APPLICATION OF DISINVESTMENT ON PSEs

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ABSTRACT

Disinvestments are initiated for reducing the public debt that is threatening to assume unmanageable proportion and transferring the commercial risk to which the taxpayer money locked up in public sector is exposed to. The money that is deployed in the PSEs is really the public money and is exposed to an entirely avoidable and needless risk in most cases. Scarce public resources are used for sustaining the unviable non-strategic PSEs. Since inception, public sector enterprises have played an important role in achieving the objective of economic growth with social justice. However, economic compulsions, viz., deterioration of balance of payment position and increasing fiscal deficit led to adoption of a new approach towards the public sector in 1991.