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Topic:Private sector and public sector

Gone are the days, when only the Public Sector was prevalent in the economy. At present, many countries have adopted the policy of Privatisation, through which Private Sector is also gaining importance. For the progress and development of any country, both the sectors must go hand in hand as only one sector cannot lead the country in the path of success. The **private sector** comprises of business which is owned, managed and controlled by individuals.

On the contrary, **public sector** comprises of various business enterprises owned and managed by Government. Such organizations are either fully or partly owned by the center or state and come under the separate ministry. Some of the public sector organizations are set up by a special act of Parliament.

Definition of Public Sector

The sector, which is engaged in the activities of providing government goods and services to the general public is Public Sector. The enterprises, agencies, and bodies are fully owned, controlled and run by the Government whether it is central government, state government or a local government.

There are two types of public sector organizations, i.e. either the Government fully finances them through the revenues they raise by collecting taxes, duties, fees, etc. or the government holds more than 51% of the total share capital of the company which comes under various ministries. The enterprises are established with service motive. It is the largest sector, which works for the upliftment of the people by providing the following services to the people:

- Generation of employment opportunities
- Postal services
- Providing education and health facilities at low cost
- Providing security
- Railway service

Definition of Private Sector

The segment of a national economy that is owned, controlled and managed by private individuals or enterprises is known as Private Sector. The private sector companies are divided on the basis of sizes like small & medium enterprises and large enterprises which are either privately or publicly traded organizations. They can be created in two ways, i.e. either by the formation of a new enterprise or by the privatization of any Public Sector Enterprise.

Business entities of the private sector are generally established with the sole objective of making profit and building brand reputation. They provide quality services to the community to win the trust and goodwill from people to survive in the long run and compete with the enemies. These enterprises also have to follow the government law and order. It is the largest sector in terms of employees.

Although in private sector performance is the basic criterion for job stability, i.e. if you perform well you will get promoted and if you won't, you will be terminated. The major services provided by the Private sector are as under:

- Quality education
- Telecommunication services
- IT services
- Courier Services
- Infrastructure development

Key Differences Between Public Sector and Private Sector

The following are the major differences between public sector and private sector:

1. Public Sector is a part of the country's economy where the control and maintenance are in the hands of Government. If we talk about Private Sector, it is owned and managed by the private individuals and corporations.
2. The aim of the public sector is to serve people, but private sector enterprises are established with the profit motive.
3. In the public sector, the government has full control over the organisations. Conversely, Private Sector companies enjoy less government interference.
4. The employees of the public sector have the security of the job along with that they are given the benefits of allowances, perquisites, and retirement

like gratuity, pension, superannuation fund, etc. which are absent in the case of the private sector.

5. In the private sector working environment is quite competitive which is missing in the public sector because they are not established to meet commercial objectives.
6. In general Public Sector uses Seniority for promoting employees, however, merit cum seniority is also taken as a base for promoting employees. Unlike Private Sector, where performance is everything, and so merit is considered as a parameter to promote them.

Conclusion

Nowadays, Private Sector is progressing faster because it promotes quality, not quantity; and encourages talent. Public Sector is full of reservations like reservations for minority section, females, a person with a disability and much more, here nobody sees talent, it is completely ignored and because of this, competent youths remain unemployed.

Public sector enterprises give so many facilities to their employees, which makes them satisfied that their job is secured, due to which, all the people are running after it like it is a marathon. However in the Private Sector, your job is never secured, even if you give years to it, you can be fired anytime just because of a single mistake.

Again in the private sector, where performance is king, the workload is much, but it keeps you active, this is missing in the public sector due to which the work sometimes becomes monotonous which creates boredom. One thing is really good in Private Sector i.e. it is corruption free. In Public Sector, you have to pay lots of money to the government officers even for a simple work, for no reason. It is an unending debate, both are good at their places, if the drawbacks are removed, they will surely prove good for the economy.

Public and private sectors have different goals and motives and are governed by somewhat different principles, with unique groups overseeing their actions and procedures. Organizations in the private sector have more freedom to operate, while public organizations are governed by laws, rules, traditions, and structural bureaucratic checks and balances. There are five significant distinctions between the public and private sectors.

1. Their goals are fundamentally different

The public sector is focused on serving the general public and looking after their interests, while the private sector's fundamental concern is creating markets to enable earning profits. In the private sector, organizations must answer to stakeholders and customers. In the private sector, companies must answer to their investors and board of directors. Public sector agencies can survive the inefficient operation, while poorly run private sector firms can go broke and end up no longer in business. While the public sector is focused on addressing public concerns, these organizations are also being watched by many interest groups and oversight agencies. This difference in goals and external forces affects the way organizations in both sectors operate.

2. Differences in the way employees are hired

The ways in which employees are hired differs in both sectors. In the private sectors, managers have the ability to hire quickly depending on the business cycle and the need for more personnel. A longer process is involved in hiring employees in the public sector because it can take several years to create a new position and several months for an existing position to be filled. Similarly, the firing of employees in both sectors is subject to different time frames. Private sector managers can fire and offer severance packages to employees at any time while public sector managers encounter a good deal of bureaucratic red tape, requiring extensive documentation and making the removal process more complex and time-consuming.

3. The procurement process is drawn out in the public sector

Since public organizations are owned by the government and are funded by tax revenue, which is generated by the public or through the issuance of public debt, the procurement process is something public organizations do not directly control. Adequate funding must be attained and disbursed, procurement practices need

to be approved by several governing bodies and suppliers often undergo background checks and other investigations, all of which slows down the procurement process considerably. Companies in the private sector benefit from a quicker procurement process. Private organizations are able to use their revenue from sales and investments to buy things when they need them. They are also less encumbered by regulations dictating supplier relationships, allowing them to get better deals and renew existing contracts to speed up the process.

4. Public organizations face unique accountability

Government organizations are subject to a specific kind of scrutiny. This is mainly due to the fact that they are funded by taxpayers who hold these agencies accountable for how their money is being spent and who view expenditures not only for their efficiency and effectiveness but also for the degree these address questions of social equity and fairness. The activities and accomplishments of these organizations hold a greater presence in the public eye. Leaders of private corporations are not accustomed to this level of scrutiny because they are accountable primarily to their board of directors and shareholders.

5. Public organizations often can't choose their goals

In the private sector, businesses set their own goals and focus their resources on accomplishing them. The goals are set with the aim of achieving profits and capturing market share and are the result of company strategy. Public organizations continuously find themselves pressed by legislative mandates, facing outside forces, and often have to try to accommodate a host of other organizations or interest groups that can have conflicting goals. Public officials and political parties establish agendas on specific issues that advance their interests and keep them winning elections and in office. In this way, the goals of a public organization can see big changes driven by electoral politics.

Public and private organizations face challenges that are unique to each sector. Leadership in both spheres requires specific abilities for achieving their goals. While private sector managers often benefit from analytical thinking, business savvy and creative marketing techniques, public administrators who wish to excel require a deep understanding of laws and strong communication and interpersonal skills in addition to the business-oriented skills of a private sector manager.