



LOOKING AT THE PRESENT SCENARIO, PRIVATISATION AND COMMERCIALISATION IS GOING TO BE MARKET RULER



THERE IS NOT MUCH DIFFERENCE BETWEEN COMMERCIALISATION AND PRIVATISATION

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MARKETWATCH

Impact of privatisation and commercialisation

Looking at the present scenario, privatisation and commercialisation is going to be the market ruler and will have a huge impact on growth of realty market

In the present scenario, central government's motto is 'It is no business of government to do a business and the government's job is to be a facilitator to create new opportunities'. On these lines, privatisation and commercialisation is taking place of major infrastructure projects (roads, ports, railways, airports, power etc) and municipal services (water treatment, sewage treatment, solid waste management, medical facilities etc).

In the last decade, India has witnessed Public Private Partnership (PPP) in almost all the sectors. Looking at the present scenario, privatisation and commercialisation is going to be market ruler. In the context of the broader goals of human settlements and economic development, when properly conceived and implemented, privatisation is envisaged to foster efficiency and encourage investment in infrastructure and services,

thereby impacting the realty market growth.

PPP can be explained as any collaboration between public bodies, such as local authorities or central government and private companies. It is a common belief that private companies are often more efficient and better run than the public bodies. In trying to bring the public and private sector together, the government hopes that the management skills and financial acumen of the business community will create better value for money or resources. Generally, civic bodies are responsible for the delivery of the urban social infrastructures, their management and maintenance, financial requirements for delivery of the same and other related aspects. However, the necessity for revamping these systems has crept up and many city governments have initiated to lookout for other mechanisms, which can take its place by the entry of the private sector in the

process of development and maintenance of various infrastructure projects. This may include management contracts, concessions, franchises, leases, commercialisation and pure private entrepreneurship. Privatisation can also be viewed as a form of decentralisation of management functions from government to private enterprises.

While in case of commercialisation, the city authority forms a company wholly owned by itself and the transfer of shares is restricted. The board of directors consists of Council and consumer representatives, the government and other stakeholders. The ownership of assets, regulation of tariffs and quality control at all times remains with the municipal authority.

There is not much difference between commercialisation and privatisation.

▲ PPP CAN BE EXPLAINED AS ANY COLLABORATION BETWEEN PUBLIC BODIES SUCH AS LOCAL AUTHORITIES OR CENTRAL GOVERNMENT AND PRIVATE COMPANIES
▲ COMMERCIALISATION IS CONSIDERED TO BE A PART OF PRIVATISATION



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Commercialisation is a part of privatisation. In case of privatisation, if there is loss or profit after doing public-private partnership, both parties have to share the profit or loss as mentioned in terms and conditions of contract but in case of commercialisation, local authorities are able to generate amount which they have invested by recovering tariff charges through public private partnership. In today's time, when central government is focusing on 'Make in India' and 'Skill India', encouraging entrepreneurship for better

employment generation, privatisation and commercialisation of municipal services and infrastructure will witness new enterprise avenues and projects of privatisation. In India, as there are nearly 8000 statutory and census towns, the

basic services are still a distance dream. In such a scenario, considering it as an opportunity, frequency and magnitude of such projects/services can be an avenue to state-of-art municipal services and

infrastructure facility. This can have a long-term impact on the growth of realty market of Gujarat.

- Anushrav Bhatt
(Writer is a city-based housing planner and real estate analyst)



FAST FACT

IN THE LAST DECADE, INDIA HAS WITNESSED PUBLIC PRIVATE PARTNERSHIP (PPP) IN ALMOST ALL THE SECTORS INCLUDING REALTY MARKET

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