INTERNATIONAL JOURNAL OF ADVANCE RESEARCH, IDEAS AND INNOVATIONS IN TECHNOLOGY

IJARIIT

ISSN: 2454-132X
Impact Factor: 6.078
(Volume 8, Issue 5 - V8I5-1173)
Available online at: https://www.ijariit.com

# Privatization of public sector – An Indian perspective

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**ABSTRACT**

***Privatisation is not a single, distinct economic idea. Instead, it encompasses a diverse variety of activities that all indicate a shift in the delivery of goods and services from the public to the private sector. Privatization, for instance, encompasses a variety of actions, such as the sale of public assets to private owners, the simple termination of government initiatives, the contracting out of previously provided services by state agencies to private producers, and the entry of private companies into markets that were previously monopolised by the state. Additionally, the definition of privatisation varies around the world depending on where it is practised and the underlying economic principles. Many business analysts and economic experts believe that privatisation could accelerate economic growth owing to more competition, while others believe that it could actually worsen existing problems like unemployment and cause the economy to regress. This substantial move from public to private administration in India will result in a variety of notable improvements, including increased effectiveness and quality of remaining government functions, less taxation, and a reduction in overall government size. The profit-seeking conduct of new, private sector management will surely result in cost reduction and more emphasis on customer satisfaction in the tasks that are privatised.***

***Keywords***: *Privatization, Public Sector, Undertakings, State-Owned Enterprises, Private Sector Organizations, Disinvestment, Mixed Economy, Delegation, Divestment, Displacement, Contracting, Leasing, Subsidiary Assets, Shareholder, Deregulations, Liquidation, Profit Maximization, Efficiency, Competition, Accountability, Responsibility, Fiscal Debt, Liberalization, Departmental Undertakings, Statutory Organizations.*

## 1. OBJECTIVES

The objectives of this study are

1) To study the working of public sector organizations in India.
2) To evaluate the working of private sector undertakings in India.
3) To examine the rationale behind the privatization of public sectors in India.
4) To understand the process of privatization.

## 2. INTRODUCTION

The public sector is the part of the economy which is run by state-owned enterprises. Privatization refers to the process of transferring the ownership and control of organizations from the public sector to the private sector. The government ceases to be the owner of that organization. The three major attributes of privatization are ownership measures, organizational measures and operational measures. Ownership measures refer to the transformation of the ownership of enterprises from the State to private owners. Organizational measures refer to limiting the State's control in publicly owned companies, through methods like leasing or the restructuring of the enterprise. Operational measures work to improve the profitability and efficiency of the public enterprises.

It is generally done to increase efficiency and save money for the government. The most prevalent form of privatization occurs when public assets like state-owned airlines or telecommunications facilities are sold to the private sector. Another form is privatization includes outsourcing the provision of services by the government to privately owned agencies. The argument to transfer public ownership and operation to the private sector mainly states that private enterprises are subject to the discipline of the market and competition, hence, they run more efficiently than state-owned organizations. It is the responsibility of state-owned enterprises to follow strategic methods to support themselves, continue to achieve development and enhance the income of the country without incurring any losses. However, evidence and case studies have shown that these state-owned organizations fail to contribute what is expected of them by the government policies, and they cannot match the efficiency of the private sector companies

India is a mixed economy, meaning there is a private sector as well as a public sector performing actions. The public sector however was severely affected by incompetence by 1991. There was stagnation and slow growth in the economy, and to tackle these problems, the finance minister at that time, Dr. Manmohan Singh introduced major economic reforms. Privatization in India started by the introduction of the new economic policy (NEP) in the historic reforms budget of 1991. In the Union Budget for financial year 2021-22, the finance minister of India, Nirmala Sitharaman announced a plan for a disinvestment drive. This involved the privatization and disinvestment of assets across several industries in an attempt to strengthen the country's economy. Sitharaman had announced that two public sector banks would be privatized in financial year 2021-22, however the names are yet to be finalized. The policy was introduced to enable the growth of the public sector enterprises by infusing them with the benefits of private capital, improved technology and better practices to increase efficiency.

## 2.1 Historical Background

The initial idea of privatization was first introduced in the 1930s in Nazi Germany. The motive for German privatization was to benefit the wealthiest sectors and enhance the economic position and political support of the elite. The Nazis sold public ownership in banking, steel, railways, mining and ship-lines due to the economic disaster of the Great Depression.

Within India, privatization was introduced in 1991. After attaining independence in 1947, India had to face multiple obstacles like poverty, illiteracy, unemployment, severely low GDP and diseases. This necessity of facilities called for the establishment of state-owned enterprises in independent India. The primary focus in launching these state-owned enterprises was to concentrate on economic growth, self-reliance, poverty alleviation. There now existed a mixed economy, with the private and public sectors co-existing in the economy. Hundreds of state-owned enterprises have been founded and managed by the government to provide essential goods and services to the public.

However, the economic condition of India was severely deteriorating. Within weeks of taking office in 1991, then Finance Minister Dr. Manmohan Singh began to adopt and implement economic programs designed to address the economic crisis. The salient elements of the reform included public sector reforms and a new industrialist policy (NIP). Of 18 sectors reserved for the public sector, 11 were opened to private ownership, including telecommunications, airlines, electrical power, shipping, iron, steel, forgings and heavy castings. The history of growth and subsequent privatization in the country suggest that not only economic factors, but also political factors were essential to understand a socialist mixed economy, followed by a restricted adoption of privatization reforms.

A wave of privatization swept all over India. International financial institutions such as the World Bank were preaching privatization. Their report in 1991 promoted the introduction of market friendly approaches and advised decontrolling the public sector. India's privatization process began in 1991 by selling minority stakes of public sector undertakings. Disinvestment for most parts in India had been extremely marginal, and till 1994, most disinvestment cases involved selling off only 5 percent equity to the private sector, with the government retaining a majority stake. With times however, the government has used disinvestment as the main form of initiating private sector participation. The government-maintained 51 percent majority stake in the enterprises, selling off 49 percent to one or more private individuals or firms. The sale of this minority stake allowed the government to inject the competitive and efficient practices of the private sector within state-owned enterprises.

Post 1999, the focus has been shifted to strategic sales. The Indian government has been able to raise Rs. 51,573 crores through disinvestment of the public sector enterprises from 1991 to 2007.

The present strategy is to list large, profitable central public sector enterprises on stock exchanges and sell stakes to private individuals and raise revenue for the government. The government announced that their primary aim is to put their national resources to optimal use and utilize productive potential of private sector organizations in the public sector. The current policy of disinvestment aims to create employment, upgrade and modernize public sector undertakings, retire public debt and create new assets.

## 2.2 List of public sector undertakings in India

The 1956 policy reserved 17 industries for the public sector. These were Arms and ammunition and allied items of defence equipment, Atomic energy, Iron and Steel, Heavy castings and forgings of iron and steel, Heavy plant and machinery required for iron and steel production, for mining, for machine tool manufacture and for such other basic industries as may be specified by the Central Government, Heavy electrical plant including large hydraulic and steam turbines, Coal and lignite, Mineral oils, Mining of iron ore, manganese ore, chrome-ore, gypsum, sulphur, gold and diamond, Mining and processing of copper, lead, zinc, tin, molybdenum and wolfram, Minerals specified in the Schedule to the Atomic Energy (Control of Production and Use), Aircraft, Air transport, Railway Transport, Ship Building, Telephones and telephone cables, telegraph and wireless apparatus (excluding radio receiving sets), Generation and distribution of electricity

This was reduced to just 8 industries in 1991. The industries were arms and ammunition, atomic energy, coal, mineral oil, mining of iron ore, manganese ore, gold, silver, mining of copper, lead, zinc, atomic minerals and railways.

Since 2001, only 3 sectors in India were reserved exclusively for the public sector. These sectors are arms and ammunition, atomic energy and rail transport. After 1991, the public sector's role was limited to only strategically important goods such as defense equipment, essential infrastructure goods and services, exploration of mineral resources and oil, and areas with inadequate private sector investment. Private sectors were not allowed to invest in these industries. The reason for reserving certain industries for the private sector was that these sectors were extremely important for the economy. For example, crude oil was of the most essential resources at that time. It was used in practically every industry from transport to machinery. Opening the mining and harnessing of crude oil to the private sector would lead to an exploitation of the resource, as private sector firms understood its value and would harness large quantities of it. This would be detrimental as oil is a non-renewable resource.

The government soon realized that they cannot work as efficiently as the private sector and began opening out more industries to the private sector, as that proved to be much better to strengthen the economy of the nation.
The shrinking list of industries reserved for the public sector has shown the growing need for privatization in a developing economy like India's. Therefore 72 of India's 188 state-owned enterprises have been privatized since the new industrialist policy of 1991. Public sector undertakings have proved to be costly for the government, and highly inefficient when compared with the performance of private sector organizations. There is also an opportunity cost of the high amounts of funds locked up in the state-owned enterprises which can be used in other essential areas if privatization is implemented effectively.

### 2.3 The Privatization Process

There are a variety of ways in which the process of privatization can take place. These are delegation, divestment, displacement and disinvestment.

- Delegation occurs when the government delegates responsibilities to private sector firms through contracting, franchising, leasing or a grant. During delegation, the ownership and responsibility of the organization is retained by the government, however the private firm controls all the daily activities, and therefore plays the most important role in providing the final service. In the process of delegation, the government is an active participant in the process of providing the service. The government makes use of the efficiencies and technological advances of the private sector, while still maintaining the overall control over the projects.
- Divestment is the process by which the government sells subsidiary assets, investments or divisions of the public enterprise to one or more private firms in order to maximize the value of the parent company. The government partakes in divestment strategies to satisfy certain financial, social or political goals. There is still some amount of ownership of the enterprise retained by the government, and it now acts as a minority shareholder in the organization, and still participates in the decision-making process.
- Displacement is a process that starts with some deregulations. The government issues deregulations which assist private organizations into entering a sector which is dominated by government control. The private firms therefore enter this primarily public sector and offer competition to the public enterprise. The private firms eventually outperform the state-owned firms due to the increased efficiency and availability of sophisticated technology and displace the state-owned organization out of the industry.
- Disinvestment is the process of liquidation of state-owned assets or organizations, in which the Union Government sells its stake in a public sector undertaking completely or partially, to the private sector. This is a way for governments to increase revenues and exit loss-making ventures. Disinvestment has helped the Centre reduce its fiscal deficits. By selling off large enterprises and assets, the government frees up high amounts of funds that can be used finance large scale infrastructure development or invested in the economy to encourage spending. Disinvestment is crucial due to the prevalence of an increasingly competitive business environment, where public sector organizations find it challenging to operate profitably. Selling assets to the private sector is the most valuable action in this case.

### 2.4 Significance of privatization

Privatization is an important process for an economy. Private firms are profit- maximizing, meaning their primary objective is to earn the highest amounts of profits possible. This ensures that they work more efficiently to reduce costs which results in higher profits. Privatization also leads to a promotion of competition between multiple private firms, which promotes efficiency along with competitive prices for consumers which is highly beneficial. Private sector organizations are quicker to accept and adopt new and advanced technology, which helps to utilize natural resources in a more efficient and balanced manner. The wastage of resources is therefore minimized by private sector organizations and sustainability is promoted. Private sector organizations are independent of political interferences. At many instances, public sector organizations alter the mode of their operations due to political pressures, which at times dissuades them from making profit-oriented decisions and can harm the financial position of these firms. Private sector organizations on the other hand do not succumb to such political interferences and act strictly in a manner that maximizes their profits and improve their performance. Private sector organizations focus on objectives that will maximize their profits in the long run and ensure the long-term financial health of the firm. Public sector organizations however, sometimes set short-term policies in an attempt to lure voters during elections as the elected representatives in the government change at regular intervals. These short-term oriented policies can have negative impacts on the economy in the long run, impacts which will not affect the economy if privatization takes place, as managerial teams of private firms focus on long-term objectives. Privately owned firms can provide better customer service. Private firms are profit oriented, and therefore focus on good customer service. In a competitive industry, customer service provides these firms with a competitive advantage over their rivals which leads to greater profits, hence private firms focus on quality customer service. State-owned firms have no competitors and are not financially motivated, therefore they lack the feature of providing good customer service. Privatization reduces the fiscal burden on the government and is an easy method for them to earn huge funds by selling their equity to the private sector. This gives the government opportunities to spend money in other necessary areas to improve the country. This also allows governments to reduce taxes and remove the burden on taxpayers, as less funds are utilized to maintain public sector organizations as well as high revenues are earned by selling them.

Governments also earn tax revenues and licensing fees from the private corporations. This is how privatization benefits the government and the economy. Employees and managers working in private sector firms are more motivated as they are accountable to the firms' owners and feel responsible to ensure the efficient working of the firm. This factor of accountability is not as intense in state-owned firms which leads to inefficient operations which harms the economy. Private sector employees also receive bonuses and higher renumerations when the firm performs at an optimal level, incentivizing them to work efficiently in a manner beneficial to the firm as a whole. Privatization also leads to an increase in employment as growing private firms are constantly required to increase the size of their workforce in order to keep up with the growth of the economy.

### 2.5 Scope of Privatization

Since the beginning of privatization in 1991, India has come a long way. Out of the 188 state-owned enterprises, 36 have been privatized and 36 have been liquidated. Out of the 72 companies, 61 have been privatized in the last decade showing the growing need of the government to privatize their enterprises due to the benefits that can only be availed by making use of the facilities provided in the private sector. India's economy is a dynamic one that has been showing great growth potential in international markets. Privatization is now more widely accepted than ever before, as the State has realized they can heavily benefit from the increased efficiency and greater disposal of funds available to them to carry out other necessary activities to boost the economy. There has been a great advancement in sectors like banking, telecom and insurance. Decisions to privatize have contributed to the average annual growth of 8.5 percent, as lesser government funds are locked up in publicly owned enterprises and privatization has led to more profitability in every sector. In the future however, changes would need to be made to encourage foreign investment, which act as injections into the economy. Corruption, political power and bureaucracy in India have acted as barriers and prevented foreign investors from investing in the country. The increased privatization and lesser interdependence with the government will surely work to enhance foreign investments in the country and expand the size of the economy. In the financial year 2021-22 the Indian government raised Rs. 37,896 crores from disinvestment. Privatization and asset monetization were the highlight of last year's Budget. Indian Finance Minister Nirmala Sitharaman has set a target of Rs. 65,000 crores of revenue to be earned by the government through privatization in financial year 2022-23. The future plans are to privatize two large public sector banks that are yet to be decided. However, this policy comes with its challenges. The correct valuation at which these assets are to be sold is difficult to determine. There are also certain socio-economic issues, and it is believed that privatization of these public sector banks will result in social injustice and denial of reservations to backward classes and other oppressed sections of society. Private banks are also more aggressive in their loan recovery efforts, raising concerns among the public.

One General Insurance company is also being privatized. Other companies in line to be privatized are Shipping Corporation of India, BEML, Container Corporation of India and Pawan Hans. The Indian government is moving to a more privatized economy as determined by the Budget last year. Sitharaman stated that the government will be creating a National Asset Monetization Pipeline and Dashboard with the objective of monetizing government assets. Assets across a variety of industries such as NHAI, Railways and Airports Authority of India will be monetized in accordance with this plan. The strategic disinvestment of many public sector undertakings is expected to be completed this year. Sitharaman stated that state governments will also be incentivized to disinvest their assets and promote greater privatization as that would be in the best interest of the Indian economy. Privatization in India's major plan forward and will be the primary focus of the Indian Finance Ministry to improve India's economic state and boost economic activity to better the country's GDP.

### 2.6 Demerits of Privatization

- Governments usually wish to sell the least profitable enterprises to the private sector in hopes that the efficiency and profit driven nature of the private sector will improve the state of these enterprises. Private sectors, however, are unwilling to purchase these enterprises at a price suitable for the government, due to the lack of scope of profits seen, and demand a cheaper price for the purchase of the enterprise, one that the government is unable to sell at.
- Private sector organizations are less transparent, and this lack of transparency along with a string drive for profit can lead to corruption and bribery. Private firms are not set at the same reporting standards as public organizations. Public organizations need to adhere to a variety of mandatory disclosures and regulations, ensuring that they are as transparent as possible. Therefore, privatization can be disadvantageous and lead to corruption.
- Private firms seek to maximize profits, whereas the primary objective of public sector organizations is providing important public services. This motive of profit can lead to higher prices for consumers, or a decline in quality of services in an attempt to cut costs for greater profits. The cost of debt is also more expensive for private firms as they pay higher interest rates, which incentivizes them to charge higher prices for their goods and services to recover the higher costs.
- Privatization tends to result in conflict among certain stakeholders. Employees who might lose their jobs create political opposition against disinvestment. Politicians concerned by the short-term unemployment consequences of privatization also oppose the policy. Bureaucrats stand to lose their patronage due to the privatization of public sector organizations and are therefore not in favor of it.
- Public sector organizations are often natural monopolies, which is beneficial for consumers, as services can be provided at lower costs. The high barriers to enter these industries in the form of large capital investments means that the privatization of these industries will lead to private monopolies, where the market has no control over price and consumers are exploited due to the lack of substitutes. Therefore, it can be more beneficial to have a public monopoly over a private one, as citizens have power to improve the services in a democracy.

## 3. REVIEW OF LITERATURE

- **Kunmin Kim, N. Panchanatham, ADBI Working Paper 1057, 2019, Reform and Privatization of State-owned Enterprises in India:** Due to the dynamic nature of developing economies, reforms are essential in all sectors of society. The privatization process is both advantageous and disadvantageous for a country like India. If public organisations function as efficiently as private ones, the need to privatize is eliminated and both profit making as well as social responsibility is satisfied. To improve the performance of public organizations, the government must allow increased autonomy, reduce government intervention in the working of the organization, and appropriately balance the interest of shareholders and other stakeholders.

- **Muskan Gupta, Prathamesh Joshi, International Journal for Research in Applied Science and Engineering Technology, 2022, Privatization in India**: Policy makers in India have leaned towards privatization over a period of time, which has led to the formation of several reforms to reduce the large capital investment essential for the running of public organizations, as well as increase the efficiency of the organizations by privatizing them resulting in greater profitability. These reforms have allowed for new investors, both domestic and international, to enter the industries and sectors being privatized, which was challenging before. Privatization has led to several improvements in multiple small-scale as well as large-scale industries including the banking industry. Complete privatization however is a difficult process that will take a long time for India to achieve.

- **Mpho M. Pheko, International Journal of Business and Management, 2013, Privatization of Public Enterprises in Emerging Economies: Organizational Development (OD) Perspectives**: Privatization is described as policies involving a government's withdrawal from the economy by transferring business activity to the private sector through methods like selling assets or outsourcing. The argument for implementing privatization rests on the inefficiency, bureaucracy and uncaring attitude of the government that leads to counter-efficient plans. A Burke-Litwin model was put forward as one framework to highlight the need for change and planning of privatization in developing economies. The complex nature of privatization requires the need for researchers and practitioners to keep developing new ideas that are innovative and can facilitate privatization.

- **Abhijit Phukon, Divya Verma Gakhar, PSU Research Review Vol. 6 No. 1, 2020, Perils of public sector enterprises in India: is privatization of central public sector enterprises a sustainable strategy?:** The study performed in the paper depicts how privatization and disinvestment has significantly improved the efficiency and financial performance of many public sector organizations. However, the study also assessed firm specific factors and other reforms that influenced performance, and concluded that although privatization has a positive impact on performance, it is not completely sufficient by itself without the presence of strong fundamentals within the firm. Governments must ensure the introduction of a regulatory framework in order to make privatisation as sustainable as possible. The reason to privatise should be based on principles of efficiency and competition and not on the condition of meeting fiscal finance targets.

- **K. P. Kalirajan and R. T. Shand, Economic and Political Weekly Vol. 31 No. 39, 1996, Public Sector Enterprises in India: Is Privatisation the Only Answer?:** Technical performance enhancement should be the primary focus of public sector reform in India. The empirical analysis done in the paper shows that majority of public sector organizations have failed to achieve their maximum possible output, and have even reduced technical efficiency over a period of time. Therefore a great amount of resources are being wasted, and identifying the cause of this poor production behaviour is essential. Hence reform measures such as privatisation that help raise the efficiency of public sector organisations contribute immensely to the improved performance of these enterprises and are essential to reduce resource wastage. An alternative would be to raise the technological availability, thus improving efficiency.

- **Simrit Kaur, ASARC Working Paper 2004-08, Privatization and Public Enterprise Reform: A suggestive policy:** Unlike several other developing economies where aggressive privatisation policies have been adopted as part of liberalisation, this is not the case in India. The new economic policies of liberalisation of India are towards the nature of Greenfield privatization. These policies have allowed for private industrialists to enter industries which were exclusively public, and are therefore expecting increased efficiency in these industries due to increased competition. While public sectors should continue operating in defence related sectors for national safety, other sectors should be privatised, as competition is increased and the commitment of the government is reduced, giving more time for the provision of welfare goods to the public. Therefore the policy of privatisation is in the right direction.

## 3. RESEARCH METHODOLOGY

**Statistical tools adopted**

The data was interpreted and analysed with the help of graphs and chart presentation.

**Sampling technique**

This paper used a questionnaire which consist of 12 simple general questions. This questionnaire aims to provide the data of most importance in nature to aid analysis of impact attributes.

**Hypothesis**

Ho- Indian economy needs a structural shift by privatising majority of the public sectors keeping only a few sectors reserved for the government.

H1- Indian economy would be affected negatively by privatising majority of the public sectors.

**Data types and sources**

This paper was written while referring to a combination of both primary and secondary sources. For primary data, a 12 question questionnaire was designed and sent out to 83 respondents from different backgrounds to get meaningful and unbiased data. This data was analysed and compiled accurately in the paper. A variety of secondary sources were also used to research about the topic of privatization, which have been cited in the bibliography. The secondary data was collected from sources such as articles, books, other research papers and journals and webpages, and the essential information was compiled in this paper.

**Population**

Set of maximum people including males and females having knowledge of privatisation of public sectors to which the findings are generalised.

**Sampling frame:**

For performing non-probability sampling randomly list of different people belonging to different professions was generated from selected area.

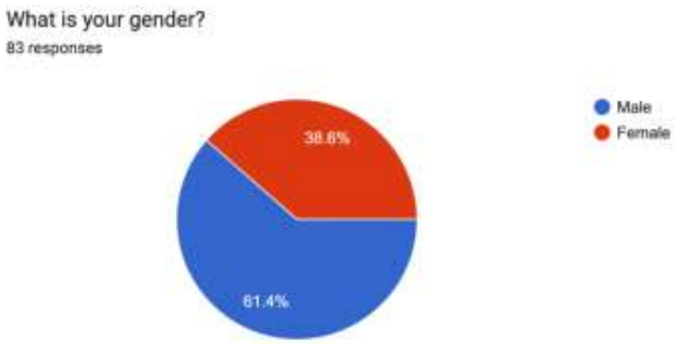
 

**Sample size:**
Sample size of 83 respondents was selected to make the study meaningful.

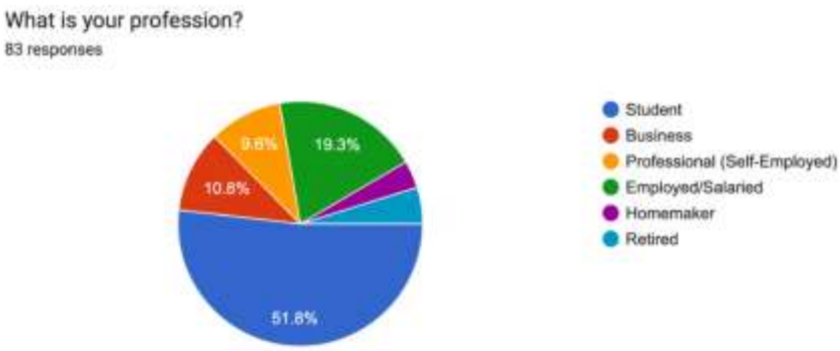
**Study area:**
The study is bounded throughout the city of Mumbai. Mumbai being the finance capital of India, is expected to have awareness on privatisation.

**Limitations:**
- The questionnaire was conducted in a short span of time, making it difficult to get a larger number of responses.
- Due to the ongoing pandemic, physically meeting the respondents to gain a deeper understanding of their knowledge was not possible.
- The data collected could have been biased as all respondents answering the questions might have had different beliefs about the same topic, which is the case whenever primary data is being collected.
- Constructing an appropriate questionnaire was time-consuming, and enough time had to be given to respondents to gather meaningful data.
- There could have been a lack of knowledge among certain respondents, which could alter the overall data collected, possibly making some data inaccurate.

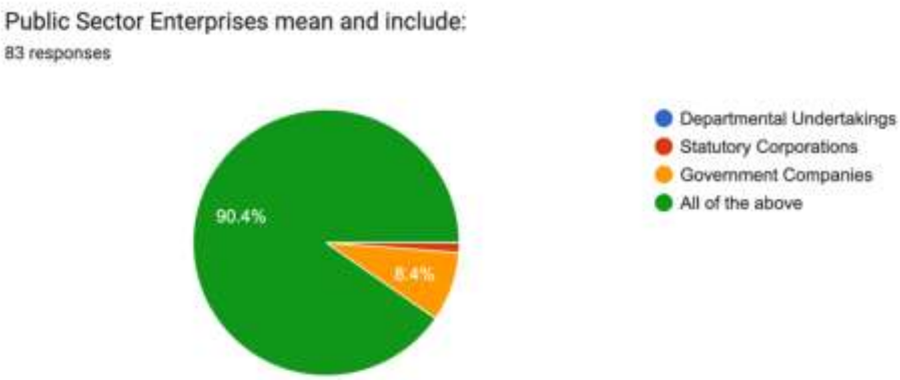
## 4. DATA ANALYSIS AND PRESENTATION

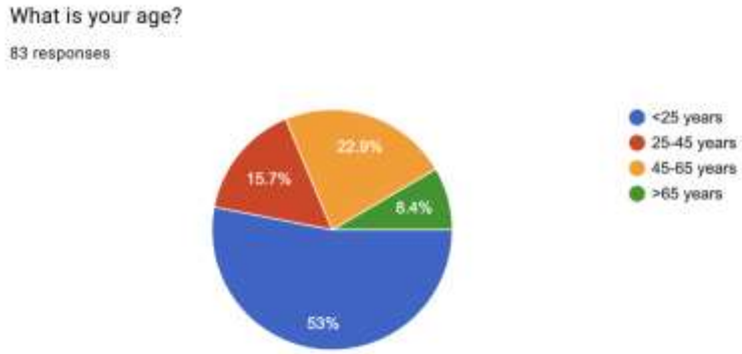



We took a survey: Questionnaire method and results were as follows: We got 83 responses to the compulsory questions asked below.

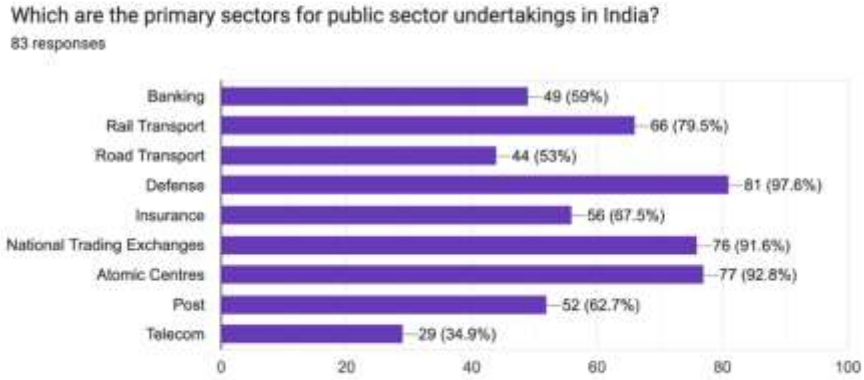



-Though there were more male respondents, there was a fair amount of female representation as well, minimising gender biases.
-While majority of the respondents were students, we still received responses from a variety of professions, getting a fairer view on the subject.



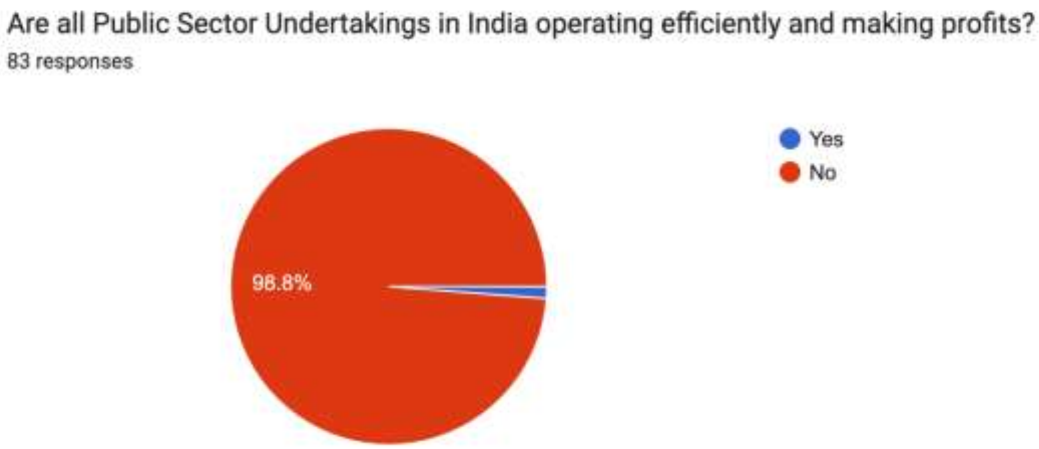


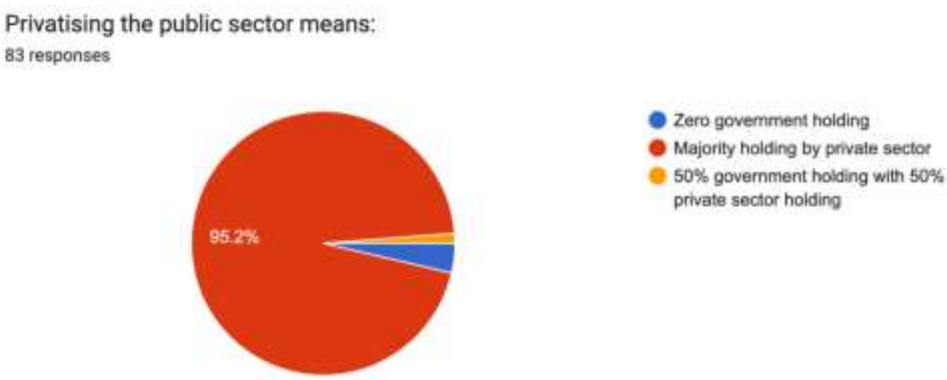

We received responses from a broad range of age groups.



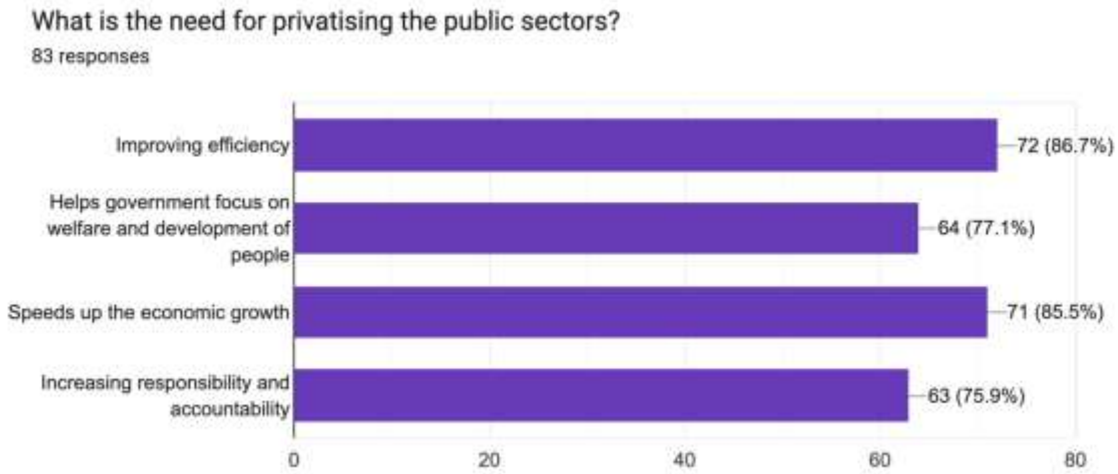

-As seen above, over 90% of respondents had a good idea about public sector enterprises.

-Most of our respondents believed that Rail transport, Defense, National Trading Exchanges and Atomic Centres are the primary sectors for public sector undertakings in India.



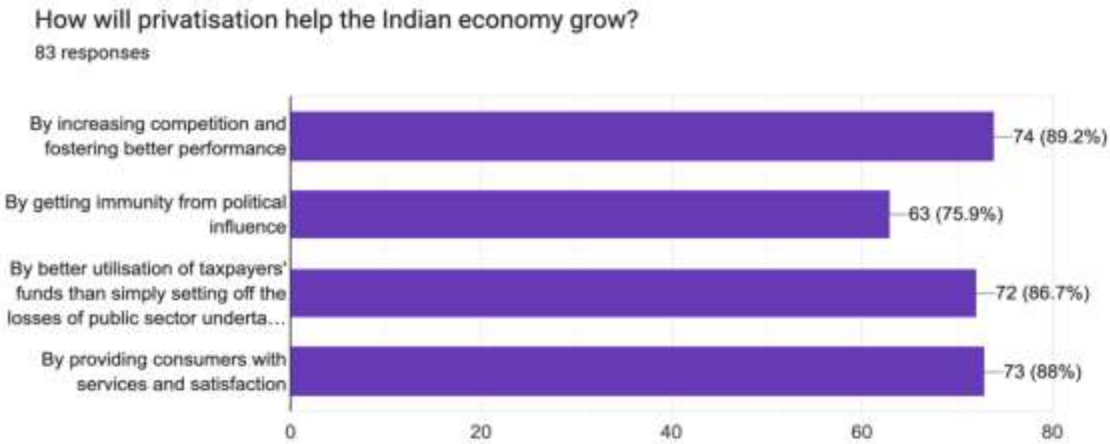



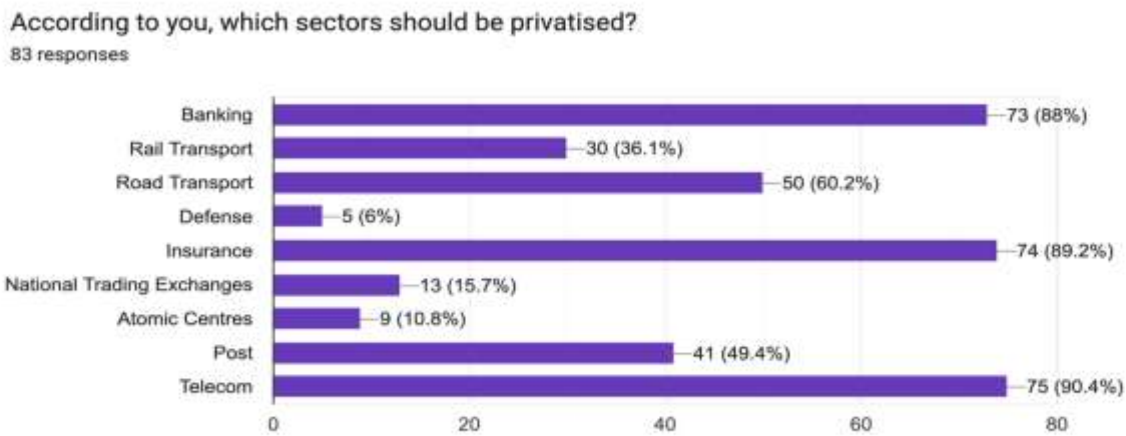
-As large as 98.8% of our respondents believe that all public sector undertakings in India are not operating efficiently and making profits.




-It is clear that our respondents are aware of the concept and meaning of privatisation.

-From the responses, we conclude that most respondents believe privatisation improves efficiency, helps the government focus on welfare of people, speeds up economic growth and increases accountability, responsibility.

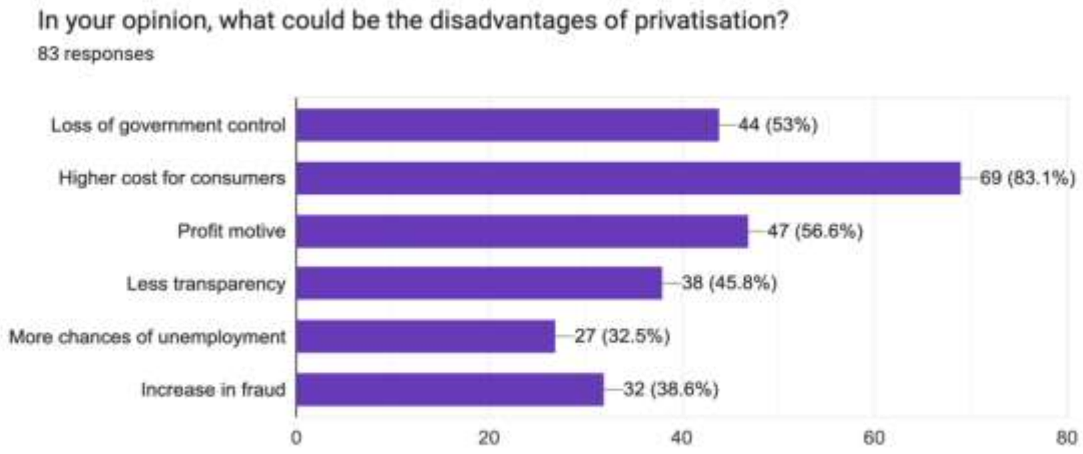


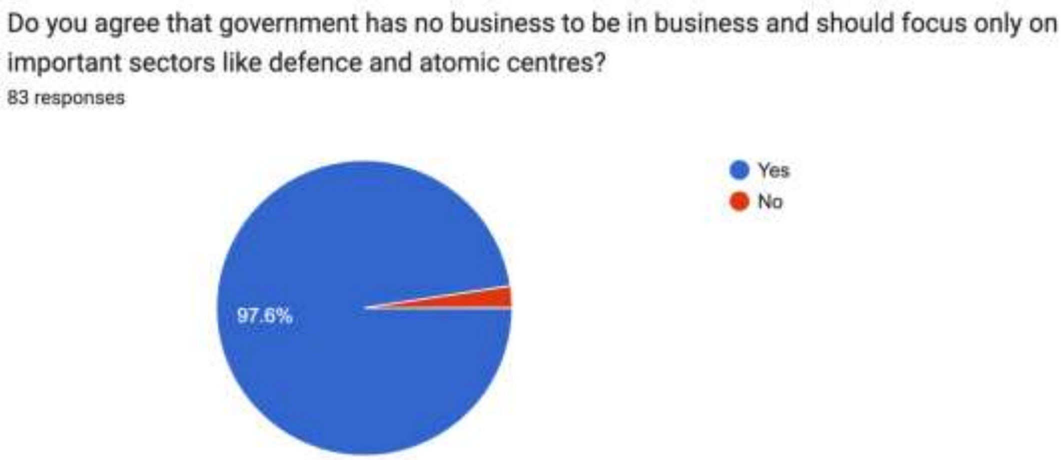

While most respondents believed the banking, insurance and telecom sectors should the privatised, very few respondents wished to privatise defense, atomic centres and national trading exchanges.

-As per the graph, most respondents believe privatisation leads to economic growth due to a variety of factors




-Respondents felt the greatest demerit of privatisation was the higher cost for consumers.




-The pie chart shows that 97.6% of respondents agree that governments should only focus on important sectors like defense and atomic centres, and let the private sector manage the remaining sectors.

## 5. CONCLUSION

The term "privatisation" refers to the conversion of a public corporation into a private one. Additionally, a corporation is said to have "deregulated" when government rules on it are reduced or eliminated. Deregulation is frequently used interchangeably with privatisation. Privatization denotes the transfer of government oversight of a specific service to the private sector. Privatization affected the economy, social welfare, and other sectors in a variety of ways.

In India, privatisation has historically been a contentious national political topic. Employee unions and political parties have previously protested the privatisation of various industries; but, in some instances, it was imposed, while in others, the government backed down. Public sector enterprises, or PSUs, have helped India's economy and industry flourish, despite the fact that they have serious inefficiencies. Numerous Indian PSUs have reported losses as a result of things like excessive staffing, excessive employee compensation, project delivery delays, managerial delays, etc.

It absolutely depends on the industry whether privatising it will be advantageous over time. On examining the transportation and education sectors, for instance, the money raised in the transportation sector can be put toward making it even better. Nevertheless, there is a need to control fare prices because they could jeopardise the public good by being excessive. In the education sector, the goal of making a profit becomes less important, thus it would be difficult for any private company to work for nothing or very little profit. Even if it works, there is a higher likelihood that public interests will be jeopardised in some way.

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**Appendix:**

**Questionnaire**

1.What is your gender?*
- Male
- Female

2.What is your profession?*
- Student
- Business
- Professional (Self-Employed)
- Employed/Salaried
- Homemaker
- Retired

3.What is your age?*
- <25 years
- 25-45 years
- 45-65 years
- >65 years

 

4.Public Sector Enterprises mean and include:*
○ Departmental Undertakings
○ Statutory Corporations
○ Government Companies
○ All of the above

5.Which are the primary sectors for public sector undertakings in India?*
□ Banking
□ Rail Transport
□ Road Transport
□ Defense
□ Insurance
□ National Trading Exchanges
□ Atomic Centres
□ Post
□ Telecom

6.Are all Public Sector Undertakings in India operating efficiently and making profits?*
○ Yes
○ No

7.Privatising the public sector means:*
○ Zero government holding
○ Majority holding by private sector
○ 50% government holding with 50% private sector holding

8.What is the need for privatising the public sectors?*
○ Improving efficiency
○ Helps government focus on welfare and development of people
○ Speeds up the economic growth
○ Increasing responsibility and accountability

9.According to you, which sectors should be privatised?*
□ Banking
□ Rail Transport
□ Road Transport
□ Defense
□ Insurance
□ National Trading Exchanges
□ Atomic Centres
□ Post
□ Telecom

10.How will privatisation help the Indian economy grow?*
□ By increasing competition and fostering better performance
□ By getting immunity from political influence
□ By better utilisation of taxpayers' funds than simply setting off the losses of public sector undertakings
□ By providing consumers with services and satisfaction

11.In your opinion, what could be the disadvantages of privatisation?*
□ Loss of government control
□ Higher cost for consumers
□ Profit motive
□ Less transparency
□ More chances of unemployment
□ Increase in fraud

12.Do you agree that government has no business to be in business and should focus only on important sectors like defence and atomic centres?*
○ Yes
○ No

 