



ROLE OF PUBLIC AND PRIVATE SECTOR IN MAKING INDIA FIVE TRILLION ECONOMY- A CRITICAL STUDY

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ABSTRACT

India is the world's fastest-growing trillion dollar economy, with a nominal GDP of \$2.94 trillion, and the fifth largest overall. In 2019 India became the fifth largest economy, overtaking the UK and France. India is an emerging economic power with a very large group of human and natural resources, and a large group of skilled workers. A country's economic output is intrinsically tied to its international political position. After the 1990s, India's economic performance sparked a debate on the strategic implications of the higher growth rate. In the wake of reforms, Indian private sector has also begun to play a key role in the country's economic diplomacy. The paper explores the contribution private efforts make to spending and finding capital in a globalized world and the obstacles it faces in achieving its full potential. Comparative studies of private and public sector entities frequently include organizations with different tasks or business purposes: profitable business companies usually represent the private sector, and the public sector is typically represented by non-profit agency or government regulatory agencies. However, these studies generally have not accounted for this difference in business purpose, and have attributed the differences that have frequently been observed to organizations' affiliations with the presumably different sectors.

KEY WORDS: *Public Sector, Private Sector, Five Trillion Dollar, Economy*

INTRODUCTION

The public and private sectors play an important part in achieving a nation's economic development. An impact of their work on achieving socio-economic development of the country is observed. In a developing country like India, the public sector occupied a decent place to achieve systematic and planned growth. In a country like India that is suffering from multidimensional issues,

the private sector is not in a position to simultaneously make the necessary effort to develop its different sectors. Thus, in order to provide the necessary support to the country's development strategy, the public sector offers the minimum push required to bring the economy to a path of self-sustained growth. Thus it is now well known that in the initial stage of its growth, the public sector plays

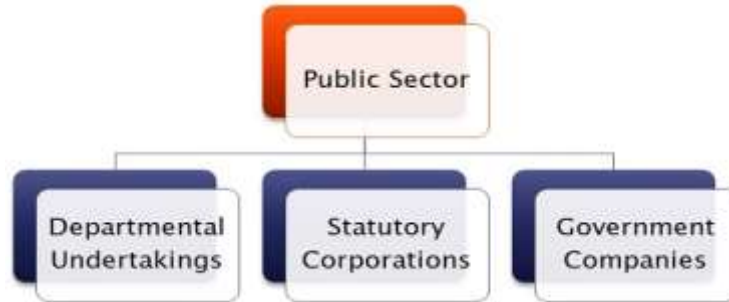


a positive role in the country's industrial development by laying a sound foundation for industrial structure. Gone are the days when the economy was dominated only by the Public Sector. A lot of countries have now implemented the privatization strategy, through which the private sector is also gaining in importance. Both sectors must go hand in hand for the progress and development of any country, since only one sector cannot lead the country in the direction of success. The private sector includes companies owned, operated and regulated by individuals. On the opposite, the public sector includes various government-owned and managed business enterprises. These organizations are either wholly or partly owned by the centre or the state, and fall under the ministry. Many organisations in the public sector are set up by a special act of

Parliament. A cut-throat rivalry between the two markets is to prove stronger than the other. Therefore, in tabular form, the article tries to explain the gaps between the public and private sectors.

Definition of Public Sector

Public Sector is the sector that participates in the activities of supplying the general public with government goods and services. The enterprises, agencies, and bodies are wholly owned, controlled, and administered by the government, whether it is central government, state government, or local government. The public sector consists of the companies, undertakings or undertakings in which the government is majority shareholding owner of the undertaking. These enterprises are owned, supervised, and run by government.

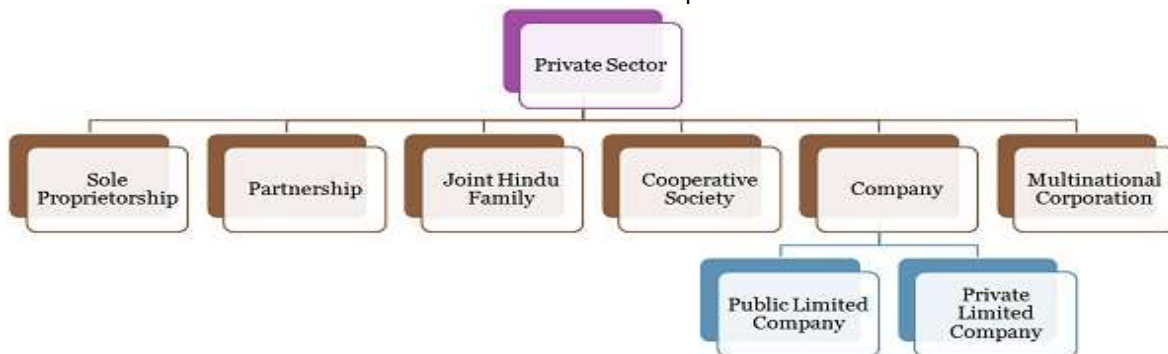


There are two types of organizations in the public sector, i.e. either the government fully funds them through the revenues they generate by collecting taxes, fines, fees, etc., or the government holds more than 51 per cent of the company's total share capital that falls under different ministries. The companies are established with the motive of operation. It is the largest sector which works to uplift people by providing the people with the following services:

- Generation of employment opportunities
- Postal services
- Providing education and health facilities at low cost
- Providing security
- Railway service

Definition of Private Sector

The part of a national economy owned, regulated and operated by individuals or companies is known as the Private Sector. Based on sizes such as small and medium-sized enterprises and large enterprises which are either private or publicly traded organisations, the private sector companies are divided. These can be formed in two ways, either through the formation of a new corporation or through the sale of any Public Sector Enterprise. Private Sector comprises such businesses, companies or entities owned by private individuals or private companies. Private sector companies are regulated, managed and run by Private Individuals / Private Entities. Private sector companies are owned, governed, managed and operated by Private Companies / Private Individuals.





Private sector business organizations are typically formed with the sole purpose of generating profit and building brand reputation. They provide the society with quality services to gain people's confidence and good will to succeed in the long run and deal with the enemies. Such businesses must also follow the law and order of the country. In terms of employees it is the largest sector.

Even though success in the private sector is the basic requirement for job stability, i.e. you will get promoted if you perform well and if you don't, you will be fired. The key Private Sector services are as follows:

- Quality education
- Telecommunication services
- IT services
- Courier Services
- Infrastructure development

DIFFERENCES BETWEEN PUBLIC SECTOR AND PRIVATE SECTOR

The following are the major differences between the public and private sectors:

- Public Sector is a part of the economy of the country where policy is in the hands of regulation and maintenance. As we talk about the Private Sector, private individuals and corporations own and operate it.

- The public sector's goal is to serve people, but with the profit motive, private sector companies are created.
- The Government has full control over the companies in the public sector. Conversely, companies in the private sector enjoy less interference from the government.
- Public sector employees have job security along with the advantages of allowances, perquisites, and retirement benefits such as gratuity, pension, superannuation fund, etc. that are lacking in the private sector scenario.
- There is a fairly competitive working environment in the private sector which is lacking in the public sector because they are not established to meet commercial goals.
- In general, the Public Sector uses Seniority to promote workers, but also takes merit and seniority as a criterion for employee promotion. Unlike the private sector, where success is everything and where competence is seen as a criterion for promoting them.

Public Sector Vs Private Sector

BASIS FOR COMPARISON	PUBLIC SECTOR	PRIVATE SECTOR
Meaning	The section of a nation's economy, which is under the control of government, whether it is central, state or local, is known as the Public Sector.	The section of a nation's economy, which owned and controlled by private individuals or companies is known as Private Sector.
Basic objective	To serve the citizens of the country.	Earning Profit
Raises money from	Public Revenue like tax, duty, penalty etc.	Issuing shares and debentures or by taking loan
Areas	Police, Army, Mining, Health, Manufacturing, Electricity, Education, Transport, Telecommunication, Agriculture, Banking, Insurance, etc.	Finance, Information Technology, Mining, Transport, Education, Telecommunication, Manufacturing, Banking, Construction, Pharmaceuticals etc.
Benefits of working	Job security, Retirement benefits, Allowances, Perquisites etc.	Good salary package, Competitive environment, Incentives etc.
Basis of Promotion	Seniority	Merit
Job Stability	Yes	No



ROLES OF THE PUBLIC SECTOR IN THE ECONOMIC DEVELOPMENT OF INDIA

- Promoting rapid economic development by filling gaps in the industrial structure;
- Promoting adequate infrastructure facilities for economic growth;
- Conducting economic activity in those strategically important areas of development where the private sector can distort the spirit of the national objective;
- The consolidation of monopolies and the accumulation of power in the hands of a few;
- The promotion of sustainable regional development and the diversification of natural resources and other infrastructural facilities in the less developed regions of the country;
- The reduction of inequalities in income and wealth distribution by bridging the gap between rich and poor;
- The development and enhancement of appropriate employment opportunities in different sectors through heavy investment;
- Self-reliance on different technologies as required; I the elimination of dependence on foreign aid and foreign technology;
- The exercise of social control and regulation through various institutions of public finance;
- Managing sensitive markets, such as the distribution system, rationally allocating scarce imported goods, etc.; and
- Reducing the balance of payments burden by facilitating exports and reducing imports.

ROLE OF PRIVATE SECTOR IN INDIA

India, being a mixed economy, has given the country's private sector great importance for achieving rapid economic development. The Government has given the private sector a specific role in the field of manufacturing, trade and services. India's most dominant industry, i.e., agriculture, and other related activities, such as dairy, animal husbandry, poultry, etc., are entirely under private sector power. Thus the private sector plays an important role in managing the whole agricultural sector and thus providing the millions with the entire food supply. In addition, the major portion of the industrial sector engaged in the non-strategic and light areas, manufacturing various consumer goods, both durable and non-sustainable, electronics and electrical goods, vehicles, textiles, chemicals, food products, light engineering goods, etc., is also under

private sector control. Private sector has a positive role to play in the development and expansion of the aforesaid industry group. In addition, the private sector is also responsible for the development of the small-scale and cottage industries. Private sector has a positive role to play in the development and expansion of the aforesaid industry group. In addition, the private sector is also responsible for the development of the small-scale and cottage industries.

CONCLUSION

Finally, the private sector also has its part to play in the country's tertiary sector growth. The private sector manages the whole services sector providing the people in general with different types of services. The whole of the country's wholesale and retail trade is also regulated most rationally by the private sector. In addition, the major portion of the transportation is also handled by the private sector, particularly in road transport. In recent years, with the growing liberalization of the Indian economy, the private sector is being given much greater responsibility in different spheres of economic activity. Private Sector is progressing faster nowadays because it encourages efficiency, not quantity; it promotes creativity. Public sector is full of quotas such as minority section reservations, females, an individual with a disability and much more, here no one sees potential, it's totally ignored and talented youth remain unemployed because of this. Enterprises in the public sector provide their employees with so many facilities and the job is secured. But come to the private sector the job is unsecured. Again in the private sector, where performance is king, there's a lot of workload. One thing in the private sector is really good, i.e. it is free of corruption. In the public sector, you have to pay the government officers lots of money, for no reason, even for a simple work. It's an endless debate, both are good in their ways, if the disadvantages are eliminated, they'll definitely be good for the economy.

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