

PERFORMANCE OF PUBLIC SECTOR UNDERTAKING (PSU) IN NAGALAND AND ITS RELEVANCE TO RESTORING FISCAL RESPONSIBILITY

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ABSTRACT

The paper finds that the revival of public sector units and enhancing feasibility of power distribution companies are keys to sustaining fiscal responsibility. Effective steps should be taken by the Government to increase profitability in the Government Companies. The Government should identify the Companies/Corporations which are able with low financial but high socio-economic returns and analyse if high cost borrowings need to be invested in those Companies/Corporations. The general policy should be to gradually reduce financial and budgetary support to all the Public Sector Undertakings so as to make them stand on their own feet. The Government should not hesitate to close down the unviable sick PSUs.

Restoring Balance Budget will necessitate bold and difficult reforms in government programs like 'perform or perish' and strict adherence to fiscal consolidation.

KEYWORDS: Economic Development, Fiscal Responsibilities, Government Deficit, Public Sector