

# Measures to Develop the Private Sector in Đồng Nai Province

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In recent years, the private sector in Đồng Nai has developed well based on its ability to mobilize various resources. Private investment is increasing and representing a bigger and bigger share. At present, this sector employs some 70% of the working population reducing pressure caused a flows of migrants from other provinces and the contracting public sector. The private sector also accounts for some 18% of the provincial gross products.

The private sector is found in various industries. It supplies a lot of goods for domestic market and export and plays an especially important role in clothing, ceramic, works of art, and footwear production.

Development of this sector contributes a lot to the economic growth, and changes the structure of industry in a positive manner.

Generally, the private sector is active and well responsive to changes in the market because its always tries to apply new technical advances, reduce production cost, pays well to its laborers and encourages skilled ones. Its development forces the public sector to renovate and improve its competitiveness. We can say that developing the private sector is the most effective measure to tap all possible resources, encourage the production, create new jobs and deal with many social problems successfully.

Besides achievements, the private sector reveals many shortcomings. Most private concerns lack business strategies, pay too much attention to profit and business in urban areas, and refuse to invest in

industrial and agricultural production. Moreover, the sector lacks ability to modernize its production and expand its market because its shortage of capital while many private companies haven't got conditions for securing bank loans. Managerial skills of company owners and skills of laborers are not good enough, which leads to poor business performance. Civic organizations couldn't be found in most private companies. Many of them even avoid making tax declaration or payments. If no measures are taken, these companies will violate laws and labor code.

The above-mentioned problems show that the provincial government should make plan to develop this sector to make the best use of its strengths and turn it into an active part of the whole economy. The following are some suggestions.

(1) Encouraging the formation of civic organizations in private companies: This measure aims at forcing company owners to observe laws and interests of laborers, and fulfill their financial obligations to the provincial budget.

(2) Delegating tasks of supervising private companies to district authorities: District governments should keep a close watch on local economic activities and send monthly reports to the provincial service of planning and investment who will advise the provincial people's committee on necessary policies on the private sector. Regular meeting between provincial authorities and private businesspersons must be held, at least two times a year, in order to deal with obstacles to their operations.

(3) Helping private companies secure bank loans and train their labor force: Provincial government should help private companies get access to formal banking service and the ODA along other sources of low-interest loans. Preferential treatment should be offered to private companies that invest in industries encouraged by the government.

The provincial government had better take measures to attract skilled workers and graduates to Đồng Nai, allow the private sector to supply vocational training service, and cooperate with universities in other provinces to train local laborers in technical skills.

(4) Supplying business information and technical assistance to the private sector: Free courses in technical advances could be supplied and low-interest loans must be available for projects to replace machines by private companies. Provincial authorities could finance some leading companies in obtaining ISO standard for their businesses in preparation for keener competition in the coming years. ■

