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④ Contribution to public Exchequer: - Apart from generation of internal resources and payment of dividend, public enterprises have been making substantial contribution to the Government exchequer through payment of corporate taxes, excise duty, Custom duty etc. In this way they help in mobilizing funds for financing the needs for the planned development of the country. In recent years, the total contribution from the public enterprises has increased considerably, between the periods 2002-03 to 2004-05 the contribution increased by Rs. 81438 crores on the average.

⑤ Export promotion and foreign Exchange Earnings: Some public enterprises have done much to promote India's export. The state Trading Corporation (STC), the Minerals and Metals Trading Corporation (MMTC), Hindustan Steel Ltd., The Bharat electronics Ltd. The Hindustan Machine tools etc. have done very well in export promotion. The foreign exchange earnings of the public sector enterprises have been rising from Rs 35 crores in 1965-66 to Rs. 42264 crores in 2004-05.

⑥ Import Substitution: - Some public sector enterprises

were started specifically to produce goods which were formerly imported and thus to save foreign exchange. The Hindustan Antibiotics Ltd. the Indian Drugs and pharmaceuticals Ltd. (IDPL), the Oil and Natural Gas Commission (ONGC), the Indian Oil Corporation Ltd. the Bharat electronic Ltd. etc., have saved foreign exchange by way of import substitution.

(7) Research and Development :- As most of the public enterprises are engaged in high technology and heavy industries, they have undertaken research and development programmes in big way. public sector has laid strong and wide base for self-reliance in the field of technical know-how, maintenance and repair of sophisticated industrial plants, machinery and equipment in the country; Through the development of the technology skill, public enterprises have reduced dependence on foreign knowhow. With the help of the technological capacity, public sector undertakings have successfully competed in the international market.

In addition to the above, the public sector has played an important role in the achievement of constitution goals like reducing concentration of economic power in private hands, increasing public control over the national economy, creating a socialistic pattern of society, etc. With all its linkages the public sector has made solid contributions to national self-reliance.

**Limitations:-** Despite their impressive role, public enterprises in India suffer from several problems and shortcomings. Some of them are described below:-

① **Poor project planning:-** Investment decisions in many public enterprises are not based upon proper evaluation of demand and supply, cost-benefit analysis and technical feasibility. Lack of a precise criterion and flaws in planning have caused undue delays and inflated costs in the commissioning of projects. Many projects in the

public sector have not been finished according to the time schedule.

② Over-capitalization :- Due to inefficient planning, lack of effective financial control and easy availability of money from the government, several public enterprises suffer from over-capitalization. The administrative Reforms Commission found that Hindustan Aeronautics, Heavy Engineering Corporation and Indian Drugs and pharmaceuticals Ltd. were over capitalized. Such over-capitalization resulted in high capital-output ratio and wastage of scarce capital resources.

③ Excessive overheads :- public enterprises incur heavy expenditure on social overheads like ~~town~~ townships, schools, hospitals etc. In many cases such establishment expenditure amounted to 10 percent of the total ~~product~~ project cost. Recurring expenditure is required for the maintenance of such overhead and welfare facilities. Hindustan Steel alone incurred an outlay of Rs 78.2 crore on townships,