MODULE V INDUSTRIAL GROWTH IN INDIA 9

Trends and prospects - Public enterprises; efficiency - Productivity and performance constrain - Small scale industries: definition, role - Policy issues and performance - Capacity utilization - Industrial sickness and Exit - Technology transfer - Privatization.

Public Enterprises

Public enterprises are autonomous or semi-autonomous corporations and companies established, owned and controlled by the state and engaged in industrial and commercial activities. Public sector enterprises are typically regulated by the government. The government sets performance goals for the enterprises and monitors their performance. The government also sets prices for the goods and services produced by the enterprises. National Thermal Power Corporation (NTPC) Bharat Heavy Electricals Limited (BHEL) Gas Authority of India Limited (GAIL) Coal India Limited (CIL), etc. are examples of public enterprises in India.

Types of Public Enterprises

Departmental Undertakings

Departmental undertakings organizations are the most ancient forms of public sector enterprises. They are also known as the department of the government. These enterprises depend on the government and the ministry to control the work. The companies that are the departmental organizations include railways, post-service, telephone service, and others. The central government and the state government have full control over the working of this public sector organization. The revenue generated by these enterprises is controlled by the government and has access to the revenue. Apart from that, the annual budget of the government is financed by these departmental undertakings. The most important thing about this public enterprise is that the formation of a departmental undertaking is pretty easy and does not require any registration. The accountability of these organizations is very high and is controlled directly by parliament.

Public or Statutory Corporation

Public and statutory corporations are other types of public sector enterprises that are formed by the parliament's special action or state or central legislatures. The public sector is financed by the government. The legislature decides its objectives, powers, limitations and other rights. Public or statutory corporations are Indian airlines, State Bank of India, Oil & Natural Gas Corporation, etc.

The statutory corporation is a separate legal entity. It also includes automatic incorporation which deals with the passing of an act in the parliament. The state and the central government decide the operations of these corporations.

Government Companies

Government companies are the types of public sector enterprises in which the state and the central government holds a minimum of 51% share. Government companies follow the provisions of the companies act which are established by the government. The Government companies are Hindustan machine tools, state trading corporations, and many others.

Characteristics of Public Enterprises:

(i) Financed by Government:

Public enterprises are financed by the government. They are either owned by the government or majority shares are held by the government. In some undertakings private investments are also allowed but the dominant role is played by the government only.

(ii) Government Management:

Public enterprises are managed by the government. In some cases, government has started enterprises under its own departments. In other cases, government nominates persons to manage the undertakings. Even autonomous bodies are directly and indirectly controlled by the government departments.

(iii) Financial Independence:

Though investments in government undertakings are done by the government, they become financially independent. They are not dependent on the government for their day- to-day needs. These enterprises arrange and manage their own finances. An element of profitability is also considered while pricing their products. It has helped the enterprises to finance their growth themselves.

(iv) Public Services:

The primary aim of state enterprises is to provide service to the society. These enterprises are started with a service motive. A private entrepreneur will start a concern only if possibilities of earning profits exist but this is not the purpose of public enterprises.

(v) Useful for Various Sectors:

State enterprises do not serve a particular section of the society but they are useful for everybody. They serve all sectors of the economy.

(vi) Direct Channels for Using Foreign Money:

Most of the government to government aid is utilized through public enterprises. Financial and technical assistance received from industrially advanced countries is used in public enterprises.

(vii) Helpful in Implementing Government Plans:

Economic policies and plans of the government are implemented through public enterprises

(viii) Autonomous or Semi-Autonomous Bodies:

These enterprises are autonomous or semi-autonomous bodies. In some cases they work under the control of government departments and in other cases they are established under statutes and under Companies Act.

Role and Importance of Public Enterprises:

Traditional Role of Public Enterprise (Rationale of Public Enterprise) The Industrial Policy, 1956 emphasized the role of public sector in India for rapid industrial development. The rationale or justification of the public sector enterprises in India would be clear from the following roles assumed by them:

1. Rapid Economic Development.

In India, the responsibility for economic planning has been assumed by the Government. In order to speed up the process of economic development, the direct participation of the Government in industrial and commercial enterprises is necessary.

2. Provision of Infrastructure.

Many of the public enterprises are extremely helpful in creating infrastructure for development. The development of railway network, road network, telephone and telegraph network. generation and supply of electricity. production of fertilizers, etc., and setting up of term-leading institutions are examples in point.

3. Sound Industrial Base.

Development of key or basic industries is very important for any economy. Such industries require huge capital which the private investors may not be ready to invest. Only public enterprises can afford to invest huge funds for the establishment of basic or key industries.

4. Development of Backward Regions.

The public enterprises are set up to provide industries in those regions having the least industrial activities. This is done to create infrastructure and employment opportunities in economically backward regions.

5. Generation of Surplus.

Public enterprises may also be started to generate surplus (or profits) which may be ploughed back in the form of investment for the economic development.

6. Creation of Employment Opportunities.

It is the responsibility of a welfare government to do all that whereby avenues of employment get created and multiplied. The Government has set up public enterprises in various regions so that larger employment opportunities may be created.

7. Control of Monopoly and Restrictive Trade Practices.

Public enterprises are also established to compete with private enterprises. Their basic purpose is to minimize chances of monopoly and restrictive trade practices by the private sector.

8. Takeover of Sick Industrial Units

Sometimes, public enterprises are formed to take over sick industrial undertakings in order to check wastage of social resources and loss of employment to a large number of workers. The establishment of National Textile Corporation is a case in point.

9. Serving of National Interests.

Public enterprises are also created to carryon business activities which are important for the nation as a whole.

Rationale of PSEs in India

Rapid Economic Development: The prerequisite of faster economic development is the creation of infrastructure and the growth of basic industries like power, steel transportation; communication, banking etc. These industries require huge capital investment and involve long-gestation period and so private sector may not be interested to undertake the development of such industries. Further, the private sector lacks financial and technical skills to develop such industries. In other words, reluctance on the part of private entrepreneurs to develop key industries due to high risk and low returns necessitated the establishment of PSEs. Government with its capacity to mobilize huge economic resources can develop the industries that are significant for growth prospects of the country. Thus in the earlier phase of development heavy state spending on investment in basic infrastructural sectors and service facilities (for example financial institutions, telecommunication banking etc.) is essential for providing a congenial atmosphere to the private sector to facilitate the process of accelerated development of the economy.

Reduction of Concentration of Economic Powers: PSEs reduce inequalities of income through welfare programmes, favourable pricing policy towards small industries and supply of cheaper goods to the consumer. Private sector may manipulate the price of essential goods and indulge into quick profit-making by controlling the volume and price of such goods. PSEs prevent such concentration of economic power.

Balanced Regional Growth: Private sector generally neglects backward regions that lack infrastructure and other basic facilities such as power, roads, telecommunication, skilled labour etc. PSEs set up large projects in these areas and spend huge cost to develop such areas. In this manner PSEs help to achieve balanced regional growth.

Employment Generation: The adequate generation of employment opportunities is a major objective of the public sector enterprises. This sector has provided direct employment to more than 80 percent of organized labour.

Import-Substitution and Export-Promotion: In the initial period of development foreign exchange constraints exist due to huge imports of capital goods and low exportable surplus. PSEs produce importable goods domestically which tend to save precious foreign exchange and facilitate exports.

Resource Mobilization: PSEs mobilize savings through large network of banking and financial institutions. The profits of PSEs are ploughed back into developmental activities of the country. Further, PSEs contribute to the Government's exchequer through payment of tax and dividends.

Problems of PSEs in India

Defective Pricing Policy: The prices of goods and services produced by the PSE in India for long have been determined by Govt. under administered price regimes (APR). In post-91 era with intense market competition Government has dismantled the APR in most cases and PSEs have been given independence to fix their own price competitively. In the recent years various price regulatory commission for regulating prices in best interest of both consumers and producers have been established whose recommendations are applicable both for private and PSEs. Government on its part continues to be sensitive to the needs of the poor and price level in the economy. Any rise in price generally warranted by market conditions is avoided. Pricing of petroleum is an example in this respect. The rise in the international price of crude oil is hardly passed on to the consumers. The social approach set prices in PSE causes a lower returns and financial losses.

Excessive Political Interference: There exists considerable political interference in the operational aspects of PSEs in terms of appointment in the management, pricing of products, location of projects. The decisions are guided by political considerations and not by economic factors.

Delays in Decision-Making: The red-tapism and bureaucratic management causes delay in decision-making of these organizations. PSEs thus fail to take advantage of opportunities thrown open by the market.

Over-Manning: The public sector enterprises are overstaffed. It increases cost of production and inefficiency in the organization.

Lack of Accountability: The appraisal system lack performance-based remuneration system. The system lacks incentives to improve and penalties for delays and failures. The security of service makes them lethargic and reduces creativity. This lack of accountability causes inefficiency and losses in the public enterprises.

Under-Utilization of Capacity: The public enterprises operate at less than their full capacity and produce lower than potential output. This increase the cost of production as the fixed cost is distributed over small output.

Efficiency - Productivity and Performance of Public Sector in India

Prior to Independence, there were few 'Public Sector' Enterprises in the country. These included the Railways, the Posts and Telegraphs, the Port Trusts, the Ordinance Factories, All India Radio, few enterprises like the Government Salt Factories, Quinine Factories, etc. which were departmentally managed.

Independent India adopted planned economic development policies in a democratic, federal polity. The country was facing problems like inequalities in income and low levels of employment, regional imbalances in economic development and lack of trained manpower. India at that time was predominantly an agrarian economy with a weak industrial base, low level of savings, inadequate investments and infrastructure facilities. In view of this type of socio-economic set up, our visionary leaders drew up a roadmap for the development of Public Sector as an instrument for self-reliant economic growth. This guiding factor led to the passage of

Industrial Policy Resolution of 1948 and followed by Industrial Policy Resolution of 1956. The 1948 Resolution envisaged development of core sectors through the public enterprises. Public Sector would correct the regional imbalances and create employment. Industrial Policy Resolution of 1948 laid emphasis on the expansion of production, both agricultural and industrial; and in particular on the production of capital equipment and goods satisfying the basic needs of the people, and of commodities the export of which would increase earnings of foreign exchange.

In early years of independence, capital was scarce and the base of entrepreneurship was also not strong enough. Hence, the 1956 Industrial Policy Resolution gave primacy to the role of the State which was directly responsible for industrial development. Consequently, the planning process (5 year Plans) was initiated taking into account the needs of the country. The new strategies for the public sector were later outlined in the policy statements in the years 1973, 1977, 1980 and 1991. The year 1991 can be termed as the watershed year, heralding liberalization of the Indian economy.

Thus, liberalizing and deregulatory steps were initiated from the year 1991 onwards, which aimed at supporting growth and integration with the global economy. Since then, the thrust of New Economic Policy has been on progressive reforms such as reduction in the scope of industrial licensing, reforms in the Monopolies and Restrictive Trade Practices (MRTP) Act, reduction of areas reserved exclusively for public sector, disinvestment of equity of selected public sector enterprises (PSEs), enhancing limits of foreign equity participation in domestic industrial undertakings, liberalization of trade and exchange rate policies, rationalization and reduction of customs and excise duties and personal and corporate income taxes, promoting FDI, investments from NRIs (Non-Resident Indians), extension of the scope of CENVAT, implementing the VAT regime in States, taking steps to switch over to goods & services tax system w.e.f. 01.04.2010, e-governance and simplification of various procedures, rules and regulations etc.

Over the years, operations of CPSEs have extended to a wide range of activities in the manufacturing, engineering, steel, heavy machinery, machine tools, fertilizers, drugs, textiles, pharmaceuticals, petro-chemicals, extraction and refining of crude oil and services such as telecommunication, trading, tourism, warehousing, etc. and a range of consultancy services. In

2006-07, there were 247 Central Public Sector Enterprises in India, as compared to 236 in 1997-98.

Integration of Indian economy with global markets has thrown up new opportunities and challenges. Some of the public sector enterprises with strategic vision are actively exploring new avenues and have increased their activities to go in for mergers, acquisitions, amalgamations, takeovers and for creating new joint ventures. The Navratna CPSEs, which enjoy greater autonomy to incur capital expenditure and enter into joint ventures in India and abroad should avail of these opportunities for rapid growth overseas. Acquisitions, JVs and green field projects in Petroleum Sector have already taken place and are under active consideration in Power, Coal and Mining Sectors. Another important initiative towards re-structuring of public sector enterprises is 'Disinvestment' in select CPSEs.

The Statement of Industrial Policy of 1991 stated that in the case of selected enterprises, part of Government holdings in the equity share capital of these enterprises will be disinvested in order to provide further market discipline to the performance of public enterprises. Some CPSEs have been such as Videsh Sanchar Nigam Ltd. (VSNL), Indian Petrochemicals Corporation Ltd. (IPCL), Maruti Udyog Limited (MUL), CMC Ltd., etc. have been privatized. In addition, there are CPSEs which have been acquired by other CPSEs by way of disinvestment and open bidding such as acquisition of IBP by Indian Oil Corporation Limited. There are also instances of acquisition of private firms by CPSEs as in the case of MRPL, which was a joint sector company and became a CPSE subsequent to acquisition of its majority shares by ONGC. There are also cases of domestic offerings, GDR listing, offloading of some equity shares in the market or to another organization, and forming joint-ventures, by CPSEs.

The Department of Public Enterprises (DPE), Ministry of Finance, Government of India annually brings out the Public Sector Enterprises Survey on the performance of Central Public Sector Enterprises (CPSEs). The Public Enterprises Survey 2019-20 has been laid in the Lok Sabha on 6th August, 2021 and in the Rajya Sabha on 9th August, 2021 respectively.

There were just about 5 enterprises in the public sector in India in 1951 but in March 2021 this was increased to 365 which includes 7 new defence PSUs. These enterprises represented a total investment of about ₹16.41 lakh crore.

In March 2011, the share of cumulative investment stood at Rs. 6,66,848 crores which shows an increase of 14.8% over the period of 2009 & 2010. During the years 2010 & 2011, the share of manufacturing in the gross block was about 27.8%. The share of mining, electricity, and services was 23.0%, 25.2% and 23.3% respectively.

The net profit of 158 profit-making public sectors stood at Rs. 1,13,770 crores in 2010-11. The net loss of 62 loss-making enterprises stood at Rs. 21,693 crores during the same period.

Small Scale Industries: Definition, Role - Policy Issues and Performance

Small Scale Industries (SSI) are those industries in which the manufacturing, production and rendering of services are done on a small or micro scale. These industries make a one-time investment in machinery, plant, and equipment, but it does not exceed Rs.10 crore and annual turnover does not exceed Rs.50 crores.

Essentially the small scale industries are generally comprised of those industries which manufacture, produce and render services with the help of small machines and less manpower. These enterprises must fall under the guidelines, set by the Government of India.

The SSI's are the lifeline of the economy, especially in developing countries like India. These industries are generally labour-intensive, and hence they play an important role in the creation of employment. SSI's are a crucial sector of the economy both from a financial and social point of view, as they help with the per capita income and resource utilization in the economy.

Characteristics of SSI

Ownership

SSI's generally are under single ownership. So it can either be a sole proprietorship or sometimes a partnership.

Management

Generally, both the management and the control is with the owner/owners. Hence the owner is actively involved in the day-to-day activities of the business.

Labor Intensive

SSI's dependence on technology is pretty limited. Hence they tend to use labour and manpower for their production activities.

Flexibility

SSI's are more adaptable to their changing business environment. So in case of amendments or unexpected developments, they are flexible enough to adapt and carry on, unlike large industries.

Limited Reach

Small scale industries have a restricted zone of operations. Hence, they can meet their local and regional demand.

Resources Utilisation

They use local and readily available resources which helps the economy fully utilise natural resources with minimum wastage.

Examples and Ideas of SSIs in India

- Bakeries
- School stationeries
- Water bottles
- Leather belt
- Small toys
- Paper Bags
- Photography
- Beauty parlours

- Spinning and weaving industry
- Coconut oil making
- Cashew nut processing
- Clay products
- Agarbatti making
- Chalk making
- Biodiesel production
- Rice mill
- Toys making
- Honey processing
- Slippers making
- Detergent powder making
- Spices making
- Chocolate making
- Water bottles manufacturing
- Toothprick making
- Xerox and printing
- Pickle manufacturing industry
- Incense stick manufacturing industry
- Paper plate manufacturing industry
- Candle manufacturing

Objectives of Small Scale Industries

Some objectives of the small scale industries are mention below:

- To create more employment opportunities
- To aid improve the rural and less developed regions of the economy.
- To reduce regional imbalances
- To ensure maximum utilization of unexploited resources of the country
- To assure equal distribution of income and wealth
- To solve the unemployment problem
- To attain self-reliance
- To utilize the latest technology aimed at producing better quality goods at lower costs.

Pre-requisites for Establishing SSI

An entrepreneur should pass through the following stages for the establishment of an SSI:

- **Decision on the Ownership**

An entrepreneur wishing to establish an SSI must first decide on the ownership structure of the SSI. The SSI can be established as a sole proprietorship firm, partnership or company.

- **Product Selection**

Next, entrepreneurs must decide whether the SSI will venture into manufacturing or provide service, the product/product range that needs to be manufactured and the quantity of production of products or the service that will be provided.

- **Location**

The location must be selected where the unit is to be established. The size of the plot, exact site, covered and open area must be decided. Once the location is finalised, the SSI unit should be established in that location and the business operation can start. The location of the established unit will be the registered address/primary address of the SSI unit.

- **Registration**

After the unit is established at the decided location, the SSI must obtain the Shop and Establishment Act registration, company registration, or partnership firm registration, as applicable. Once the registration is obtained, the establishment can start its business.

- **SSI Registration**

SSI/MSME registration can be applied at any time after the unit obtains the Shop and Establishment Act registration, company registration, or partnership firm registration. If SSI registration is applied before production, the turnover and investment details must be mentioned as zero in the registration application. If SSI registration is applied after the SSI units start production, then the turnover and investment details will be automatically filled in the registration application from the ITR of the unit.

- **Machinery and Equipment**

The machinery and equipment required for manufacturing the chosen products or providing services have to be decided. The machinery and equipment with the latest technology must be procured and installed in the SSI unit.

- **Power and Water Connection**

The plot where the enterprise is located or SSI unit is established should have adequate power and water connections. If pollution board permissions are required, all such permissions from the respective authorities must be obtained for the SSI unit.

- **Recruitment of Manpower**

Once the machines and equipment are installed on the unit and the required permissions are obtained, the need for manpower arises to run them. The required manpower must be employed for starting and running the business unit.

- **Procurement of Raw Materials**

Raw materials are important for running an enterprise. The manpower will require raw materials to work upon the installed machinery or equipment to manufacture or provide service.

- **Production**

After procuring the raw materials, the SSIs can start production of the products of the units. The products manufactured by the SSI can be sold in the market after considerable units are produced.

- **Marketing**

When the products are manufactured or services can be provided, the entrepreneurs must market their products or services to gain customers and grow business.

- **Quality Assurance**

Before marketing the products, the product quality certification from the respective authorities such as BIS, AGMARK, HALLMARK, FSSAI, etc., must be obtained.

Registration of SSI

SSI registration is a registration provided by the Ministry of MSME. A business should obtain SSI registration in order to be eligible for a number of schemes, subsidies and other incentives provided by the Government to such SSI's. SSI registration can be obtained online too.

Overview of SSI Registration

SSI registration is provided by the Ministry of Micro, Small and Medium Enterprises (MSME) through the Directorate of Industries of the State Government. The main logic behind the SSI registration is to set up new SSI businesses in India. SSI registration helps the business to be eligible for a number of subsidies given by the Government. We can also get SSI/MSME registration online through Udyam Registration. Let's look at the process of SSI/MSME registration online:

- Visit the Udaym Registration portal and click on the "For New Entrepreneurs who are not Registered yet as MSME or those with EM-II".

- Fill in your "Aadhaar Number" and "Name of the Entrepreneur" and click on the "Validate and Generate OTP" button.

Opportunities and Performance of Small Scale Industries/ Role in the Indian Economy

Small scale industries are the second largest employer of human resource after the agricultural sector and produce a wide variety of products ranging from traditional to high-tech. SSI plays a pivotal role in the Indian economy as of being labour-intensive, helps to generate employment in rural as well as in urban areas. The SSIs had also played a cardinal role in the growth operation of Indian economy since independence despite of drastic competition from the big industrial houses and not immensely enriching support from the government. The following are some of the principal role played by small-scale industries in India.

1. ***Origination of employment:*** The elemental problem that is confronting the Indian economy is escalating pressure of population on land and needs to create enormous employment opportunities. This problem can be solved to a larger scale by the help of small-scale industries as small scale industries are labour intensive in nature and has shown an outstanding growth in the last decade. SSI's are a major source of employment for developing countries like India. Because of the limited technology and resource availability, they tend to use labour and manpower for their production activities.

2. ***Equitable distribution of income:*** Small scale industries trigger the equitable distribution of wealth and income within societies in ways that are economically positive and without being politically turbulent, which is chiefly categorized by more concentration of income and wealth in the organized sector keeping behind the unorganized sector underdeveloped.

3. Assembling of resources and entrepreneurial skill: Small scale industries can assemble an adequate amount of savings and entrepreneurial skill from semi-urban and rural areas remain unblemished from the clench of large scale industrial sector, also helps to improve the social welfare in the country by identifying hidden talents from the weaker section of the society and investing the intellectual skill for producing or manufacturing commodities.

4. ***Regional dispersion of industries:*** There has been an enormous agglomeration of industries in few metropolitan cities of different states of India. People in search of employment migrate from semi-urban and rural to these developed metropolitan cities to earn a better standard of living which ultimately leads to malicious outcome of over-populated, pollution, creation of slums, etc. Small scale industries can overcome this problem of Indian economy by utilizing local recourses in terms of raw material, investment, intellectual skill, etc, thus brings about dispersion of industries in various parts of the country and promote balance regional development.

Export enhancement: India's export industry majorly relies on these small industries for their growth and development. Nearly half of the goods that are exported from India are manufactured or produced by these industries. Small scale industries have registered a magnificent growth in export over the years. The value of products exported by the SSIs has increased from 155 crores in 1971-72 to 124417 crores in 2004-05. The SSI units contributes about 40% of India's total export, thus this helps India in increasing the foreign exchange reserve and reduces the pressure on country's balance of payment.

6. ***Supports the growth of large industries:*** The small scale industries play a pivotal role in serving big industries by providing accessories, components, small parts and semi-finished goods required by big industries. SSI acts as the seedbed for Large Scale Industries (LSI) as it provides conducive conditions for the development and growth of entrepreneurs. Small enterprises require low investment and simple technology and use local resources to meet local demands through personal contacts. Thus, it creates scope for the growth and development of LSI.

7. Better relation between employer and employees: In small scale industries better industrial relation between employer and employees helps in increasing employee's efficiency and minimize the chance of industrial dispute, leading to comparatively less loss of production and man-days.

8. ***Total Production:*** These enterprises account for almost 40% of the total production of goods and services in India. They are one of the main reasons for the growth and strengthening of the economy.

9. Make in India: SSI's are the best examples for the Make in India initiative. They focus on the mission to manufacture in India and sell the products worldwide. This also helps create more demands from all over the world.

10. Public Welfare

These industries have an opportunity to earn wealth and create employment. SSIs are also important for the social growth and development of our country.

Challenges Faced by SSIs

In spite of expedient contribution by the SSIs towards the Indian economy, SSIs does not get the indispensable support from the concerned Government departments, financial institutions, Banks, credit societies and corporate thus the SSIs are becoming handicap in the face of competition at national and international markets. The major problems faced by the SSIs are discussed below:

1. ***Scanty credit assistance:*** Scanty and timely supply of credit is one of the major problems faced by SSIs in India. Scarcity of finance and weak creditworthiness is the main barrier for the development of SSIs in India. The creditworthiness of these small borrowers is generally weak and therefore they face unwilling creditors who may be persuading to lend only at high rate of interest. 2. Uneven and poor quality of raw material SSI units face extreme problems in procurement of raw materials whether from local or international market. The problems arise due to absence of sufficient quantity of raw materials, poor quality of raw material at exorbitant price. The entrepreneur of SSI units has lack of knowledge about the procurement from foreign market. Large scale industries enjoy economies of large scale operation hence can procure the quality raw material at very reasonable price, thus can sell the products at cheaper price as compared to SSIs.

3. ***Absence of organized marketing process*** SSI units do not have any organized marketing process and even does not appoint any marketing organization for marketing of products or services and hence their products compare unfavorably with the quality of the products of large scale industries. They suffer competitive disadvantages in comparison to large scale industries, as large scale industries infuse large amount of money on branding and promotion activities.

4. ***Inadequate infrastructure*** Inadequate infrastructure is a major problem for the SSI units to grow and prosper. Most of the SSI units are located in semi urban, urban and rural areas where

the power supply is inadequate to run big machines, several times power cut off, and poor road connectivity. Thus absence of adequate infrastructure adversely affects the productive schedule of the enterprise leading to underutilization of capacity. More over the machineries, equipments and technology employed by the SSIs are out dated, where the large scale organization enjoys the competitive advantages. Beside the above mentioned problems SSI units suffer from a number of other problems also poor managerial capabilities, lack of adequate warehousing for free supply of goods, lack of skilled manpower, lack of appropriate information, etc. Due to all these problems the progress and development of Small scale industries could not reach the distinguished stage.

5. Problems in Export

They lack knowledge about the export procedures, demand patterns, product preferences, international currency rates and foreign buyer behaviour. Small Scale Industries are not able to penetrate foreign markets because of their poor quality and lack of cost competitiveness. In countries like Taiwan, Japan etc. products produced by Small Scale Industries are exported to many foreign countries. But in India not much thought and focus has gone into improving the export competitiveness of Small Scale Industries.

6. Multiplicity of labour laws

One of the merits of Small Scale Industries are that they are labor intensive and can provide employment to a large number of people. But the multiplicity of labor laws, need to maintain several records (PF, ESI, Muster Rolls etc), fines and penalties for minor violations etc place Small Scale Industries at a great disadvantage.

7. Strain on government finances

Marketing of products manufactured by Small Scale Industries is a problem area. The government has to provide high subsidies to promote sales of products produced by Khadi and Village Industries. This places a great strain on government finances.

Conclusion The furtherance and advancement of SSIs is essential for the development of Indian economy to achieve impartial distribution of income and wealth, economic self-dependence and economic sustainable developments. To boost the SSI sector so that it can take deserved place in the growth mechanism of Indian economy, it is essential to support MSMEs by educating them to make optimum utilization of inbuilt capacity to be successful both under human and economic activity. Some appropriate measures to be taken by the government in providing financial assistance at minimum formalities, a platform to be built by government to help the MSMEs in procurement of quality raw material and train them for organized marketing process.

Industrial Sickness and Exit

Industrial sickness usually refers to a situation when an industrial firm performs poorly, incurs losses for several years and often defaults in its debt repayment obligations. Sick companies can be understood as the industrial units which suffered cash losses in the past, i.e. for two financial years in a row, and are expected to suffer losses in future also. Further, the accumulated losses of the firm tallies or surpasses its net worth, by the end of the second year, provided that the company is registered for 5 years or more. Also, the company defaults in repayment of debt within any three straight quarters on-demand made in written form by a creditor for its repayment.

According to the criteria accepted by the Reserve Bank of India **"***a sick unit is one which has reported cash loss for the year of its operation and in the judgment of the financing bank is likely to incur cash loss for the current year as also in the following year."*

Causes of Industrial Sickness

When we talk about industrial sickness, it is not caused by a single factor, rather the collective impact of multiple factors results in industrial sickness. The factors causing industrial sickness are classified into two groups – Internal Causes and External Causes, which are discussed below:

Internal Causes: The causes which are under the control of the enterprise, are regarded as internal causes. It may be a result of some internal insufficiency or shortcoming, in different areas of business. Some of these causes are listed below:

- ***Project Appraisal Deficiencies:*** The industrial unit becomes sick when the unit has been launched without a comprehensive appraisal of economic, financial and technical viabilities of the project.

• ***Industrial Unrest and Lack of Employee Motivation:*** When there is labour discontent, no industrial unit can function smoothly and efficiently. When labour lacks motivation no good results can be expected and this results in sickness and non-viability of several industrial units.

• ***Wrong Choice of Technology:*** If the promoters use wrong technology, results are bound to be unsatisfactory. Many industrial units, especially in the small-scale sector, do not seek professional guidance in installing the correct machinery and plant. If the machinery and plant installed turn out to be defective and unsuitable, they are bound to suffer losses and become sick and non-viable.

• ***Marketing Problems:*** The industrial unit becomes sick due to product obsolescence and market saturation. The industrial unit becomes sick when its product-mix is not attuned to the consumers' demand.

• ***Wrong Location:*** If the location of an industrial unit happens to be defective either from the point of the market or the supply of inputs, it is bound to experience insurmountable difficulties. Causes of Industrial Sickness – Internal

• ***Lack of Finance:*** Inadequate financial arrangements or in the absence of timely financial aid an industrial unit is bound to come to grief. It will not be able to withstand operational losses.

• ***Improper Capital Structure:*** If capital structure proves to be unsound or unsuitable especially on account of delayed construction or operation, it will result in cost overruns or unduly large borrowing and create financial trouble for the unit concerned.

• ***Management Deficiencies:*** The biggest cause of industrial sickness is the managerial inefficiency. Lack of professional management or experienced management and the existence of hereditary management is an important cause of industrial sickness. Inefficient management results in inability to perceive things in proper perspective devoid of routine considerations. Inefficient management is also unable to build up good team and inspire confidence for an organized collective effort and takes autocratic and high-handed decisions.

• ***Voluntary Sickness:*** There is some sickness which is voluntarily invited by the entrepreneurs for various motives like getting government concession or aid from financial institutions. Thus industrial sickness cannot be attributed to any single, or simple cause but may be the result of a combination of number of allied causes.

External Causes

The causes which are beyond the control of the enterprise comes under external causes, which affects the industry as a whole.

• ***General Recessionary Trend:*** Sometimes a general depression hits industrial units. This is reflected in lack of demand for industrial products in general. An overall slowdown in economic activities affects the performance of individual projects. Improper demand estimation for the products to project lands the industrial units in difficulties.

• ***High Prices of Inputs:*** When the costs of manufacture are high and sales realization low, the industrial unit cannot stand in the market. This happens when the prices of inputs such as price of fuel such as petroleum during energy crisis goes up whereas the competitive forces keep down the prices of the products.

• ***Non-Availability of Raw Materials:*** When the supplies of raw materials are not available regularly or in good quality, the industrial units are bound to be in trouble. This often occurs in case of supply of imported raw materials.

• ***Changes in Government Policies***: The industrial sickness is also caused by certain changes in policy designs of the government. These frequent changes affect the long-term production, financial and marketing planning of an industrial unit. Changes in Government policies regarding imports, industrial licensing, taxation can make viable units' sick. For example, liberal import policy since 1991 has rendered many small-scale industrial units sick.

• ***Infrastructure Bottlenecks:*** Often the infrastructure difficulty is responsible for industrial sickness. No industrial unit can survive prolonged transport and power bottlenecks.

Types of Sick Companies

- **Born Sick**: Industrial Sickness is not necessarily an after-birth characteristic. This means that some industrial projects are sick right from their inception on account of poorly-conceived projects, the wrong idea of industry, wrong choice of location, inexperienced promoters, long gestation period, unproductive capital assets, inadequate market surveys, wrong selection of product, etc.
- **Become Sick**: There are some projects which are not sick by birth, rather they turn out to be sick, in their later stages, due to internal causes like poor management or mismanagement, faulty management policies, deliberate diversion of funds, etc.
- **Made Sick**: Some industrial projects are neither sick by birth nor they turn out as sick, rather sickness is thrust upon them due to various external causes which are not in the control of the company's management. This may include abrupt changes in the policies of the government, change in trend or technology, etc.

So, there are various reasons that make industries sick. The prime among this is market-related. Market obsolescence is one of the prime reasons for units turning sick. A striking example is that of the jute industry, where "the non-avail- ability of raw materials and constant power shortages have made many units' sick. And bankers are not normally very responsive in helping a company that has gone sick.

The Bottom Line

Industrial Sickness is a state in which the firm performs badly, incurs continuous losses for many years, raises money for its survival from outside sources, and also unable to make repayment of the debt obligation.

Remedies of Industrial Sickness

Finding a way to stop the industrial sector from falling prey to the menace of industrial sickness is utterly important. To overcome the problem of sickness, industries can adopt some rehabilitation policies. These policies are remedies that can cure the gravely sick units and those on the verge of getting sick. The type of sickness may vary among units and industries. So, they need tailor-made solutions for each one of them. The **Government** can formulate policies and take the initiative to support the sick units. They must focus primarily on SMEs to protect them from getting sick. **Financial Institutions** can prevent illness by careful selection of projects. They can conduct deep research before promoting the projects. Besides, timely and strict research post-implementation is also a must. preventive measures can be taken to remove the causes of sickness in the project planning. The preventive measures include scientific and systematic selection of project, proper evaluation and implementation by taking the help of experts in every stage. Specifically, the location selection, layout and material handing plan should be given proper importance, in every stages of capital budgeting the Chamber of Commerce and Industries may be involved for their more practical outlook. Regular check-up of the managerial practices and removing the deficiency in finance, marketing, human relation, operation & infrastructure are important to prevent the sickness for the units that tend to be sick.

EXIT Policy

The Board for Industrial and Financial Reconstruction (BIFR) was an agency of the Government of India, part of the Department of Financial Services of the Ministry of Finance. Set up in January 1987 by the Rajiv Gandhi government, its objective was to determine sickness of industrial companies and to assist in reviving those that may be viable and shutting down the others. On 1 December 2016, the Modi government dissolved BIFR and referred all proceedings to the National Company Law Tribunal (NCLT) and National Company Law Appellate Tribunal (NCLAT) as per provisions of Insolvency and Bankruptcy Code. The BIFR was established under The Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). The board was set up in January 1987 and became functional as of 15 May 1987. National Company Law Tribunal (NCLT) and the National Company Law Appellate Tribunal (NCLAT) would take over the functions of the BIFR and other bodies and speed up the process of winding down sick companies. The Companies (Amendment) Bill, 2001 was introduced because the government considered that the BIFR had not met its objective of preventing industrial sickness

The companies have been arguing for a flexible Exit policy while the labor unions have been against such a step because of their fear of loss of job security. But a liberal policy towards the entry and expansion of firms would be beneficial only if it is accompanied with a rational policy towards the exit of unviable firms. It is a necessary condition for inducing competition and enhancing the efficiency of resource use. The term 'exit' is the obverse of the term 'entry' into industry. It refers to the right or ability of an industrial unit to withdraw from or leave an industry or in other words to close down. The proposal to introduce an exit policy was first mooted in 1991 when it was felt that without labor market flexibility, efficient industrialization would be difficult to achieve. The need for such a policy arises as a result of modernization, technology up gradation, restructuring as well as closure of industrial units. Such a policy will allow employers to shift workers from one unit to another and also retrench excess labor.

The key consideration in evolving a practical industrial exit policy is the protection of the legitimate interests of workers, both in the public and the private sector. Hence, the Government policy has been that if a unit can be made economically viable by restructuring it and retraining/redeploying the labor, no efforts should be spared to do this

Some of the measures introduced are:- The most important measure is the introduction of Voluntary Retirement Scheme (VRS).♣ It was introduced as an alternative legal solution to solve this problem. It is the most humane technique to provide overall reduction in the existing strength of the employees. It is a technique used by companies for trimming the workforce employed in the industrial unit. It is now a common method used to dispense off the excess manpower and thus improve the performance of the organization. It is a generous, tax-free severance payment to persuade the employees to voluntarily retire from the company. It is also known as 'Golden Handshake' as it is the golden route to retrenchment.

National Renewal Fund (NRF): In order to protect the interest of workers, Government had set up a National Renewal Fund (NRF) in 1992. The objectives and scope of the National Renewal Fund were: - (a) To provide assistance to cover the costs of retraining and redeployment of employees arising as a result of modernization, technology up gradation and industrial restructuring. (b) To provide funds, where necessary, for compensation of employees affected by restructuring or closure of industrial units, both in the public and private sectors. (c) To provide funds for employment generation schemes both in the organized and unorganized sectors in order to provide a social safety net for labor needs arising from the consequences of industrial restructuring.

Though this fund was dissolved, but the Government has been continuously making efforts in this direction. Scheme of Counseling, Retraining and Redeployment (CRR) of rationalized employees of Central Public Sector Undertakings (CPSUs) The objective and scope of the scheme is to provide opportunities of counseling, retraining and redeployment to the rationalized employees of Central Public Sector Enterprises (CPSEs) rendered redundant as a result of modernization, technology up gradation and manpower restructuring in the Central PSEs. It consists of three main elements:-

Counseling:- is the basic pre-requisite of the rehabilitation program of the• displaced employees. The displaced employees need psychological counseling to absorb the trauma suffered by them due loss of job and the resulting challenges both for himself and for the members of his family.

He needs to be made aware of the new market opportunities so that he may, depending upon his aptitude and expertise, take up suitable economic activities.

Retraining:- It is to help the rationalized employees in rehabilitation. The• trainees will be helped to acquire necessary skills/expertise/ orientation to start new activities and re-enter the productive process after loss of their jobs.

Redeployment:- of such rationalized employees in the production process• through the counseling and retraining efforts. At the end of the program they should be able to engage themselves in alternate vocations of self-employment. Whereas there cannot be any guarantee that the rationalized employee will be assured of alternate employment, yet possible help from the identified nodal training agencies as well as from the concerned Central Public Sector Undertakings (CPSUs) would be extended to them for starting new avocations.

Technology Transfer

Technology transfer is the movement of data, designs, inventions, materials, software, technical knowledge or trade secrets from one organization to another or from one purpose to another. The technology transfer process is guided by the policies, procedures and values of each organization involved in the process.

Also known as transfer of technology (ToT), technology transfer can take place between universities, businesses and governments, either formally or informally, to share skills, knowledge, technologies, manufacturing methods, and more. This form of knowledge transfer helps ensure that scientific and technological developments are available to a wider range of users who can then help develop or exploit it. This transfer can occur horizontally across different areas or vertically by moving technologies, for example, from research centers to research and development teams.

The ability to transfer technology and develop innovative products is a key component of business success. It is through this mechanism that cutting-edge goods can get onto the market, allowing a firm to generate income and prosper. Technology transfer is important to ensure that the company's innovation becomes commercialized. This helps early-stage intellectual property to become tools for research. It can also be used as a base for new products and services for public use. In addition, the financial returns afforded by a successful product can be reinvested into further research to begin the cycle again.

How Technology Transfer Works

The technology transfer process typically starts with technology identification, followed by contractual agreements between parties, such as licenses to use protected IP.

In industrial settings, technology identification is the first step in the technology transfer process, and it can be accomplished through a variety of methods including reverse engineering, researching patents for new inventions, scanning journals for technological advancements, performing company inventories to see what technologies are available within your organization or doing market research to see what kind of products consumers would like you to create. Once identified, these technologies may be included in either license agreements or be transferred from one company to another.

Technology licenses involve providing rights to use within certain territories and time frames but not transferring ownership between parties. In contrast, technology transfers involve exchange of ownership as well along with intellectual property rights.

In university technology transfer, by far the most usual practice involves the issuance of licenses from the university to a commercialization partner, the licensee. Universities are typically prohibited from transferring outright ownership of their IP to outside parties.

The Importance of Technology Transfer

The ability to transfer technology and develop innovative products is a key component of business success. It is through this mechanism that cutting-edge goods can get onto the market, allowing a firm to generate income and prosper. Technology transfer is important to ensure that the company's innovation becomes commercialized.

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The Benefits of Technology Transfer

Technology transfer has benefits for universities, companies, regional and national economies, and society at large.

For universities, technology transfer may help improve research and the prestige of the institution, its scientists and their innovations. This helps with faculty recruitment and grant funding. It may also provide revenue to support existing or new research activities. For companies, benefits include gaining access to technological advances created in leading research institutes, thus leveraging the investments and expertise performed by world-leading scientists and engineers.

Tech transfer can be good for an economy through innovation, new ventures, and job creation. For society at large, the benefits are incalculable in terms of lives saved, improved health, a cleaner environment, and countless technological advances that bring not only new capabilities but that drive local, regional, national, and global economies forward through innovation. A good example of this is the modern biotechnology industry, which was developed as a result of university technology transfer.

Technology is continuously changing and advancing, and there are countless benefits that have come because of these advancements.

Types of Technology Transfer

Technology transfer can be categorized into three basic types:

1. **Technology push.** This takes place when a company or university patents its invention and licenses it to other companies. This process is common with university-related inventions because universities are not in charge of manufacturing the inventions themselves, but they want to get their inventions out into the market

2. **Market pull.** This is when new technologies are developed in response to demand for a product or service. This is the most common way of technology transfer as it pulls up innovation in order to meet the demands of the market.
3. **Technological spill over.** This takes place when new advances in one area stimulate progress in another. It's called a "spill over" because it's like ideas spilling from one subject to another, or technology being transferred between countries.

Example

In 1996, two Stanford University students, Larry Page and Sergey Brin, created an internet search engine they called Page Rank. Today we know that invention as Google, one of the largest and most profitable tech companies in the world and one of the most financially successful inventions ever licensed by a university. They launched their new search engine on the Stanford University website in that year. In six months, Page Rank's popularity had overloaded Stanford's bandwidth, shutting down the university's internet access several times. They shared their invention with Stanford University's Office of Technology Licensing (OTL), who helped market the technology to prospective business partners. A technology company then approached the OTL about Page Rank and obtained a non-exclusive license for the program for a very attractive royalty payment. Because the investors were not recognizing the value of their product, Page and Brin founded Google (derived from "googol", the name for the numeral 1 followed by 100 zeroes) to market and commercialize their search engine. After Google incorporated in September 1998, Stanford licensed the PageRank algorithm to the new startup. In just two years, Google became the world's largest search engine. Inspired by the same insatiable curiosity of its founders, Google continues to create innovative products that make the world a better place.

<u>Privatization</u>

Meaning

Privatization refers to transferring ownership, operation, and control of a government or public entity to a non-government or private enterprise. The process is carried out to make sure the public firm or organization becomes more disciplined and more efficient with respect to the market's expectations. There are multiple ways in which privatization could be achieved. The concept, however, is not confined to government organizations only. Rather, private firms also undergo corporate privatization and turn into privately-held companies from publicly traded ones. As a result, the stocks of the companies become inaccessible to the general public.

Rationale behind Privatization in India: Reasons

A few factors seem to have brought the issue of privatization on the forefront. They are as under:

- The monopoly status of public sector enterprises (PSEs) bred inefficiency.
- Lack of competitiveness affects PSEs performance very adversely.
- Bureaucracy was also responsible for poor performance of PSEs. It was certainly not always up to turning such enterprises around.
- Restructuring of the PSEs by way of privatization became very common in developed countries like UK and U.S.A.
- A lot of intellectual discussion and debate started on privatization all over the world and pressure of public opinion also exerted influence.
- Some aid giving agencies even started forcing the pace by linking aid with privatization.
- Suggestions from management of public sector enterprises themselves led to fresh thinking towards privatization.

Methods of Privatization

As soon as the governments decide to privatize firms, they start looking for the best ways of achieving it. There are multiple methods to achieve privatization successfully in India. Some of the important concepts pertaining to privatization in India are discussed below:

Delegation

Delegation is the process by which the government delegates responsibilities to a private sector company via lease, franchise, contract, or grant. During this process, the government retains ownership and responsibility, but the private company handles all the daily activities; hence plays an instrumental role in delivering the end product or service. The state, however, remains an active participant in the entire process.

Displacement

The process of displacement begins with certain deregulations. These deregulations will allow private companies to enter into a sector that was controlled and regulated only by the government. Once the private companies compete with the public-owned enterprises, then slowly and gradually, the public enterprises get displaced from that sector.

Disinvestment

Disinvestment refers to selling off certain as mostly a manufacturing plant, or product line. It Refers to the liquidation of a state-owned asset or a company and the process by which the Union government sells its stakes in a Public Sector Undertaking either fully or partially and the other way is they list it on the stock market.

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Advantages and Disadvantages of Privatization on Indian Economy and Industries

Proponents of privatization argue that privately-owned companies run businesses more economically and efficiently because they are profit incentivized to eliminate wasteful spending. Furthermore, private entities don’t have to contend with the bureaucratic red tape that can plague government entities.

On the other hand, privatization naysayers believe necessities like electricity, water, and schools shouldn’t be vulnerable to market forces or driven by profit. In certain states and municipalities, liquor stores and other non-essential businesses are run by public sectors, as revenue-generating operations.

Advantages

Now, let us take a look at some of the advantages and benefits of undertaking privatization:

- The state or central-based public sectors are not able to perform better under the government, which has several departments under it to handle. Privatization results in better functioning of such a sector as it is then handled by one private body.
- The privatization of the public sector reduces the load of the government, which is utilized to perform other functions in order to grow the nation.
- It has ended the public sector monopoly in many sectors, introduce competition, reduce the costs and improve the quality of services offered to consumers. E.g. telecom, civil aviation.
- Privatization reduces the corruption level at different sectors of public related services.
- The private sector remains performance-oriented. Hence, it leads to higher efficiency of professionals and leads to better customer experience.
- A private limited company does not let any political factors affect its performance.
- A consistent managerial team allows the enterprise to make decisions in order to attain long-term goals.
- Privatization will increase competitiveness in the market that will allow the companies to boost their efficiency.
- It is beneficial for both the consumers and the economy.
- The government by implementing it, then ceases to be the sole owner of the entity or business and also increases revenue from the sale.
- It encourages shareholders to invest because of a good return.
- Private Organizations evaluate their employees based on their performance and provide them with good incentives. This method, in turn, extracts better performance from them, which improves the institution's prestige. Also, healthy competition among employees will motivate them to contribute better to the economy.

Disadvantages

- Private sector mainly focuses more on profit maximization and less on social objectives dissimilar to public sector that initiates socially viable adjustments in case of emergencies and criticalities. After the privatization of the public sector, private firms may focus on revenue generation. This way, they would not initiate any schemes for the public in case of emergency or recession.

- There is lack of clearness in private sector and stakeholders do not get the complete information about the functionality of the enterprise.

- Privatization has provided the unnecessary support to the corruption and unlawful ways of accomplishments of licenses and business deals amongst the government and private bidders. Lobbying and bribery are the common issues corrupting the practical applicability of privatization.

- Privatization loses the mission with which the enterprise was established and profit maximization programme encourages malpractices like production of lower quality products, elevating the hidden indirect costs, price escalation etc.

- Due to unnecessary hikes in price, even necessities will be unaffordable to the poor. The wealthy class will become more affluent, and the poor will become poorer. The poor might suffer because of a lack of attention and incentives paid to them.
- Privatization results in high employee turnover and a lot of investment is required to train staff and even making the existing manpower of PSU abreast with the latest business practices.
- There can be a conflict of interest amongst stakeholders and the management of the buyer private company and initial resistance to change can impede the performance of the enterprise.

- Privatization intensifies price inflation in general as privatized enterprises do not get government subsidies after the deal and the burden of this inflation affects the common man.

Privatization in India is comparative study between 1991 and present situation

The transfer of ownership, property or business from the government to the private sector is termed privatization. After privatization, the government ceases to be the owner of the Entity or

Business. India went for privatization in the historic reforms budget of 1991, also known as 'New Economic Policy' or LPG policy. Dr. Manmohan Singh is considered as the Father of NEP of India. The main reason for privatization was currency of PSU's, are running is losses due to political interference. The managers cannot work independently. Production capacity remained underutilized. The increase in competition and efficiency privatization of PSU's was inevitable and that time share of private sector has increased from 45% to 55% and government has sold enterprises worth Rs. 30,000crores to the private sector.

Criticisms in 1991:

1. Ignores weaker section.
2. Neglect backward areas and not offer job reservation to SC, ST and OBC candidates.
3. Motive is only to earn profit and neglect public welfare.
4. New technology causes unemployment.

Now its 2022 and today's criticisms are:

1. Job insecurity.
2. Private sector exploiting its employees.
3. Government is thinking about to sell most of the public sectors.
4. Railway lines going to be privatized.
5. Defense ministry.
6. Education and banking sector.

Privatization is making a huge impact on the Indian economy. When privatization occurs, an economy witnesses its significant effects. As soon as the public sector firms get privatized, they are controlled by stronger management. While government organizations also have funds collected from taxpayers to operate, the private firms have to make sure they generate a net income sufficient to survive in the market. Thus, the controllers have stricter rules and standards to ensure consumer satisfaction. When they sell more, they earn more. Therefore, stronger management helps them be more efficient and more productive.

During COVID 19, Government's revenue shrunk drastically and privatization turned out to be the central strategy for the recovery of the economy. But on the other hand, too much privatization may create the **monopoly** of some big players in the market. We can see the impact of unprecedented lockdown, due to outbreak of corona virus, so many private employees didn't get their salaries and some expelled from jobs. An estimate 12.2crore lost their jobs during the corona virus lockdown in April. So, it is clear that private employees has no job security

Conclusion

Privatization can be the means to one thing but may trigger multiple other impacts. There is no guarantee that privatization in India will reduce corruption and operate successfully in favor of Indian citizens. Corruption is not correlated to being a private or public sector, it is about the individual's attitude. But by privatization, we can reduce corruption up to some extent. Privatization of the Indian economy will impact us in both ways positively and negatively we need to find a way to implement it in the best way.

It has both quantifiable and non-quantifiable long-term consequences. Privatization may be successful or can fail as well depending on many attributable factors. Talking about India there is so much political interference on the economy and its policy. Privatization steers the companies in the right direction increasing good competition in the market. If driven right, privatization pushes efficiency and performance.

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