# Privatisation and It's Impact

## Meaning of Privatisation :—

It means a transfer of ownership, management and control of public sector enterprises to the private sector. Privatisation includes migrating something from the public sector into the private sector. Privatisation of the public sector companies by selling off part of the equity of PSE to the public is known as disinvestment.

Objectives of Privatisation

(1) Providing strong momentum to the inflow of FDI

→ Privatisation aims at providing a strong a base to the inflow of FDI

→ Increasing inflow of FDI improves the financial strength of the economy

(2) Improving the efficiency of Public Sector undertaking.

(3) It help to reduce Public debt and to obtain funds.

(4) Providing strengthen the stock market.

Privatisation had affected the indian economy positively as well as negatively also.

Merits :-

1) Allowing investing in Public sector help to generate more capital and it given the Public sector to invest their money and earn more Profit.

2) Due to Privatisation People in India gets more quality goods at reasonable Prices due to competition.

3) Efficiency raises and time consumption reduces due to Privatisation.

4) Job creation is been raised due to Privatisation nowadays there are more People working in India in Private sector than the Public sector.

(5) customer satisfaction is been raised as Private company is looking for retention of customers due to competitions by Privatisation.

## DEMERITS.

→ Price is been raised as a Private firm main aim is to earn the Profit.

⇒ Many govt. firms are been having a loss due to Privatisation.

→ Salaries given to workers is been lowered than the Public sector.

→ many fraudcoand organisations make fraud in a country which raising in India.