

# ROLE OF PUBLIC SECTOR ENTERPRISES IN ECONOMIC DEVELOPMENT OF INDIA

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## Abstract

The 200 years of pioneer rule had totally squashed the Indian industry and depleted the assets at the beginning of the autonomy. It was felt that political opportunity wouldn't be very useful on the off chance that economic freedom was not accomplished. Most private business people had neither the vision nor the ability to attempt weighty interests in center sector enterprises having long growth periods. Additionally, state political initiative had the philosophical conviction that an impartial and communist society could be fabricated simply by taking on a blended example. It was under these conditions that the Indian government needed to go into the business. The primary goal of doing as such, were to fabricate a base for strong foundation, achieve an arranged development of the whole nation and work on everyday environment of the majority. The Indian Telecom Industry is viewed as an indispensable instrument for the development of the nation all in all by contributing towards the enormous development, speedy extension and up gradation of different sectors of the country. Initially, the government of India owned the country's telecom companies. The provision of land line services is now controlled by two state-owned public sector incumbents: Bharat Sanchar Nigam Limited (BSNL) and Mahanagar Telephone Nigam Limited (MTNL). Since 1992, however, the importance of the private sector has expanded in the telecommunications industry thanks to changes that have made this expansion possible. Both the public sector and the private sector are involved in the land line and mobile parts of the market, with the public sector dominating the land line segment and the private sector dominating the mobile segment. Over the course of recent years, India's telecommunications sector has seen a number of significant shifts. The field of telecommunications in India is the world's second biggest and is expanding at the quickest rate. The industry's strengths include a well-developed infrastructure, competent and transparent regulatory authority, the lowest call costs, and a growing middle class.

*Keyword: government service, public sector, economic development*

## INTRODUCTION

The 200 years of pioneer rule had totally squashed the Indian industry and depleted the assets at the beginning of the autonomy. It was felt that political opportunity wouldn't be very useful on the off chance that economic freedom was not accomplished. Most private business people had neither the vision nor the ability to attempt weighty interests in center sector enterprises having long growth periods. Additionally, state political initiative had the philosophical conviction that an impartial and communist society could be fabricated simply by taking on a blended example. It was under these conditions that the Indian government needed to go into the business. The primary goal of doing as such, were to fabricate a base for strong

foundation, achieve an arranged development of the whole nation and work on everyday environment of the majority. In numerous ways, the public enterprises were utilized as broadened arms of the public authority for development (Rama Prasad Rao). Public undertaking without an arrangement can accomplish something; an arrangement without public enterprises is probably going to stay on paper (Hanson, 1954). As per Minhas (1974), getting quick economic development and extension of work, decrease of differences in pay and riches, counteraction of grouping of economic influence, and formation of the qualities and mentalities of a free and rise to society have been among the targets of the relative multitude of plans of Indian government. Horticulture and different exercises of the economy were the two appendages of Indian economy which was described by focal making arrangements for development and least of unfamiliar investment. The economic justification behind the attractiveness of changes is that it raises the long run development pace of the economy. In the beginning phases of development arranging, the public authority was seen as the vital entertainer in the development, practicing severe command over private venture and guaranteeing a prevailing job for the Public Sector in terrifically significant enterprises. Exchange strategy would in general be internal situated zeroing in on modern development through import replacement which was energized through a tight command over the imports and support of high taxes.

The Central Public Sector Enterprises (CPSEs) contain enterprises laid out by the Government of India (GOI) as Government organizations under Section 617 of the Companies Act, and wherein the value holding of the GOI is more than 50%. It additionally incorporates statutory corporations comprised under unambiguous rules of the Parliament. The CPSEs don't, in any case, incorporate departmental undertakings, banking foundations and enterprises where value holding of the GOI is half or less (Department of Public Enterprises, 2007).

Public sector enterprises (PSEs), otherwise called state-claimed enterprises (SOEs), have been one of the critical drivers of economic development in various nations (Kwiatkowski and Augustynowicz, 2015). Worldwide, these enterprises represent around 20% of speculation, 5% of work and up to 40 percent of homegrown result (International Finance Corporation, 2018). In 2019, around 25 percent of worldwide enterprises were possessed, controlled or connected to state run administrations as per the Fortune Global 500 organization rankings. The non-industrial nations have a higher presence of PSEs among their top organizations when contrasted with the created nations.

With progression during the 1980s and development of multilateral exchange rules under the World Trade Organization (WTO) during the 1990s, numerous nations, particularly created nations, have slowly gotten away from the PSE model of development to support private speculation and contest (Nguyen, 2016). There has been an equal change in administration from direct control to arrangement of more independence to organizations. The separation of the recent Soviet Union, the monetary emergency in various Southeast Asian countries and the strain on government exchequers because of the misfortunes caused by PSEs, has prompted the privatization of various PSEs. Disregarding a drive towards privatization, PSEs keep on assuming a vital part in many non-industrial nations in (a) economic development by guaranteeing execution of government plans and arrangements, and (b) improving the geo-key reach of nations by obtaining key resources through designated ventures. Today, they are for the most part present in essential sectors like energy, minerals, foundation and different utilities. They help to guarantee energy security, public safety (for instance, safeguard), supply public labor and products at concessional rates to designated bunches in the nation and backing state run administrations in seeking after maintainable development

objectives (SDGs) [World Bank, 2014; Organization for Economic Co-activity and Development (OECD), 2018; Greene, 2014; Barnes, 2019]

PSEs assume a critical part in worldwide exchange and in supporting venture streams, which is likewise connected to improving a country's geo-vital reach. For instance, the main eight nations on the planet with the most noteworthy portion of PSEs, specifically China, United Arab Emirates (UAE), Russia, Indonesia, Malaysia, Saudi Arabia, India and Brazil, on the whole record for in excess of 20% of the world exchange (Kowalski et.al, 2013). Among them, China has decisively sought after its worldwide development plan through SOEs in its Belt and Road Initiative (BRI), which is an administration supported program to upgrade provincial network among China and nations in Asia, Africa, Europe, South America and the Pacific (OECD, 2018). North of 80 Chinese SOEs are essential for this drive. Concentrates on show that China alone has north of 100,000 SOEs and various them are developing as driving global organizations (Miner, 2016).

As PSEs are progressively working in the worldwide market, it has raised worries about the likely impact of government experts in these enterprises in objective markets and the rise of a lopsided battleground between these enterprises and private players (Buge et.al, 2013). In this manner, the job of PSEs has been progressively talked about and bantered in worldwide discussions like the WTO and G20. Exchange rules on PSEs are being haggled in a few uber territorial economic deals like the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and Trade in Services Agreement (TiSA) and two-sided economic accords like the European Union (EU)- Mexico Trade Agreement and the United States (US)- Singapore Free Trade Agreement.

### **Public Sector Enterprises**

The public sector comprises of different associations claimed and oversight by the public authority. These associations may either be somewhat or entirely possessed by the focal or state government.

### **Departmental Undertakings**

This is the most seasoned and most customary type of sorting out public enterprises. These enterprises are laid out as divisions of the service and are viewed as part or an expansion of the actual service.

They act through the officials of the Government and its representatives are Government workers. These undertakings might be under the focal or the state government and the guidelines of focal/state government are pertinent. Instances of these undertakings are railroads and post and transmit division.

### **Government company**

An administration company is laid out under The Companies Act, 2013 and is enrolled and represented by the arrangements of The Act. These are laid out for simply business purposes and in evident soul rival organizations in the private sector. As per the section2(45) of the Companies Act 2013, an administration company implies any company where at the very least 51% of the settled up capital is held by the focal government, or by any state government or part of the way by Central government and part of the way by at least one state legislatures and incorporates a company which is an auxiliary of an administration company.

### **Statutory corporations**

Statutory corporations are public enterprises brought into reality by an extraordinary demonstration of the parliament. The demonstration characterizes its powers and works, rules and guidelines administering its representatives and its relationship with government divisions. It is a corporate individual and has the limit of acting in its own name. Statutory corporations thusly have the force of the public authority and extensive measure of working adaptability of private enterprises.

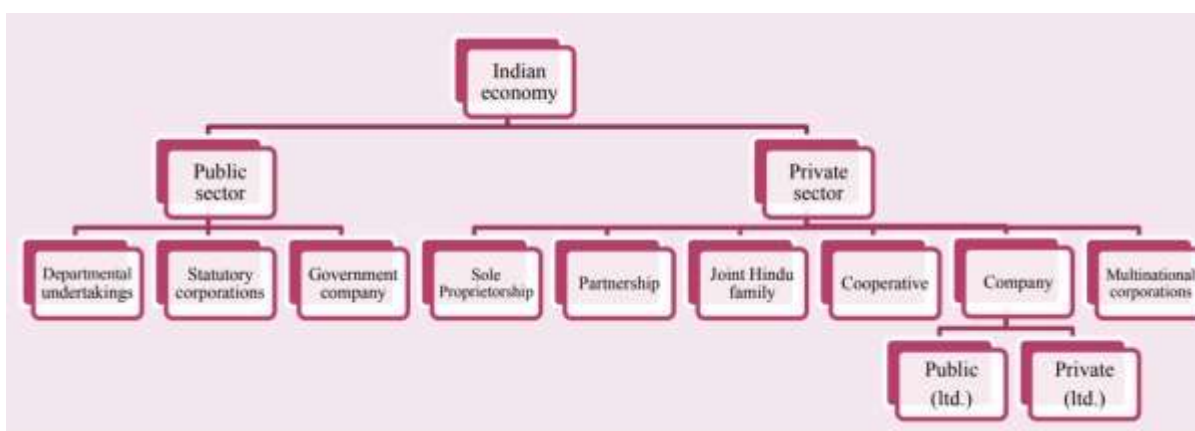
### Global trend

The Public Sector arose as the driver of economic development subsequent to the modern revolution in Europe. With the approach of globalization, the public sector confronted new difficulties in the created economies. At this point not the public sector had the honor of working in a dealers market and needed to confront rivalry both from homegrown and worldwide contenders. Further, in the final part of the 20 th century in the created economies, the political assessment began swinging towards the perspectives that the mediation as well as speculation by Government in business exercises ought to be decreased to the degree conceivable.

Numerous famous market analysts contended that Government should not wander into those region, where the private sector could attempt work productively. Part of accentuation was laid on market driven economies, instead of State controlled and directed economies. The breakdown of communist economy of the Soviet block persuaded the strategy organizers, all over the planet, that job of the State ought to be that of a facilitator and controller instead of the maker and chief. It very well might be worth focusing on that, in different nations, the turn towards radicalism including liberation and decontrol additionally prompted discontent among certain areas of populace as its advantage didn't stream down to the more fragile and impeded segments of society.

Today, both Public Sector and Private Sector have turned into a necessary piece of the economy. There may not be a lot of contrast in working of these sectors in cutting edge nations, however in emerging nations, the performance of Public Sector has significant degree for development. It is additionally seen that Pay bundles are practically comparable in the two sectors in created nations, yet enormous contrasts exist in compensation in the two sectors in non-industrial nations, similar to our own.

### Forms of Public Sector Enterprises



### Global perspective

The idea of Public Sector Enterprises developed around 'Economic crisis' and came in full blossom by the World War II. At the point when the nations headed by the Soviet Union framed the socialist coalition, in this manner bringing forth the halfway arranged economy. While Karl Marx was establishing the underpinning of a communist framework, the entrepreneur framework neglected to answer the requirements of individuals during the economic crisis of the early 20s of the 1930's and in this manner opened the eyes of the financial specialists and legislators to its characteristic shortcomings (Rangarajan, State and Market, 2003).

The quick contracting of pioneer rule at practically a similar time helped the rise of the idea of blended economy.

The Fifties were likely the primes of government mediation. One can observe three surges of thought and developments finishing in this present circumstance. The first was obviously the most common way of setting Keynesian macroeconomics in motion. The second was the example of overcoming adversity of the order economies under the communist systems of the USSR and Eastern Europe. The third was the introduction of arranging in the recently free third world economies (Department of Disinvestment, 2001). Hence, Britain nationalized its center enterprises, for example, coal mineshafts, iron and steel, power, gas, ports and shipbuilding. In post war France, the economy was isolated into three portions the private, the controlled and the nationalized. Public utilities, center and vital sectors, telecommunications, carriers, and vehicles were all either nationalized or brought under larger part possession and control. In the non-industrial nations as well, public sector came to secure a significant job. Here, the state mediation was fuelled by different contemplations too. It was felt that the social government assistance goals could be best accomplished through complete state intercession. This pattern went on all through 60s and 70s, in a few nations (Department of Disinvestment, 2001). The inversion of the pattern, according to embitterment with public sector began in 1970s. It was seen in numerous nations that the performance of the public enterprises was far underneath the assumptions and frequently more awful than that of the private sector. The public sector appeared to perform well just when safeguarded through government made syndications, passage reservations, high levies and shares and so forth. The issues got additionally complemented because of seizure of monstrous assets by the failing to meet expectations public sector which left minimal expenditure for additional earnest social requirements and public government assistance. These issues were gotten sharp concentration after the subsequent oil shock of 1979, when obviously the tests with government responsibility for exercises were not succeeding (Department of Disinvestment, 2003).

During the 1980s, the bafflement saw in the communist economies added to the embitterment with the public sector in the blended economies on the planet. USSR began the economic changes under Perestroika, which cleared the economies of Eastern Europe. China likewise presented broad economic changes and it was perceived that public sector didn't improve proficiency and efficiency of capital. It was understood that the huge number of public enterprises working under blended economies were tormented by over-centralization in direction and unnecessary bureaucratisation (Department of Disinvestment, 2003). A recent fad of global combination started to arise and nations from one side of the planet to the other, whether created or creating, entrepreneur or communist, began going through immense economic changes, saw by the decrease in the job of the state in business exercises and expanding privatization of state possessed enterprises. In 1980s, privatization had begun in genuine sincere in a few regions of the planet. This was worked with by the continuous combination of the world economies, which guaranteed that capital and products streamed all the more openly to nations experiencing absence of assets. Unfamiliar capital opened



up to back enormous foundation projects, for need of which the homegrown private gatherings were until now unfit to approach, and state support was essential. Acknowledgment of the WTO system by a large portion of the nations has since prompted slow nullification of quantitative limitations and decrease in obligations and evacuation of limitations on between country exchanges. Thus, the importance of the state in giving assets to different business exercises and safeguarding the interests of shoppers has extensively diminished (Ministry of Industry, 1991).

### **Public Sectors in Indian Economy**

In India, a public sector company is that company wherein the Union Government or State Government or any Territorial Government claims a portion of 51 % or more. Right now there are only three sectors left saved exclusively for the public authority for example Rail lines, Atomic energy and touchy material. Private sectors/players are not permitted to work in these sectors.

Before the freedom of India, there were a couple of public sector organizations in the country this incorporates, Indian Railways, the Port Trusts, the Posts and Telegraphs, All India Radio and the Ordinance Factory are a portion of the significant instances of the country's public sector enterprises. In any case, post Indian freedom, a few strategies for the development of the financial status of the nation were arranged out by the then visionary pioneers, where the public sector were utilized as an instrument for the confident development of the country's economy.

This was the explanation that the second long term plan of India was exclusively founded on the development of the various businesses. Till 1990s significant sectors of the economy were saved exclusively for the public authority, this caused the incredible loss of our valuable regular assets and the entire nation caught into the extraordinary economic issue. From the absolute initial long term plan till 1980s our nation develops with the typical pace of 3.5% each year (which is called Hindu pace of development by Prof. Rajkrishna).

### **OBJECTIVE**

1. To study the role and importance of Public Sector Enterprises in Indian Economy.
2. To study the performance for network signal strength and network connectivity speed.

### **CONCLUSION**

The Indian telecom industry, which is one of the fastest expanding in the world, has converted itself from a market dominated by monopolies into a market that is driven by competition. This transformation has occurred very recently. The liberalization policies that the government has implemented since the 1990s, in general, and the National Telecom Policy that was implemented in 1994 and 1999, in particular, are responsible for the structural transformation that has occurred in the telecom sector as well as the introduction of competition. In order to stay in the game in this cutthroat environment, public and private companies that provide telecommunications services have both increased the efficiency of their businesses and of the services they give to customers. Despite the introduction of privatization, the once-monopolistic public sector company BSNL continues to exert an overwhelming amount of control over the landline services industry. The cellular market in India is dominated by Bharti Airtel, while Aircel holds the greatest market share in the states of Tamil Nadu and Chennai. Both Airtel and Tata Teleservices come across

favourably in the eyes of customers when it comes to their impressions of the technical and advertising aspects of service delivery. Despite this, telecommunications services in both the public and commercial sectors are suffering from falling income and deteriorating financial fundamentals.

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