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## PUBLIC SECTOR ENTERPRISE

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The objective of the present article is to highlight the motives of the public enterprises in India. Economic thinkers like Rodbertus, Leassalle and Wanger believed that national economy should be transferred from the control of an individual to the control of the community in general. Adam Smith, the architect of the classical theory of laissez-faire, had to reconcile that it is the duty of the state to erect and to maintain certain Public Work. The need for public Enterprise arise out of the fundamental duty of the state to work for the Welfare of the people. French economists Dupont-white remarks, "There are certain vital things which the individual can do, either because he has not the necessary strength to perform them or because they would not pay him. The state is the only public Entrepreneur who can undertake such task.<sup>1</sup> Public Enterprises are promoted equitable distribution of social products, which forms the very basic of general welfare of the society. There are also essential to remove maldistribution of wealth and the tendency for concentration in the hands of a few.

Private Enterprise is guided by profitable by profit motive, it leads to exploitation inequalities in the distribution of wealth, lop-sided development of the country and dependence upon others. The eyes of private sector are riveted on the singular objectives of maximization of profit of which a bigger slice is taken away by them. In sharp contrast to this, the management of public sector Enterprises are enjoyed upon to pay due heed to social consideration and compulsion which can only be neglected to the despair of the teeming and toiling millions in the country who wistfully and hopefully look to these enterprises as the harbinger of prosperity in the shape of increased employment opportunities and wages, cheap and plentiful consumer goods, developed infrastructure etc. With these benefits in view, naturally Profit goal takes a secondary place but by no means it is a forgotten consideration as eventually the profits are bound to accrue when the public enterprise attained full adulthood.<sup>2</sup>

Economic development of a country is absolutely impossible in the absence of infrastructure facilities like road, dams, developed agriculture, education, public health, power, Railways and means of transport and communication. No private entrepreneur has ever afforded to build a road or a dam. There is no profit in infrastructure facilities and it is not a part of the philosophy of the private Enterprise to undertake and economic activity just because it is good for the nation.

The public sector rejects the narrow-minded conventional profitability criteria and goes in for huge investment in those areas, which are left underdeveloped by the private Enterprises. Private sector cannot undertake a project involving huge investment and risk with remote chance of profit.

For instance, when the Indian government was seeking U.S. assistance for Bokaro Steel Plant, influential U.S. circle suggested that the project should be taken up in the Indian private sector. However, Mr J.R.D Tata the doyen of the Indian private business, clarified with his characteristics candour that a project of a size of Bokaro Steel Plant was beyond the financial capabilities of the private sector.<sup>3</sup> The public sector has to move in to safeguard the growth and prospects of the entire economy.

Another important reason for the chariness of private sector is a narrow time Horizon that circumscribes its decision-making process. Private sector tends to calculate its risk and its returned over a comparatively short term and to hedge its outlay accordingly. Public sector always strives to safeguard long-term prospects of the

<sup>1</sup> Dr Agarwal, R C: "STATE ENTERPRISES IN INDIA", 1961

<sup>2</sup> Rd. Nigam, Rsjk.: Editorial, 'LOK UDYOG' March 1969

<sup>3</sup> Dr. Nigam, Rsjk.: Editorial, 'LOK UDYOG' March 1970,

economy. A classical instance in this case is a cement industry in India during the years of recession 1966-68, the cement industry which dominated by private sector got nervous and cut back drastically its plan for cement capacity expansion, which it had earlier and undertaken its consultation with the government. The industry failed to realise that in due course recession would be lifted and that when the demand for cement starts growing faster, the country may have to face a cement famine. Sometimes technological difficulties make the private sector shy.

In India, two instances may be cited the first related to antibiotics. The foreign pharmaceutical companies were capable of starting the manufacturing of antibiotics in India, but they were unwilling. Indian pharmaceutical companies were willing but incapable. Under such situation, the government has to safeguard the national interest while launching the Hindustan Antibiotics Ltd. No Indian will regret this decision. The second instance relates to newsprint for the last thirty-five years, the government has been cajoling the private sector to set up units to manufacture newspaper, large quantities of which have to be imported. Some enthusiastic people launched NEPA Mill, but it ran into technological and other difficulties and ultimately government took it over from private promoters. During the last decade government issued several licences to leading Indian business houses for establishment newsprint manufacturing units in the private sector, but not a single newsprint until, has so far been established by these licenses.

In the words of Smt. Indira Gandhi (former Prime Minister), “We Advocate public sector for three reason to gain control of the commanding height of the economy, to promote critical development in terms of social games of strategic value rather than primarily considerations of profit and provide commercial surpluses with which to finance for the economic development.”<sup>4</sup> The task of the public sector is to harmonize the plans and operations of their Enterprises and devetial them with a larger National goals that would directly promote the economic well-being of the community.

Even though our country is in the grip of vicious circle of poverty and stagnation. The masses live on a subsistence, level, i.e., the consumer they produce. Therefore, more efforts are needed to be put on in the public sector for the economic growth and improvement of the standard of living of each and every individual rather than moving on to private sector where there is a greater chance of concentration of wealth Limited individual rather than proper distribution of wealth among each and every citizen.

<sup>4</sup> ‘A handbook of Information on Public Enterprises’, 1070, P:IX