

Alternatives for selling of the Public Sector Undertaking (PSUs)

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ABSTRACT

In India, during the last five decades, Public Sector Undertaking (PSUs) operations have extended widely. Even they had criticisms, attaining excellency of profit making by 158 out of 212. Meanwhile, against this, under selling of public property/ disinvestment process, received Rs. 52,682.93 crore during 1991-92 to 2009-10 and proposed to divest 10 per cent shares of profit making PSUs worth of Rs. 40,000 crore in 2010-11 to meet the social expenditure and to increase budget revenue. Consequently, the dreams of Nehru have disappeared and effects adversely to future generation/ sustainable development as the evidence of global experience. This paper concludes that the selling of PSUs (nation's property) is not an ultimate source to increase budget revenue and to meet the social expenditure.

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Eight decades ago, great depression and the Keynesian perceptions were witnessed to state intervention in economic activities like establishment of public sector units over the world including India (general theory p.64) to economic development. The dreams of Nehru, who called architecture of modern India, have also self-sustained economic growth in the course of industrialization by establishment of Public sector undertakings. Soon after independence, there was a wide spread belief that without increasing the role of the state, it was not possible either to accelerate the process of growth or to create an industrial base for sustainable development (meets the needs of the present without compromising the ability of future generations to meet their own needs). The second five year plan stated the unequivocal terms "The adoption of the socialist pattern of society as the national objective, as well as the need for planned and rapid development, require that all industries of basic and strategic importance, or in the nature of public utility services should be in the public sector." The industrial policy resolution, 1956 (IPR) has also stressed that "The state will progressively assume predominance and direct responsibility for setting up new industrial undertakings to developing infrastructure facilities etc, for economic

development". The efforts were resulted strong industrial base in the country. Meanwhile, from the last decade, drastic changes have been taken place especially in industrial sector in Indian economy.

Interestingly, the goals and dreams (of Nehru, second plan and IPR) have now reversed and special interest on privatization or disinvest the PSUs shares / public property whether it is the *profit winning or loss bearing* since 1991-92. As fraction of this, in the recent central budget, government is proposed to divest 10 per cent of shares worth of Rs. 40000 crore in 2010-11 to meet the social expenditure and increase budget revenue. It is fact that the PSUs are treated as the fixed assets of the public but disinvestment may basis to vanish the public fixed assets in future and effect on sustainable development of the nation.

Purpose of the present study:

Basing on the above scenario, the present paper is tried to analyze the various awfully fascinating concepts such as – (1) tasks of (Central) Public Sector Units (CPSUs) (State's role), (2) Is the selling of PSUs or privatization source to mobilize budget revenue?, (3) question of suitability of future generation, (4) Is the welfare programmes and disinvestment definitely sustains the present and future generation?, (5) what the global experience witnessed regarding privatization? And; (6) present alternatives to protect PSUs and sustainability of the economy. The study is mainly based on the secondary source of information and analyzed data by percentage

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