

## PRIVATE SECTORE

**Private sector is also** referred as citizen sector is that division of the economy which is managed b7y private group or individual with the prime objective of profit earning, without any direct interference of government.

**Public Sector** refers to the part of the Country's overall economy which is controlled by the Government or various Government bodies. The **private Sector** refers to the part of the Country's overall economy which is controlled by Individuals or **Private** Companies.

- Public sector companies serve the purpose of providing basic public services to larger people whereas private sector companies are entirely profit-driven.
- The government prefers retaining ownership of companies involved in utility services such as water, electricity, roads, agriculture, and also for industries sensitive to national security. Private sector companies have a large gamut of industries to operate with a growing trend of [privatization](#).
- Both public vs private sector companies can be listed on stock exchanges and their shares can be [publically traded](#)
- Public Sector companies are prone to more Government interferences for multiple reasons including political reasons than their public sector counterparts
- The government has a control on pricing of the products in public sector entities which is not the case with private companies

- Public sector companies are relatively better placed than private-sector counterparts in mobilizing funds from the market because of Government backing
- Public sector entities may be asked by Government to fund the Government [budget deficit](#) by way of [declaring the dividend](#) which is not the case of private sector entities.

Let's now look at the head to head difference between Public Sector vs Private Sector

<b>Basis</b>	<b>Public Sector</b>	<b>Private Sector</b>
<b>Definition</b>	Public Sector refers to the part of the Country's overall economy which is controlled by the	The private Sector refers to the part of the Country's overall economy which is controlled by Individuals or Private Companies.

	Government or various Government bodies.	
<b>Ownership</b>	Public sector companies are owned and managed by Government/Ministries/State Govt./Govt. Bodies	Private sector companies are owned and managed by Private Individuals and Private Companies.
<b>Primary Purpose</b>	Generally, Public Sector entities are driven by the purpose of providing the basic public services to the common public at a reasonable cost in their respective industries by being also self-sustainable and profitable. However, profitability is not the primary motive.	The purpose of Companies in the Private Sector is profit-making by operating within the rules and compliances of the respective country.
<b>Industry Focus</b>	Public sector companies mostly operate in industries such as Water,	Private Sector companies generally operate in multiple industries such

	Electricity, Education, Oil & Gas, Mining, Defence, Banking, Insurance, and Agriculture, etc.	as Technology, Banking, Financial Services, Manufacturing, Pharmaceuticals, Real Estate, Constructions, etc.
<b>Financial Support from Government</b>	Companies in Public Sector get all possible financial support for Government even in adverse circumstances wherein the financial health of the companies is not good.	Very little or no financial support from the Government unless a private entity is too big and systemically important for the Country.
<b>Listing in Stock Markets</b>	Entities in Public Sectors are publically traded on exchanges.	Entities in Private Sectors are publically traded on exchanges.
<b>Profitability</b>	Companies in Public Sector are relatively less profitable because of	Companies in the Private Sector are relatively more profitable than

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their primary purpose of not being profitability driven. their public sector counterparts in the same industry.

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**Government Interference** Since Public Sector companies are owned by Government, therefore they are subject to the uncertainties related to unfavorable Government decisions and larger Government interference. Private Sector entities are relatively less exposed to Government interference.

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**Ease of Doing Business** Public Sector companies find it relatively easy to operate in a country because of its proximity to the Government. Private Sector companies find it relatively difficult to operate and manage the regulatory issues and compliance in a country in comparison to Public Sector companies.

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**Resource**

Better placed to raise funds from

**Mobilisation**

the market because of backup by

**(Funding)**

Government irrespective of the

company's financial health.

Depends upon the financial strength of the private sector entity. Stronger the financials, better capacity to mobilize funds from the market.

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**Work**

Relatively relaxed work culture with

**Culture for**

higher job security. However, pay

**Employees**

and perks may not be that

attractive in comparison to private

sector companies.

Competitive work culture with performance-based career growth and better pay in comparison to public sector companies.