JOINT SECTOR ENTERPRISES IN INDIA

M.R. Murthy

Introduction

Adoption of planning in India led to a variety of initiatives by the state to promote and regulate industrialisation. For this, the overall framework was provided by the Five Year Plans. The essence of planning, while comprising of enlarged investments, is in achieving new pattern of investments. The pattern of resource allocation under a planned process, in contrast to market oriented economies, is governed by long term and a variety of socio-economic concerns and not by the market demand. The process of planning implies determination of a set of relative priorities and ensuring effective and timely implementation of plan targets. To translate the plan objectives the policies and programmes can broadly be categorised under three heads, namely, (i) Regulatory; (ii) Promotional; and (iii) Direct participation.

The regulatory systems are by their very nature restrictive, but the nature and degree of restrictions vary from one regulatory policy to another. Regulatory mechanisms provide a positive support to the desired activities by warding off the undesired. Reservation policies, similarly, seek to place a premium on some; in effect placing the non-qualifying at a relative disadvantage. The regulatory mechanisms, however, cannot generate investments on the desirable lines. It may be possible to restrict one type of economic activity but this does not follow that the activities of the desired types would start taking place on their own. There would, therefore, be a justification, along with regulations, for evolving of promotional and support mechanisms in the processes of planned socio-economic development. The wide network of financial, technical and developmental institutions whose primary task is to finance easy and cheap credit can rightly be categorised as promotional. The same holds true of fiscal and monetary concessions and agencies which provide risk capital to new ventures or render technical guidance and assistance to new entrepreneurs. The third category of state action for promotion of overall industrialisation in a plan framework would be in the activities undertaken by way of direct participation in economic activity by the state. This may be in the form of creating new economic infrastructure (transport, power, banking) or in the form of state enterprises. This is irrespective of the fact whether the enterprises are established as commercial establishments or not.

Of the three types of state interventions in the economy a good deal of work has been done to examine the functioning and efficacy of different regulatory mechanisms. The state regulatory mechanisms in India have come under frequent reviews for various reasons. The ones who are deprived can only be expected to react and plead for abolition of these systems. By their very character criticism of regulatory mechanisms should be a predictable phenomenon. The shortcomings of the system would be highlighted by those who fail to enjoy the preferences they expected from the regulatory policies and mechanisms. The Hazari Report, Industrial Licensing Policy Inquiry Committee (ILPIC) Report, Memoranda submitted to Government by the Federation of Indian Chambers of

Commerce and Industry (FICCI) and a number of other individual studies on the functioning of industrial licensing system in India are an indicator of the scrutiny that the industrial regulatory mechanisms have received over the past three decades[3].

Similarly, the third type of state activity, that is, direct state intervention in economic activities, attracts considerable public attention and scrutiny that goes with public accountability. There are a multiple of institutions which continue to monitor and evaluate the functioning of activities undertaken directly by the state. The Bureau of Public Enterprises (BPE), Parliamentary Committee on Public Undertakings (COPU), and the Comptroller and Auditor General of India (C&AG), are engaged in annual reviews on the working of Public Enterprises. There is, however, one category of policies and programmes which gets very little attention; the category is that of 'promotional' activities. While we have drawn a distinction between regulatory, promotional and direct intervention it is true that the distinctions are not always easily discernable in many concrete situations. For instance, the difference between direct participation and promotional policies can be a thin one. To illustrate, one would find it difficult to say if the fact of having a substantial share in the risk capital in a private sector company should be equated with direct participation with regulatory motive or undertaken as a promotional measure. It is well known that public sector financial institutions hold a substantial share in the risk capital of the Indian corporate sector in general and the large private corporations, in particular.[4] The present situation has emerged out of three types of independent developments. *One*, due to nationalisation of insurance and large private commercial banks the public sector institutions have emerged as important share holders. *Two*, the public sector financial institutions had to take up the 'left overs' due to the underwriting activity of the public issues floated by the private sector companies. Also, the financial institutions had to acquire shares in the open market not only for earning higher returns but also to bail out some of the private enterprises and to ensure the stability of the stock market. *Three*, in a few cases loans provided to private sector companies were converted into equity as per the initial understanding. And *four*, public sector institutions acquired significant shares to provide security to new investments. The last category is a follow-up of the policies to promote joint enterprises where in public sector and a private entrepreneur set up a new enterprise and the risk capital is so shared as to have almost equal stake of both.

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3. R.K. Hazari, Industrial Planning and Licensing Policy :Final Report, Planning Commission, 1967. INDIA, Ministry of Industrial Development, Internal Trade and Company Affairs, Report of the Industrial Licensing Policy Inquiry Committee, (ILPIC) 1969. Note on the Concept of Joint Sector; FICCI. 1972, Functioning of Industrial Licensing System; A Report, Studies in Industrial Development : Number one, Mimeo, Corporate Studies Group, Indian Institute of Public Admn, New Delhi, January 1983.

2. S.K. Goyal, "Private Managements and Takeovers of Public Owned Companies : Some Issues for Debate," and, S.K. Goyal, "Public Accountability of Deemed Government Companies", Corporate Studies Group Working Papers, volume One.

One does not need to dwell on the fact that geographic spread of industries in India is not a balanced or a logical one. There are States with rich resource endowment to support high level of manufacturing and other commercial activities; but due to historical and other reasons these States have not witnessed the emergence of new entrepreneurial class. The consequence is the absence of the process of industrialisation. In some cases public interest demands new investments but there are no private takers. There are also situations when it appears more logical to have public ownership but leave the actual operation of activities to some private managements. Such situations provide a rationale for 'joint sector', in addition to the cooperative, private and public sectors.

Joint Sector : The Concept

The concept of joint sector wherein Government and private entrepreneurs join hands to establish new enterprises is indeed an old one. It was quite normal for many of the erstwhile princely States (the state of Baroda, Travancore & Cochin and Hyderabad to name only a few) to share risk capital in large industrial projects. At the international level, however, positive contribution by the Japanese Government in promoting new commercial enterprises is only too well known.

Even prior to India's political independence it was a widely shared view that the state in the independent India would have to play an active role in providing financial and other support to new and small entrepreneurs. The need for the establishment of Industrial Finance Corporation to promote and assist new enterprises was underlined by the National Planning Committee as also by the Economic Programmes Committee, both under the Chairmanship of Jawahar Lal Nehru -- the first Prime Minister of India.[5] The World Bank Team which visited India in 1954 recommended that India needed financial institutions which can promote as also provide initial risk capital to those who have no support of the already well established business families.[6] While the Industrial Finance Corporation of India (IFCI) was established by the Government in 1948, the recommendations of the World Bank team led to establishment of the Industrial Credit and Investment Corporation of India (ICICI) in 1955.[7] Later in 1964 Industrial Development Bank of India (IDBI) was established. In addition to these, India has three major public sector investment bodies, namely, (a) the Life Insurance Corporation of India (LIC); (b) the General Insurance Corporation of India (GIC); and (c) the Unit Trust of India (UTI). Besides these, there is Industrial Reconstruction Corporation of India (IRCI) which

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5. A Plan of Economic Development for India, (also called the Bombay Plan), Reproduced in Young Indian, Special Independent Number, 1972. Report of the Economic Programme Committee of the AICC 1948, (Chairman, Jawaharlal Nehru) Reproduced in Young Indian Special Independent Number, 1972.

6. Industrial Bank for Reconstruction and Development (the World Bank), Ninth Annual Report, 1953-54.

7. Industrial Credit and Investment Corporation of India Ltd (ICICI), 10 Years of Participation in Industrial Development 1955-1965.

provides term finance to rehabilitate sick industrial units.

In the early 'fifties it was also realised that in view of the large size of the country the task of promoting new and small entrepreneurs could not be left to a few national level institutions. Thus, State Financial Corporations Act was enacted in 1952 to "assist smaller industries in different provinces".[8] As a consequence of this legislation there are by now (i.e. the year 1986) 18 State Financial Corporations (SFCs) and 25 State Industrial Development Corporations (SIDCs).[9] The functions of these institutions are wide ranging in nature, covering different aspects of promotional and developmental activities in addition to advancing of term loans and financing of industrial projects. The State Financial Corporations (SFCs), were basically visualised to extend assistance to small and medium level industries. The SIDCs were expected to provide assistance by conducting techno-economic surveys, identification of projects, selection and training of entrepreneurs, development of backward areas, constructing industrial sheds, providing infrastructural facilities and directly participating in the share capital of new enterprises.

The State Industrial Development Corporations (SIDCs) and State Industrial Investment Corporations (SIICs) have come to occupy an important place in most of the States of India. There are, however, variations in the nature and size of their operations. The SIDCs, generally speaking, obtain Letters of Intent/Industrial Licenses for setting up industries in the fields where there is scope for development and in particular where private risk capital is not easily forthcoming for establishment of new industries. After obtaining the necessary permission/licence from the Government of India, the SIDCs identify private parties which could implement the industrial projects in the form of 'joint sector' enterprises (JSEs).

The Joint Sector Enterprises in India:

The main thrust to the joint sector came during the post-1970 period. Prior to India's independence a number of Joint Enterprises were established by a few erstwhile Princely States.[10] Air India International provides another notable example. The company was established by the Tatas in 1948. The Government of India provided 49 per cent share in its equity.[11] The Government subsequently acquired an additional 2 per cent equity

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8. The Central Government after ascertaining the views of the State Governments, the Reserve Bank of India, and the IFCI introduced the State Financial Corporations (SFCs) Bill in the Parliament in December 1950. The State Financial Corporations Act came into force in August 1952 as an enabling measure under which SFCs could be established by State Governments to cover to the needs of medium and small industrial concerns. see. Industrial Licensing Policy Inquiry Committee (ILPIC), Appendix VI-A(4), 1969, P-65.

9. Industrial Development Bank of India (IDBI), Report on Development Banking in India, 1985-86.

10. Samuel Paul, S.K. Bhattacharya and S.C. Kuchhal, "Joint Sector: Guidelines for Policy", Economic and Political Weekly, December 9, 1972.

11. Lala R.M. The Creation of Wealth : A Tata Story, IBH Publishing House, Bombay. p-61.

from the Tata Sons Ltd to convert it into a government company. In spite of the government holding 51 per cent of the equity the Air India continued to be under the management of the Tatas until it was fully taken over by the Government of India in 1953.[12] There were twelve other undertakings in 1966-67, in which the Central Government had a substantial stake in equity capital without having direct managerial control.[13] In a few cases equity participation by foreign enterprises in the public sector enterprises was also allowed. Madras Fertilizers Ltd. for example, was established as a joint enterprise in participation with Amoco Inc. (USA) and National Iranian Oil Co.(Iran). The same foreign companies were partners in Madras Refineries Ltd too. Cochin Refineries Ltd. was established with the participation of the Phillips Petroleum Co. (USA) and Duncan Brothers Ltd.; Lubrizol India Ltd.; with the Lubrizol Corporation (USA); and Triveni Structurals Ltd., with Voest Alpine (Austria). Maruti Udyog Ltd., is one of the latest cases where a foreign private corporation has been invited to join hands with the Government. A feature of all the above cases appears to be that public sector holdings are of majority nature and these are managed by Government nominated boards.

The Industrial Policy Resolution (IPR) of 1956 had classified industries into three main categories, depending on the role that the state was to play in each industry;

1. The industries, the future development of which will be the exclusive responsibility of the state are referred to as Schedule-A industries.
2. The industries which will be progressively state-owned and in which the state will generally take the initiative in establishing new undertakings and wherein private enterprise will be expected to supplement the efforts of the state in developing these industries are specified in Schedule - B.
3. The non-scheduled Industries are left to the initiative and enterprise of the private sector.

The IPR, 1956 envisaged that the state would help the private sector in fulfilling the role assigned to it within the planning framework and the industrial policy in force from time to time. In doing so,

> the state will continue to foster institutions to provide financial aid to these industries, and special assistance will be given to enterprises organised on co-operative lines for industrial and agricultural purposes. In suitable cases, the State may also grant assistance to the private sector. Such assistance, especially when the amount involved is substantial, will preferably be in the form of participation in equity capital, though it may also be in part in the form of debenture capital.[14]

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12. Government of Maharashtra, Planning Department, Report of the Study Group on Joint Sector Enterprises for Industrial Development, Bombay, 1961.

13. S.K. Goyal, "Joint Industrial Sector: The Purpose and Form", paper presented at the Seminar on Industry and Fourth Plan, University of Bombay, March 29-31, 1971.

14. INDIA, Industrial Policy Resolution 1956, April 30, 1956.

In September 1960, the Government of Maharashtra appointed a Consultative Committee on the Third Five Year Plan, which set up a Study Group on "Joint Sector Enterprises for Industrial Development" under the Chairmanship of Shri R.G. Saraiya. The Committee, in its report submitted in May 1961 expressed the opinion that:

> There can be no doubt that there exists considerable scope and justification in equal measure to establish industrial undertakings in the "Joint Sector". The Industrial Policy Resolution, 1956, has reserved certain types of industries exclusively for establishment by the Government and certain others have been listed where both Government and private enterprise can operate. Another important purpose of the Joint Sector scheme ought in our view to be the need to attract entrepreneurs to the relatively backward areas of the State in the matter of industrial development. Many of these have valuable resources but risk capital is not easily attracted to them because of the many other uncertain factors of industry in the minds of the entrepreneurs. State partnership would help considerably in removing such doubts in cases where the scheme is otherwise economic and proven.[15]

Thus, the concept of joint sector as visualised by the Saraiya Committee was in the form of an industrial organisation that would promote industrial development in the State (Maharashtra in this case).

The development of the joint sector in its present form, can also be associated with the recommendations of the Industrial Licensing Policy Inquiry Committee (ILPIC), 1969. It was based on the consideration that since a large proportion of the cost of the new projects was financed by the public financial institutions directly or indirectly, the financial institutions should be allowed to share the profits and capital appreciation in the private sector companies. According to the Committee:

> When public sector financial assistance on any significant scale is provided for the private sector ..., project should (also) necessarily be treated as belonging to 'joint sector' with proper representation for the state in its management.

The Committee favoured conversion of loans given to large projects into equity. The joint sector form was also expected to "ensure that the management of industry is conducted according to the overall policies laid down by government and that public interest and not merely private profit would guide the operations of large industrial undertakings in the private sector". The Committee saw a way of curbing the concentration of economic power with the help of this approach. In their view joint sector, as formulated along the lines suggested, would be "an important instrument for the attainment of this objective and it is likely to be more effective than licensing."[16]

The ILPIC's recommendations covered many other aspects of industrial policy.

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15. Government of Maharashtra, Planning Department, Report of the Study Group on Joint Sector Enterprises for Industrial Development, Bombay, 1961.

14. INDIA, Ministry of Industrial Development, Internal Trade and Company Affairs, : Report of the Industrial Licensing Policy Inquiry Committee, 1969.

Following these recommendations, the Government issued a policy statement in February 1970. It was announced that the "joint sector" concept as suggested in the ILPIC Report was "accepted in principle".[17] It was also stated that this concept would be applied in "appropriate cases" of major projects taken up by the private enterprise groups in the core and heavy investment sectors.[18] The reactions to this decision were of varied nature. In particular, the Indian Big Business became quite apprehensive of this move. They feared that joint sector could amount to "back door nationalisation". FICCI and other business associations expressed their concern over the acceptance of the ILPIC recommendations.

The views of the private industry seem to have been reflected in the Memorandum submitted by J.R.D. Tata to the Government of India on May 17, 1972. Tata suggested that a Joint Sector enterprise should be intended to be a form of partnership between the private sector and Government in which government's participation will not be less than 26 per cent and the day-to-day management will normally be in the hands of the private sector partner and control and supervision will be exercised by board of directors on which Government is adequately represented. Regarding the Central and State participation, the Memorandum suggested that the Central Government should involve itself in a joint sector company only when the project required very large funds and leave the smaller ones to the State Government. In case where a majority equity was not considered necessary, the Tata Memorandum suggested:

> the ownership of capital should be distributed as 26 per cent by the government, 25 per cent by the private company and the balance by the general public.

According to J.R.D. Tata, the management of a joint sector enterprise should remain in the hands of private sector partner and the joint sector company should not be burdened with cumbersome and time consuming procedures enforced in the public sector enterprises. Further he opined that there was a need to examine if "some of the well run public enterprises can be brought under the Joint Sector".[19] This was expected to release public funds for other priority projects. Thus in his scheme of things, the joint sector was to play only a promotional role in contrast to the objectives and the philosophy of the ILPIC's recommendations.

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17. INDIA, Ministry of Industrial Development, Internal Trade and Company Affairs, New Industrial Licensing Policy, Press Note dated February 18,1970. (Reproduced in G.D. Sharma. New Industrial Licensing Policy of Govt of India, Chapter V, Press and Publications Agency, 1973. p-35.

18. The 'core' sector list announced by the Government contained a number of industries which are common to Schedule A of the IPR 1956. These, however, continued to be reserved for the public sector. Heavy investment sector is explained to be consisting of projects where the investment was Rs. 5.00 crores or above. Undertakings belonging to LIHs as defined by ILPIC would be expected to participate in and contribute to the establishment of industries in the core and heavy investment sectors, leaving the remaining to other classes of entrepreneurs. The middle sector is the one involving investments ranging from Rs 1.00 crores to Rs. 5.00 Crores.

19. Suggestings for Accelerating Industrial Growth (A Memorandum Submitted to the Government of India by Mr. J.R.D. Tata on May 17th, 1972). Tata Press, October 1972.

In February 1973 the Government of India clarified its stand on the concept of 'joint sector'. It was explained that :

> In appropriate cases, the Central and State governments have taken equity participation either directly or through their corporations with private parties ....
> This type of Joint sector units is a device which may be resorted to in specific cases having regard to the production targets of the Plan. Each proposal for establishing a joint Sector unit of this nature will have to be judged and decided on its merits in the light of government's social and economic objectives. The joint sector will also be a promotional instrument, as for instance, in cases where state governments go into partnership with new and medium entrepreneurs in order to guide them in developing a private Industry.[20]

The Government was expected to ensure an effective role for itself in order to guide the "policies, management and operations".

To operationalise this policy decision the Government issued guidelines on February 8, 1973. The instructions issued were as follows:

1. The State Industrial Development Corporations (SIDCs) hold a minimum of 26 per cent in the equity capital of the companies promoted by them;
2. No private partner holds equity capital more than the SIDCs except with the prior approval of the Central Government; and
3. No Large Industrial House (LIH) or Foreign majority company can have any holding at all in the projects promoted by SIDCs except with the prior permission of the Central Government.

This was concurred by the IDBI and in all joint sector projects government or its nominees were to hold more than 25 per cent in the equity capital.

In practice, a variety of joint sector enterprises have come into being. They may be described as:

a) An enterprise established by two or more partners; one of them being a state government or state public enterprise.
b) An enterprise established by the central government or a central public undertaking with equity participation of the private sector.
c) An enterprise which is already in existence as a public enterprise or subsidiary of a public enterprise transformed into a joint sector enterprise through the disinvestment of a part of the shareholding of the government to private companies or general public singly or collectively.

Joint Sector : Over-View

To begin with, for undertaking any study of the working of the scheme one needs

20. INDIA, Industrial Policy Government Decisions, Ministry of Industrial Development, Press Note dated February 2, 1973.

to identify joint sector enterprises established by different State Governments. Since the implementation of the joint sector has been entrusted to the States there is no one central agency to monitor the progress of the scheme.[21] As the State level promotional organisations are also participating in non-joint sector ventures and taking up varying levels of equity, identification of joint sector companies becomes a difficult task. The task becomes more difficult since a number of other corporations (besides SIDCs and SIICs) like electronics development corporations at the State level have also started promoting industrial projects in the joint sector. Keeping track of conversion of existing companies (belonging both to the private as well as state level public sector) is also a formidable task. This might probably explain the lack of many serious empirical studies on the functioning of the joint sector.

We shall, in the following, make an attempt to construct a profile of the joint sector companies, draw broad conclusions and raise issues for further debate. In our discussion we shall keep in mind the general objectives of the joint sector scheme which are reflected in various official announcements. These can broadly be stated as follows:

1. *Social control over Industries*: Participation in the ownership and management of enterprises jointly with private entrepreneurs gives the state an effective instrument of controlling monopolies, concentration of economic power and business malpractices; and
2. *Development of Backward areas*: Due to the active role assigned to the state, joint sector enterprises can be made to be located in relatively industrially backward areas which would help in achieving balanced regional development. This was necessary because many of the backward areas possess rich natural resources but risk capital was not easily forthcoming.
3. *Resource Mobilization*: State participation to the extent of 25 per cent or more in equity capital in an enterprise would lead to the mobilization of 70-75 per cent of the resources by the private promoters and general public.

As discussed above, an enterprise is called a joint sector enterprise if the SIDCs or Government hold 26 percent equity or more, private promoter 25 per cent and the balance by the general public. When the degree of equity participation by the SIDCs varies between 10 to 15 per cent of the equity capital and balance is held by private promoters and the general public, the project is termed as assisted sector venture. In the present study, we are concerned with joint sector enterprises only.

The sources of information for the compilation of joint sector enterprises are mainly

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21. For instance, in response to a question asking for details of joint sector enterprises, surprisingly the reply was in terms of the letters of intent issued to SIDCs only. No further forthcoming. Cf. Reply to the Lok Sabha Unstarred Question No. 2624 answered on August 5, 1986.

the Annual Reports of SIDCs, Directories brought out by SIDCs, the Bombay Stock Exchange Official Directory, Company Prospectuses, and Press Clippings of the Corporate Studies Group. Individual SIDCs and other state level public sector enterprises were also approached directly to provide list of joint sector companies promoted by them. It was decided to take all the cases where the projects were designated as joint sector companies by their respective promoters. For the purpose of the present study, we have excluded the ones where there is no identifiable private promoter. In all we have identified 485 cases of joint sector enterprises.

Table - 1
Showing Growth of Joint Sector Companies in India Since 1970

S.No.	Year of Incorporation (1)	Number of Companies (2)
1	before 1970	12
2	1970	6
3	1971	7
4	1972	12
5	1973	25
6	1974	35
7	1975	29
8	1976	26
9	1977	17
10	1978	26
11	1979	31
12	1980	35
13	1981	48
14	1982	33
15	1983	31
16	1984	33
17	1985	31
18	1986	48
	Total	**485**

Source: Institute for Studies in Industrial Development.

Table - 1 shows the distribution of the 485 companies according to their respective year of incorporation. Understandably more than five per cent of the JSEs were established during the pre - 1972 period.[22] Between 1972-74, 82

22. There are twelve companies which were incorporated before 1970. Some of these were incorporated as private limited companies prior to their conversion into joint sector companies.

Table - 2
Government Companies Converted into JSEs during 1973 - 86

S.No.	Name of the company	State	House Association
	(1)	(2)	(3)
1	Gujarat Prime Movers Ltd	Gujarat	
2	Bodh Gaya Ceramics Ltd	Bihar	
3	Punjab Agro-Furane Ltd	Punjab	
4	XLO Beral (Punjab) Ltd	Punjab	FCC
5	Bihar Sponge Iron Ltd	Bihar	
6	Madhya Pradesh Fibres Ltd	Madhya Pradesh	APEEJAY
7	Vindhya Telelinks Ltd	Madhya Pradesh	BIRLA
8	IPITATA Sponge Iron Ltd	Orissa	TATA
9	IPITEX International Ltd	Orissa	
10	Webel Televion Ltd	West Bengal	NICCO
11	Damodar Cement & Slag Ltd	West Bengal	
12	Gujarat Insecticides Ltd	Gujarat	
13	Gujarat Binil Chemicals Ltd	Gujarat	
14	Gujarat Mulco Electronics Ltd	Gujarat	
15	S.N. Corporation Ltd	Orissa	
16	Haryana Concast Ltd	Haryana	
17	Webel Vedio Devices Ltd	West Bengal	GOENKA
18	Webel Telecommunicaton Inds. Ltd	West Bengal	PHILIPS
19	Andhra Pradesh Heavy M/C & Engg.	Andhra Pradesh	
20	Dielectro Magnetics Ltd	Kerala	
21	Girnar Scooters Ltd	Gujarat	
22	Aravali Sarachalit Vahan Ltd.	Rajasthan	
23	Bihar Finished Leathers Ltd	Bihar	
24	Punjab Engg. Cutting Tools Ltd	Punjab	
25	Upai Ltd	Uttar Pradesh	
26	Punjab Display Devices Ltd	Chandigarh	THAPAR
27	Tawi Scooters Ltd	J & K	
28	Gujarat Aromatics Ltd	Gujarat	LALBHAI
29	Gujarat State Machine Tools Corpn.	Gujarat	
30	Andhra Pradesh Rayons Ltd	Andhra Pradesh	THAPAR
31	Deccan Fibre Glass Ltd	Andhra Pradesh	GOENKA
32	Andhra Pradesh Refractories Ltd	Andhra Pradesh	
33	Madhya Pradesh Vidyut Yantra Ltd	Madhya Pradesh	
34	Goa Carbon Ltd	Gujarat	GOENKA
35	Punjab Breweries Ltd	Punjab	UNITED BREW
36	Karnataka Blades Ltd	Karnataka	GOENKA
37	Almora Manganesite Ltd	Uttar Pradesh	TATA
38	M.P. Agro Morarji Fertilizers Ltd	Madhya Pradesh	D MORARJI
39	Maharashtra Scooters Ltd	Maharashtra	BAJAJ
40	U.P. Twiga Fibreglass Ltd	Uttar Pradesh	
41	A.P. Automobiles & Tyres Ltd	Andhra Pradesh	
42	Punjab Spinning & Weaving Mills Ltd	Punjab	
43	Malwa Cotton Spinning Mills Ltd	Punjab	OSWAL

JSEs were established which accounted for nearly 17 per cent of the total JSEs. Though the Government announced its policy regarding joint sector in 1973, the same trend continued upto 1979. The post-1979 period witnessed a phenomenal growth in the number of JSEs promoted. This becomes clear from the fact that more than half of the JSEs (259) were incorporated during 1980-86. Though there has been a general directive that SIDCs should have 26 per cent share only, in practice one finds that a number of other public financial institutions also hold shares, resulting in a much higher combined holding of public sector. Out of the total 485 joint sector enterprises identified, 481 have been established by the SIDC's or public enterprises in collaboration with private sector. Government and cooperatives together promoted four joint ventures. Out of 485 JSEs, 44 were brought under the joint sector because of the decision of the promoting SIDCs to dis-invest and transfer the respective public sector enterprises to private management. A list of such companies is given in Table - 2.

Table - 3 shows the state-wise distribution of joint sector enterprises. Andhra Pradesh tops the list with 90 companies, followed by Tamil Nadu with 54, Gujarat and Punjab, 42 each; Rajasthan, 37; West Bengal, 35; Maharashtra, 16; and Karnataka with 25. Bihar, Madhya Pradesh, Haryana and Assam have only a few JSEs. Thus one finds that even relatively better developed states were also active in the promotion of JSEs.

Table - 3
Showing Statewise Number of Joint Sector Companies

S.No.	State	No of Companies
	(1)	(2)
1.	Andhra Pradesh	90
2.	Tamil Nadu	54
3.	Gujarat	42
4.	Punjab	42
5.	Rajasthan	37
6.	West Bengal	35
7.	Orissa	33
8.	Uttar Pradesh	32
9.	Kerala	26
10.	Karnataka	25
11.	Bihar	18
12.	Maharashtra	16
13.	Madhya Pradesh	13
14.	Jammu & Kashmir	5
15.	Assam	3
16.	Sikkim	5
17.	Haryana	4
18.	Goa	3
19.	Himachal Pradesh	2
	Total	485

The JSEs are spread over a wide range of industries. Table - 4 gives industry-wise distribution of JSCs promoted by SIDCs in various states. It shows that the highest number of projects are set up in Electrical and Electronics industries (93), followed by Basic Industrial Chemicals (75), Drugs and Pharmaceuticals (41), and Textiles (56). There are 28 companies engaged in Food Processing, 31 in Basic Metal manufacturing (including Ferrous and Non-ferrous), 21 in Paper, Pulp and paper products, 18 in Non-electrical Machinery, 15 in Non-metallic Mineral products and 9 in Cement.

Table - 4

Showing Industry-wise Distribution of Joint Sector Companies

S.No.	Industry	No. of Companies
	(1)	(2)
1.	Agriculture and Allied activities	6
2.	Mining and Quarrying.	4
3.	Processing and Manufacturing of Food-stuffs	28
4.	Textiles (Spg., Wvng., Finishing Incl. Dying, Bleaching processing and Printing)	56
5.	Leather and Leather products	10
6.	Iron & Steel (Ferrous and Non-Ferrous Metals Mfg.)	31
7.	Transport Equipment	18
8.	Electrical Machinery, Electronics, Apparatus and Appliances etc.	93
9.	Machinery (other than Transport and Electrical including Machine Tools etc.)	18
10.	Manufacturing of Metal products	12
11.	Basic Industrial Chemicals incls. Fertilizers, Dyes & Pigments, Explosives and Synthetic Resins etc.	75
12.	Mfg. of Chemical Products (incl. Drugs & Pharmacls. Paints and Varnishes, Cosmetics, Soaps & Pesticides etc.)	41
13.	Manufacture of Cement	9
14.	Manufacture of Structural clay products	8
15.	Non-Metalic Mineral products (including Pottery, Porcelain, Crockery, Glass and Glassware, Asbestoes and Asbestoes products etc.)	15
16.	Manufacture of Rubber and Rubber Products.	8
17.	Wood, Plywood and other Wood products	5
18.	Paper, Pulp and other Paper products.	21
19.	Other Mfg. Industries not classified elsewhere	16
20.	Industrial Gas, Acetylene etc.	7
21.	Trade and Finance	1
22.	Transport by Water	1
23.	Hotels	2
	Total	**485**

Note : The industrial classification is based on the classification assigned to the companies by the Registrar of Companies at the time incorporation.

So far we have discussed about 485 JSEs which could be identified from various official sources. Companies claiming on their own to have been set up in the joint sector have also been included. However, complete details on the project cost and such other information could not be obtained for most of them. This is mainly because some of these projects did not go for public issues or are not listed on the stock exchanges or are at a very preliminary stage of implementation. But of the 485 JSEs, only 162 companies appear to have gone to the public with capital issue. Most of the remaining are at various stages of implementation.[23] While every effort has been made to get as much information as possible for a number companies, lack of detailed data made us to restrict further analysis to only those companies which have gone to the public.

The definition of joint sector means joint partnership between the state and private promoter. Though general public at large hold majority of shares in the joint sector they do not control the affairs of the company. The chairman of the company is a nominee of the Government and the Managing Director is a representative of the private promoter. Since the day to day management of the company rests in the hands of the Managing Director who happens to be the private promoter or his representative, it is interesting to know the background of the private promoters. Out of 162 cases, 91 companies have been promoted by joint stock companies (i.e; mainly through intercorporate investments), 6 by partnership firms, 24 by technocrats and 40 by individuals. That is more than 55 per cent of the joint sector companies which issued capital to the public have come up mainly through the intercorporate investments. It has already been established in earlier studies that the share of public sector financial institutions in the large private sector companies was quite high. This suggests that the effective share of the private promoter in the total risk capital could be considerably less than what it has been stipulated (25 per cent) in the cases of joint sector companies where the private promoter is a joint stock company. For instance, Automobile Corporation of Goa Ltd and Ipitata Sponge Iron Ltd. have been established with TELCO and TISCO of the Tata House as private promoters respectively. The share of public sector financial institutions was 44.84 per cent and 42.25 per cent in TELCO and TISCO respectively. Similarly, Bihar Caustic & Chemicals Ltd, Tamilnadu Flourine and Allied Chemicals Ltd are promoted with the participation of three Birla House companies namely, Gwalior Rayon and Silk Mfg co. Ltd, Hindustan Aluminium Corporation Ltd and Pilani Investment Corporation Ltd.

Joint Sector : National and International Capital

According to ILPIC, the top 20 industrial houses accounted for 31 per cent of the paid-up capital in the private sector in 1958 and they obtained 41 per cent of the value of investment licensed between 1956 and 1966. The corresponding share of the small and medium size companies was 45 per cent and 36 per cent respectively.[24] On the recommendations of the Monopolies Inquiry Commission (MIC, 1965) and ILPIC, the

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23. Some have also been in operation for a long time. But there was no public issue. Dyanavision Ltd is a case in point.

24. INDIA, Ministry of Industrial Development, Internal Trade and Company Affairs, The Report of the Industrial Licensing Policy Inquiry Committee, 1969. p.47.

Monopolies and Restrictive Trade Practices Act (MRTPA), was enacted in 1969 to prevent concentration of economic power to common detriment, to control product monopolies and for prohibition of monopolistic and restrictive trade practices.[25] The growth in assets of MRTP Houses continued to be high even after the enactment of MRTPA. Indeed, it was observed that there was an increasing tendency towards concentration in the large private corporate sector.[26] Table - 5, shows the growth of the top 20 Business Houses during 1972-85. The assets of top 20 Business Houses have grown more than six times between 1972 and 1985. These rose from less than Rs. 2921.05 crores in 1972 to over Rs. 19,756.61 crores in 1985. While the smaller houses have maintained a similar trend, the two top houses continued to account for a lion's share (nearly 40 per cent) in the top twenty during 1972-85.

Table - 5
Showing Growth in Assets of the Top Twenty Houses (1972 - 1985)

(Figures Rs. Crores)

House	Assets			Share In Increase(%)	
	1972	1980	1985	1972-80	1980-85
(1)	(2)	(3)	(4)	(5)	(6)
Birla	589.42	1431.99	4111.55	18.48	21.85
Tata	641.93	1538.97	3698.84	19.67	17.60
J K Singhania	121.45	412.72	57.03	6.39	5.25
Mafatlal	183.74	427.54	964.60	5.35	4.38
Thapar	136.16	348.06	1067.86	4.65	5.86
Reliance	*	166.33	1056.36	3.65	7.25
Modi	58.05	198.82	818.86	3.09	5.05
A C C	134.36	274.51	742.68	3.07	3.81
Bangur	125.26	264.33	650.87	3.05	3.15
Larsen & Toubro	79.03	216.03	714.93	3.00	4.06
Sarabhai	84.44	317.94	444.83	5.12	1.03
Bajaj	63.32	179.26	619.87	2.54	3.59
I C I	135.21	343.01	446.96	4.56	0.85
Mahindra	58.49	186.03	431.19	2.80	2.00
Shriram	120.77	241.00	541.78	2.64	2.45
Walchand	99.47	150.36	607.18	1.12	3.72
Kirloskar	86.46	220.37	433.01	2.94	1.73
I T C	74.65	156.29	393.15**	1.79	1.93
T V S Iyyengar	50.97	188.64	519.30	3.02	2.69
Hindustan Lever	77.87	219.30	435.96	3.10	1.77
Total	2921.05	7481.50	19756.81	100.00	100.00

Source: Based on replies to Questions in Parliament.

Note : The asset figures refer to only those companies which are registered under the MRTP Act, 1969.

* : This Group emerged after 1972.

** : This Group has gone out of the top 20 in 1985 and as such the data relates to the year 1984.

As originally formulated, state participation in the ownership and management of

25. INDIA, The Monopolies and Restrictive Trade Practices Act, 1969.

26. S.K. Goyal, "Nature and Growth of the Indian Corporate Sector", Corporate Studies Group Working Paper, 1987.

enterprises jointly with private sector, the joint sector form was expected to be an effective instrument of controlling monopoly and concentration of economic power. In practice, however, the objectives had got diversified and the states, particularly appear to have treated this as a means of attracting industries to their respective areas. The Central Government had practically kept itself outside the joint sector. Needless to say, the policy considerations and compulsions at the state level vary considerably from those at the Central Government. Besides the frequent complaints against the Centre for neglecting the cause of particular states, especially those ruled by opposition parties, there has been a veritable competition among the states to offer more and more attractive terms to entrepreneurs in order to attract industries to their respective states. In this background, it would be necessary to examine the types of entrepreneurs entered who this sector. In most of the cases, the industrial licence or the letter of intent was obtained by a SIDC with a view to implement the project in the joint sector. Table - 6 shows the category-wise distribution of paid- up capital (PUC) of 162 joint sector companies which issued capital to the public during the period 1970 - 1986. Companies belonging to the MRTP registered houses are included in the large industrial House (LIH) category. Foreign Controlled Companies (FCCs) covered in the study happened to be the ones where the private promoter was a foreign company or if registered in India had 40 per cent or more of foreign equity. Interestingly enough in the cases of LIHs and FCCs, the private promoters share was in the form of inter-corporate investment. The category of companies covered under other groups belong to smaller groups which were not registered under the MRTP Act. These, in general, were found to be concentrated in different regions/states. More than 29.63 per cent of the joint sector companies involved LIHs and FCCs and 20.99 per cent were associated with other groups. The share of technocrats and other individuals was 6.44 per cent and 18.27 respectively. The combined share of projects set up by LIHs and FCCs was nearly 50 per cent of the total PUC.[27] The next important group of projects were those of individuals with 25.44 per cent of the risk capital. However, their share in the total number of projects was much higher at 40.15 per cent.

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27. These percentages are worked out on the basis of the information given in the prospectuses at the time of public issue. Besides the frequent complaints regarding raising the private promoter's share from the general public through private placement, this also cannot take into account the devolvement of shares on the institutions in cases of under subscription as a consequence of underwriting agreement.

Table - 6

Showing the Category-wise distribution of paid-up Capital of Joint Sector Companies.

(Figures in Rs. lakhs)

S.No.	Category	Number of Companies	PUC	Percentage to total Column (2)	Column (3)
	(1)	(2)	(3)	(4)	(5)
1.	Large Industrial Houses	43	20903.50	26.54	44.02
2.	FCCs belong to Large Houses	3	2339.00	1.85	4.92
3.	FCCs	2	265.00	1.23	0.56
4.	Other Groups	34	8453.01	20.99	17.89
5.	Co-operatives	2	3440.00	1.23	7.24
6.	Individuals : Technocrats	24	3058.50	14.82	6.44
7.	Individuals : Non-residents	2	349.00	1.23	0.73
8.	Individuals : Others	52	8675.61	32.10	18.27
	Total	162	47483.62	100.00	100.00

A similar trend of concentration in the case of LIH projects can be seen if one goes by the project cost. Table - 7 shows the category wise distribution of total project cost of the 162 joint sector companies. The LIHs and FCCs accounted for more than 48 per cent (Rs. 715.30 crores) out of the total project of Rs. 1470.31 crores. The balance has been shared by Other Groups (18.53 per cent), Cooperatives (9.83 per cent), Technocrats (5.96 per cent) and other individuals (18.34 per cent). Among the LIHs Goenkas house accounted for 17.47 per cent followed by Birlas 8.02 per cent in the total project cost. Other important LIHs are : Chidambaram House 5.45 per cent; Dalmia J. 4.88 per cent; J.K. Singhania 3.14 per cent and Tatas 2.08 per cent. In terms of number of companies promoted in the joint sector, Birlas topped the list, with 12 companies followed by the Goenkas with 10.

Table - 7

Showing the Category-wise Distribution of Joint Sector Companies according to Project Cost.

(Figures in Rs. lakhs)

S.No.	Category	Number of Companies	Total Project Cost	Percentage to total Column (2)	Column (3)
	(1)	(2)	(3)	(4)	(5)
1.	Large Industrial Houses	43	64636.78	26.54	43.96
2.	FCCs belong to Large Houses	3	6126.00	1.85	4.17
3.	FCCs	2	767.00	1.23	0.52
4.	Other Groups	34	27246.18	20.99	18.53
5.	Co-operatives	2	11460.00	1.23	9.83
6.	Individuals : Technocrats	24	8763.80	14.82	5.96
7.	Individuals : Non-residents	2	1069.00	1.23	0.73
8.	Individuals : Others	52	26962.15	32.10	18.34
	Total	162	147030.91	100.00	100.00

As expected, many of the joint sector projects promoted by LIHs were large-sized with an investment of Rs. 5 crores and above. Table - 8, shows the category-wise distribution of joint sector companies according to the different ranges of total project cost. The period has been broadly divided into four sub-periods. Out of the 162 companies covered in the analysis 25 companies issued capital before 1975 with an investment of Rs. 145.06 crores. Between 1975-76, 56 companies issued capital to the public. More than half of the companies studied went for public issue after 1979. In each of the periods, a majority of the projects with Rs. 10.00 crores or more of investment were promoted by LIHs and FCCs. In all 30 out of 48 companies having project cost of Rs. 5.00 crores and above belong to large industrial Houses and FCCs. Out of 34 companies promoted by the smaller groups 18 had more than Rs. 5.00 crores or above project cost. Almost all the larger projects (Rs. 5 crores and above project cost) came up after 1979. Out of 78 companies belonging to Technocrats, Non-residents, and Other individuals only 22 companies were having total project cost of Rs 5 crores and above. An illustrative list of joint sector companies promoted by the SIDCs in collaboration with LIHs is given in Annexure - I. In only 8 out of 29 projects with more than Rs. 10.00 crores investment, non-large house parties were involved. In contrast, most of the smaller projects (less than Rs. 5.00 crores investment) were promoted in association with individuals.

Table - 8

Showing Category-wise Distribution of Joint Sector Companies Which issued capital in Different Ranges of Total Project Cost.

(Figures Rs. in lakhs)

	Category	Upto 1975			1975-79			1980-84			1985 and Above			
		0-500	500-1000	1000 & above	0-500	500-1000	1000 & above	0-500	500-1000	1000 & above	0-500	500-1000	1000 & above	Total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1.	Large Industrial Houses	1244.00 (5)	-	9460.00 (2)	1773.80 (8)	2160.00 (3)	7873.05 (3)	916.55 (3)	15.40 (2)	15245.38 (6)	-	2503.00 (4)	21921.00 (7)	64636.78 (43)
2.	F C C belong to Large Houses	-	-	-	-	-	-	-	-	1800.00 (1)	-	-	4326.00 (2)	6126.00 (3)
3.	FCC's	-	-	-	-	-	-	405.00 (1)	-	-	362.00 (1)	-	-	767.00 (2)
4.	Other Groups	422.43 (4)	-	-	2568.45 (8)	-	4100.00 (1)	171.50 (2)	6361.00 (9)	4825.50 (2)	492.30 (2)	2159.00 (3)	6146.00 (3)	27245.88 (34)
5.	Cooperatives	-	-	-	-	660.00 (1)	-	-	-	-	-	-	10800.00 (1)	11460.00 (2)
6.	Individuals : Technocrats	194.00 (3)	-	-	2016.00 (9)	535.00 (1)	-	949.80 (3)	4023.00 (5)	-	275.00 (1)	766.00 (1)	-	8763.80 (24)
7.	Individuals : Non-residents	-	-	-	-	770.00 (1)	-	-	-	-	299.00 (1)	-	-	1069.00 (2)
8.	Individuals : Others	2655.30 (10)	525.00 (1)	-	3708.00 (17)	4073.00 (4)	-	1895.28 (7)	4727.57 (5)	-	898.00 (4)	2230.00 (3)	6250.00 (1)	26962.15 (52)
	Total	4520.73 (22)	525.00 (1)	9460.00 (2)	10066.25 (42)	8198.00 (10)	11773.05 (4)	4338.13 (16)	15126.97 (21)	21870.88 (9)	2326.30 (9)	7658.00 (11)	49443.00 (14)	147030.61 (162)

Note : Figures in parenthesis indicate number of companies.

Interestingly enough, non- resident Indians do not seem have preferred the joint sector form. This is probably because they were in a position to provide the necessary finance.

Joint Sector and Product Concentration:

It is probably difficult to argue when promoting a new industrial venture whether existing and experienced persons/companies need to be associated with or new parties are be encouraged. In the former case, there is a chance of increased concentration in the hands of a few companies while it may ensure the success of the project as the collaborator was experienced in the area. However, as one of the aims of the scheme is to promote new entreprenuers, this will work against the professed objective of the joint sector scheme. We observed that of the 162 joint sector projects in 97 cases the private promoter already had experience in the same industry. In some of the cases where the same promoter/house was involved in joint sector projects, it appears that product concentration seem to have got strengthened. The following cases illustrate this point clearly.

Carbon Black:

Carbon Black is an important chemical used as raw material for manufacturing automobile tyres & tubes, conveyor belts, transmission belts, hoses, industrial rubber goods, etc. The ILPIC while reviewing the industrial licensing system and dominance of industrial Houses in certain products observed that :

> In Carbon Black, a raw material mainly used in the rubber goods manufacturing industry, in the capacity licensed during the ten year period, about one-third went to Phillips Carbon Black belonging to a Large House - Goenka - which was controlling the entire capacity that was already in production in 1964.[28]

Phillips Carbon Black Ltd., was formed with financial and technical collaboration of Phillips Petroleum Co. (USA). The company promoted another company, Oriental Carbon Ltd., in 1974 to manufacture carbon black with an installed capacity of 9,000 tons per annum in Uttar Pradesh. The present installed capacity of the company is 35,000 tons against the licensed capacity of 28,000 tons. In this project there is no involvement of SIDCs. The two companies put together accounted for nearly 55 per cent of the total carbon black production in India during 1983-84.

The Government of India issued a letter of intent to the Gujarat Industrial Investment Corporation Ltd (GIIC) in 1972 for manufacturing of 35,000 tons of carbon black per annum. The GIIC associated Phillips Carbon Black in implementing the project in the joint sector. Gujarat Carbon Ltd was thus incorporated in 1974. Phillips Carbon Black had also promoted another joint sector company with Tamil Nadu Industrial Development Corporation Ltd. (TIDCO), namely Asian Carbon Ltd., to manufacture

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28. INDIA, Ministry of Industrial Development, Internal Trade and Company Affairs, The Report of the Industrial Licensing Policy Inquiry Committee, 1969, p-62.

carbon black in 1976. The two joint sector companies namely, Gujarat Carbon Ltd. and Asian Carbon Ltd. have added substantial share to the Goenkas in carbon black industry. As a result, the share of Goenkas in the carbon black manufacture/capacity increased to 75 per cent.[29]

Rubber Contraceptives:

The London Rubber Manufacturing Co. (I) Ltd. (LRCI), a company belonging to the TTK Group, is the only other company producing contraceptives besides Hindustan Latex Ltd., a company belonging to the public sector. The LRCI was initially a FERA company with the foreign shareholder LRC (Overseas) Ltd., UK holding more than 40 per cent of the company's equity. LRCI had a market share of 40.80 per cent, thus enjoying a dominant position in the industry. The State Industrial Development Corporation of Maharashtra Ltd (SICOM) had obtained DGTD registration for manufacturing of 182 million nos. of contraceptives in 1981. The LRCI had joined the SICOM to promote a new company in the name of Lorcom (Protectives) Ltd (LPL). Interestingly enough, the joint sector company also entered into technical collaboration with LRC (Overseas) Ltd., UK, the major share holder of LRCI. Thus the market share of TTK Group in rubber contraceptives which is already in a dominant position had further increased. It needs to be underline that LRCI and LPC are located in different states.

GLS Lamps and Flourecent Tubes:

The case of Philips India Ltd (now known as Peico Electronics and Electricals Ltd) is particularly an interesting one. The company along with its associates Electric Lamp Manufacturers India Ltd. and Hind Lamps Ltd. has a substantial share of the market in General Lighting Service (GLS) Lamps and Flourecent Tubes (FT) Lamps. Philips India had applied in 1974 for an expansion licence to manufacture additional quantities of GLS Lamps and Fluorescent Lamps and Tubes. The company's proposal was rejected by the MRTP Commission. In support of its order, the Commission observed that : The items of manufacture are not open to large houses /foreign majority companies unless they undertake to export at least 60% of the production. The applicant company has non-resident equity holding of slightly more than 60% and together with its interconnected undertakings, enjoys a monopolistic position in the production of GLS Lamps and FT Lamps. The company has been producing much in excess of its licenced capacity without any authorisation. As the applicant company is enjoying monopolistic position, its

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29. The installed capacity of the carbon black industry during 1983-84 was 141.70 ('000 tonnes). The three companies of Goenka group namely, Phillips Carbon Black Ltd., and Oriental Carbons Ltd., and Gujarat Carbons Ltd., have an installed capacity of 36.00, 35.00 and 35.00 ('000 tonnes) respectively during the same period. For details, see "Market and Market Shares", Economic Intelligence Service, Centre for Monitoring Indian Economy, March 1986, Bombay.

> proposal for expansion could only be considered if it is meant substantially for exports. The proposal of the company has strongly been opposed by the indigenous manufacturers of GLS and FT lamps. The fear of the small scale units of being starved of the essential lamp manufacturing components, in respect of some of which the applicant company is sole manufacturer, is not totally unfounded. In view of the reluctance of the applicant company to accept the conditions unequivocally as proposed by the Government, the Central Government is of the opinion that it is not expedient in public interest to accord approval to the proposal of the applicant company and that it should be rejected.[30]

Subsequently, N.V. Philips of the Netherlands, the controlling shareholder of Philips India, and C.L. Anand of Punjab Anand Batteries joined hands with the Punjab State Industrial Development Corporation Ltd (PSIDC) to set up a joint sector company namely Punjab Anand Lamp Inds. Ltd. for manufacture of GLS lamps and fluorescent tubes and lamps. As per the agreement, PSIDC was to participate in total paid-up capital to the extent of 26 per cent and N.V. Philips was to take up 25 per cent. Another 10 per cent of the equity was reserved for Punjab Anand Batteries, Mr. C.L. Anand and his associates. The balance of 39 per cent of the paid-up capital was issued to the general public. The prospectus of Punjab Anand Lamp Industries informs that the company had entered into marketing agreement with Philips India Ltd. Thus N.V. Philips could expand its hold on the Indian lamp industry through this joint sector agreement negating the earlier rejection of the MRTP Commission.

Caustic Soda:

Though of a slightly different nature, the case of caustic soda unit promoted by three Birla companies is also a relevant one. In this case too one of the promoters which was denied a licence earlier for caustic soda could succeed in entering the industry through a joint sector project.

Caustic Soda is a basic inorganic chemical used in a wide range of industries like aluminium, paper, pulp and rayon, etc. Hindustan Aluminium Corporation Ltd., (Hindalco), a company belonging to the Birla House had applied for a licence to manufacture caustic soda. Hindalco wanted to establish a new undertaking to manufacture caustic soda for the reason that domestic suppliers were unable to meet its demand. The Government of India had referred the application of Hindalco to the MRTP Commission (MRTPC) on October 1, 1971. After examining the case and hearing the objections filed by the companies manufacturing caustic soda, the Commission concluded that :

> Our examination of the proposal made by Hindustan Aluminium Corporation Limited for establishing a new undertaking to manufacture caustic soda and other

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30. INDIA, Ministries of Law, Justice and Company Affairs, Orders Passed by the Central Government Under Section 21 of the Monopolies and Restrictive Trade practices Act, 1969, Vol. I. P-476, 1982.

related products shows that the proposal cannot be supported in terms of the objectives and considerations indicated in section 28 of the Monopolies and Restrictive Trade Practices Act. It does not appear to us that the applicants requirements of caustic soda cannot be met except by setting up a captive unit for production of caustic soda.[31]

The Bihar State Industrial Development Corporation Ltd. (BSIDC) had obtained a letter of intent on February 27, 1974 for the manufacture of 32,000 tons of caustic soda and 28,480 tons of chlorine per annum.[32] In June, 1976 three companies of the Birla House, namely, Hindustan Aluminium Corporation Ltd. (Hindalco), Gwalior Rayon and Silk Manufacturing Co. Ltd., (Gwalior Rayon), itself a manufacturer and consumer of caustic soda, and Pilani Investment Corporation Ltd. (PIC) entered into joint sector agreement with BSIDC to implement the caustic soda project. A new company in the name of Bihar Caustic & Chemicals used was incorporated. As per the agreement, BSIDC holds 26 per cent of the paid up capital of the new enterprise, Hindalco, Gwalior Rayon, and PIC jointly hold 25 per cent. The balance 49 per cent is held by the general public. Hindalco could thus enter into the caustic soda manufacture through joint sector even though its application was rejected by the MRTPC.

A few other cases of interest are: (i) Gujarat Instruments Ltd promoted by Taylor Instruments Ltd of the Birla House (the company was earlier under FERA); (ii) Malabar Building Products Ltd promoted by Hyderabad Asbestos Cement Products Ltd. (Birla); (iii) Vindhya Telelinks Ltd. promoted by Universal cables Ltd. (Birla); (iv) Ipibel Refractories promoted by Tata Refractories Ltd. (Tata); (v) Ipitata Sponge Iron Ltd. promoted by TISCO (Tata); (vi) Maharashtra Scooters Ltd promoted by Bajaj Auto Ltd. (Bajaj); (vii) J & K Cigarettes Ltd. promoted by Golden Tobacco Co. Ltd. (Dalmia); (viii) Upcom Cables Ltd. promoted by Asian Cables Co Ltd. (Goenka); (ix) Bihar Synthetics Ltd. promoted by J.K. Synthetics Ltd. (JK); and (x) NICCO Orissa Ltd. promoted by National Insulated Cable Co Ltd. (NICCO). (For details See Annexure-I).

These cases illustrate the fact that the joint sector form provided entry of LIHs and dominant undertakings into areas in which they would not have been allowed otherwise.

Imported Technology and JSEs :

It appears that joint sector was not specifically used to promote indigenous technology alone. One finds a large number of cases where foreign technology was employed. Out of the 162 JSEs as 58 many as were based on imported technology. One even finds foreign companies to have been directly involved as private promoters. There are a few cases where the SIDCs have directly entered into joint venture agreement with the foreign collaborators. Some of the important cases, besides are Noble Explochem Ltd.

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31. INDIA, Ministry of Law, Justice and Company Affairs, Reports of the MRTP Commission and Orders thereupon of the Central Government under sections 21,22 & 23 of the MRTP Act, 1969, Vol. III, Section 22, 1983.

32. See prospectus of Bihar Caustic & Chemicals Ltd. dated September 20, 1982.

and Dyn India Ltd. Noble Explochem is a joint venture between State Industrial Corporation of Maharashtra Ltd (SICOM) (28.00 per cent participation in equity) and AB Bofors, Sweden, Dyno Industries A/s. Norway, and Swedish Fund for Industrial Corporation with Developing Countries (together holding 23.89 per cent of equity capital). We had mentioned earlier that Punjab Anand Lamp Industries Ltd is a joint venture between Punjab State Industrial Development Corporation Ltd, (26 per cent) and N.V. Philips, Netherlands (25 per cent). In addition to the cases which involved financial collaboration between the SIDCs and foreign companies, there are other cases where joint sector enterprises have entered into technical collaboration with foreign companies. An illustrative list of joint sector companies (out of the 162) which have entered into collaboration agreements with foreign companies is given in Annexure - II.

Joint Sector and Regional Development

Balanced growth of different regions of the country was visualized in India's Five Year Plans as an instrument of improving living standards of the people and reducing regional disparities. Further, the Industrial Policy Resolution of 1956 also emphasized that:

> In order to that industrialization may benefit the economy of the country as a whole, it is important that disparities in levels of development between regions should be progressively reduced. The lack of industries in different parts of the country is very often determined by factors such as the availability of the necessary raw materials and other natural resources.[33]

One of the objectives of the joint sector scheme is to attract entrepreneurs to the relatively backward areas in order to achieve industrial dispersal. Many of the backward areas possess rich natural resources, but risk capital is not easily forthcoming to these areas. Many incentives are provided to facilitate industrial development of these areas. State participation in the risk capital would be an additional incentive for private entrepreneurs to invest in the backward areas. At the state level, the SIDCs are acting as catalysts of industrial growth. The state governments through the State Industrial Development/Investment Corporations (SIDCs and SIICs) or other state government undertakings are playing an active role in seeking licences for establishing projects under joint and assisted sector schemes. The competition among the states has attained different dimensions with greater emphasis on joint sector form of organisation and various incentives being offered by the state governments. State promotion agencies have been obtaining significant proportion of industrial approvals. The SIDCs had approximately 10 per cent share in the total letters of intent issued during 1983, 1984, 1985 and 1986 claiming 468 of the 4706 letters of intent issued.[34]

The SIDCs obtain ILS/LIS from central government and invite private sector promoters to implement the licences under joint or assisted sector projects. The joint sector scheme thus assumes special significance in the development of backward areas due

33. INDIA, Industrial Policy Resolution 1956, April 30, 1956.

34. See the reply to Lok Sabha Unstarred Question No. 2624 answered on 5.8.86.

to two main considerations. One, since the initiative comes from the state through SIDCs, it is guided more by the developmental needs of the State rather than quick return on investment and two, the private promoter will not hesitate to locating the unit in backward areas since he does not have to invest large amounts on his own.

An examination of the locational pattern of the JSEs will help in understanding the extent to which the joint sector form was used in realising this objective. One way to examine this is with the help of percentage of JSEs being directed to the backward areas within a state.[35] As regards this, the progress does not seem to be uniform. Table - 9 shows distribution of the 162 Joint sector projects according to location of the projects. Out of the 162 projects, 103 are located in backward areas (a little more than 63 per cent). If we look at the state-wise figures, in case of states like Gujarat, Rajasthan and Orissa, the percentage of Joint Sector projects located in backward areas is more than average level. There are few states like Madhya Pradesh, Maharashtra, Uttar Pradesh and West Bengal which have relatively lesser number of projects located in backward districts.

Table - 9
Statewise Distribution of Joint Sector Companies located in Backward and Non-backward areas

S.No.	State	Backward area	Non Backward area	Total
	(1)	(2)	(3)	(4)
1.	Andhra Pradesh	15	10	25
2.	Bihar	3	2	5
3.	Goa	2	-	2
4.	Gujarat	13	1	14
5.	Haryana	0	2	2
6.	Himachal Pradesh	1	-	1
7.	Karnataka	10	5	15
8.	Kerala	4	4	8
9.	Madhya Pradesh	2	3	5
10.	Maharashtra	5	2	7
11.	Orissa	9	3	12
12.	Punjab	8	9	17
13.	Rajasthan	13	2	15
14.	Tamil Nadu	12	6	18
15.	Uttar Pradesh	3	7	10
16.	West Bengal	3	3	6
	All States	103	59	162

35. Since this is an exercise at the aggregate level we have not tried to further categorise the backward districts into A, B and C categories.

Sharing of Risk and Contribution to Investment in JSEs:

It is generally stipulated that the private promoter should take an equity stake of 25 per cent and the financial institutions are expected to hold a slightly higher share of 26 per cent. However, when it comes to the share in total investment of the project and its distribution among different parties there are no specific guide-lines with regard to joint sector projects. Minimum levels of promoters' contribution are prescribed from time to time and these again vary according to the location of the project and the type of entrepreneur.

The Industrial Development Bank of India (IDBI) stipulates the levels of promoters contribution in the total project cost. The minimum promoters contribution for projects in category 'A' districts was reduced from 17.5 per cent to 15 per cent of the project cost in 1983.[36] Simultaneously the required minimum share of small and medium entrepreneurs was reduced from 17.5 percent to 10 per cent. In case of projects in category 'B' and 'C' districts, the promoters contribution was placed at 15 and 17.5 per cent respectively.

Table - 10 shows the share of private promoters and foreign collaborators taken together in the total project cost of the joint sector companies. The share of these two categories is obtained by adding private and foreign equity and unsecured loans extended by the private promoters towards financing the project. To not only take care of the relative changes in prices but also to bring out the changes over time the shares of private promoters were calculated for different time periods. It can be seen from the Table - 10 that the share of private promoters in total project cost of 162 industrial projects was 13.75 for the period until 1975. It was significantly lower at less than 10 percent during the subsequent period.

A study of more than 900 industrial projects revealed risk capital was accounting for varying proportion of total project cost during the 'eighties. Its share ranged from about 19 per cent in 1981-82 to 39 per cent in 1983-84.[37] It is also of often said that a significant part of the private promoters share is mobilised from the general public through private placement. In the case of 162 joint sector projects 32.20 per cent of the cost of the projects was financed through share capital.

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36. Recognised industrially backward areas are classified as category 'A', 'B' and 'C' districts with category 'A' districts being the least developed. Category 'A' districts are called No -Industry and Special Region Districts.

37. P.K. Ahuja, "Capital Raised from Public by Non-Government, Non-financial at Corporate Sector", Company News and Notes, September 1986.

Table - 10

Showing in percentage share of private promoters in the total project cost in different categories during 1975-86

S.No.	Category	up to 1975	1976-80	1981-84	1985-86
	(1)	(2)	(3)	(4)	(5)
1.	Large Industrial Houses	14.85	7.36	9.02	8.07
		(7)	(14)	(1)	(11)
2.	FCC belong to Large Houses	-	-	17.22	9.53
				(1)	(2)
3.	FCC's	-	-	8.64	8.63
				(1)	(1)
4.	Other Groups	24.06	7.05	10.59	7.70
		(4)	(9)	(13)	(8)
5.	Cooperatives	-	11.81	-	7.38
			(1)		(1)
6.	Individuals :	10.43	8.66	7.54	10.09
	Technocrats	(3)	(10)	(9)	(2)
7.	Individuals :	-	8.93	-	9.95
	Non-residents		(1)		(1)
8.	Individuals :	8.91	9.73	9.53	8.72
	Others	(11)	(21)	(12)	(8)
9.	All companies	13.75	8.15	7.67	8.15
		(25)	(56)	(47)	(34)

Note : Figures in brackets are number of companies covered.

It is interesting to note that contribution of private promoter in the case of joint sector companies promoted by large industrial houses was generally less than the stipulated promoters' contribution. This may possibly be due to the fact that projects of large industrial Houses are also generally bigger compared to those of others (see Table 8). It may be noted that industry and locational aspects are not taken into consideration here.

In contrast to the above, one would like to examine the extent of support rendered by the public sector either in the form of providing risk capital or through long term loans. Table 11 presents the relative contribution of public sector to joint sector projects promoted in association with different categories of entrepreneurs. Except during the period up to 1975, more than three fourths of the project cost was being covered by the public sector.[38] One also does not find any discrimination against the large Houses;

38. For purposes of arriving at the share of public sector we have taken equity held by the financial institutions and loans given by financial institutions, banks and other government agencies, and subsidy etc. As these percentages were worked out on the basis of the

Table - 11

Showing the percentage share of public financial instituions in the total project cost in different categories during 1975-86

S.No.	Category	up to 1975	1976-80	1981-84	1985-86
	(1)	(2)	(3)	(4)	(5)
1.	Large Industrial Houses	69.88 (7)	79.02 (14)	77.11 (1)	76.64 (11)
2.	FCC belong to Large Houses	-	-	69.78 (1)	70.77 (2)
3.	FCC's	-	-	74.42 (1)	74.45 (1)
4.	Other Groups	58.45 (4)	78.46 (9)	74.72 (13)	74.91 (8)
5.	Cooperatives	-	75.91 (1)	-	77.37 (1)
6.	Individuals : Technocrats	29.96 (3)	63.24 (10)	74.24 (9)	73.29 (2)
7.	Individuals : Non-residents	- (1)	75.52 (1)	-	73.83
8.	Individuals : Others	71.41 (11)	75.09 (21)	74.14 (12)	78.26 (8)
9.	All companies	69.79 (25)	76.39 (56)	75.33 (47)	76.26 (34)

Note : Figures in brackets are number of companies covered.

indeed, in their case the contribution of public sector was higher than that at the aggregate level, howsoever marginal it may be.

In the mixed economy framework of the Indian planning system, financial support by way of sharing risk capital provides a mechanism to influence the pattern and form of industrial development. The joint sector could be an alternative to purely public and purely private ownership form and combine the advantages of private initiative with national

information provided in prospectuses the final position can be expected to be somewhat different with public sector contribution a higher share. Two factors are responsible for such a possibility. One, over runs in the project cost are generally taken care of the financial institutions and Two, in case of the public issue not getting fully subscribed, the financial institutions, whenever, they were also acting as underwriters would take up additional equity.

priorities. The joint sector was expected to be an optimal synthesis. In the foregoing we made an attempt at identifying and bringing out some of the main characteristics of JSEs as in actual operation.

Conclusions

This exercise brings out a few points sharply. *One*, if one goes by the number of companies, the joint sector form is gaining increasing importance since the beginning of the 'eighties. More than half of the JSEs identified were incorporated after 1979. The formation of Tata Indianoil Refineries (Tata Chemicals is the private party), Mangalore Refinery (Indian Rayon of the Birlas), Haldia Petrochemicals (Goenkas) and Gujarat Heavy Chemicals (GTC industries of Dalmias) in the joint sector indicates a new phase in the process of Indian industrialisation. *Two*, nearly all States, irrespective of their relative levels of industrialization have utilized this mechanism to promote new corporations. *Three*, the joint sector represents a wide spectrum of industries with the modern industries like electronics and electricals dominating the scene (nearly one-fifth of the JSEs belong to this category). This suggests that while States are keen in opting for sophisticated technology areas there is little evidence to suggest the influence of resource availability or exploitation of regional comparative advantage.

At the second level, the analysis of the information on 162 joint sector projects which have gone to the public revealed the following main conclusions. *One*, even after taking note of the different time periods covered, the JSEs vary widely in their respective sizes. Most of the large projects (more than Rs. 5 crores investment) involved large Houses and foreign controlled companies as private promoters. The contribution of large Houses to the risk capital of JSEs was primarily through inter-corporate investments and does not imply local resource mobilisation. The JSEs promoted by large houses and foreign controlled companies were about one-fourth of the number of projects under study their share in the total investment, however, was nearly half. JSEs involving *individual* private entrepreneurs, though large in number, accounted for one-fourth of the total investment. This pattern holds good even if one divided the period under study into different phases.

Two, a majority of cases, where the private promoter was also operating in the same line of manufacture as that of the newly promoted JSE, the private promoter belonged to a large House or was under foreign control. This phenomenon appears to have resulted in an increased hold on the market by the Indian big business and one or the other multinational. The mechanism of JSEs also helps in avoiding the MRTP clearances. *Three*, private promoter's contribution towards financing the JSEs was less than 10 per cent at the aggregate level. In case of JSEs promoted by large houses and foreign controlled companies this share was even lesser than the average. In contrast, public sector financial institutions contributed more than three-fourths of the total investment. *Four*, more than half of the projects were located in designated backward areas. And, *finally*, a significant number of joint sector projects were based on imported technology. Prabably, there could be a justification for this; the question, however, is as to what precise objectives of the JS are being promoted? Has the imported technology been to promote better utilisation of local resources?

While this is the general outline of the joint sector, there remain many questions unanswered. Viewed against the main objective of bringing in social control over private industry, it is difficult to say in how far the joint sector form was used to pursue this objective. There are a large number of companies in which the public sector holds substantial amount of equity capital often exceeding not only the combined share of private management but also exceeding fifty per cent of the total risk capital.[39] If one goes by the spirit of ILPIC's recommendations all large companies in India in which state or public institutions hold substantial equity, should have been treated as constituents of the joint sector. This, however, has not happened. The voting rights of the financial institutions have been exercised in only a few of cases. The convertibility option which provided for converting loans into equity, has been progressively diluted.[40] Strangely enough, one even gets a feeling that the government is attempting to reduce its commanding role in the private corporate sector. Otherwise one does not find adequate justification for denotifying IFCI and ICICI for purposes of classifying a company as ' Deemed Government' company under Section 619(B) of the Companies Act, 1956.[41] The only time public sector financial institutions seem to get into picture is when the unit becomes sick. Similarly, financial institutions took a stand in favour of the existing managements during some takeover attempts of the recent past. The policy has been to support the existing managements.

The initial objective of creating a cadre of managers who can understand and participate actively in the decision making process of JSEs appears to have not been seriously pursued. One finds large many generalists as nominee directors. Either these are from the IAS or they hold directorships in companies engaged in wide-ranging activities. While the chairmen of joint sector companies have been nominees of the participating financial institutions and their Boards also constituted with other nominee directors, one is not sure in how far their role and place is different from similar directorships held in non-joint sector companies. There appears no evidence to suggest that State governments take active interest in the management of JSEs. On its part, surprisingly, the Central Government has no information as to the progress of the scheme. It appears that government's interest ceases with the issue of licences and letters of intent. If one does not find any difference between the role played by the financial institutions (government) in joint sector and non-joint sector companies one would need to ask: Why joint sector?

Looking from a different point of view, should one expect joint sector to promote

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39. Goyal, S.K. "Privatisation of Public Enterprises: some issues for debate, Corporate Studies Group Working Paper No. 11, February 1985.

40. Paranjape, H.K. "New Lmaps for Old! A critique of the 'New Economic Policy'" Economic and Political Weekly, Vol. XX, No. 36, September 7, 1985.

41. Goyal, S.K. "Public Accountability of Deemed Government Companies" Corporate Studies Group Working Paper No. 8, August 1983.

development of backward areas? Or to mobilise financial resources? As in the case of industrial licensing and public sector, differing objectives, often contradiction in themselves or having no commonality get added and the list of the expectations started growing in the case of JSEs too. Too many objectives in practice imply pursuance of none. One has to see how various instruments available with the government are made use of with a sharp and clear focus. If in promoting joint sector companies the monopoly houses could circumvent the MRTP Act, the objective of the latter too is bound to be defeated.

Joint Sector is a concept on which very little work has been done. The initial justification needs to be one criterion for assessing the performance of the policy towards JSEs. In view of its growing importance, there is need to have a debate on mechanisms to introduce public accountability for these enterprises. It may be worth exploring if JS classification can be extended to the private sector in general. This sector could be an instrument to provide a more meanig-nful social perspective to the overall process of industrialisation in the country. Presently, there seems to be a very little discussion.

Annexure - I

Illustrative List of Joint Sector Companies Promoted by State Industrial Development Corporations in Association with the Large Industrial Houses

S.No.	Name of Joint Sector Company	Name of the Promotor	House Assn.	Product	State
	(1)	(2)	(3)	(4)	(5)
1.	WEBEL Jyoti Power Electronics Ltd	Jyoti Ltd	Amin R K	Thyrister Controlled Module Drive	West Bengal
2.	Andhra Petrochemicals Ltd	Andhra Sugars Ltd	Andhra Sugar	Oxo Alcohol	Andhra Pradesh
3.	Madhya Pradesh Fibres Ltd	Apeejay-Surrendra Group	Apeejay	Polyster Staple Fibre and Yarn	Madhya Pradesh
4.	Automotive Castings Ltd	Ashok Leyland Ltd	Leyland/FCC	S. G. Iron and Grey Iron Castings	Tamil Nadu
5.	Maharastra Scooters Ltd	Bajaj Auto Ltd	Bajaj	Two Wheeler Scooters	Maharashtra
6.	Girnar Scooters	Bajaj Auto Ltd	Bajaj	Two Wheeler Scooters	Gujarat
7.	Mysore Petrochemicals Ltd	Shekavati Invst Corpn Ltd	Bangur	Phlthalic Anhydrides & Plasticizers	Karnataka
8.	Uptron Shreetronix Ltd	Amalgamated Devt Ltd	Bangur	Eln Control Equipment	Uttar Pradesh (1)
9.	West Bengal Pulpwood Devt	Titagarh Paper Mills Co Ltd	Bangur	Pulpwood	West Bengal
10.	Bihar Caustics & Chemicals Ltd	1. Gwalior Rayon Silk Mfg & Wvg 2. HINDALCO & 3. Pilani Invt.	Birla	Caustic Soda & Chlorine	Bihar
11.	Gujarat Instruments Ltd	Taylor Instrument Co (I) Ltd	Birla	Eln Process Control Instruments	Gujarat
12.	Nicco Orissa Ltd	National Insulated Cable Co	Birla	Orissa	
13.	Tamil Nadu Flourine & Allied Chemicals Ltd.	1. Gwalior Rayon Silk Mfg & Wvg 2. HINDALCO & 3. Pilani Invt.	Birla	Aluminium Flouride	Tamil Nadu
14.	Malabar Building Products Ltd	Hyderabad Industries Ltd	Birla	Asbestoes Cement Sheets	Kerala
15.	West Bengal Alloy Steel Ltd	Texmaco Ltd	Birla	Cold Rolled Steel Strips	West Bengal
16.	Vindhya Telelinks Ltd	Universal Cables Ltd	Birla	Jelly Filled Telephone Cables	Madhya Pradesh
17.	Western India Sponge Iron Co	Gwalior Rayon Silk Mfg & Wvg	Birla	Sponge Iron	Maharashtra
18.	Krishna Heavy Chemicals Ltd	Birla Eastern Ltd	Birla	Soda Ash	Andhra Pradesh
19.	Webel Texmaco Electronics Ltd	Texmaco Ltd	Birla	Telephone Instruments & Epabx	West Bengal (2)
20.	Eastern Organics Ltd	Hindustan Heavy Chemicals Ltd	Birla	Caustic Soda & Chemicals	West Bengal
21.	General Synthetic Corpn Ltd	Birla Eastern Ltd	Birla	Synthetic Filament yarn	West Bengal
22.	Zenith Fibres Ltd	Birla Eastern Ltd	Birla	Nylon filament Yarn	West Bengal

(Contd...)

(1)		(2)	(3)	(4)	(5)
23.	Neptune Papers Ltd	1. Sirpur Paper Mills Ltd 2. Central India Inds. Ltd 3. Vimal Invts Ltd	Birla	Paper	West Bengal
24.	Karnataka Pulpwood Ltd	Gwalior Rayon Silk Mfg. & Wv	Birla	Pulpwood	Karnataka
25.	Indo-Gulf Fertilizers & Chemicals Corpn Ltd	1. Gwalior Rayon Silk Mfg. & Wv 2. Hindustan Aluminium Corpn Lt 3. Indian Rayon Corpn Ltd	Birla	Fertilizers	Uttar Pradesh
26.	Southern Petrochemical Industries Corpn. Ltd.	Chidambaram M A	Chidambaram	Fertilizers	Tamil Nadu
27.	Southern Agrifurane Inds Ltd	Chidambaram M A	Chidambaram	Alcohol and Furfural	Tamil Nadu
28.	Tamil Nadu Petroproducts Ltd	Southern Petrochemical Inds.	Chidambaram	Linear Alkyl Benzene	Tamil Nadu
29.	Tuticorin Alkali Chmls & Fertilizers Ltd	Southern Petrochemical Inds.	Chidambaram	Aluminium Chloride & Soda Ash	Tamil Nadu
30.	Tamil Nadu Pearls Pvt. Ltd	Southern Petrochemical Inds.	Chidambaram	sale and prdn of Natural Pearls	Tamil Nadu
31.	Mandovi Pellets Ltd	Chowgule & Co Ltd Chowgule Steamships Ltd	Chowgule	Iron Ore Pellets	Goa (3)
32.	Gujarat Heavy Chemicals Ltd	Golden Tobacco Co Ltd	Dalmia J	Soda Ash	Gujarat
33.	J & K Cigarettes Ltd	Golden Tobacco Co Ltd	Dalmia J	Cigarettes	Jammu & Kashmir
34.	North Eastern Tobacco Co Ltd	Golden Trading Co, Bombay	Dalmia J	Cigarettes	Assam
35.	Webstar Ltd	Dunlop India Ltd		FCC	West Bengal
36.	Premier Morarji Chemicals Co Ltd	Premier Enterprises Pvt Ltd	Dharamsi	Ferric Alum	Kerala
37.	Gujarat Drugs & Chemicals Ltd	Infar India Ltd	FCC	Psyllium Husk	Gujarat
38.	Punjab Anand Lamp Inds. Ltd	N.V. Philips, Netherlands,	FCC	GLS and FT & Lamps	Punjab
39.	Indtech Speciality Chemls Ltd	Indrol Lubricants & Specialities Ltd	FCC	Jellies & Allied Chmls	Karnataka
40.	Noble Explochem Ltd	Aktiebolaget Bofors, Sweden	FCC	Industrial Explosives	Maharashtra
41.	Orissa Extrusions Ltd	Indian Aluminium Co. Ltd/ICI	L & T	Aluminium Extrusions	Orissa
42.	Rajasthan XLO Sanwa Midland Ltd	XLO India Ltd	FCC/XLO	Air Brake Assembly sets	Rajasthan
43.	Webel Precision Inds Ltd	G K W Ltd	G K W /FCC	Eln Instruments & Connectors	West Bengal (2)
44.	Deccan Fibre Glass Ltd	Phillips Carbon Black Ltd	Goenka	Fibre Glass	Andhra Pradesh
45.	Webel Video Devices Ltd	G P Goenka	Goenka	TV. Picture Tubes	West Bengal
46.	Gujarat Carbon Ltd	Phillips Carbon Black Ltd	Goenka	Carbon Black	Gujarat
47.	Wiltech India Ltd	Asian Cables Corpn Ltd	Goenka	Razor Blades	Karnataka
48.	Consolidated Fibres & Chemicals Ltd	G.P. Goenka	Goenka	Acrylic Fibre	Tamil Nadu

(Contd...)

	(1)	(2)	(3)	(4)	(5)
49.	Phenol Corpn of Gujarat Ltd	Duncan Brothers & Co Ltd	Goenka	Phenol	Gujarat
50.	Haldia Petrochemicals Ltd	R P Goenka	Goenka	Petrochemicals	West Bengal
51.	India Polyfibres Ltd	Phillips Carbon Black Ltd	Goenka	Polyster Staple Fibre	Uttar Pradesh
52.	Karnataka Telecables Ltd	Asian Cables Ltd	Goenka	Telephone Cables	Karnataka
53.	Asia Carbon Ltd	Phillips Carbon Black Ltd	Goenka	Carbon Black	Tamil Nadu
54.	Upcom Cables Ltd	Ceat Investment Ltd	Goenka	Jelly Filled Telephone Cables	Uttar Pradesh
55.	Light Metal Inds Ltd	India Foils Ltd	Macneil & Magor	Aluminium Foils	West Bengal
56.	Maharashtra Weldaids Ltd	Indian Oxygen Ltd	ICI/FCC	Arc Wlding Equipment	Maharashtra
57.	Eastern Explosives & Chml Ltd	IDL Chemicals Ltd	ICI/FCC	Slurry Explosives	West Bengal
58.	Gujarat Hotels Ltd	I T C Ltd	I T C/FCC	Hotels	Gujarat
59.	Orissa Synthetics Ltd	Straw Products Ltd	J K Singhania	Polyster Staple Fibre	Orissa
60.	Bihar Synthetics Ltd	J K Synthetics Ltd	J K Singhania	Polyster Filament Yarn	Bihar
61.	Gujarat Wedge Wire Screens Ltd	Behubor Investment Ltd	Jardine Hander	Wedge Wire Screens	Gujarat
62.	Rajasthan Glyoxal Ltd	N.K. Jhunjhunwala	Jhunjhunwala	Gloyxal & Sodiwm trihydrate	Rajasthan
63.	Gujarat Aromatics Ltd	1. Raipur Mfg Co Ltd 2. Arvind Mills Ltd 3. Aruna Mills Ltd	K Bhai Lalbhai	Synthetic Cresoles	Gujarat
64.	Madhya Pradesh Electricals Ltd	Shakti Insulated Wires P Ltd	Khatau	Winding Screen & Extruded Prdts	Madhya Pradesh
65.	Vanavil Dyes & Chemicals Ltd	Colour Chem Ltd	Khatau	Dyestuffs, Intermediates & Chmls	Tamil Nadu
66.	Lakshmi Porcelains Ltd	M D Kanuri	KLN Prasad	H.T. Porcelains	Andhra Pradesh
67.	U.P. Switchgears Ltd	Hindusthan Brown Boveri Ltd	L & T	H.T. Circuit Breakes	Uttar Pradesh
68.	National Switchgears Ltd	Hindusthan Brown Boveri Ltd	L & T	Switchgears	--
69.	Gujarat Prime Movers Ltd	Hindustan Brown Boveri Ltd	L & T	Industrial Turbines	Gujarat /FCC
70.	Andhra Mechanical & Elec Inds. Ltd	I A E C (Bombay) Ltd	L D Char	Transformers & Switchgears	Andhra Pradesh
71.	Siroplast Ltd	Roplas India Ltd	Mahindra	Moulding Compound Sheets	Maharashtra
72.	Modi Business Systems (Punjab) Ltd	Modi Group of Industries	Modi	--	Punjab
73.	Bihar Sponge Iron Ltd	Modipon Ltd	Modi	--	Bihar
74.	Modipic Rubber Ltd	Modi		--	Uttar Pradesh
75.	Vikrant Tyres Ltd	Consolidated Coffee Ltd	Muthiah	Tyres and Tubes	Karnataka
76.	Modern Insulators Ltd	H S Ranka	Modern Group	H.T Insulators	Rajasthan
77.	Modern Threads (I) Ltd	H S Ranka	Modern Group	Indl. Yarn and Sewing Thread	Rajasthan
78.	Punjab Breweries Ltd	East India Hotels Ltd	M S Oberai	Beer	Punjab*
79.	Nagarjuna Paper Mills Ltd	K V K Raju	Nagarjuna	Paper	Andhra Pradesh
80.	Nagarjuna Steels Ltd	K V K Raju	Nagarjuna	Cold Rolled Steel Strips	Andhra Pradesh

(Contd...)

	(1)	(2)	(3)	(4)	(5)
81.	Nicco Orissa Ltd	National Insulated Cable Co.	NICCO	XLPEG & PVC Power Cables	Orissa
82.	Webel Television Ltd	NICCO Investment Ltd	NICCO	CTV and B.W Television	West Bengal
83.	Webel Nicco Electronics Ltd	1. National Insulated Cables Co Nicco 2. Nicco Investment Ltd.	--	West Bengal (2)	
84.	Telelink Nicco Ltd	National Insulated Cables Co	Nicco	Polytylene jelly filled cables	West Bengal
85.	Gujarat Tyres Ltd	Nirlon Synthetic Fibres & Ch	Nirlon	Tyres and Tubes	Gujarat
86.	Orichem Ltd	D K Jhunjhunwala & Co. Pvt.	Orissa Inds.	Sodium Dichromates & Sulphate	Orissa
87.	Punjab Concast Ltd	Oswal Woollen Mills Ltd	Oswal	Mild and H.T Special steel	Punjab
88.	Malwa Cotton Spg. Mills Ltd	Oswal Woollen Mills Ltd	Oswal	Cotton yarn	Punjab
89.	Punjab Woolcombers Ltd	Oswal Woollen Mills Ltd	Oswal	Wool Taps (Combed Wool)	Punjab
90.	Webel Telecommunications Inds. Ltd	Peico Electronics & Electric	Philips/FCC	Walkie Talkie Sets	West Bengal
91.	Raasi Cement Ltd	N P K Raju	Raasi	Cement	Andhra Pradesh
92.	Raasi Synthetics & Chemicals Ltd	B V Raju	Raasi	Polyster Filament Yarn	Andhra Pradesh
93.	Arkonam Castings & Forgings Ltd	K C P Ltd	Ramakrishna V	Steel Castings	Tamil Nadu
94.	Raunaq Automotive Components Ltd	Raunaq Enterprises	Raunaq Singh	H.P. Automotive Gears	Uttar Pradesh
95.	Sygma Paints (Karnataka) Ltd	Sygma Paints Ltd	Ruia	Paints	Karnataka
96.	Tamparlia Steam Navigation Ltd	Scindia Steam Navigation Co	Scindia	--	West Bengal
97.	M P Agro Morarji Fertilizers Ltd	Dharmsi Morarji Chemical Ltd	Shahu Jain	Fertilizers	Madhya Pradesh (4)
98.	IndianCarbides& Chemicals Ltd	Asiatic OxygenLtd	Soorajmull	Calcium Carbide	Orissa
99.	M P Carbides & Chemicals Ltd	Raigarh Jute & Textile Mills	Soorajmull	Calcium Carbide	Madhya Pradesh
100.	Bihar Air Products Ltd	1. Asiatic Oxygen Ltd 2. B P Indl Corpn Pvt Ltd 3. Amstar Invt Pvt Ltd	Soorajmull	Oxygen, Acetylene & Gas	Orissa
101.	Andhra Pradesh Fibres Ltd	K K Bajoria	Soorajmull	Twine Thread	Andhra Pradesh
102.	Automobile Corpn of Goa Ltd	Tata Locomotive & Engg Co Lt	TATA	Automobile Parts & Components	Goa
103.	Ipibel Refractories Ltd	Tata Refractories Ltd	TATA	Refractories	Orissa
104.	Ipitata Sponge Iron Ltd	Tata Iron & Steel Co Ltd	TATA	Sponge Iron	Orissa
105.	Titan Watches Ltd	Questar Investment Ltd	TATA	Quartz Analog Electronic Watches	Tamil Nadu
106.	Kumardhubi Metal Casting & Engineering Ltd	Tata Iron & Steel Co Ltd	TATA	Reeractories	Bihar
107.	Almora Manganesite Ltd	Tata Refractories Ltd	TATA	Dead Burnt Manganesite	Uttar Pradesh
108.	Punjab United Pesticides & Chemicals Ltd	Excel Industries Ltd	TATA II/Shroff	Malathion Technical	Punjab
109.	Karnataka Oxygen Ltd	1. Lachhminarain Co	TCI/Bhoruka	Oxygen, Nitrogen & Acetylene	Karnataka

(Contd...)

(1)		(2)	(3)	(4)	(5)
		2. Ambica Textiles			
110.	Northern Digital Exchanges L	Ballarpur Industries Ltd	Thapar	Epabx Systems	Punjab
111.	Punjab Polyfibres Ltd	Jagatjit Cotton Textiles Ltd	Thapar	Synthetic Fibre & Polyster Yarn	Punjab
112.	Solid State Devices Ltd	--	Thapar	Semiconductor Devices	Andhra Pradesh
113.	Andhra Pradesh Rayons Ltd	Ballarpur Industries Ltd	Thapar	Rayon Grade Pulp	Andhra Pradesh*
114.	Punjab Display Devices Ltd	Jagatjit Cotton Textile Mill	Thapar	CTV Picture Tubes	Punjab
115.	Himlon Ltd	Ballarpur Industries Ltd	Thapar	Acrylic Fibre	Himachal Pradesh
116.	Goa Electricals & Fans Ltd	Crompton Greaves Ltd	Thapar	Rubber Contraceptives	Goa
117.	Lorcom (Protectives) Ltd	London Rubber Co (I) Ltd	TTK/FCC	Epabx Systems	Maharashtra
118.	United Communications Ltd	United Breweries Ltd	United Brew	Polyster Staple Fibre	Orissa (5)
119.	Karnataka Polyster Ltd	United Breweries Ltd	United Brew	Polypropylene	Karnataka
120.	Madhya Pradesh United Chemicals & Pesticides Ltd	United Builders Constn.(I) P	United Group	Malathion Technical	Madhya Pradesh
121.	Madhya Pradesh United Polypropylene Ltd	United Builders Constn.(I) P	United Group	Malathion Tecahnical	Madhya Pradesh
122.	M P Uni-Magna Tech Ltd	United Builders Constn.(I) P	United Group	Malathion Technical	Madhya Pradesh
123.	Columbia Electronics Ltd	Deepak Gupta	United Group	Video Tapes & Cassettes	Madhya Pradesh

Note:
(1) Uttar Pradesh Electronics Corporation Limited
(2) West Bengal Electronics Industry Development Corporation Limited
(3) Steel Authority of India Limited
(4) Madhya Pradesh Agro Industries Corporation Limited
(5) Orissa Electronics Development Corporation Limited
* Disinvested.

(Contd...)

Annexure - II

Illustrative list of Joint Sector companies which entered into collaboration agreements with foreign companies

S.No.	Indian Company	House	Foreign Company	Product	Country
	(1)	(2)	(3)	(4)	(5)
1.	Sipta Coated Steels Ltd	Gupta Group	Cockeril Mechanical Inds	G P/ G C Coils	Belgium
2.	Vikrant Tyres Ltd	Muthiah	Techno Export Foreign Trade Co Ltd	Tyres & Tubes	Czechoslova
3.	Cement Corpn Of Gujarat Ltd		F L Smidth	Portland Cement	Denmark
4.	Light Metal Industries Ltd	Manceil & Magor	Cegedur Pechiney	Aluminium Rolled Products	France
5.	Titan Watches Ltd	Tata	France Ebauches	Quartz Analog Electronic Watches	France
6.	Associated Glass Inds Ltd		Komplex Hungarian Trdg Co	Sheet Glass & Glass Bottles	Hungary
7.	Gujarat Filaments Ltd		M/s Fare S P A	Polypropylene Filament Yarn	Itlay
8.	Upcon Cables Ltd	Goenka K P	Ceat Cavi	Jelly Filled Telephone Cables	Itlay
9.	Nicco Orissa Ltd	Nicco	Texmaco	Xlpeg & Pvc Power Cables	Itlay
10.	Deccan Fibre Glass Ltd	Goenka K P	Nitto Boseki C Ltd	Fibre Glass	Japan
11.	Gangappa Cables Ltd	Gangappa	Sumitomo Electric Inds Ltd	Electrical Welding Wires	Japan
12.	Rajasthan Xlo Sanwa Midland	Fcc/xlo	Nishiumi Intl Inc	Air Brake System	Japan
13.	Kerala Chemicals & Proteins		Nitta Gelatine Co Ltd	Ossein Gelatine & Glue	Japan
14.	Southern Petrochemical Inds	Chidambharam M A	Hitachi Zosen	Fertilizers & Petrochmls	Japan
15.	Sathavahana Chains Ltd	Kaga Industries Co Ltd	Automobile & Industrial Chains		Japan
16.	Tuticorin Alkali Chmls& Ferd	Chidambharam M A	Hitachi Ship Building & Engg Co Ltd	Soda Ash & Ammonium Chloride	Japan
17.	Gujarat Aromatics Ltd	K Bhai Lalbhai	Mitsui Engg And Ship Building Co Ltd	Synthetic Cresols	Japan
			Honshu Chemical Industry Co Ltd	Synthetic Cresols	Japan
			Mitsui & Co Ltd	Synthetic Cresols	Japan
18.	Webel Sen Capacitors Ltd		Shin Ei Tushin Kogya Co Ltd	Aluminium Electrolytic Capacitors	Japan
19.	Orissa Synthetics Ltd	J K Singhania	Mitsubhisi Corpn	Polyester Staple Fibre	Japan
20.	Northern Digital Exchanges	Thapar	Oki Electric Industry Co Ltd	Epabx Systems	Japan
21.	Madhya Pradesh United Polypd	United Group	Mitsubishi Rayon Co Ltd	Polypropylene (bopp-e)	Japan
22.	S N Corporation Ltd		Sakamura Machine Co Ltd	High Tensile Fasteners	Japan
23.	Tungabhdra Fibres Ltd	Sivananda	Mitsubishi Rayon Co Ltd	High Wet Modulus /polysonic Fibre	Japan
24.	Tamil Nadu Chemical Product	Mitsubhi Corpn		Sodium Hydrosulphite & Other Chmls	Japan

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	(1)	(2)	(3)	(4)	(5)
25.	Punjab Anand Lamp Inds Ltd	Fcc/philips	Nv Philips	Gls Lamps & Fluorescent Lamps	Netherlands
26.	Intercontiential Leathers L		Leather Central	Finished Leathers	Romania
27.	Uptron Electronic Devices L		L M Ericsson Telephone Co	Aluminium Electrolytic Capacitors	Sweden
28.	Noble Explochem Ltd	Fcc	Bofors	Indl Explosives	Sweden
29.	Vindhya Telelinks Ltd	Birla	Ericsson Cables Ab	Jelly Filled Telephone Cables	Sweden
30.	West Bengal Filaments & Lam	Doy Airam Ab Finland Falma Fabrique		Tungsten Filaments For Gls & Lamps	Switzerland
31.	Tamil Nadu Flourine & Allie	Birla	Bluss Ltd	Aluminium Fluoride	Switzerland
32.	Novopan India Ltd		Fahrani Institute Ltd	Plain & Laminated Particle Boards	Switzerland
33.	Gujarat Lyka Organics Ltd	Lyka Group	Ininter S A	Antibiotics Bulk Drugs (ampicillin)	Swizerland
34.	Accumeasures Punjab Ltd		E Consulting Group	Precision Measuring Instruments	U K
35.	Haji Mamzoor Alam Inds Ltd		Edward Woodley & Sons Ltd	Finished Leathers	U K
36.	Lorcom (protectives) Ltd	Fcc / Ttk	Lrc Overseas Ltd	Rubber Contraceptives	U K
37.	Wiltech India Ltd	Goenka K P	Wilkinson Sword Ltd	Razor Blades	U K
38.	Lakshmi Porcelains Ltd	Kln Prasad/andhri	Doulton Insulators Ltd	High Tension Porcelain	U K
39.	Gujarat Instruments Ltd	Birla	Taylor Instruments Co	Electronic Process Control Instruments	U S A
40.	Uptron Shreetronix Ltd	Bangur	Trw	Electronic Control Equpt & Resistors	U S A
41.	India Polyfibers Ltd	Goenka K P	Chemtex Fibers Inc	Polyester Stable Fibre	U S A
42.	Gujarat Carbon Ltd	Goenka K P	Phillips Petroleum Co	Carbon Black	U S A
43.	U P Twiga Fibreglass Ltd		Ferro Corpn Nashville	Glass Fibre & Its Derivatives	U S A
44.	Acetylene & Indl Gas Cylind		Coyne Cylinder Co	Welded Acetylene Cylinders	U S A
45.	Telelink Nicco Ltd	Nicco	General Cables International	Polythylene Jelly Filled Cables	U S A
46.	Orissa Sponge Iron Ltd		Allis Chalmers Corpn	Sponge Iron	U S A
47.	Carbon & Chemicals India Ltd		Io Richardson Carbon & Gasoline Co	Carbon Black	U S A
48.	Solid State Devices Ltd	Thapar	Cassie Engg	Semi Conductor Devicies	U S A
49.	Punjab Ceramics Ltd	Varma C L	F & S Consultants	High Tension Porcelain Insulators	U S A
50.	Orissa Synthetics Ltd	J K Singhania	American Chemtex	Polyster Staple Fibre	U S A
51.	Partap Raj.Copper Foils & Ldd	Partap Group	Kombinat Veb Lew	Copper Foils & Laminates	West Germany
52.	Noduron Founders Maharashtra		Ahb Sket Export Import Gmbh	S G Iron Castings	West Germany
53.	Gujarat Nylons Ltd		Lurgi Gmbh	Nylon Synthetic Yarn	West Germany
54.	Mysore Petrochemicals Ltd	Bangur	Chemische Fabrik Von Hyden Gmbh	Phlthalic Anhydride & Plasticizers	West Germany
55.	Modern Insulators Ltd	Modern Group	Siemens Ag	High Tension Insulators	West Germany
56.	Bagrian Shoes Ltd		Hellmut Siebeck	Shoes And Other Leather Footwear	West Germany
57.	East Coast Breweries & Dist		Steinecker	Beer & Allied Prots	West Germany
58.	Nagnetix India Ltd		Krupp Wadi Gmbh	Hard Ferrites	West Germany

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