

Economic Performance Of Pses : A Review

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Abstract- *The Public Sector Enterprises are considered as key instruments of state involvement in economic activities in the developing economies. PSE's are state by itself, they are not mere employment provider but also the manifestation of the government itself in its sphere of work. They provide for the welfare of the people, enhance the living standard of people in and around the PSE directly and indirectly. The advent of PSE has cut down the bureaucratic approach of government, elevated the skill level of employees, integrated data analytics with decision making, enhancing the capacity to analyze and evaluate the risk in the decision making, and a record has brought out substantial improvement in transparency and compliance of all statutory requirements. Technological revolution combined with economic growth has greatly enhanced the capacity of PSEs to work together in cohesion and improve the resource of government and the nation. This paper makes an assessment of the source of some certain indicators from the economic survey 2016-2017.*

Keywords- Bureaucratic, Transparency, Cohesion, Enhance

I. INTRODUCTION

When India became independent in 1947, our country faced numerous socio-economic problems that the leaders of the new nation had to deal in a prudent manner. The society at the time of Independence was mainly agrarian with low industrial base & savings and available infrastructure amenities were few and the investment in them was also negligible. The country at the time of independence faced the high level of inequalities in income and employment. There was great inequality in regional balances in the field of economic development. The training, development of man power was also not uniform. Therefore, the intervention of the state in all the sectors of the economy became necessary. The nascent Private Industry at the time of Independence did not have either the necessary resources or the managerial and scientific skill, to undertake risks with large long-gestation investments was very low. The primary aim of then Government was a removal of poverty, equitable distribution of income, generation of employment opportunities, removal of regional imbalances, accelerated growth of agricultural and industrial production, better utilization of natural resources and a wider ownership of economic manpower to prevent its

concentration in a few hands. Our former Prime Minister Rajeev Gandhi had silently brought in the technological revolution by bringing in Shri. Sam Pitroda (Technical Adviser). They together brought many changes in the field of telecommunication and television. During this period ISRO had also much success in remote sensing and telecommunication launching capabilities. These two events change the way of working of government, revolutionized the telecom network and democratized the working of government in a true sense and involved people in working of government schemes.

II. REVIEW OF LITERATURE

Nagaraj (2006) investigate the long-run performance of the public sector on the source of some particular aspects in relation to economic aggregates, mainly using National Accounts Statistics (NAS). He decided that the public sectors whole steadily rose to the domestic output, even though the public sector share in domestic investments reduced to nearly half. This improvement in the performance has occurred due to rise in the physical efficiency in electricity generation, a fall in the public sector employment and increase the profitability of PSEs.

Mishra and Lakshmi (2005) tried to analyze the performance of PSE's in the era of economic liberalization by using the primary and secondary level data. They revealed that the PSEs have performed well in the period of economic liberalization. PSE's profitability and internal resource mobilization have improved in the post-liberalization period. Bajjal (2002) argued that to ensure a higher level of investment with higher efficiency and productivity, a complete restructuring of the economic industrial policy is required. Therefore, the reform has been undertaken with the objective of efficiency enhancement, domestic and foreign resource mobilization and to generate an adequate level of competitiveness in the economy.

Das (1997) studies the technical aspects, allocation, and scale of the public sector banks. He found a decline in the overall efficiency during 1990-96. This occurred because there was a decline in technical efficiency, both pure and scale. The study pointed out that the deterioration in technical efficiency

was mainly on account of four nationalized banks. On the foundation of current studies, it is observed that PSE's showed better performance in the post-reform period as compared to the pre-reform period. The better performance can be viewed in terms of raising achievement that forced PSE's to progress their performance by ensuring high productivity and falling cost of production.

III. STATEMENT OF THE PROBLEM

The challenges faced by the PSE's due to the introduction of changes in Economic policy and the technological changes faced by the industry. Management of PSE's in the fast changing economic scenario, absorption of new technologies, discarding of obsolete and improvement of working efficiency. The technology changes faced by the modern managers and workers are multi-faceted and they are to be trained to deal with multidisciplinary functions. This call for skill improvement and high level of training and orientation. These changes enhance and improve their skill level.

IV. OBJECTIVES OF THE STUDY

- To study the technological developments in PSE's.
- To enhance the skill level of the employees in PSEs.
- To examine the impact of PSEs on Indian Economy.
- To study the macro-level performance of PSE's.
- To study the trend of production of PSE's.

V. PERFORMANCE OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES DURING 2015-16

The Public Enterprises Survey (2015-16), brought out by the Department of Public Enterprises, Ministry of Heavy Industries & Public Enterprises, Government of India on the performance of CPSE's was placed in both the houses of Parliament on 21st March, 2017. There were 320 CPSE's in 2015-16, out of which 244 were in operation. Rest (76) of the CPSE's were under construction. The major highlights of the performance of CPSE's, during 2015-16 are mentioned below.

Gross Domestic Product growth

- GDP growth expected to be between 6.75 and 7.50 per cent in 2017- 2018.
- Real GDP growth expected at 6.5 per cent in 2016-17.
- Gross Value Addition (GVA) growth at basic prices is 7.0 per cent in 2016-17.

VI. PERFORMANCE OF INDUSTRIES, CORPORATE AND INFRASTRUCTURE SECTORS

Growth rate of industrial sector is predictable to temperate to 5.2% in 2016-17 from 7.4% in last fiscal. During April-November 2016, a modest growth of 0.4 per cent has been observed in the index of industrial production due to strong growth in electricity generation offset by moderation in mining and manufacturing.

Table.1 Economic Survey 2016-17

2015-16	2014-15
Overall net profit of 244 CPSEs is Rs.1,15,767 crore in 2015-16	Overall net profit of 236 CPSEs is Rs.1,02,866 crore in 2014-15
165 CPSEs posted net profit of Rs.1,44,523 crore in 2015-16	165 CPSEs posted net profit of Rs.1,30,364 crore in 2014-15
78 CPSEs incurred net loss of Rs.28,756 crore in 2015-16	78 CPSEs incurred net loss of Rs.27,498 crore in 2014-15
Total investment in 320 CPSEs stood at Rs.11,77,844 crore in 2015-16	Total investment in 320 CPSEs stood at Rs.11,77,844 crore in 2014-15
Dividend paid by CPSEs during 2015-16 is Rs. 70,954 crore	Dividend paid by CPSEs during 2014-15 is Rs. 56,527 crore

Source: Economic Survey (2016-17)

VII. HIGHLIGHTS

- **Total paid up capital** in 320 CPSEs as on 31.3.2016 stood at Rs. 2,28,334 crore as compared to Rs. 2,13,020 crore as on 31.3.2015, showing a growth of 7.19%.
- **Total investment** in all CPSEs stood at Rs. 11, 71,844 crore as on 31.3.2016 compared to Rs.10, 95,554 crore as on 31.3.2015, recording a growth of 6.96%.
- **Capital employed** in all CPSEs stood at Rs. 19, 68,311 crore on 31.3.2016 compared to Rs. 18, 66,944 crore as on 31.3.2015 showing a growth of 5.43%.
- **Profit** of profit making CPSEs stood at Rs. 1,44,523 crore during 2015-16 compared to Rs.1,30,364 crore in 2014-15 showing a growth in profit by 10.86%.
- **Loss** of loss incurring CPSEs stood at Rs. 28,756 crore in 2015-16 compared to Rs. 27,498 crore in 2014-15 showing an increase in loss by 4.57%.

PSE's do not work in isolation and are influenced by the recent trends and change in the technology. With the advent of Telecommunication, introduction of computers, internet and data analysis, working of PSE's and decision making have underwent changes. Also with the Government's decision to provide autonomy to the Board, it has become incumbent on the Board of the PSE's to revamp its operation and working to the changing realities of the market. This has brought in professionalism and inculcated a sense of achievement and healthy competition among all the PSE's. Automation of work, data analytics and risk evaluation has become the watchwords and the Board of PSE's are gearing up to this and are providing a run for money to the private enterprises. This can be validated by the improvement of net

profit in PSE's year on year basis. We can see that the profit making PSE's are increasing their R&D expenditure. They are also investing in training their manpower to enhance the potential of human resources. This shows that the PSE's are not only working on improving the bottom line (i.e profit making) in their balance sheet, but also work towards all around development of Industry, Society and the employees.

The study is restricted to recent years because these PSE's have been started in different years and so they have not been considered since their origin. Strength of this study depends on the consistency of the data being made available in the form of Annual Reports, Economic Surveys, Commission Reports and Industrial Policy Resolution etc. great effort has been taken at every stage to make it more realistic and comprehensive. All the hard work is made to evaluate the situation as perfectly and impartially as possible.

VIII. CONCLUSION

In a very fast changing world, there is a very strong requirement of technology if we have to survive in the competitive world in a period of globalization. By accepting the membership of the World Trade Organisation (WTO), India is under commitment to bring down its tariffs in line with the authorization of the WTO. It implies the ability to apply technology which entails the acquisition of necessary skills, the competence to organise large production or logistical systems. Technology not entails only the import of machines. It requires skill level improvement of Human resources to perform jobs in an enterprise/in a new line of production of goods and services. It involves the development of skills and a loyal labour force to take industry to a higher plane. Automation, data analysis and risk evaluation alone does not bring a winning edge to any enterprise. It is the human resource that acquires this requisite skill and application of these skills in efficient manner on the physical apparatus of production that elevates the strength and character of industry. For this purpose, it would be applicable to look upon labour as a quality since it embodies technological capability

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