
Venugopal Reddy Y, Koteswara Rao T. and R. K.: Mishra, (Edited): **PUBLIC ENTERPRISES: TOWARDS A WHITE PAPER**, Hyderabad, 1990, pp 309

Public enterprise, as an instrument of state intervention in economic and social development of the country has been an integral part of Indian economic system. In this, both the Central and the State Governments have established a variety of public enterprises, some commercial ventures and some in the area of social services. There has been a transformation in the thinking regarding the role of public enterprises in the Indian economic system. There are several studies and deliberations with respect to Central Government PEs, but State level PEs (SLPEs) have been a neglected field, though the number and the investments in the SLPEs are much more than Central PEs. Andhra Pradesh has initiated several studies which tried to influence the State Government policy towards SLPEs. Several experiments have been made by some State Governments, but the data is not easily available, either to researchers or to policy makers. In this context, the present book which provides an insight into the policy formulation process of Andhra Pradesh with respect to SLPEs is a welcome addition.

In 1932, Andhra Pradesh established Public Enterprise Management Board (PEMB). However, this Board continued to act as a corollary of Bureau of Public Enterprise at the Central Government; issuing guidelines to PEs. Though there was a slight alteration in the working of PEMB in 1985, the impetus for its intensive efforts was given after the Bhanu Prasad Committee Report in 1987. This recommended that PEMB should act as a central forum of reference and consultancy and the administrative ministry should have the responsibility for the PEs performance. The Committee also recommended a seminar to be conducted by PEMB. Accordingly, in April 1988, PEMB called a State level conference of all the ministers, secretaries, chairmen, managing directors and members of the PEMB and Institute of Public Enterprise, Hyderabad. As a result of this conference, there was a redefinition of the role of PEMB. PEMB established the Department of Public Enterprise. Immediately after this, the Department sponsored several studies, both internal as well as other agencies. They also prepared a draft White Paper. This was widely circulated to all segments of the interested parties. After consolidating the various suggestions, a one day seminar was organized on 24th March, 1989. This book is a compendium of selected background papers of both these seminars.

Evolution of the drafting on White Paper on PEs is given in Chapter 3, which should have been an introductory chapter, with the exception of annexures. The present volume has 4 parts. Part I gives an overview and policy of SLPEs. Out of 6 chapters, chapter 3 on White Paper on PEs and Chapter 6 on Conference need to be rearranged as starting chapters. The other chapters give an overview of SLPEs in India, with the data base developed at the Institute

of Public Enterprise. Chapter 2 concentrates on SLPEs in Andhra Pradesh and uses a 3 dimensional matrix. Mishra and Pakki Reddy have developed a Portfolio Decision Model on 3 dimensional matrix based on public performance, extent of resource mobilisation and profitability. On the basis of this, they have reclassified about 40 SLPEs in various categories and suggested various actions, either closure or turnaround strategy or increase the role of SLPEs. Chapter 4 takes up review of PEs and identifies some issues like organization, objectives, pricing, performance and budgetary support and gives a summarised review of some enterprises. It gives elaborate annexures on these aspects for 38 SLPEs. This is prepared by Department of Public Enterprise. Chapter 5 gives legal basis of PEs. Chapter 6 gives the details regarding the State level conference and its deliberations in a tabular form.

Part II deals with Planning and Budgeting. Four aspects are covered under this. On the basis of a survey, a summary of the status of corporate planning of 30 units is given. This is followed by Planning procedure and Budgetary support to SLPEs. A brief review and policy recommendations are given. The next two chapters deal with Investment and Disinvestment Policies and Joint Ventures. Both these chapters give the status of the activities on SLPEs.

Part III deals with Human Resources. There are 4 chapter in this part. The chapter on Personnel raises the issues facing SLPEs in relation to personnel. Similarly, the HRD aspect is also dealt with. Besides, the chapter on the payment of bonus and terminal/retirement benefits gives the current practice of Andhra Pradesh in these aspects.

Part IV takes up some operational issues. There are 6 chapters in this part. It starts with Public Enterprise performance evaluation, the existing methodology and proposes a new methodology in performance evaluation. It gives a framework for such evaluation based on Key Result Areas. Consumer service system gives a survey of result of various practices in certain units. Another study is reported on the responses of nominee directors and identifies several issues regarding their appointment, and MIS system of PEs. There is a brief note on the legal services, proprietary audit and tax planning of SLPEs.

The total comprehension of the policy formulation process would have enhanced if the following aspects are incorporated:

- * Most of the background papers selected here have neither academic rigour nor proper practical insight of SLPEs. The only exceptions to this are two articles, one by Mishra and Pakki Reddy dealing with Classification of PEs for Portfolio Decision, and the other by Narayana Rao, a format prepared on PE Performance Evaluation.

- * The content needs to be reorganised, starting with the background of Decision Process, involved in preparation of the draft White Paper and then followed by the State Level Conference. Both the background papers as well as conference deliberations could have formed one part. This could have been followed by the deliberations of the one day seminar through additional background papers. This would have taken care of both the policy formulation process as well as inputs provided and outputs of the conference/seminars.
- * Though there are references regarding several Committee Reports like Rustomji Committee, Upendra Committee, Bhanu Prasad Committee, etc., a summary of these reports would have facilitated the reader to understand the background of the deliberations. After reading the book, one wonders as to whether sufficient alternatives were provided by the background papers for policy formulation. In this context, IPE has conducted several seminars on the PEs, both central and SLPEs. It would have been more useful if they had summarised the different alternatives on the basis of research done so far in various aspects. IPE has sufficient expertise and resources in its command to do this. Perhaps, its role in this was marginal.

These observations, in no way reduce the value of the first attempt made by IPE in bringing out this compendium to general readers. However, this is a first attempt by either Central or State Government where a complete process of policy formulation is being described. In this context, this is a welcome addition to those who are involved in the policy formulation, both at the Government level as well as PEs. Besides, academicians would benefit by this book. It is strongly recommended to all researchers, policy makers and practitioners of PEs in India.

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