

Strategic Disinvestment of CPSEs in India : Literature Review

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Abstract

The process of disinvestment in public sector enterprises (PSEs) commenced in 1990 onwards with an objective to bring efficiency in the operations, market competitiveness and thereby improved financial performance. The government thought it appropriate to make them viable through disinvestment process. Though the initiatives of disinvestment were taken by the government long back but it was only after 2000, the disinvestment process was speeded up and systematized. It was expected that PSEs after disinvestment will be in a position to perform well and contribute to the economy and the growth process. However, their performance in the post disinvestment era posed many issues and challenges. This paper reviews the available literature on motives and performance of PSEs, policies and processes of disinvestment related to public sector enterprises in India.

I. Introduction

THIS WAS ONLY after independence when government thought of a development model of the economy through five year plans, the move of bringing public sector into main stream of the economy to serve the people in a better manner thought of. The very objective of promoting and strengthening the public sector undertakings (PSEs) was mainly to provide goods and services at large to the economy and people at large at the subsidized costs since the private sector had profit motives and charged arbitrary prices. Over a period of time, the PSEs spread across the segments like, coal, steel, energy, construction and oil at one side to the business of hotels and bread food items on the other. While promoting the PSEs, it was envisaged that by the expansion of PSEs in a phased manner would help to

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