29/06/2021 OPSC MAINS.

Q. Considering the situation of economic contraction it can be a wise decision to revisit the privatisation of public enterprises. Do you agree with this view? Analyse.

Ans:- Economic contraction of India is mainly due to covid-19 pandemic not for India but for the entire world's developed and developing countries facing the same problems. Therefore for boosting or balancing of economic condition or economy of the country privatisation process may Government can decide.

Some of the important view to show privatisation of public enterprises as follows:-

(i) first of all privatisation is a process by which the government transfers the productive activity from the public sector to the private sector.

(ii) for eg:- (a) Improve efficiency and profitability of the firms.

(b) zero political interference.

(c) privatisation leads to better services to consumers. etc.

(ii) Initial Public Offers (IPOs) are the most favoured method of privatisation followed in the developed countries of Europe and OECD. Under this the shares / equity holdings of the PSUs are sold to the private retail investors and institutions like Mutual fund houses, Pensions funds and insurance companies etc.

(iii) But by privatisation of public enterprises major concerned also arise like employees lose their jobs, the process followed is non-transparent, promotes monopolistic behaviour and discourages competitions etc.

(iv) The performance of many of the public sector units can be improved if the government puts its mind to it. The track record of the private sector has not been healthy.

Now we can say Government of India needs to focused on public enterprises to balance their condition during this pandemic because these enterprises are basic infrastructure or base of the economy.