

CHANGE IN ROLE OF PUBLIC SECTOR ENTERPRISES IN INDIA

PUBLIC SECTOR ENTERPRISES



IndianOil



**BHARAT SANCHAR
NIGAM LIMITED**



**UNITED INDIA
INSURANCE**



**NUMALIGARH
REFINERY
LIMITED**



Power Finance Corporation Ltd.

(A Govt. of India Undertaking)

OBJECTIVES

- **INFRASTRUCTURE
DEVELOPMENT**
- **BALANCED REGIONAL
DEVELOPMENT**
- **EMPLOYMENT
GENERATION**
- **PUBLIC WELFARE**

PRE - LIBERALISATION ERA (1947 - 1991)

ADVENT OF PUBLIC SECTOR ENTERPRISES POST INDEPENDENCE

INSTRUMENT FOR SELF-RELIANT ECONOMIC GROWTH

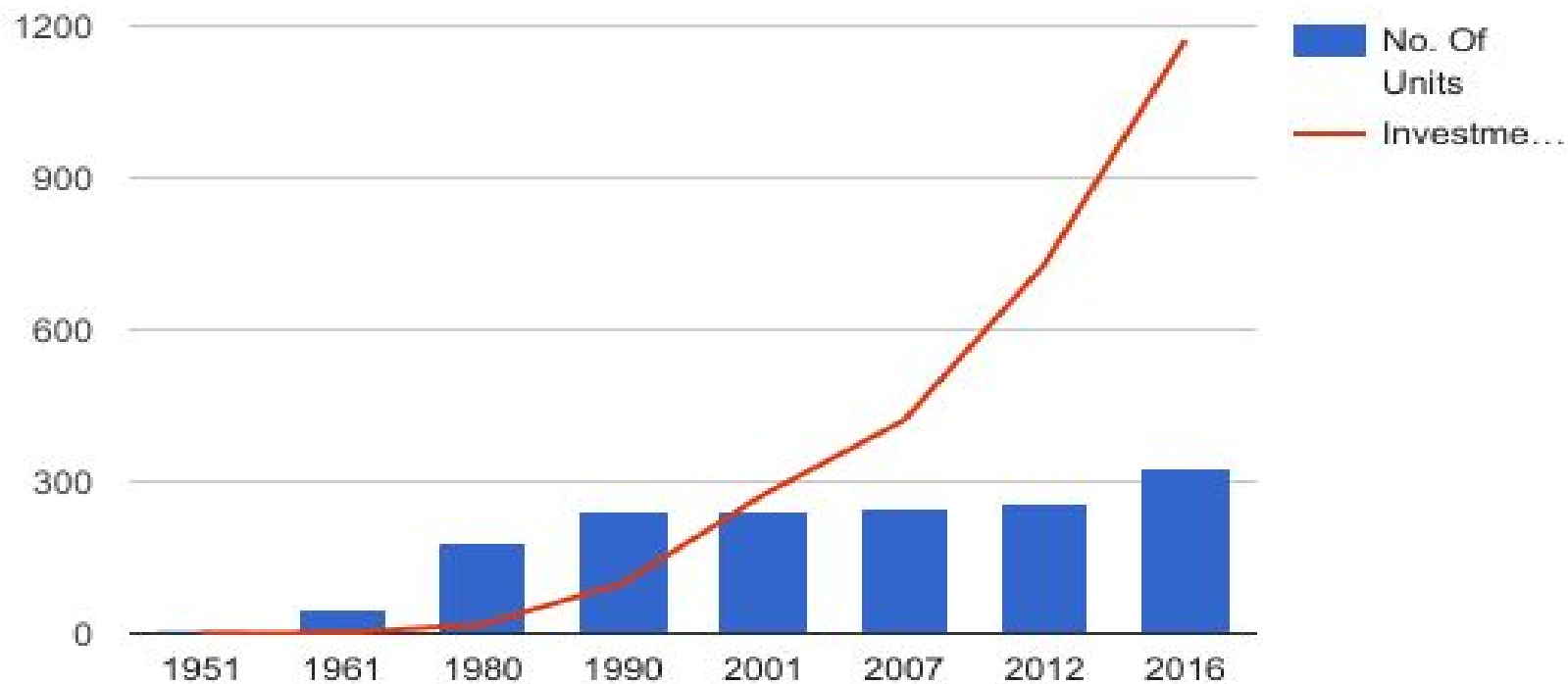
ROLE PLAYED BY THE PUBLIC SECTOR ENTERPRISES

- **Development of Infrastructure and Heavy Industries**
 - **Steel Authority of India Limited (SAIL) - 1974**
 - **Rourkela Steel Plant (1954)**
 - **Bhilai Steel Plant (1955)**
 - **Durgapur Steel Plant (1956)**



- **Regional Balance**
- **Strong Industrial Base**
- **Import Substitution & Export Promotion**
- **Concentration Of Economic Power**
- **Self - Reliance**

Evolution Of PSUs



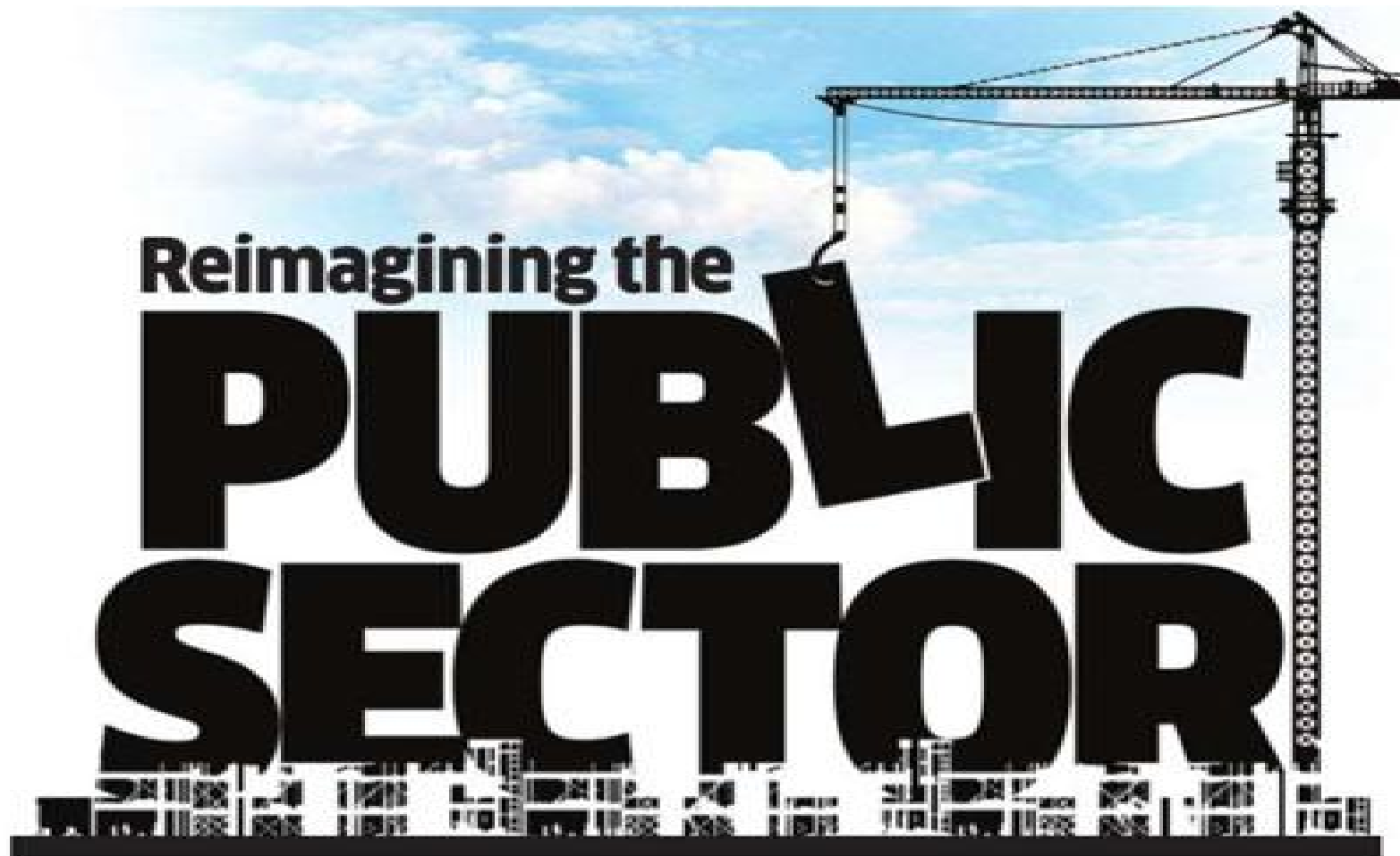
Source:- Public Survey Report (2015-16)

PROBLEM FACED IN THE GOVERNANCE OF PSUs (ROADMAP TO ECONOMIC REFORMS)

PROBLEM



- **Inappropriate Pricing Policy**
- **Corruption**
- **Technological gap**
- **Political Interference**



POST - LIBERALISATION ERA (1991 - PRESENT)

DISINVESTMENT

OBJECTIVES

- **To reduce the financial burden on the govt.**
- **To introduce competition in market.**
- **To fund growth.**
- **Privatization**

IMPORTANCE

- **Financing the increasing fiscal deficit.**
- **For retrieving govt. Debt.**
- **To concentrate more on social programmes.**
- **Financing large scale infrastructure development.**

DE - RESERVATIONS



INDUSTRIES RESERVED FOR PSUs

BEFORE

A TOTAL OF 17 INDUSTRIES WERE EXCLUSIVELY UNDER PUBLIC SECTOR.

Eg:-MINING OF IRON ORE,COPPER,ATOMIC ENERGY ETC.

AFTER

THIS NUMBER WAS REDUCED TO 8 AFTER 1991. CURRENTLY THE NUMBER HAS REDUCED TO 2.

Eg:-ATOMIC ENERGY, RAIL TRANSPORT.

CLASSIFICATION OF PSUs

★ **MAHARATNA**

★ **NAVRATNA**

★ **MINIRATNA**

MEMORANDUM OF UNDERSTANDING (MOU)

- **Bilateral or Multilateral agreement between the PSUs and the Administrative Ministries.**

IMPACT

POSITIVE

- **Improved Efficiency**
- **More Investments**
- **Hike In Salary**
- **Better Utilisation Of Funds**
- **More Transparency**



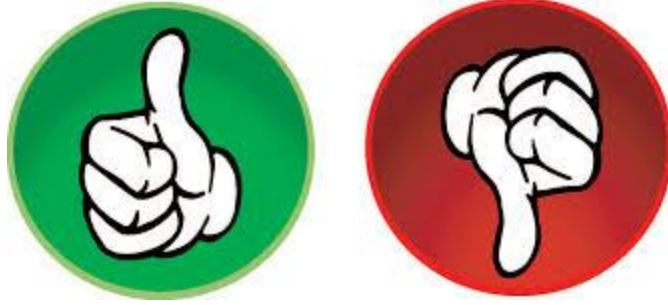
DEMERITS

- **Created economic disparities**
- **Although improvement in PSUs Disinvestment continued**
- **Ignored social development and benefits**
- **Underemployment**

SUGGESTIONS

- **Govt should have evolved a policy on reforms in public sector rather than only disinvestment**
- **Increase the competition**
- **Increase the standard of public sector enterprises to manage the competition from both domestic and foreign competitors.**

CONCLUSION



- **GOVERNMENT CONTROLLED TO MARKET DRIVEN**
- **EFFICIENCY, TECHNOLOGY ADVANCEMENTS**

THANK YOU