

Impact of privatisation

Positive impact

- It frees the resources for a more productive utilisation.
- State owned enterprises generally are outdone by the private enterprises competitively. When compared the latter, it shows better results in terms of profits and efficiency and productivity. Therefore, privatization can provide the necessary push to the underperforming PSUs.
- Privatization brings about fundamental structural changes in the competitive sectors.
- Privatization leads to implementation of the global best practices along with management and motivation of the best human talent to foster sustainable competitive advantage and improvised management of resources.

- Privatization has a positive impact on the financial growth of the sector which was previously state dominated by way of decreasing the deficits and debts.
- Private concerns tend to be profit oriented and transparent in their functioning as private owners are always oriented towards making profits.
- Since the system becomes more transparent all fundamental corruption are minimised and owners have a free reign and incentive for profit maximisation so they tend to get rid of all free loaders and vices that are inherent in government functions.

Negative impact

- Ignorance of the actual mission
- lack of clearness in private sector and stakeholders do not get the complete information about the functionality of the enterprise
- Less importance to social matters

