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Dr. Navneet Kumar Rajput
Assistant Professor, North
India College of Higher
Education, Najibabad, Bijnor,
Uttar Pradesh, India

Manisha Gupta
Assistant Professor, North
India College of Higher
Education, Najibabad, Bijnor,
Uttar Pradesh, India

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Pradesh, India

Dr. Anurag
(Principal),
Baluni Public School
Tallamotadak, Najibabad),
Uttar Pradesh, India

Correspondence

Dr. Navneet Kumar Rajput
Assistant Professor, North
India College of Higher
Education, Najibabad, Bijnor,
Uttar Pradesh, India

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“Twenty-First Century: Cultural and Economic Globalization”

Role of Public Sector in the Growth of Indian Economy

Dr. Navneet Kumar Rajput and Manisha Gupta

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Abstract

The role of the public sector in the economic growth of India is extremely important. The Government of India has leveraged the public sector enterprises to attain favourite socio-economic purposes. Revenues concluded by initiatives are utilized towards funding the economic progress of the country. Therefore, the determination for which business in a public sector is set up is mainly for the wellbeing of both the workers and the society. Later, the demonstration of the public sector enterprises cannot be evaluated about the morals used to judge the presentation of private sector enterprises. The elementary change between private and public proprietorship is the change in objectives, welfare expansion by the public sector, and profit expansion by the private sector. From now, fashioned on the thoughtful role played by these enterprises, time and over there is a need to appreciate the status of the public sector enterprises in the country. Consequently, the paper determinations to present a portrait of the public sector enterprises in India created on the secondary literature accessible. Diverse questions related to the presentation of the public sector enterprises are debited on the background of their involvement in The Indian Economy. The paper aids in producing an understanding of the role played by Public Sector Enterprises in the economic progress of the country.

Keywords: public sector enterprises, government of India, economic development, economic reforms

Introduction

The economic development of India has continuously been a prodigious challenge for the nation. Before, the independence there were partial 'Public Sectors' Enterprises in the country, in a promising economy like India. The public sector turns as a senior partner in the procedure of growth and undertakes funds in such zones in which the private sector is unwilling or unable to take such investments. As state previously, the business elements owned, managed, and measured by the central, state, or local government were labeled as civic sector Enterprises or public enterprises. These are too known as Public Sector Undertakings. A public sector whitethorn is distinct as any commercial or industrial undertaking retained and managed by the government to maximize social good and uphold Public notice. Independent India is known for strategic economic development policies in a sovereign, state polity. The country was fronting a lot of hitches like regional inequity in economic development, inequalities in income and lack of qualified manpower, and a low level of employment. India was mostly an agricultural economy with a small level of saving, and with a feeble industrial base. In this type of socio-economic system, our imaginative leaders express a roadmap for the growth of public sectors. This issue has shown the passage of The Industrial Policy Determination of 1948 and, was convoyed by The Industrial Policy Resolution of 1956. Industrial policy resolution of 1948 placed significance on the extension of production for both agricultural and industrial. From the last rare eras, public sector enterprises have not only the prime mover of the country's technological progress, but have also been aided the country to gain strong heights of the economy.

Objectives of the study

Public sector enterprises have been complexing with the two objectives;

- To attain economic development.
- To fulfill simultaneously the democratic desire of the society.

The Public sector has assisted in economic growth and solidity in India since then by generating employment opportunities, study, and progress, etc. Stable development of all the regions could be supposed under this pre-eminence of The Public Sector because it does not work for unpolluted profits nor is it generous; alternatively it is go-getting towards making India a self-dependent economy. The public sector has derived to inhabit a vital position in The National economy in numerous sectors like in the production of fuel, basic metal industries, fertilizer factories, Machine Tool plants, etc.

The range of public sectors shelters almost all segments of The Economy, *i.e.*, farming, commerce, industry, speculation and banking, research and development, Public utilities, cultural and social affairs. Public Sectors have been assigned the significant part of achieving our national neutral of economic growth with social justice, making larger social gains, and establishment in different parts of the country. Public Sectors differences and promoting stable development in the different parts of the country. The Public Sector theatres a crucial role in effecting a rapid socio-economic alteration of the economy and hence the essential to set up Public sector enterprises have been broadly recognized to bring about hasty economic growth in nations around the world.

According to Amartya Sen and Jeane Dreze, "India has insufficient and ineffective government activity in many fields like basic education, healthcare, social security, land reforms, and the promotion of social change. This apathy subsidizes the determination of extensive deprivation, economic inertia, and social inequality". In an assorted economy like India, equally public and private sectors are hypothetical to act as partners in transporting about economic development. Public sectors will have to emphasize the progress of the organization, key middle goods, production and supply of strategic commodities, and facility of social services.

Assessment of public sector in India

Archeologically, Public Sectors happenings have played a significant role in the development of Indian industry. At the time of independence, it was touched that political independence without financial self-reliance would be disadvantageous to the country's buff and self-sufficiency in policy-making (Department of Public Enterprises, 2008) ^[5]. At the time of independence, India was an agronomic economy with a feeble industrial base, a low level of reserves and investment and a lacks infrastructure. A vast popular of The Residents were enormously poor. Private enterprises lead to massive differences in the distribution of means which are not needed on social grounds and also on economic lands to the extent they are the result of undeserved incomes (Trivedi, 1986). Public sector enterprises have been singing a dominant and exclusive role in The Industrial growth and development of The Indian

economy. In order, to wrench apart the collected problems of unemployment, inequalities of rustic and urban, inter-regional and inter-class inequalities and technological backwardness and to set up a socialistic design of society in the country, The Establishment of Public Enterprises has been considered (Reddy, 1994). Because of this type of socio-economic arrangement, Indian visionary leaders illustrated a roadmap for the development of public Sectors as a tool for self-reliant economic growth. This controlling factor led to the channel of Industrial Policy Resolution 1948 and was followed by The Industrial Policy Regulation of 1956.

Pandit Jawaharlal Nehru rested the groundwork of modern India. The parts and purposes established for the nation by Pandit Nehru on the day before of Independence, namely, the speedy agricultural and industrial development of the country, the rapid development of opportunities for the profitable employment of the country, liberal reduction of social and economic disparities, removal of scarcity and achievement of self-assurance retain on as permitted today as at the time Pandit Nehru first set them out before the nation. Any industrial policy must donate to the comprehension of these goals and objectives at an enhanced pace. The Industrial Policy Resolution, 1948 put down that the manufacturer of arms and ammunition, the construction and control of atomic energy, and ownership and administration of railway transportation should be the exclusive monopoly of The Central Government. By responsibility, it has propagated the seeds for the growth of The Public Sector (Planning Commission of India, 1951) ^[7].

After the acceptance of the constitution of India and the socio-economic areas, the Industrial Policy was comprehensively studied and adopted in 1956. The Second Five Year Plan imagines the public sector by succeeding under the communist pattern of humanity as the guiding political philosophy. Further, the public sector is expected to effort as an instrument reduction checking the concentration of economic control (Pani, 2011). The second plan claimed that India should create an improper in heavy industries which were interpreted to encompass not just physical incomes but also the development of technical manpower (Planning Commission of India, 1969) ^[8]. Hence, the 1956 Industrial Policy Resolution offered the primary character to the state to assume predominant and direct accountability for industrial growth. The Industrial Policy Statement of 1973, inter alia, acknowledged high-priority industries where investment from large industrial houses and overseas companies would be permitted.

The Industrial Policy Declaration of 1977 emphasized decentralization and the role of small-scale, tiny, and lodge industries. The Industrial Policy Statement of 1980 fixed attention on the need for promoting rivalry in the domestic market, technological up-gradation, and transformation. The policy laid the basis for an increasingly competitively export-based and for cheering foreign investment in high-tech areas.

Characteristics of public sector enterprises

Mostly, public enterprises patent direct involvement of the government in the economic compass and assume special tasks to the government. In additional words, they

characterize the government's active intrusion in economic development by appealing themselves in business actions, which are elsewhere the establishment of guidelines and the formation of an encouraging environment aimed at the isolated sector. Hence, they are eminent from other conformist government organizations by their means of conducting economic and commercial activities.

The distinguishing of public enterprises is exceedingly influenced by some features like ideology, politics, history, level of economic enlargement, etc. for example, in countries which work socialist kind economics, the worldwide character of the public enterprises is to attitude in contradiction of the private sector and the tendency aspects to the removal or considerable reduction of the private sector. In some of these countries, governments have stayed on nationalization or public honour ship of energetic areas of construction. On the other hand, in countries, which activate a mixed economy, the public enterprises seem to be concerted in the traditional and well-established grounds of public utilities as well as the so-called "commanding heights" of the economy, living a significant quantity of activity in other fields to private entrepreneurs.

All those enterprises which are preserved, managed, and control by the government are entitled Public Enterprises. So, we can accomplish that the Public Enterprises are the articles either merely or the majority of shares being held by the government or government-controlled organizations. Some of the key appearances/features of The Public Enterprises are conscripted as follows;

Government proprietorship and administration

The public enterprises are preserved and managed by the central or state government or by the local specialist. The government may similarly wholly own the public enterprises or the proprietorship may partially be with the government and comparatively with the private industrialists and the public. Anyhow, the control, management, and ownership continue mainly with the government.

Sponsored from government reserves

The public enterprises get their investment from the government resources and the government has to make provision for their resources in its budget.

Distinct legal article

Public enterprises are well-known under the provision of a singular act or Company Act 2063. Any entity recognized with the provisions of such act is considered to become a distinct legal article and shall have its mutual seal. Like an ordinary person, The Public Enterprise can own, sell, stuff in its name can sue or be sued upon, and can arrive into the agreement under its name.

Public wellbeing

Public enterprises are not directed by the revenue motive. Their main attention is on providing the facility or service at realistic prices. Take the case of The Indian Oil Corporation or gas authority of India Limited (GAIL) they offer fuel and gas at supported amounts to the public.

Eternal arrangement

Once formed underneath the provision of law. Public Enterprise grasps the appearance of an artificial legal article

that occurs in contemplation of law. Therefore, once created beneath the law it has a continuous sequence. It means the public enterprise's presence will not be vulnerable whether employees, directors or any shareholders remain or not with the enterprise. Once shaped by law it can only be thawed by law.

Sovereignty

Public enterprise accomplishes the discrete legal article status once combined under appropriate law. It is sovereign of government and the personalities handling it. Therefore, on preserving, preparing, and operating its, it shall be observed as a discrete legal article and it shall have independence concerning financial and other activities.

Facility motive

One of the core causes behind the creation of Public enterprise is to deliver needed facilities to the overall public at inexpensive prices. For those economic and non-economic actions which either need vast financial speculation or have a low-profit edge, the government takes initiatives to found enterprises to work on such areas over private corporations. Therefore, all activities of public enterprise in undertaking bearing in mind the people perception.

Public responsibility

Public enterprises are maintained by the government. The Government is designated by the general people. People pay excises to the government which is the focal source of income for them. Therefore, circuitously general people are both proprietors and investors of the public enterprise. Accordingly, all the actions and procedures commenced by public enterprise are answerable to the public.

Professional motive

While the main impartiality behind the establishment of public enterprise is to deliver service to the universal public at a realistic price, the component of profit cannot be wholly overlooked. The Public Enterprise provides amenities and products to the public and others at a sensible price which also contains some amount of profit. This revenue is indispensable for the existence and development of The Public Enterprise.

Conception of domination

Government tends to found public enterprise consuming domination condition for those services which are of the elementary necessity of general public and involves severe control on quality, amount and price.

Extreme protocols

The government strategies and protocols strengthen the public enterprises to detect redundant procedures in their processes. This makes the mission of the association very penetrating and weighty.

Possessed, managed and measured by the government, subsidized by the government. Welfare-oriented focus on community utility facilities, accountable to parliament and the adherence of government conventionalism is necessary.

Economic transformations in India

It is well-identified that from 1951 to 1991, Indian legislators were trapped to a path of centralized economic

development escorted by extensive regulatory panels over the economy. The tactic was erected on an inward-looking import replacement prototypical of development. This was manifest from the design of the country's second five-year Plan, which had been seriously prejudiced by the Soviet model of development. Numerous sanctioned and expert assessments are originated by the GOI recommended incremental liberalization of the economy in diverse zones, but then again these did not discourse the important matters facing the economy. India's economy went over several affairs of economic liberalization in the 1970s and the 1980s beneath Prime Minister Indira Gandhi and later, Rajiv Gandhi. Though, these encounters at economic liberalization were unenthusiastic, contradictory, and frequently self-reversing in portions. In, disparity, the economic improvements hurled in the 1990s were much extensive and profound and decidedly noticeable a U-turn in the path of The Economic policy tracked by India thru the last forty years of centralized economic forecasting.

The year 1991 is a milestone in the post-independence economic history of India. The country confronted a severe economic emergency, generated in the part by a grave steadiness of payments situation. The catastrophe was converted into a chance to sign some vital distinctions in the content and approach to economic strategy. India grieved a most vital economic devastation in 1991, due basically to the effects of oil price surprises, the downfall of the Soviet Union and the shrill exhaustion of its foreign exchange investments. The economic emergency ran India, under the Indian National Congress, to cut the budget discrepancy and Implement numerous economic improvements, including sharp cuts in tariff and non-tariff barricades, liberalization of FDI rules, exchange rate and banking improvements, and an important reduction in the GOI's switch over private sector investment. These reforms said the improvement of economic development and ran to an outburst in FDI actions to India in the mid-1990s.

The 1990s developments rehabilitated the assumption climate, improved business guarantee, and produced a tendency of commercial hopefulness. This has entered into an unhurried enhancement in the attractiveness of the comprehensive commercial sector, the revitalization in the production sector, and hurtling up in the rate of assumption. India's exports originated to scramble. Its foreign exchange reserves, which for areas had floated around 5 billion dollars, rose exponentially later the economic enhancements and in slight extra than a period had risen to 300 billion dollars. Indian industries that occasionally expressed out of India were unexpectedly participating all over the world and even in some industrialized countries. When, in 2009, the group of 20(G-20) was elevated to the level of a forum for leaders, India was a momentous fellow of this global policy group. The globalization of India has assumed rise to new opportunities but it has also brought with it innovative tasks and responsibilities.

Endowment of public sector to evolution

The public sector has been playing an energetic part in the economic growth of the country. The public sector has come to inhabit such a significant place in our economy that its real performance is contingent basically on the accomplishment of the country's economic and social

penalty area. Public sectors are considered a commanding engine of economic growth and an important tool of self-reliance. The chief contributions of public enterprises to the country's economy may be defined as follow:

Durable industrial base

The Public sector has meaningfully contributed to the GDP at feature cost. The share of the industrial sector has progressively amplified during the preparation decades. The government has supported the industrial base noticeably by placing outstanding emphasis on setting up industries like iron and steel, heavy engineering, coal, heavy electrical machinery, etc. Because of low cost-effectiveness potential, these productions do not discover favor with private entrepreneurs in India.

Wealth establishment

The public sector nurtures an authoritative procedure of wealth formation. It can gather the saving and make their speculation in the industrious channels. It is evident from The Indian case. During two decades of our arrangement, about 54% of the entire investment of India was ended by the public sector. Of course, now the share of investment of The Public Sector is dropping after liberalization. It has converted now about 30% in the ninth plan. The nationalized bank, SBI, IDBI, Industrial finance corporation, State Finance Corporation, etc. have played a significant role in collecting savings and organization of resources. Until now the share of The Public Sector in gross domestic capital formation (GDCF) has persisted very momentously.

Appraisal of infrastructure

Infrastructure is the pillar of an economy. The Public sector plays an energetic role in the progression of infrastructural expansion. The public consultant approves the approach to make appropriate expansion of irrigation amenities and power and energy, without which agricultural growth is not possible. Without road, railways, and electricity no industrial advancement can be supposed of. The Public Sector has established the road, rail, air, and sea conveyance system. The development has become diverse only due to the public sector.

Substantial of gaps

At the time of independence, there occurred serious gaps in the industrial building of the country, predominantly in the grounds of substantial industries such as steel, heavy Machine tools, chemicals and fertilizers, defense equipment, etc. public sector has assisted to seal up these gaps. The elementary infrastructure essential for speedy industrialization has been built up, through the construction of deliberate capital goods. The public sector has substantially enlarged the industrial base of the country.

Engagement

The Public Sector has fashioned millions of jobs to challenge the joblessness problem in the country. The Public Sector accounts for around two-thirds of the entire engagement in the prepared industrial sector in India. By taking over many sick units, the Public sector has endangered the employment of millions public sector has also subsidized a lot towards the enhancement of occupied and living conditions of employees by serving as a model employer.

Well-adjusted provincial development

Public sector activities have positioned their plants in backward and pathless parts of the country. Their zone required elementary industrial and public facilities like energy, water supply, township. Public enterprises have developed these accommodations by this means bringing about a complete revolution in the socio-economic life of the people in these areas. Steel plants of Bhilai, Machine Tool plants in Rajasthan, etc. are a rare sample of the development of retrograde regions by The Public Sector.

Foreign exchange earning

The Public Sector has donated a great agreement in refining the stability of the payment position of the country. Public enterprises have protected valuable foreign exchange through import substitution. Hindustan Steel Ltd., Bharat Electronics Ltd., etc. are transferring a large percentage of their output and earning foreign exchange.

Expansion of supplementary industries

In order, to inspire the development of moderate and medium-sized industries in the country, the government of India has thrown a national program. The Public Sector subsidized this program by nurturing the growth of supplementary industries and satellite plants. Such plants have been conventional around the foremost public sector activities. There is a strong base of supplementary industries at some centers such as the Bokaro Industries Complex, The Bhilai Steel plant, and the units of Bharat Heavy Electrical at Bhopal.

Investigate and progress

As most of the public enterprises are involved in high technology and heavy industries, they have assumed investigate and progress programs in a big way. The Public Sector has cited a durable and extensive base for self-assurance in the field of technical know-how, maintenance, and restoration of classy industrial plants, machinery, and equipment in the country. Through the expansion of technical skills, public enterprises have condensed dependence on foreign expertise. Through the help of technological competence, public sector activities have efficaciously contended in the international market and they have held turnkey schemes in numerous countries of the world.

Public growth

Several public sector undertakings have developed townships to provide all the civic amenities to their employees. These townships consist of houses, etc. public enterprises have constructed roads and their infrastructural facility to link these townships to other parts of the country. Such townships have been very helpful in improving community life.

Social justice

Public enterprises have subsidized the accomplishment of legitimate objectives. They have been facilitated in plummeting the absorption of economic power in private hands, in curbing anti-social controls, in quickening public control over the national economy, and in transporting about a socialistic shape of society. The Public Sector supports in confirming the comprehensive process of expansion.

In accumulation to the preceding, the public sector has played an imperative role in the success of connotational goals like dropping the absorption of economic power in private hands, increasing public control over the national economy, generating a socialistic outline of society, etc. with all its connections the public sector has completed solid contributions to national self-reliance.

Conclusion

Public sector enterprises have arranged a strong groundwork for the industrial development of the country. The Public Sector is 'The Temples of Modern India'. Subsequently, with India's independence, public sector enterprises have contributed meaningfully towards the development of the Indian economy. All the private corporations had either cut down on production or went leisurely on their speculation plans during the economic slowdown. CPSEs did not cut back on construction and went forward with their investment plans. Public sector enterprises had help out the country in upholding the growing momentum during the economic slowdown. In terms of corporate social responsibility, the part played by CPSEs was privileged; CPSEs performed well in terms of resource productivity.

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