

The Growth, Challenges and Disruption in India within the Public Sector Enterprises in Post Reforms 1991

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Abstract

On 24th July 1991 the economic reforms revolutionized the financial policies in India and establish a liberal business environment in India to escalate the opportunity of the country to avail the key beneficiaries of globalization and make open business deals with foreign companies. The public sector enterprises faced critical challenges and competition from the private organizations in the business environment of India. on the other hand, it has brought forth higher opportunities to avail financial, resource-based, and technological support from foreign companies. The study has been performed to discuss the growth, challenges, and digital disruption in India within the public sector enterprises in post reforms in 1991. Different quantitative and statistical information has been used within the study taken from the secondary data collection process. The study has found private sector has been availing a financial edge in India and enhanced technological infrastructure in today's business environment which escalates by the new economic policy introduced in 1991.

Keywords: Public sectors, Economic reformation, India, Technology, Financial Policy

1. Introduction

The changes within the financial policy and business benefits provided by the governing bodies and administration authorities within the business environment impose a significant influence on the growth of the business within a certain periphery. The overall production capacity, performing supply chain operations, investment limit on small scaled and public sector business initiatives has witnessed a positive changes and shift of business nature after post reforms of 1991. The overall ability of the public sector enterprises increased through the help of availing open economy and higher scope to avail various raw materials in manufacturing and sites and work station all around India after the reform of 1991. The key factors which have been focused within the major financial reforms Since 1991 Under Liberalization are respectively concentration on enhancing public sector institutes, abolition of licensing within industrial periphery, freedom in exporting materials and goods from foreign business market (Kolte *et al.* 2019). The enhanced business atmosphere due to the arrival of industrial reforms in 1991 in the business market area of India has its superior impact on growth process of the public sectors and business edge. A number of public sector companies in India such as NTPC, Bharat Petroleum, SAIL, COAL India, GAIL, Bharat Heavy Electricals Limited, Indian Oil has gained superior business edge after the reform of 1991. Although, the entire process involved with reform 1991, also comes forth a number of competitive challenges, business difficulties towards public sector companies in India. It showcased the basic need to perform a detailed study to the growth, challenges, and digital disruption in India within the public sector enterprises in post reforms 1991. A number of different concepts and contexts

will go to be elaborated within the study in order to gain a superior idea on reforming process of 1991 in business market environment of India.

2. Rationale and Objective of Study

The overall growth and advancement of the public sector initiatives within a business market periphery provides the key supports towards inhabitants within a country and enhance the livelihood process of the people within the business environment. The financial earning, strategic operations of various public sector organizations within a business market area provides a high contribution on the financial earning and growth rate of a country (Ahluwalia, 2019). The reform of 1991 has been changed the entire business process, edges, challenges, digital tool using process of the public sector institution in India. The key objective which will be followed to perform the study has mentioned below.

Objectives

- To build an in-detailed idea on the reform of 1991 in the business market surroundings of India.
- To know the business rate of the public sectors in post reform of 1991 in India.
- To understand the impact of 1991's reformation on the performance of the public sectors in India.
- To develop effective insights on growth, challenges, digital disruption comes forth in post reform of 1991 on public sector companies in India.

3. Review of literature/research gap

India has been witnessing a significant business growth and financial improvement all around the country which has been mostly caused by the economic reforms and associated Governmental strategies on the business process of public sector and private sector institutes. A large number critical challenges as well as beneficiary objectives has proposed by the economic reform which impact a huge influence on the performance and edge of various public sector institution in India. As mentioned by Ahluwalia, (2021), the steps towards economic reforms of 1991, mostly energies the Indian Economy and assist a large number of people to enhance their financial earning which helps millions inhabitants lifted out from poverty. The more open source of investments and importing operations from foreign periphery mostly escalate the business flexibility and scope towards financial growth in India in post economic reforms of 1991. Although, the higher edge gained by private companies also comes forth challenges for the private sector companies within the business environment of India. It actually portrayed the superior influence impose by economic reform in 1991 on the business growth of the public sector initiatives as well as financial earning rate of the country.

A large number of data and information are needs to gain an empirical idea on the contribution and a challenge brings forth by economic reformation of 1991 on the business prospects of the private sector institution in India. Although, this particular study does not use a large source of academic literature to perform the entire study efficiently. It can be considered as the key literature gap is involved within this particular study.

4. Methodology

The overall declaration of the key methodologies which has taken in account to perform a study helps to develop more effective understanding on the research topic. Different types of data and information will be going to be evaluated within the study in order to brings forth most suited information and insights on the study. The study has focused to analyze the growth, challenges, and digital disruption in India within the public sector enterprises in post reforms 1991. Hence, it is needed to take up a number statistical and numeric data within the study to portrayed the entire findings effectively and successfully. Quantities types of data are the numeric and statistical types of data. Hence, a quantitative approach will be going to be followed in order to develop most effective insights on the study. Various quantitative data and information has gather while

exploring various authentic and peer reviewed sources of data available on Internet using secondary data collection process.

5. Discussion and Analysis

5.1 In a detailed discussion on 1991: Economic Reforms and present performance of the public sector organization through Mitigating digital disruption

The regulatory structure within India provides a superior edge towards the indigenous companies and focuses on public sector services to enhance the livelihood of the households as well as the encourage entrepreneurs to take steps towards business within the country. It was significantly supporting the enhancement of business initiatives within the country and aggravate financial independence after 1947. Although, the high government intervention, as well as disruption to perform business internationally, comes forth critical challenges for the business organization performing business all around the India. The legal obligations and less beneficiary administrative regulation also bring forth issues for the foreign franchises and investors to invest within the business environment of India. It was negatively impacting on the overall business and financial growth of the country and reduced the ability of the companies to cope up with the increasing competitive challenges within the international business market periphery. It has actually aggravated the overall need to take steps towards establishing an open economy strategy within business market surroundings of India. The economist and promontory bodies of India have shown their superior inclination towards open economy and reshare the overall financial strategies and legalities within the country to improve business environment. In the year of 1991, the governmental authorities in India have taken steps forward towards economic reform in order to cope up with the increasing trend of globalization and the one world one market concept.



Figure 1: Objectives of Economic Reform of 1991 in India

(Source: Self-Made)

A large number of new technological types of equipment and foreign expertise has been gained a superior interest on investing to improve the service and performance of the public sector and private sectors companies in India as well as to expand business within highly demanding Indian market. It has accelerated the process towards PPP model within business periphery of India. PPP model is the collaboration of private and public sectors in order to improve services to the consumers with enhancing infrastructure, technology, resource with a collaborative process. The entire economic reform of 1991 focused on three basic objectives as liberalization, privatization and globalization. public-private collaboration is one of most effective models to establish a superior infrastructural interior within a project. According to NitiAayog (2023), In the fiscal season of 2020-2021, total number of PPP projects within India was 125, with cost of Rs 1,72,314 crore. It mostly assisting to

escalate the steps towards digitalization all around the country and enhance manufacturing and service to the consumers from public sector enterprise within the country. The overall public-private business initiative in recent days Indian market is shown below.

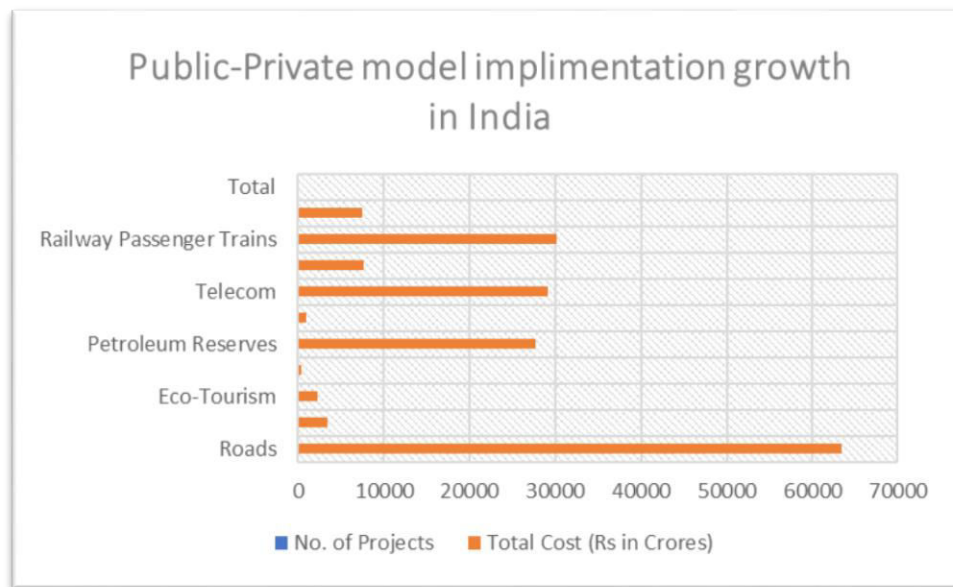


Figure 2: PPP projects in India

(Source: Niti Aayog, 2023)

The superior growth of the finance of the country after the economic reform of 1991 enhances the service quality of the public sector companies all around the country. Although, it comes forth some business troubles for the indigenous companies and increases the cost-of-living rate within country. The open economy or the new economic policy of 1991 have been escalating the FDI, export, import rate as well helps to enhance the technological infrastructure and service providing of the public sector institution within India.

5.2 Impact of economic reform and globalization on the investment of the public sectors toward digitalization and technological upgradation process

The overall investment of a business or public service initiatives towards innovation and technological upgradation provides the key supports to enhance the overall business growth and success rate of a company in business market periphery. A large number of business companies has been taken their steps forward towards digitalization and innovation all around the globe which mostly helps them to gain the competitive edge and provide more satisfaction to the consumers. Globalization has been opened up the scope for business companies to perform business within a cross-boundary market and tie up the overall business environment worldwide with a uniform string. In order to cope up with changing business environment all around the globe, after the arrival of the globalization has been brings forth a significant influence towards economist, political leaders and business professionals to take steps towards economic reformation. The formal finance minister of India and formal PM of India in upcoming years Mr. Manmohan Singh has launched the new economic policy in 1991 which had enhanced opportunities of investing and importing operations within the country. A large number of public sector initiatives within the country has been able to escalate its technological infrastructure efficiently through the support of foreign investors to avail the edge of PPP model within the country. According to Aiyar (2021), In the financial year of 1991, per capita income of the country was just \$360 per year, which has escalated to \$2,100 in recent days and the GDP of the country improve 7% in last two decades. The comparison in between the per capita income range in 1991 and in 2020 shown below with a graphical representation.

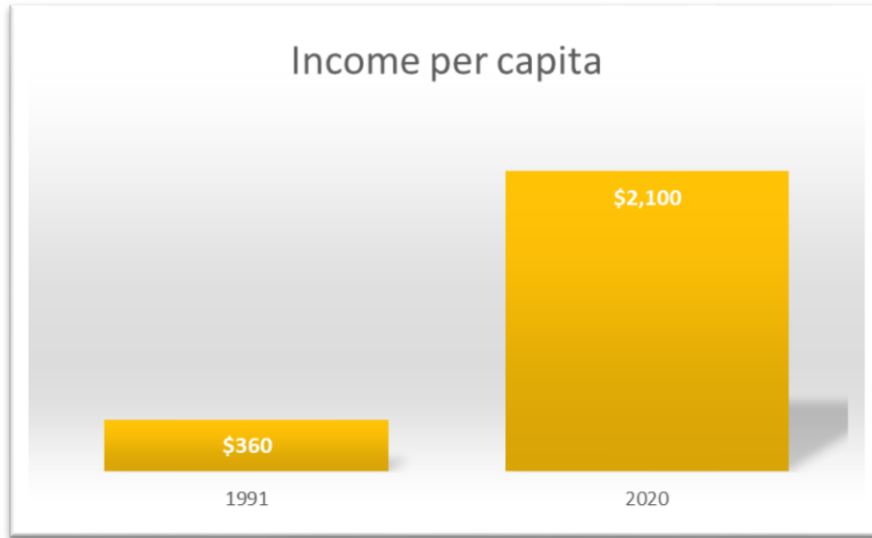


Figure 3: Comparison in between per capita earnings in 1991 and 2020

(Source: Aiyar, 2021)

The overall steps towards economic reform after the arrival of globalization within the country has increased arrival of the foreign companies within the country. The consumers and country-based business companies have been able to be habituated with the new launched product and service segments for the consumers as well as with the use of innovative technologies. The increased competition and rivalry to establish a superior business position within the highly profitable business environment of India mostly escalate the inclination of the public sector enterprises towards digitalization. A large number of public service sectors in different industries have made partnerships with various private sector companies to gain their expertise and advantage of technological support to enhance performance. As mentioned in NitiAayog (2020), the GIL rank of India was 48. It actually showcased that the trend toward innovation and technological upgradation all around the country including public sectors and private sectors has started to aggravate at a rapid rate since the economic reformation in 1991. Hence, the economic reformation of 1991 and globalization have had a significant impact on the increasing investment rate in technological improvement and infrastructural upgradation by public sector enterprises in India. The GI score and GI rank of India has shown below over the years.

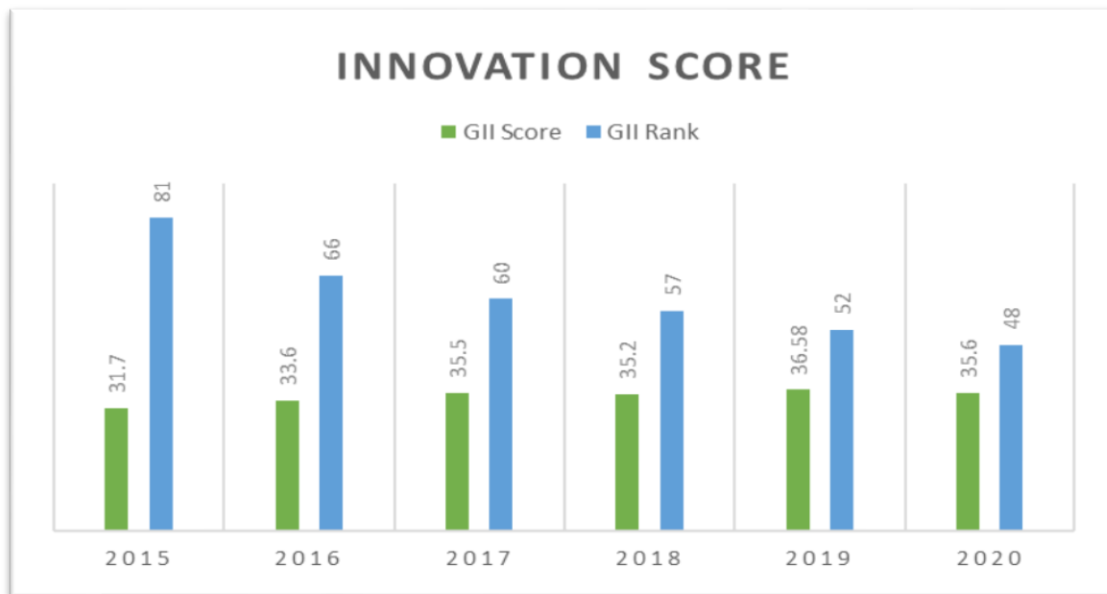


Figure 4: GI rand and GI score of India

(Source: NitiAayog, 2020)

5.3 The role of economic reforms on the financial and strategic earnings of the public sector enterprises and the financial statistics of India (Public sector in India overview and profile)

India has witnessed a significant boost up and financial growth after the steps were taken by the Government of India to impose economic reformation and new economic policies on 24th July 1991. The step towards an open economy and equal chances for each enterprise to perform business and to make financial investments within the business market surroundings of India. The public sector has been able to take part in different international business environments which has escalated the growth of public sector enterprises all around India. The lack of financial resources and technological advancement impacted most negatively on the performance of the public sector initiatives in different industries to provide the most desired service to the customers. It was negatively impacting the entire growth and earnings of the private sector organization and brought forth critical financial headaches towards Government inventory. The progressive step forward to welcome competitive beneficiaries of globalization and an open economy helps to attract a large number of foreign investors and business professionals to India. A number of internal conflicts and criticism have to be faced by the former political party in Government for taking steps towards making financial reformation in India. Although, the high demand for opening up the scope to make trade relationships, import articles from the cross-border area, investment scope, and enhance FDI inflow-outflow rate worked as the catalyst for the implementation of the new economic policy in 1991.

The improved service-providing ability of the public sector and financial assistance from the local or foreign private brands within the business as per the regulation of the PPT model most effectively help public sector initiatives within the country to avail higher economic growth. A large number of foreign brands and investors has undertaken steps to take part within the business market environment of India due to the higher business edge offered through the new economic policy. It not only enhances the economic strengths of the private sector companies but also escalates the overall job opportunities within the country. It mostly enhances the financial ability of the people all around India. In the fiscal year of 2019-2020, total Employment reached to 51.10 crore (NitiAayog, 2022). The employment rate of the country over the years is shown below.

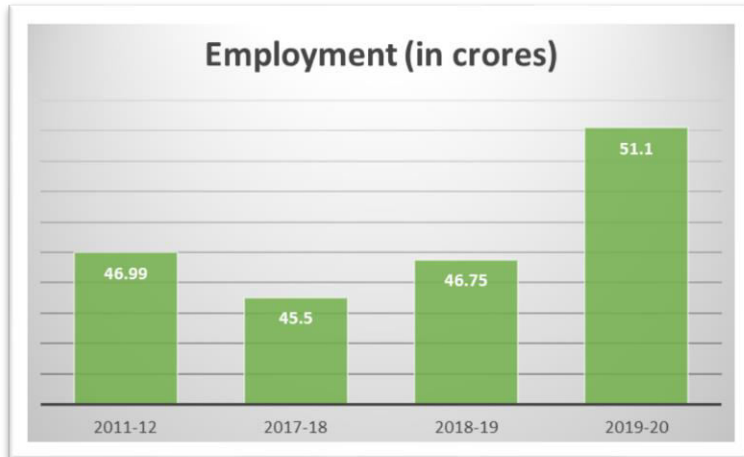


Figure 5: Employment levels in India over the year

(Source: NitiAayog, 2022)

The enhanced employment scope all around India has supported escalating the GDP growth rate of the country efficiently. The overall ability of people to come up with the escalating cost of living crisis of the people has also been enhanced through the support of increasing employment rate through the contribution of an open economy and the PPT model proposed by the new economic plan of 1991. According to NitiAayog (2022), the projected GDP of India has been estimated at 16322349 crores from 2021-2024. The projected GDP growth of the country over the years is shown below.

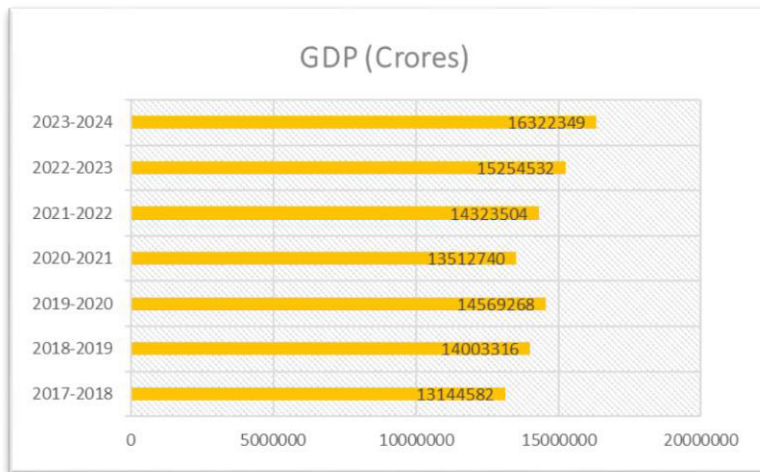


Figure 6: Projected GDP of India over the years

(Source: NitiAayog, 2022)

5.4 Challenges and opportunities of digital transformation in the public sector in transition economies: A case study of the economic reform of 1991 in India

The starting days after the implication of the economic reformation of 1991 faced a large number of critical crises and controversies which has affected the execution and implementation of the new economic reform within the country. The non-corporative attitudes of the leftist party fronts and co-associated political organizations have strongly criticized the overall process of the steps taken by the ruling political authority with the parliament's proposed economic reformation. The internal dissension towards the new economic plan has been coming forth critical disruption and challenges to execute financial reformation within the country. Although, the support from the leading business executives and brands toward economic reformation and

inclination towards an open economy to cherish the business edge provided by globalization. It mostly enables the effective run process and implementation of economic reform within the country.

The higher financial aid provided by the economic reformation escalated the enhancement of the infrastructure and take steps towards digitalization in private sector companies all around India. Reliance the leading public enterprise in India earned 61.2 billion U.S. dollars in 2021 while the State Bank of India earned 50.6 billion U.S. dollars (Rathore, 2022). The higher technological upgradation process gained through globalization and economic reformation helps to enhance the growth of the private sector all around India and brings forth effective growth opportunities.

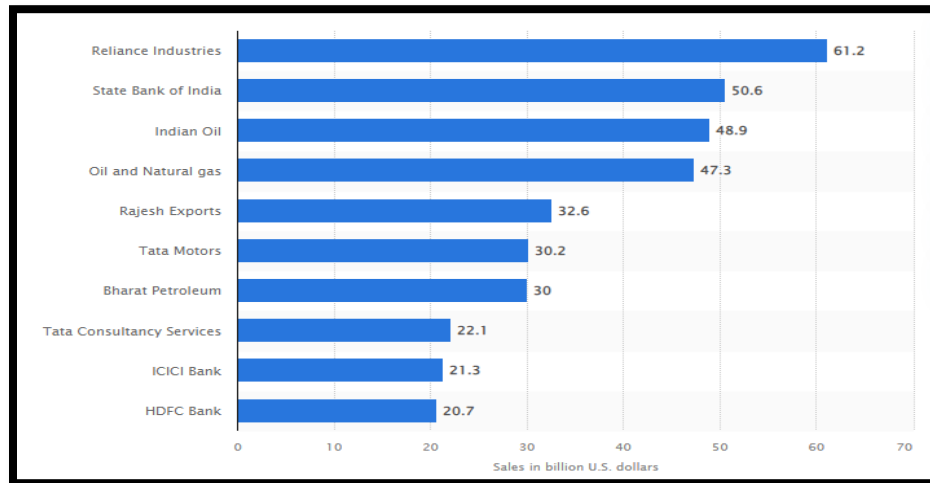


Figure 7: Public enterprises' earning rate

(Source: Rathore, 2022)

The statistical presentation has portrayed the sales rate of different public companies and initiatives yearly sales rate in the fiscal year of 2021. The effective implementation of various technological equipment helps companies to mitigate critical business disruption within the worldwide market. Digitalization and implementation of the open economy's beneficiaries within the Indian market It showcased the effective support of the new economic policy of 1991 on the future and growth of the public sectors in India.

6. Results and Findings

The in-detailed discussion and analysis of different quantitative data and findings have found that the public sector companies have been able to avail superior strategic and financial edge through accessing the advantage of the economic reformation of 1991. The availability of external resources, import facilities of raw goods from the foreign market, gain the support of investors from the cross-boundary area helps to improve financial resources and inventory of the public sectors in India. The influence of globalization and the open market economy also supports to avail of different technological expertise and infrastructure from foreign markets by the private sectors after 1991 which comes forth support to mitigate typical digital disruptions. It actually showcased that the null hypothesis (*H0: The post-reform 1991 has negatively impacted the performance of the public sector companies in India*) is not true and the H1 hypothesis (*H1: The post-reform 1991 has positively impacted the performance of the public sector companies in India*) is true.

The discussion has also shown that in the initial days, internal conflicts and political disagreements affect the success of the economic reformation in India. The political turbulence and risk of competition bring forth challenges for the public sectors in India after 1991. The higher technological infrastructure of the foreign companies also causes a serious stumbling block towards the succession rate of the public sectors in the Indian market due to the decisions towards economic reformation. Although, in the long run, the financial growth of the country due to the new economic policy and the availability of technical assistants and professional guidance helps the private sector to escalate business growth and gain financial edges. It proves the H2

Hypothesis (**H2: The reform of 1991 not only brought forth challenges but also brings advantages for the public sector institutions in India**). Different statistical measurement has established the fact that the economic reformation despite initial controversies helps public sector initiatives to avail a higher financial backup and profitability earning. It portrayed the H3 Hypothesis (**H3: The 1991's reform mostly aggravated the growth of the public sectors in India**) as true. The study has shown the higher flexibility and business beignets offered by the new economic plan in 1991, work as a catalyst to enhance financial and strategic relationships among public and private enterprises. The PPP model helps public sectors to take the expertise and technological support from foreign and country-based private companies to enhance their operational performance. Private and profit-oriented business companies are also able to gain business benefits and opportunities to explore and invest in the highly profitable Indian business market. It showcased the H4 hypothesis (**The reform of 1991 imposed sustainable competition among private companies and public sector organizations in India**) as true.

7. Conclusion

The study has been performed to find the growth, challenges, and digital disruption in India within the public sector enterprises in post reforms in 1991. Different aspects and histories of economic reformation or the new economic policy have been discussed within the study. The performance rate of public sectors in India has also been analyzed with different quantitative information within the discussion. The main concentration of the narrative has concentrated to elaborate the positive and negative impact of the new economic policy of 1991 on the performance and growth scope of public sectors in India. The study has found the economic reformation of 1991 accelerate the financial growth of India as well as provided long-term growth opportunities for the public sectors in India.

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