PRIVATE, PUBLIC GLOBAL ENTERPRISES

1. PRIVATE SECTOR

The private sector encompasses any businesses that are managed and controlled by individuals or groups of people. Examples are sole proprietorship, partnership, joint Hindu society, and company.

2. PUBLIC SECTOR

The term "public sector" refers to all firms that are controlled and owned in part or entirely by the central or state governments.

Public sector firms can be divided into three categories:

1. Departmental undertaking.
2. Statutory or Public Corporation.
3. Government Company.

I. Departmental undertaking

It is handled by government personnel and management resides in the hands of the responsible Ministry, who is accountable to the government through parliament (as in the case of railroads).

Features of Departmental Undertakings

1. Fully funded by the government
2. Subject to accounting and auditing controls.
3. Managed and controlled by a government department led by the appropriate Minister.
4. Employees are appointed according to government terms and conditions.
5. Employees are answerable to the concerned Minister.

Benefits of Departmental Undertaking

1. Complete government control.
2. Responsible to Parliament.
3. Provides income
4. Ensures national security.

Limits of Departmental Undertaking

1. Lack of flexibility.
2. Delay in decision-making.
3. Bureaucracy and Conservative Approaches
4. Red Tapism
5. Undue Government Interference
6. Unconcerned with consumers' needs

II. Statutory Corporation

A statutory corporation is a corporate body with its own legal existence that was established by a special Act of Parliament or the State Legislature. For example, RBI, FCI, and so on.

Features of Statutory Corporations

1. Formation under a special Act of Parliament
2. owned and controlled by the government.
3. Company existence
4. Financial autonomy
5. Not subject to government restrictions in accounting and auditing procedures.
6. Own staff and terms of service.

The Benefits of Statutory Corporation.

1. Operational flexibility.
2. Freedom from interference

3. Autonomous setup

4. Promotes economic growth.

Limitations of Statutory Corporations

1. Theoretical autonomy

2. Government Interference.

3. Undesirable practices

4. Delay in Action 5. Stiff Structure

III. Government company:

A government company is defined as one in which the central government, any state government, or a combination of the central government and one or more state governments owns at least 51% of the paid-up capital. It also includes a government company's subsidiary.

For example, SAIL, BHEL, and so forth.

Features of Government Companies

1. Registered under the Companies Act.

2. Separate Legal Entity

3. Managed by a board of directors appointed by the government

4. governed by provisions of the memorandum and articles of association.

5. No accounting and auditing processes (save for the yearly report).

6. The government's minimum capital contribution is 51%.

Advantages of Government Company

1. Easy formation.

2. Operational autonomy

3. Independent status

4. Eliminates unhealthy business practices

Limitations of Government Companies

1. Freedom is merely in name.
2. Lack of accountability.
3. Defeat of main purpose.

3. GLOBAL ENTERPRISES OR MULTINATIONAL CORPORATIONS (MNCS)

An MNC is a corporation whose activities extend beyond the country in which it was established.

Features of Multinational Companies

1. Large capital resources
2. Foreign Collaboration.
3. Technology advancements
4. Product innovation
5. Effective marketing strategies
6. Extension of Market Territory
7. Centralized control.

The Advantages of Multinational Companies

1. Employment Opportunities
2. Technological advancements
3. Foreign capital inflows
4. Higher standard of living
5. Increased domestic company growth
6. Healthy competition.
7. World Economy

The disadvantages of multinational corporations.

1. Disregard for national priorities.
2. Monopolization
3. Natural resource depletion
4. Obsolete Technology
5. Threat to National Sovereignty.

4. JOINT VENTURE

A joint venture is formed when two or more businesses collaborate for a shared goal and mutual gain. For example, consider Maruti's joint partnership with Suzuki.

There are two sorts of joint ventures:-

1. Contractual joint venture (CJV)
2. Equity-Based Joint venture (EJV)

Benefits of joint venture

1. Increased resources and capacity.
2. Gain access to new markets and distribution networks.
3. Access to Technology 4. Innovation
5. Low-cost production
6. Established Brand Name.

The disadvantages of joint ventures

1. Conflict of Interest.
2. Risk of losing trade secrets
3. Lack of Coordination.

5. PUBLIC PRIVATE PARTNERSHIP

A public-private partnership is a legally binding contract between the government and a private business enterprise to provide public assets and/or services for the benefit of the general public. It is a collaboration between public and private entities in the field of infrastructure and other services. For instance, Kundli Manesar Expressway Ltd.