Public Enterprises- Concept and Significance
Need of Public Enterprises

- The function of the government have expanded
- The state is responsible for socio economic welfare of the people and has emerged as an active participant in the economic and industrial fields
- The underdeveloped countries have to overcome their economic stagnation and the poor rate of growth, reduce economic imbalances
- Thus, government felt need to intervene private enterprises
Meaning

- A public enterprise is an agency of the government through which the government manages its commercial and economic activities.

- Government owned commercial or industrial organization where the government may hold either majority shares or all the shares.
Definition

“By public enterprise is meant economic undertakings, especially industries, agricultural or commercial concerns, which are owned (wholly or in part) and controlled by the state”

-U.N. Publication

“Public enterprises means state ownership and operation of industrial, agricultural, financial and commercial undertakings.”

-A.H. Henson
Characteristics

- Ownership with the government
- Subject to government control and management
- Public accountability
- Autonomous functioning
- Part of political and administrative structure
Characteristics

- Varied range of activities
- Public purpose
- Economic enterprise
- Considerable financial freedom
Significance

- Need for economic development and sound industrial base
- Modern economy being a planned economy
- Instability of the private sector to start huge industries
- Need for balanced regional growth
Significance

- Policy commitment of the government in power
- Establishment of a socialists and welfare oriented society
- Need for optimum utilization of natural resources
- Need for fulfilling social objectives
- Socio-political factor
Significance

- Defence requirements
- To curb monopolies and preventing concentration of economic
- To act as a model employer
- Stimulates research and development
Significance

- Raising the standard of living
- Need for capital and technical knowhow
- Employment opportunities and national dividend
- Stimulates effective implementation of government policies