

Preface

Public Sector Undertakings (PSUs) have been playing a major role in our economy since 1947 but they did not perform as expected in a corporate world. The scholars were and still are divided on the performance measures of PSUs. Some maintain that the PSUs were not established to generate revenue or make surplus but to serve the society while the other argue that PSUs have no right to waste the hard earned money of tax payers. The debate continued and the government in the year 1991 woke up to liberalisation and privatisation. It started taking out some of its share and selling it to public, generally termed as disinvestment. It created lots of heat in the political and economic circle of the country. The debate went to the extent that government felt a need to establish separate ministry and even a disinvestment commission was formed.

Through this research, an attempt has been made to find out the performance of PSUs after the disinvestment. It may, to some extent settle the debate as the findings have proved empirically the performance level before and after disinvestment. Established measures of financial performance like ratios, return on assets, return on investment and similar financial indicators have been used to arrive at some conclusions.

First chapter provides evolution of Public Sectors in India followed by their contribution in the economy, history of PSUs. Thereafter, a brief description of methodology for disinvestment has been discussed. Chapter 2 provides background of disinvestment and the need for disinvestment, rationale for disinvestment and major Policy Guidelines have been discussed. These guidelines include bidding procedures, global scenario and World Bank Guidelines. The important features of Disinvestment Commission have also been discussed in this chapter.

Chapter 3 forms the survey of literature. It starts with organization of literature and then talks about economic and political issues, historical perspective. Then disinvestment during the period of various governments has been discussed. Importantly it includes Narasima Rao Period, United Front Government Period and BJP Government Period. The chapter also discusses post sale related issues of select PSUs and post closing adjustments. This has enabled the researcher to identify the research gaps. At the end of this chapter summary of literature review has been provided.

Chapter 4 forms the Research Methodology. It includes introduction to research methodology, statement of problems and objectives of study, sampling procedure and justification of the sample, hypotheses and testing procedure, methodology of data collection, analysis and presentation.

Chapter 5 analyses problems and prospects of disinvestment, major issues, employees related issues and legal issues. In chapter 6, critical analysis of prospects of disinvestment has been discussed. Economic analysis of select PSUs, critical analysis of select PSUs and major problems resulting from disinvestment have been discussed. Thereafter hypotheses have been tested.

Finally in chapter 7, conclusion and suggestions have been given.

The findings are not conclusive as in some cases the performance has improved and in other cases it has not. A close look at the analysis reveals that the factors were beyond disinvestment. Public perception would have played a major role in the change.