

Q. Is it a good idea to privatise even the profit making public sector enterprises? Give reasons in support of your answer. (250 words).

A. Public sector enterprises are government corporations where the government holds about 51% or more of the shares.

PSUs once considered the Temples of Modern India by former PM Jawahar Lal Nehru brings in revenue to government, pay higher taxes, reduce regional disparities and unemployment.

Why disinvesting profitable PSU's is a good idea?

1. Structural reforms :-
Privatisation is considered a main pillar of economic reforms of 1991 which are considered economic reforms with human face promoting greater competition and enhanced quality of goods and services.

2. Valuable resources enhancement :-

Government can share its burden of revenue and other resources with private sector which could also bring in newer technologies.

3. Spending on development :-

Good-governance can be enhanced, where government works as a facilitator, spending more on health, education and development rather than earning revenues.

4. Revitalising :-

Involvement of private sector can bring new life and freshness to administration of PSUs; decreasing red tapism, bureaucracy and increasing transparency of operation.

CONCLUSION :-

Though, disinvesting of profitable PSUs is considered good, but other factors like loss of jobs due to disinvestment, benefit to only few corporates, loss of revenue and not revitalising SEK

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sick PSUs are also needed to be taken in account, in order to make disinvestment in profitable PSUs a best exercise and experience.

~~Excell!~~