

# PSU WATCH

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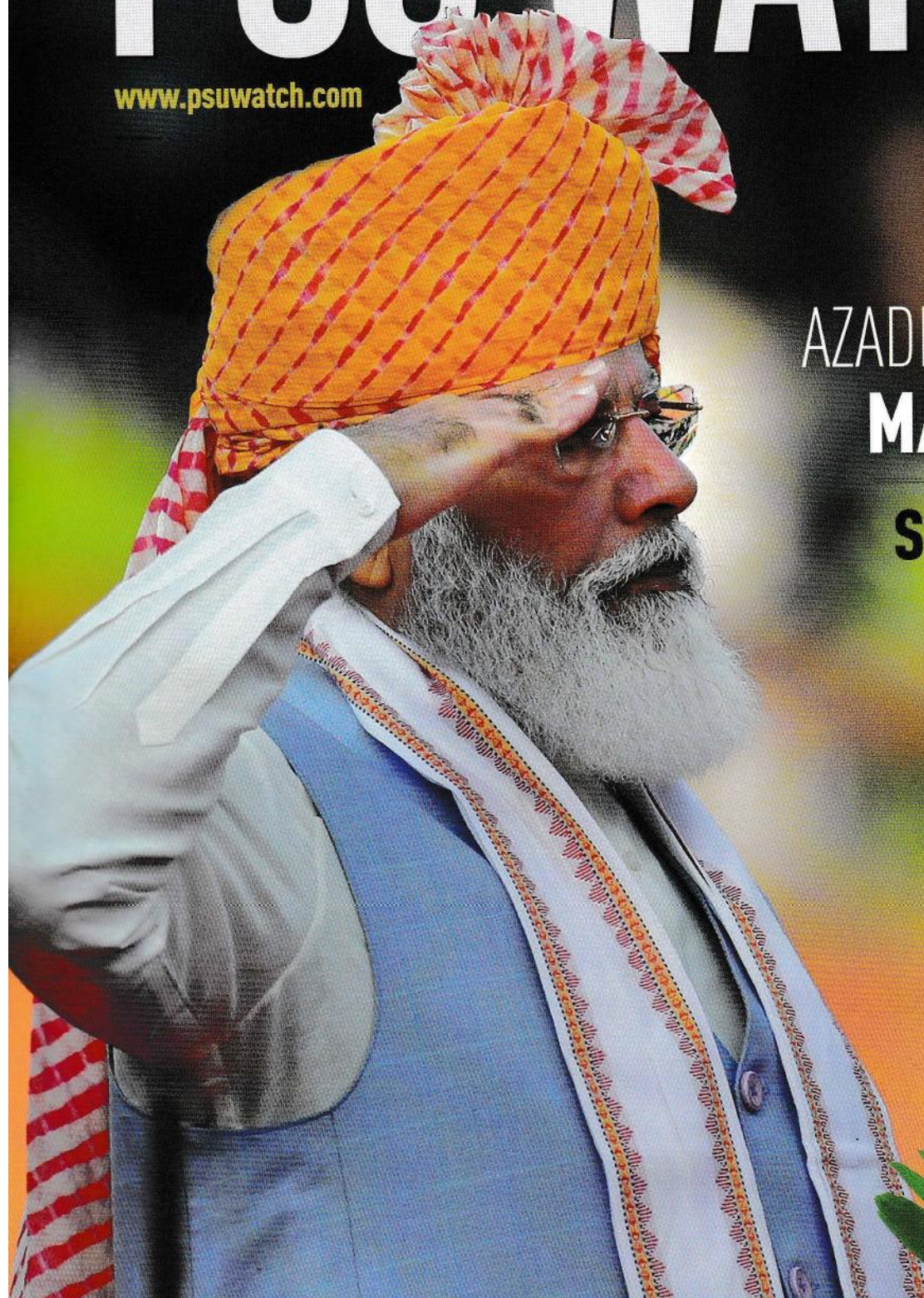
Vol II, Issue II

₹350

## AZADI KA AMRIT MAHOTSAV:

### STATE OF THE NATION AT

# 75



2021: India's moment to clinch its economic destiny

1947-2021: The discovery of India & journey onward

India's population conundrum

DRDO Chairman's interview on self-reliant defence manufacturing

Futuristic wars: Is India prepared?

The evolution of India's space power

# PSEs: THE BACKBONE OF INDIAN ECONOMY



Atul Sobti

Public Sector Enterprises (PSEs) have been pioneers in setting the foundation of industrial development in the country while ensuring social upliftment

Embarking on a new journey, having just celebrated 75 years of Independence, the country is on the threshold of change. Looking ahead to transcend newer horizons, India is celebrating 'Azadi ka Amrit Mahotsav,' marking the 75th year of Independence. As the country will celebrate the centenary of Indian Independence in 2047, special emphasis is being given to

the next 25 years, it is being called the *Amrit Kaal* of creation of a new India. The goal of this period is to ascend to newer heights of prosperity for the country and its citizens, bridging the gap between rural and urban India with world-class infrastructure.

Understanding the need to move ahead, we must value our legacy. Public Sector Enterprises (PSEs) have been pioneers in setting the foundation



of industrial development in the country, while ensuring social upliftment of the country.

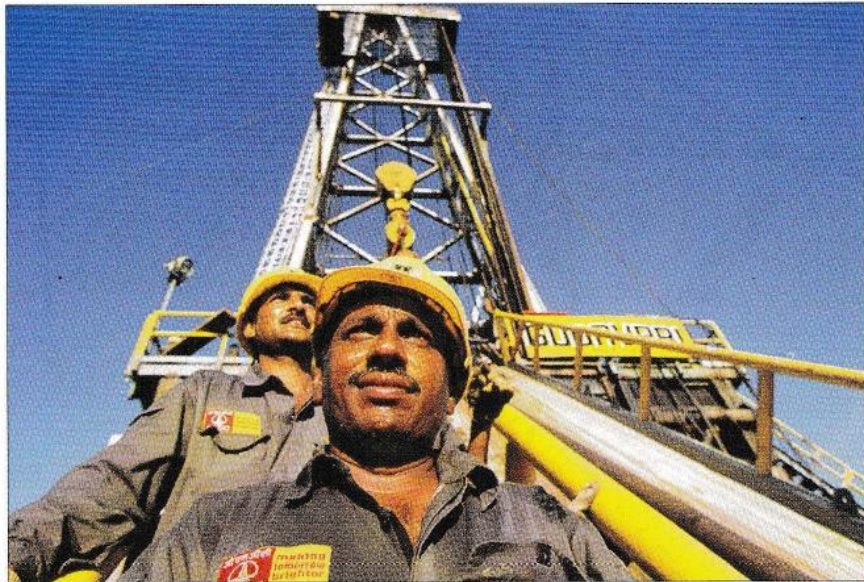
Endeavouring to serve the broad macro-economic objectives of higher economic growth, self-sufficiency and propelling socio-economic upliftment of the country, PSEs are ardent partners in the country's growth. Besides their direct contribution to the economic output of the country, PSEs have etched a unique spot in the economy by creating employment, generating MSME growth opportunities, driving technological progress and innovation, among others. Standing the test of time, PSEs are adapting and transcending themselves with the changing times.

### Performance of PSEs

The growth in PSEs can be seen from the fact that at the time of the First Five-Year Plan (1951-1955), there were only five CPSEs with a total investment of Rs 29 crore, which has increased substantially to 366 CPSEs in 2019-20 with an investment of nearly Rs 22 lakh crore. Further, over the years, PSEs have recorded a robust sustained performance in terms of gross revenue from operations and net profit.

Besides operational efficiency, PSEs have also displayed a focused approach towards achieving commercial viability which is reflected in the fact that out of 256 operating PSEs, 67 percent are profit-making as against 33 percent loss-making, which contradicts the 'popular belief' that PSEs are a drain on national resources.

In fact, despite the adverse situations facing the globe in recent years, PSEs have been net contributors to the Indian economy, contributing around



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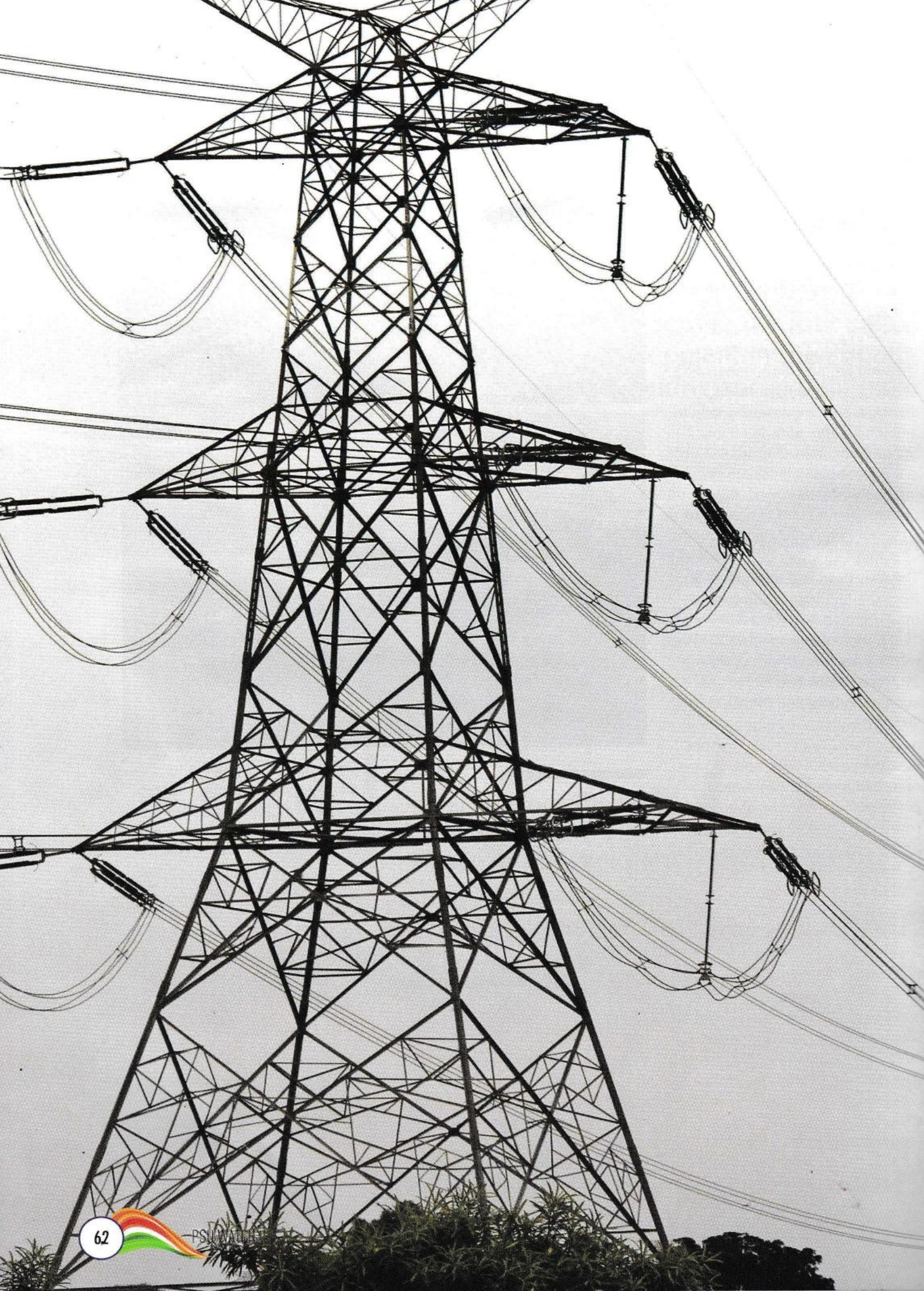
12 percent to the Indian GDP in terms of turnover. This is while making a sustained contribution of over Rs 5,000 crore to CSR activities in 2019-20, registering an increase of 31.5 percent over the previous year.

Also, amidst the changing policy environment, a dynamic business

environment, compliance to statutory requirements, coupled with the need for developing new benchmarks of corporate excellence and more enlightened investors, PSEs have excelled in corporate governance benchmarks as they follow an elaborate system of vigilance and governance, thereby ensuring a high level of transparency in their functioning.

### COVID crisis

What is notable is the fact that the genesis of PSEs lies in the idea of making the country 'Atmanirbhar' or self-reliant. Taking vast initiatives such as policy reforms, strategic partnerships, administrative



actions, operational realignment and capacity building, PSEs remain steadfast in their commitment to making India 'Atmanirbhar.' With their never say die spirit, PSEs have been a strong force in keeping the wheel of the economy moving forward in times of needs. Straddling with transformations, PSEs geared themselves to re-imagine and realign with the new normal during and post the COVID-19 pandemic, besides rendering their duty as responsible citizens in the country's hour of crisis by engaging in philanthropic activities. They strengthened medical infrastructure, supported the needy and migrants, extended monetary support while creating awareness in even the remotest corners of the country about COVID-19 safety protocols.

Embracing technology, PSEs are also imbibing best global practices, introducing agile and scalable technology intervention and embedding innovation as an integral part of their journey. Adequate digital infrastructure

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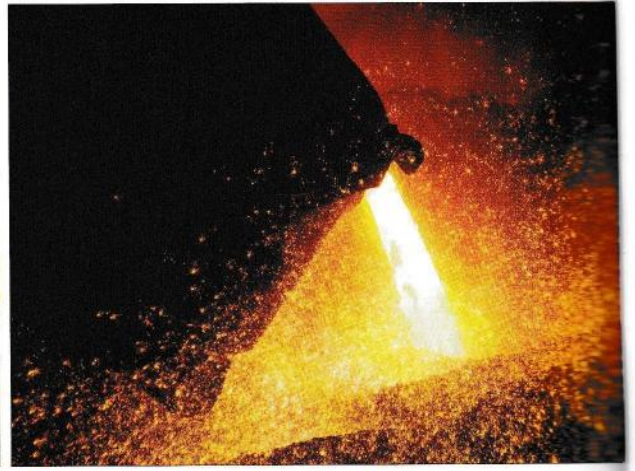
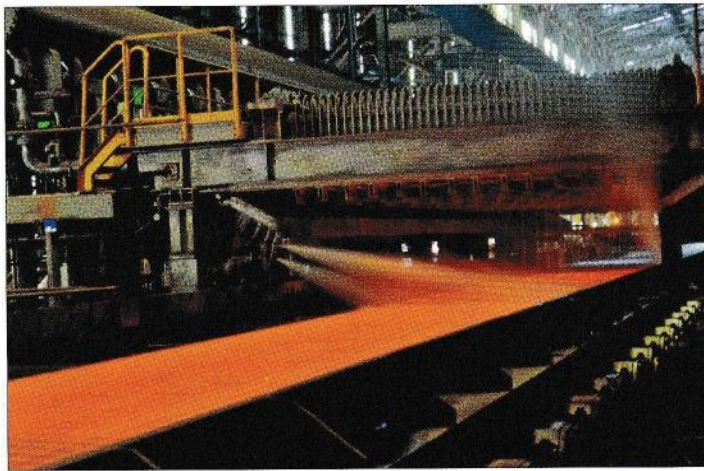
shall pave the way for enhanced productivity, increased motivation and work-life balance. Today most PSEs have embraced Work from Home (WFH) setups and this has been made possible through a strong backbone of digital infrastructure. Honing their skills, PSEs continue to adapt to changing environments with zeal.

PSEs are also working scrupulously towards managing internal stakeholders, equipping them with the necessary skills to tackle the requirements and demands of dynamic businesses, as skill-building remains one

of the key requirements for improving productivity. It is worth noting that most PSEs are devising virtual platforms to continue with the capacity building and skill enhancement of their employees. While Centres of Learning have also been created by PSEs for knowledge sharing and management goals, state-owned companies are now aiming to keep themselves abreast with the constant innovations and new developments in the digital world. With a rapid adaptation to 'offices and the embedment of digital technologies in their day-to-day functioning, PSEs have exhibited their survival-of-the-fittest abilities.

Not only are PSEs vigilant to digitisation but are also endeavouring towards environmental sensitivity in their operations by inculcating sustainability in their operations and conducting their businesses while adhering to practices that comply with the ecological, economic, and social environment.





By incorporating sustainability parameters that can create a greener and more sustainable environment, PSE refineries, complexes, offices are all working to mitigate climate change.

### Way forward

The journey of the public sector in India has been a chequered

one — full of travails and tribulations — but the very fact that the public sector was able to withstand the test of time speaks volumes about the resilience of the sector. In more than six decades of existence, the public sector in India has steered the economy towards development by successfully incorporating the

three Ps — People, Planet, and Profit — in its framework, thereby driving the country towards building a strong industrial infrastructure and ensuring social well-being of the people. PSEs have also been recognised as having a unique place among the State-Owned Enterprises (SOEs) across the world. A number of the 256 operating PSEs in India are amongst leading companies in the country as well as in their sectors, with a pan-India presence. Some PSEs are well known multinational companies (MNCs), having sizeable operations in many countries. As an extended arm of public policy, PSEs have been meeting certain stipulated responsibilities and commitments on the economic front with aplomb since inception.

*[The author is the current Director-General of the Standing Conference of Public Enterprises (SCOPE), an apex organisation representing PSEs in India.]*

