working).

- The total investment in the working PSEs was Rs.8396.34 crore (Equity Rs.3268.92 crore, Loans Rs.4954.92 crore and share application money of Rs.172.83 crore).
- The total investment in the 25 non working PSEs is Rs.164.72 crore
- The sector wise investment (equity and long term loans) in the working PSES is as follows:

(Rs. In Crore)

Power	4051.52(48.25)
Transport	697.60(8.31)
Economically Weaker Sections	340.75(4.06)
Public Distribution	142.02(1.69)
Drugs, etc	142.04(1.69)
Industry	257.97(3.07)
Finance	619.64(7.68)
Agriculture & Allied	645.02(7.68)
Engineering & Electronics	475.76(5.69)
Others	1024.02(12.20)

Note: (Figures in brackets indicate percentage of investment)

- The total investment in working government companies comprised 53.97 per cent equity and 46.03 per cent loans. The corresponding ratio for statutory corporations was 34.13:65.87.
- As per the latest finalized accounts, 35 government companies and 2 statutory corporations earned aggregate profit of Rs.399.53 crore. 45 companies and 3 corporations incurred aggregate loss of Rs.359.18 crore. Thus the overall aggregate profit was Rs.40.35 crore.

Finalization of accounts

- 18 out of 84 working government companies and 3 statutory corporations out of 5 finalized their accounts for the year 2006-07. The accounts of the remaining government companies and corporations were in arrears for a period ranging from 1 to 13 years. For non-working companies the arrear was for a period ranging from 3 to 17 years.

Policy Measures for Restructuring & Reforms

- The state has formulated enterprise specific restructuring packages for various PSEs
- One of the measures undertaken was One Time Settlement (OTS) of unpaid dues by various PSEs.
- Upgradation of manpower, technology and tapping of new markets are some of the other steps taken to improve the efficiency of the PSEs.
- A master plan for optimum utilization of the unutilized land at the disposal of the PSEs has been implemented.
- 9 enterprises have been closed down – however, the government does not have any specific policy of disinvestment.
- Government is also contemplating merger of some PSEs.
- VRS scheme has been implemented in the PSEs since 1995. In 2003 Government sanctioned a Social Safety Net Programme for the employees in PSUs retired under VRS. As on date 5709 employees have availed of the VRS and an expenditure of Rs.148.81 crore has been incurred by the State on this account.

Madhya Pradesh

- As on 31st March 2007, the state has 40 government companies (31 working and 9 non-working) and 4 statutory corporations (all working).
- The total investment in the working PSEs was Rs.20308.37 crore (Equity Rs.4871.72 crore, Loans Rs.14820.34 crore and share application money of Rs.616.31 crore).
- The total investment in the 9 non working is Rs.228.98 crore
- The sector wise investment (equity and long term loans) in the working PSES as on 31st March 2007 is as follows:

(Rs. In Crore)

Energy	18273.04(89.98)
Financing	1143.39(5.63)
Transport	601.96(2.96)
Development of weaker sections	92.46(0.46)
Others	197.52(0.97)

Note: (Figures in brackets indicate percentage of investment)

- The total investment in working government companies comprised 44.20 per cent equity and 55.80 per cent loans. The corresponding ratio for statutory corporations was 10.86:89.14.
- As per the latest finalized accounts, 17 government companies and 2 statutory corporations earned aggregate profit of Rs.1410.63 crore. 10 companies and 2 corporations incurred aggregate loss of

Rs.854.86 crore. Thus the overall aggregate profit was Rs.555.77 crore.

Finalization of accounts

- 4 out of 31 working government companies and 1 statutory corporation out of 4 finalized their accounts for the year 2006-07. The accounts of the remaining government companies and corporations were in arrears for a period ranging from 1 to 7 years. For non- working companies the arrear was for a period ranging from 1 to 17 years.

Policy Measures for Restructuring & Reforms

- The state has closed/merged 6 PSEs since 1998.
- A committee has been put in place to review the policy of investment in PSEs.
- PSEs are required to execute MoUs with the State Government.
- VRS has been implemented in 1998. In the MP State Road Transport Corporation 4306 employees have availed of this scheme and a decision has been taken to close the corporation.

Maharashtra

- The state has 73 government companies (51 working and 22 non-working) and 4 statutory corporations (all working).

- The total investment as on in the working PSEs was Rs.24562.69 crore (Equity Rs.10223.23 crore, Loans Rs.14190.92 crore and share application money of Rs.148.54 crore).
- The total investment in the 22 non working PSEs is Rs 794.24 crore
- The sector wise investment (equity and long term loans) in the working PSES is as follows:

(Rs. In Crore)

Power	18322.48(74.59)	<i>Note:</i>
Area Development	54.82(0.82)	
Transport	1266.15(5.15)	
Development of weaker sections	570.26(2.32)	
Finance	689.39(2.81)	
Forest	154.36(0.63)	
Agriculture & Allied	132.62(0.54)	
Textiles	12.13(0.05)	
Construction	2398.60(9.77)	
Others	961.88(3.92)	

(Figures in brackets indicate percentage of investment)

- The total investment in working government companies comprised 40.87 per cent equity and 59.13 per cent loans. The corresponding ratio for statutory corporations was 57.58:42.42.
- As per the latest finalized accounts, 23 government companies and 3 statutory corporations earned aggregate profit of Rs.499.41 crore. 24 companies and 1 corporation incurred aggregate loss of Rs.682.12 crore. Thus the overall aggregate loss was Rs.182.71 crore.

Finalization of accounts

- 4 out of 51 working government companies and 3 statutory corporations out of 4 finalized their accounts for the year 2006-07. The accounts of the remaining government companies and corporations were in arrears for a period ranging from 1 to 15 years. For non-working companies the arrear was for a period ranging from 1 to 21 years.

Policy Measures for Restructuring & Reforms

- The state has initiated steps to liquidate 13 companies. However, the process has been going on for a very long time (almost 21 years in some cases)
- There is a plan to privatise 14 loss making PSEs. One has already been privatized and process for another is underway.
- The state has implemented VRS. So far 1701 employees from various PSEs have opted for the scheme. Compensation paid is about Rs.52.65 crore.

Orissa

- As on 31st March 2007, the state has 61 government companies (29 working and 32 non-working) and 3 statutory corporations (all working).
- The total investment in the working PSEs was Rs.9398.67 crore (Equity Rs.1973.40 crore and Loans Rs.7425.27 crore).
- The total investment in the 32 non working PSEs is Rs.154.72 crore

- The sector wise investment (equity and long term loans) in the working PSES is as follows:

(Rs. In Crore)

Power	7604.40(80.91)
Financing	628.97(6.69)
Agriculture & Electronics	31.13(0.33)
Others	1134.17(12.07)

Note: (Figures in brackets indicate percentage of investment)

- As on 31st March 2007, the total investment in working government companies comprised 20.07 per cent equity and 79.93 per cent loans. The corresponding ratio for statutory corporations was 32.50:67.50.
- As per the latest finalized accounts, 14 government companies and 3 statutory corporations earned aggregate profit of Rs.462.91 crore. 13 companies incurred aggregate loss of Rs.65.12 crore. Thus the overall aggregate profit was Rs.397.79 crore.

Finalization of accounts

- 1 out of 29 working government companies and none of statutory corporation out of 3 finalized their accounts for the year 2006-07. The accounts of the remaining government companies and corporations were in arrears for a period ranging from 1 to 7 years. For non- working companies the arrear was for a period ranging from 3 to 36 years.

Policy Measures for Restructuring & Reforms

- The state has set up the Department of Public Enterprises as the nodal department for overseeing all aspects of functioning, reforms/restructuring/ disinvestment of the PSEs in the state.
- The State has undertaken the Orissa Public Enterprises Reform Project (OPERP) which is supported both technically and financially by the Department for International Development (DFID).
- The state has been able to separate 34256 employees from 42 PSEs and co-operative enterprises at a cost of Rs.153.77 crore. 11 PSEs and co-operative enterprises were privatized which resulted in an earning of Rs.241 crore to the State exchequer.
- 2 PSEs i.e Orissa Maritime & Chilka Area Development Corporation Ltd. and Orissa Fish Seed Development Corporation Ltd. have been merged to form Orissa Pisciculture Development Corporation Ltd.

Punjab

- As on 31st March 2007, the state has 41 government companies (22 working and 19 non-working) and 5 statutory corporations (all working).
- The total investment in the working PSEs was Rs.13915.01 crore (Equity Rs.3580.71 crore, Loans Rs.10227.15 crore and share application money of Rs.87.55 crore).
- The total investment in the 19 non working PSEs is Rs.164.72 crore

- The sector wise investment (equity and long term loans) in the working PSES is as follows:

	(Rs. In Crore)
Power	11855.53(85.20)
Industries	711.65(5.11)
Agriculture	589.28 (4.24)
Finance	337.55(2.43)
Transport	293.89 (2.11)
Others	127.11 (0.91)

Note: (Figures in brackets indicate percentage of investment)

- The total investment in working government companies comprised 37.53 per cent equity and 62.47 per cent loans. For statutory corporations the ratio is 25.24 : 74.76.
- As per the latest finalized accounts, 9 government companies and 1 statutory corporation earned aggregate profit of Rs.91.90 crore. 11 companies and 4 corporations incurred aggregate loss of Rs.203.19 crore. Thus the overall aggregate loss was Rs.11.29 crore.

Finalization of accounts

- 4 out of 22 working government companies and 1 statutory corporations out of 5 finalized their accounts for the year 2006-07. The accounts of the remaining government companies and corporations were in arrears for a period ranging from 1 to 4 years. For non- working companies the arrear was for a period ranging from 1 to 16 years.

Policy Measures for Restructuring & Reforms

- The state has initiated the process of disinvestment in 4 PSEs. As on date the State exchequer has received Rs.340.81 crore as disinvestment proceeds. Further proposals of disinvestment are under the active consideration of the state government.
- VRS has also been introduced since 2002. 664 employees of various PSEs have availed of this scheme. As on date an expenditure of Rs.44.42 crore has been incurred for this purpose.

Rajasthan

- The state has 26 government companies (22 working and 4 non-working) and 3 statutory corporations (all working).
- The total investment in the working PSEs was Rs.16471.83 crore (Equity Rs.5088.95 crore, Loans Rs.11373.10 crore and share application money of Rs.9.78 crore).
- The total investment in the 4 non working PSEs is Rs.13.58 crore.
- The sector wise investment (equity and long term loans) in the working PSES is as follows:

(Rs. In Crore)

Power	14780.65(89.73)
Industry	1054.56(6.40)
Transport	383.73(2.33)
Construction	72.05(0.44)
Mining	115.70(0.70)
Agriculture	16.70(0.10)
Others	48.44(0.30)

Note: (Figures in brackets indicate percentage of investment)

- The total investment in working government companies comprised 31.37 per cent equity and 68.63 per cent loans. For statutory corporations the ratio is 25.69:74.31.
- As per the latest finalized accounts, 9 government companies and 2 statutory corporations earned aggregate profit of Rs.300.39 crore. 4 companies and 1 corporation incurred aggregate loss of Rs.31.62 crore. Thus the overall aggregate profit was Rs.268.77 crore.

Finalization of accounts

- 15 out of 22 working government companies and 2 statutory corporations out of 3 finalized their accounts for the year 2006-07. The accounts of the remaining government companies and corporations were in arrears for a period of 1 year. For non- working companies the arrear was for a period of 1 year.

Policy Measures for Restructuring & Reforms

- A Committee set up on “Reorganisation, Strengthening and Disinvestment of Public Sector Undertakings and Industrial Development” recommended partial disinvestment of 11 PSEs, full disinvestment of 3 PSEs and winding up of 7 PSEs.
- As on date, 1 PSE is under liquidation while 2 have been closed. 2 PSE have also been merged.
- VRS was implemented in the state PSEs. As on date 1457 employees have availed of this scheme with a total expenditure of 19.69 crore.

Tamil Nadu

- As on 31st March 2007, the state has 67 government companies (53 working and 14 non-working) and 2 statutory corporations (both working).
- The total investment in the working PSEs was Rs.15232.06 crore (Equity Rs.2522.90 crore and Loans Rs.4954.92 crore).
- The total investment in the 14 non working PSEs is Rs.86.89 crore
- The sector wise investment (equity and long term loans) in the working PSES is as follows:

(Rs. In Crore)

Power	11271.07(74.00)
Transport	1430.79(9.39)
Finance	734.45(4.82)
Infrastructure	940.77(6.18)
Economically weaker sections	152.03(1.00)
Industry	311.92(2.04)
Others	391.03(2.57)

Note: (Figures in brackets indicate percentage of investment)

- As on 31st March 2007, the total investment in working government companies comprised 45.66 per cent equity and 54.34 per cent loans.
- As per the latest finalized accounts, 35 government companies and 1 statutory corporations earned aggregate profit of Rs.194.01 crore. 16 companies and 1 corporation incurred aggregate loss of Rs.1681.58 crore. Thus the overall aggregate loss was Rs.1487.57 crore.

Finalization of accounts

- 38 out of 53 working government companies and 1 statutory corporation out of 2 finalized their accounts for the year 2006-07.

The accounts of the remaining government companies and corporations were in arrears for a period ranging from 1 to 5 years. For non-working companies the arrear was for a period ranging from 1 to 14 years.

Policy Measures for Restructuring & Reforms

- The state has not formulated any strategy for disinvestment.
- VRS scheme has been implemented in the PSEs. As on date 51 employees of 2 PSEs have availed of this scheme. Expenditure incurred for implementation of this scheme is Rs.1.37 crore.

Uttar Pradesh

- The state has 88 government companies (48 working and 40 non-working) and 7 statutory corporations (all working).
- The total investment in the working PSEs was Rs.28071.54 crore (Equity Rs.11603.48 crore, Loans Rs.8753.88 crore and share application money of Rs.7714.18 crore).
- The total investment in the 40 non working PSEs is Rs.878.96 crore
- The sector wise investment (equity and long term loans) in the working PSES is as follows:

	(Rs. In Crore)
Power	22685.65(80.81)
Sugar	1727.83(6.15)
Agriculture, Industry and Others	1304.56(4.65)
Financing	220.48(0.79)
Electronics	264.40(0.84)
Textiles	1868.62(6.66)

Note: (Figures in brackets indicate percentage of investment)

- The total investment in working government companies comprised 71.71 per cent equity and 28.29 per cent loans. The corresponding share in the statutory corporations was 27.49 and 72.51 respectively.
- As per the latest finalized accounts, 18 government companies and 3 statutory corporations earned aggregate profit of Rs.965.62 crore. 21 companies and 1 corporation incurred aggregate loss of Rs.1465.71 crore. Thus the overall aggregate loss was Rs.500.09 crore.

Finalization of accounts

- 5 out of 48 working government companies finalized their accounts for the year 2006-07. The accounts of the remaining government companies and corporations were in arrears for a period ranging from 1 to 15 years. For non- working companies the arrear was for a period ranging from 1 to 25 years.

Policy Measures for Restructuring & Reforms

- The state has a policy of allowing 100 per cent disinvestment in sugar mills and 11 to 49 per cent disinvestment in other enterprises. Privatisation/sale of all the 33 sugar mills under the Sugar Corporation has been approved.
- 10 PSEs are under liquidation.

- VRS has been implemented. As on date 20182 employees have availed of this scheme and an expenditure of Rs.299.41 has been incurred.
- 4122 employees have also been retrenched at a cost of Rs.61.97 crore.

West Bengal

- As on 31st March 2007, the state has 75 government companies (56 working and 19 non-working) and 11 statutory corporations (10 working and 1 non-working).
- The total investment in the working PSEs was Rs.34976.45 crore (Equity Rs.6539.88 crore, Loans Rs.28356.87 crore and share application money of Rs.79.70 crore).
- The total investment in the 20 non working PSEs is Rs.401.10 crore
- The sector wise investment (equity and long term loans) in the working PSES is as follows:

(Rs. In Crore)

Power	20481.91(58.56)
Finance	10653.59(30.46)
Industrial Development and Electronics	1124.54(3.22)
Transport	820.96(2.35)
Textiles, Handloom and Handicrafts	283.68(0.81)
Agriculture & Allied	191.76(0.55)
Drugs & Chemicals	522.69(1.49)
Others	897.32(2.57)

Note (Figures in brackets indicate percentage of investment)

- As on 31st March 2007, the total investment in working government companies and statutory corporations comprised 18.93 per cent equity and 81.07 per cent loans.
- As per the latest finalized accounts, 23 government companies and 3 statutory corporations earned aggregate profit of Rs.756.51 crore. 31 companies and 7 corporations incurred aggregate loss of Rs.691.48 crore. Thus the overall aggregate profit was Rs.65.03 crore.

Finalization of accounts

- 28 out of 56 working government companies and 2 statutory corporations out of 10 finalized their accounts for the year 2006-07. The accounts of the remaining government companies and corporations were in arrears for a period ranging from 1 to 6 years. For non-working companies the arrear was for a period ranging from 1 to 23 years.

Policy Measures for Restructuring & Reforms

- The state does not have a policy of disinvestment. However, in case of 4 companies, keeping in view the large investment requirement for a turnaround, joint venture companies were formed with strategic partners in the private sector.

- 21 units have been closed while 5 have been restructured and retained.4 are under process of restructuring.
- The state received a grant of Rs.208.67 crore from DFID for restructuring.
- An Early Retrenchment Scheme (ERS) was implemented under which 6147 employees have retired.

Section II

Based on the state-specific information provided in the previous section, this section gives an aggregate picture of various aspects of PSEs in the states as on 31st March 2007.

Table 1

Functional & Non-functional Public Sector Enterprises

S.No	State	Companies			Corporations		
		Working	Non-working	Total	Working	Non-working	Total
A	Special Category						
1	Arunachal Pradesh	3	2	5	-	-	-
2	Assam	35	10	45	4	-	4
3	Himachal Pradesh	16	2	18	3	-	3
4	Jammu & Kashmir	17	3	20	3	-	3
5	Manipur	8	7	15	-	-	-
6	Meghalya	10	-	10	3	-	3
7	Mizoram	5	-	5	-	-	-
8	Nagaland	5	1	6	-	-	-
9	Sikkim	9	3	12	3	-	3
10	Tripura	9	1	10	1	-	1
11	Uttrakhand	16	4	20	2	-	2
	Total A	133	33	166	19	-	19
B	General Category						
12	Andhra Pradesh	35	18	53	3	-	3
13	Bihar	17	34	51	4	-	4
14	Chattisgarh	8	-	8	2	-	2
15	Goa	15	-	15	1	-	1
16	Haryana	19	7	26	2	-	2
17	Jharkhand	5	-	5	1	-	1
18	Gujarat	41	12	53	4	-	4

19	Karnataka	59	17	76	6	-	6
20	Kerala	84	25	109	5	-	5
21	Madhya Pradesh	31	9	40	4	-	4
22	Maharashtra	51	22	73	4	-	4
23	Orissa	29	32	61	3	-	3
24	Punjab	22	19	41	5	-	5
25	Rajasthan	22	4	26	3	-	3
26	Tamil Nadu	53	14	67	2	-	2
27	Uttar Pradesh	48	40	88	7	-	7
28	West Bengal	56	19	75	10	1	11
	Total B	595	272	867	66	1	67
	Grand Total(A+B)	728	305	1033	85	1	86

The total number of PSEs existing as on 31st March 2007 is 1119 (1033 companies and 86 statutory corporations). Of the companies almost 30 per cent are non-working. The average number of PSEs existing in a state is 40. For general category states the figure is as high as 55. Kerala has the highest number of PSEs among all the states. Uttar Pradesh has the highest number of non-working companies.

Table 2

Investment in Public Sector Enterprises

(Rs. In crore)

S.No	State	Working	Non-working	Total
A	Special Category			
1	Arunachal Pradesh	16.18	3.15	19.33
2	Assam	2622.86	83.01	2705.87
3	Himachal Pradesh	3886.32	4.79	3891.11
4	Jammu & Kashmir	4420.88	3.40	4424.28
5	Manipur	39.37	72.74	112.11
6	Meghalaya	1290.34	-	1290.34

7	Mizoram	89.23	-	3989.23
8	Nagaland	59.74	4.96	64.70
9	Sikkim	158.96	3.43	162.39
10	Tripura	345.59	0.04	345.63
11	Uttarakhand	2724.78	0.39	2725.17
	Total A	15654.25	175.91	19730.16
B	General Category			
12	Andhra Pradesh	33195.02	263.34	33458.36
13	Bihar	7929.91	718.03	8647.94
14	Chattisgarh	2320.17	-	2320.17
15	Goa	476.29	-	476.29
16	Haryana	12172.08	139.32	12311.40
17	Jharkhand	2473.87	-	2473.87
18	Gujarat	46169.13	838.71	47007.84
19	Karnataka	43968.73	593.79	44562.52
20	Kerala	8396.34	164.72	8561.06
21	Madhya Pradesh	20308.37	228.98	20537.35
22	Maharashtra	24562.69	794.24	25356.93
23	Orissa	9398.67	154.72	9553.39
24	Punjab	13915.01	164.72	14079.73
25	Rajasthan	16471.83	13.58	16485.41
26	Tamil Nadu	15232.06	86.89	15318.95
27	Uttar Pradesh	28071.54	878.96	28950.50
28	West Bengal	34976.45	401.10	35377.55
	Total B	320038.16	5441.10	325479.26
	Grand Total (A+B)	335692.41	5617.01	345209.42

Total investment made in the PSEs was of the order of Rs.3,45,204.46 crore of which around 1.62 per cent was in non-working companies. Gujarat had the highest level of investment of around Rs.47000 crore. Kerala which has the highest number of PSEs is placed much lower in terms of total investment in PSEs.

Table 3
Sector wise investment in Public Sector Enterprises

(Rs. In Crore)

S.No	State	Total Investment	Power	Transport	Welfare
A	Special Category				
1	Arunachal Pradesh	16.18	-	-	-
2	Assam	2622.86	1635.52	332.70	48.41
3	Himachal Pradesh	3886.32	2400.95	437.07	-
4	Jammu & Kashmir	4420.88	2162.25	438.03	52.90
5	Manipur	39.38	-	-	0.88
6	Meghalaya	1290.34	1065.96	66.03	-
7	Mizoram	89.23	-	-	-
8	Nagaland	59.74	-	-	-
9	Sikkim	158.90	53.41	-	25.38
10	Tripura	345.59	9.55	131.15	4.58
11	Uttrakhand	2724.78	2386.35	96.92	16.69
	Total A	15654.20	9713.99	1501.90	148.84
B	General Category				
12	Andhra Pradesh	33195.02	21541.91	-	-
13	Bihar	7929.91	7007.23	-	71.28
14	Chattisgarh	2320.17	2263.16	-	4.00
15	Goa	476.29	-	70.58	8.63
16	Haryana	12172.58	10947.17	-	-
17	Jharkhand	2473.87	2460.82	-	-
18	Gujarat	46168.83	41624.33	1386.33	155.21
19	Karnataka	43968.73	10178.72	1485.10	494.22
20	Kerala	8396.34	4051.52	697.60	340.75
21	Madhya Pradesh	20308.37	18273.04	601.96	92.46
22	Maharashtra	24562.69	18322.48	1266.15	570.26
23	Orissa	9398.67	7604.40	-	-
24	Punjab	13915.01	11855.53	293.89	-
25	Rajasthan	16471.83	14780.55	383.73	-

26	Tamil Nadu	15232.06	11271.07	1430.79	152.03
27	Uttar Pradesh	28071.54	22685.65	-	-
28	West Bengal	34976.45	20481.91	820.96	-
	Total B	320038.36	225349.49	8437.09	1888.84
	Grand Total(A + B)	335692.56	235063.48	9938.99	2037.68

Table 3 gives an approximate estimate (based on available data) of the magnitude of investment (in working PSEs) in power, transport and social welfare sectors. The minor difference in the total investment figure in Table 3 and the figure of investment in working PSEs given in Table 2 are due to rounding off. Almost 70 per cent of total investment in PSEs is in the power sector. Transport sector accounts for another 3 per cent. Investment in the welfare sector is less than 1 per cent.

Table 4
Composition of investment in working PSEs

(per cent)					
S.No	State	Companies		Corporations	
		Debt	Equity	Debt	Equity
A	Special Category				
1	Arunachal Pradesh	44.13	55.87	80.00	20.00
2	Assam	55.01	44.99	38.13	61.87
3	Himachal Pradesh	81.40	19.60	80.80	19.20
4	Jammu & Kashmir	94.20	5.80	72.13	27.87
5	Manipur	25.48	74.52	-	-
6	Meghalaya	18.25	81.75	76.14	23.86
7	Mizoram	37.41	62.49	-	-
8	Nagaland	60.85	39.15	-	-
9	Sikkim	52.96	47.04	18.05	81.95
10	Tripura	3.56	96.44	0.19	99.81
11	Uttrakhand	73.49	26.51	20.31	79.69

	Average (A)	49.70	50.38	48.22	51.78
B	General Category				
12	Andhra Pradesh	78.00	22.00	88.00	12.00
13	Bihar	79.12	20.88	97.21	2.79
14	Chattisgarh	66.27	33.73	98.93	1.07
15	Goa	57.11	42.89	0.00	100.00
16	Haryana	68.14	31.86	83.30	16.70
17	Jharkhand	40.00	60.00	100.00	0.00
18	Gujarat	42.39	57.61	67.00	33.00
19	Karnataka	50.31	49.86	76.12	23.88
20	Kerala	46.03	53.97	65.87	34.13
21	Madhya Pradesh	55.80	44.20	89.14	10.86
22	Maharashtra	59.13	40.87	42.42	57.58
23	Orissa	79.93	20.07	67.50	32.50
24	Punjab	62.47	37.53	74.76	25.24
25	Rajasthan	68.63	31.37	74.31	25.69
26	Tamil Nadu	54.34	45.66	-	-
27	Uttar Pradesh	28.29	71.71	72.51	27.49
28	West Bengal	81.07	18.93	-	-
	Average (B)	59.83	40.18	73.14	26.86
	Average(A + B)	55.85	44.19	64.47	35.53

The debt component in total investment is much more in the statutory corporations than in the companies in case of general category states. Even in case of government companies the debt component is more in case of general category states vis-à-vis the special category states.

The number of profit earning entities and aggregate profit/loss, as per the finalized accounts as reported in the respective years by the CAG) is as depicted in Table 5 and Table 6 below.

Table 5

Number of Profit/Loss Making Units

S.No.	State	Profit Making				Loss Making			
		2003-04	2004-05	2005-06	2006-07	2003-04	2004-05	2005-06	2006-07
Special Category States A									
1	Arunachal Pradesh	-	-	-	-	3	3	3	3
2	Assam	6	7	7	6	25	24	24	29
3	Himachal Pradesh	6	6	8	7	11	11	9	11
4	Jammu & Kashmir	4	5	5	8	11	10	12	10
5	Manipur	4	3	3	3	3	3	3	3
6	Meghalaya	3	4	3	3	10	9	10	10
7	Mizoram	0	0	0	0	4	5	5	5
8	Nagaland	-	-	-	-	3	3	3	3
9	Sikkim	4	5	3	3	7	6	8	8
10	Tripura	0	3	2	2	9	6	7	7
11	Uttarakhand	-	1	6	4	9	11	8	12
	Total A	27	34	37	36	95	91	92	101
General category States B									
1	Andhra Pradesh	18	20	21	22	12	11	19	10
2	Bihar	6	6	7	7	13	13	12	12
3	Chhattisgarh	4	2	3	6	1	3	4	3
4	Goa	5	4	4	5	9	10	12	10
5	Gujarat	23	24	25	32	13	11	9	8
6	Haryana	14	12	12	13	5	7	7	7
7	Jharkhand	3	3	2	-	0	1	2	-
8	Karnataka	39	37	37	45	17	21	20	12
9	Kerala	36	38	37	37	53	51	48	48
10	Madhya Pradesh	12	15	17	19	12	9	8	12
11	Maharashtra	11	18	22	26	44	36	27	25
12	Orissa	14	16	17	17	17	14	13	13
13	Punjab	8	11	11	10	6	11	13	15
14	Rajasthan	8	10	8	11	15	5	7	5
15	Tamil Nadu	31	36	29	36	23	18	23	17
16	Uttar Pradesh	2	22	24	31	28	27	30	23
17	West Bengal	17	19	23	26	56	53	46	38
	Total B	251	293	299	343	324	301	300	258
	Grand Total (A+B)	278	327	336	379	419	392	392	359

While the number of profit making units, in aggregate, have gone up over the period 2003-04 to 2006-07, the number of loss making units have been more than that of the profit making ones with the only exception of 2006-07. Karnataka, Andhra Pradesh, Haryana and Tamil Nadu have consistently had a larger number of profit making units while in states like Maharashtra and Kerala and West Bengal it has just been the opposite.

Table 6
Aggregate profit (+)/loss (-) in PSUs

(Rs. In crore)

S.No.	State	Profit/Loss Amount			
		2003-04	2004-05	2005-06	2006-07
Special Category States A					
1	Arunachal Pradesh	-3.00	-3.00	-3.00	-3.00
2	Assam	-711.27	-665.19	-1030.28	-1032.12
3	Himachal Pradesh	-76.93	-80.42	-9.98	-59.68
4	Jammu and Kashmir	306.27	-3.40	70.25	151.69
5	Manipur	-0.42	0.74	0.76	0.45
6	Meghalaya	-27.48	4.92	-70.75	-99.35
7	Mizoram	-3.74	-4.21	-5.03	-5.19
8	Nagaland	-2.06	-2.06	-1.63	-1.63
9	Sikkim	-22.30	-2.85	-4.05	-2.86
10	Tripura	-20.59	-18.99	-19.10	-16.33
11	Uttarakhand	-19.44	-38.47	-65.33	-75.86
	Total A	-580.96	-812.93	-1138.14	-1143.88
General category States B					
1	Andhra Pradesh	435.09	483.78	360.29	95.31
2	Bihar	-1008.37	-725.19	-210.05	-121.66
3	Chhatisgarh	3.81	5.13	328.90	137.48
4	Goa	-33.07	-46.97	-25.65	1.36
5	Gujarat	-413.88	-1653.38	532.68	1243.46
6	Haryana	40.21	91.74	-385.25	-260.95
7	Jharkhand	3.15	-46.30	-47.65	-
8	Karnataka	369.03	566.05	590.17	934.72
9	Kerala	-125.32	-40.33	-58.28	40.35
10	Madhya Pradesh	-450.33	74.48	1242.13	555.77

11	Maharashtra	-1103.88	-1158.93	-388.96	-182.71
12	Orissa	-508.19	656.92	761.34	397.79
13	Punjab	12.45	75.26	-3827.99	-111.29
14	Rajasthan	-895.79	148.01	215.38	268.77
15	Tamil Nadu	119.44	-1008.96	-1487.67	-1487.57
16	Uttar Pradesh	-1201.74	-1640.38	-1428.27	-500.09
17	West Bengal	-709.01	-811.00	-678.55	65.03
18	Total B	-5466.40	-5030.07	-4507.43	1075.77
	Grand Total (A+B)	-6047.36	-5843.00	-5645.57	-68.11

There has been a slow but steady decline in the aggregate losses of the PSEs during the period 2003-04 to 2005-06. However, in 2006-07 there appears to be a drastic improvement. This is because of two major factors- 1) there was a write off of losses to the tune of Rs.3242 crore for Punjab State Electricity Board in the year 2004-05 which is reflected in the sharp decline in overall losses for Punjab in the year 2006-07; and 2) delay in finalization of accounts by the PSEs (which is proportionately more for states where the PSEs have been incurring aggregate losses; eg. Uttar Pradesh, West Bengal, Maharashtra and most of the Special Category states as is borne out by Table 8 below). However, in spite of these aberrations it can be concluded that there has been a marginal improvement in the overall profitability of the PSEs.

Rate of Return on capital employed

The rate of return on capital employed indicates the earnings on capital invested. In general, capital employed is represented as total assets less current liabilities or net fixed assets plus working capital. The figures in Table 7 are based on the CAG reports of the respective years. 'Capital employed' as defined by CAG, represents net fixed assets (including capital work in progress) and working capital except in Finance

companies and corporations where it represents a mean of aggregate of opening and closing balances of paid up capital, free reserves, bonds, deposits and borrowings(including refinance). For calculating total return on capital employed, interest on borrowed funds is added to the net profit/subtracted from the loss as disclosed in the profit and loss account.

Table 7
Return On capital Employed

S.No	States	Working Govt. Companies				Statutory Corporations			
		2003-04	2004-05	2005-06	2006-07	2003-04	2004-05	2005-06	2006-07
	Special Category A								
1	Assam	3.19	7.02	5.57	5.36	-45.30	-51.59	-119.88	-119.20
2	Himachal Pradesh	2.37	0.56	2.40	-0.73	1.40	2.31	3.72	3.89
3	Jammu & Kashmir	9.64	6.41	14.25	7.21	-25.48	-43.77	-54.38	-6.98
4	Manipur	7.72	8.84	9.04	7.03				
5	Meghalaya	0.76	-0.16	-2.69	-2.37	1.95	5.81	-2.74	-8.98
6	Mizoram	-4.87	-5.74	-7.28	-9.10	-	-	-	-
7	Nagaland		-11.08	-4.78	4.80	-	-	-	-
8	Sikkim	2.50	0.53	1.71	1.53	0.13	0.82	1.02	0.68
9	Tripura	-8.63	-11.62	-10.69	-5.36	-	-	-	-
10	Uttarakhand	-0.82	1.31	6.42	11.40	-	-	-	-
11	Arunachal Pradesh	-9.02	-11.31	-8.16	-7.80	-	-	-	-
	Average A	0.28	-1.39	0.53	1.09	-13.46	-17.28	-34.45	-26.12
	General Category B								
1	Andhra Pradesh	11.19	9.21	5.86	5.20	10.70	10.52	0.02	6.56
2	Bihar	2.17	-1.10	-1.06	0.62	-	-41.47	12.25	27.95
3	Chhattisgarh	-	-	-	-	-	-	-	-
4	Goa	5.78	1.76	4.13	9.32	-4.68	-4.68	-4.91	-4.91
5	Gujarat	2.30	3.11	3.48	6.35	1.95	-9.86	1.94	2.86
6	Haryana	10.39	9.76	0.68	2.25	7.78	7.04	13.20	11.32
7	Jharkhand	-	-	-	-	-	-	-	-
8	Karnataka	4.20	3.05	3.38	4.32	12.71	10.50	8.44	14.23
9	Kerala	8.90	9.25	8.89	9.48	7.40	7.40	7.25	10.16
10	Madhya Pradesh	-21.99	1.47	7.16	-2.36	4.78	29.73	13.55	11.97

11	Maharashtra	-2.06	-0.64	0.73	3.29	4.61	3.72	11.40	12.21
12	Orissa	1.41	14.86	15.69	11.62	1.24	3.47	4.24	4.10
13	Punjab	4.11	8.84	10.11	9.30	4.86	9.53	-22.26	7.62
14	Rajasthan	7.40	7.19	6.35	6.13	6.87	6.96	12.38	8.86
15	Tamil Nadu	10.26	9.87	3.47	5.18	8.00	-3.06	-3.22	-4.44
16	Uttar Pradesh	-1.14	-3.90	-3.21	2.31	2.06	1.26	4.23	2.56
17	West Bengal	8.32	7.61	6.97	8.92	2.71	3.87	0.65	0.54
	Average B	3.42	5.36	4.84	5.46	5.07	2.33	3.94	7.44
	Average (A+B)	2.16	2.50	3.02	3.61	0.19	-2.57	-5.65	-0.95

The average return for all states has been low for all the years for both companies and corporations. In fact, in case of corporations is has turned negative for the years 2004-05 and 2005-06. The performance of the general category states, as a whole, has been much better than that of the special category states. However, even within the general category states only a few (viz. Kerala, Karnataka, Rajasthan,) have been having a consistently high rate or return. Some states like Tamil Nadu, West Bengal have done well is some years and/or in case of companies and not corporations. Andhra Pradesh has been showing a steadily declining performance over the years.

Finalization of Accounts

Table 8 gives the arrears position with respect to finalization of accounts of the PSEs.

Table 8
Arrears in Finalization of Accounts of PSEs

S.No	State	Total No. of PSEs	No. of PSEs having updated account as on 31st March 2007	Arrear Range (in Years)
A	Special Category			
1	Arunachal Pradesh	5	None	1-13

2	Assam	49	None	1-24
3	Himachal Pradesh	21	11	1-3
4	Jammu & Kashmir	23	4	2-19
5	Manipur	15	None	10-20
6	Meghalaya	13	1	1-15
7	Mizoram	5	None	1-8
8	Nagaland	6	None	9-26
9	Sikkim	15	1	1-5
10	Tripura	11	None	1-13
11	Uttrakhand	22	1	1-20
B	General Category			
12	Andhra Pradesh	56	13	1-10
13	Bihar	55	2	1-19
14	Chattisgarh	10	2	1-5
15	Goa	16	2	1-6
16	Haryana	28	6	1-6
17	Jharkhand	6	None	1-4
18	Gujarat	57	19	1-8
19	Karnataka	82	52	1-4
20	Kerala	114	21	1-17
21	Madhya Pradesh	44	5	1-17
22	Maharashtra	77	7	1-21
23	Orissa	64	1	1-36
24	Punjab	46	5	1-16
25	Rajasthan	29	17	1
26	Tamil Nadu	69	39	1-14
27	Uttar Pradesh	95	5	1-25
28	West Bengal	86	30	1-23
	Total	1119	244	

Only 22 per cent of the PSEs had their accounts finalized as on 31st March 2007. The arrears in finalization of accounts was as high as 25 years.

Policy measures for restructuring and reforms

As per the information provided by the states implementation of Voluntary Retirement Scheme for rightsizing the staff strength has been the most visible reform measure undertaken. A total of 18 states have implemented this scheme under which 84240 employees have retired. The expenditure incurred for implementation of this scheme is Rs. 1634 crore (Table 9). However, there is no evidence to suggest that the number of total employees have come down commensurately during this period.

Table 9
Employees availing VRS

(Rs. In Crore)

S.No	State	No. of Employees availing VRS	Expenditure incurred
A	Special Category		
1	Arunachal Pradesh	46	1.70
2	Assam	4537	136.00
3	Himachal Pradesh	750	24.59
4	Jammu & Kashmir	-	-
5	Manipur	147	7.88
6	Meghalya	83	12.81
7	Mizoram	-	-
8	Nagaland	93	2.93
9	Sikkim	-	7.00

10	Tripura	Not implemented	
11	Uttrakhand	Not implemented	
	Total A	5656.00	192.91
B	General Category		
12	Andhra Pradesh	18446	322.37
13	Bihar	Not implemented	
14	Chattisgarh	22	0.34
15	Goa	-	-
16	Haryana	-	-
17	Jharkhand	-	-
18	Gujarat	21924	490.18
19	Karnataka	-	-
20	Kerala	5709	148.81
21	Madhya Pradesh	4306	-
22	Maharashtra	1701	52.65
23	Orissa	-	-
24	Punjab	664	44.42
25	Rajasthan	1457	19.69
26	Tamil Nadu	51	1.37
27	Uttar Pradesh	24304	361.38
28	West Bengal	-	-
	Total B	78584	1441.21
	Grand Total (A+B)	84240	1634.12

Closure/merger/disinvestment in PSEs have been undertaken by a few states like Andhra, Bihar, Orissa, Karnataka. However, the number of such cases are very minimal vis-à-vis the total number of public enterprises existing in the respective states. In several cases the states have a large number of non-functional/closed units which are still to be liquidated.

There has been several instances where the financial health of the PSEs have been improved through intervention of state governments in through

one time settlement (OTS) schemes for loans defaulted upon by the PSEs, conversion of loans into equities for improving the balance sheet and waiving off of interest payable on loans provided by the state government. However, all these measures result in financial loss to the state exchequer.

Section –III

Having dealt with the overall performance of the PSEs in the previous section, this section aims to give a perspective of PSEs in specific sectors. PSES of two such sectors have been chosen viz. State Road Transport Corporation and State Police Housing Corporation. Power and Transport constitute a very high proportion of total investment and grants/subsidies made/given by the state. Hence the performance of these sectors affect the finances of the states significantly. As power sector is out of the purview of the study, the State Road Transport Corporations (SRTCs) have been selected. As far as the Police Housing Corporations are concerned they were set up with a specific welfare purpose (i.e. provision of housing for the police force) by the states, irrespective of their financial viability. The study tries to assess whether this specific purpose has been met.

State Road Transport Corporations (SRTCs)

Almost all the states have a state owned road transport corporation. Earlier these were mainly departmentally managed entities. Later, in order to ensure better management they were converted into a separate Company/Corporation. In view of the significant investment made by the states in this sector and the nature of activities performed, it is expected that these enterprises should be able to generate a reasonable rate of return on the investments. The table below, compiled on the basis of information provided by the states, gives the state-wise financial performance of these enterprises.

Table 10: Financial Performance (Profit+/-Loss-)of Road Transport Corporations during the period 2002-08

(Rs in core)

S.No	State	02-03	03-04	04-05	05-06	06-07	07-08
A	Special Category						
1	Arunachal Pradesh	-8.13	-14.77	-13.88	-12.74	-23.75	-24.86
2	Assam	-32.81	-16.74	-15.91	-10.53	-9.83	-9.60
3	Himachal Pradesh	-29.86	-27.56	-31.89	-38.22	-32.61	-32.98
4	Jammu & Kashmir	-	-	-	-	-	-
5	Manipur	-	-	-	-	-	-
6	Meghalya	-4.29	-4.07	-1.01	-2.72	-2.68	-0.62
7	Mizoram	-8.18	-8.18	-8.18	-8.18	-8.18	-8.18
8	Nagaland	-11.79	-14.97	-10.86	-13.24	-14.10	-14.28
9	Sikkim	-4.97	-4.20	-5.35	-4.36	-1.44	-2.68
10	Tripura	-11.08	-10.10	-10.46	-10.81	-11.59	-13.45
11	Uttrakhand	-	-11.20	-15.11	-10.89	2.75	-6.85
	Total	-111.11	-111.79	-112.65	-111.69	-101.43	-113.50
B	General Category						
12	Andhra Pradesh	-181.67	-42.04	-224.84	-42.78	-111.82	125.66
13	Bihar	-53.40	-54.60	-53.23	-49.10	-59.64	-51.96
14	Chattisgarh	-	-	-	-	-	-
15	Goa	-3.77	-4.40	-9.06	-11.95	-6.62	-
16	Haryana	-49.29	-75.49	-97.31	-120.31	-126.45	-79.12
17	Jharkhand	-	-	-	-	-	-
18	Gujarat	-187.25	-90.77	-148.89	-112.24	-66.14	10.25
19	Karnataka	54.91	91.00	5.15	93.13	240.37	272.57
20	Kerala	-106.52	-120.50	-136.05	-173.74	-157.02	-192.38
21	Madhya Pradesh	-100.03	-37.62	-45.34	-86.06	-143.60	-
22	Maharashtra	-81.30	-180.04	-133.18	-40.85	8.01	164.11
23	Orissa	1.02	1.02	1.01	1.02	1.02	1.06
24	Punjab	-10.10	-6.54	-11.50	-16.93	-8.11	-
25	Rajasthan	-40.77	-16.59	-37.49	-27.50	-18.31	-26.04
26	Tamil Nadu	-4.21	2.39	27.62	-392.18	-281.81	-407.06

27	Uttar Pradesh	-55.18	-36.73	3.87	13.77	40.03	43.74
28	West Bengal	-	-	-	-	-	-
	Total	-817.56	-570.91	-859.24	-965.72	-690.09	-139.17
	Grand Total	-928.67	-682.70	-971.89	-1077.41	-791.52	-252.67

As is evident, except Karnataka and Orissa, all the other SRTC's have been in loss in almost all the years till 2006-07. Operating on un-remunerative routes, provision of a plethora of concessions, ageing fleet, non-economical staff-bus ratio and non-revision/lagged revision of fare structure vis-à-vis increased cost of operation are some of the reasons plaguing the financial health of these corporations. While efforts have been made to introduce reforms viz. rightsizing of staff, induction of new better quality buses and so on there is still no visible impact of these steps on the financial performance of these entities.

Police Housing Corporations

Several states have set up Police Housing Corporations to provide accommodation to police personnel of different ranks. The National Police Commission and the Padmanabhaiah Committee have recommended providing family accommodation to both gazette and non-gazetted officers. The idea behind setting up the Corporation was to focus exclusively on the police accommodation issue. The rationale of setting up a separate Corporation for this purpose is also to access funds from the market (through loans) and not depend entirely on budgetary support from the State Governments. Though not meant to be a profit making company, it

can reasonably be expected that States which have set up this corporation should have been able to achieve a higher satisfaction level as far as police housing is concerned vis-à-vis states which have not set up such a corporation.

States which have created a Police Housing Corporation are listed below:

Table 11

SI No.	States	Year of Creation
1	Andhra Pradesh	1971
2.	Arunachal Pradesh	2005
3.	Assam	1981
4.	Bihar	1974
5.	Gujarat	1988
6	Haryana	1989
7	Jammu & Kashmir	1997
8	Jharkhand	2002
9	Karnataka	1985
10	Kerala	1990
11	Madhya Pradesh	1981
12	Maharashtra	1974
13	Manipur	1986
14	Nagaland	1968
15	Orissa	1980
16	Punjab	1989
17	Tamil Nadu	1981
18	Uttar Pradesh	1986
19	West Bengal	1992

As per the available information, for states where the Police Housing Corporations exist, on an aggregate, only 35 per cent of the requirement is met. For states where such a corporation does not exist, the corresponding figure is approximately 31 per cent. It is also pertinent to note that in some

states where the corporation exists there is a mismatch between the availability of houses (grade-wise) and the requirement. For instance, in Maharashtra, the available number of government quarters for gazetted officers is 5297 while the sanctioned strength is only 1174. Similar is the case with states like Arunachal Pradesh, West Bengal and Gujarat. This clearly shows that not only the requirement of police housing has not been met by setting up these corporations but also the fact that there has not been a proper resource planning by these corporations. It is also pertinent to note that in some states (eg. Madhya Pradesh) there exists a Housing Board besides the Police Housing Corporation.

Section IV

This section provides a time series analysis of the impact of PSEs on state finances. State governments provide equity capital, loans, grants/subsidies to the PSEs; the PSEs, in return, are supposed to pay dividend on the equity capital and interest on loans provided by the state. The extent of participation of the respective state governments in terms of equity participation, loans extended, grants/subsidies provided, during the period 2002-03 to 2007-08 are shown in Table 12. The figures are based on the information provided by the states to the Commission (vide statement 41). Information for three states i.e. Bihar, Jharkhand and Madhya Pradesh are not available. The equity participation of states have increased by almost 27 per cent from Rs.52198 crore in 2002-03 to Rs.66333 crore in 2007-08. Loans extended to the PSEs exhibited a moderate growth of 4.5 per cent over the same period. The overall growth in capital contribution (i.e. Equity + Loans) was 10.6 per cent. The revenue contribution (ie. subsidies/grants) to PSEs increased by 22 per cent during the period 2002-08. In case of general category states (for which the information is available) the capital contribution exhibits a higher increase of 14.3 per cent (equity- 33.3 per cent, loans- 7.3 per cent) during the corresponding period. The increase in revenue contribution is, however, lower at 10.3 per cent.

Table 13 gives the details of dividend and interest paid by the PSEs to the state coffers. The total dividend and interest paid by the PSEs is abysmally low. Dividend as per cent of total equity capital invested by all states works out to 0.35 in 2002-03. It further falls to 0.23 per cent in 2007-08. For general category states the fall is sharper –from 0.40 per cent in 2002-03 to

0.13 per cent in 2007-08. This is in spite of the fact that the number of profit earning companies have increased considerably over time (Table 5). Dividends paid is almost nil for special category states. The situation is no better even in case of interest payments. In 2002-03, the interest paid to government as per cent of loans availed by PSEs was a meagre 1.05. This fell further to 0.82 in 2007-08. For general category states the percentage fell from 1.28 in 2002-03 to 1.20 in 2007-08.

Table 12

Government Investment (Equity and Capital) and Subsidy/ Grants-in-aid to Public Sector
Enterprises

(Rupees in crore)

1	2	3	4	5	6	7	8	9
Special Category States								
1	Arunachal Pradesh	Equity	8.85	8.85	8.85	8.95	9.78	9.08
		Loans	10.30	18.85	16.45	14.05	10.30	7.90
		<i>Total (i)</i>	<i>19.15</i>	<i>27.70</i>	<i>25.30</i>	<i>23.00</i>	<i>20.08</i>	<i>16.98</i>
		Subsidy/Grants-in-aid (ii)				5.00		0.75
		Grand Total (i)+(ii)	19.15	27.70	25.30	28.00	20.08	17.73
2	Assam	Equity	1699.69	1701.39	1700.90	541.36	547.03	462.47
		Loans	578.16	606.12	599.50	802.34	991.75	894.25
		<i>Total (i)</i>	<i>2277.85</i>	<i>2307.51</i>	<i>2300.40</i>	<i>1343.70</i>	<i>1538.78</i>	<i>1356.72</i>
		Subsidy/Grants-in-aid (ii)	39.76	40.56	125.03	230.81	119.23	128.18
		Grand Total (i)+(ii)	2317.61	2348.06	2425.42	1574.50	1658.00	1484.90
3	Himachal Pradesh	Equity	187.18	192.94	196.74	204.78	209.45	214.55
		Loans	2000.69	2304.17	2580.44	2787.70	2905.24	2400.62
		<i>Total (i)</i>	<i>2187.87</i>	<i>2497.11</i>	<i>2777.18</i>	<i>2992.48</i>	<i>3114.69</i>	<i>2615.17</i>
		Subsidy/Grants-in-aid (ii)	60.04	28.21	48.34	50.89	52.15	45.59
		Grand Total (i)+(ii)	2247.91	2525.32	2825.52	3043.37	3166.84	2660.76
4	Jammu and Kashmir	Equity	3781.40	3808.88	3844.52	3895.20	3911.78	3950.48
		Loans	13131.22	10084.12	8662.53	9403.16	10404.59	5549.28

		<i>Total (i)</i>	16912.62	13893.00	12507.05	13298.36	14316.37	9499.76
		Subsidy/Grants-in-aid (ii)	1183.24	1693.09	1653.01	1963.36	2279.00	2673.45
		Grand Total (i)+(ii)	18095.86	15586.09	14160.06	15261.72	16595.37	12173.21
5	Manipur	Equity	30.07	17.41	17.41	17.51	17.51	19.38
		Loans	4.95	1.95	1.95	2.18	2.18	2.18
		<i>Total (i)</i>	35.02	19.36	19.36	19.69	19.69	21.56
		Subsidy/Grants-in-aid (ii)	0.37	45.33	0.76	1.54	4.07	1.34
		Grand Total (i)+(ii)	35.39	64.69	20.12	21.23	23.76	22.90
6	Meghalaya	Equity	526.95	533.05	551.18	561.18	580.95	601.67
		Loans	8.95	10.22	12.00	133.95	23.44	30.68
		<i>Total (i)</i>	535.90	543.27	563.18	695.13	604.39	632.35
		Subsidy/Grants-in-aid (ii)	0.19	0.64	0.75	0.17	0.43	0.53
		Grand Total (i)+(ii)	536.09	543.91	563.93	695.30	604.82	632.88
7	Mizoram	Equity	479.63	480.95	482.55	484.39	486.63	47.51
		Loans	37.52	36.74	20.82	21.85	34.44	32.80
		<i>Total (i)</i>	517.15	517.69	503.37	506.24	521.07	80.31
		Subsidy/Grants-in-aid (ii)	60.12	60.36	114.35	204.35	68.86	17.14
		Grand Total (i)+(ii)	577.27	578.05	617.72	710.59	589.93	97.45
8	Nagaland	Equity	23.40	24.87	29.26	43.19	51.56	49.63
		Loans	21.01	21.47	26.22	29.47	33.38	26.07
		<i>Total (i)</i>	44.41	46.34	55.48	72.66	84.94	75.70
		Subsidy/Grants-in-aid (ii)	2.16	2.16	2.16	2.46	2.75	
		Grand Total (i)+(ii)	46.57	48.50	57.64	75.12	87.69	75.70
9	Sikkim	Equity	75.76	82.70	83.58	87.92	94.83	74.88
		Loans	29.03	32.78	27.57	62.19	130.58	126.01
		<i>Total (i)</i>	104.79	115.48	111.15	150.11	225.41	200.89
		Subsidy/Grants-in-aid (ii)	0.99	1.57	2.78	1.52	1.44	1.90

		Grand Total (i)+(ii)	105.78	117.05	113.93	151.63	226.85	202.79
10	Tripura	Equity	125.38	139.63	153.26	167.23	191.67	207.65
		Loans	13.88	11.53	10.34	9.26	113.54	121.72
		<i>Total (i)</i>	<i>139.26</i>	<i>151.16</i>	<i>163.61</i>	<i>176.49</i>	<i>305.21</i>	<i>329.37</i>
		Subsidy/Grants-in-aid (ii)	37.00	38.94	41.62	88.85	92.72	99.59
		Grand Total (i)+(ii)	176.26	190.10	205.23	265.34	397.93	428.96
11	Uttarakhand	Equity	638.41	660.31	736.92	901.03	1176.05	1219.27
		Loans	6553.20	9317.83	8716.20	7928.91	7988.77	10832.25
		<i>Total (i)</i>	<i>7191.61</i>	<i>9978.14</i>	<i>9453.11</i>	<i>8829.93</i>	<i>9164.81</i>	<i>12051.52</i>
		Subsidy/Grants-in-aid (ii)	29.26	154.44	288.28	370.49	509.94	678.39
		Grand Total (i)+(ii)	7220.87	10132.58	9741.39	9200.43	9674.75	12729.90
12	Special category States	Equity	7576.71	7650.97	7805.16	6912.73	7277.23	6856.56
		Loans	22388.92	22445.78	20674.02	21195.05	22638.20	20023.77
		<i>Total (i)</i>	<i>29965.63</i>	<i>30096.76</i>	<i>28479.18</i>	<i>28107.79</i>	<i>29915.43</i>	<i>26880.33</i>
		Subsidy/Grants-in-aid (ii)	1413.13	2065.30	2277.07	2919.44	3130.59	3646.85
		Grand Total (i)+(ii)	31378.75	32162.05	30756.25	31027.23	33046.02	30527.17
Non-special category States								
1	Andhra Pradesh	Equity	11284.57	11310.99	12632.07	10097.93	10106.24	8540.73
		Loans	41701.56	44677.00	48278.10	52091.64	52539.46	49265.19
		<i>Total (i)</i>	<i>52986.13</i>	<i>55987.99</i>	<i>60910.16</i>	<i>62189.58</i>	<i>62645.70</i>	<i>57805.91</i>
		Subsidy/Grants-in-aid (ii)	1543.23	1738.65	1832.72	2404.61	2327.64	2031.45
		Grand Total (i)+(ii)	54529.36	57726.64	62742.88	64594.19	64973.34	59837.36
2	Bihar	Not available						
3	Chhattisgarh	Equity	47.38	57.03	69.03	70.03	68.88	65.18
		Loans	1488.22	1451.76	1765.94	1902.24	2128.50	20.12
		<i>Total (i)</i>	<i>1535.60</i>	<i>1508.79</i>	<i>1834.97</i>	<i>1972.27</i>	<i>2197.38</i>	<i>85.30</i>
		Subsidy/Grants-in-aid (ii)	86.91	0.02		10.00	8.71	

		Grand Total (i)+(ii)	1622.51	1508.81	1834.97	1982.27	2206.09	85.30
4	Goa	Equity	131.74	134.53	137.95	147.99	157.49	109.86
		Loans	17.14	33.70	40.55	38.62	40.82	42.76
		<i>Total (i)</i>	<i>148.88</i>	<i>168.23</i>	<i>178.50</i>	<i>186.61</i>	<i>198.31</i>	<i>152.62</i>
		Subsidy/Grants-in-aid (ii)	8.06	9.49	9.35	10.50	14.65	10.90
		Grand Total (i)+(ii)	156.94	177.72	187.85	197.11	212.96	163.52
5	Gujarat	Equity	12565.52	12562.47	12597.43	23363.52	24668.75	25613.19
		Loans	15815.49	19296.38	19629.62	18752.08	19586.46	20931.20
		<i>Total (i)</i>	<i>28381.01</i>	<i>31858.85</i>	<i>32227.05</i>	<i>42115.60</i>	<i>44255.21</i>	<i>46544.39</i>
		Subsidy/Grants-in-aid (ii)	3458.79	3340.81	3379.57	3008.77	3372.75	3307.94
		Grand Total (i)+(ii)	31839.80	35199.66	35606.62	45124.37	47627.96	49852.33
6	Haryana	Equity	3371.53	3478.92	3639.63	3765.03	4108.20	4980.46
		Loans	17006.44	14878.38	14666.05	14078.53	13997.20	14060.76
		<i>Total (i)</i>	<i>20377.97</i>	<i>18357.30</i>	<i>18305.68</i>	<i>17843.56</i>	<i>18105.39</i>	<i>19041.22</i>
		Subsidy/Grants-in-aid (ii)	575.55	716.14	808.99	932.44	1035.06	1469.46
		Grand Total (i)+(ii)	20953.52	19073.44	19114.67	18776.00	19140.45	20510.68
7	Jharkhand		Not available					
8	Karnataka	Equity	3457.83	4500.42	5002.03	6703.11	8744.63	10129.83
		Loans	9673.26	17093.33	18766.02	19961.07	20628.86	20330.25
		<i>Total (i)</i>	<i>13131.09</i>	<i>21593.75</i>	<i>23768.05</i>	<i>26664.18</i>	<i>29373.49</i>	<i>30460.08</i>
		Subsidy/Grants-in-aid (ii)	2004.41	1719.57	1768.27	1907.59	2680.95	3018.21
		Grand Total (i)+(ii)	15135.50	23313.31	25536.32	28571.77	32054.44	33478.29
9	Kerala	Equity	3261.69	3327.92	3394.22	3445.29	3461.38	3273.89
		Loans	9539.40	10229.02	9463.98	8813.53	6804.50	5780.59
		<i>Total (i)</i>	<i>12801.09</i>	<i>13556.95</i>	<i>12858.20</i>	<i>12258.82</i>	<i>10265.88</i>	<i>9054.48</i>
		Subsidy/Grants-in-aid (ii)	173.47	190.52	395.74	212.58	246.90	247.79
		Grand Total (i)+(ii)	12974.56	13747.47	13253.94	12471.40	10512.78	9302.27

10	Madhya Pradesh		Not available					
		Equity	9834.80	10900.22	11898.45	18410.05	21767.41	17537.16
		Loans	5324.54	5797.33	7087.92	9879.40	10430.27	10943.45
11	Maharashtra	<i>Total (i)</i>	<i>15159.34</i>	<i>16697.55</i>	<i>18986.37</i>	<i>28289.45</i>	<i>32197.68</i>	<i>28480.61</i>
		Subsidy/Grants-in-aid (ii)	2031.10	2754.78	2777.70	2814.79	2972.27	859.80
		Grand Total (i)+(ii)	17190.44	19452.33	21764.07	31104.24	35169.95	29340.41
12	Orissa	Equity	1893.32	1893.32	1901.55	1848.76	1908.83	1918.79
		Loans	4292.85	4048.17	3903.81	3797.53	5202.26	4885.36
		<i>Total (i)</i>	<i>6186.17</i>	<i>5941.49</i>	<i>5805.36</i>	<i>5646.29</i>	<i>7111.09</i>	<i>6804.15</i>
		Subsidy/Grants-in-aid (ii)	82.93	37.78	65.67	58.92	57.36	2.80
		Grand Total (i)+(ii)	6269.10	5979.27	5871.03	5705.21	7168.45	6806.95
13	Punjab	Equity	4120.50	4127.08	4530.97	4537.46	4738.17	320.41
		Loans	7652.87	6127.12	4070.11	2960.52	2127.48	750.22
		<i>Total (i)</i>	<i>11773.37</i>	<i>10254.20</i>	<i>8601.08</i>	<i>7497.98</i>	<i>6865.65</i>	<i>1070.63</i>
		Subsidy/Grants-in-aid (ii)	2500.00	2500.00	2300.00	2300.00	2371.00	1201.00
		Grand Total (i)+(ii)	14273.37	12754.20	10901.08	9797.98	9236.65	2271.63
14	Rajasthan	Equity	384.54	395.88	419.74	440.82	466.70	468.10
		Loans	1954.62	1851.43	2027.96	1521.19	1231.70	1061.81
		<i>Total (i)</i>	<i>2339.16</i>	<i>2247.31</i>	<i>2447.70</i>	<i>1962.01</i>	<i>1698.40</i>	<i>1529.91</i>
		Subsidy/Grants-in-aid (ii)	6.95	9.39	10.76	15.53	17.48	16.67
		Grand Total (i)+(ii)	2346.11	2256.70	2458.46	1977.54	1715.88	1546.58
15	Tamil Nadu	Equity	1613.12	1643.72	1653.09	1669.65	1762.67	1785.35
		Loans	7225.52	6490.93	6881.22	6583.57	6610.39	6303.81
		<i>Total (i)</i>	<i>8838.64</i>	<i>8134.65</i>	<i>8534.31</i>	<i>8253.22</i>	<i>8373.06</i>	<i>8089.16</i>
		Subsidy/Grants-in-aid (ii)	1017.38	750.46	1057.26	1621.59	1902.87	1917.90
		Grand Total (i)+(ii)	9856.02	8885.11	9591.57	9874.81	10275.93	10007.06

16	Uttar Pradesh	Equity	1443.14	1828.77	1865.28	1873.85	1976.39	2077.90
		Loans	2155.74	978.04	1000.58	1063.35	1177.79	1372.22
		<i>Total (i)</i>	<i>3598.88</i>	<i>2806.81</i>	<i>2865.86</i>	<i>2937.20</i>	<i>3154.18</i>	<i>3450.12</i>
		Subsidy/Grants-in-aid (ii)	6034.10	6054.28	5178.12	5626.25	6483.80	6972.97
		Grand Total (i)+(ii)	9632.98	8861.09	8043.98	8563.45	9637.98	10423.09
17	West Bengal	Equity	3777.00	3923.47	4391.36	4836.72	5494.97	8269.21
		Loans	12659.04	14128.74	18989.74	21229.03	20588.78	14720.18
		<i>Total (i)</i>	<i>16436.04</i>	<i>18052.21</i>	<i>23381.09</i>	<i>26065.74</i>	<i>26083.74</i>	<i>22989.39</i>
		Subsidy/Grants-in-aid (ii)	317.21	321.62	318.00	403.22	417.42	322.10
		Grand Total (i)+(ii)	16753.25	18373.83	23699.09	26468.96	26501.16	23311.49
18	Non-special category States	Equity	57186.68	60084.74	64132.80	81210.22	89430.71	85090.05
		Loans	136506.69	147081.33	156571.59	162672.30	163094.46	150467.92
		<i>Total (i)</i>	<i>193693.37</i>	<i>207166.07</i>	<i>220704.38</i>	<i>243882.51</i>	<i>252525.16</i>	<i>235557.97</i>
		Subsidy/Grants-in-aid (ii)	19840.08	20143.50	19902.15	21326.79	23908.86	21378.99
		Grand Total (i)+(ii)	213533.46	227309.57	240606.54	265209.30	276434.02	256936.97
19	All States	Equity	64763.39	67735.72	71937.96	88122.95	96707.94	91946.61
		Loans	158895.61	169527.11	177245.61	183867.35	185732.66	170491.69
		<i>Total (i)</i>	<i>223659.00</i>	<i>237262.82</i>	<i>249183.57</i>	<i>271990.30</i>	<i>282440.60</i>	<i>262438.30</i>
		Subsidy/Grants-in-aid (ii)	21253.21	22208.80	22179.23	24246.23	27039.45	25025.84
		Grand Total (i)+(ii)	244912.21	259471.63	271362.79	296236.53	309480.04	287464.14

Table 13

Dividends and Interest paid to Government by the Public Sector Enterprises

(Rupees in Crore)

1	2	3	4	5	6	7	8	9
Special Category States A								
1	Arunachal Pradesh	Dividend	--	--	--	--	--	--
		Interest	--	--	--	--	--	--
2	Assam	Dividend	1.95 (2)	2.49 (3)	2.20 (2)	2.18 (2)	2.18 (2)	2.33 (3)
		Interest	170.24 (1)	--	181.02 (1)	--	--	6.35 (3)
3	Himachal Pradesh	Dividend	0.38 (2)	0.48 (2)	1.07 (2)	1.38 (2)	0.99 (2)	0.80 (2)
		Interest	26.53 (4)	20.41 (4)	37.97 (5)	13.98 (5)	11.34 (3)	16.83 (2)
4	Jammu and Kashmir	Dividend	0.45 (1)	0.50 (1)	0.60 (1)	0.60 (1)	--	--
		Interest	- -	--	--	--	--	--
5	Manipur	Dividend	- -	--	--	--	--	--
		Interest	- -	--	--	--	--	--
6	Meghalaya	Dividend	0.15 (1)	--	0.33 (1)	0.13 (1)	0.12 (1)	0.46 (1)
		Interest	- -	--	--	--	--	--
7	Mizoram	Dividend	- -	--	--	--	--	--
		Interest	- -	--	--	--	--	--
8	Nagaland	Dividend	- -	--	--	--	--	--
		Interest	- -	--	--	--	--	--

9	Sikkim	Dividend	- -	0.21 (1)	0.22 (1)	0.22 (1)	0.23 (1)	- -
		Interest	- -	--	--	--	--	--
10	Tripura	Dividend	- -	--	--	--	0.11 (1)	0.11 (1)
		Interest	- -	--	--	--	--	--
11	Uttarakhand	Dividend	- -	--	--	--	--	--
		Interest	2.10 (1)	18.53 (1)	13.42 (1)	14.02 (2)	13.94 (2)	20.17 (2)
Total A		Dividend	2.94	3.68	4.42	4.51	3.63	3.70
		Interest	198.87	38.94	232.41	28.00	25.28	43.35
General category States B								
1	Andhra Pradesh	Dividend	1.31 (2)	87.86 (3)	88.16 (3)	88.16 (3)	87.19 (2)	21.29 (2)
		Interest	155.24 (3)	164.01 (3)	21.34 (3)	3.32 (2)	2.54 (3)	3.44 (2)
2	Bihar	Not available						
3	Chhattisgarh	Dividend	--	--	--	--	--	--
		Interest	61.28 (1)	88.06 (1)	--	41.07 (1)	62.62 (1)	83.13 (1)
4	Goa	Dividend	--	--	--	--	- -	--
		Interest	--	--	--	--	- -	--
5	Gujarat	Dividend	38.59(5)	22.94(4)	32.95(4)	42.05(4)	57.23(3)	48.03(3)
		Interest	486.50(3)	613.03(1)	608.33(1)	12.77(6)	14.71(6)	77.76(7)
6	Haryana	Dividend	62.28 (6)	62.80 (8)	63.89 (9)	64.27 (6)	66.37 (8)	6.73 (4)
		Interest	338.97 (8)	431.04 (7)	446.48 (5)	348.99 (8)	407.01 (8)	421.40 (7)
7	Jharkhand	Not available						
8	Karnataka	Dividend	0.28 (2)	0.68 (3)	0.79 (3)	0.66 (3)	1.52 (3)	2.62 (3)

		Interest	523.35 (8)	661.33 (10)	649.24 (9)	531.73 (9)	587.47 (9)	592.93 (10)
9	Kerala	Dividend	20.50 (8)	20.46 (7)	77.85 (9)	73.68 (8)	22.42 (8)	21.48 (7)
		Interest	6.61 (2)	19.68 (5)	1.98 (3)	0.23 (1)	5.39 (2)	0.35 (2)
10	Madhya Pradesh		Not available					
11	Maharashtra	Dividend	0.67 (1)	0.07 (1)	0.87 (1)	0.87 (1)	0.87 (1)	--
		Interest	22.43 (2)	24.80 (2)	31.00 (2)	39.00 (1)	82.26 (2)	56.81 (1)
12	Orissa	Dividend	76.46 (4)	68.79 (3)	120.34 (4)	120.16 (3)	20.31 (2)	0.16 (1)
		Interest	8.60 (4)	5.16 (4)	1.94 (6)	12.20 (4)	0.45 (2)	0.37 (3)
13	Punjab	Dividend	0.83 (3)	0.75 (2)	0.02 (1)	0.02 (1)	1.29 (2)	0.54 (1)
		Interest	0.06 (1)	--	--	--	--	--
14	Rajasthan	Dividend	8.49 (4)	14.69 (5)	22.84 (8)	23.03 (7)	9.55 (6)	15.27 (6)
		Interest	18.55 (4)	9.81 (3)	4.53 (4)	2.74 (3)	2.64 (1)	2.60 (1)
15	Tamil Nadu	Dividend	5.70 (4)	6.31 (4)	6.32 (4)	6.32 (4)	6.49 (4)	6.49 (4)
		Interest	38.54 (7)	32.11 (3)	28.29 (6)	82.32 (8)	43.91 (6)	73.74 (9)
16	Uttar Pradesh	Dividend	0.63 (2)	1.35 (2)	1.40 (3)	1.45 (3)	1.45 (3)	1.45 (3)
		Interest	8.63 (4)	535.15 (5)	6.50 (4)	5.80 (4)	1.31 (1)	1.45 (1)
17	West Bengal	Dividend	--	--	--	--	--	--
		Interest	371.00 (1)	--	33.00 (1)	100.00 (1)	162.00 (1)	327.64 (7)
18	Total B	Dividend	215.74	286.70	415.42	420.66	274.69	124.06
		Interest	2039.76	2584.18	1832.64	1180.17	1372.31	1641.62
19	All States (A+B)	Dividend	218.68	290.37	419.84	425.17	278.32	167.41
		Interest	2238.63	2623.12	2065.05	1208.17	1397.59	1684.97

Note: Figures within bracket give the number of companies/corporations that have paid dividends and interest to government

Conclusion

From the previous sections it is evident that the PSEs have been a drain on the resources of the states. Though there has been marginal improvement in the performance of PSEs at the aggregate level, there is hardly any improvement on the financial impact of the PSEs on the state finances. To reverse this situation it is not only essential to improve the efficiency/profitability of the PSEs but also ensure that such improvement also has a positive effect on the state finances. Keeping this in view, the following measures are proposed:

1. Reduction in number of PSEs : The total number of PSEs existing in a state needs to be pruned drastically. The optimal number of PSEs (inclusive of the subsidiaries) existing in a state, excluding the utilities in the Power and Transport sector should be 10. In no case should any state have more than one PSE for same/similar purposes. The only exception could be in the power sector where separate units for generation, transmission, distribution may be required for operations reasons. While the figure of 10 has not been arrived on any scientific basis, it may be noted that in almost all the states, with the exception of Jammu and Kashmir, the sector-wise investment breakup does not exceed 10 categories (reference: Section I – state wise analysis). This, however, also includes a category “others” for almost all the states which could include several sectors. Admitting that the categorization is not water tight, it can safely be presumed that it is not necessary for all states to set up PSEs in all sectors. While it may not be desirable to stipulate the sectors in which PSEs can be set up

- as the underlying requirements would vary from state to state, there should be a cap on the overall number of such PSEs.
2. Pricing policy: As observed, almost 70 per cent of the overall investment in PSEs is in the power sector. The profitability of this sector is crucially linked with the power charges which are generally fixed by the State Government irrespective of the financial impact it has on the PSEs. Exemptions/concessions granted are also determined solely by the states. Similar logic holds for the transport sector also. In order to ensure profitability of the PSEs, especially in these two sectors the states should set up independent regulatory bodies to fix user charges. The states should also desist from interfering in the day to day activities of the PSEs to ensure that these are run on efficiently.
 3. Monitoring and incentivisation: An apex monitoring body under the administrative control of the Finance Department should be set up to take stock of the financial health of the PSEs on a regular basis. There should be a laid down policy that all PSEs (except the ones in the welfare sector) should become financially viable (exclusive of grants/subsidies provided by the state government) within 3 to 5 years of its inception and should earn profit in at least two out of three consecutive years. All the enterprises should be compulsorily rated by an independent rating agency which will provide a benchmark and incentivize them to do better (as this will help them to access cheaper loans from the market). As a matter of policy, states should encourage the PSEs to raise loans from the market and

reduce its dependence on government. It should also be ensured that all profit making enterprises pay a dividend to government. The minimum rate of dividend should be 5 per cent (irrespective of the type of the PSE). In order to incentivize payment of higher dividends, states should design schemes to either provide loans at cheaper rates or subsidise loans availed from the market to the PSEs paying higher dividends. To give an example, for every 1 per cent increase in dividend paid over and above the minimum stipulated 5 per cent, the PSE will get a 0.5 per cent concession on interest payable on the loans availed from government or get a government subsidy of 0.5 per cent on loans raised from the market, subject to the condition that the total subsidy will not exceed the total incremental amount of dividend received by government. In order to ensure timely finalization of accounts, no equity/loans/grants be provided to enterprises which have not finalized the accounts for more than 2 years.

4. Finance Commission Grants: The Commission may consider setting aside 5-10 per cent of the grants earmarked for FRBM for implementation of Public Sector Reforms in the states. Reduction in the number of enterprises and increase in dividends paid as proportion of government investment in equity may be the criteria on which this grant will be based.