



International Journal of Recent Development in Engineering and Technology  
Website: www.ijrdet.com (ISSN 2347-6435 (Online) Volume 15, Issue 04, April 2026)

# “Decline is not Destiny”: The Decline of Central Public Sector Enterprises in India: A Managerial Perspective Analysis on Public Enterprises Management in India: A Case Study on HRM Challenges, Decline, and Revival Pathways.

Amar Kumar<sup>1</sup>, Prof. Dr. (Er.) Shree Raman Dubey<sup>2</sup>

<sup>1</sup>Research Scholar, Department of Management, School of Commerce and Management, YBN University, Ranchi, Jharkhand, India

<sup>2</sup>Department of Management, School of Commerce and Management, YBN University, Ranchi, Jharkhand, India

**Abstract--** Central Public Sector Enterprises (CPSEs/CPSUs) have historically been the backbone of India’s industrialization, serving as instruments of self-reliance, employment generation, and regional development. Established in the post-independence era, with the vision of five-year plans, they were envisioned as “Temples of Modern India,” tasked with driving heavy engineering, infrastructure, and telecommunications. However, over the past three decades, many CPSEs have witnessed a steady decline, marked by inefficiency, technological obsolescence, and mounting financial losses.

However, systemic inefficiencies, outdated HRM practices, and weak financial discipline have eroded their competitiveness. Case studies of BHPV, Mecon, HEC, BSNL, and HSCL illustrate this decline (Planning Commission, 2012; Department of Public Enterprises, 2021).

The decline of India’s Central Public Sector Enterprises (CPSEs) reflects deep-rooted managerial, political, and structural challenges. Sick PSUs like BHPV (Visakhapatnam), Mecon Limited (Ranchi), Heavy Engineering Corporation (Ranchi), and BSNL exemplify issues of outdated technology, political interference, weak funding, and union pressures. Revival requires a mix of strategic disinvestment, FDI infusion, professional management, and policy reforms.

The CPSEs’ fall from commanding heights reflects managerial inefficiency, rigid HRM practices, and financial indiscipline.

Decline is not Destiny. By reimagining autonomy, HRM, and financial discipline, India can transform CPSEs into engines of growth aligned with *Atmanirbhar Bharat* and *Viksit Bharat 2047*.

The revival of public enterprises is not merely an economic necessity but a patriotic mission; a call to transform the “temples of modern India” into beacons of progress for the 21st century, guiding the nation toward its destiny as *Vishwa Guru by 2047*.

**Keywords--** CPSEs, Public Enterprises Management in India, HRM-Practices, Disinvestment, Revival, Labour Union, Downfall, Sick Industries, Political Interference, Managerial Autonomy, Atmanirbhar Bharat, Viksit Bharat 2047

## I. INTRODUCTION

Central Public Sector Enterprises (CPSEs) have historically played a pivotal role in India’s industrialization and socio-economic development. However, many CPSEs today face decline due to inefficiency, political interference, labour union resistance, and technological stagnation. This paper examines the managerial challenges behind the downfall of sick PSUs such as BHPV, Mecon Limited, Heavy Engineering Corporation, BSNL, and HSCL. It evaluates government policies, turnaround strategies, and proposes a way forward aligned with India’s vision of *Viksit Bharat 2047*.

Though CPSEs have historically played a pivotal role in India’s industrial growth; Sick PSUs such as **Bharat Heavy Plate & Vessels (BHPV)** in Visakhapatnam, **Mecon Limited** and **Heavy Engineering Corporation (HEC)** in Ranchi, and the telecom giant **BSNL** exemplify this downward trajectory.

Similarly, **Hindustan Steelworks Construction Limited (HSCL)** and several other enterprises have failed to sustain profitability, with many being referred to as **Non-Performing Assets (NPAs)** and pushed to the verge of closure.

The decline of CPSEs is not merely an economic issue but a managerial one, shaped by political interference, labour union resistance, inadequate funding, and failure to adapt to market competition.

This research paper explores the decline of CPSEs from a **managerial perspective**, analyzing structural weaknesses, turnaround strategies, government policies, and the way forward for India’s public sector in the context of globalization and *Viksit Bharat 2047*.

## II. CASE STUDIES OF SICK PSUS:

- What went wrong with these Government Enterprises?
- Why did they become sick and collapse?



**International Journal of Recent Development in Engineering and Technology**  
**Website: www.ijrdet.com (ISSN 2347-6435 (Online) Volume 15, Issue 04, April 2026)**

- Are there any similarities between their decline?
- Did Liberalization, Privatization, and Globalization (LPG-Policy) fail?
- Will “MAKE IN INDIA” make any difference?

BSNL’s decline illustrates the impact of delayed technology adoption and market competition. Despite receiving revival packages worth over ₹70,000 crore (Department of Telecommunications, 2024; ET Telecom, 2025), the enterprise continues to struggle against private competitors (TRAI, 2020). Similarly, HSCL was classified as an NPA, with merger attempts into NBCC documented by the Ministry of Housing & Urban Affairs (2017).

*1. Bharat Heavy Plate & Vessels (BHPV), Visakhapatnam*

- Established to manufacture heavy plates and vessels for core industries.
- Faced **technological obsolescence**, declining demand, and poor managerial practices.
- Merged with BHEL in 2013 as a revival attempt, but the integration failed to restore competitiveness.
- Continues to struggle with productivity and market relevance.

*2. Mecon Limited, Ranchi*

- Once a premier engineering consultancy for steel and mining projects.
- Decline due to **shrinking project pipeline**, lack of diversification, and weak global presence.
- Overstaffing and resistance to downsizing worsened financial stress.
- Currently survives on government contracts but remains unprofitable.

*3. Heavy Engineering Corporation (HEC), Ranchi*

- Established in 1958 as a flagship heavy engineering PSU.
- Suffered from **obsolete machinery, poor productivity, and political interference**.
- Despite multiple revival packages, HEC remains loss-making and is often cited as a “classic sick PSU.”
- Employees face uncertainty, with unions resisting restructuring.

*4. Bharat Sanchar Nigam Limited (BSNL)*

- Once India’s telecom leader, BSNL lost ground to private competitors like Jio and Airtel.
- **Delayed 4G/5G rollout**, bureaucratic delays, and lack of innovation led to massive losses.

- Government introduced revival packages, including **VRS schemes** and capital infusion.
- Still struggles to regain market share despite being strategically important.

*5. Hindustan Steelworks Construction Limited (HSCL)*

- Initially tasked with building steel plants and infrastructure.
- Decline due to **mismanagement, corruption allegations, and poor project execution**.
- Referred to as an **NPA**, with many projects stalled and profitability eroded.
- Downsizing and restructuring attempts have not yielded sustainable recovery.

### III. LITERATURE REVIEW

CPSEs were once celebrated as the “**TEMPLES OF MODERN INDIA**,” driving industrial growth and employment. Yet, over the past three decades, several enterprises have become financially distressed, many even classified as NPAs (Planning Commission, 2012). Sick PSUs such as BHPV, Mecon, HEC, BSNL, and HSCL exemplify this decline (Department of Public Enterprises, 2021).

Scholars highlight bureaucratic inefficiency and weak accountability as recurring themes in PSU decline (Kumar, 2018). Labour unions, while safeguarding worker rights, often resist downsizing and modernization, thereby limiting competitiveness (Chakraborty, 2019). Many PSUs, including HSCL and HEC, have been referred to BIFR as NPAs, draining public resources (Planning Commission, 2012). Comparative studies of SOEs in Singapore and China emphasize autonomy and professional management as critical for survival (OECD, 2015).

The literature on CPSEs highlights their dual role as economic enterprises and social institutions. Early studies emphasized their contribution to industrial growth, regional equity, and employment generation. However, scholars have increasingly pointed to systemic inefficiencies:

- *Managerial Inefficiency & Bureaucratic Control:* Research underscores how CPSEs often lack autonomy, with decision-making constrained by bureaucratic red tape and political interference. This has led to poor accountability and delayed modernization.
- *Labour Union Resistance:* Studies note that strong unions, while safeguarding worker rights, have resisted downsizing, restructuring, and technological upgrades, thereby limiting competitiveness.

- *Financial Stress & NPAs:* Literature on industrial finance highlights how many PSUs have become NPAs, draining public resources. HSCL, HEC, and Mecon are frequently cited as examples of enterprises unable to generate sustainable profits.
- *Market Competition:* Comparative analyses show how private firms, both domestic and global, outperform PSUs in efficiency, innovation, and customer service. The downfall of BSNL in the face of Jio and Airtel is a prominent case.
- *Downsizing & Turnaround Strategies:* Scholars have examined government-led revival packages, voluntary retirement schemes (VRS), and disinvestment policies. While some PSUs have seen partial recovery, many remain structurally weak.
- *Global Perspectives:* Comparative studies of state-owned enterprises in countries like Singapore and China suggest that professional management, autonomy, and strategic FDI infusion are critical for survival.

The literature converges on the argument that CPSEs require a **managerial transformation**; shifting from bureaucratic control to corporate governance, embracing technology, and balancing social obligations with market realities.

*Objectives:* This study examines the decline of India's Central Public Sector Enterprises (CPSEs) with a focus on managerial inefficiency, human resource management (HRM) practices, and financial indiscipline. It aims to identify systemic weaknesses and propose revival pathways aligned with national policy visions such as *NEP 2020*, *Atmanirbhar Bharat*, and *Viksit Bharat 2047*.

*Methods:* A comparative analytical framework was employed, drawing on government reports (DPE, TRAI, CAG), PSU annual reports, Lok Sabha debates, and scholarly literature. Case studies of BSNL, HEC, Mecon, HSCL, and BHPV were selected to represent diverse sectors. The analysis integrates charts and conceptual models to map decline and revival trajectories.

#### IV. MANAGERIAL CHALLENGES IN CPSEs

Overstaffing and resistance to downsizing remain chronic issues, with unions opposing restructuring despite financial stress (Chakraborty, 2019). Political interference in leadership appointments further undermines managerial autonomy (Lok Sabha Debates, 2023). CAG audits reveal persistent inefficiencies in financial discipline across CPSEs (Comptroller and Auditor General of India, 2022).

1. *Downsizing & Workforce Management*
  - Overstaffing is a chronic issue.
  - Labour unions resist downsizing, leading to inflated wage bills and low productivity.
  - VRS schemes often fail to attract sufficient participation.
2. *Political Interference*
  - Frequent leadership changes disrupt continuity.
  - Populist decisions (e.g., subsidized pricing, overemployment) undermine efficiency.
  - Appointments often based on political considerations rather than merit.
3. *Funding & Financial Discipline*
  - Reliance on government bailouts creates moral hazard.
  - Poor financial management leads to mounting NPAs.
  - Limited autonomy in raising capital or pursuing joint ventures.
4. *Labour Union Resistance*
  - Strong unions safeguard jobs but resist modernization.
  - Strikes and protests delay restructuring and turnaround efforts.
  - Lack of retraining programs keeps workforce skills outdated.
5. *Market Competition*
  - Private firms outperform PSUs in efficiency, customer service, and innovation.
  - BSNL's decline against Jio and Airtel exemplifies the inability to adapt to market dynamics.
6. *Technological Obsolescence*
  - Failure to upgrade machinery and processes in engineering PSUs.
  - Delayed adoption of digital technologies in telecom and consultancy sectors.
7. *Managerial Autonomy & Accountability*
  - CPSEs lack independence in decision-making.
  - Bureaucratic control stifles innovation and responsiveness.
  - Weak accountability mechanisms lead to persistent inefficiency.

#### V. GOVERNMENT POLICIES & TURNAROUND STRATEGIES

Disinvestment has been pursued to reduce fiscal burden, but political resistance often slows implementation (Department of Public Enterprises, 2021). BSNL's revival packages included VRS schemes and capital infusion, yet execution gaps remain (Department of Telecommunications, 2024). PPP models have been encouraged, but weak balance sheets deter private collaboration (Jharkhand Industrial Policy, 2018).

##### *1. Disinvestment & Privatization*

- Since the 1990s, India has pursued disinvestment to reduce fiscal burden and improve efficiency.
- Sick PSUs like HSCL, HEC, and BHPV have been considered for partial or full disinvestment.
- Strategic sales aim to bring in private capital and professional management, though political resistance often slows implementation.
- Example: BHPV's merger with BHEL was a form of consolidation, but without deep restructuring, results remained limited.

##### *2. Foreign Direct Investment (FDI)*

- Policies have opened sectors like telecom, aviation, and defense to FDI.
- BSNL, however, failed to attract significant foreign partnerships due to bureaucratic delays and lack of autonomy.
- Engineering PSUs like Mecon and HEC have not leveraged FDI effectively, remaining dependent on government contracts.

##### *3. Financial Restructuring*

- Revival packages often include debt restructuring, capital infusion, and performance-linked incentives.
- BSNL received multiple revival packages, including **₹70,000+ crore infusion** and VRS schemes.
- HEC and HSCL have been referred to the Board for Industrial and Financial Reconstruction (BIFR) and treated as NPAs, but bailouts have not translated into sustainable profitability.

##### *4. Downsizing & Labour Reforms*

- Voluntary Retirement Schemes (VRS) have been introduced to reduce overstaffing.
- BSNL's VRS in 2019 was one of the largest, reducing workforce by nearly 50%.

- However, in PSUs like HEC and Mecon, unions resisted downsizing, leading to inflated wage bills and low productivity.
- Lack of retraining programs has left remaining employees with outdated skills.

##### *5. Technology Upgradation*

- Government policies emphasize modernization through partnerships and digital transformation.
- BSNL's delayed 4G/5G rollout shows how bureaucratic hurdles undermine technology adoption.
- Engineering PSUs like HEC continue to operate with machinery from the 1960s, highlighting the gap between policy intent and execution.

##### *6. Public-Private Partnerships (PPP)*

- PPP models have been encouraged in infrastructure and telecom.
- However, PSUs often fail to attract private partners due to weak balance sheets and political interference.
- HSCL's infrastructure projects suffered from poor execution, deterring private collaboration.

##### *7. Managerial Autonomy & Governance Reforms*

- Policies stress the need for professional boards and reduced bureaucratic control.
- Yet, appointments remain politically influenced, undermining managerial autonomy.
- Without accountability and performance-linked governance, revival strategies remain superficial.

##### *Critical Evaluation*

- *Partial Success:* While disinvestment and VRS have reduced fiscal burden, they have not ensured competitiveness.
- *Policy-Execution Gap:* Government policies often remain on paper, with weak implementation at the enterprise level.
- *Managerial Perspective:* True turnaround requires autonomy, professional leadership, and market-driven strategies rather than repeated bailouts.

#### VI. WAY FORWARD

Selective privatization of non-core PSUs, combined with global benchmarking, could align India's CPSEs with international standards (OECD, 2015). Digital transformation, particularly in telecom, is essential to compete with private firms (TRAI, 2020).



**International Journal of Recent Development in Engineering and Technology**  
**Website: www.ijrdet.com (ISSN 2347-6435 (Online) Volume 15, Issue 04, April 2026)**

Regional revitalization of hubs like Ranchi and Visakhapatnam can integrate PSUs with local research institutions for innovation (Mecon Limited, 2022; Heavy Engineering Corporation Limited, 2023).

#### 1. Selective Privatization

- Retain PSUs in **strategic sectors** (defense, energy, atomic research) where national security and sovereignty are paramount.
- Privatize or divest **non-core, loss-making enterprises** like HSCL, HEC, and Mecon to reduce fiscal burden.
- Ensure transparency in disinvestment to build public trust and attract credible investors.

#### 2. Public-Private Partnerships (PPP)

- Encourage PPP models in infrastructure, telecom, and engineering to combine **private efficiency with public accountability**.
- Example: BSNL could partner with private telecom firms for faster 5G rollout while retaining strategic control.

#### 3. Global Benchmarking

- Adopt governance models from successful state-owned enterprises abroad:
  - **Singapore's Temasek**: Professional management and global investment strategies.
  - **China's SOEs**: Market-driven reforms with state oversight.
- Benchmark CPSEs against global standards in productivity, innovation, and customer service.

#### 4. Digital Transformation & Technology Upgradation

- Invest in **AI, automation, and digital platforms** to modernize engineering PSUs.
- Accelerate BSNL's 4G/5G rollout and integrate digital services to compete with private telecom giants.
- Establish technology partnerships with global firms to bridge innovation gaps.

#### 5. Managerial Autonomy & Corporate Governance

- Grant CPSE boards greater autonomy in decision-making, free from bureaucratic and political interference.
- Introduce **performance-linked incentives** for managers and employees.
- Ensure accountability through independent audits and transparent reporting.

#### 6. Labour Reforms & Workforce Reskilling

- Move beyond downsizing to **reskilling and redeployment** of workers in emerging sectors.
- Collaborate with unions to design retraining programs that align with digital and green technologies.
- Promote a culture of adaptability and innovation within the workforce.

#### 7. Financial Discipline & FDI Infusion

- Enforce strict financial discipline to prevent CPSEs from becoming NPAs.
- Attract FDI in sectors like telecom, engineering, and infrastructure to infuse capital and technology.
- Encourage joint ventures with global firms to expand market reach.

#### 8. Regional Revitalization

- Focus on industrial hubs like **Ranchi (Mecon, HEC)** and **Visakhapatnam (BHPV)** to create clusters of innovation.
- Integrate PSUs with local universities and research institutions for collaborative R&D.
- Position these hubs as engines of regional development under *Viksit Bharat 2047*.

The decline of CPSEs is best understood through managerial theories. Agency theory explains conflicts between government and managers (Kumar, 2018), while the resource-based view highlights the failure to leverage unique assets (Planning Commission, 2012).

Institutional theory shows how bureaucratic norms prevent adaptation (OECD, 2015). Revival requires managerial courage, innovation, and autonomy, supported by policy reforms (Lok Sabha Debates, 2023).

The decline of CPSEs is a managerial challenge rooted in inefficiency, political interference, and resistance to change. The way forward lies in **strategic privatization, global benchmarking, digital transformation, and managerial autonomy**. By embracing reform and innovation, India can transform its PSUs from fiscal burdens into engines of growth, aligning with the national vision of becoming a **Vishwa Guru by 2047**.

The decline of India's Central Public Sector Enterprises (CPSEs) also reflects a complex interplay of labour union resistance and technological stagnation. Case studies of **BHPV, Mecon, HEC, BSNL, and HSCL; once at commanding heights**, illustrate how once-prominent enterprises have become financially distressed, many even classified as **NPAs** and pushed to the verge of closure.

Despite repeated revival packages, downsizing efforts, and government bailouts, structural weaknesses persist.



From a **managerial perspective**, the challenges of CPSEs can be analyzed through several theoretical lenses:

- *Agency Theory*: Highlights the conflict between the government (principal) and managers (agents). Political interference and bureaucratic control dilute accountability, leading to inefficiency.
- *Resource-Based View (RBV)*: CPSEs failed to leverage their unique resources — skilled workforce, infrastructure, and market access — into sustainable competitive advantage. Instead, outdated technology and rigid structures eroded their resource value.
- *Institutional Theory*: CPSEs remain bound by institutional norms of bureaucracy and social obligations, resisting market-driven reforms. This institutional inertia prevents adaptation to competitive environments.

The way forward requires a **managerial transformation**: granting autonomy, enforcing accountability, and adopting corporate governance practices.

Selective privatization, global benchmarking, digital transformation, and workforce reskilling must be prioritized. CPSEs should evolve into **strategic enablers** rather than fiscal burdens, aligning with India’s vision of *Viksit Bharat 2047*.

Ultimately, the survival and revival of CPSEs depend not merely on government policies but on **managerial courage and innovation**. By embracing reform, India can reposition its public enterprises as engines of growth, national pride, and global competitiveness ; fulfilling the original vision of PSUs as “temples of modern India,” but now reimagined for the 21st century.

#### VII. METHODOLOGY, INTERPRETATION & RESULTS

This study employs a comparative analytical framework. Sources include government reports (DPE, TRAI, CAG), PSU annual reports, Lok Sabha debates, and scholarly literature.

Case studies were selected to represent diverse sectors: telecom (BSNL), engineering (HEC, Mecon), construction (HSCL), and heavy industry (BHPV).

*Comparative Chart: Public Enterprises Management in India*

Parameter	Strengths (Historical Role)	Weaknesses (Current Challenges)	Examples of Impact
<b>Managerial Autonomy</b>	Provided stability in early industrialization; state-backed leadership ensured continuity.	Excessive bureaucratic control, politically influenced appointments, lack of accountability.	HEC & Mecon suffer from politically driven leadership changes.
<b>Financial Discipline</b>	Government support ensured capital for large projects.	Reliance on bailouts, poor debt management, many PSUs classified as NPAs.	HSCL referred to BIFR as NPA; BSNL revival packages drain fiscal resources.
<b>Labour Relations</b>	Strong unions protected worker rights and ensured job security.	Resistance to downsizing, strikes against restructuring, outdated workforce skills.	BSNL’s VRS reduced staff but unions resisted deeper reforms; HEC workforce remains oversized.
<b>Technology Adoption</b>	Early PSUs introduced modern machinery and processes in the 1950s–70s.	Failure to modernize, delayed adoption of digital technologies, obsolete equipment.	BSNL’s delayed 4G/5G rollout; HEC still operates with 1960s machinery.
<b>Market Competitiveness</b>	Dominated domestic markets in early decades; monopoly status in telecom, steel, engineering.	Private players outperform in efficiency, innovation, and customer service.	BSNL lost market share in Jio/Airtel; Mecon lost consultancy projects to private firms.

<b>Government Policies</b>	Protective policies nurtured PSUs as “temples of modern India.”	Disinvestment, partial privatization, and inconsistent revival packages create uncertainty.	BHPV merged with BHEL but remains weak; HSCL merger with NBCC attempted but limited success.
<b>FDI &amp; Partnerships</b>	Limited foreign involvement preserved sovereignty.	Weak FDI inflows due to bureaucratic hurdles and poor PSU balance sheets.	BSNL failed to attract global telecom partners; Mecon lacked diversification.
<b>Regional Development</b>	PSUs created industrial hubs (Ranchi, Visakhapatnam, Bhilai).	Decline of PSUs threatens local economies and employment.	Ranchi’s HEC & Mecon struggle, impacting regional industrial ecosystem.

VIII. COMPARATIVE ANALYSIS: PUBLIC ENTERPRISES MANAGEMENT IN INDIA

1. *Managerial Autonomy*

- **Pros:** In the early decades, CPSEs enjoyed stability under state-backed leadership. This ensured continuity and alignment with national development goals.
- **Cons:** Over time, bureaucratic control and politically influenced appointments eroded autonomy. Managers lacked freedom to innovate or restructure.
- **Impact:** Enterprises like **HEC** and **Mecon** suffered from frequent leadership changes, undermining long-term strategy.

2. *Financial Discipline*

- **Pros:** Government support provided capital for large-scale projects, enabling industrial hubs like Bhilai and Ranchi to flourish.
- **Cons:** Reliance on bailouts created complacency. Poor debt management led many PSUs to be classified as NPAs.
- **Impact:** **HSCL** was referred to BIFR as an NPA, while **BSNL’s revival packages** drained fiscal resources without sustainable recovery.

3. *Labour Relations & HRM Practices*

- **Pros:** Strong unions safeguarded worker rights, ensured job security, and created a sense of loyalty. PSUs became symbols of social equity, offering stable employment.
- **Cons:** HRM practices often emphasized **job security over performance**. Resistance to downsizing, strikes against restructuring, and lack of retraining programs left workforces oversized and outdated.

• **Impact:**

- **BSNL’s VRS (2019)** reduced staff by nearly 50%, but unions resisted deeper reforms.
- **HEC** continues to operate with an oversized workforce, inflating wage bills.
- **Mecon** failed to retrain employees for diversification, limiting competitiveness.
- **Lesson:** HRM in PSUs focused on protection rather than productivity, contributing to inefficiency and decline.

4. *Technology Adoption*

- **Pros:** In the 1950s–70s, PSUs introduced modern machinery and processes, laying the foundation for India’s industrial base.
- **Cons:** Failure to modernize and delayed adoption of digital technologies created obsolescence.
- **Impact:** **BSNL’s delayed 4G/5G rollout** and **HEC’s 1960s machinery** exemplify technological stagnation.

5. *Market Competitiveness*

- **Pros:** CPSEs initially dominated domestic markets, enjoying monopoly status in telecom, steel, and engineering.
- **Cons:** Liberalization exposed PSUs to private competition, where they lagged in efficiency, innovation, and customer service.
- **Impact:** **BSNL lost market share to Jio and Airtel**, while **Mecon lost consultancy projects** to private firms.

6. *Government Policies*

- **Pros:** Protective policies nurtured PSUs as “temples of modern India.”



- **Cons:** Disinvestment, partial privatization, and inconsistent revival packages created uncertainty.
- **Impact:** BHPV’s merger with BHEL failed to restore competitiveness; HSCL’s merger with NBCC was attempted but limited in success.

*Conceptual Framework: Managerial Factors in PSU Decline*

*7. Regional Development*

- **Pros:** PSUs created industrial hubs (Ranchi, Visakhapatnam, Bhilai), driving local economies.
- **Cons:** Decline of PSUs threatens regional employment and industrial ecosystems.
- **Impact:** Ranchi’s HEC & Mecon struggles have weakened the local industrial base.

*Key Insights on HRM Practices*

- **Pros:** Job security, social equity, loyalty, and stable employment.
- **Cons:** Overstaffing, resistance to downsizing, outdated skills, lack of retraining, and weak performance incentives.
- **Overall Impact:** HRM practices, while socially protective, became **managerially counterproductive**, contributing significantly to the downfall of CPSEs.

*Thoughtful Takeaways*

- **Strengths:** CPSEs historically drove industrialization, employment, and regional equity.
- **Weaknesses:** Managerial inefficiency, political interference, labour union resistance, and technological stagnation.
- **Impact:** Sick PSUs like BHPV, Mecon, HEC, BSNL, and HSCL illustrate systemic decline, with many referred to as NPAs.
- **Way Forward:** Selective privatization, global benchmarking, digital transformation, and managerial autonomy are essential to align CPSEs with *Viksit Bharat 2047*.

**IX. MODEL GAP ANALYSIS**

*Decline Model*

Managerial Autonomy → HRM Practices → Financial Indiscipline → Inefficiency → PSU Decline.

<b>Managerial Autonomy</b> <b>Bureaucratic control</b> <b>Political interference</b>
<b>HRM Practices</b> <b>Pros: Job security, loyalty, equity</b> <b>Cons: Overstaffing, resistance to VRS, outdated skills</b>
<b>Financial Discipline</b> <b>Bailout dependency</b> <b>NPA classification</b> <b>Poor debt management</b>
<b>Organizational Outcomes</b> <b>Inefficiency</b> <b>Technological stagnation</b> <b>Loss of competitiveness</b> <b>Regional decline</b>
<b>PSU Decline</b> <b>(Case Studies: BHPV, Mecon, HEC, BSNL, HSCL)</b>



*Managerial Perspective Analysis Explanation*

- *Managerial Autonomy*: Lack of independence in decision-making leads to bureaucratic inertia.
- *HRM Practices*: While socially protective (job security, equity), they became counterproductive, fostering overstaffing, resistance to downsizing, and outdated skills.
- *Financial Discipline*: Bailout dependency and poor debt management created NPAs, draining public resources.
- *Organizational Outcomes*: These factors combined to produce inefficiency, technological stagnation, and loss of competitiveness.
- *PSU Decline*: Case studies (BHPV, Mecon, HEC, BSNL, HSCL) illustrate how these dynamics culminated in systemic failure.

*Revival Model*

Managerial Autonomy → HRM Reforms → Financial Discipline → Efficiency & Innovation → PSU Revival aligned with *Viksit Bharat 2047*.

*Conceptual Framework: Revival Model for CPSEs*

Managerial Autonomy Professional boards Reduced interference Performance incentives
HRM Reforms Reskilling programs Performance-linked pay Collaborative union engagement

Financial Discipline  Strict accountability  FDI infusion  PPP models
Organizational Outcomes  Efficiency gains  Technology adoption  Market competitiveness  Regional revitalization
PSU Revival  (Aligned with Viksit Bharat 2047 vision)

*Managerial Perspective Analysis Explanation*

- *Managerial Autonomy*: Empower boards with independence, reduce political interference, and introduce performance-linked incentives.
- *HRM Reforms*: Shift from job security to productivity. Reskill employees for digital and green technologies, link pay to performance, and engage unions collaboratively.
- *Financial Discipline*: Enforce accountability, attract FDI, and leverage PPP models to reduce reliance on bailouts.
- *Organizational Outcomes*: Efficiency gains, technology adoption, competitiveness, and regional revitalization.
- *Revival Goal*: Transform CPSEs into engines of growth, aligning with *Viksit Bharat 2047* and India's aspiration to be a **Vishwa Guru**.

*Comparative Framework: Decline vs. Revival of CPSEs*

Parameter	Decline Model (Past/Present)	Revival Model (Future/Viksit Bharat 2047)
<b>Managerial Autonomy</b>	Bureaucratic control, political interference, weak accountability	Professional boards, reduced interference, performance-linked incentives
<b>HRM Practices</b>	Job security over performance, overstaffing, resistance to downsizing, outdated skills	Reskilling programs, performance-linked pay, collaborative union engagement
<b>Financial Discipline</b>	Bailout dependency, poor debt management, NPA classification	Strict accountability, FDI infusion, PPP models
<b>Technology Adoption</b>	Obsolete machinery, delayed digital rollout, stagnation	AI, automation, digital transformation, global tech partnerships
<b>Market Competitiveness</b>	Monopoly erosion, private firms outperform PSUs	Benchmarking against global SOEs, customer-centric innovation
<b>Government Policies</b>	Inconsistent revival packages, partial disinvestment, merger failures	Transparent privatization, strategic retention of core PSUs, policy execution focus
<b>Regional Development</b>	Decline of industrial hubs, weakened local economies	Revitalization of hubs (Ranchi, Visakhapatnam), integration with universities & R&D
<b>Organizational Outcomes</b>	Inefficiency, technological stagnation, fiscal burden	Efficiency gains, competitiveness, regional revitalization, national pride
<b>Overall Trajectory</b>	PSU Decline (BHPV, Mecon, HEC, BSNL, HSCL)	PSU Revival aligned with <i>Viksit Bharat 2047</i> vision

*Key Insights*

- The **Decline Model** shows how autonomy, HRM, and financial discipline became weaknesses, leading to inefficiency and collapse.
- The **Revival Model** flips these into strengths: autonomy through governance reforms, HRM through reskilling and performance incentives, and financial discipline through accountability and FDI.
- Together, they illustrate a **transformational pathway**: from “temples of modern India in decline” to **engines of growth for Viksit Bharat 2047**.

*BSNL Revival Packages*

- **Department of Telecommunications, Government of India (2024)** – Lok Sabha response detailing BSNL’s revival package, fund allocation, 4G/5G rollout timelines, and debt restructuring measures.

- **Policy Circle (2025)** – Analysis of BSNL’s revival plan, highlighting challenges in competing with Jio and Airtel despite capital infusion.
- **ET Telecom (2025–2026)** – Reports on BSNL’s revenue growth, ARPU improvement, and government defense of revival efforts.

*HEC (Heavy Engineering Corporation)*

- **Planning Commission Reports (2012, 2015)** – Classified HEC as a sick PSU, highlighting obsolete machinery and poor productivity.
- **Jharkhand Government Industrial Policy Notes (2018)** – Discussed revival attempts and political interference in HEC’s management.

*HSCL (Hindustan Steelworks Construction Limited)*

- **Board for Industrial and Financial Reconstruction (BIFR) Reports (2010–2015)** – Classified HSCL as an NPA, with recommendations for restructuring or closure.



- **Ministry of Housing & Urban Affairs (2017)** – Notes on HSCL’s merger discussions with NBCC (India) Ltd as a revival attempt.

#### *General PSU Decline & Managerial Challenges*

- **Department of Public Enterprises Annual Reports (2021–2025)** – Comprehensive data on CPSE performance, disinvestment, and revival strategies.
- **OECD (2015)** – *State-Owned Enterprises in the Global Economy*, offering comparative insights into governance reforms.
- **Economic and Political Weekly (2019)** – Articles on labour union resistance and industrial restructuring in India.

The decline of CPSEs was not inevitable but a consequence of managerial choices and institutional inertia. The revival model demonstrates that autonomy, HRM reforms, and financial discipline can be transformed into strengths. Together, these frameworks serve as both diagnostic tools and prescriptive roadmaps, bridging past failures with future possibilities.

The comparative framework illustrates the dual trajectories of India’s CPSEs: one of decline rooted in managerial inefficiency, and another of revival anchored in reform.

The **Decline Model** highlights how bureaucratic control, protective but rigid HRM practices, and bailout dependency created systemic inefficiency. These weaknesses manifested in technological stagnation, loss of competitiveness, and regional economic decline, as seen in case studies of **HEC, Mecon, BSNL, HSCL, and BHPV**.

Conversely, the **Revival Model** demonstrates how the same parameters can be transformed into strengths. **Managerial autonomy**, when supported by professional boards and performance-linked incentives, can foster accountability.

**HRM reforms**, shifting from job security to reskilling and productivity, can rejuvenate the workforce. **Financial discipline**, enforced through accountability, FDI infusion, and PPP models, can reduce reliance on bailouts and attract global capital. Together, these reforms enable efficiency gains, technological modernization, and regional revitalization.

This dual framework underscores a critical insight: the downfall of CPSEs was not inevitable but a consequence of managerial choices and institutional inertia. By reimagining autonomy, HRM, and financial discipline, India can transform CPSEs into engines of growth aligned with *Viksit Bharat 2047*. The models thus serve as both a diagnostic tool and a prescriptive roadmap, bridging past failures with future possibilities.

#### *Policy Implications*

The comparative framework of decline and revival has direct implications for India’s policy landscape. The lessons from CPSE management are not isolated but resonate with broader national strategies.

##### *1. Alignment with NEP 2020*

- NEP 2020 emphasizes skill development, innovation, and institutional autonomy. HRM reforms in PSUs, particularly reskilling and performance-linked incentives, mirror NEP’s focus on preparing a workforce for the knowledge economy.
- PSU hubs such as Ranchi and Visakhapatnam can be integrated with universities and research institutions, creating ecosystems of industrial-academic collaboration.

##### *2. Contribution to Atmanirbhar Bharat*

- Atmanirbhar Bharat calls for self-reliance through indigenous production and reduced import dependence. Revitalized PSUs in sectors like steel, engineering, and telecom can serve as strategic enablers of domestic capacity.
- Financial discipline and PPP models can attract FDI while ensuring that core industries remain nationally controlled, balancing openness with sovereignty.

##### *3. Vision for Viksit Bharat 2047*

- The revival model positions CPSEs as engines of growth, efficiency, and national pride. By adopting global benchmarks and digital transformation, PSUs can contribute to India’s aspiration of becoming a **Vishwa Guru** by 2047.
- Regional revitalization ensures that industrial hubs not only survive but thrive, spreading equitable development across states.

#### *Key Insights*

The policy implications demonstrate that PSU revival is not merely an economic necessity but a **strategic imperative**. By reforming autonomy, HRM, and financial discipline, CPSEs can be repositioned as instruments of national policy, advancing education, self-reliance, and global leadership.

#### **X. DISCUSSION, SUGGESTIONS & RECOMMENDATIONS**

Based on the decline and revival models of CPSEs, the following recommendations are proposed to guide policymakers, managers, and stakeholders in aligning PSU reforms with India’s national vision:



**International Journal of Recent Development in Engineering and Technology**  
Website: [www.ijrdet.com](http://www.ijrdet.com) (ISSN 2347-6435 (Online) Volume 15, Issue 04, April 2026)

#### 1. Managerial Autonomy

- Establish **professional boards** with independent directors to reduce political interference.
- Introduce **performance-linked contracts** for senior management to ensure accountability.
- Limit bureaucratic oversight to strategic guidance rather than operational micromanagement.

#### 2. Human Resource Management (HRM)

- Launch **reskilling and upskilling programs** in collaboration with universities and technical institutes.
- Shift from **seniority-based promotions** to **performance-based evaluations**.
- Engage labour unions in **collaborative dialogue**, focusing on redeployment rather than resistance to downsizing.
- Introduce **flexible HR policies** to attract young talent and retain experienced professionals.

#### 3. Financial Discipline

- Enforce **strict audit mechanisms** through CAG and independent agencies.
- Reduce reliance on bailouts by adopting **Public-Private Partnership (PPP) models**.
- Encourage **Foreign Direct Investment (FDI)** in non-core sectors while retaining strategic control in defense, energy, and telecom.
- Implement **zero-based budgeting** to align expenditures with performance outcomes.

#### 4. Technology & Innovation

- Prioritize **digital transformation** in telecom, engineering, and steel sectors.
- Invest in **AI, automation, and green technologies** to modernize production.
- Benchmark against **global SOEs** (e.g., Singapore's Temasek, China's SOEs) for innovation strategies.

#### 5. Regional Revitalization

- Integrate PSUs with **local universities and R&D centers** to create industrial-academic ecosystems.
- Develop **cluster-based industrial policies** around PSU hubs (Ranchi, Visakhapatnam, Bhilai).
- Promote **sustainable tourism and community empowerment** linked to PSU heritage sites.

#### 6. Policy Integration

- Align PSU reforms with **NEP 2020** (skill development), **Atmanirbhar Bharat** (self-reliance), and **Viksit Bharat 2047** (global leadership).
- Ensure **transparent disinvestment policies** with clear communication to stakeholders.
- Retain **strategic PSUs** in defense, energy, and infrastructure while privatizing non-core enterprises.

### XI. ROADMAP FOR FUTURE

These recommendations provide a practical roadmap for transforming CPSEs from symbols of inefficiency into engines of growth. By reforming autonomy, HRM, and financial discipline, India can reposition its PSUs as strategic assets, contributing directly to the vision of *Viksit Bharat 2047*.

The story of India's Central Public Sector Enterprises is one of both triumph and trial. Once hailed as the "temples of modern India," they laid the foundations of industrialization, employment, and regional equity. Yet, over time, inefficiency, political interference, rigid HRM practices, and financial indiscipline led many to decline. Case studies of BHPV, Mecon, HEC, BSNL, and HSCL reveal how systemic weaknesses eroded competitiveness and burdened the nation's fiscal health. But "DECLINE IS NOT DESTINY".

The Revival Model demonstrates that with managerial autonomy, HRM reforms, and financial discipline, CPSEs can be transformed into engines of growth. Reskilling the workforce, empowering professional boards, enforcing accountability, and embracing digital transformation will not only restore efficiency but also align PSUs with India's grand vision of *Atmanirbhar Bharat* and *Viksit Bharat 2047*.

This journey is more than economic restructuring; it is a national campaign of renewal. By reimagining CPSEs as instruments of innovation, equity, and pride, India can reclaim its legacy of self-reliance and global leadership. The revival of public enterprises is thus not merely a managerial necessity but a patriotic mission; a call to transform the "temples of modern India" into beacons of progress for the 21st century, guiding the nation toward its destiny as *Vishwa Guru* by 2047.

Findings reveal that rigid HRM practices (overstaffing, resistance to downsizing, outdated skills), lack of managerial autonomy, and bailout dependency contributed significantly to PSU decline. The revival model emphasizes reforms in autonomy, HRM, and financial discipline, leading to efficiency gains, technological modernization, and regional revitalization.



**International Journal of Recent Development in Engineering and Technology**  
**Website: www.ijrdet.com (ISSN 2347-6435 (Online) Volume 15, Issue 04, April 2026)**

The decline of CPSEs was not inevitable but a consequence of managerial choices and institutional inertia. The revival model demonstrates that autonomy, HRM reforms, and financial discipline can be transformed into strengths.

Together, these frameworks serve as both diagnostic tools and prescriptive roadmaps, bridging past failures with future possibilities.

#### XII. FINAL RECOMMENDATIONS:

- Managerial autonomy through professional boards and performance-linked contracts.
- HRM reforms via reskilling, performance-based promotions, and union collaboration.
- Financial discipline through strict audits, PPP models, and FDI infusion.
- Technology adoption in AI, automation, and green industries.
- Regional revitalization via industrial-academic ecosystems.
- Policy integration with transparent disinvestment and strategic retention of core PSUs.

#### XIII. CONCLUSION

The decline of CPSEs reflects managerial inefficiency, rigid HRM practices, and financial indiscipline. Yet decline is not destiny. By reimagining autonomy, HRM, and financial discipline, India can transform CPSEs into engines of growth aligned with *Atmanirbhar Bharat* and *Viksit Bharat 2047*.

The revival of public enterprises is not merely an economic necessity but a patriotic mission; a call to transform the **“TEMPLES OF MODERN INDIA”** into **beacons of progress for the 21st century**, guiding the nation toward its destiny as **Vishwa Guru by 2047**.

The decline of CPSEs was not inevitable but a result of institutional inertia. By reimagining HRM, autonomy, and financial discipline, PSUs can be repositioned as engines of growth, aligning with India’s aspiration to become a global leader by 2047.

Finally, the findings reveal that rigid HRM practices (overstaffing, resistance to downsizing, outdated skills), lack of managerial autonomy, and bailout dependency contributed significantly to PSU’s decline. The revival model emphasizes reforms in autonomy, HRM, and financial discipline, leading to efficiency gains, technological modernization, and regional revitalization.

#### REFERENCES

- [1] Chakraborty, S. (2019). Labour unions and industrial restructuring in India. *Economic and Political Weekly*, 54(12), 45–52.
- [2] Comptroller and Auditor General of India. (2022). Performance audit of selected CPSEs. Government of India.
- [3] Department of Public Enterprises. (2021). Annual Report on CPSEs. Government of India.
- [4] Department of Telecommunications. (2024). Revival package for BSNL: Parliamentary reply. Lok Sabha Secretariat, Government of India.
- [5] ET Telecom. (2025). BSNL revival plan: Government defends ₹70,000 crore infusion. *Economic Times Telecom*.
- [6] Heavy Engineering Corporation Limited. (2023). Annual Report 2022–23. Ranchi: HEC Ltd.
- [7] Hindustan Steelworks Construction Limited. (2017). Annual Report 2016–17. Kolkata: HSCL.
- [8] Jharkhand Industrial Policy. (2018). Notes on Heavy Engineering Corporation revival attempts. Government of Jharkhand.
- [9] Kumar, R. (2018). Managerial inefficiency and decline of PSUs in India. *Journal of Management & Public Policy*, 9(2), 33–47.
- [10] Lok Sabha Debates. (2023). Discussion on sick PSUs and revival strategies. Parliament of India.
- [11] Mecon Limited. (2022). Annual Report 2021–22. Ranchi: Mecon Ltd.
- [12] Ministry of Housing & Urban Affairs. (2017). HSCL merger with NBCC: Policy note. Government of India.
- [13] OECD. (2015). State-Owned Enterprises in the Global Economy. OECD Publishing.
- [14] Planning Commission. (2012). Report on Sick Public Sector Units. Government of India.
- [15] Policy Circle. (2025). BSNL revival challenges: Can state-owned telecom compete? *Policy Circle Journal*.
- [16] Telecom Regulatory Authority of India (TRAI). (2020). Performance indicators of telecom services. TRAI Report.
- [17] Visakhapatnam Steel Plant & BHPV. (2015). Merger and restructuring report. Ministry of Heavy Industries, Government of India.