



Mains Practice Question

Q. The Covid-19 pandemic has revived the debate on the government's policy of minimising presence of PSEs' and creating new investment space for the private sector. Discuss.

24 May, 2021 GS Paper 3 Economy

Approach

- Start the answer by briefly discussing the context of the role played by the public sector enterprises during the pandemic.
- Discuss the relevance of PSEs in present times.
- Conclude Suitably.

Introduction

In response to the Covid-19 pandemic, several public sector enterprises (PSEs) in the steel, petroleum sectors have supplemented the efforts of the government in making available liquid medical oxygen as well as transportation of it.

Further, the government has announced that it will be using three PSEs for manufacturing Covaxin to augment the manufacturing capacity under Mission COVID Suraksha.

These developments have revived the debate on the government's policy of minimising presence of PSEs' and creating new investment space for the private sector.

Body

Relevance of PSE in Present Times

- **India, Not Yet A Developed Economy:** Historically, PSEs have provided a very strong infrastructure base for the economy as well as for the industry.
 - Further, PSEs were set up with socio-economic objectivity and not only profit have created a right kind of infrastructure for the economy.
- **Employment Creation:** PSEs were regarded as one of the key generators of remunerative employment in the formal sector, providing safe and secure jobs.
- **Creation of Assets:** The contribution of PSEs towards creation of national assets in the initial decades following Independence is particularly noteworthy, especially in sectors that are regarded as high risk and low return on investments by the private sector.
- **Expanding Global Footprint:** Indian PSEs are already present across the globe in regions such as the Middle East, Africa, Europe, Asia, Latin America and North America and there is tremendous potential for Indian CPSEs and PSEs to expand their global footprint further by enhancing their competitiveness.

Conclusion

PSEs in India, since their inception, have played a pivotal role in realising the objective of achieving higher growth and equitable socio-economic development of the country. Their sustained contribution to the

economic and social fabric of the country has become even more relevant in the present scenario.

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