

Vol X 2020

ISSN : 2250-2653

RESEARCH FRONTS

A Peer Reviewed Journal of Multiple Sciences, Arts & Commerce



Vol X 2020

RESEARCH FRONTS

ISSN : 2250-2653

A Peer Reviewed Journal of Multiple Sciences, Arts & Commerce

Registered and copyright with :

Government Digvijay P.G. Autonomous College. Rajnandgaon, Chhattisgarh, India

Website : www.gdcr.ac.in

Email : principal@digvijaycollege.com

No part of the content(s) of the volume is allowed to be reproduced without the prior permission of the Institute.

Patron :

Dr. B.N. Meshram, Principal, Govt. Digvijay P.G. Autonomous College, Rajnandgaon (C.G.)

Chief Editor :

Dr. Krishna Nandan Prasad

E-mail : krishnanandan112@gmail.com

Editor

Dr. Shailendra Singh

Associate Editor

Dr. Sanjay Kumar Thiske

Assistant Editors

Dr. Pramod Kumar Mahish

Prof. Raju Khunttey

Editorial Board :

Dr. Gyan Prakash, Professor, School of Economics, D.A.V., Indore (M.P.)

Dr. R.N. Singh, Principal, Govt. V.Y.T. P.G. Autonomous College, Durg (C.G.)

Dr. Manisha Dubey, Prof of Economics, Gurughasidas Central University, Bilaspur (C.G.)

Dr. Tirtheshwar Singh, Prof of Hindi & Philology, Janjatiya Central University, Amarkantak (M.P.)

Shri Mumtaz Khan, Formerly Associate Prof. of Geography, Jamia Millia Islamia, New Delhi

Dr. Shushil Tiwari, Principal, Govt. Girls College, Durg (C.G.)

Dr. Rajeev Guhey, Prof of Geology, Govt. Science College, Raipur (C.G.)

Board of Advisors :

Dr. S.K. Singh, Vice Chancellor, Bastar University, Bastar (C.G.)

Dr. Mandavi Singh, Vice Chancellor, Indira Kala Sangeet University, Khairagarh (C.G.)

Dr. S.C. Singh, UGC Member in the governing body of the college.

Dr. Prahlad Kumar, Prof. of Economics, Allahabad University, Allahabad (U.P.)

Dr. Hanuman Singh Yadav, Formerly Professor, RPEG, BU, Bhopal (M.P.)

Dr. Ramendra Mishra, Formerly Prof. of History, UTD, R.S.U., Raipur (C.G.)

Dr. Ravindra Brahme, Prof. of Economics. Pt. R.S.U. Raipur (C.G.)

Published by:

Government Digvijay P.G. Autonomous College, Rajnandgaon. Chhattisgarh 491 441 (India)

Printed at :

Naveen Sahakari Press Maryadit, Rajnandgaon (C.G.)

Contents

S. No.	Title	Author(S)	Pages
1	Core and Periphery of Major Tribal Languages A Case of the Chotanagpur and Its Surrounding Region	Dr. Krishna Nandan Prasad	1 - 15
2	Resource Convergence in Mgnrega and Its Perspectives : A Critical Analysis Since 2009	Dr Neeraj Kumar Jain And Dr. Gyan Prakash	16 - 27
3	Development of Institutional Repository (IR) for the Dept. of Library and Information Science, Faculty of Arts, The Maharaja Sayajirao University of Baroda, Vadodara: A Pilot Study.	Dr.Ranjita N Dash	28 - 54
4	Indian Disinvestment Journey: Trends and its Budgetary Perspectives	Dr. Anand Kumar Shrivastava, And Dr. Neeraj Kumar Jain	55 - 66
5	Assessment of Livelihood Status of the Shrimp Farmers A Case Study of Coastal Rural Area, Purba Medinipur District, West Bengal	Brihaspati Mondal And Moatula Ao	67 - 83
6	Tiger Roaming for Survival : A Case Study of Rajnandgaon District, Chhattisgarh (India)	Dr. Sanjay Thiske And Dr. Pramod Kumar Mahish	84 - 94

From the Desk of Chief Editor . . .

I feel a sense of relief with the publication of **Research Fronts** (A Peer Reviewed Journal of Multiple Sciences, Arts and Commerce) **Vol. X 2020** in this Covid-19 Pandemic situation world-wide. As usual, a few notable features of this volume are as follows. **One**, it has maintained the diversity of research papers encompassing the disciplines of economics, geography, business management, library science and zoology. **Two**, Inclusion of research papers from Gujarat (Western India), Madhya Pradesh & Chhattisgarh (Central India) and West Bengal (Eastern India) amply demonstrates a wide spatial coverage that gives it status of national journal. **Three**, the issue of core and periphery, though applied for the major tribal languages by taking up the Chotanagpur and Its surrounding region, would attract researchers from other disciplines to venture in this direction. **Four**, Man-wild life interaction, or conflict, or co-existence is a very pertinent issue addressed in a research paper entitled Tiger Roaming for Survival – A case study of Rajnandgaon district, Chhattisgarh, India.

I take an opportunity to appreciate the authors who have made invaluable contributions not only for sending their original research papers, but also for directly helping the regular publication of this journal since 2011.

- Dr. Krishna Nandan Prasad

INDIAN DISINVESTMENT JOURNEY: TRENDS AND ITS BUDGETARY PERSPECTIVES

Anand Kumar Shrivastava,
Asso. Professor, Amity Business School,
Amity University Madhya Pradesh, Gwalior (MP)

Neeraj Kumar Jain,
Asso. Professor & Head, dept. Of HSS, SGSITS, Indore (MP)

ABSTRACT

India, after witnessing the pressing determination towards Public Sector oriented industrial policy, had taken industrial reforms in terms of opening the economy for global and private sector. It had liberalised the industrial policy by bringing new industrial policy 1991. It started thinking on public sector investment portfolio to open it for private and other corporate players to boost economic efficiency and to manage overinvested manpower and other resources in PSUs which was incapable to exploit the physical and capital resources. The new policy became imperative to rectify those inefficiencies. Disinvestment through reducing the share holding and withdrawing the business perspective of the government was thought as a great instrument to achieve the aim of new policy. Starting with reducing industries from 17 to only 8 under reserved category and with first proposal to bring disinvestment of about Rs. 3037 Crores, India showed its determination to the reforms. The present paper aims at investigating as to what extent we have run this way in terms of progress and meeting the objectives of the reforms through new policy. It advocates after the investigation that the process took up speed in 2015-20 especially in last two years of this duration. The complementary measures such as development expenditure and fiscal consolidation had also started picking its pace. It is also suggested that the disinvestment process must go with its pace keeping in view of its objectives of establishing government's role as a facilitator and regulator instead of as a business enterprise but not be done at the cost of inclusive growth model of the economy.

Key words: Disinvestment, fiscal consolidation, Public Sector, Industrial reforms

1. INTRODUCTION

a. PSUs and their functioning and its rollback (global and Indian perspective)

Public sector became indispensable to the economy worldwide after great depression. Impetus for the growth of the public sector was provided by existing unemployment. Post-independence period witnessed mixed economic system. 1956 Industrial Policy Resolutions set development path. it aimed to promote economic development. The thought was to set up infrastructure, creating financial resources, resources where investments can be done to obtain profits. The public sector was considered as to provide diverse options for occupations, escalating country's exports and reducing the imports, support the small, medium and large scale enterprises. It was visualised to be the imperative for bridging the gap between the wealthy and marginalized sections of the society through reallocation of resources and trickle down process. This is how the principles of socialism by gradually developing the public sector. In various nations, nationalization was popular throughout the 1960s and 70s. It was observed that the environment to set up new business ventures should be promising and competitive in order to ensure the best and equitable utilization of the resources and capital. This leads to efficient production of goods and services and promotes growth in the nation. According to the existing notion, the Second Five Year Plan evidently proclaimed that "the adoption of socialist pattern of society as the national objective, as well as the need for planned and rapid development require that all industries of basic and strategic importance, or in the nature of public utility services, should be in the public sector. Other industries, which are essential and require investment on a scale, which only the state, in the present circumstances, could provide, have also to be in the public sector. The state has, therefore, to assume direct responsibility for the future development of industries over a wider area." The Plan additionally stressed that "the public sector has to expand rapidly. It has not only to initiate developments which the private sector is either unwilling or unable to undertake, it has to play the dominant role in shaping the entire pattern of investment in the economy, whether it makes the investments directly or whether these are made by the private sector. The private sector has to play its part within the framework of the comprehensive plan accepted by the community." The PSUs which

perform well are grouped into three classes based on their performance: “Miniratna (Category-I and Category-II), Navratna, and Maharatna.”

But soon, 1970s also saw the rising disillusionment with public sectors. Functioning of the state owned companies in several countries did not stand up to people’s expectations. The private enterprises in these countries were perceived to operate better than the public sectors.

After the first four decades after Independence, it started manifesting in under capacity utilisation, inefficiency excess manpower use, poor ethics, over investment, lack of innovation, efficient decision practice etc. Disinvestment, therefore, thought as imperative to economic efficiency improvement.

b. Disinvestment need and its roadmap (three phases in India)

In 1991, the parliament framed a policy to rebuild the economy which was in a bad state, known as “the new industrial policy of 1991.” It stressed on opening the economy to the world by liberalizing, privatizing and globalizing the Indian economy or in other words establishing the concept of “Liberalization, Privatization and Globalization (LPG).” Starting with reducing industries from 17 to only 8 under reserved category and with first proposal to bring disinvestment of about Rs. 3037 Crores, India showed its determination to the reforms. The Industrial policy of 1991 stated that “portfolio of public sector investment will be reviewed with a view to focus the public sector on strategic, high-tech and essential infrastructure.” The categories selected for disinvestment were: “Low technology based CPSUs, Small scale CPSUs, Non-strategic CPSUs, inefficient and unproductive CPSUs, CPSUs having low or nil social consideration or public purpose and domains rich in private sector expertise and resources.”

The major objectives of the disinvestment were – fiscal consolidation, meeting funds for increasing need of the development expenditure, decreasing uncontrollable debts, decreasing business risk of PSUs, minimizing further deployment of sparse public resources to support the non- profitable non-strategic PSEs and to create a competitive market place which would require restructuring of the enterprises.

c. Disinvestment phases in India

The disinvestment policy has been transformed since its inception in 1991 till. The disinvestment policy can be broadly grouped into three phases:

2. First phase (1991 to 2000) :

A Commission of Disinvestment was created for advertising on disinvestment related matters so as to implement decision to disinvest in a transparent manner.” Initiatives started with identifying sectors to be reduced from the category of reserved to private and to dilute the shareholding in PSEs

3. Second phase (2000-01 to 2003-04) :

The Department of Disinvestment was set up as a separate department in December, 1999 and was later renamed as Ministry of Disinvestment from September, 2001. This was the period when maximum number of disinvestments took place.

4. Third phase (2004 onwards) :

The Department of Disinvestment is presently one of the Departments under the Ministry of Finance since May 2004. It has been renamed as Department of Investment and Public Asset Management (DIPAM) with effect from 14th April, 2016. DIPAM manages the disinvestments of PSEs in our country.

The above chronological disinvestment journey raised now a question about its target reach and achievement of objectives.

2. REVIEW OF LITERATURE

A wide range of perspectives are created by the researchers on the disinvestment both in favour and against. Some of the noteworthy contributions are as follows:

a. Resource mobilisation and utilisation from Investment

TL Sankar and VY Reddy (1989) have presented the decision of divestment into a matrix form and have stated, “state owned enterprises (SOEs) are considered high or low on three factors, namely, social purpose, profitability and resource mobilization. According to their model, SOEs operating in competitive markets having low social purpose and also low resource mobilization are most suitable candidates for disinvestment.” Ila Patnaik

(2007), in the same line of thought argues, “the main rationale for disinvestment is to increase the efficiency in utilization of resources (labour and capital) of the economy. The study shows that even partial privatization, with the government retaining control, has yielded improved productivity. Disinvestment of profit-making enterprises by public offering of shares is desirable as it leads to dispersed shareholding and avoids concentration of economic power.” Arnold et.al. (2008) demonstrated a strong and significant relation between policy reform and productivity. They also found its contribution of reform.

b. Disinvestment progress

Ray and Maharana (2002) have examined the progress of the process of PSEs disinvestment in India and argued, “During the decade of 1991 to 2001, very little has actually materialized in terms of action to the PSEs disinvestment. The controversies and criticisms against disinvestment can be largely avoided through a transparent process.” KLGupta and Harvinder Kaur (2004) in this regard argued, “There should be closure and winding up of terminally sick PSEs and selling of their assets. Such terminally sick PSEs are mostly restricted to those which were earlier taken over from the private sector as sick units, and became a major contributory factor for the overall unsatisfactory performance of the public enterprises.”

c. Fiscal Consolidation

Trien Vinh and Jonathan Brien (2010) suggest that both state ownership and debt have detrimental performance consequences in transition economies and the confluence of these two conditions may not be harmful. Their said, “while debt and state ownership, each have a negative impact on firm performance when used in isolation, their interaction has a positive impact on firm performance.” Anantha Ramu M R and K Gayithri argued, “When fiscal deficit is bifurcated into effective fiscal deficit and revenue deficit, it has been found that the former has a significant positive relation whereas the latter has a negative relation with GDP. This result argues for reducing the revenue deficit part in the fiscal deficit. The effective fiscal deficit on the one hand enhances capital formation directly and on the other hand, indirectly encourages the private sector to invest more.”

Following questions are raised through above literature review:

3. How is the progress of the disinvestment process?
4. Is Disinvestment a right to viable solution to fiscal consolidation and:
5. Is it really catering the need of the development expenditure or budgetary requirement?

3. RESEARCH DESIGN

a. Rationale

Any reform can't be fruitful unless it is taken sincerely and in disciplined manner. The disinvestment is expected to bring development process with inclusive competitiveness in business and consolidate fiscal measures for meeting budgetary provisions in the development initiatives.

b. Objectives

The main objectives of the paper can be traced from the researchable questions arisen after review of literature.

11. To investigate the trends of the disinvestment progress.
12. To analyse its impact trend on fiscal consolidation
13. To see the whether the disinvestment initiatives turned out in the development budget outlays especially in social and community services.

a. Data and methods

To meet the objectives of the paper, a trend investigation has been made on the secondary data sourced from "Department of Investment and Public Asset Management (DIPAM), Economic survey some internet publications and mainly the data from Indian Public Finance Statistics, Department of Economic affairs"; the data on disinvestment targets and receipts, budgetary development provisions and public debt and interest payments. The data used for the analysis and discussion have been taken from 2000 onwards since the first phase of the reform was not significantly materialised to see even its short term and synchronised trends on other government's economic initiative e.g. fiscal and

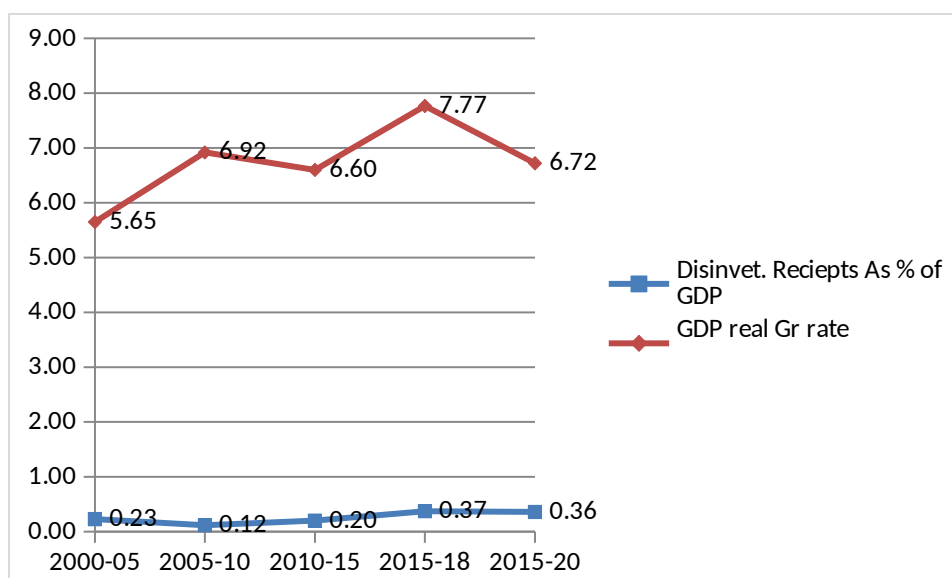
budgetary allocations. Further the post 2000-01 disinvestment phase has been classified in four sub-phases with interval of five year till 2017-18. This is done to adjust decision and process gaps in materialising disinvestment happen that also give little long term perspective also.

4. FINDINGS AND DISCUSSIONS:

a. Disinvestment target and receipts trends (2001-2020)

After passing initial resistance, the disinvestment process had finally picked-up its pace especially after BJP led NDA government that had reformed the department of disinvestment and given more dynamic nomenclature to it as “Department of Investment and Public Asset Management (DIPAM)”. The figure 1 is showing though consistent improvement in the disinvestment process, there has been seen a great upward shift during the 2015-20 especially in last two years.

Figure: 1 Average Disinvestment Receipts per year against targets in Cr. Rs.(no target set during 2005-10)

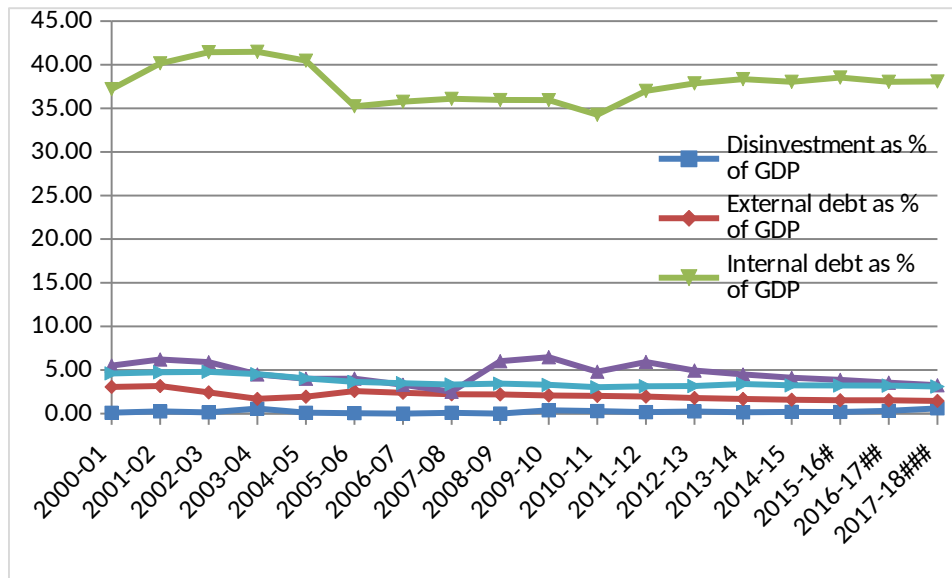


Data Source: DIPAM, Economic Survey and Deptt. of Economic Affairs

b. GDP growth and ‘Disinvestment as ratio to total receipts:

The figure 2 is clearly revealing the fact that despite of minimal contribution the growth trend is following the disinvestment process. Although the implication of disinvestment process are not direct on GDP growth as it take long process to give outcome in terms of productive efficiency, the response is found positive.

Figure 2: GDP growth and 'Disinvestment as ratio to GDP



Data Source: DIPAM, Economic Survey and Deptt. of Economic Affairs

c. Fiscal deficit and Disinvestment as ratio to total receipts

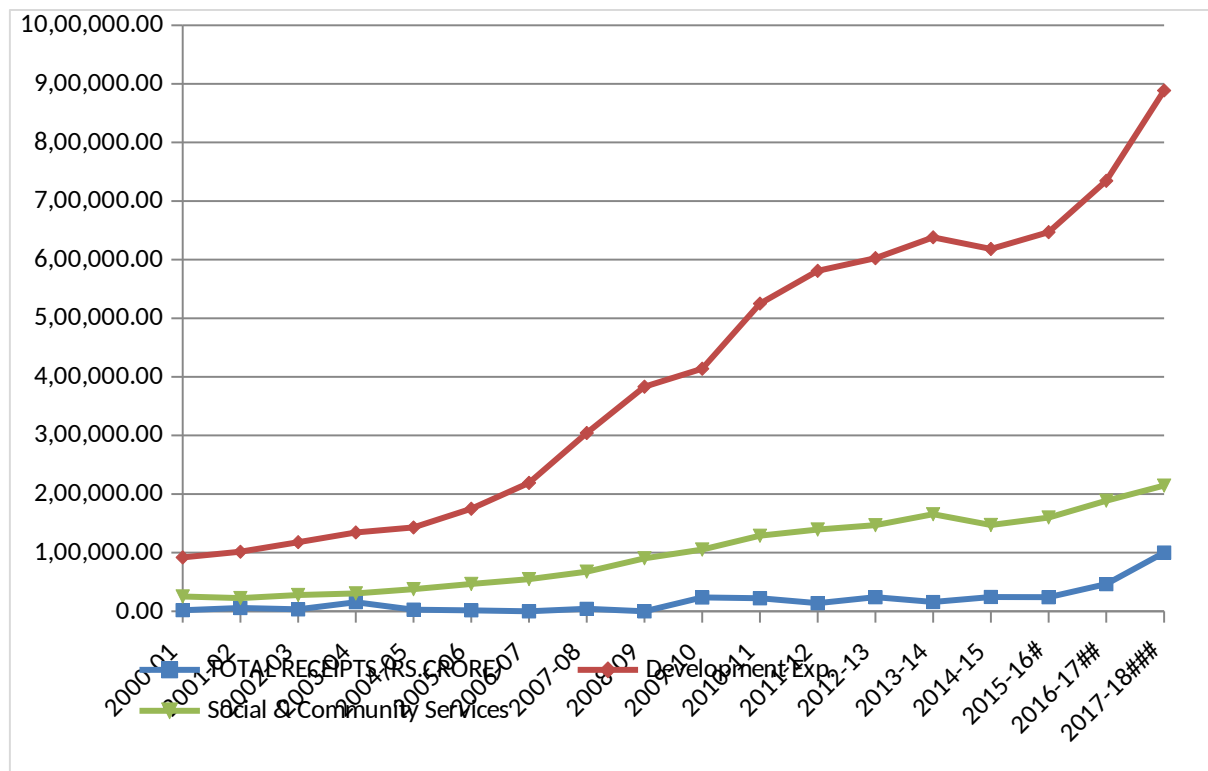
Table 1: Average Public debt & repayment and Disinvestment receipts per year (CrRs.)

Year	Total Receipts	Internal debt	External debt	Interest payment
2000-05	5837.8	1031025.0	60820.8	115119.6
2005-10	5860.8	1803104.5	113231.8	171475.4
2010-15	20032.6	3728271.8	177422.2	319408.0
2015-18	56766.8	5815945.0	227310.0	483879.3
2015-20	61114.2	6625567.0	136386.0	529127.6

Since the absolute difference between the parameters of fiscal measures is too high, it is used as % of GDP in figure to visualise and in absolute figures in table to understand the difference. The table clarifies that the average debt figures are increasing for internal debt; but started decreasing for external debt in last two years. For interest payments its pace of increase has been decreased. The trends, as figure 3, verify that it is both fiscal

deficits as well as external debt burden has positive signs on the objectives of the disinvestment process.

Figure 3: fiscal deficit, Public debt & interest payment and Disinvestment receipts as % of GDP



Data Source: DIPAM, Economic Survey and Deptt. of Economic Affairs

d. Development Expenditure and disinvestment receipts (in Cr. Rs.)

The development expenditure, as shown in the figure 4, witnessed sudden and sharp rise in 2015-18 with positive move on social and community service expenditure. This shows that the commitment to achieve the objective of development need through disinvestment process is evident.

Data Source: DIPAM, Economic Survey and Deptt. of Economic Affairs

5. CONCLUSION

Discussion on the trends in disinvestment progress reveals positive hope about the long term implications on the economy to fulfil the capacity utilisation gap and come out from the low efficiency due to lazy behaviour with low work ethics. This also reveal the fact

that the money drawn from disinvestment should be used to decreased further debt rather than payment of debt and interest. The payments should be possibly adjusted through revenue receipts as far as possible. The limitation of the study is that it does not include the data as how the positive decline registered in external debt. It had also not captured the data as how the disinvestment receipts had been utilised. But, the relations are clearly describing the positive implication of disinvestment process since 2000-01, more evidently in 2015-18. Although, the paper didn't capture the insights of sectors and PSEs where disinvestments are taken up, it is argued that the process should be continued with the caution that it should target capacity utilisation, efficiency enhancement, fiscal consolidation and increasing business efficiency. This however, should not be done at the cost of inclusive growth model of the economy as India is a labour intensive country and any false move towards disinvestment initiative may lead to rethinking on disinvestment. Further, the study recommendstakingas many as steps to set government's role as a facilitator and regulator instead of as a business enterprise. This is now to look to whether the PSEs where the disinvestment process took place are performing well and meeting the objectives of the disinvestment process; or the process has been just done to do it only.

REFERENCE

Journals

- Eskil et al. (2008). The Performance Differential between Private and State Owned Enterprises: The Roles of Ownership, Management and Market Structure. *Journal of Management Studies*, 45(7), 1244-1273.
- Guedhami, O., Pittman, J. (2011). The choice between private and public capital markets: The importance of disclosure standards and auditor discipline to countries divesting state-owned enterprises, *Journal of Accounting and Public Policy*, 30(5), 395-430.
- Koner, S. (2017). Liquidity of Public Sector Enterprises in India: A Case Study, *International Journal of Current Research and Modern Education*, Volume 2, Issue 2, 185-189.
- Koner, S., Sarkhel, J. (2014). Disinvestment of Public Sector in India: Concept and Different Issues, *Journal of Economics and Finance*, Volume 3, Issue 6, 48-52

Mike et al. (2004). Ownership Types and Strategic Groups in an Emerging Economy, *Journal of Management Studies*, 41(7), 1105-1129.

Patel, M., Patel, J. (2016). A Study on Impact of Disinvestment on Profitability, Marketability and Market Return of the PSUs, *International Journal of Science Technology and Management*, 5(10), 1-11.

Ray and Maharana (2002). Restructuring PSEs through Disinvestment: Some Critical Issues, *Pratibimba, Journal of MIS*, 2(2), 56-62.

Vinh, T., Brien, J. (2010). Can Two Wrongs Make a Right? State Ownership and Debt in a Transition Economy, *Journal of Management Studies*, 47(7), 1297-1316.

Books

Gupta, K.L. & Kaur, H. (2004). *New Indian Economy and Reforms*, Deep and Deep Publication Pvt.Ltd, New Delhi.

Sankar T.L. and Reddy Y.V. (1989). *Privatization: Diversification of Ownership of Public Enterprises*, Institute of Public Enterprise and Booklinks Corporation, Hyderabad.

Web Sources

Arnold, J., Javorcik B., Molly, L., & Aaditya, M. (2008). Services Reform and Manufacturing Performance: Evidence from India. Retrieved on February 27, 2020, from <http://molly.lipscomb.googlepages.com/India/Services/Liberalization708.pdf>

Patnaik, I. (2007). PSU Disinvestment, 1-12. Retrieved on February 27, 2020, from <http://www.Indiaseminar.com/2006/557/557%20ila%20patnaik.htm>

Disinvestment Manual-February 2003, Global Perspective, New Industrial Policy, 141-221, Retrieved on March 22, 2020, from https://dipam.gov.in/sites/default/files/Disinvestment%20Manual%20%20February%202003_0_0.pdf

Chapter IV, Disinvestment and Privatization in India, 90-100, Retrieved on March 22, 2020, from <https://shodhganga.inflibet.ac.in/bitstream/10603/54277/1/11-chapter%204.pdf>.

Chapter VI, Conclusions and Suggestions, 280-285, Retrieved on April 12, 2020, <https://shodhganga.inflibet.ac.in/bitstream/10603/140928/16/16-conclusion%20and%20suggestion.pdf>.

<https://dipam.gov.in/en/major-achievements>, Retrieved on April 10, 2020.

https://dipam.gov.in/en/disinvestments/past?field_financial_year_selection_tid=2463.

Retrieved on April 10, 2020

<http://www.economicdiscussion.net/articles/india-a-mixed-economy-explained>.

Retrieved on April 10, 2020

<https://economictimes.indiatimes.com/news/economy/policy/alternative-setup-for-disinvestment-to-be-reactivated/articleshow/69626192.cms?from=mdr>. Retrieved on April 10, 2020.

<http://www.bsepsu.com/historical-disinvestment.asp> retrieved on March 15, 2021

<http://statisticstimes.com/economy/country/india-gdp-growth.php> retrieved on March 15 2021
