

Q. What are Public Sector undertakings? what is the role of PSU in Indian economy? Analyse the element effects of Indian government to socialise PSU in India. (300w)

A. Government with the view of public welfare establishes public sector companies and corporations which has minimum 51% share belonging to the government. Some examples of public sector undertakings are BHEL, RBF, Damodar Kuer Valley corporation.

They help in-

- ↳ job creation
- ↳ infrastructure
- ↳ asset formation.
- ↳ faster development.
- ↳ economic development.
- ↳ monopoly restricted

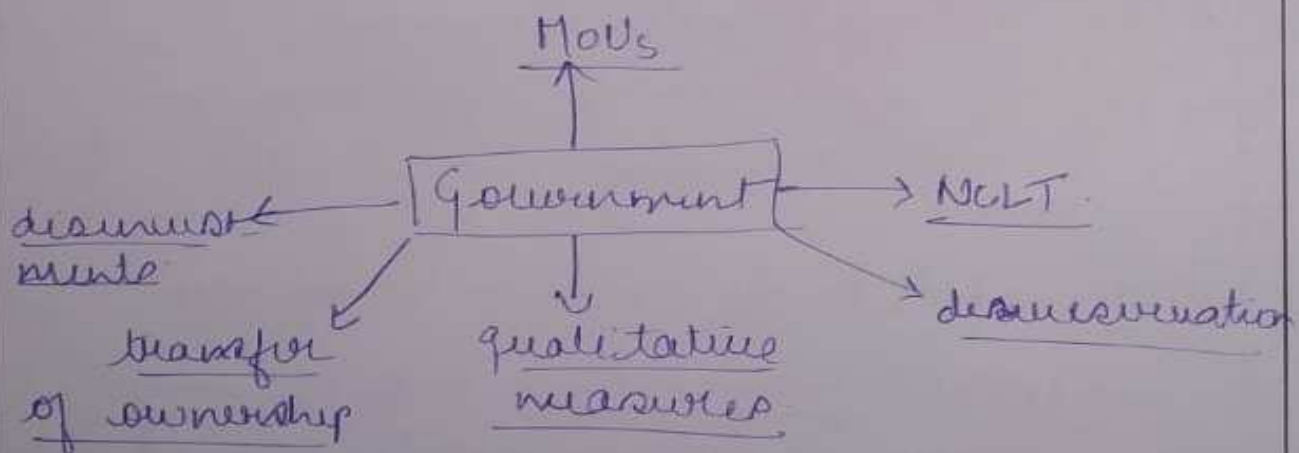
Their Role in Indian Economy.

1. Capital formation → In a way are future security for government they contribute in capital generation.
2. Employment generation → Around 71% of population is employed in public sector. They provide support

to other sector. in employ

3. They help in import substitution and also in increase in export.
4. They have a considerable share in growth and GDP of India.
5. They help in development of backward areas as government steps are in such areas which need further development.
6. Economic infrastructure in various sectors like transport, power, finances.
7. They have great share to national income.

Steps taken to improve PSU's



1. Removal of understanding → to improve discipline and other managerial methods.
2. NCLT → to solve matters related to

economy, finances. Also to give technological, administrative and other suggestions.

3. Democratization → help in increasing competition. Private sector participation in almost every sector except few.

4. Qualitative reforms → to give Maharatna, Miniratna, Navratna status. To provide them economic freedom, increase fund, production.

5. Disinvestments → in case the PSUs lose to generate profit for the government it sells its shares to the private sector.

PSUs are and should generate profit for the government. It should be the responsibility of the employees, citizen as well as the government to use the taxpayers money judiciously and wisely.

Excellent!