
PREFACE

Although there were various considerations behind the creation of the large public sector in India, doubts have been expressed as to its efficient functioning for quite some time. Added to this, is the absence of proper evaluation criteria for the public sector enterprises. Evolving proper and effective criteria for assessing Public Enterprise performance became a difficult task mainly because of intermingling of the twin objectives - economic and social - coupled with the lack of clarity of objectives of the Public Enterprises. Until very recently, when a White Paper on public sector undertakings is ready to take final shape, the Government has not been very serious in spelling out the specific economic and social considerations on the basis of which the Public Enterprises are to function and operate.

As a result it has become difficult to find answer to the following queries :-

a) whether Public Enterprises with poor economic results could be socially efficient ?

or b) whether economically inefficient Public Enterprises are socially inefficient too ?

or c) whether an economically sound Public Enterprise is really an efficient one (if we take into account the expected return the enterprise should earn due to its relative position in the economy - monopolistic or whatever) ?

An attempt to evaluate the social performance of the Public Enterprises in isolation may help to resolve some of these complexities as it will facilitate estimation of the true social burden on the enterprises, thus identifying the socially efficient/inefficient enterprises.

In view of the above, the present exercise undertakes to review the social performance of Indian Public Enterprises both at Macro and Micro levels and thus seeks to find a way for effective monitoring of their social performance which may resolve some of the complexities outlined above. The major premise of the present work rests on the need for evaluating the social performance of Indian Public Enterprises in isolation as most of the earlier academic efforts concentrated largely on the economic indicators than on the social indicators of Public Enterprise performance -both economic and social objectives being the twin basic rationale behind their creation.

This study is divided into the following chapters dealing with different aspects of social performance of the Public Enterprises.

Chapter I outlines the role of Public Enterprise as envisaged in the various Industrial Policies and the Five Year Plans and deals with the social environment of business and discusses the rationale of the present study, its methodology and limitations. This Chapter also reviews the existing literature on the subject.

Written on the basis of responses to a mailed questionnaire, Chapter II deals with the planning, control and appraisal of corporate social goals in a sample of public and private sector companies. A comparative analysis of corporate involvement in various social action programmes by public and private sector companies is also presented in this Chapter.

Chapter III reviews the contribution of the Central Public Enterprises towards their Macro social objectives like development of ancillary and small-scale sectors, development of backward regions, development of the underprivileged etc.

Chapter IV undertakes an enterprise-level survey of 25 Central Public Enterprises concerning the social performance of each of them in different areas.

Chapter V considers the impact of social burden of the sampled Public Enterprises on their rate of return. It also aims at identifying the factors which affect/influence the quantum of

social investment made by the Public Enterprises and recurring social expenses incurred by them.

Chaper VI emphasises the need for Micro Social Accounting and Social Auditing dealing with the identification, measurement and reporting of social performance of the enterprise. This Chapter then looks into the recent trends in such practices by the Indian Public Enterprises.

Chapter VII summarises the results of the study and suggests some specific steps for effective monitoring of Public Enterprise social performance.

This study calls for proper planning, control and appraisal of social responsibility at the enterprise level and makes out a case for introducing 'Public Enterprise Social Performance Information System' and proposes for setting up of a suitable machinery responsible for monitoring Public Enterprise social performance in India.