

# Trends and purpose of Disinvestment in India

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**Abstract** - This paper gives a detail view about the adopted policies of disinvestment which shapes the social and market objectives of Indian economy. This paper also analyzes the disinvestment in India and recent trends and developments of disinvestment in India.

**Keywords** -Disinvestment, Privatization in India, Trade, Industry, Globalization, Liberalization

**Introduction**- Privatization has different nomenclature in different countries like disinvestment, Denationalization, Decentralization, Deregulation, Industrial transition etc. We often uses privatization and disinvestment interchangeably disinvestment provide a wide participation of private players which was earlier kept reserved for the public sector only .The recent feature of Indian economy market based mixed economy in which the government had minimize its role in business as prime minister of Britain (Margret Thatcher) remarked once that, "It is not government business to do business."

## **Concept of Disinvestment**

In general sense of term disinvestment stands for the sales or liquidation of assets by the government usually central and state public sector enterprises projects or other fixed assets.

The aim of disinvestment is to facilitate reallocation of funds or resources to better use or monetary uses or monetize assets. Usually Government adopts the policy of disinvestment to earn some extra revenue to tackle the high deficits. The extra amount not only facilitate to enhance the public sectors to perform better because they are now under the surveillance of private sector but also the earned amount spent on social sector welfare schemes.

Disinvestment is based on two ideas-

- To improve the public finance.
- To improve the competitiveness of the market.

The word privatization is often used interchangeably. Disinvestment leads to privatization when the government held no longer remains a government company. (Disinvestment manual, Department of Disinvestment)

**Research design and Data collection**- For this study the data is collected from the secondary sources. The secondary sources are reports of Reserve bank of India and Department of Investment and public asset management some are useful information are opt from the various newspaper and magazines.

## **Literature review on Disinvestment in India**

Ali Farazand-"Privatization or public enterprises reform? Implication for public management, an introduction." Privatization is one answer to the problems of Government. But just privatization is not the solution. Services can be contracted out to the private players but Government cannot and only through the governmental regulation government can ensure the profitability in the time of depression or war or any other kind of emergency. Government can do so many thing better than the private sector are as management, Regulation

discrimination and protection of rights and citizenship and stability in governance and administrative etc while the private sector can handle more approximately as in case of consumer goods. In short privatization has so many alternatives yet government has provided none options.

Abhijit Phukon and Divya verma Gakhar- "Perils of public sector enterprises in India: Privatization of central public sector enterprises a sustainable energy." Research paper emphasis on the performance, Disinvestment, Privatization of central public sector enterprises and also on sustainable energy. The genesis of dominant public sector enterprises arise when there were two world wars consequently after first world war this was assumed that its government responsibility to take care of the state by a heavy nationalization later on after heavy colonization this was again became government responsibility to take care and play a major role so the government was labeled as engine of growth , vehicle of sustainable development, Temples of modern industry or the commanding heights of the economy.

Devesh kapur and Ravi Ramamurthi- "Privatization in India: The imperatives and consequences of gradualism." The research paper emphasized that Indian president in his opening statement while presenting budget that the privatization is not just a choice yet an imperative. The prolonged fiscal hemorrhage from the majority of these enterprises cannot be sustained any longer. Government should policies of gradualism because government can also look up at the impact of this rapid privatization and also can adopt appropriate measure to cure its bad impacts.

Ferras Ahmad- "Privatization—A view at developing countries." find in his paper that the multiple economic help which is sought out by these developing countries also emphasized towards the privatization also discussed the positive impacts of programs initiated by World Bank and IMF.

Frydmen R.C. Gray, M. Hassel and Rapaczynski (1999)- "When does privatization work?." In some findings it is evident that privatization had good effects only when the owner is outsider privatization has no suffice effects if the owner is insider.

Milind Sathy (January 2005) in his research paper "Privatization performance and efficiency: A study of Indian banks." Has highlighted the performance of private industries after privatization. The government of any developing country needs to adopt a partial privatization as to minimize from 66 percent stake to 33 percent. The methodology adopted for the study of performance of privatized banks author confines in his analysis to the traditional financial ratios to measure performance and efficiency mainly based of available data and concluded that partial privatization is better remedy for ill performance banks.

Montek.S. Ahluwalia(2002)- "Economic reforms in India since 1991: Has gradualism worked?" Research paper had discussed that India has started its privatization since late 1980. The ten year average growth hides the facts that while the economy grow at an imperative 6.7 percent. One of the prominent reasons for enhancing the foreign direct investments in that it improves the efficiency and competence of foreign direct investment.

**Objectives of Disinvestment in India** – The reasons behind Disinvestment at national level are interlinked. Mostly the objectives of disinvestment are mostly political, Economical, or mostly frequently fiscal. Most often if we targeted one aim then we can achieve frequently a combination of several of them.

**Disinvestment promotes the development and efficiency of a country** - In a public sector based economy there are so many market reforms are required to enhance the efficiency of private sector as after Disinvestment market economy expanded by manifold as privatization promotes the competition specially by abolishing monopolies, And to foster economic flexibility and eliminates the market rigidities .Due to privatization market expanded by manifold so that foreign players can easily access the market. After liberalization domestic market can integrate with the global economy.

**Disinvestment helps to improve the efficiency and development of enterprises** - Disinvestment enhances the efficiency and its domestic and international competitiveness. As this is well evident that public enterprises majorly concerned with the basic goods industries or industries which comes under the ambit of public goods with which innovation and new technology are rarely used or required because the government is supposed to provide the basic facilities to its citizen in India.

**Disinvestment also works to release public revenue for public purpose**- As of now a large number of public assets is under the public sector enterprises and a large number of public resources are locked up in non strategic public sector units. These resources instead could be useful in some other areas as health, education and in other areas which will ultimately uplift the social and economical background of the country.

**Diversification of risks**- Due to disinvestment and privatization we can easily diversify our risks which were earlier under the ambit of government .In many areas government had its monopoly as in telecom sector or in any other sector but due to privatization and disinvestment public is provided with much wider choices. In some other respect disinvestment paves the way for capital market as it will provide funds where less fund is available and provide this excess amount where it is required.

**State failure in appropriate operation of public sector enterprises**- A smooth growth is required for the proper functioning of public sector enterprises yet as of now all past records of public sector enterprises has showed that government intervention creates hurdles in the functioning of public sector units. We also must consider the country in which we operate and we should also think about the state capacity, the incentives of policymakers etc.

**Impact of civil services on proper functioning of public sector enterprises**- There was remarkable civil quality in India earlier after independence in India. Later interventionist policies led to a corrosion of civil services quality and state capacity. So we should be very careful while giving high discretion in the hands of state the greater the discretion in the hands of states. We already have a very low capacity, the greater the discretion in the hands of state the greater the danger of further corroding state capacity.

**Depoliticisation of essential services**- Services which are under the supervision of government whether state government or central government works according to the ideology of the government because of which sometimes the main motives of growth might be kept aside . Because of these incompatible policies public sector performance declined continuously.

Before embarking on a disinvestment process, there are several prerequisite that need to be in place. Here are a few.

**Political desirability**- Reforms must be political desirable political benefits outweighs the political costs. If political reforms are uncertain then it will be more beneficial and the government must have a clear vision about the disinvestment that which sector should be privatized and which should be protected and facilitated by the government.

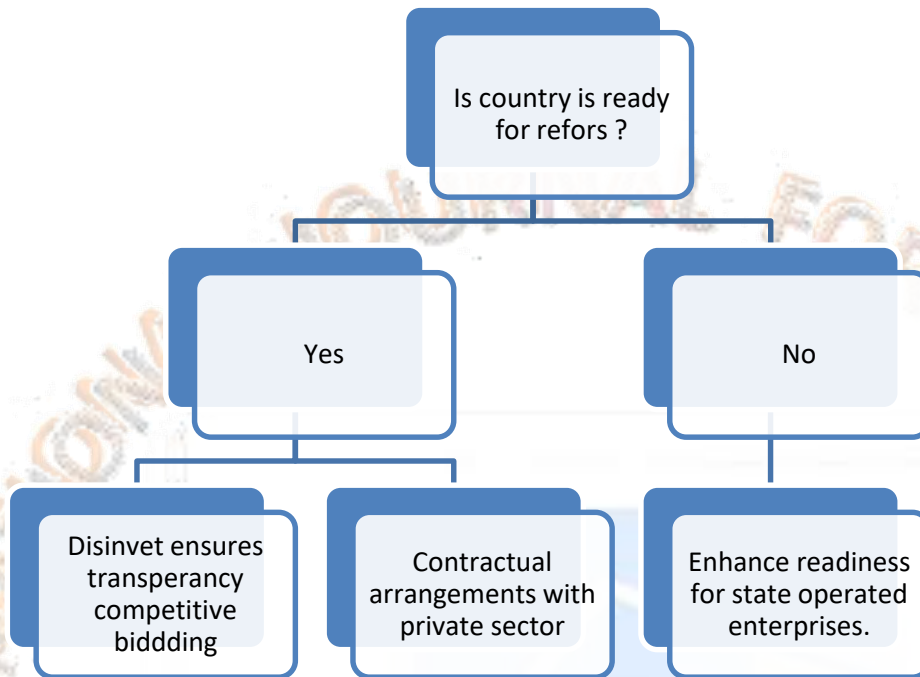
**Approval from the Government**- The proposed disinvestment must be supported by the government and should be in line with the government.

**Financial performance of the firms**- Financial performance of the firms is an important issue which must be considered before disinvestment. A financial sound firm can sustain better than a firm which is financially weak.

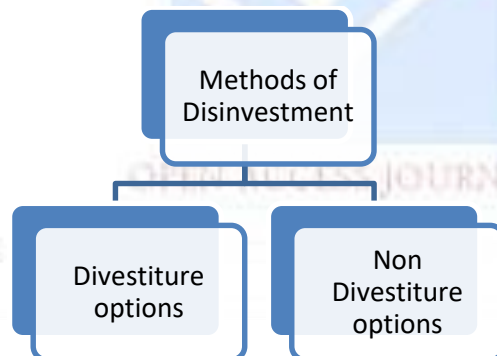
**Government credibility**- A credible government is important because a firm which is looking for the profit generation must be assured by the government that she will provide some compensation if any uncertain condition takes place.

**Condition of a country-** Speedy privatization is adopted in so many countries when there were stuck into an economic crisis. However some of them have adopted gradual privatization as first deregulates a firm then privatizes a firm.

If a country does not fulfill these criteria then it must go first for reducing the fiscal deficit and easing the trade restrictions.



Before going for the privatization programme it must be considered that public sector units are working under the act of parliament or a Government department so it shall be transferred into a stock corporation. Second most important element is that a well developed capital market will work proficiently and local participants can participate easily



For privatization we often go through the two ways as non divestiture and divestiture options here is the brief detail about these two methods are given.

## Divestiture options

- 1- **Public offering of shares**- Also known as an initial public offering in this method a first time a company is making its shares available for purchase by anyone who wants to invest in the company, including the institutional investor's individual investors and other companies. Some time government sell a particular block to the targeted group later remaining share are available for the rest of the public. Before launching initial public offering to the people company launches a detail prospectus, which is a detail document that provides the information so that the potential investors can have the appropriate information regarding the share.
- 2- **Direct private sale**- Under this method of divestiture the state's share of firm is sold directly to private buyers this method of privatization or disinvestment is polar opposite to the initial public offering as in this method no public auction is invited it is a two party contract in which confidential relationship are been made between the two and less amount of documentation is required.  
Direct sale can be done by two ways-
  - Through competitive bidding
  - Predetermined selected buyers
- 3- **Management employee's buyout**- The term management buyout generally refers to a situation in which a company is acquired by the current owners to the current management and other employees. It is considered as the smoothest transition of ownership from one party to another management buyout sell can be an alternative option for both the parties as for current owners it is assured that company will be grow faster.
- 4- **Liquidation sale of state operated enterprises assets** – Liquidation is refers to a situation in which government sells its assets to pay off its outstanding debts  
And this situation typically occurred when a company is not able to pay its debts.
- 5- **Fragmentation**- This method is also known as reorganization or break up into components parts. Usually this method is being used when the state operated enterprise become very giant to handle and government break up these organization into several parts in which some of them are retained and remain is left open to be privatized. As in India government broke up the state operated enterprise as electricity into generation and distribution so it can be privatized easily.
- 6- **Public auction**- Public auction on the other hand do not require any transfer of technology in this process goods and services are sold to the highest bidders, And the entire process is open to the public in this auction any one can participate in this type of auctions. Public auction can attract a large number of potential buyers, which can lead to the higher prices of the shares.
- 7- **Mass privatization**- This type of privatization is also called the coupon privatization and was highly used in central and Eastern Europe in this method of privatization the vouchers are distributed to the adult citizens irrespective of their income and other measurement.

## Non Divestiture

- 1- **Restructuring**- Restructuring in disinvestment is a situation in which the current owner reshape or reorganize the company's operations ,assets or liabilities with the aim of making it more attractive to the potential buyers . In the context of restructuring there are range of activity is available as spin-off, Merger, divestiture, sale leaseback, debt restructuring.
- 2- **Lease and management**- Lease refers to the transfer of the right to use a specific assets on the other hand management refers to the maintenance and other managerial and decision making by the

governing body. This is a very temporary method in which the private players provide the skill and development, Technology and compensation to overcome the current problems of the firms.

- 3- **Contracting out**- In context of contracting out refers to the practice of outsourcing certain government services in contracting out government performs some specific targets by involving some private players.
- 4- **Joint ventures**- It is an association in which two or more than two parties contract with each other's each party contributes something useful as money, property, expertise, or other resources and sharing the profit and loss together. Usually these types of contract occur when two parties have complementary strength and expertise.

### **Privatization and performance- The global experience**

With the expansion of the economy government diverts its attention from the manufacturing and production to the other activity as on environmental protection and infrastructure and other activities which is usually nonprofit generating and not considered by the private players. Era of 1990's also witnessed to this fact that many countries had adopted the privatization policy and finds it useful that instead of doing business they should participate in other core activities as on environment protection, strengthen the availability of public goods and strong governance. The mass privatization efforts pursued by transition economy subsequent to break down the Soviet Union and communist system of Eastern Europe. Overall the adoption of privatization is a complex issue that is influenced by a range of economic activity. While privatization increase the efficiency and improve the delivery services.

It was the government of Konard Adenauer elected to the power in federal republic of Germany in 1957, He launched the first large scale denationalize programme of post war era. Another history of privatization is associated with the former prime minister also known as iron lady Mrs. Margret Thatcher's led conservative government came in power in 1979 since then the ideology of privatization was started in the united kingdom. The sales from privatization in the years before were about 500 million pound yet after Margret Thatcher's re-election in 1983 it was about 5 billion pound approximately ten time higher than the previous one It was British telecom issue on November 1984 that launched the wide speared privatization program in this giant programme many domestic and international participants takes part another giant enterprises were Britain aerospace (1981), British gas (1986), Jaguar (1984), Roll Royce(1987). The imperatives of privatization shifted from Eastern Europe to major parts of other countries. Italy adopted the privatization programme during its political instability. The privatization of state-owned enterprises in Germany begin in the early 1980's these programme was largely driven by the economic and political reasons these disinvestment were adopted because of high level of public debt and low economic growth and high unemployment. The process of privatization in Germany was gradual and slow, with the first privatization occurring in the 1985, When Government sold its stake in Volkswagen. This was followed by the sale of other state owned enterprises, including Deutsche Telecom, Deutsche Telecom etc. Another notable point about privatization is that the public private partnership was being promoted by Germany

After 1990's so many other countries had started privatization majorly by private sales in countries like Latin America and Eastern southern Asia but there were several other countries which promoted privatization through the share issue methods are as Bangladesh, Brazil, Malaysia, Mexico, Nigeria, Singapore. We can sum up the whole privatization in three waves as in the first wave privatization was focused largely on industrial financial and commercial venture the second wave emphasis upon the infrastructure and the third wave was consist of public goods are as social goods like health education and medical services.

## Disinvestment in India

### Since 1991 to 2001

Since the initiation of disinvestment in India the policy on the area has evolved into three phases as the first phase was from 1991-92 to 1995-96 and the second phases was started from 1996-97 to 1997-98 in which the government had taken so many efforts to institutionalize the disinvestment in the third phase marked a paradigm shift towards disinvestment. The department of disinvestment was set up in the year 1999 and it has given a big push to the process of disinvestment.

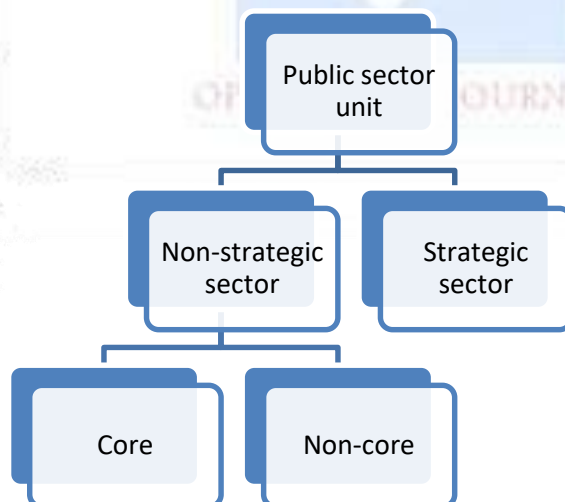
**First phase of Disinvestment (1991- to 1995-96)-** Chandrasekhar government had declared up to 20% of disinvestment of the government equity in selected public sector enterprises in favor of public sector institutional investors. The broad objective behind these programme were to release the lock up resources. Enhance the availability of resources and to improve the management. A separate committee was being set up by the government chaired by V. Krishnamurthy (Also known as the father of public sector unit in India) the then member of planning commission. The committee selected 41 PSU's out of 244 by applying the exclusion principle most of them were neglected due to strategic reason and some of them were excluded due to insignificant size.

The committee debarred the cap of disinvestment limit as 49% earlier which was about 20%. Holding of 51 % or more equity by the government was recommended only for six industries are as (1)-Coal and lignite, (2)- Defense equipment, (3)-Mineral oils, (4)-Atomic energy, (5)-Arms and ammunition (6)-Radioactive minerals and transport.

In April 1993, the Rangarajan Committee recommended disinvesting up to 49% of PSEs equity for industries explicitly reserved for the public sector and over 74% in other industries. But the then Government did not take any decision on the Committee's recommendations.

In later year as in 1993-94 the target was fixed for 3,500 crore the government could not go in further sale of shares of public sector enterprises.

**Second phase of Disinvestment (1996-97 to 1997-98)-** The United front government in 1996 for a period of three years with the objective of preparing an overall long term disinvestment plan for public sector undertakings was referred to the commission. Disinvestment was then divided into two categories as strategic and non strategic sector



In core sector we have Telecom, Power, Communication, Petroleum, Industries. In noncore sector we have industries which are of Non capital intensive nature. Disinvestment was further classified into two parts as strategic sale and trade sale in strategic sale some parts remains in the hands of government and in trade sale 100% share is made available for the disinvestment. By the committee there were 14 industries which were identified as the core and 44 which were identified as the non core industries as Pradeep phosphate, Rastriya chemical and fertilizers ltd and Madras fertilizers ltd was there to deal with sector once they are in need of them. In the budget speech of 1996-97 target of rupees 500 crore was fixed for mobilization of resources through disinvestment of public sector units. The Government was highly focused on the enterprises as petroleum and communication sector but only IOC and VSNL were taken for the first two tranches. The Government had set a target of rupee 500 crore at which only rupee 380 crore were achieved.

**Disinvestment in 1997-98-** The budget for 1997-98 had taken a credit for an amount of rupee 4800 crore to be realized. This was proposed to be achieved by the sale of MTNL, GAIL, CONCOR, and IOC. A GDR issue is of rupees forty million shares held by the Government in MTNL was offered in the international market in the month of November 1997.

**Third phase of Disinvestment (1998-99 onwards)-**

**Disinvestment in 1998-99-** The first phase marked a paradigm shift in the disinvestment process. The Vajpayee led Government had decided to bring down the Government share holding in public sector units by 26% in the generality of cases. This was also assumed that this strategic sector must be protected in all cases. The Government had classified the public sector into strategic and non strategic sector. On 10<sup>th</sup> of December 1999 the Government had formed the Department of Disinvestment which was to act as a nodal agency earlier disinvestment was being handled by the department of public enterprises (since 1990). In the same year the term “Privatization” was used instead disinvestment and a solid message was given by the Government that she is very much determined with the rehabilitation of the weak public sector enterprises.

**Disinvestment in 1999-2000-** In the year 1999-2000 the budget for 1999-2000 had taken a credits of rupees 10,000 crore in January 2000 strategic sale in modern food India ltd to the extent of 74 percent of its equity was done in the favor of Hindustan lever ltd.

**Disinvestment in 2000-01-** In its remarkable budget of 2000-01 the basic elements of disinvestment policy announced in the budget of 2000-01 was as follows.

- To re-establish and re-structure the public sector enterprises.
- To provide the suggestion to shut down the units which cannot be revived?
- To fully protect the interest of workers.
- In the year 2000-2001 Government had set the target of Rupees 10000 crore out of which 18.7% of the targeted amount which was about 1870 crore was achieved.

Year	Target( In crore)	Actual ( In crore)
1991-92	2,500	3,038
1992-93	2,500	1,913
1993-94	3,500	” ”
1994-95	4,000	4,843
1995-96	7,000	168
1996-97	5,000	380
1997-98	48,00	910



1998-99	5,000	5,371
1999-00	10,000	1,860
2000-01	10,000	1,871

Source- Department of investment and Public asset management

## **SINCE 2001-02 TO 2011-12**

The Government reconstituted the disinvestment commission in July 2001 for a period of two years also known as the second disinvestment commission under the chairmanship of Dr. R.H Patil some of the noticeable points about the disinvestment are as-

- It shall be a advisory body which would be advice on the matter of disinvestment.
- It shall also advise the Government on the matter regarding consideration the interest of workers, Employees and other stakeholders in the public sector enterprises.
- The final decision of recommendation of the disinvestment will vest with the Government.
- The target for the year was 1200 crore the Government realized rupees 3130.94 crore during the year 2001-02.
- The highlights of this Disinvestment were that strategic sale was affected in CMC, HTL, IBP, VSNL and PPL.

The department of disinvestment coordinated the whole process of disinvestment and presented each proposals to the cabinet committee on disinvestment which stands as the highest most authority and in the year 2001 this was given the status of ministry yet in the year 2004 this was again converted back into a department under ministry of finance. During the year 2002-03 the target for disinvestment proceeds has been kept as rupees 120 billion. It was the year 2001-02 Government cleared that she has already cleared the 27 companies during the course of year. These companies included others VSNL, Air India and Maruti Udyog Limited. Another important development was that the government issued a policy document named "Disinvestment: Policy and procedure." It advised the eligibility criteria for bidders, valuation method etc. With the initiation of disinvestment programme India lacked the formal manual which was being filled by the committee. Later the government was alleged that it had practice the process in a less legitimate manner in February 2003 the department of disinvestment issued a revised manual of disinvestment which laid down a detail process and steps followed in every disinvestment transaction. This is cabinet committee on disinvestment which took the final decision it is also represented by the different ministries as administrative ministry of the firm to be divested. Core group of secretary on disinvestment is headed by cabinet secretary and includes secretaries of selected ministries, administration, ministry and planning commission. Evaluation committee consists of additional secretary joint secretary and financial advisor of administrative ministry and joint secretary and selected ministry.

For the period between 1999 to 2004 Government had realised the amount which was about 24,619 crore against the target 58,500. The way of privatization was not easy for the government as in case of BALCO but the apex court made it clear that judiciary will not interfere any matter regarding disinvestment yet a firm which was earlier nationalized under a statue cannot be privatized, unless the concerned statue was amended through parliamentary nod. Another highlight of this phase was that the observation of the comptroller and

auditor general in which this was showed that the valuations of assets are not proper. Here is some of the data as actual and targeted are given below.

Year	Target (In crore)	Proceeds ( In crore)
2001-02	12,000	5,632
2002-03	12,000	3,348
2003-04	14,500	15,547
2004-05	4,000	2,765
2005-06	No Target	1,568
2006-07	'' ''	Nil
2007-08	'' ''	38,795
2008-09	'' ''	546
2009-10	'' ''	1,120
2010-11	'' ''	24,557

Source- Department of Investment and public asset management

### Disinvestment during the year 2011-2019

During and after the year 2011-12 the pace of disinvestment was slowed down as the government was able to raise rupees 14,000 crore against the target of rupees 40,000 crore however in the later year the amount was improved. In the year 2014 National Democratic alliance was formed as 26<sup>th</sup> Government of India year 2014 was considered as a remarkable year out of 274 firms 71 firm incurred a loss of 20,055 crore and remaining 163 firm booked a profit of INR 149,164 crore during the regime of UPA the public image of the government was dented due to several corruptions as 2G spectrum, coal blocks etc. During the year 2015 Government does not emphasized over any disinvestment and was also very much determined with the Government stake which must be less than 51% and also raised the amount of disinvestment from INR 51,925 crore to INR 58,425 crore.

In January 2015 Government established a new body named NITI Aayog under the new system of disinvestment NITI Aayog has to identify the firms and advice on mode of sale, percentage of share to be sold, methods for valuation.

During the year 2016-17 NITI Aayog recommended strategic sale of pharmaceuticals such as Karnataka antibiotics and pharmaceuticals limited Bengal chemicals and pharmaceuticals ltd. In this line this was supposed that every central public sector should pay at least 30 % profit after tax or 5% of total wealth/Asset/Net worth of at least INR 2,000 and bank balance of over INR 1,000 crore. In the same year Government announced a new policy on disinvestment with some of the objectives are as.

- Promote public ownership of central public sector enterprises
- Raise budgetary resources
- Listing of central public sector enterprises to deepen the capital market
- Efficient management of investment in central public sector enterprises

In the year 2016-17 Government established a new body named Department of Investment and public asset management which replaced the department of disinvestment now the new body will not only concerned with the disinvestment yet also will give advice on the financial and capital market issues. In 2018 Cabinet committee laid down the procedure for sale of enemy share (Under the enemy property act of 1968). In the year 2019 Government announced a list 28 firms which approved for strategic sale in this list firms like BPCL were included along with Container Corporation of India and Shipping Corporation of India. As per the year

1999 union cabinet resolution strategic sector include arms and ammunition and the allied items of defense equipment defense aircraft and warships and atomic energy but recently in the year 2020, The government announced that according to public sector enterprises there are four broad strategic sectors are as Atomic energy and defense, Transport and telecommunication, Power petroleum, coal and other minerals and Banking insurance and financial services. In new public sector enterprises government notify that from strategic sector minimum one or maximum four firms would be present along with the private firms. These sectors are deemed crucially for national security public welfare and maintenance control over key resources.

Between the FY15 to FY19 78% of proceeds was of minority sales and also public offer was an important route yet in case of life insurance corporation Government bought majority of its stake Comptroller and auditor general of asked Department of investment and public asset management to provide information regarding this issue. During these years Government increased the amount of minimum public holdings from 10 to 25%. However 37 CPSE out of 77 listed CPSE failed to achieve these requirements. Year on year data of disinvestment from 2011 to 2019 is given below.

Year	Target ( In crore)	Actual ( In crore)
2011-12	40,000	13,894
2012-13	30,000	23,857
2013-14	40,000	16,027
2014-15	58,425	25,000
2015-16	69,500	32,110
2016-17	56,500	46,247
2017-18	72,500	1,00,642
2018-19	80,000	85,063
2019-20	1,05,00	50,298

Source- Department of Investment and public asset management

**Concluding remarks and suggestion-** Usually this is suggested by the theoretical prediction that public sector works less efficiently than private it is true if the market failure and related inefficiencies do not occur. Another point is that if the environment is competitive then the private and public both firms will survive at its best.

- Many enterprises declined largely due to environmental factors such as liberalization which allows cheaper products and recession in industry after fiscal 1996.
- Mismanagement was occurred due to the swift changes in the work environment heavy workforce lacked to keep pace with the current required environment but industries which were already equipped with heavy machinery do not faced these problems.
- Prior disinvestment there were no such trend of cost reduction yet this was taken seriously after 1991 when some of the heavy cost industries reduced its cost as BHEL reduced its cost by 50%.
- After increase in competition many firms increased its efficiency which were kept reserved and unused earlier all product become market driven by deepening their product profile variants were added to meet specific customer needs.
- Success and failure of disinvestment has to be reviewed from the perspective of achievement of objectives however in case of Indian disinvestment programme main feature was fiscal consolidation and achievement of higher efficiency was in target this was noticed that units with no change in the ownership was intact there were no such remarkable changes occurred.

- State operated enterprises might not working efficiently as much as it should due to many location disadvantage, Faulty investment decision and burden of taking sick private units to protect employment and social welfare expenditure etc. The major issue which is being faced by state operated enterprises is majorly linked with the accountability due to which a lot of resources and time is wasted.
- Due to managerial cognitive dissonance partial divestiture also not perform well major reason major reason is private and public ownership it is suggested that in profitable equity should also be offered to public and employees so that accountability and transparency will increase.

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