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Public Sector in India

At the time of independence, India was backward and underdeveloped basically an agrarian economy with weak industrial base. High rate of unemployment, low level of saving and investment and near absence of infrastructural facilities. Indian economy needed a ~~light~~^{big} push.

This push could not come from the private sector because of the lack of funds and their inability to take risk with large long-gestation investments. As such government intervention through public sector was necessary for self-reliant economic growth to diversify the economy and to overcome economy and social backwardness.

* Objective :- The public sector aims at achieving the following objectives —

(i) To promote rapid economic development

through creation and expansion of infrastructure

- (ii) To generate financial Resources for the development.
- (iii) To promote redistribution of income and wealth.
- (iv) To create employment opportunities.
- (v) To promote balanced Regional growth.
- (vi) To encourage the development of small-scale and ancillary industries.
- (vii) To promote exports on the one side and import substitution on the other.

* Role of public sector :- The public sector has been playing a vital role in the economy development of the country. public sector is considered a powerful engine of economy development and an important instrument of self-reliance. The main contribution of public enterprises to the country's economy may be described as follows —

① Filling the gaps in capital goods :- At the time of independence, there existed serious gaps in the industrial structure of the country, particularly in the field of heavy industries such as steel, heavy machine tools, exploration and refining of oil; heavy electrical and equipment, chemicals and fertilizers, defense equipment etc. public sector has helped to fill up these gaps. The basic infrastructure required for rapid industrialization has been built up, through the production of strategic capital goods in this way the public sector has considerably widened the industrial base of the country.

② Employment :- public sector has created millions of jobs to tackle the unemployment problem in the country. public sector accounts for about two-third of the total employment in the organised industrial sector in India. By taking over many sick units the public

sector has protected the employments of millions. public sector has also contributed a lot towards the improvement of working and living conditions of workers by serving as a model employer.

③ Balanced Regional development → public sector undertakings have located their plants in backward and untrodden parts of the country. These areas lacked basic industrial and civic facilities like electricity, water supply, township and man power. public enterprises have developed these facilities thereby bringing about complete transformation in the socio-economic life of the people in these regions. Steel plants at Bhilai, Rourkela and Durgapur, fertilizer factory at Sindri are few examples of the development of backward regions by the public sector.