

Abstract of Doctoral Dissertation

Privatisation of Public Enterprises in India - An Empirical Study with Special Reference to Central Public Enterprises ¹

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I. Introduction

IN INDIA, FOR almost four decades, the country was pursuing a path of development in which public sector was expected to be the engine of growth. However, the public sector had overgrown its positive attributes and their shortcomings started manifesting in the shape of low capacity utilization and low efficiency due to over manning and poor work ethics, overcapitalization due to substantial time and cost overruns, inability to innovate, take quick and timely decision, large interference in decision making process etc. The government started to deregulate the area of its operation and subsequently, the disinvestments in public sector enterprises were announced. The process of deregulation was aimed at enlarging competition and allowing new firms to enter the markets. The market was thus opened to domestic entrepreneurs/ industrialists and norms for entry of foreign capital were liberalized.

The main idea behind the disinvestment is realizing large amount of public resources locked up in non-strategic public sector enterprises, re-employment in areas that are much higher on social priority such as basic health, family welfare, primary education and social infrastructure. Disinvestments are initiated for reducing the public debt that is threatening to assume unmanageable proportion and transferring the commercial risk to which the taxpayer money locked up in public sector is exposed to. The money that is deployed in the public sector enterprises is really the public money and is exposed to an entirely avoidable and needless risk in most cases. Scarce public resources are used for sustaining the unviable non-strategic public sector enterprises. The government of India has undertaken major disinvestment initiatives as part of its reforms package.

1 The Thesis was submitted to Madurai Kamaraj University, Madurai, Tamilnadu, in October 2007, for the award of Ph.D. Degree in Commerce, awarded in February 2009, under the supervision of Prof. Dr. R. Vanniarajan, Principal, Vivekananda College, Tiruvedakam West, Madurai Dt., Tamilnadu 625217, INDIA.

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