Chapter VI

PRIMARY DATA RESULTS

The Review of Literature suggested that, the studies conducted so far have not taken in to consideration the views and opinions of the well selected representative sample before arriving at any findings. Hence there was a need to conduct a survey. To conduct the survey, it was thought fit to apply the method of Mail Survey and Interview Method. Mail survey is quantitative in nature and interview method is qualitative in nature. Any deficiency of one method can be offset by the other. The details of these two methods have been given under the head “Methodology of the Study”.

Mail Survey

The questionnaire with self addressed envelop and a covering letter explaining the purpose of the research was posted. The respondent and motivated were requested and motivated to respond and participate in replying the questionnaire. Questionnaire format is given in the annexure.

The group which the respondent represents has to be marked before answering and which was given at the top. The questionnaire was divided in to three parts. Each part mentioned the topic of that part and objective of that part followed by close ended questions where in the respondent has to tick one of three squares. The questions were objective in nature. At the end each part, one open ended question was provided to elicit the response in their own words and overcome any deficiency in the close ended question.

The three parts consisted of public sector, private sector, and privatisation or restructuring. First topic on public sector had the objective of knowing the causes for the failure of the public sector and also to test the knowledge the of respondents about the public sector’s contribution.
Second topic had the objective of knowing the faith or reliability the respondents have in the private sector. The purpose was that in the privatized environment, private sector becomes the sole provider of goods and services. In such circumstances, what are its strengths and weaknesses?

The third part consisted of knowing whether privatization is a better option or restructuring. The respondents were also asked to suggest any other method for improvement of the public sector.

The questionnaire was tested on a small select sample to know their opinion. Suitable modifications were made before finalising the questionnaire.

**RESPONSE**: In all two hundred questionnaires were sent to various respondents i.e., businessman, professional, academician, public sector executives, private sector executives, press and others. Seventy five repose were received i.e. 37.5%. All these respondents spent their precious time to express their views. Few of them even attached additional papers to respond to the open ended questions. The quality of the response was of high quality. The response was total and satisfactory. Responses have come from all parts of the country which shows the interest of the respondents in this subject of national magnitude. It is impossible to collect such quality responses through any other method other than mail survey.

**Processing of data**: The data received was processed manually by using bars. In case of close ended questions, the number of respondents for each question was arrived at. On the basis of this percentage were calculated and pie charts drawn to give a graphic view of the responses. The response to open ended questions were separately summarised to have overall view.
PART – I

Performance Analysis of Public Sector

Inefficiency and losses in public sector is due to:

(a) Politicization, bureaucratization & corruption.

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>Undecided</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of respondents</td>
<td>72</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Percentage</td>
<td>96</td>
<td>3</td>
<td>1</td>
</tr>
</tbody>
</table>

(b) Lack of autonomy and accountability of the management

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>Undecided</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of respondents</td>
<td>61</td>
<td>9</td>
<td>5</td>
</tr>
<tr>
<td>Percentage</td>
<td>81</td>
<td>12</td>
<td>7</td>
</tr>
</tbody>
</table>
(c) Lack of market competition & profit motive

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>Undecided</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of respondents</td>
<td>49</td>
<td>19</td>
<td>7</td>
</tr>
<tr>
<td>Percentage</td>
<td>66</td>
<td>25</td>
<td>9</td>
</tr>
</tbody>
</table>

(d) Lack of incentives to be productive and disincentives to be unproductive

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>Undecided</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of respondents</td>
<td>52</td>
<td>18</td>
<td>5</td>
</tr>
<tr>
<td>Percentage</td>
<td>69</td>
<td>24</td>
<td>7</td>
</tr>
</tbody>
</table>
(e) Presence of excess manpower

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>Undecided</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of respondents</td>
<td>63</td>
<td>9</td>
<td>3</td>
</tr>
<tr>
<td>Percentage</td>
<td>84</td>
<td>12</td>
<td>4</td>
</tr>
</tbody>
</table>

(f) 80% of largest enterprises in India belong to the Government and some of them are comparable to the best in the World.

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>Undecided</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of respondents</td>
<td>58</td>
<td>9</td>
<td>8</td>
</tr>
<tr>
<td>Percentage</td>
<td>77</td>
<td>12</td>
<td>11</td>
</tr>
</tbody>
</table>
(g) Many institutes in the field of defense (DRDO), science (ISRO, IISc, BARC), medicine (IIMS), technology (IIT), management (IIM) are comparable to the best in the World.

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>Undecided</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of respondents</td>
<td>69</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Percentage</td>
<td>92</td>
<td>4</td>
<td>4</td>
</tr>
</tbody>
</table>

(h) Whether private sector had the capacity to create such industries and institutions immediately after the independence?

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>Undecided</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of respondents</td>
<td>15</td>
<td>52</td>
<td>8</td>
</tr>
<tr>
<td>Percentage</td>
<td>20</td>
<td>69</td>
<td>11</td>
</tr>
</tbody>
</table>
PART - II

Trust Worthiness of Private Sector

(a) Private Sector management is more reliable and honest.

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>Undecided</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of respondents</td>
<td>30</td>
<td>35</td>
<td>10</td>
</tr>
<tr>
<td>Percentage</td>
<td>40</td>
<td>47</td>
<td>13</td>
</tr>
</tbody>
</table>

(b) Private Sector management exploits Shareholders through Stock Exchange manipulation

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>Undecided</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of respondents</td>
<td>31</td>
<td>26</td>
<td>18</td>
</tr>
<tr>
<td>Percentage</td>
<td>41</td>
<td>35</td>
<td>24</td>
</tr>
</tbody>
</table>

196
(c) Private Sector management breaks rules and manages

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
<th>Undecided</th>
</tr>
</thead>
<tbody>
<tr>
<td>36</td>
<td>24</td>
<td>15</td>
</tr>
</tbody>
</table>

Percentage

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
<th>Undecided</th>
</tr>
</thead>
<tbody>
<tr>
<td>48</td>
<td>32</td>
<td>20</td>
</tr>
</tbody>
</table>

(d) In the absence of competition, Private Sector sells poor quality goods, charges more than its value to its customers.

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
<th>Undecided</th>
</tr>
</thead>
<tbody>
<tr>
<td>47</td>
<td>21</td>
<td>7</td>
</tr>
</tbody>
</table>

Percentage

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
<th>Undecided</th>
</tr>
</thead>
<tbody>
<tr>
<td>63</td>
<td>28</td>
<td>9</td>
</tr>
</tbody>
</table>
(e) Private Sector exploits employees with disregard for their welfare.

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
<th>Undecided</th>
</tr>
</thead>
<tbody>
<tr>
<td>26</td>
<td>39</td>
<td>10</td>
</tr>
<tr>
<td>34</td>
<td>52</td>
<td>13</td>
</tr>
</tbody>
</table>

(f) Regulatory authorities like SEBI, Registrar of Companies, Stock Exchange, Government authorities have discharged their duties without fear or favour.

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
<th>Undecided</th>
</tr>
</thead>
<tbody>
<tr>
<td>20</td>
<td>38</td>
<td>17</td>
</tr>
<tr>
<td>27</td>
<td>50</td>
<td>23</td>
</tr>
</tbody>
</table>
(g) Majority of the companies in India are family managed but not professionally managed.

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>Undecided</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of respondents</td>
<td>64</td>
<td>7</td>
<td>4</td>
</tr>
<tr>
<td>Percentage</td>
<td>86</td>
<td>9</td>
<td>5</td>
</tr>
</tbody>
</table>
PART – III

Suggested Models of Privatisation.

(a) Shareholders will invest in loss making public sector undertakings.

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>Undecided</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of respondents</td>
<td>3</td>
<td>69</td>
<td>3</td>
</tr>
<tr>
<td>Percentage</td>
<td>4%</td>
<td>92%</td>
<td>4%</td>
</tr>
</tbody>
</table>

(b) Government should sell its shares in profit making blue chip companies.

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>Undecided</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of respondents</td>
<td>39</td>
<td>34</td>
<td>2</td>
</tr>
<tr>
<td>Percentage</td>
<td>52%</td>
<td>45%</td>
<td>3%</td>
</tr>
</tbody>
</table>
(c) After the government sale of Shares, these companies will become more efficient, more Competitive and customer friendly

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>Undecided</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of respondents</td>
<td>35</td>
<td>25</td>
<td>15</td>
</tr>
<tr>
<td>Percentage</td>
<td>47</td>
<td>32</td>
<td>20</td>
</tr>
</tbody>
</table>

(d) These companies after privatisation will be controlled by industrial houses.

<table>
<thead>
<tr>
<th></th>
<th>Indl. houses</th>
<th>Others</th>
<th>Undecided</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of respondents</td>
<td>32</td>
<td>24</td>
<td>15</td>
</tr>
<tr>
<td>Percentage</td>
<td>43</td>
<td>32</td>
<td>25</td>
</tr>
</tbody>
</table>

201
(e) Improving the performance of Public Sector undertakings by restructuring is better than Government selling shares or assets of these undertakings.

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>Undecided</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of respondents</td>
<td>41</td>
<td>32</td>
<td>2</td>
</tr>
<tr>
<td>Percentage</td>
<td>54</td>
<td>43</td>
<td>3</td>
</tr>
</tbody>
</table>

(f) Government should deregularise i.e., open all fields of business to private sector to improve competition, efficiency and better service to customers.

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>Undecided</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of respondents</td>
<td>61</td>
<td>11</td>
<td>3</td>
</tr>
<tr>
<td>Percentage</td>
<td>81</td>
<td>15</td>
<td>4</td>
</tr>
</tbody>
</table>
India should have its own model of privatisation.

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
<th>Undecided</th>
</tr>
</thead>
<tbody>
<tr>
<td>65</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>86</td>
<td>11</td>
<td>3</td>
</tr>
</tbody>
</table>

Number of respondents: 203
Summary of close ended questions:-

PART-1
PUBLIC SECTOR

Majority of the respondent agree that inefficiency and losses in the public sector is due to various reasons. 96% of the respondents agree it is due to politicisation, bureaucratisation and corruption. 81.33% say it is also due to lack of autonomy and accountability. Excess man power is another reason for which 84% of the respondents agree. Lack of market competition and profit motive is another cause according to 65.33%. And lack of incentive to be productive and disincentives to be unproductive according to 69.33% of the respondents.

Awareness of the respondents about the positive role played by the public sector is quite high. 92% agree that the best institutions have been created by public sector and 69.33% of them say it could not have been achieved by private sector.

Public sector contributed for the growth of the country but today they are plagued by politicization, bureaucratisation and corruption.

PART-2
PRIVATE SECTOR

In case of private sector, overwhelming support to a particular questions is not shown it is spread between yes, no and undecided in various percentage. 46.66% of the respondents say private sector is not reliable and honest., 41.33% say private sector management exploits share holders through stock exchange manipulations and 24% remain undecided. According to 48% respondents private sector management breaks rules and manages with corruption. Majority of the respondents i.e. 62.66% agree that in the absence of competition, private sector sells poor quality goods, charges more that its value for its customers. 50.66% respondents say that regulator, authorities like SEBI,
Registrar of Companies, Stock Exchange Management Government authorities, have not discharged their duties without fear or favour and 22.66% remain undecided. 86% of the respondents agree that Indian Private Sector is family managed. Overwhelmingly 97.33% of the respondents are aware that many of the recent scams belong to private sector.

Private sector is not reliable and exploits customers left to itself. Regulatory authorities have not discharged their duties. Indian private sector is family managed but not professionally managed.

PART-3

PRIVATIZATION Vs RESTRUCTURING

92% of the respondents think that shareholders will not invest in loss making PSUs. Surprisingly 52% of the respondents want the Government to sell the shares of blue chip Companies. Regarding post privatization effect, 46.66% say after privatization these undertakings will improve and 20% remain undecided. According to 42.66% these privatized undertakings will be controlled by industrial families but substantial percentage i.e., 25.33% remain undecided. Regarding the important question of Restructuring Vs Privatization 54.66% prefer restructuring and 42.66% prefer privatization. Deregulation i.e., opening up all fields of business to private sector is supported by 81.66% and respondents think that India should have its own model of privatization.
Analysis And Tabulation Of Responses To Open Ended Questions:-

PART-1

PUBLIC SECTOR

QI (f): Please mention other reasons briefly about inefficiency and losses in public sector.

Reasons given have been tabulated as follows:

(i). Trade union interference.
(ii). Frequent transferes of management staff.
(iii). Reservation policy, non-recognisation of merit.
(iv). Secured Jobs, increases in salaries and promotions based on time scale but not on performance scale.
(v). Lack of cost consciousness, over capitalization cost over runs.
(vi). Lack of timely decision, more rule ridden less result oriented.

PART-2

PRIVATE SECTOR

QII (I) Please express your views about strengths and weakness of private sector briefly:

STRENGTHS

(i) Profit motive is the greatest strength.
(ii) Thrives in competition
(iii) Responds to market changes immediately. Fast decision making.
(iv) Better productivity & cost controls.
(v) Efficient work culture and team spirit.
(vi) Free hand in dealing with employees.
(vii) Rewards efficiency and punishes inefficiency.
WEAKNESS

(i) Profiteering is the greatest weakness.
(ii) Highly self-centered. Survival at any cost is the strategy.
(iii) Absence of good corporate governance.
(iv) Lack of transparency and accountability to investors
(v) Lack of credibility of management.
(vi) Lack of adequate capital for large scale projects
(vii) Exploitation of constituents like workers and consumers.
(viii) Disregard for environment protection.
(ix) Poor in discharging social obligations.
(x) Not a good corporate citizen.

PART-III
PRIVATISATION Vs RESTRUCTURING

III (i) Please suggest different ways of improving efficiency, competition and customer orientation in public sector undertakings.

(i) Plan the man power, train the man power and reduce the manpower
(ii) Develop good HRM practices.
(iii) Recognise merit.
(iv) Allow free hand in dealing with employees.
(v) Avoid frequent transfers
(vi) Debureaucratise and professionalise.
(vii) Introduce productivity linked remuneration
(viii) Technological up - gradation.
(ix) Develop quality consciousness.
(x) Introduce customer & market orientation in decision making.
(xi) Improve cost consciousness and introduce MIS and timely reporting systems.
(xii) Create profit centres.
III (i) Please suggest ideal Indian model of privatisation.

Some of the models suggested by respondents are as follows:-

I. Privatise all sectors except sectors dealing with security, strategic aspects, sovereign matters and social sectors.

II. Sell only 40% of Government shares retain 60%. 1/3rd of the Board be selected by 40% shareholders. (i.e., other than Government) Board should have professionals and experienced businessmen. Chairman should be independent of Board of Directors.

III. Privatize irrespective of certain disadvantages in the present context. Government should play the role of regulator. Participation of employees in equity holding be encouraged.

IV. Private sector with social responsibility, accountability for investors, professionalised management, cooperative approach with the Government on key issues is the ideal model.

V. Restructuring or controlling through MOU is half hearted measure and hence privatise. Sell unviable units, sell shares of viable units more than 51%. Deal firmly with unions and political parties and have Board of Professionals.

VI Shareholding Pattern of ideal model be as follows:

<table>
<thead>
<tr>
<th>Ownership Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government ownership</td>
<td>40%</td>
</tr>
<tr>
<td>Professional Management</td>
<td>40%</td>
</tr>
<tr>
<td>Employees Ownership</td>
<td>20%</td>
</tr>
</tbody>
</table>

VII Joint sector models like that of Maruti Udyog limited is also an ideal model.
INTERVIEW METHOD

Interview method has certain advantages over the Mail Survey Method. It gives an opportunity to discuss in detail or in depth on certain core areas which cannot be covered otherwise. For conducting interview, persons who held top position in policy making and who were involved in implementation of such policies were interviewed. Apart from this, academicians and economists were also interviewed on audio tape recorder. Questionnaire was altered slightly to elicit the opinion keeping the background of the person interviewed in mind sample consisted of the following.

1. Persons with experience of ministerial level.
2. Bureaucrats of the level of finance secretary, chief secretary, commissioners at the state level.
3. Chairmen and Managing Directors of leading Public and private Sector undertakings.
4. Academicians from leading management institutes
5. Economists.

PERSONS INTERVIEWED: Persons with experience of ministerial level.

SUMMARY OF THE VIEW EXPRESSED:

(i) Government has no business to do business.
(ii) Public sector has served the purpose for which it was created.
(iii) Today's world is competitive and quality conscious and customer oriented.
(iv) Politicians are not interested in Industry but they are interested in vote bank.
(v) Management and employees have become lethargic in public sector.
(vi) Govt. has entered into business and industries which are not necessities or priorities like manufacturing tyre, soap, lamps, motors etc.,

(vii) Govt. has responsibility of discharging their social obligation like drinking water, rural communication, health care, primary education.

(viii) Use scarce resource for developing infrastructure.

(ix) Privatize power transmission.

(x) Privatize core sectors in phased manner.

(xi) Private sector is not a holy cow but it delivers.

(xii) Govt. should not post IAS officers as Managing Directors to PSUs.

(xiii) Professionalize management of PSUs.

(xiv) Take care of retrenched employees and introduce VRS.

PERSONS INTERVIEWED

Bureaucratic positions having Experience of Industry and Commerce

SUMMARY OF THE VIEWS EXPRESSED:

(1) In the socialistic pattern, public sector has played its role satisfactorily.

(2) In the liberalisation strategy followed since 1991, government should privatise and come out of the business of manufacturing face powder and soaps. Concentrate more on social sector like education, health etc., we should go for privatization of public sector. Public sector in infrastructure could be continued for some more time. Follow ABC analysis and find out which sector could be privatized first.

(3) Privatization strategy has to be sector wise. Each undertaking has to be studied and see how it could be privatized. Propose Disinvestment commission at state level as well.

(4) We can't go on supporting loss making public sector for long. Have VRS for employees and create state renewal fund to take care of interest of labour.
Absorb excess staff of one undertaking into related area of another undertaking.

The very role of public sector has changed now. The market has changed. Then ethics were different. There were protected market. Public sectors have failed to compete. They do not have working capital and they do not have budgetary support.

The role of the government in economic development is being reduced. Thrust areas are changing from manufacturing to infrastructure like roads, bridges, power. Power distribution should be privatized.

PERSONS INTERVIEWED: Academicians from leading Management Institutions and Universities

SUMMARY OF THE VIEWS EXPRESSED:

1. There are different perspectives. First perspective, why government enter in to business in the first place?
2. Govt. is a umpire not a player in the economic game. It should decide the rules of the game.
3. You Look at the economy and contribution on investments made, it is low or negative. So govt. is pumping money in to sick units, just to keep white elephants.
4. If you take from management angle there are studies to say that civil servants are not appropriate for economic activity. They are ideal for law and order situation and they can't manage things and profit making. They have failed miserably. They can be justified in protected economy. In a competitive economy you can't justify and show the results.
5. Though Indian economy is mixed economy, it is confused economy. For formation of committee and report we are the best in the world. As far as action is concerned there is nothing much to talk.

6. In MOU systems, there is no penalty for not complying with the terms of MOU. When the financial problems came, government thought, best thing is to sell shares in small percentage. Still management is with the government. Public sector in controlled economy like petrol and telecommunication are making profit. Otherwise they are in soup.

7. Bakery need not be in government. Dispose off all controversial undertakings first.

8. Nationalistic attachment to public sector is a political game.

9. MOU is useless. It is time consuming. If you don't know management tool, don't use it.

10. If you want to privatize make it profitable and sell. Not sick & privatize. So you get value.

11. If you open economy, public sector becomes sick even telecom. Level playing field is bunkum, what you have to do? Change the market system. Make it open. Let anybody come. Not just Indian should own. Nationalism, swadeshi is nice to hear but not economically. Foreigners bring technology, capital, management skills.

12. Take consumer point. What they want is cheap and better quality. You start your thinking process from consumer angle not any other angle.

13. With competition, self regulation comes. Focus on structural changes, privatization becomes incidental to that.

PERSONS INTERVIEWED: CMDs of Private Sector banks.
SUMMARY OF THE VIEWS EXPRESSED:

1. Success of bank is teamwork from top to bottom. Being private sector bank, we had an opportunity of having dedicated, selfless service minded people at the helm of affairs of the bank for the last 70 years. From the recruitment angle also they have taken care of antecedent of people and required qualification for the job, satisfied worker is pre-requisite for the success of any organisation. We take care of creating congenial atmosphere as to get maximum output from the work force. That service with quick decisions and after verifying the man behind the show about his integrity, honesty and vision, we select the customer.

2. There are advantages and disadvantages for private sector in comparison with public sector. Private sector banks do not get govt. deposit and govt. business. Advantage is less govt. interference. RBI circular apply to both. Being a service sector, quality of service matters much. Work culture of both the sectors is different.

3. Even in private sector also there are problems for eg., in management. Some time a group of people may try to control management of bank and there will be tussle between them. Politicisation and bureaucratisation is not much in private sector bank. RBI it self said for private sector banks that they have to manage the issue professionally without having undue interference from controlling body. Controlling body means either the shareholder or Board of Directors. Chief executive is responsible for each and every action.

4. In public sector if the person can withstand the pressure he can also do wonders. Each organisation has its own culture. Post nationalisation certain banks could withstand pressure. There are certain banks doing yeoman service to the poor section of the society for eg. Syndicate bank. There are certain banks where outside pressure was more. The persons who have put the pressure have gone but the person who worked at the top management then has to answer everything. Only after
nationalisation, banking sector has enlarged service to people. Otherwise People would have depended on money lender.

Schemes like IRDP and PMRY are misutilised. Intermediaries i.e. local leader puts pressure for giving loan. Under these schemes 10,000 crores would have been given. Milk should have flown on roads if properly implemented. Scheme is good, system is good but implementation is bad.

5. After liberalization, certain banks have opened branches in metropolitan cities only. Development banking, social banking is given to old generation banks. New banks should not have been given permission. Between old banks and new banks there is no level playing field.

6. Foreign investment should go to capital intensive projects but not for potato chips. In India which industrial house is investing its money? Say they may have 10-15% holding or less. Where is the money to invest say, 50000 crores in infrastructure with these houses? Ask foreigners to invest, assure him required confidence and adequate return. There should be clear policy guidelines.

7. Restructuring (of PSU) is better than privatization but whether our top people understand that? Our subsidies are 10% of GDP because they want votes. They say “privatization” which company they are privatizing? NTPC and other sick units are not sold. But they want ‘navaratnas’ best run companies to be privatized. There may be underhand dealings also. Let them give free hand to these companies and sell sick companies.

8. Excess staff (in banks) is due to RBI policy of opening of branches and the ratio between rural and urban branches. It is due to govt’s wrong policy. These banks should start other service business other than banking (to absorb excess staff).

PERSONS INTERVIEWED: Bureaucrats occupying senior position.
SUMMARY OF VIEWS EXPRESSED.

1. Method of isolation of govt. from corporation has to be share capital related. Government has to give up shares and, not in a position of control.

2. Regulatory authorities are not free for eg., TRAI. Government has over ruling power. Even in America for instance. Securities and Exchange commission has lot of power. Government will not give up power. Culture to (accept). Regulatory authorities (as independent body) should develop. Government should respect power of TRAI. If it does not, it leads to criticism from politicians, investors and consumers.

SEBI should be strengthened in phased manner. It should become morally a stumbling block for the government to over rule. SEBI is not as powerful as Security and Exchange commission of USA. So they want this power, hand over power.

Government will not give up power. Circumstances will develop slowly over a period, govt. may give up some power. On the other hand, if something goes wrong with regulatory authority, who is responsible? It is government. So there is equal responsibility for govt. and authority to work for investors and consumers.

Honesty and integrity is wanting at different levels. The regulatory authority is not having sufficient experience and exposure in regulation. The Institution should get a good name. The people should feel the Institute is doing a good job for eg., RBI. If the perception is that this is not going to take care of depositors and there will be attack on RBI. Govt. will take advantage of that. On the other hand, if it is perceived that RBI is good organisation then govt. will be afraid of RBI. It is very difficult to interfere.
2. In public sector good management is freedom from outside interference and professional competence. We have to develop the culture of non-interference. One senior bureaucrat said that he had an opportunity of dealing with a company called Visit from Austria - a public sector company. They said their govt. never interfered. The only occasion the government interfered was in presenting their accounts in the parliament. If it incurs loss, they remove the managing Director.

Our corporation have to go and wait in front of government for everything. Environment is such PSU has to go to govt. now and then and govt. finds pleasure in saying "no".

3. Theoretically Disinvestment policy is good. Identify areas govt. has nothing to do with. So first get rid of that. Take money then come to where public interest is involved.

In case of defence, govt. will hang on whatever may be in-efficiency. I think service industry can be handed over to the private sector like power. Cross subsidisation has made it loss making industry.

Govt. wants money they are selling small percentage of shares. Govt. is not prepared to sell it fully.

Indian investor will not invest in public sector unless you privatise it. Mutual funds may be able to invest but size will not be much.

4. Govt. will always interfere MPs will interfere. That kind of non-interference environment is not available in India. You will never be able to infuse confidence in the public to invest in public sector. Because of the inbuilt contradictions in a democratic set up govt. has to interfere in its investments. It is like asking cheeta not pounce on deer. So parliament should realise PSU is not going to prosper, we will only control not manage.

Persons Interviewed: Bureaucrats in senior position.
SUMMARY OF THE VIEWS EXPRESSED.

1. Generation of resources to the extent that is expected from public sector has not happened. They have become extension of govt. for all purposes. Meanwhile private sector has also caught up in the race for share in industrial production. Their expertise and ability to raise resource in the market is very good. Govt. entered in to all types of industries in the initial phases. Those which were not commercially viable have suffered. Where private sector made a success, the public sector need not continue. Encourage private sector where government initiative is not required and they have become strong enough to start off. Result is privatization. Govt. has to assume new role. Wherever private sector is successful there is no need for the government to enter into that sector. Public sector has not become redundant still there is a role in sector where commercial viability is not high but where private sector is shy to come in. Especially development corporations are still necessity. There are certain sectors where you can't expect viability for eg SC/ST corporation, handlooms, handicrafts etc,. If you make both ends meet it is good. But soaps and detergents is a commercial organisation. Once upon a time this was the best (organisation). Then there was no competition. Where market is in commercial parameter allow private sector. Where it is not, still govt. has role to play.

2. Ownership pattern may not be a criteria but structure on which it is framed is important. For e.g. power and telephone though in public sector their product is monopoly and they can be commercially marketed. By structure it gets profit what is required is functional autonomy.

3. PSU should not function like extension of government either in recruitment, work culture, management pattern. PSUs have limited capacity to raise funds in the market. Financial institutions are not
interested in financing PSUs because there is no profit element. They go on changing chief executives, experts are not there on the Board and early decisions are not taken. Because of labour force, decision regarding viability or non-viability of PSU is not taken even though losses are mounting.

4. Identify PSUs which are not relevent today. Which are unable to meet both ends meet and take them out of PSU list and privatise in various forms. Those which are doing well continue them. In sectors where private sector has taken over everybody, government need not be there. Management pattern should be profesionalised rather than bureaucratic. As far as labour laws are concerned the management should be left to deal with on its own. There should not be third party intervention. Privatization should be done where government role is not relevent today. Play the role of the threshold.

5. In case of loss making units create attractive package. So that private sector comes (to take over). Policy of privatizing blue chips companies is not right. Loss making PSU is drain on exchequer. Private sector should be allowed, investment made should not go waste.

First concentrate on loss making units either search for strategic partner, allow major share holding or totally sell. Where govt. presence is required, where private sector is not caught up that should be retained. Entire idea is to show it to private sector that it is possible, so do it. Once they become experts why government should continue in that sector? With draw the investment. Put it where it is required. Of course privatization will not bring heaven to earth.

Persons interviewed Heads of leading professional Institutes.
SUMMARY OF THE VIEWS EXPRESSED

1. Public or private sector is contextual in nature. Public sector in India belongs to Neharuvian period. Loss making units were taken over by public sector e.g. Jute and textile mills as a social measure to protect employees. Private sector sapped them.

2. In-efficiency in public sector is due to endemic entrenched bureaucracy, irresponsible trade unionism, old people reaching superannuation making decisions. According to Ralph Nadar, "in many countries public sector is utilization of public money for private business"

3. Restructure our public sector. First define core, structural, directional (industries). Bring in commercial principle. Restructure individual companies part privatize them. Joint sector if required. Giving them authority and responsibility. Incentive for growth, non interference by political decisions, professionalise Boards, factor the debts, sell of excess land and machinery. Use finance raised (by such means) for internal renewal, have centralised direction, no political employees, professionals of eminence on the Board. It requires political will. Bureaucracy will agree if political will is there.

Persons Interviewed: Bureaucrats occupying senior position
SUMMARY OF THE VIEWS EXPRESSED.

1. Some element of privatization has to be bought into our system. Privatization is generally opposed because it is survival of the fittest. Poor people who lack influence will be left behind. Device a system where these vulnerable sections is taken care while we commercialize PSUs. Professionalise them.

2. We are in a lock-jam situation. We can't disinvest also. We are in a dilemma. If we can do it in stages at least professionalise, make them autonomous. Run PSUs on commercial lines.

3. In terms of disinvestment, first sell shares. Then privatise in other sense. But there are no takers of PSU because of out dated technology etc. No body will buy loss making (PSU). We are in a dilemma. Bold decisions are called for. Make PSU autonomous.

4. Re-engineer PSU rather than restructuring. Bring in new ideas new objective, fresh injection (is required). May be selling of assets have to be there. Company should be built on ethics and morals. We need people like Kurien. Joint venture is also a good option. Where private sector can do better public sector should not enter.

5. Loss making PSUs are there for having taken over sick units and faulty management is another cause for loss. If the units are beyond redemption you have to close down. BIFR is not working satisfactorily.

6. Privatization is not cure it is not a magic pill. Infrastructure is open and from private sector people are coming forward.

7. Political will is required to let the public sector function independently.

Persons Interviewed: Economists.
SUMMARY OF THE VIEWS EXPRESSED.

1. Privatization is required in certain specified cases. Privatization should be 
   Last step. Privatization without lot of preliminary work is not going to be 
   successful.

2. Welfare of the unit is the objective of privatization. Proceeds should be 
   Used for retiring debts but not cover budget deficit.

3. Restructure the unit. Create regulatory bodies. Distance operations from 
   Other decisions. Policy being limited to ministers, separate bureaucracy 
   from management. Catch the politicians associated with the scams and put 
   them in jail.

4. Private sector has lot of bad units. You have successful and loss making 
   units in public as well as private sector. Factors for success of public sector 
   or private sector are same. In public sector, politicians misuse power and in 
   private sector promoter misuses.

5. Privatization is not a mantra. There is a blind spot about private sector. 
   People should understand realities of privatization.

6. PSUs require clarity of objectives, freedom to the management of the 
   Company, freedom to Board to negotiate with labour and to decide 
   technology. This is not done by PSUs today. Reward the top management 
   for the result.

7. Go along disinvestment commission. Vth pay commission recommendation 
   is a big tragedy of this country.

8. Instead of raising funds before restructuring (PSUs), allow them to die 
   quietly. As far as labour is concerned, sorry they are in wrong place. 
   Employees are also contributory for the sickness. It is the luck of the draw. 
   Privatization is not an issue. Restructuring and modernising is the issue.
Public sector has outlived its life. Political and Bureaucratic interference in public sector is unavoidable. Hence privatize. Now the role of the Government is that of regulator. By nature, government can control but cannot manage.