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PUBLIC GOOD

WHILE THERE IS a growing fear of uncertainty and prolonged deglobalisation, optimism is reflected by the public sector that has stood firm, making way for the safety of lives and livelihoods while ensuring a seamless supply of essential services.

The pandemic has brought to light the constructive and essential role of state-owned enterprises (SOEs) across the world. Globally, SOEs have a presence in many countries. They undertake 55% of total infrastructure investment in emerging and developing economies. While continuing to have a multi-national presence, SOEs across the world, especially in emerging markets, have assets worth \$45 trillion, close to half of global GDP. As the global SOEs continue to grow, the public sector in India has also grown in size.

This evolution began prior to Independence when there were only a few government departments. Till liberalisation, PSEs were operating in monopolistic or oligopolistic markets and created large conglomerates. However, with liberalisation in 1991, PSEs were exposed to competition from domestic private players and multi-national companies. They undertook significant initiatives for up-scaling technologies and building capacities, resulting in self-reliance and unfolding of

Looking through a new lens

In a post-pandemic world, PSEs will have to play a new role to push the economy

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Director general, SCOPE, & former CMD, BHEL. Views are personal

many success stories.

At present, PSEs lead the sectoral contribution in strategic sectors—71% in crude oil production, 92% in coal production, 83% in natural gas production, to name a few. The revenue and profit growth by PSEs exhibits the potential they have in contributing significantly to the nation. Not just in the domestic market, some PSEs are recognised globally. Presently, they earn foreign exchange of nearly ₹1.5 lakh crore per annum. Out of six Indian companies featuring in the prestigious Global Fortune 500 list for the year 2020, three are PSEs, and out of total 57 Indian companies featuring in Forbes 2000—

World's Biggest Public Companies for the year 2019, ten are PSEs, besides 14 public sector banks and insurance companies. PSEs, considering their financial performance, have been sustained performers over the years and earned revenue of ₹25.43 lakh crore and registered a net profit of ₹1.43 lakh crore in FY19.

They contribute almost ₹4 lakh crore per annum to the central exchequer in terms of duties, taxes, dividend, etc, whereas 56 PSEs command nearly 10% of the total market capitalisation of the BSE as on March 31, 2019.

Besides operational efficiency, PSEs have also displayed a focussed approach



towards achieving commercial viability, which is reflected in the fact that out of 249 operating PSEs, 72% are profit-making as against 28% loss-making, which is in contradiction to the 'popular belief' that PSEs are a drain on national resources.

They are net contributors to the Indian economy—contributing around 13% to Indian GDP in terms of turnover. At the time of global financial crisis, when private sector across the globe registered negative growth rates, Indian PSEs not only sustained their performance, but also registered a 10% growth in net profit from FY09 to FY10 and a healthy profitability ratio (net profit to total revenue) of 6.6%

and 7.5%. PSEs also maintained investors trust and continued a healthy dividend payout ratio of 35-36%.

Over a period of time, it has been observed that investors allocate a significant percentage of their investments to the PSEs while building a stable portfolio. As per reports, there are some PSEs whose stocks are considered lucrative by not only investors but also fund managers, FIIs as well as insurance companies.

Corporate Social Responsibility (CSR) was a mandate for PSEs even before it was introduced in the Companies Act, 2013. PSEs have continuously been working towards the development of

remote districts and villages in the country. At present, 150 PSEs spent over close to ₹3,900 crore annually on CSR activities, registering a growth of approximately 13% in the CSR expenditure over the previous year. In the fight against the pandemic, PSEs are supplementing the government's efforts on all fronts. Further, a number of PSEs have utilised their hospitals/health units to create isolation facilities/quarantine wards.

Public sector has come a long way from its initial conception. While they have continued to grow and rise and more importantly adapt themselves with the changing business scenarios, their resilience is in the fact that PSEs were able to withstand the dynamism of global developments and emerge even stronger. However, as the Dalai Lama says, "The goal is not to be better than the other man but your previous self". With a new world order likely to be in place post the pandemic, PSEs have a new strategic role while the country undergoes yet another transformation to become one of the leading economies. PSEs would play a new avatar which would be more significant, affirmative and critical than the previous role to push the economy on an upward momentum as the country sets new missions and visions for itself and gear up to bounce back to growth.