

The background is a dark blue gradient with a subtle pattern of small white dots. On the left side, there are several overlapping circular elements. A prominent feature is a large circular scale with tick marks and numerical labels: 140, 150, 160, 170, 180, 190, 200, 210, 220, 230, 240, 250, and 260. The numbers are arranged in a semi-circle. Other circular elements include dashed lines, solid lines, and arrows, some pointing inwards and some outwards, creating a sense of motion and complexity.

# PUBLIC SECTOR

# MEASURES TO IMPROVE THE EFFICIENCY OF PUBLIC SECTOR

- Special status to PSUs
- Professionalisation
- Memorandum of understanding
- Safety net
- Attacking sickness
- Disinvestment
- Loss making PSEs

# PRIVATIZATION AND DISINVESTMENT

**Disinvestment** is just the opposite of investment, i.e. it means pulling out the money invested in the company by selling the stake, either partially or fully. It is driven by the effective use of the resources, to earn the highest returns out of the money invested.

**Privatization** is a transition of government-owned company, operation, unit or division to the privately-owned enterprise. It happens when more than 51% of the shareholding of the government is transferred to private hands.

## Basis for Comparison

## Privatization

## Disinvestment

### Meaning

Privatization is the process of transfer of ownership of a public sector undertaking to the private sector.

Disinvestment is a process in which an organization or government sells or liquidates the assets which it owns.

### Involves

Change in ownership

Dilution of ownership

### Shareholding of Government

More than 50%

Less than 50%

### Change in management

Results in a change in management

May or may not result in a change in management

### Scope

Narrow

Comparatively wide

### Objective

To provide financial support and to enhance the efficiency of the concern.

To make effective use of the public resource, and to increase operational and dynamic efficiency.



# DISINVESTMENT POLICY

- Disinvestment ministry
- Privatization of non-strategic units
- Stakeholders interest
- Revival of sick units
- Manual of privatisation
- Provision of reward

# CRITICISM OF DISINVESTMENT POLICY

- Policy of privatization
- Detrimental to the national interest
- It aims at to wipe out public sector
- Non recognition of the strategic importance of PSEs
- Protection of shareholders
- Chance of asset stripping
- It is a fund bank design
- Revival of sick units
- Valuation of PSEs
- Reward
- Deliberate statistical distortion
- Conceal the facts

# CRITICISM OF DISINVESTMENT POLICY(CONTINUED)

- Contribution to exchequer
- Symbol of inefficiency
- Socio economic contribution
- Privatization of profit making PSEs
- Workers worst affected
- Need for referendum on privatization policy