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Class: B.A. Economics (Part-2)
Paper: 04
Topic- Public Enterprises
Date: 20-02-2024

INTRODUCTION

Public enterprises as a form of business organisation have gained importance in recent times. During twentieth century various governments started participating in industrial and commercial activities. Earlier, the role of government was limited only to the maintenance of law and order. The policy of laissez faire was practiced in most of the countries.

The development of industries was left to the judgement of private entrepreneurs. During twentieth century, outbreak of two world wars, depression in many countries and social evils of Industrial Revolution of earlier times compelled state governments to participate in planning and developing industrial structure of their countries.

Industrial Revolution helped all-round growth of industries. Private entrepreneurs started working only for profit motive. The exploitation of consumers and workers by private entrepreneurs became the order

of the day. Russian Revolution gave a lead to new economic and political system in the world. State Governments started realising their social responsibility towards people.

The outcomes of all these factors were the active participation of governments in industrial and commercial enterprises. At present, governments of almost all countries in the world are participating in economic activities in one or the other way.

Private sector is hesitant to develop those industries where heavy investment is required and gestation period is long. State enterprise is considered necessary to reduce economic inequality and to prevent concentration of wealth in a few hands.

In India, a socialistic order has been established after independence. The Industrial Resolution of 1948 and 1956 have clearly defined the role of public and the private sectors. The government has reserved for itself basic and other strategic industries. A complimentary role has been assigned to both private and public sectors. At present, public sector enterprises are engaged in manufacturing, trading as well as service activities.

Definitions:

State enterprise is an undertaking owned and controlled by the local or state or central government. Either whole or most of the investment is done by the government. The basic aim of a state enterprise is to provide goods and services to the public at a reasonable rate though

profit earning is not excluded but their primary objective is social service.

A.H. Hansen says, “Public Enterprise means state ownership and operation of industrial, agricultural, financial and commercial undertakings.”

Objectives Of Public Sector Enterprises

1. It helps in creating an industrial base in the country.
2. PSU's help in generating a better quality of employment.
3. They develop the basic foundation in the country.
4. Public Sector Enterprises helps in providing resources to the government.
5. They help reduce inequalities and accelerate the country's economic growth and development.