

Unit - 3

Private, Public and Global Enterprises



Introduction

With the economy embarking on the process of LPG, the role of the Indian public sector has subsequently undergone a rapid change. Integration of domestic economy with global market has thrown up a plethora of opportunities and challenges. Today, both the public and private sector have become an integral part of the economy with both the sector complementing each other in strengthening the nation's industrial landscape.

Values and Attitudes

Develop in students a positive attitude towards the public sector by inculcating values like socialism, equality and justice.

Unit - 3: Private, Public and Global Enterprises

Concepts/ Ideas	Process/Activity with assessment	Learning outcome
<p>Mixed economy</p> <ul style="list-style-type: none"> • Private sector • Public sector • Types of Private enterprises. 	<p>Suggested strategy : General Discussion</p> <ul style="list-style-type: none"> • helps to recall different forms of private enterprises, dealt in the previous chapter 'Forms of business organizations such as Sole Proprietorship, Partnership, Joint Hindu Family, Co-operative Society and Company. • helps to list out both privately owned and government owned business enterprises Familiar to the students. • elicits the common features of private and public enterprises from the listed Examples. • introduces the concept of mixed economy as co-existence of both private and Public sectors in an economy. <p>Assessment: Based on -</p> <ul style="list-style-type: none"> • Participation in discussions • List prepared by students <p>Groups are assigned to prepare diagram showing the division of Indian economy into public sector and private sector in chart papers.</p> <p>Products:</p> <ul style="list-style-type: none"> - List of public and private enterprises - Chart on division of Indian economy <p>Skills:</p> <ul style="list-style-type: none"> - Self awareness - Creative thinking - Presentation of facts - Effective Communication 	<ul style="list-style-type: none"> • Students will be able to: <ul style="list-style-type: none"> - Classify business organisations into public sector and Private sector. - Explain the concept of mixed Economy.
<p>Forms of organising public sector enterprises</p> <ul style="list-style-type: none"> • Departmental Undertaking • Statutory corporation 	<p>Suggested strategy : Group discussion</p> <ul style="list-style-type: none"> • Three major groups are formed and separate envelops are handed over to each group leader, consisting of 5 to 10 examples of <ul style="list-style-type: none"> - Departmental undertaking - Statutory corporation. 	<ul style="list-style-type: none"> • Compare the features, merits and demerits of different forms of public enterprises.

Concepts/ Ideas	Process/Activity with assessment	Learning outcome
<ul style="list-style-type: none"> Government Company 	<ul style="list-style-type: none"> Government company Groups discuss common specialties of the organizations contained in the envelop issued to them. Three sub-groups are formed with in each group to discuss and present the <ul style="list-style-type: none"> features merits and limitations of the form of public sector Enterprise allotted to them. After presentation by each group teacher concludes with adding necessary points and Clarification of doubts. Teacher assigns each group to prepare a chart containing the examples of each from of public sector enterprise allotted to them. <p>Assessment: Each group of students are asked to down load the home page in web-sites of major public sector enterprises given as examples to them and present in classroom as Power Point Presentation.</p> <p>Products:</p> <ul style="list-style-type: none"> Discussion report Chart containing examples of different forms of public sector enterprise Power point presentation about public sector enterprises <p>Skills:</p> <ul style="list-style-type: none"> IT enabled skills Creative thinking Comprehension 	
<ul style="list-style-type: none"> Changing role of public sector 	<p>Suggested strategy : Debate</p> <ul style="list-style-type: none"> Two groups are formed to conduct a debate on 'role of public sector in Indian economy'. First group argues about the social roles played by public sector at the time of independence, by highlighting its merits. 	<ul style="list-style-type: none"> Evaluate the role of public sector in Indian economy. Explain the elements of new government policy on public sector.

Concepts/ Ideas	Process/Activity with assessment	Learning outcome
	<ul style="list-style-type: none"> • Second group argues about the diminished role of public sector after introduction of the new industrial policy in 1991, by highlighting its demerits. • teacher being the moderator, concludes the debate by listing the four major reforms in the public sector after introduction of the NEP in 1991. <p>Assessment: Based on -</p> <ul style="list-style-type: none"> - Data collection - Logical arguments - Debate report <p>Products:</p> <ul style="list-style-type: none"> - Debate report <p>Skills:</p> <ul style="list-style-type: none"> - critical thinking - Interpersonal relations - Co-ordination - Effective Communication 	
<p>Global enterprises</p> <ul style="list-style-type: none"> - Meaning - Features 	<p>Suggested strategy : Case Study</p> <ul style="list-style-type: none"> • Teacher illustrates about the business operations of Coca Cola or Pepsi Cola. • Students are asked to list out the features of such companies working on a global basis, based on the case study. • Students are also assigned to collect the names of Indian MNCs and Foreign MNCs and present them in a chart. <p>Assessment: Based on -</p> <ul style="list-style-type: none"> - List prepared by students - Collection of names - Preparation of chart <p>Products:</p> <ul style="list-style-type: none"> - List of Characteristics of MNCs. - Chart showing names of MNCs. <p>Skills:</p> <ul style="list-style-type: none"> - Interpersonal relations - Co-operation - Trusting others 	<ul style="list-style-type: none"> • Identify the major MNCs operating in India. • Explain the features of global enterprises.

Concepts/ Ideas	Process/Activity with assessment	Learning outcome
Joint Ventures - Meaning - Benefits	Suggested strategy : Case Study <ul style="list-style-type: none"> Teacher illustrates the case study of Cochin refineries or Madras Fertilizers , where the capital of the company is shared by Government, Private businessman and investing public. Teacher introduces the concept of joint venture as two or more businesses agree to join together for a common purpose and mutual benefit. Teacher initiates a discussion based on the case study, about the benefits of such joint ventures. Teacher concludes discussion by stating the different ways of forming the joint ventures. Students are asked to collect examples of joint ventures formed in our country. Assessment: Based on - <ul style="list-style-type: none"> Involvement in discussions Collection of examples Products: <ul style="list-style-type: none"> Discussion report List of examples. Skills: <ul style="list-style-type: none"> Communication Interpersonal relations Critical thinking Decision making 	<ul style="list-style-type: none"> Explain the meaning of joint ventures. Appreciate the benefits of joint ventures.

Detailing of Learning activities

1. Forms of organizing public sector enterprises

Suggested strategy: Group Discussion

Teacher may collect various copies of advertisements pertaining to different public sector enterprises and supply them in groups. Some examples are ;



Alternatively, names of different public sector enterprises can be given in groups or similar examples may be cited by the teacher for discussion.

Students may be asked to group the above advertisement or list of examples on the following basis:

- Ownership
- Management
- Objective
- Accountability

Necessary interference and support is expected from the teacher as and when required.

After making random presentations, the worksheet given is handed over to the groups in which the students are to fill up with suitable examples matching the headings.

Activity – 1

Departmental undertaking	Statutory corporations	Government company
•	•	•
•	•	•
•	•	•
•	•	•

Activity – 2

The student may make use of internet resources for filling the table given below.

Comparative study of various public enterprises

Basis	Dept. Undertaking	Public corporation	Govt. Companies
Formation	?	?	Govt. Companies
Ownership	?	?	Companies Act
Management & control	Related ministry	?	?
Finance	?	Govt. Fund & can take loans from public	?
Appointment	Govt. Employees	?	?

Each group is given an assignment for preparing a note on merits and demerits of public sector enterprises discussed earlier.

Global enterprises**Suggested strategy: Case Analysis**

Teacher can start with the following questions.

- “How many of you like coca cola?”
- Ok., Do you know to which country this company belongs to?
- Has it got an office in India?

The following case study may be given in groups.

The coca-cola company is the world’s largest beverage company, refreshing consumers within more than 500 sparkling and still brands. It was established more than 120 years ago in Georgia, Atlanta. Headquartered in Atlanta, it has divisions and local operations in over 200 countries worldwide. Coca-cola generated more than 70% of its income outside the United States by 2003. Coca-cola started its full-fledged operations in India in 1993. By 2003, Coca-Cola invested more than 1 billion dollars in India, making it one of the country’s top international investors. They offer a wide portfolio of nearly 20 products which includes sparkling drinks, juice and juice drinks, packaged water, energy drinks, tea and coffee. They have their registered office in New delhi.

Discussions points:

- Forms of business
- Territory of business
- Raising of funds
- Product innovation
- Marketing strategies
- Management of companies
- Size
-

Consolidation may include the importance of MNC's in our economy.

Activity – 1

Students are to fill up the worksheet given below.

Fill the following using internet resources:

Indian MNC's

Pharma	Software	Auto
•	•	•
•	•	•
•	•	•

Activity – 2

MNC's operating in India

Pharma	Software	Auto
•	•	•
•	•	•
•	•	•

As part of Continuous Evaluation, teacher may also organise a debate in the class room on the topic 'Merits and demerits of MNCs' in Indian context.

Inculcating values and attitudes

The study of public sector and its changing role should promote positive attitude to protect the public sector by eliminating red-tapism, corruption, nepotism etc. The study of this topic should also inculcate the values like socialism, equality and justice. The ethical aspects and mission and vision statements must also be brought to the notice of the students.

Open-book Assessment

Students are provided with the handouts of page 66 of SCERT text book of Class XI Business Studies.

Privatisation in India

The Legan Jute Machinery Company Limited (LJMC) was the first case of successful privatization of a Central Public Sector Undertaking carried out by the government. LJMC is a Calcutta based company and manufactures jute machinery (mainly spinning and drawing frames). It employed around 400 employees prior to privatization, it started incurring losses from 1996-97 onward and the turnover was on a decline. LJMC's net worth as on March 1998 was around Rs.5 crore and its annual turn-over was also around Rs.5 crore at that time.

In the initial stages of disinvestment, LJMC was approved for privatization through sale of 74% stake to a strategic partner. The disinvestment process was handled by LJMC's holding company, Bharat Bhari Udyog Nigam Limited (BBUNL), under the administrative control and directions of the then Department of Heavy Industries (DHI), Ministry of Industries, Government of India.

The following question paper included in the handout for answering the open book assessment:-

OPEN BOOK ASSESSMENT

Class XI - Business Studies

Unit-3, Private, Public and Global Enterprises

Time: 45 mts.

Max. Score:20

-
1. What are PSUs? (2 score)
 2. What form of PSU was LJMC, before its privatisation? (1 score)
 3. List out the major features of this form of public sector undertaking. (2 score)
 4. Write down two other forms of PSUs. (2 score)
 5. What you mean by disinvestment? (2 score)
 6. In which sector now LJMC belongs? (1 score)
 7. LJMC is now an example of- (1 score)

(a) Govt. company	(c) Joint venture
(b) Statutory corporation	(d) Private company

8. The minimum govt. share to constitute a govt. company is -----%
(1 score)
9. List out the major causes which lead to privatization of LJM.C.(4 score)
10. What are the benefits derived from privatization of LJM.C? (4 score)

TE Questions

1. 'They are public enterprises formed by a special Act of the Parliament.'
(a) Identify the type of public sector enterprise referred to here?
(b) Give any two examples of such PSUs.
2. In spite of the remarkable contributions to the Indian economy, public sector enterprises suffered from many limitations. State the revival measures suggested by the government in this regard?
3. The statistics of industries reserved for public sector is given below:-

Year	No. of Industries
1971	17
1991	8
2001	3

While observing the statistics above, you can see that only three Industries are reserved in the public sector. Name them.

4. There are many PSUs which are chronically sick and not capable of revival due to massive losses which are cumulating.
(a) What are the possible options available to Govt. in such cases?
(b) Name the Govt. agency recommending reconstruction of a sick unit.
(c) Name the fund which was set up to provide compensation to the employees seeking voluntary retirement from a sick unit.
5. PSU are broadly classified into two - Strategic and Non-strategic enterprises. Name the policies framed by Govt. to deal with both these categories of PSUs, in accordance with NEP of 1991.
6. 'This business house has production and marketing operations beyond its national boundaries'.
(a) Which form of business enterprise is referred here?
(b) State its four features.

7. Name the business enterprise formed as a result of partnership between two or more companies.
8. Give four examples each for 'Indian' and 'Foreign' MNCs.
9. Which of the following is not a form of private enterprise?
 - (i) Co-operative society (ii) Departmental undertaking
 - (iii) Public company (iv) Statutory corporations
 - (a) (i) and (ii) (b) (i) and (iii)
 - (c) (ii) and (iii) (d) (ii) and (iv)

Answers to TE Questions

No	Scoring Indicators
1	(a) Statutory corporations (b) LIC, IDBI etc
2	Restructure and revive potentially viable PSUs, Close down PSUs which can not be revived, Bring down Govt's equity in non-strategic PSUs to 26%, Fully protect the interest of workers.
3	Atomic energy, Arms, Rail transport
4	(a) The only option available is to close the PSU (b) Board of Industrial and Financial Reconstruction (BIFR) (c) National Renewal Fund (NRF)
5	For Strategic enterprises 'Memorandum of Understanding' (MoU) and for Non-strategic enterprises 'Disinvestment'.
6	(a) MNCs. (b) Giant size, Centralised control, Advanced technology, Global markets etc.
7	Joint Venture
8	Indian MNCs- Tata Motors, Ranbaxy, Wipro, Asian Paints etc Foreign MNCs- Pepsi (USA), Brook Bond (UK), Suzuki (Japan), Ponds (USA) etc.
9	(d) (ii) and (iv)