Global Concerns with Privatization

What is the issue?

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- In India a massive fraud in a public sector bank has ignited a call to privatise all Indian banks.
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- But various scenarios across the globe proves private enterprise are no panacea for scams.
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What is the account of privatisation in India?

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- Privatization is not new for India in various instances of financial stress and public distress privatization is given as the best solution.
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- In recent times union government is taking various steps to bring in structural changes in the sectors of public interest for which privatization is used as a tool.
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- In India Air travel, road transport, major ports, electricity discoms etc. are moving towards complete privatization or private funded.
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- In this account government as announced more private autonomy in Metro rail, toll plazas and in healthcare institutions, there are also considerations of privatization of Indian railways.
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What are the concerns with privatization in India?

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- Many scams in private hospitals and medical colleges in the country should challenge the presumption that private owners would do the right things in the public interest.
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- In this scenario it is unlikely that the conversion of publicly owned enterprises into privately owned ones will, by itself, reduce the rot and create enterprises that serve the public good.
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- In India, the counterparts in the banking frauds are corrupt private sector business organisations.
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- Thus there isa fundamental problem is in the design of the enterprise, regardless of who the owner is.
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What is the scenario of privatization across the globe?

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- According to a global survey Trust in business leaders (in both, the public and private sectors) has been declining.
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- It is now globally acknowledged that the singular pursuit of profits by the private institutions compromises public interest.
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- Huge frauds in the financial sectors of other countries, which caused grave public harm, were in institutions of the private sector.
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- The most financially valuable enterprises in the world today are technology stars Amazon, Facebook, and Apple.
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- But questions about the ideology and ethics are being raised to assess the impacts of these enterprises as they own the technology which the only tool expected to be value neutral.
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- Thus global society is demanding that companies, both public and private, serve a social purpose.
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What measures needs to be taken?

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- Private sectors must understand that the design of a good enterprise must be based on ethical considerations, not merely concerns of efficiency.
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- These issues, about the design and governance of institutions, whether privately or publicly owned, require ethical solutions.
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- Computers powered with AI are becoming capable of doing anything that humans can do, the most evolved AI systems even have the ability to learn by themselves how to become smarter.
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- To make use of value neutral technologies government require urgent reforms in the internet, the regulation of social media and artificial intelligence.
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- Owners and managers of enterprises must take responsibility for the impact of their enterprise’s conduct on the conditions of societies and the environment.
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- Therefore, business enterprises must measure, and be accountable for contribution they make to society, and not merely the shareholder wealth they create and the profits they make.
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Source: Business Line

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