

DISINVESTMENT OF PUBLIC SECTOR ENTERPRISES IN INDIA- AN OVERVIEW

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ABSTRACT

Public Sector Enterprises have been playing a dominant and unique role in industrial growth and development of Indian economy. In order to dismantle the accumulated problems of unemployment, disparities of rural, urban, inter-regional and inter-class disparities and technological backwardness and to set up a socialistic pattern of society in the country establishment of Public Enterprises have been conceived Public Enterprises have become the temples of modern India. The Second Five Year Plan stated very clearly that the adoption of 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. Balance of Payment position and increasing fiscal deficit led to adoption of a new approach towards the Public Sector in 1991. Disinvestment of Public Sector Undertakings is one of the policy measures adopted by the Government of India for providing financial discipline and improve the performance of this sector in tune with the new economic policy of Liberalization, Privatization and Globalization, (LPG) through the 1991 Industrial Policy Statement. Thus, the paper aims to present a picture of the disinvestment in India based on the secondary literature available.

KEY WORDS: Public Sector Enterprises, Disinvestment, Privatization, Industrial Policy.
