

## State Level Public Enterprises in India : Restructuring for Performance Improvement

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The State Level Public Enterprises (SLPEs) are an important segment of the public enterprise system in India. This is borne out by the fact that 875 SLPEs, excluding the state electricity boards and the state road transport corporations on March 31, 1992 had an investment of Rs.38,283 crore. Though much has not been written about the working of the Central Public Enterprises (CPEs), the literature is conspicuous by its absence about the efficiency and effectiveness of the SLPEs at the aggregate level. These enterprises had incurred a net loss of Rs. 2,648 crore during 1985-86 to 1991-92.

The stabilisation and structural adjustment programme (S and SAP) was launched in July 1991 with a view to mitigate the short-run as well as long-run problems faced by the Indian economy. The PE reforms constitute to be an important element of the S and SAP. The efforts of the past 3 years in this direction point out that only the CPEs have been brought under the coverage of the S and SAP. No reform programme could succeed as long as serious steps are not initiated to restructure the SLPEs.

Two models have been suggested for the restructuring of the SLPEs. The first model ranks the SLPEs as 'high' or 'low' on 3 parameters namely, public purpose, extent of resource mobilisation and financial profitability. The second model examines the SLPEs portfolio on the basis of their 'financial success' and 'market structure'. The application of these models point out that there exists a vast scope for off-loading a large number of units from the SLPEs portfolio. The modalities would have to differ from state to state. However, a stock of reforms and privatisation measures initiated by the state governments reveal that they have been toying with the idea of initiating suitable measures in this regard. A study of the restructuring possibilities of the SLPEs of Andhra Pradesh indicates that out of 39 SLPEs in the State, 5 qualify for a straight closure or liquidation, whereas only 2 come up for continued retention. The majority of the remaining SLPEs qualify for divestiture.

The State Level Public Enterprises (SLPEs) are an important segment of the Public Enterprise System in India. According to the data base on the SLPEs maintained by the Institute of Public Enterprise, Hyderabad, 875 of such enterprises excluding the State Electricity Boards and State Road Transport Corporations, had an investment of Rs.38283 crore as on March 31, 1992. These Enterprises incurred a net loss of Rs.2648 crore between April